

June 20, 2025

Anthem Biosciences Limited: Ratings reaffirmed and assigned; rated amount enhanced; outlook revised to Positive from Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term – Fund-based – Working Capital	124.50	175.00	[ICRA]AA- (Positive)/[ICRA]A1+; reaffirmed and assigned for enhanced amount; outlook revised to Positive from Stable
Long-term – Fund-based – Term Loan	90.00	65.00	[ICRA]AA- (Positive): reaffirmed; outlook revised to Positive from Stable
Short-term – Non-fund Based Limits	5.00	0.00	-
Long-term/Short-term – Unallocated Limits	0.50	0.00	-
Total	220.00	240.00	

*Instrument details are provided in Annexure I

Rationale

The revision in the outlook to Positive from Stable on Anthem Biosciences Limited's (Anthem) long-term rating considers the material improvement in its financial profile and ICRA's expectation that the same will sustain, going forward. The company has demonstrated a healthy revenue growth momentum along with robust profitability in FY2024 and FY2025 on the back of its strong research and development (R&D) capabilities. Despite the ongoing debt-funded capex, ICRA expects the debt metrics and the liquidity position of the company to remain strong, going forward.

During FY2024 and FY2025, the company witnessed a strong revenue growth of 34% and 29%, backed by the USFDA approval for its Unit 2 at Harohalli, Bangalore in June 2023, in addition to strong ramp-up from the expanded as well as the existing capacity. The revenue growth was also supported by some molecules shifting from lab to commercial scale manufacturing. While the company's operating margin declined to ~37% in FY2024 due to external sourcing of intermediates for one of the APIs where the supply chain was not fully backward integrated, the same continues to remain healthy. The operating margins for FY2025 remained stable at 37%. While the margins were supported by partial in-house production of intermediates, expenses related to IPO and share-based compensation expense (ESOP charges) impacted the same to a certain extent in FY2025. Going forward, Anthem is expected to witness a healthy revenue growth, supported by continued revenues from its customers on the back of a healthy order book and phased ramp-up of operations of Neoanthem Lifesciences Private Limited (Neoanthem), while maintaining its healthy margins. The company's debt metrics continue to remain strong. The company is undertaking a capital expenditure (capex) of Rs. 150 crore for capacity expansion of its Unit 2 and Rs.550 crore for a greenfield facility under Neoanthem, both of which are expected to be completed by H1 FY2026. Going forward, Anthem is planning a capex of around Rs. 1,000 crore for setting up another facility (Unit 4) at Harohalli in Bangalore. While ICRA does not expect the ongoing and planned debt-funded capex to impact the company's debt protection metrics and liquidity position significantly, timely commencement and ramp-up of operations at the new facility and the impact of the same on the credit metrics remain under monitoring.

The ratings also consider Anthem's high product concentration, with its top five products driving 50-55% of its revenues. ICRA also notes that the company is a mid-sized player in the intensely competitive contract research and manufacturing services (CRAMS) industry. However, it has carved its niche in the development and manufacturing space for innovator new chemical entities (NCE) and new biological entities (NBE) molecules. ICRA also notes the high customer concentration with its top-10

customers accounting for ~75% of its revenues in FY2025. However, healthy share of business and long-term association with customers provide comfort. Further, the company's revenues remain susceptible to demand volatility of end products in addition to development risk during the clinical trials phase of the customer products. However, the company caters to multiple clients simultaneously, which mitigates the risk to an extent.

Key rating drivers and their description

Credit strengths

Robust financial profile characterised by healthy margins, comfortable credit metrics and strong liquidity – Anthem is expected to witness a healthy revenue growth, supported by a strong order book and phased ramp-up of operations under Neoanthem. Further, given its nature of operations where it derives the major portion of its revenues from innovators in the regulated markets, the company's margins continue to remain healthy. While the company's operating margins contracted in FY2024, this was primarily due to external sourcing of intermediates for one of the APIs where the supply chain was not fully backward integrated. However, the company has streamlined the approvals in FY2025 and partially shifted manufacturing of the outsourced intermediates in-house. This is expected to support improvement in margins, going forward. The company's capital structure continues to remain strong, wherein TD/OPBDITA improved to 0.2 times as on March 31, 2025 against 0.5 times as on March 31, 2024. Reduced debt levels along with sustained strong earnings led to an improvement in the interest coverage ratio in FY2025, with the interest coverage ratio improving to 66.8 times as on March 31, 2025 from 55.9 times as on March 31, 2024. The coverage indicators continued to remain healthy. The company's free cash balances and liquid investments stood at around Rs. 733 crore as on March 31, 2025, aided by healthy accruals and provide additional comfort.

Strong R&D capabilities supplemented by timely capacity expansion in contract development and manufacturing services – The company has a demonstrated track record of developing drugs for innovator companies in the regulated markets, which resulted in a healthy revenue growth momentum over the years. Anthem has a strong scientific team of more than 1,000 scientists working on various niche products. The company completed the capacity expansion at its Harohalli facility in FY2024, wherein its overall synthesis capacity increased to 270 kL. It is further undertaking a capex of Rs. 150 crore to expand the capacity of this facility by additional 130 kL and the same is expected to be operational by H1 FY2026. Anthem is also setting up a greenfield facility under its subsidiary, Neoanthem. Construction of the same is expected to be completed by H1 FY2026. In addition to the ongoing capex, Anthem is planning to set up a new manufacturing facility (Unit 4), with a capex of around Rs. 1,000 crore. The same is expected to be operational by FY2028. While the ongoing and planned capex is likely to help the company increase its scale of operations, timely commencement and ramp-up of operations at the same will remain a key monitorable.

Strong promoter background – The company's promoters have over 30 years of experience in individual capacity in the pharmaceutical and biotechnology industries.

Credit challenges

Revenues remain susceptible to demand volatility of end products in addition to developmental risk during the clinical trials phase of customers' products – The company offers drug discovery services as well as drug development and contract manufacturing services throughout all the three phases of the clinical trial process. Approval of a new drug and eventual commercial production result in the drug witnessing exponential growth in contract manufacturing orders. However, the company's revenues and margins are vulnerable to the outcomes of these clinical trials, as any failure in the drug's development at any stage can result in a loss of potential revenue that would have been generated if the drug had been successful. Besides, even after the drug is approved, the revenue generated from its contract manufacturing depends on the volatility of demand and its acceptance in the market. This risk is mitigated to an extent as the company caters to multiple clients.

Mid-sized player in highly competitive industry – Anthem is a mid-sized player in the highly competitive CRAMS industry. However, it has carved its niche in the development and manufacturing space for innovator NCE and NBE molecules. Anthem

derived 70.8% of its revenues from contract development and manufacturing (D&M) in FY2025 (63.2% in FY2024). Going forward, ICRA expects Anthem to post healthy revenues on the back of its strong order book position and established track record of servicing reputed customers. There is further headroom for the company's growth in the D&M segment with the completion of the capacity expansion at its Harohalli facility, its facility under Neoanthem and the planned greenfield facility.

Significant ongoing debt-funded capex – The company completed the capacity expansion at its Harohalli facility in FY2024 wherein its overall synthesis capacity increased to 270 kL. The company received the USFDA approval for its Unit 2 at Harohalli in June 2023. Both the units at Bommasandra (Unit 1) and Harohalli (Unit 2) are now USFDA approved. It is further undertaking a capex of Rs. 150 crore to expand the capacity of this facility by additional 130 kL and the same is expected to be operational by H1 FY2026. Anthem is also setting up a greenfield facility under its subsidiary, Neoanthem (Unit 3). Construction of the same is expected to be completed by H1 FY2026. Started in FY2022, capex worth ~Rs. 400 crore was incurred till March 31, 2025. The company is expected to incur the remaining ~Rs. 150 crore in H1 FY2026. It has commissioned the R&D lab, kilo lab, hydrogenation unit, pilot plant, commercial manufacturing facility for Peptides and Hi-Potent in 2024 and 2025 in a phased manner. The fermentation block and the biotransformation capacity are expected to get commissioned by H1 FY2026. In addition to the ongoing capex, Anthem is planning to set up a new manufacturing facility (Unit 4), with a capex of around Rs. 1,000 crore. The same is expected to be operational by FY2028. The capex will be funded partially by debt and partially by internal accruals. While the ongoing and planned capex are likely to help the company increase its scale of operations, timely commencement and ramp-up of operations at the same will remain a key monitorable.

Liquidity position: Strong

Anthem's liquidity position is strong with free cash and liquid investments of around Rs. 733 crore on March 31, 2025. Its average working capital utilisation stood at 54.3% of the average sanctioned limit between March 2024 and February 2025. The company also has a buffer in its drawing power to enhance its working capital facilities, if needed. It is currently undertaking capex towards its Unit 2 and Unit 3 (Neoanthem) and the same is expected to be completed by FY2026. This capex is being funded through a mix of debt and internal accruals. The company has repayment obligations of approximately Rs. 19.0 crore each in FY2026, FY2027 and FY2028. Despite the significant debt-funded capex, ICRA expects Anthem's liquidity position to remain strong on the back of higher accruals. Any significant incremental debt-funded acquisition, impacting the company's credit metrics, remains an event risk and would be evaluated on a case-to-case basis.

Rating sensitivities

Positive factors – ICRA may upgrade Anthem's long-term rating if there is an improvement in its scale of operations while maintaining strong profitability, debt metrics and liquidity position on a sustained basis.

Negative factors – The outlook could be changed from Positive to Stable in case of any sustained material deterioration in the company's revenues and profit margins. A significant deterioration in the company's credit metrics or liquidity position owing to any large debt-funded acquisition/investment could also trigger a change in the outlook.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceuticals
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial statements of the rated entity.

About the company

Anthem, incorporated in Bangalore on June 13, 2006, is jointly promoted by Mr. Ajay Bhardwaj, Dr. Ganesh Sambasivam, Mr. K.C. Ravindra and Mr. Ishaan Bhardwaj. It is a contract development and manufacturing organisation (CDMO), which offers early-stage drug discovery services including medicinal chemistry, process chemistry, custom synthesis, discovery research and analytical R&D, biologicals, enzymes and probiotics manufacturing. Anthem has integrated drug discovery, development and manufacturing services. Anthem facilitates established biotechs and big pharma companies to develop, optimise and test proteins, monoclonal antibodies, peptides, large molecules, small molecules, and toxins among others. Over the years, Anthem has forward integrated into contract manufacturing to benefit from the synergies arising out of its involvement in the development of products.

In addition to product research and development, Anthem helps test drugs for safety, efficacy (in-vitro and in-vivo), pre-clinical animal studies in a GLP facility, clone development, antibody drug conjugates, R&D and manufacture highly potent compounds, flow chemistry-based products and large-scale commercial products. It has leveraged its core competency in organic synthesis to develop new and challenging nutritional products. These are now being sold globally to nutraceutical and wellness product companies.

Anthem commenced its operations as an export-oriented unit (EOU) and has research facilities including chemistry labs, kilo lab, pilot plants, and analytical and discovery research facilities and biologics manufacturing in its manufacturing plant at Bommasandra (Unit 1) in Bangalore. Anthem's larger manufacturing facility is in Harohalli, housing a large-scale fermentation facility and a large-scale custom synthesis manufacturing capacity. It has three manufacturing units, all located in Bangalore, viz (a) Unit 1 at Bommasandra industrial area, (b) Unit 2 at Harohalli industrial area, and (c) Unit 3, a new greenfield facility, housed under its wholly-owned subsidiary, NeoAnthem Lifesciences Private Limited, in Harohalli industrial area. Both Unit 1 and Unit 2 have been successfully inspected by DCGI, USFDA, PMDA (Japan), EDQM, ANVISA, TGA etc. In April 2021, True North, acquired a minority stake in the company.

In FY2025, Anthem derived 81.6% of its revenues from D&M and Contract Research Organisation segments, while the balance 18.4% came from its products business. The company currently has about 2,000 employees. Anthem has also filed a DRHP on December 31, 2024.

Key financial indicators (audited)

Anthem Consolidated	FY2023	FY2024	FY2025*
Operating income	1069.8	1434.0	1851.9
PAT	385.2	367.3	451.3
OPBDIT/OI	41.9%	36.9%	37.0%
PAT/OI	36.0%	25.6%	24.4%
Total outside liabilities/Tangible net worth (times)	0.1	0.2	0.2
Total debt/OPBDIT (times)	0.3	0.5	0.2
Interest coverage (times)	67.0	55.9	66.8

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	June 20, 2025	Date	Rating	Date	Rating	Date	Rating
Long term / short term-cash credit-fund based	Long Tem/Short Term	175.00	[ICRA]AA- (Positive)/ [ICRA]A1+	-	-	26-MAR-2024	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-
Long term / short term-unallocated-unallocated	Long Tem/Short Term	0.00	-	-	-	26-MAR-2024	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-
Long term-term loan-fund based	Long Term	65.00	[ICRA]AA- (Positive)	-	-	31-JUL-2023	[ICRA]AA- (Stable)	18-MAY-2022	[ICRA]AA- (Stable)
				-	-	26-MAR-2024	[ICRA]AA- (Stable)	-	-
Short term-others-non fund based	Short Term	0.00	-	-	-	31-JUL-2023	[ICRA]A1+	18-MAY-2022	[ICRA]A1+
				-	-	26-MAR-2024	[ICRA]A1+	-	-
Long term-cash credit-fund based	Long Term	0.00	-	-	-	31-JUL-2023	[ICRA]AA- (Stable)	18-MAY-2022	[ICRA]AA- (Stable)
				-	-	26-MAR-2024	[ICRA]AA- (Stable)	-	-
Long term-unallocated-unallocated	Long Term	0.00	-	-	-	31-JUL-2023	[ICRA]AA- (Stable)	18-MAY-2022	[ICRA]AA- (Stable)
				-	-	26-MAR-2024	[ICRA]AA- (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term/Short Term – Fund Based – Working Capital	Simple
Long Term – Fund Based – Term Loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund Based – Working Capital	FY2021	NA	NA	175.00	[ICRA]AA- (Positive)/[ICRA]A1+
NA	Fund Based – Term Loan	FY2023	NA	FY2029	65.00	[ICRA]AA- (Positive)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Anthem Ownership	Consolidation Approach
Neoanthem Lifesciences Private Limited	100.00%	Full Consolidation

Source: Company

Note: ICRA has taken a consolidated view of the parent (Anthem), its subsidiaries and associates while assigning the ratings.

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