

# Anthem Biosciences | ADD

## Quality player, but valuations rich

Anthem BioSciences, founded in 2006, is one of India's most diversified CRDMOs, with capabilities spanning fermentation, small molecules, biologics, ADCs, peptides, RNAi, and oligonucleotides. It is led by experienced promoters with 25–30+ years in life sciences; Ajay Bhardwaj (MD & CEO), Ganesh Sambasivam (CSO), and Ravindra KC (COO) have transitioned the company from low-value intermediates to new-age CRDMO offerings.

Anthem's strong commercial CDMO portfolio serves clients such as AbbVie, Novartis, and Pfizer; it has nine potential blockbusters in its commercial portfolio. Further, growth visibility remains high on account of: sales of six commercial molecules for clients expected to reach USD 24bn by CY29 (vs. ~USD 12bn in CY24); four recently commercialised opportunities representing USD 12bn–15bn in peak sale potential; and 10+ late-stage programmes. Estimated FY25–28E revenue/EBITDA/PAT CAGR is 21%/22%/23%, supported by commercial molecules, biosimilars, GLP-1, and INR 13bn–14bn internal capex.

While long-term growth visibility remains strong and capex is fully funded through internal accruals, near-term earnings moderation and elevated valuations (~37x Sep'27 EBITDA) limit upside potential. We value the company at par with Divi's, at 40x Sep'27 EBITDA, and initiate coverage with ADD rating.

- **Broad modalities and strong CRO execution differentiate Anthem:** Anthem offers one of the widest ranges of CDMO capabilities among Indian peers, spanning fermentation, small molecules, biologics, ADCs, peptides, RNAi, and oligonucleotides. This breadth positions it well to cater to evolving client needs and win projects across multiple therapeutic technologies. Complementing this, Anthem's CRO business is predominantly FFS driven (90% of CRO revenue), which enhances profitability and agility vs. peers operating on FTE-based contracts.
- **Robust commercial pipeline ensures revenue visibility:** Anthem's CDMO portfolio includes 14 commercial-stage molecules and 10+ late-stage programmes across migraine, immunology, pain, and oncology therapies. Six of these commercial molecules reported ~USD 12bn in sales in CY24, which is expected to ramp up to USD 24bn by CY29. These six molecules will provide a steady 15% CAGR over FY25–28. Four additional potential blockbuster commercialisations (included in the 14 commercial molecules) over FY26 and FY27, along with development projects, will provide the additional 9% growth CAGR over FY25–28. This robust visibility supports expectations of sustained 24% growth over FY25–28E.
- **Fermentation-led specialty ingredients offer stability and margin support:** Anthem's specialty ingredients business is distinct from peers that focus on commoditised APIs. It leverages fermentation-based manufacturing to produce high-value products such as enzymes, probiotics, biosimilars, and peptides – segments characterised by better margins and stronger entry barriers. With biosimilar and GLP-1 supplies expected to scale meaningfully from FY27, this segment should remain a key profitability driver and a complementary pillar to the CRDMO.
- **Valuation premium caps near-term upside:** Anthem remains one of the fastest-growing CDMOs, with projected FY25–28E revenue/EBITDA/PAT CAGR of 21%/22%/23%, supported by expanding commercial supplies and specialty portfolio ramp-up. Ongoing capex of INR 13bn–14bn – fully funded through internal accruals – demonstrates financial strength. However, after a strong post-listing performance, near-term earnings softness and elevated valuations (~37x Sep'27 EBITDA) restrict immediate upside. We value the company at par with Divi's and initiate coverage with ADD rating.



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### Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	NR
Current Price Target (12M)	782
Upside/(Downside)	9.1%
Previous Price Target	0
Change	NA

### Key Data – ANTHEM IN

Current Market Price	INR717
Market cap (bn)	INR404.3/US\$4.6
Free Float	11%
Shares in issue (mn)	561.6
Diluted share (mn)	561.6
3-mon avg daily val (mn)	INR1,033.8/US\$11.8
52-week range	874/702
Sensex/Nifty	84,212/25,795
INR/US\$	87.9

### Price Performance

%	1M	6M	12M
Absolute	-12.3	0.0	0.0
Relative*	-14.9	0.0	0.0

\* To the BSE Sensex

### Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	14,194	18,446	21,025	26,187	32,847
Sales Growth (%)	34.3	30.0	14.0	24.6	25.4
EBITDA	5,050	6,708	7,506	9,585	12,120
EBITDA Margin (%)	35.6	36.4	35.7	36.6	36.9
Adjusted Net Profit	3,673	4,513	5,326	6,701	8,490
Diluted EPS (INR)	6.6	8.1	9.5	11.9	15.1
Diluted EPS Growth (%)	-4.6	22.9	17.5	25.8	26.7
ROIC (%)	25.8	23.5	22.4	22.9	24.9
ROE (%)	20.0	20.8	19.9	20.4	21.0
P/E (x)	109.6	89.2	75.9	60.3	47.6
P/B (x)	20.9	16.7	13.7	11.2	9.1
EV/EBITDA (x)	79.3	59.7	53.2	41.6	32.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

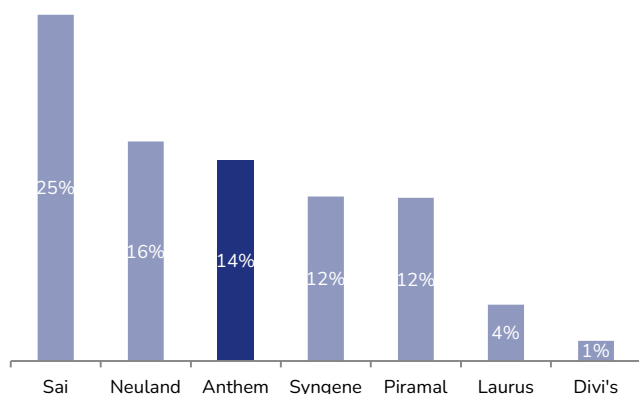
Source: Company data, JM Financial. Note: Valuations as of 24/Oct/2025

eJM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

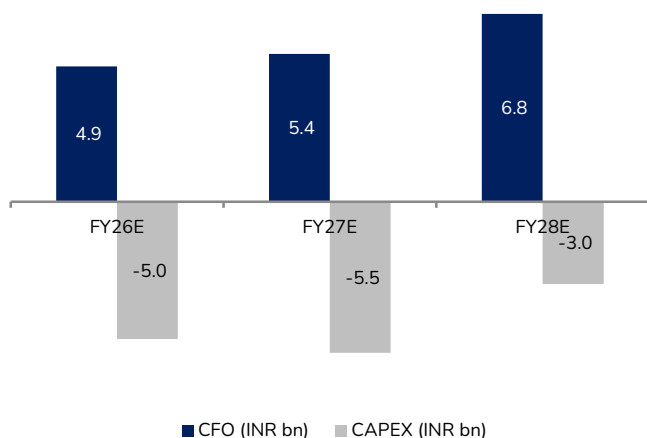
## A. Focus charts

Exhibit 1. One-of the fastest growing CRDMOs over FY22-25...



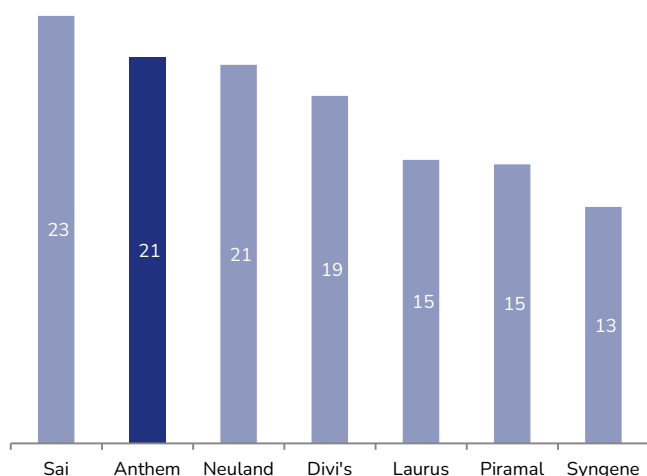
Source: Company, JM Financial

Exhibit 3. Anthem has aggressive capex plans (largely internally funded)...



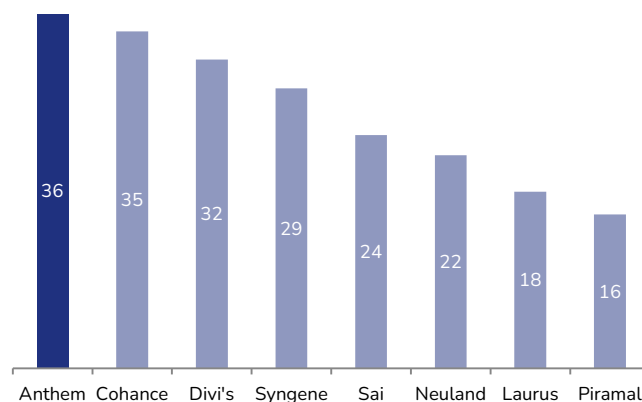
Source: Company, JM Financial

Exhibit 5. ...positioning it to deliver industry-leading growth over FY25-28



Source: Company, JM Financial

Exhibit 2. ...with industry-leading margin profile



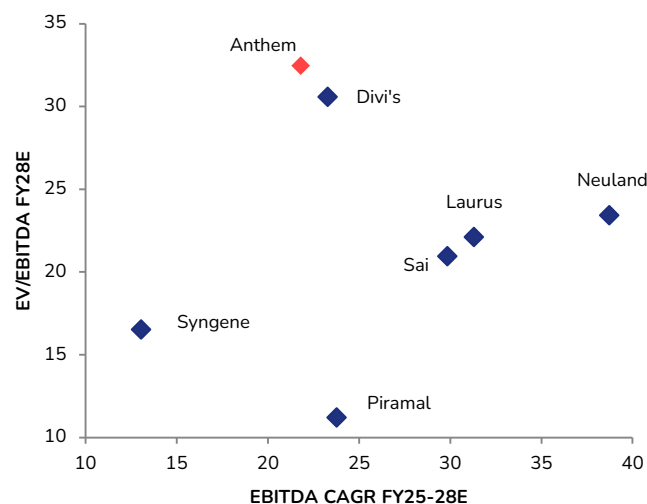
Source: Company, JM Financial

Exhibit 4. ...and significant opportunities in the commercial portfolio...

Products	Innovators	CY24 end drug sale (USD bn)	CY29 end drug sale (USD bn)	Peak sale potential (USD bn)
<b>Pre-FY26 commercialisations</b>				
P-1	a	1	2	2.5 to 3
P-2	b	6	14	15
P-4	b	3	3	3.3
P-7	f	1	3	3.5
P-9	b	1	1	1
P-10	a			0.7
<b>Total Pre-FY26</b>		12	24	
<b>Commercialisations over FY26 and FY27</b>				
P-3	c	NA	NA	6.5
P-5	d	NA	NA	1.5
P-6	e	NA	NA	2 to 5
P-8	f	NA	NA	1.5

Source: Company, JM Financial

Exhibit 6. ...however, the company is trading at rich valuations



Source: Company, JM Financial

## B. Investment thesis

### 1. Diverse modalities amongst listed CDMOs

Anthem boasts one of the broadest ranges of capabilities among its listed peers. It has commercial-scale expertise in fermentation, small molecules, biologics, ADCs, RNAi, biotransformation, complex peptides, and more. Additionally, it is involved in a few early-stage molecules in the oligonucleotide category, enabling it to serve a diverse product portfolio for its clients. Having diverse modalities in the CDMO portfolio puts Anthem in a better position as compared to peers to win more projects.

**Exhibit 7. One of the most diverse new-age modality presence across domestic players**

Company/Technology Capabilities	Flow Chemistry	Enzymatic Processes	Bio-catalysis	Fermentation based mfg	ADC dev. & mfg	Peptide dev. & mfg	RNAi & Lipids Platform	Oligonucleotide dev. & mfg.
<b>Anthem</b>								
<b>Indian Peers</b>								
Syngene International								
Sai Life Sciences								
Cohance Lifesciences								
Divi's Laboratories								
Aragen Life Sciences								
<b>Index:</b>	<b>Strong Presence</b>	<b>Limited Presence</b>	<b>No Presence</b>					

Source: Company, JM Financial

### 2. Robust pipeline provides high revenue visibility

Anthem reflects a strong commercial CDMO presence - 14 commercial-stage molecules and over 10 late-stage programmes, anchored by engagements with marquee innovators such as AbbVie, Novartis, and Pfizer. Anthem has nine potential blockbuster drugs in its commercial portfolio. Several notable products are already commercial or nearing scale-up – P-1 (peak potential USD 2.5bn–3bn), P-2 (peak potential USD 15bn), and P-3 (peak potential ~USD 6.5bn) – underscoring its capability in handling complex, high-value APIs and intermediates. Of the 14 molecules, six reported ~USD 12bn in sales in CY24, which is expected to ramp up to USD 24bn by CY29. These six molecules will provide a steady 15% CAGR over FY25–28. Four additional potential blockbuster commercialisations (included in the 14 commercial-stage molecules) over FY26 and FY27, along with development projects, will provide the additional 10% growth over FY25–28. This robust visibility supports expectations of sustained 24% growth over FY25–28E. The breadth of its portfolio, spanning multiple therapeutic areas and development stages, highlights both robust near-term revenue visibility and sustained growth potential.

**Exhibit 8. Select commercial molecules (blockbuster highlighted)**

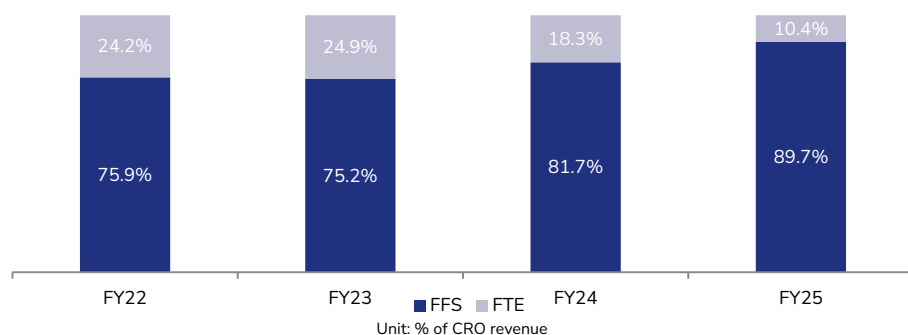
Products	Innovators	FY25 rev. for Anthem (USD mn)	FY28 rev. for Anthem (USD mn)	Peak sale potential (USD bn)	CY24 end drug sale (USD bn)	CY29 end drug sale (USD bn)
<b>Pre-FY26 commercialization</b>						
P-1	a	48	70	2.5 to 3	1	2
P-2	b	35	65	15	6	14
P-4	b	5	15	3.3	3	3
P-7	f	12	6	3.5	1	3
P-9	b	5	3	1	1	1
P-10	a	1	2	0.7		
<b>Total Pre-FY26 products</b>		<b>105</b>	<b>161</b>		<b>12</b>	<b>24</b>
<b>Commercialisations over FY26 and FY27</b>						
P-3	c	-	40	6.5	NA	NA
P-5	d	-	10	1.5	NA	NA
P-6	e	-	10	2 to 5	NA	NA
P-8	f	-	6	1.5	NA	NA

Source: Company, JM Financial

### 3. FFS-focused CRO business - ensuring higher margins

Unlike many peers, CRO revenue is predominantly derived from Fee for Services (FFS), accounting for 89.65% of its projects. This model ensures higher profitability compared to competitors who rely more on Full-Time Equivalent (FTE)-based contracts. Additionally, the company has remained unaffected by the slowdown in biotech funding, as most of its projects are high priority for clients. It boasts an impressive 96.76% success rate in its FFS-based CRO contracts.

**Exhibit 9. FFS dominating the CRO business**



Source: Company, JM Financial

### 4. Fermentation-led generic business stands out

Anthem's specialty ingredients business is different from its CDMO peers, who typically focus on commoditised generic API molecules. A significant portion of its generic business comes from high-value products like enzymes, probiotics, vitamins, biosimilars, and peptides, making this segment highly profitable as compared to small molecule API generic projects. This segment is complementary to the CRDMO business. Looking ahead, we expect biosimilars as well as GLP-1 supplies to ramp up from FY27, which will drive 16% revenue CAGR over FY25-28E.

**Exhibit 10. Exposure to non-fermentation based products**

Specialty Ingredients (INR mn)	FY22	FY23	FY24	FY25	CAGR FY22-25
Enzymes	979	926	1,379	1,245	8%
Serratopeptidase protease	307	394	524	417	11%
APIs	555	322	403	432	-8%
Vitamin Analogues	221	202	279	392	21%
Nutritional Actives	219	229	254	220	0%
Probiotics	144	139	203	236	18%
Vitamin K2 (Menaquinone-7)	213	125	49	183	-5%
Peptides	8	5	27	33	61%
Specialty Ingredients	2,840	2,488	3,362	3,385	6%
% of revenue	23%	24%	24%	18%	

Source: Company, JM Financial

### 5. Led by quality management with decades of experience

Anthem is led by experienced promoters with 25–30+ years in life sciences. Ajay Bhardwaj (MD & CEO) was President at Biocon, Ganesh Sambasivam (CSO) was previously VP & CSO at Syngene, and Ravindra KC (COO) was formerly GM at Biocon. Thanks to this visionary team, Anthem has transitioned from low-value intermediates, APIs, and generics into one of the few listed CRDMOs with new-age DNA modalities, setting it apart from peers.

### 6. Strong projected growth in fundamentals

Anthem was one of the fastest-growing CDMO companies over FY22-25, and it is expected to maintain a similar track record over the next 3 years. We estimate Anthem's top line/EBITDA/PAT FY25-28 CAGR at 21/22/23 %, respectively. Growth will be led by ramp-up of commercial molecules sales, biosimilar sales and supplies of GLP 1. In anticipation of growing demand from customers, Anthem is already doing capex of INR 13bn-14bn over the next 3 years, all from internal accruals.

## C. Valuation – strong pipeline, stronger margins; however, valuation limits near-term upside

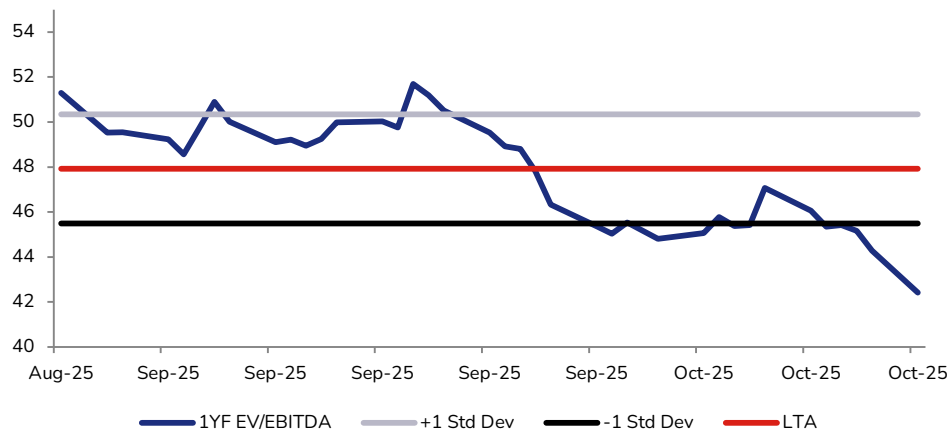
Anthem is well-positioned to deliver industry-leading projected growth and best-in-class margins. It has one of the widest modality offerings profile in the domestic market, mirroring global peers and a promising portfolio consisting of nine commercial potential blockbuster drugs. The diverse technical capability is all developed organically. Further, it has aggressive growth plans with planned capex of INR 13bn-14bn over the next 3 years, all from internal accruals. However, despite such impressive metrics, due to near-term weakness in numbers on a high base of last year as well as elevated valuation (trading at 37x Sep'27 EBITDA), the stock might remain range-bound for the next 2 quarters. In our view, investors could get better entry points in future. We value the company at par with DIVIS, at 40x Sep'27 EBITDA, to arrive at a TP of INR 782 and initiate coverage with ADD rating.

**Exhibit 11. Valuation table**

Valuation	INR mn
Sept'27 EBITDA	10,855
EV/EBITDA	40
<b>Enterprise Value</b>	<b>4,34,181</b>
Less: Net Debt	(5,040)
<b>Equity Value</b>	<b>4,39,221</b>
No of shares	562
<b>Mar'26 Price Target</b>	<b>782</b>
CMP	717
<b>Upside</b>	<b>9%</b>

Source: Company, JM Financial

**Exhibit 12. Valuation (1Y FW EV/EBITDA) band chart**



Source: Company, JM Financial

**Exhibit 13. Peer compendium**

Company	CMP (INR)	Mkt Cap (USD bn)	Rating	Valuation		Scale			FY25-28 CAGR		P/E		EV/EB	
				TP	Upside	Sales (INR bn)	CDMO%	CRO%	Sales	EBITDA	FY27E	FY28E	FY27E	FY28E
Anthem	717	4.6	ADD	782	9	18	71	11	21	22	60	47	41	32
Average	-	-	-	-	-	42	51	14	17	24	48	37	28	23
Laurus	970	5.7	NR	NA	NA	55	28	0	15	31	55	43	28	23
Divi's	6655	19.9	BUY	7699	16	94	54	0	19	23	55	44	38	31
Cohance	779	3.8	NR	NA	NA	12	55	0	20	22	37	30	25	21
Piramal	202	3.0	BUY	313	55	92	58	1	15	24	32	25	13	11
Syngene	651	3.0	NR	NA	NA	36	36	64	13	13	44	34	20	17
Neuland	16158	2.4	BUY	19053	18	15	43	0	21	39	48	35	32	24
Sai	920	2.1	BUY	1197	30	17	63	37	23	30	54	40	28	22

Source: Company, Bloomberg, JM Financial

## D. Company Overview

Founded in 2006, Anthem Biosciences (Anthem) has become one of the fastest-growing Contract Research Development and Manufacturing Organisations (CDMO) in India. Over the past decade, it has achieved a robust revenue growth rate of 20+% CAGR, and seen an impressive 24% growth in the last 5 years. In FY25, the company reported revenue of INR 18bn, with margin exceeding 36%, positioning it as one of the most profitable and sizable CDMOs among publicly listed players. Established by the current promoter Mr Ajay Bharadwaj, the company primarily serves small biotech and large pharmaceutical clients, with 82% of its FY25 business dedicated to these patent-protected companies. The remaining 18% of its FY25 business focuses on fermentation-based products for generic players.

### Exhibit 14. Timeline of key events

Calendar Year	Particulars
2006	Incorporation of the Company
2007	Commenced operations of the Company at Unit I
2008	Commencement of the discovery biology services with a fermentation capacity of 2 KL
2013	Received the first 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 a custom synthesis plant with 128 KL capacity and a fermentation plant with 80 KL capacity.
	Received the second USFDA approval for Unit I
2021	True North acquires minority stake in Anthem (Valuation: USD 1bn; Stake: USD 80mn)
2023	Addition of Oligonucleotide lab in Unit I.
2024	Commenced operations of Neoanthem Lifesciences Private Limited, at Unit III designed as a chemistry lab and customer synthesis pilot plant for development, technology transfer and scale-up projects.
	Fermentation capacity expanded to 140 KL at Unit II.

Source: Company, JM Financial

Anthem has a strong set of promoters with 25-29+ years of relevant industry experience. Ajay Bhargwaj (Chairman, MD and CEO) has 29+ years of relevant experience in life sciences, contract research and clinical research. Prior to starting Anthem, Ajay played an instrumental role at Biocon Ltd and left the company at the position of President. Ganesh Sambasivam (Exec. Director and Chief Scientific Officer) was VP and CSO at Syngene International prior to co-founding Anthem and brings rich industry experience of over 30 years in process R&D. Ravindra KC (Executive Director and COO) was GM at Biocon prior to co-founding Anthem and has 25+ years of relevant industry experience.

#### The company has offerings across three segments:

- Research & Development:** Aimed at identifying and refining potential molecules for further development. Offers services through FFS and FTE contracts. FFS contracts contribute 89.65% to R&D revenue while the rest is contributed by FTE contracts. As of FY25-end, the company is supporting 355 molecules in the discovery stage.
- Development & Commercial Manufacturing:** The CRDMO platform comprises five differentiated modalities (RNAi, ADC, peptides, lipids and oligonucleotides). As of FY25-end, the company supported 161 development projects and 13 manufacturing projects.
- Specialty Ingredients:** This segment manufactures and sells complex specialised fermentation-based APIs. Key segments are enzymes, serratiopeptidase protease, vitamin analogues, etc. This segment is complementary to the CRDMO business. Anthem is one of the few Indian CRDMOs with specialty ingredients offerings in both regulated and semi-regulated markets.

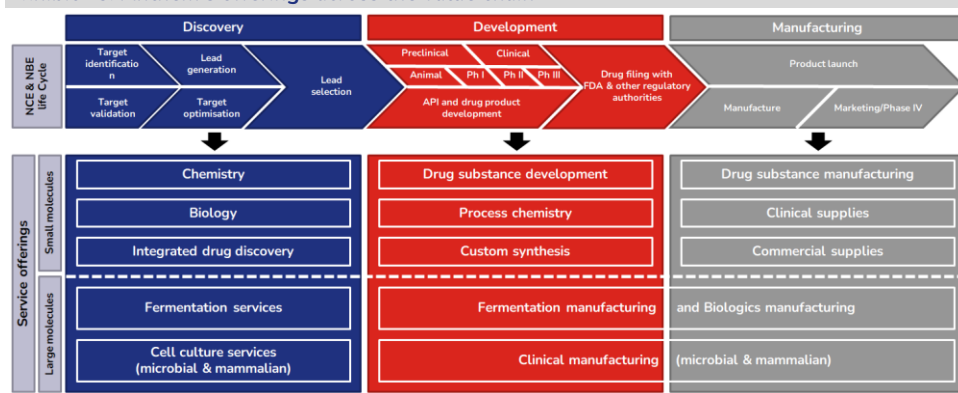
The company has three manufacturing facilities, namely, Unit I in Bommasandra, Unit II in Harohalli and Unit III in Harohalli (completed and commercialised 54 KL capacity expansion 1QFY26). It has also initiated greenfield Unit IV construction, spread over 30 acres.

## E. CRDMO (82% of FY25 sales) – Commercial portfolio to drive growth

### 1. Overview - integrated end-to-end offering for NCE and NBE

Anthem is a one-stop shop, providing comprehensive, integrated and highly customisable range of end-to-end services. The company caters to regulated markets. It is one of the few companies in India with integrated NCE and NBE capabilities across drug discovery, development, and commercial manufacturing. Its services include target identification and the concept stage, preclinical development, development batches for clinical (Phase I, II and III) trials, and commercial manufacturing (both small molecules & biologics). Since inception to 1HFY25, the company has completed 8,000+ projects across 675 customers.

**Exhibit 15. Anthem's offerings across the value chain**

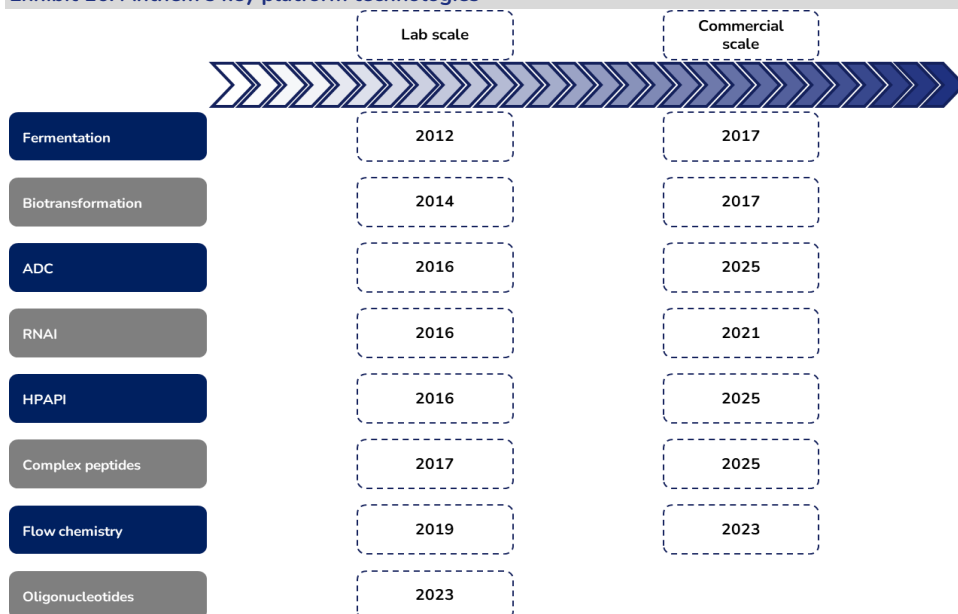


Source: Company, JM Financial

### 2. Quick ramp-up of new age modalities to commercial scale

Over the years, the company has made investments to enhance its offerings across modalities and technologies. It has commercial-scale expertise in fermentation, small molecules, biologics, ADCs, RNAi, biotransformation, complex peptides, and more. It is one of the few Indian companies that focuses on new biologics (large molecules) platforms and offers the broadest range of technology capabilities for drug development relative to its listed peers, focusing on biologics, including biotransformation, flow chemistry, RNAi platforms, and fermentation-based manufacturing. The CRDMO platform comprises five differentiated modalities (RNAi, ADC, peptides, lipids and oligonucleotides) and four manufacturing capabilities (custom synthesis, flow chemistry, fermentation and biotransformation).

**Exhibit 16. Anthem's key platform technologies**



Source: Company, JM Financial

### 3. Offerings profile ahead of Indian peers and mirroring global players

Anthem's ability to deliver integrated solutions across the drug value chain—from discovery through commercialisation—is one of its key strengths. The company has built comprehensive capabilities across new-age modalities — including flow chemistry, enzymatic processes, biocatalysis, fermentation-based manufacturing, ADC, peptide, RNAi and lipid platforms, as well as oligonucleotide development and manufacturing. This breadth of expertise distinguishes it from most Indian CRDMOs, which remain largely focused on small-molecule chemistry. Anthem's early investments in complex modalities and advanced process technologies position it alongside leading global peers such as Lonza, Bachem and Wuxi AppTec, offering end-to-end support across both NCE and NBE lifecycles. These differentiated platforms not only enhance its scientific credibility and customer stickiness but also provide a structural growth advantage in the rapidly evolving biopharma outsourcing landscape.

**Exhibit 17. Competitive position across the value chain**

Company	Discovery	Development & Manufacturing	Revenue share from Development & Manufacturing	Commercial Small Molecule Production	Biologics Biomanufacturing	Clients
Anthem Biosciences			> 60 %			500+
Syngene Intl.			< 40%			450+
Sai Life Sciences			< 65%			280+
Cohance Lifescience			> 60%			100+
Divi's Laboratories			> 60%			NA
Aragen Life Sciences			< 35 %			400+
	Strong Presence	Limited Presence	Negligible Presence	No Presence		

Source: Company, JM Financial

**Exhibit 18. Modality presence ahead of Indian peers and in line with global peers**

Company/Technology Capabilities	Flow Chemistry	Enzymatic Processes	Bio-catalysis	Fermentation based mfg	ADC dev. & mfg	Peptide dev. & mfg	RNAi & Lipids Platform	Oligonucleotide dev. & mfg.
<b>Anthem</b>								
<b>Indian Peers</b>								
Syngene International								
Sai Life Sciences								
Cohance Lifesciences								
Divi's Laboratories								
Aragen Life Sciences								
<b>Global Peers</b>								
Wuxi AppTec Co.								
Asymchem Laboratories								
Pharmaron Beijing Co.								
Lonza Group AG								
Catalent Inc.								
Siegfried Holding AG								
PolyPeptide Group AG								
Bachem Holding AG								
<b>Index:</b>	<b>Strong Presence</b>	<b>Limited Presence</b>	<b>No Presence</b>					

Source: Company, JM Financial



#### 4. Strong commercial pipeline to enable 24% revenue CAGR for CDMO

Anthem reflects a strong commercial CDMO presence - 14 commercial-stage molecules and over 10 late-stage programmes, anchored by engagements with marquee innovators such as AbbVie, Novartis, and Pfizer. Anthem has nine potential blockbuster drugs in its commercial portfolio. Several notable products have already been commercialised or are nearing scale-up – P-1 (peak potential USD 2.5bn–3bn), P-2 (peak potential USD 15bn), and P-3 (peak potential ~USD 6.5bn) – underscoring its capability in handling complex, high-value APIs and intermediates. The breadth of its portfolio, spanning multiple therapeutic areas and development stages, highlights both robust near-term revenue visibility and sustained growth potential.

Of the 14 molecules, six reported ~USD 12bn in sales in CY24, which is expected to ramp up to USD 24bn by CY29. These six molecules should ideally provide a steady 15% CAGR over FY25-28, assuming a level wallet share. Four additional potential blockbuster commercialisations (included in the 14 commercial-stage molecules) over FY26 and FY27, along with development projects, will provide the additional 9% growth over FY25-28. This robust visibility supports expectations of sustained 24% growth over FY25–28E.

**Exhibit 19. Select commercial portfolio** (potential blockbusters highlighted)

Products	Innovators	FY25 rev. for Anthem (USD mn)	FY28 rev. for Anthem (USD mn)	Peak sale potential (USD bn)	CY24 end drug sale (USD bn)	CY29 end drug sale (USD bn)
<b>Pre-FY26 commercialization</b>						
P-1	a	48	70	2.5 to 3	1	2
P-2	b	35	65	15	6	14
P-4	b	5	15	3.3	3	3
P-7	f	12	6	3.5	1	3
P-9	b	5	3	1	1	1
P-10	a	1	2	0.7		
<i>Total Pre-FY26 products</i>		<i>105</i>	<i>161</i>		<i>12</i>	<i>24</i>
<b>Commercialisations over FY26 and FY27</b>						
P-3	c	-	40	6.5	NA	NA
P-5	d	-	10	1.5	NA	NA
P-6	e	-	10	2 to 5	NA	NA
P-8	f	-	6	1.5	NA	NA

Source: Company, JM Financial

There are 10+ molecules in late stage trials, of which five have already been filed. This is likely to drive current development molecules sales, which is expected to be close to ~INR 2.5bn-3bn, and grow in strong double digits. Overall, the CDMO basket (~INR 13bn sales in FY25) could grow at 24% CAGR over the next 3 years.

#### 5. CRO – potential funnel for CDMO business

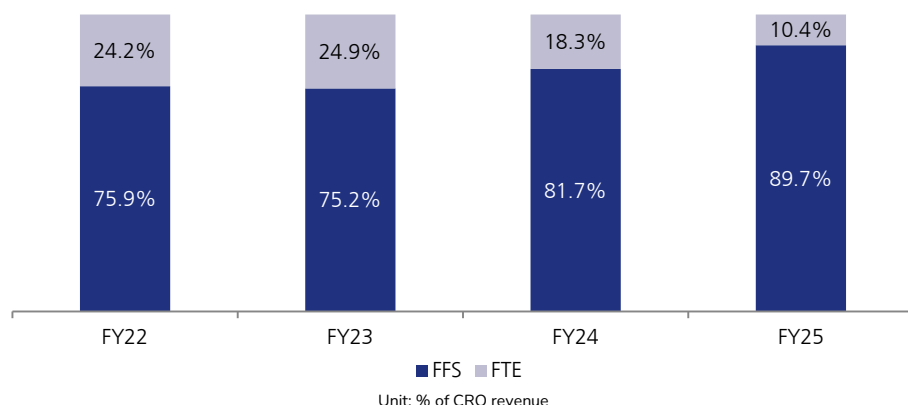
CRO offers an integrated model that combines facets of both discovery research and large-scale manufacturing—a structure that enables the company to offer comprehensive solutions spanning the entire drug development cycle. The business encompasses everything from early-stage research, including target identification and preclinical trials, to development, regulatory support, and commercial manufacturing. This breadth demonstrates Anthem's capability to work on complex molecules for a diverse client base ranging from small biotechnology firms to large pharmaceutical companies.

While CRO revenue constitutes a smaller proportion of Anthem's overall financial base (11% FY25 revenue), its strategic importance is substantial. Discovery-stage collaborations often evolve into downstream partnerships in development and commercial-scale manufacturing, reinforcing Anthem's position as a one-stop CRDMO partner. This integration reduces fragmentation, ensures faster technology transfer, and enhances client retention across projects. As such, the CRO segment not only drives innovation but also strengthens Anthem's business continuity by creating a self-sustaining project pipeline that feeds directly into higher-margin development and manufacturing contracts.

## 6. FFS dominate the CRO business – ensuring higher margins

Unlike several peers, the company's CRO revenue is largely driven by the Fee-for-Service (FFS) model, which contributes nearly 90% of its projects. This structure supports stronger profitability relative to players with higher dependence on Full-Time Equivalent (FTE) contracts. Moreover, the company has remained insulated from the broader biotech funding slowdown, given that most of its projects are client-prioritised. Notably, it has achieved an exceptional 96.8% success rate in its FFS-based CRO engagements.

**Exhibit 20. FFS dominating the CRO business**



Source: Company, JM Financial

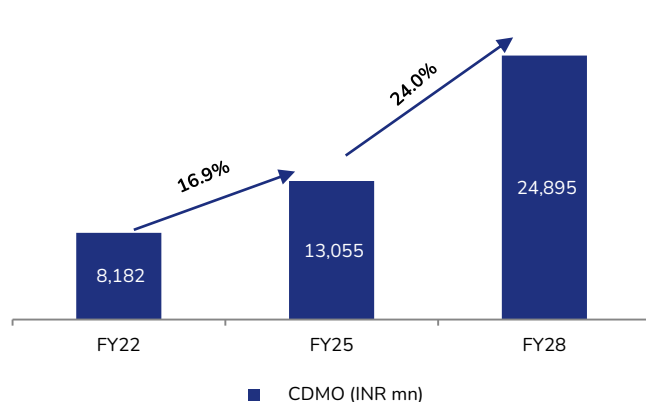
## 7. New contract wins to enable 10% FY23-28 CAGR for CRO

We have assumed a conservative 10% CAGR for CRO business over the next 3 years. This growth is to be largely led by new contract wins.

## 8. Our View – blockbuster filled commercial portfolio to lead strong growth

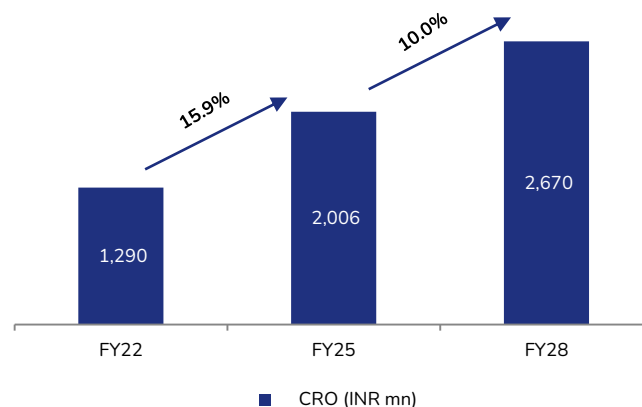
Anthem's CDMO business appears well-poised for sustained growth, supported by its strong commercial portfolio and expanding development pipeline. With 14 molecules already commercialised (six of which had USD 12bn end-market value in CY24, expected to reach USD 24bn by CY29), and four additional potential blockbusters (included in the 14 commercial molecules) to be commercialised over FY26 and FY27, Anthem could grow its existing commercial revenue at ~29% CAGR over FY25-28. Further 10+ molecules in late-stage development will drive double-digit growth in development revenue. Overall, the CDMO segment (~INR 13bn in FY25) is projected to grow at ~24% CAGR over the next 3 years, while the CRO business is expected to expand at 10% annually, aided by new contract wins.

**Exhibit 21. CDMO to grow rapidly over FY25-28**



Source: Company, JM Financial

**Exhibit 22. CRO to witness moderate growth over contract wins**



Source: Company, JM Financial

## F. Specialty Ingredients (18% of FY25 sales) – New launches to drive future growth

### 1. Overview

The specialty ingredients segment at Anthem Biosciences produces high-value products derived mainly from fermentation—a natural process using microbes or enzymes. These ingredients include probiotics (beneficial bacteria), enzymes (biological catalysts), peptides (small proteins used as medicines), vitamin analogues, nutritional actives, and biosimilars (copies of biologic drugs). These products are widely used in pharmaceuticals, food supplements, animal nutrition, and various other industries. This business complements CRDMO by targeting both regulated markets as well as semi-regulated markets.

**Exhibit 23. Key specialty ingredients offerings across categories**

Fermentation Products	Biosimilars	Probiotic, Enzyme & Peptide	Nutritional Actives, Vitamin Analogues and APIs:
<ul style="list-style-type: none"> <li>2 flagship commercialized fermentation products are :               <ul style="list-style-type: none"> <li>(a) serratiopeptidase protease and</li> <li>(b) vitamin K2 (Menaquinone-7)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Microbial &amp; Mammalian</li> <li>Microbial produced via E. coli as a host system</li> <li>Mammalian - high expression Chinese hamster ovary ("CHO") cell line</li> </ul>	<ul style="list-style-type: none"> <li>Sporulating/non-sporulating ProB strain (10-1bn strength)</li> <li>peptide synthesis, employing-solution/solid phase, and innovative hybrid mode</li> </ul>	<ul style="list-style-type: none"> <li>Cater to human nutrition, dietary supplements, animal nutrition &amp; industrial products</li> </ul>

Source: Company, JM Financial

**Exhibit 24. Specialty ingredients portfolio ramp-up (INR mn)**

Specialty Ingredients	FY22	FY23	FY24	FY25	CAGR FY22-25
Enzymes	979	926	1,379	1,245	8%
SPP	307	394	524	417	11%
APIs	555	322	403	432	-8%
Vitamin Analogues	221	202	279	392	21%
Nutritional Actives	219	229	254	220	0%
Probiotics	144	139	203	236	18%
Vitamin K2	213	125	49	183	-5%
Peptides	8	5	27	33	61%
Specialty Ingredients	2,840	2,488	3,362	3,385	6%
% of revenue	23%	24%	24%	18%	

Source: Company, JM Financial

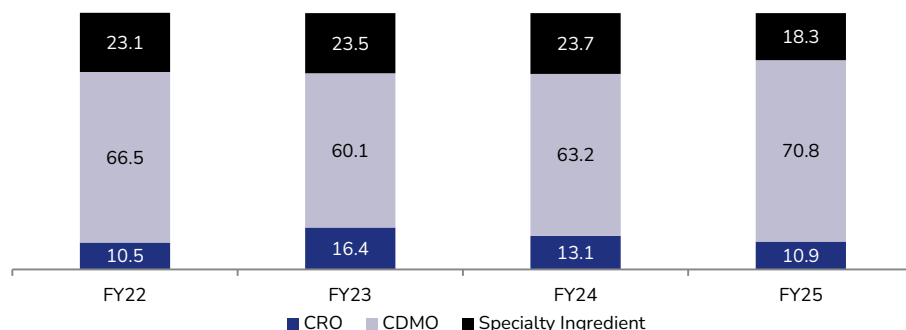
### 2. Specialty leverages spare capacity

This specialty ingredients segment not only adds a stable and diversified revenue stream but also efficiently utilises Anthem's spare manufacturing capacity. By leveraging unused fermentation and synthesis capacity, the company maximises asset utilisation and cost efficiency. Producing these complex fermentation-based products also demonstrates Anthem's technical strength and ability to meet stringent quality standards.

### 3. Segmental mix to tilt away from Specialty

Historically, the specialty ingredients business has contributed 20-25% to the top line. However, we expect that to reduce as the CDMO train churns and captures a larger share of capacity.

**Exhibit 25. Business mix across years**

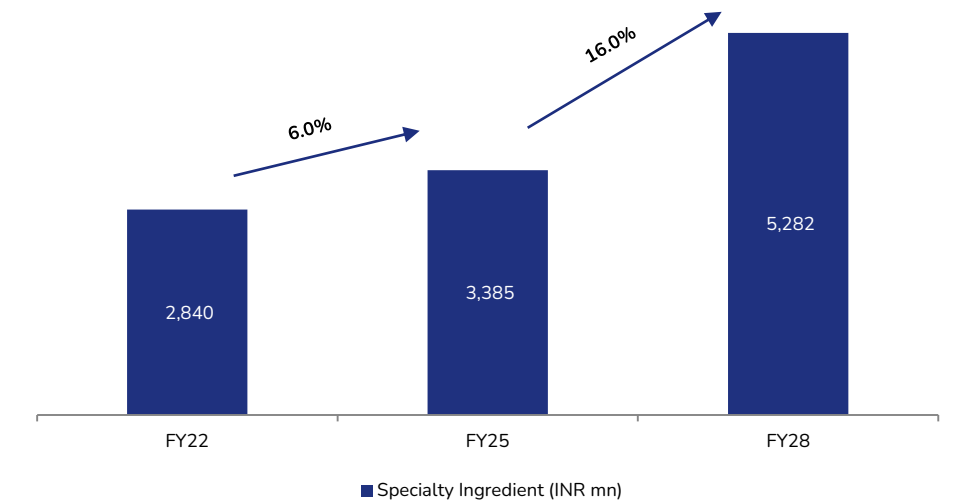


Source: Company, JM Financial

4. Our view – new launches to enable mid-teens growth

The specialty ingredients business has three key growth drivers - Biosimilar launches, GLP 1 generic supplies from FY26/27 and a project for the supply of protein to one of the European generic players. This business is likely to grow at 16% CAGR over the next 3 years.

Exhibit 26. Specialty business ramp-up



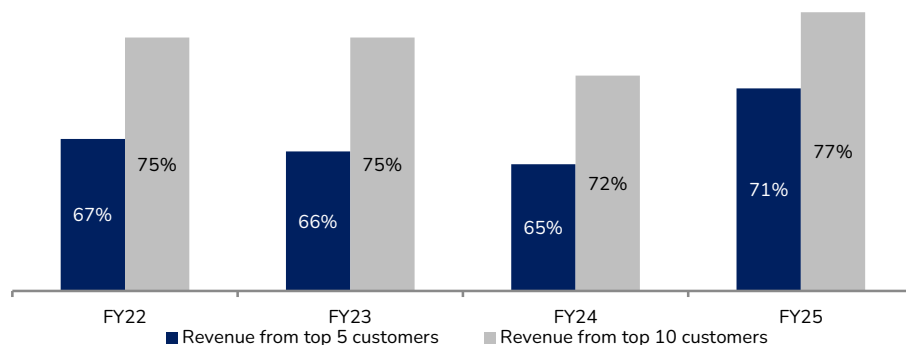
Source: Company, JM Financial

## G. Revenue profile

### 1. Concentrated revenue profile - in line with industry practice

As of FY25, Anthem has 169 customers spread across small pharma and emerging biotech (145), mid-sized pharma (13) and large-scale pharma (8). The top line is fairly concentrated with the top 5 customers contributing 71% of revenue in 1HFY25 and the top 10 customers contributing 77% of revenue.

**Exhibit 27. Revenue concentration**



Source: Company, JM Financial

**Exhibit 28. Revenue concentration**

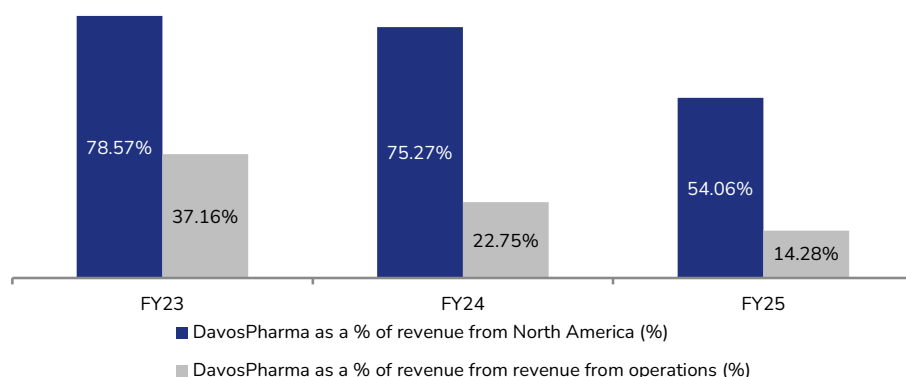
Particulars	Aggregate from 01 April'23 to 31 Mar'25		# customers				# project activities			
	# customers	# project activities	FY22	FY23	FY24	FY25	FY22	FY23	FY24	FY25
Small pharma and emerging biotech	250	2,409	136	139	138	145	621	570	612	1,227
Mid-sized pharma	26	412	23	16	17	16	108	92	71	249
Large-scale pharma	11	477	6	8	7	8	66	101	108	268
<b>Total customers and projects delivered</b>	<b>287</b>	<b>3,298</b>	<b>165</b>	<b>163</b>	<b>162</b>	<b>169</b>	<b>795</b>	<b>763</b>	<b>791</b>	<b>1,774</b>

Source: Company, JM Financial

### 2. Davos – key BD partnership

Davos is Anthem's business development partner for the US geography; the nature of their relationship encompasses research to pre-commercialisation stage. Since inception, Anthem has had a relationship with Davos. Given Davos' strong relationship with innovator companies, it has been able to garner traction and win contracts for Anthem. As a BD partner, Davos receives 13-14% of the contract value. At present, ~60% of Davos' revenue is contributed by Anthem, with the latter being its preferred CRDMO partner. On the other hand, Davos' revenue contribution to Anthem's top line remains at 14% as of FY25.

**Exhibit 29. Anthem-Davos relationship**



Source: Company, JM Financial

## H. Manufacturing footprint – expansion and current utilization levels provide ample space for new contracts

The company has three manufacturing facilities, namely Unit I in Bommassandra, Unit II in Harohalli and Unit III in Harohalli. Unit III is under construction and is expected to be fully operational in phases in FY25.

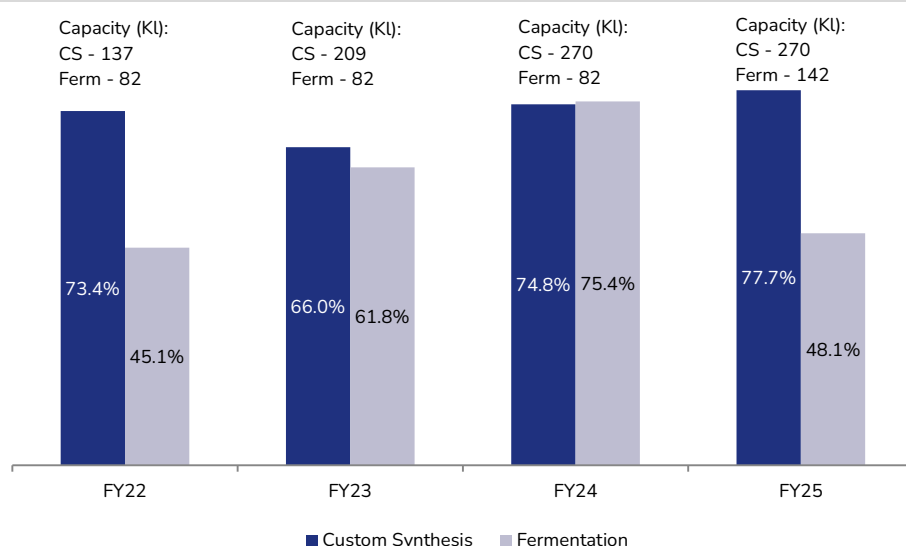
**Exhibit 30. Manufacturing footprint**

Particulars	Unit I	Unit II	Unit III <sup>1</sup>
Location	Bommassandra	Harohalli	Harohalli
Year of establishment	2007	2017	2022 (under construction and to be commissioned in phases in 2025)
Number of blocks	11	15	19
Number of warehouses	1	2	1
Plot area	5 acres	15 acres	8 acres
Key functions	<ul style="list-style-type: none"> <li>• R&amp;D Services</li> <li>• Development and manufacturing (Chemistry &amp; Biology)</li> </ul>	<ul style="list-style-type: none"> <li>• Development and manufacturing (Chemistry &amp; Biology)</li> <li>• Specialty ingredients manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• R&amp;D Services</li> <li>• Development and manufacturing (Chemistry &amp; Biology)</li> <li>• Specialty ingredients manufacturing</li> </ul>
Approvals obtained	[US FDA, PMDA, ECA, ISO 9001, ISO 14001, Good Laboratory Practice, AAALAC and ANVISA]	[US FDA, TGA, CDSCO, [FDA Food Safety] and ANVISA]	N/A
Last inspections	2013, 2016, 2019	2023, 2024	N/A

Source: Company, JM Financial

Anthem Biosciences is in the process of expanding its custom synthesis capacity and fermentation capacity to 425 kL and 182 kL respectively. It plans to augment its capacity by shifting some of its development projects, especially in the early phase stages from Unit I and Unit II to Unit III. This will enable it to free up the existing custom synthesis capacity in Unit I and Unit II.

**Exhibit 31. Anthem's capacities and utilisation**



Source: Company, JM Financial

Anthem Biosciences is also developing a fourth large-scale manufacturing facility, Unit 4, in the Harohalli Industrial Area near Bengaluru, India. Spread over 30 acres, this facility has an INR 10bn capex plan and is set to become operational in phases by FY28. This site will significantly boost the company's manufacturing capacity for high-margin peptides and Active Pharmaceutical Ingredients (APIs). The project is to be funded by internal cash flows.

## I. Financials – industry-leading growth, best-in-class margins

Anthem was one of the fastest-growing CDMO companies over FY22-25, and is expected to maintain industry-leading growth while continuing to deliver best-in-class margins over the next 3 years. We estimate Anthem's top line/EBITDA/PAT FY25-28 CAGR at 21/22/23 %, respectively. Growth will be led by ramp-up of commercial molecules sales, biosimilar sales and supplies of GLP 1. In anticipation of growing demand from customers, Anthem is already doing capex of INR 13bn-14bn over the next 3 years, all from internal accruals.

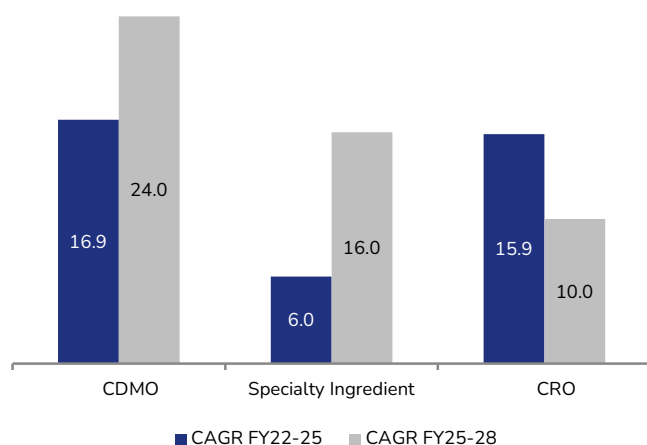
The company has multiple EBITDA % levers - 1) Increased backward integration for select key commercial molecules; 2) Reduction in ESOP cost; and 3) USD/INR depreciation while increased contribution from specialty ingredients can be a drag on overall margins. Conservatively, we have assumed limited margin expansion.

**Exhibit 32. Business mix across years**

Particulars (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27	FY28	CAGR FY25-28 (%)
CRO	1,290	1,731	1,856	2,006	2,206	2,427	2,670	10
YoY growth (%)		34.2	7.2	8.1	10.0	10.0	10.0	
Rev. contribution (%)	10.5	16.4	13.1	10.9	10.5	9.3	8.1	
CDMO	8,182	6,350	8,976	13,055	14,825	19,167	24,895	24
YoY growth (%)		-22.4	41.4	45.4	13.6	29.3	29.9	
Rev. contribution (%)	66.5	60.1	63.2	70.8	70.5	73.2	75.8	
<b>CRDMO</b>	<b>9,472</b>	<b>8,081</b>	<b>10,832</b>	<b>15,061</b>	<b>17,031</b>	<b>21,594</b>	<b>27,565</b>	<b>22</b>
YoY growth (%)		-14.7	34.0	39.0	13.1	26.8	27.6	
Rev. contribution (%)	76.9	76.5	76.3	81.7	81.0	82.5	83.9	
<b>Specialty Ingredient</b>	<b>2,840</b>	<b>2,488</b>	<b>3,362</b>	<b>3,385</b>	<b>3,994</b>	<b>4,593</b>	<b>5,282</b>	<b>16</b>
YoY growth (%)		-12.4	35.1	0.7	18.0	15.0	15.0	
Rev. contribution (%)	23.1	23.5	23.7	18.3	19.0	17.5	16.1	
<b>Total</b>	<b>12,312</b>	<b>10,569</b>	<b>14,194</b>	<b>18,446</b>	<b>21,025</b>	<b>26,187</b>	<b>32,847</b>	<b>21</b>
YoY growth (%)		-14.2	34.3	30.0	14.0	24.6	25.4	

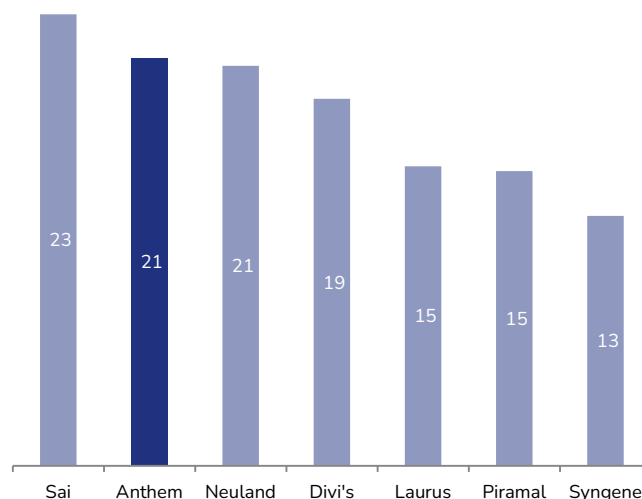
Source: Company, JM Financial

**Exhibit 33. CDMO & Specialty ramp up...**



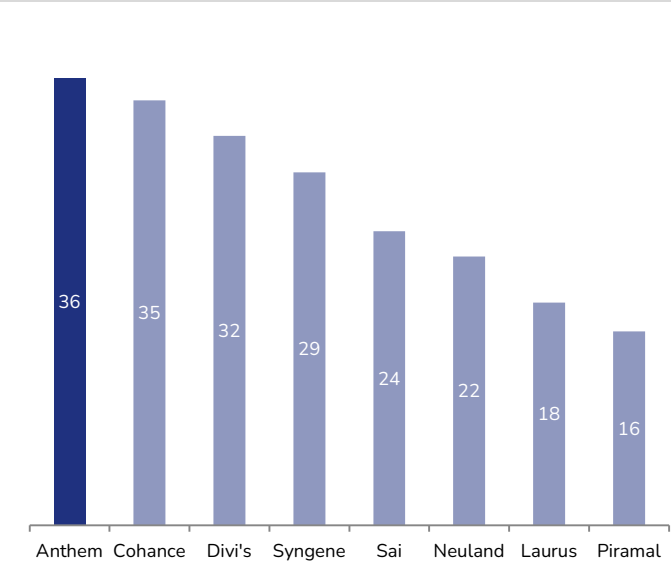
Source: Company, JM Financial

**Exhibit 34. ...to deliver industry-leading growth over FY25-28**



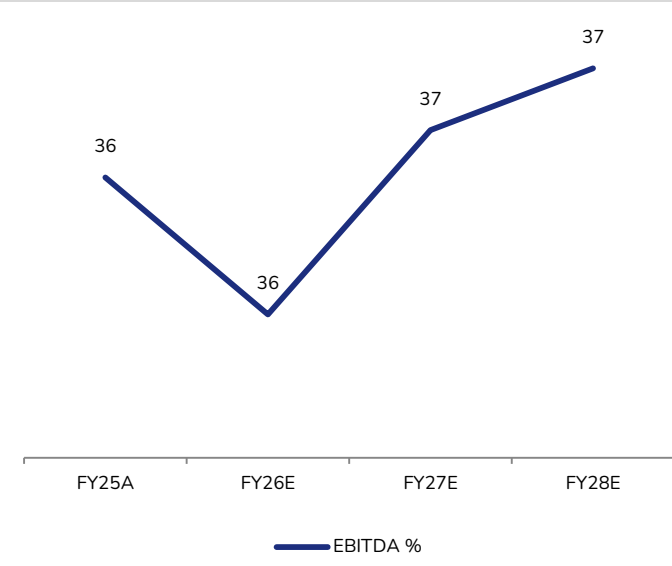
Source: Company, JM Financial

Exhibit 35. Anthem has best-in-class EBITDA margin...



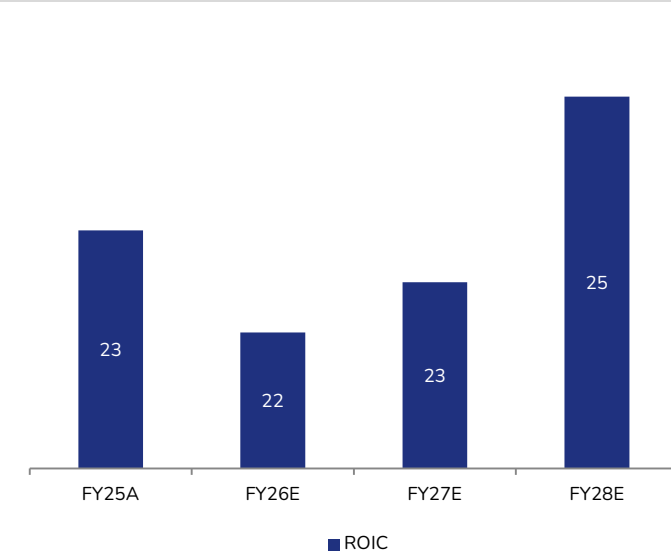
Source: Company, JM Financial

Exhibit 36. ...and is likely to maintain it



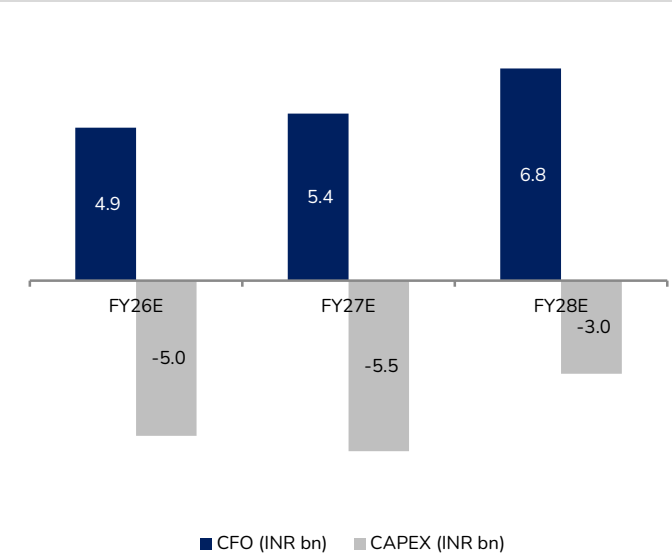
Source: Company, JM Financial

Exhibit 37. Return metrics to be impacted due to aggressive expansion...



Source: Company, JM Financial

Exhibit 38. ...largely funded by internal accruals



Source: Company, JM Financial



## J. Valuation – strong pipeline, stronger margins; however, valuation limits near-term upside

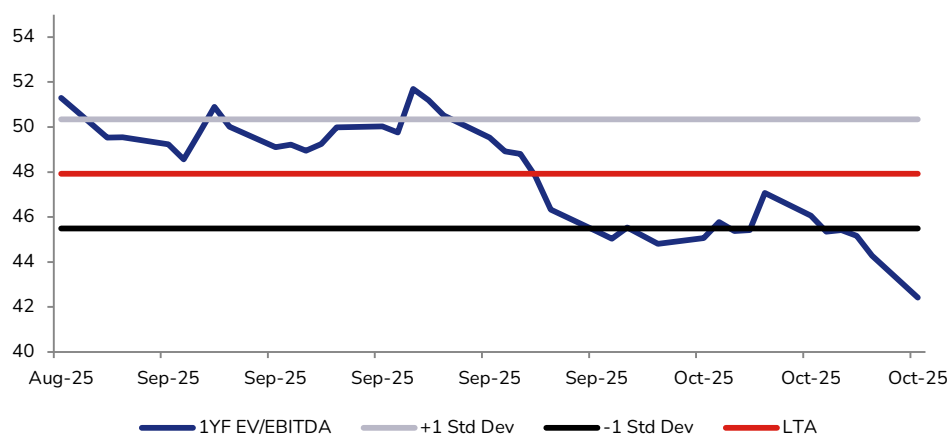
Anthem is well-positioned to deliver industry-leading projected growth and best-in-class margins. It has one of the widest modality offerings profile in the domestic market, mirroring global peers and a promising portfolio consisting of nine commercial potential blockbuster drugs. The diverse technical capability is all developed organically. Further, it has aggressive growth plans with planned capex of INR 13bn-14bn over the next 3 years, all from internal accruals. However, despite such impressive metrics, due to near-term weakness in numbers on a high base of last year as well as elevated valuation (trading at 37x Sep'27 EBITDA), the stock might remain range-bound for the next 2 quarters. In our view, investors could get better entry points in future. We value the company at par with DIVIS, at 40x Sep'27 EBITDA, to arrive at a TP of INR 782 and initiate coverage with ADD rating.

**Exhibit 39. Valuation table**

Valuation	INR mn
Sept'27 EBITDA	10,855
EV/EBITDA	40
<b>Enterprise Value</b>	<b>4,34,181</b>
Less: Net Debt	(5,040)
<b>Equity Value</b>	<b>4,39,221</b>
No of shares	562
<b>Mar'26 Price Target</b>	<b>782</b>
CMP	717
<b>Upside</b>	<b>9%</b>

Source: Company, JM Financial

**Exhibit 40. Valuation (1Y FW EV/EBITDA) band chart**



Source: Company, JM Financial

**Exhibit 41. Peer compendium**

Company	CMP (INR)	Mkt Cap (USD bn)	Rating	Valuation		Scale			FY25-28 CAGR		P/E		EV/EB	
				TP	Upside	Sales (INR bn)	CDMO%	CRO%	Sales	EBITDA	FY27E	FY28E	FY27E	FY28E
Anthem	717	4.6	ADD	782	9	18	71	11	21	22	60	47	41	32
Average	-	-	-	-	-	42	51	14	17	24	48	37	28	23
Laurus	970	5.7	NR	NA	NA	55	28	0	15	31	55	43	28	23
Divi's	6655	19.9	BUY	7699	16	94	54	0	19	23	55	44	38	31
Cohance	779	3.8	NR	NA	NA	12	55	0	20	22	37	30	25	21
Piramal	202	3.0	BUY	313	55	92	58	1	15	24	32	25	13	11
Syngene	651	3.0	NR	NA	NA	36	36	64	13	13	44	34	20	17
Neuland	16158	2.4	BUY	19053	18	15	43	0	21	39	48	35	32	24
Sai	920	2.1	BUY	1197	30	17	63	37	23	30	54	40	28	22

Source: Company, Bloomberg, JM Financial

## K. Key risks

### 1. Business segment concentration risk

The company's revenue heavily relies on its CRDMO services, which accounted for 81.65% of its operational income for FY25. Any negative impact on its CRDMO customers or their industries could significantly harm the company's business.

### 2. Constant technological innovation efforts

If the company is unable to develop new technologies or improve its existing ones, it risks losing its competitive advantage. Such shortcomings could have a material adverse impact on its business performance, financial condition, and operating results.

### 3. Successful completion risk

With 89.65% of its R&D revenue from CRDMO services coming from fee-for-service (FFS) contracts in FY25, the company's income depends on successfully completing deliverables. Failure to do so could result in unrecovered costs or lost service fees.

### 4. Regulatory risk

The company's manufacturing facilities undergo regular inspections and audits by regulatory authorities and customers. Failure to obtain or renew necessary approvals on time, or at all, could adversely impact its business operations, financial performance, and cash flows.

### 5. Customer concentration risk

Anthem Biosciences relies on a few major customers, with its top 5 and top 10 clients contributing 70.92% and 77.33% of operating revenue in FY25. Losing these key customers or seeing reduced revenue from them could adversely impact the company's business and financial performance.

## L. Board of Directors and Key Managerial People

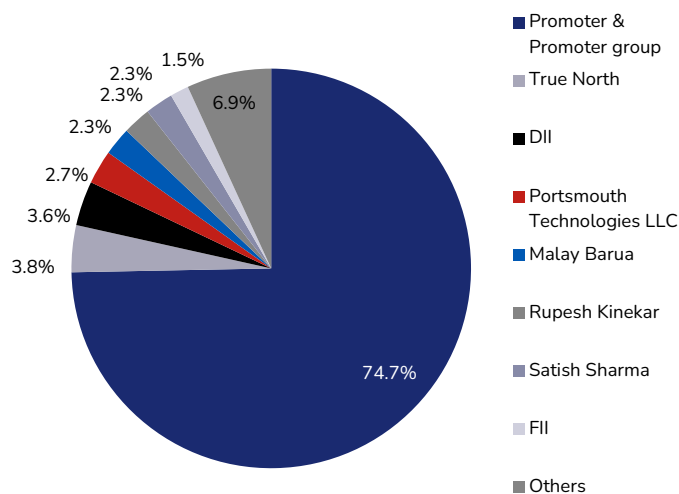
**Exhibit 42. Key individuals, their designation and background**

Name	Designation	Background
Ajay Bhardwaj	Chairman, MD, and CEO	Bachelor's degree in Chemical Engineering from the IIT-Delhi and a Master's degree of Science in Chemical engineering from Louisiana State University and Agricultural and Mechanical College. Previously associated with Max India Ltd as the projects engineer and Biocon Ltd as the manager in marketing. +29 years of experience in life sciences, contract research, & clinical research.
Ganesh Sambasivam	Executive Director and Chief Scientific Officer	Holds a Bachelor's degree of Science in Chemistry from the University of Madras, a Master's degree in Organic Chemistry from the University of Pune and a Ph.D.in Chemistry from the University of Pune. Previously associated with Syngene International Limited as the Chief Scientific Officer. Has more than 30 years of experience in process R&D.
K Ravindra Chandrappa	Executive Director and Chief Operating Officer	Holds a Bachelor's degree in Chemical Engineering from Bangalore University. Has more than 25 years of experience in the field of life sciences, contract research and clinical research.
Satish Chander Subbanna	Non-Executive Nominee Director	Holds a Bachelor's degree in Mechanical Engineering from the IIT, Madras and a Post Graduate Diploma in Management from IIM, Calcutta. Has been associated with True North for over 19 years and leads True North's investments in healthcare and life sciences sectors.
Ramesh Ramadurai	Independent Director	He holds a B.Tech in Chemical Engineering from IIT, Kanpur & MBA from IIM, Calcutta. Has over 35 years of experience in business administration. Previously associated with the TVS Suzuki Limited, The Oil and Natural Gas Corporation, Ashirvad Pipes Private Limited and 3M India Limited.
Ravikant Uppal	Independent Director	Holds a Bachelor's degree in Mechanical Engineering from IIT, Delhi and MBA from IIM, Ahmedabad. Additionally, he is also a Graduate of The Wharton Advanced Management Programme from the University of Pennsylvania. Has over 23 years of experience in business administration. He was previously associated with the ABB Group as the president of global markets and with Maini Precision Products Limited, Steel Infra Solutions Private Limited, etc.
Subramanian Madhavan	Independent Director	He holds a MBA from the IIM, Ahmedabad is a qualified CA. Has over 11 years of experience in finance and taxation and has been associated with Sterlite Technologies Ltd, CBIX Technology Solutions Pvt Ltd & ICICI Bank Ltd.
Shubha Kulkarni	Independent Director	Holds a Bachelor's degree in Economics (Hons.) from Delhi University and a Master's degree in Human Resources from Jamia Millia Islamia, where she also received a gold medal. Previously associated with AXA Technology Services India Pvt Ltd and Perot Systems Technology Services. She is a director at Altissimo Consulting Services. She has over 13 years of experience in the field of human resources.
Gawir Baig	CFO	MBA graduate from IIM Bangalore and B.Tech (Mechanical) graduate from IIT Kharagpur. Has ~18 years of experience in the field of finance and healthcare. Was previously working as Director at O3 Capital.
Divya Prasad	CS & CO	~10 years of experience in handling the corporate compliances. Qualification - CS; LLB (Karnataka State Law Uni.); B. Comm. (Uni. Of North Bengal)

Source: Company, JM Financial

## M. Shareholding

**Exhibit 43. Shareholding pattern**



Source: Company, JM Financial

**Exhibit 44. Promoter holding**

Name of the shareholder	% Shareholding
Ajay Bhardwaj	42.5%
Ishaan Bhardwaj	10.2%
Ganesh Sambasivam	8.1%
K Ravindra Chandrappa	7.8%
Krithika Ganesh	1.5%
Aruna Ganesh	1.5%
Others	3.0%
<b>Total</b>	<b>74.7%</b>

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	14,194	18,446	21,025	26,187	32,847
Sales Growth	34.3%	30.0%	14.0%	24.6%	25.4%
<b>Total Revenue</b>	<b>14,194</b>	<b>18,446</b>	<b>21,025</b>	<b>26,187</b>	<b>32,847</b>
Cost of Goods Sold/Op. Exp	5,996	7,439	8,620	10,606	13,139
Personnel Cost	1,829	2,605	2,838	3,116	3,974
Other Expenses	1,319	1,693	2,060	2,881	3,613
<b>EBITDA</b>	<b>5,050</b>	<b>6,708</b>	<b>7,506</b>	<b>9,585</b>	<b>12,120</b>
EBITDA Margin	35.6%	36.4%	35.7%	36.6%	36.9%
EBITDA Growth	17.7%	32.8%	11.9%	27.7%	26.5%
Depn. & Amort.	818	894	1,200	1,600	1,900
EBIT	4,232	5,815	6,306	7,985	10,220
Other Income	637	857	900	1,050	1,200
Finance Cost	95	103	105	100	100
PBT before Excep. & Forex	4,773	6,569	7,101	8,935	11,320
PBT	4,773	6,569	7,101	8,935	11,320
Taxes	1,100	2,056	1,775	2,234	2,830
Reported Net Profit	3,673	4,513	5,326	6,701	8,490
<b>Adjusted Net Profit</b>	<b>3,673</b>	<b>4,513</b>	<b>5,326</b>	<b>6,701</b>	<b>8,490</b>
Net Margin	25.9%	24.5%	25.3%	25.6%	25.8%
Diluted Share Cap. (mn)	559.1	559.1	561.6	561.6	561.6
<b>Diluted EPS (INR)</b>	<b>6.6</b>	<b>8.1</b>	<b>9.5</b>	<b>11.9</b>	<b>15.1</b>
Diluted EPS Growth	-4.6%	22.9%	17.5%	25.8%	26.7%

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	19,247	24,099	29,424	36,125	44,616
Share Capital	1,118	1,118	1,118	1,118	1,118
Reserves & Surplus	18,128	22,980	28,306	35,007	43,497
Total Loans	2,325	1,090	1,090	1,090	1,090
Def. Tax Liab. / Assets (-)	-414	-179	-179	-179	-179
<b>Total - Equity &amp; Liab.</b>	<b>21,158</b>	<b>25,009</b>	<b>30,334</b>	<b>37,035</b>	<b>45,526</b>
Net Fixed Assets	8,272	10,020	13,351	17,251	18,351
Gross Fixed Assets	9,640	12,701	17,788	23,288	26,288
Intangible Assets	125	87	0	0	0
Less: Depn. & Amort.	4,940	5,737	6,937	8,537	10,437
Capital WIP	3,447	2,969	2,500	2,500	2,500
Investments	4,716	4,335	4,335	4,335	4,335
Current Assets	10,579	13,542	15,927	19,456	27,770
Inventories	2,113	3,404	3,070	3,777	4,680
Sundry Debtors	4,904	4,504	5,472	6,816	8,549
Cash & Bank Balances	1,844	1,823	3,002	3,824	8,747
Other Current Assets	1,717	3,810	4,382	5,039	5,795
Current Liab. & Prov.	2,409	2,888	3,278	4,007	4,931
Current Liabilities	1,174	1,270	1,494	1,822	2,238
Provisions & Others	1,235	1,617	1,784	2,185	2,693
Net Current Assets	8,170	10,654	12,648	15,449	22,840
<b>Total - Assets</b>	<b>21,158</b>	<b>25,009</b>	<b>30,334</b>	<b>37,035</b>	<b>45,526</b>

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	4,773	6,569	7,101	8,935	11,320
Depn. & Amort.	818	894	1,200	1,600	1,900
Net Interest Exp. / Inc. (-)	-313	-544	-795	-950	-1,100
Inc (-) / Dec in WCap.	-2,620	-2,558	-815	-1,979	-2,468
Others	-57	378	0	0	0
Taxes Paid	-1,200	-1,590	-1,775	-2,234	-2,830
<b>Operating Cash Flow</b>	<b>1,402</b>	<b>3,149</b>	<b>4,915</b>	<b>5,372</b>	<b>6,823</b>
Capex	-1,103	-3,145	-5,000	-5,500	-3,000
Free Cash Flow	299	4	-85	-128	3,823
Inc (-) / Dec in Investments	753	1,107	0	0	0
Others	-1,865	517	469	0	0
<b>Investing Cash Flow</b>	<b>-2,215</b>	<b>-1,521</b>	<b>-4,531</b>	<b>-5,500</b>	<b>-3,000</b>
Inc / Dec (-) in Capital	-1,490	0	0	0	0
Inc / Dec (-) in Loans	1,075	-1,238	0	0	0
Others	-357	-98	795	950	1,100
<b>Financing Cash Flow</b>	<b>-772</b>	<b>-1,336</b>	<b>795</b>	<b>950</b>	<b>1,100</b>
<b>Inc / Dec (-) in Cash</b>	<b>-1,585</b>	<b>292</b>	<b>1,179</b>	<b>822</b>	<b>4,923</b>
Opening Cash Balance	3,428	1,844	1,823	3,002	3,824
Closing Cash Balance	1,844	2,136	3,002	3,824	8,747

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	25.9%	24.5%	25.3%	25.6%	25.8%
Asset Turnover (x)	0.7	0.8	0.7	0.8	0.8
Leverage Factor (x)	1.1	1.1	1.1	1.0	1.0
RoE	20.0%	20.8%	19.9%	20.4%	21.0%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	34.4	43.1	52.4	64.3	79.4
ROIC	25.8%	23.5%	22.4%	22.9%	24.9%
ROE	20.0%	20.8%	19.9%	20.4%	21.0%
Net Debt/Equity (x)	-0.2	-0.2	-0.2	-0.2	-0.2
P/E (x)	109.6	89.2	75.9	60.3	47.6
P/B (x)	20.9	16.7	13.7	11.2	9.1
EV/EBITDA (x)	79.3	59.7	53.2	41.6	32.5
EV/Sales (x)	28.2	21.7	19.0	15.2	12.0
Debtor days	126	89	95	95	95
Inventory days	54	67	53	53	52
Creditor days	40	34	35	35	35

Source: Company, JM Financial

## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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