



“Anthem Biosciences Limited
Q1 FY '26 Earnings Conference Call”
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MODERATOR: **MR. SAION MUKHERJEE – NOMURA**

Moderator: Ladies and gentlemen, good day and welcome to Anthem Biosciences Limited Q1 FY26 Earnings Conference Call hosted by Nomura. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Saion Mukherjee from Nomura. Thank you and over to you, sir.

Saion Mukherjee: Thank you. On behalf of Nomura, I would like to welcome the management team of Anthem Biosciences and all the participants to this call. It is our pleasure to host the first quarter FY26 results for Anthem, the first for the company after listing.

From the management team, we have Mr. Ajay Bharadwaj, Managing Director and Chief Executive Officer, and Mr. Gawir Baig, Chief Financial Officer. We shall start with the management comments, post which the floor would be open for questions from participants. I would now like to hand over the floor to Ajay. Over to you, sir.

Ajay Bharadwaj: Yes, thank you, Saion. Good morning, everybody. First of all, welcome and thank you for joining this first call, Anthem's first call after listing. So, I would just like to start, kick off the call with announcing to all of you that we have kicked off FY26 with a strong performance, laying a solid foundation for the year ahead. We have experienced a strong year-on-year growth in this Q1 of FY26 and it lays a solid foundation for the year ahead. The growth reflects a CRDM or revenue stream that started ramping up.

Moderator: Sorry to interrupt, sir. Your voice is a little muffled. I request you to come a little closer, please.

Ajay Bharadwaj: Okay. Is it better now?

Moderator: Yes, sir. This is perfect. Please go ahead.

Ajay Bharadwaj: Okay. So, should I start again?

Moderator: Yes, sir.

Ajay Bharadwaj: Just for everybody's information, we have kicked off FY26 with a strong performance, laying a solid foundation for the year ahead. The strong year-on-year growth in this quarter FY26 reflects our CRDM or revenue stream that started ramping up in Q2 of FY25. So, all this has been possible because of our dedicated team, strategic focus, and operational excellence and long-standing client partnerships.

And I think we are very pleased with the results of the quarter. And just to give you an overall sense of what the numbers were like, so our consolidated revenue for the operation was INR540 crores for the quarter. The CRDM business delivered INR452.7 crores revenues out of that. And our speciality ingredients was INR87.5 crores. The EBITDA was INR214.3 crores with the margins, EBITDA margins at 38%. PAT, which is the profit after tax, was 135.8 million with PAT margins at 24%. Our net cash position as of June 30th, 2025 is INR784.8 crores, nearly

INR750 crores of cash in the company. I now hand it over to the moderator for Q&A. So, please feel free to ask us questions.

Moderator: Thank you very much, sir. We will now begin the question and answer session. First question is from the line of Ankush Mahajan from Centrum Wealth. Please go ahead.

Ankush Mahajan: Sir, congrats for a good set of numbers. My question is related to the capacity. Currently, sir, we have a total, in customs and phases, our capacity is 270 kiloliter. We have a plan to increase it, incremental capacity in this segment is 1,155 kiloliter. We are increasing it. Can you give us a sense, sir, what kind of this further capacity coming up in upcoming quarters? And second point in terms of fermentation capacity, currently we have a 142 kiloliter and how much incremental is coming and will add to the system?

Management: Thanks. I'll take the call. I'll take the question. In terms of custom synthesis capacity addition, what we had earlier said was we'll be adding about 155 kiloliters of capacity, out of which 130 kiloliters was in unit 2. So, in our unit 2, the first phase of expansion has been complete where we have added 54 kiloliters of capacity in quarter 1 of FY26. Balance 76 kiloliters is yet to be completed, which we should be doing in this calendar year.

And the 25 kiloliters that we were saying to add in NeoAnthem, that should also get done by this financial year, by this half year of this financial year closure. So, that will complete our 134 kiloliter expansion in custom synthesis in this year itself. Fermentation 142 kiloliters, we are adding 40 kiloliters more in NeoAnthem, which should also get done in this calendar year.

That will, with the completion of the fermentation capacity addition, that will complete our unit 2 and unit 3 expansion. We will then embark on our unit 4 expansion where we have just done groundbreaking in quarter 1 of FY26. Details on capacity additions, we will post it out to the investors once that is firmed up. It should happen over the course of the next couple of months.

Ankush Mahajan: Okay. So, last one is from my side. What is the capacity utilization in custom synthesis in the last quarter and fermentation segment? And can we say that these peptides, what we are talking about peptides, that will come under the fermentation capacity?

Management: So, with respect to the peptide capacity that we have considered as considered in the custom synthesis part itself, it is part of the 25 kiloliters on the NeoAnthem side which we have built in. So, the 155 kiloliters capacity includes about 16 kiloliters of peptide synthesis capacity. Leaving out the 54 kiloliters which we had just commissioned in quarter 1 of FY26, our capacity utilization is on the custom synthesis side is similar to what we had delivered in the previous year, closer to about 70-odd percent, and fermentation is about 50-odd percent.

Ankush Mahajan: Thank you, sir.

Moderator: Thank you. Next question is from the line of Vivek Agrawal from Citigroup. Please go ahead.

Vivek Agrawal: Yeah. Thanks for the question. Just one question on the quarterly performance. So, though the Y-o-Y growth is strong, but also on the low base. If you look at it on the quarter-on-quarter basis, so the growth is strong 15%, right? And this is a bit unusual given the fact that customers

stock inventory into the March quarter. So, what has helped you in bucking the trend? Is it that existing products where you got an additional wallet share kind of stuff or any new product that have kicked in? If you can throw some light.

Ajay Bharadwaj:

See, the bump that we got in the last quarter largely was of more revenue from our commercial products. And that has actually – and it's happened across the board. So, its not one product, as you know, we have a number of products which are commercial with our partners are selling these globally. And we got a nice bump in terms of sales in the last quarter because of the increased demand from these customers. So, that was the reason.

But again, I would like to say that this definitely was an exceptional quarter. It's not that one can expect every quarter to be like this. The nature of our business is lumpiness. There will be good quarters and some exceptional quarters. So, I would like to let everybody know that this is – definitely we benefited from uptake in our commercial products with customers across the board.

Vivek Agrawal:

Understood. Thanks. And although you highlighted that it is an exceptional quarter, but how to look at the full year numbers, right? Is there any change in the outlook compared to what you highlighted in the past? Or is it like more or less a status quo? You would like to wait and watch for the coming quarter?

Management:

So, Vivek, we would like to wait and watch for the coming quarters. But if I look at the outlook as such, see, historically, we have been delivering about 20% CAGR growth. And our outlook remains more or less the same in terms of delivering a similar about 20% growth on a year-on-year basis, FY25 versus FY26 and going forward as well. But it's better to wait out on the quarters Q2, Q3, Q4 to see how the numbers pan out.

Vivek Agrawal:

Thanks. Just one more question. If you look at the gross margins, there's a dip on a quarter-on-quarter basis. So, is it because of the mix or anything else that has resulted in the lower margins? Thanks.

Management:

Broadly, the margins have been more or less steady. There has been a share-based compensation charge of about INR4.4 crores this quarter in Q1 of FY26, which was not there in Q1 FY25 because we've taken the ESOP charge in H1 of last year. And that accounts for roughly about 0.8% on the margin side. If I adjust for that, then broadly, margins have been steady year-on-year.

Vivek Agrawal:

Yeah. But the gross margins, right? So, the gross margins are lower significantly on a quarter-on-quarter basis. I'm talking about that. I don't think that will have an impact of ESOP charges.

Management:

Absolutely. On a material margin level, if I look at it, year-on-year, it has been the same. If I look at on a quarter-on-quarter basis from Q4 versus Q1, we had a higher percentage of our R&D revenues on CRDMO business, because of which, as a percentage of revenues, roughly, it was about 16% versus 11%, which is right now for this quarter, which is in line with the overall FY25 number, because of which, Q4 of FY25, the material margin was slightly higher.

Management:

Does that answer your question? Hello?

Vivek Agrawal: Yes, yes. I will join back with you. That's from my side from now.

Moderator: Thank you. Next question is from the line of Bansi Desai from J.P. Morgan. Please go ahead.

Bansi Desai: Yeah. Hi. Thanks for taking my question and congratulations on good set of numbers. The first question is more broader one. This is regarding generally the pricing environment, given the recent developments around MFN policy, the political rhetoric around drug pricing. How do you see all of that translate into pricing pressure for CDMO companies and the negotiations that you are probably having with your innovator clients?

Ajay Bharadwaj: Bansi, thanks for the question. See, we are in an environment which is very uncertain politically. So, what is true today may not be true tomorrow. But what we are finding is that there is, everybody is operating in an environment of uncertainty. So, in the past, also, we have had these instances where there was uncertainty. I mean, we look back at our track record of 20 years now, nearly. There were financial crisis in 2008, then there was COVID.

We were able to navigate all those uncertainties, by being adaptive to what is happening in the environment around us. I do not see that this will affect, that should change even now. Should there be policies which are adverse, which we do not, nobody can predict. I think, first of all, it will affect everybody equally and Anthem should be able to navigate as it has done in the past successfully.

We are not hearing any negotiation on pricing pressure from our customers other than the normal, what they say that when volumes go up, people want to discuss pricing. But there is no undue pressure on pricing that we are seeing from our customers at all.

Bansi Desai: That is clear, sir. And secondly, just on the gross margin bit, we were in the process of backward integrating, one of our key molecules. If you can shed some light on where are we on that process and have you started to see benefits of that in Q1 quarter?

Management: So, Bansi, the backward integration part has been done now and now we are no more reliant on any external sources of supply for that key intermediate. And you will see the benefit of the the gross margins in the quarters to come.

Bansi Desai: Understood. Thanks. Just last one, if you can just update us on how your late phase pipeline, your late Phase 3 pipeline products have moved from the last, you know, RHP. So, we had 10 odd molecules in Phase 3. Any update or development on that front?

Management: So, right, we had 10 products which were in the Phase 3 when we had filed the document till March '25. The two which were in the filing stage have got approved. So, we had some of these molecules move on to the commercial part right now. So, the commercial portfolio has increased from 10 to 12. Phase 3 has reduced from 10 to 8. And in the quarters to come, we will see some more positive impact on account of these molecules which have got commercial.

But we do not know in terms of what sort of market expectations they will have in the end market of this particular product, because it needs to be launched and depending upon the success of the product, it will show results for us.

Ajay Bharadwaj: We cannot predict the success of these molecules, but we are certainly plugged in and if they go on to become large billion dollar drugs, Anthem will certainly benefit.

Bansi Desai: Perfect. I have more questions. I will join back the queue.

Moderator: Thank you. Next question is from the line of Devanjan Bhakta from Universal General Insurance. Please go ahead.

Devanjan Bhakta: Yes, hello. Congress on the good set of numbers. I wanted to just understand, like, do we have capacity in monoclonal antibodies, like bioreactors and stuff or is it going to be fulfilled by the fermentation capacity?

Ajay Bharadwaj: Yes, so we as we say, we have disclosed that we have large fermentation capacity. We are right now in the labs, monoclonal antibody research going on for our customers, but do we have a commercial setup for that at the moment? No. But we are always driven by the needs of our clients and going forward as our projects unfold and they move toward commercialization, Anthem will definitely look at adding antibody production capacity.

And at this moment, we have a number of products, projects in this space, where we will be doing what is called cell-based manufacturers. So at the moment, we are definitely very, very plugged into this research, but at the moment, we do not have any commercial products which are monoclonal antibodies.

Devanjan Bhakta: Okay. Thank you. That's the only question I had.

Moderator: Thank you. Next question is from the line of Amey from JM Financial. Please go ahead.

Amey: Yes, thank you for taking my question. I have one question on the modality front. So from the RHPs, we understood we have exposure to ADCs, RNA products, projects, etcetera. So is it possible for management to give some color on these new modality front? Because at present, we have good exposure to small molecules, but how we can see some of these new modalities start contributing on the commercial side of the revenue?

Management: Thanks, Amey. With respect to the modalities, we had also mentioned in the document as well that we have upgraded ourselves from being a lab-scale facility in some of these modalities to commercial-scale facilities. So ADCs, so in Hypotent, we have now commissioned the new Anthem commercial-scale facility.

Peptides also, we have commissioned the commercial-scale facility. In RNA and lipids, we do manufacture batches which are more on commercial or in the development batches level. So from a manufacturing technique from lab-scale, we have moved up to the commercial-scale level.

There are products which are still in the development stage, which we had given in the document and that remains as a status quo, which still continues to be in the development stage, hasn't moved to the commercial stage at this point of time to start yielding significant revenues for us.

But the work is still ongoing on the development stage across all of these modalities and I think we have mentioned the number of products as well in our document of March 25 and status quo is there on June 25 also on the number of products.

Amey: Sure, thank you. And the second question I have on the lateral versus the own product. So far, if you would have seen the most of the CDMO players in India, they are more relying on the lateral project because they are moving from being an API company to becoming a CDMO company. But we have been a CDMO company since day one and so our dependence on our own product pipeline for the commercialization has been on the higher side.

However, we don't have any lateral projects in our portfolio. So going ahead, are we looking to get more lateral projects as well? How does that as a strategy come into, in terms of thought process, like do we approach lateral projects as well or you think that the focus should be on your own product portfolio?

Ajay Bharadwaj: Listen, the lateral projects is very much on the cards. In fact, we have right now one project which has come laterally and that we see that ramp up in the future. At the same time the movement of being becoming the second source for a large product, we have already had very good conversations with our customers.

You know that for many of the products, we are the primary and the largest source for them. But that does open up doors for us to be a second source for some of the existing projects. So definitely, we are not averse to it and we are very actively discussing it with our customers. And we see some of those, some of that fructifying in the future. So it's not something that we close the door on. And actually, we are seeing already one project which is moving in that direction.

Amey: Sure. Thank you so much. I will join back the queue.

Moderator: Thank you. Next question is from the line of Harpreet Kaur from Samar Wealth Advisors. Please go ahead.

Harpreet Kaur: Hi, good afternoon, everyone. So I just wanted to ask, what is the expected amount of capex in unit 3 and unit 4 in the coming years in number wise, I mean?

Management: So unit 2 and 3, we have a capital commitment of about close to INR150 odd crores, which we will be completing and getting unit 2 and unit 3 completely commissioned. Unit 4 is still in very early stage right now of planning. And we will come back to the investor group once we have the firm plans in place for unit 4 expansion. And then we will report the numbers in terms of the overall capex that we are looking at spending on unit 4.

Harpreet Kaur: All right. So will it be internal accrual or you are planning for borrowing as well?

Management: So Harpreet, we have about INR785 crores of net cash. So a large portion of this net cash, we will be deploying towards our capacity expansion, because both unit 2, unit 3 and also unit 4 will be funded from this treasury, what we have. Plus unit 4, because it will be a Greenfield project.

So it will not be a single year project, but a couple of years of project, multi-year project. So there will be cash iteration also, from the business for these couple of years. So we will use that also for redeploying into capacity addition for the company. If we get borrowings at extremely attractive rates, we will not be averse in taking the borrowing, but on a net cash position, it will always be positive for us.

Harpreet Kaur: Okay. So I have one more question. So like this quarter, we had 60% of revenue growth. And I wanted to understand what was really the growth driver? Was it volume-wise or value-wise in your commercialization molecules?

Ajay Bharadwaj: So see, our commercialized molecules were the growth drivers and these were the requirement from our clients were for larger quantities. So they translated into bigger numbers in terms of sales. So that's been and it's not just one product, it's across the board, about 5 or 6 of our clients, all of those product categories have grown.

And we've been saying this, that there is definitely a lot of headroom to grow for these products. And we saw some of that in the last quarter. Having said that, it's not that customers do stock up material for future. So it's not like every quarter, the quantities will be going up like that. We will still maintain that for the year. Our growth should be in the range of our historical -- 10-year historical growth, which is about 22%.

Harpreet Kaur: Okay. Thank you.

Moderator: Thank you. Before we move to the next question, a reminder to the participants to ask a question, you may press star and one. Next question is from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.

Sajal Kapoor: Yes. Thanks for taking my question. Hi, Ajay, would you rather wait for innovators to award the contract before expanding capacity or build capacity now and be ready to welcome them? In your view, where is the line between necessary caution and missed opportunity?

Ajay Bhardwaj: Very good question, Mr. Kapoor. The -- see, we have always expanded ahead of the curve and that's the nature of this business. You have to anticipate your customer's needs and you've got to add those new modalities. So you have to operate at the edge of technology development as well. So totally, as Gawir has already said, we have at the moment 70% capacity utilization and yet we're adding capacity.

What we see is from our clients' futuristic projections on what they think the molecules that we are working on, which direction they will go. Anticipating that, we make investments in capacity expansion. So, clearly, we have -- so far in the past not missed opportunities, because we didn't have capacities. That has never been the case. And I don't expect that to be the case in the future as well.

At the same time, development -- success of the product under development is not guaranteed. There is where Anthem has its own product line, which are our specialty ingredients. And we are able to utilize our capacities efficiently in -- while products are being approved by our clients.

So that's -- the whole basis of this model, which was an innovative model that we designed is this, that while our projects move along the pipeline towards commercialization, these are our clients' projects. As we get approvals, which also take time, we will be able to use our capacities to fill in with our own products. I think that -- we see that -- we always ahead -- invest ahead of time so that we are never found wanting in terms of capacity.

Sajal Kapoor: Thanks for the detailed response, Ajay. That was very thoughtful. My second question is, what are Anthem's top weaknesses today, if any, and how you wish to address them?

Ajay Bhardwaj: That's a very tricky question and it goes down to almost very fundamental question. We do our -- look at what our strengths are, weaknesses are always harder to identify. But at the moment, as we see it, the most uncertainty comes from the -- from what's happening geopolitically.

In terms of our strengths, we are very strong in terms of developing new technologies. We are operating always at the cusp of technology development. We are arguably the only company which is doing chemistry, using a lot of biology. And we are operating at a lot of interdisciplinary fields. So that's what our clients like and that's where we will keep pushing the agenda. I don't see that we will again be slipping up on technology.

So the whole basis of Anthem is right from the beginning has been, how can we push the boundary on technology development? And since you've asked this question, we've answered this before also in our, when we were doing our roadshows, we will operate at the cusp of disciplines. So the marriage of chemistry and biology, the marriage of manufacturing with -- continuous manufacturing with batch manufacturing, automation to a degree that allows us to be most competitive. So this is Anthem's forte and we will continue to make investments in this direction.

Sajal Kapoor: No. That's helpful, Ajay. And just as a comment, before I step down and hand it over to the next participant, I interact with a lot of industry players in the CDMO space. And one or two guys that I regard highly in this space, I asked, how do you rate Anthem in terms of capabilities, ethics, compliance, etcetera. And both of them praised Anthem very highly. So keep up the good work and wish you guys all the very best and hope to meet you at some point in Bangalore.

Ajay Bhardwaj: Thank you. Thank you. That's very encouraging. At the same time, we don't sit on our laurels. We want to keep pushing the boundary in terms of both being more and more compliant because that environment is changing rapidly. And secondly, pushing again towards new directions in technology development, because, see, there's a lot happening in technology out there and Anthem has a front row seat in drug development. And I say that very emphatically. We know what the thinking of drug developers is and what do they need and anticipating their need is Anthem's forte and we'll keep doing that. Thank you.

Sajal Kapoor: Thank you.

Moderator: Thank you. Next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please proceed.

Tushar Manudhane: Thanks for the opportunity. Am I audible?

Ajay Bhardwaj: Yes. You're audible.

Tushar Manudhane: Sir, just if you could share the revenue composition, geography wise, like US, Europe and/or if not, then what was the constant currency growth for the quarter?

Gawir Baig: See, 15% of our revenues comes from exports, from domestic, which is largely speciality ingredients. And within CRDMO, it's largely Europe, which constitutes close to about 55% to 60% of the CRDMO business, followed by Europe, about 40 odd percentage. Hardly any revenues coming from ROW markets or Europe markets. Or ROW markets or India markets on CRDMO.

Tushar Manudhane: So constant currency or how to look at it, like, would it be possible to share on currency growth or the volume growth?

Gawir Baig: So I can share the FX gain that has been recognized in this quarter. Within the other income, that's roughly about INR3 crores.

Tushar Manudhane: Got it. And sir, within CRDMO, would it be possible to break the revenue of CRO and CMO and respective gross profit margins?

Gawir Baig: Not on the gross profit margins, but the split of R&D -- within CRDMO, R&D revenues is about INR50 odd crores, and the development and manufacturing revenues is about INR400 odd crores. So which is the split between the INR450 crores of CRDMO revenues that we have.

Tushar Manudhane: I meant to ask this development and manufacturing. So again, there is a further two buckets, right? The development related business...

Gawir Baig: Yes.

Tushar Manudhane: And manufacturing related business.

Gawir Baig: See, development and commercial manufacturing, more or less in line with what we have reported in March '25. So the percentages are broadly the same across FY '25, as well as in Q1 FY '26.

Tushar Manudhane: Got it. And just lastly, from my side, as you pick up these new sort of technologies, ADCs or peptides, just your thought process in terms of the profitability or the return ratios on these aspects or let's say the timeline to achieve that, any broad contours or framework, is it in line with what we have of the existing business or you think that this is going to take lesser time or longer time, whichever way?

Management: See, two questions asked over here in terms of some of these new modalities, they are still in the development stage at this point of time. So the quantities are smaller, so the value is smaller because the volumes are smaller at this point of time from a development point. Now, the gestation is obviously longer because some of these are still in the early stage development, very few in the late stage development.

So it will still take a long period of time to yield larger volumes or move towards commercialization. So it's very difficult to say that there will be having a significant impact from the margins point of view. But at this point of time, when they are in development batches, the margin profile is very similar to our existing business. Hardly much difference on the -- on some of these new age modalities because the development batches are currently smaller.

Tushar Manudhane: Got it. And just one addition to this, like, what gives the right to win in these segments where there are already established players? I'm just going back to the history where you sort of cracked for the other segment, but as we stand today, what gives us the right to win into these segments going forward?

Ajay Bharadwaj: So we have been engaged with the customers from the early development. So if you work, by the time the product becomes commercial, you've been working on it for 7, 8 or even longer years, then it's very likely that more about it than anybody else. So the project would stay with you. And that's what gives us the confidence that since we are already working in so many of these modalities with customers and on a number of projects, these should stay with us.

Tushar Manudhane: All right. So that helps. Thank you.

Moderator: Thank you. Next question is from the line of Amlan Jyoti Das from Nomura. Please go ahead. Sorry to interrupt. Your voice is breaking. Your voice is not clear.

Amlan Jyoti Das: Yeah. Hello, sir. Congratulations on a good set of numbers. I just have a question on the margin front. So how do you see the EBITDA and gross margins going forward in this year and the coming couple of years?

Management: Amlan, broadly we are looking at steady margins for both on an EBITDA and a gross margin and also on a PAT margin level. So directionally, we have done about close to about 38% on an overall number for an FY '25 basis. And I think we'll continue to be in the same zip code of from an EBITDA margin as well as from a gross margins level.

Amlan Jyoti Das: All right, sir. Sir, one more question on the quarter 1 FY '26. So your other expenses increase was quite high at around 90% year-on-year. Was there any one-off expense in this other expenses part?

Management: Other expenses have gone up because we also – so this is on a consolidated level. We also have neo-anthem and anthem expansion, which is added in quarter 1 of FY '26. So we had commissioned the unit to 54 kiloliters of capacity. So obviously, there is spend on power and fuel which has gone up because of which the other expenses have gone up.

I would also say from a CSR contribution point of view, that was also slightly higher in the first quarter, which will tone down over the course of the full year numbers. That is the only reason which I could think of from an other expenses point of view of other expenses going up for quarter 1 of FY '26.

Amlan Jyoti Das: All right, sir. Those are my questions. Thank you.

Moderator: Thank you. Next question is from the line of Jash Gandhi from Dalal & Broacha. Please proceed.

Jash Gandhi: Yeah. Hi, sir. Thank you for the opportunity and congrats for the great results. Sir, just one question on the two commercialized molecules that you highlighted that have been approved now. So which therapeutic areas do they belong to and are they for biotech, or are they for big pharma? That's it. Thank you.

Management: Thanks for asking this question. But from a client point of view or from a product point of view, we will not be able to take any questions because we have signed CDAs with respect to the particular products or particular clients where we are not supposed to disclose anything about the product. So unfortunately, I won't be able to answer this question on the therapeutic area or the client or clientele of the customer type.

Ajay Bharadwaj: However, no, no, you asked is it for biotech or big pharma? These are established pharma companies.

Jash Gandhi: Okay. Okay. And, sir, just one thing. Are any of these molecules part of the Q1 numbers? Are any of the delivery part of the Q1 numbers, or are they not?

Management: They are part of the Q1 numbers, but the numbers are not -- are marginal.

Ajay Bharadwaj: Yeah. This is the initial phase, so they are there, but it's early days, so the impact is small.

Jash Gandhi: Okay. Okay. And are we seeing any good traction on that product in the end market? I mean, because of the delivery that you mentioned. So are they -- so how is the traction in the end market if we have any idea on the end market traction of these products?

Management: Too early to say at this point of time because the molecules have been commercialized only in the last quarter, Q1. So they themselves have to do a significant amount of market penetration. So it's very early to comment on the success of that particular product, or how they are seeing as a traction on the -- or seeing a market traction in their end market level.

Ajay Bharadwaj: But again, you see, since it's just been launched, there is a lot of headroom to grow.

Jash Gandhi: Okay. And just one last question, if I may, squeeze in. On the existing molecules that we have around the end molecules that are being commercialized, how is the traction in the end market of these molecules? Are they seeing -- because historically they have been doing quite well and a few of them are blockbusters as well. So how is the traction in those molecules?

Management: See, again, I won't be able to comment anything on client-specific or product-specific information. The traction from their side has been good because of which I think the traction from our side as a partner, as a supply chain partner to them has been good.

Jash Gandhi: Okay. And the new molecules that will be around roughly 5%-7% of the overall sales for the quarter?

Ajay Bharadwaj: Yeah, we will not disclose those numbers. We are bound by agreements.

Jash Gandhi: No problem. Thank you, sir.

Moderator: Thank you. Next question is from the line of Saion Mukherjee from Nomura. Please proceed.

Saion Mukherjee: Yeah, so thanks for taking my question. Sir, I think you mentioned about discussion with the customers on pricing with all this, noise on tariff, et cetera. I'm wondering, two questions here. One is, is there any discussion in the recent past regarding setting up facility in the US? Given that dynamics, do you see that a possibility sometime in the future?

And then let's say tomorrow there is a tariff imposed, whatever that number is, how will that impact our business? Will we be able to pass on any impact on day 1? How the dynamics would work out in such an eventuality, if you can, take us through that?

Ajay Bharadwaj: Okay. Your second question first, the impact on tariffs. See, we are dealing with global companies and we could be working, very often it happens that the company you're working for might be a European company, but the product is being taken by them in the US and or a US company which buys the product in Europe, in their facilities in Europe.

So, I think you have seen a large part of our sales do go to Europe. So, from there it is formulated and then distributed globally by the big pharma. So, only the part that goes into America might be tariffed and that is the end product. We are supplying the active or the advanced intermediate.

So, will these qualify as pharma itself is sometimes, a question mark, because some of the products when they are under development, they are still chemicals and not drugs. So, this is all a bit murky as to how tariffs will affect some of the, definitely the development and the other thing.

And as these companies will probably adapt if there is a very heavy tariff put on pharma, most of our products can go to Europe as well. And from there, they are distributed to the US. So, again, we will not be directly impacted. As far as putting up a facility in US, I mean, that is a very long term process.

Just think about it. First, you set up a facility that itself, it takes much longer in a developed country than it would take here in India. Secondly, then you have to wait for approvals. Then all that the whole cycle is maybe 7 to 8 year cycle. And that is where I think there is a huge disincentive to go and set up a facility there for most people. And, if somebody can say, well you can acquire a facility.

Well, the cost of acquisition is so onerous that it may not be even commercially viable. So, taking all that into account, I do not think that is something that is on the cards. But of course, as we said, if there is a right type of candidate available for acquisition, Anthem is open to that. And we are always looking to see if we can grow in organically.

Saion Mukherjee: Okay. And then the second question would be, you mentioned about new technology frontier and how things are sort of changing at a fast pace. In this backdrop, what would be the potential bottleneck as you try to keep pace? Will it be possible to organically build those capabilities on

time or you would require to look at acquisition to sort of, manage this fast changes in technology?

Ajay Bharadwaj:

See, again, when you are saying, when we are talking about fast changes in technology, then when the new technologies are emerging, there are hardly any historical players that you can acquire because it is so new that there is nobody doing that at that moment.

So, mostly it does require building up capabilities from the ground up. And that is what Anthem has been really good at. However, when you say to talk about new modalities, which have been around for some time, and there could be an acquisition target, then Anthem will look at that.

Saion Mukherjee:

Okay. Gawir, is it possible to just this INR450 crores CRDMO revenues in terms of, customer concentration, big pharma versus emerging pharma split or, yes, I mean, that kind of a split or concentration of the product, if you can give some color, customer and product concentration in this revenue base?

Gawir Baig:

It is in line with what we have witnessed in March 25 from a percentage level. Our commercial portfolio is similar. And if you look at the commercial portfolio, it is largely coming in from the big companies. The development portfolio as a percentage of revenues have been the same as in Q1 FY '26 as what it was in FY '25. And that comes from the emerging biotech space.

So broadly, the color of the business across on the CRDMO and the split has broadly has been the same, maybe marginal one or two percentage here and there, but broadly, the directionally, the numbers are the same percentage wise.

Saion Mukherjee:

Okay. Thank you.

Moderator:

Thank you. Next follow up question is from the line of Bansi Desai from JP Morgan. Please proceed.

Bansi Desai:

Hi, thanks for taking my question again. So firstly, just on this commercial portfolio that we have, how should we think about the growth outlook here? So is it going to track the end molecule sales, largely speaking, or is there a possibility for us to do better?

The reason why I'm asking is that we probably are primary source supplier on a lot of these large products that we have. So is there scope for us to see increased wallet share, or even forward integrate in some of these products?

Gawir Baig:

See, Bansi, I mean, if you look at the relationships that we have with our large customers and for whom we supply commercial molecules, over the time since we've been engaged with them, we have been deepening our relationship, our engagement with them have been pretty high.

And we keep on discussing with them on a weekly basis in terms of what else could be done or what are other projects as well. So from a customer engagement point of view, what we are doing is we're doing things in the right direction, hopefully, that can add on to the wallet share.

But I don't want to make any comment futuristic in nature, which could say that, we will increase on wallet share. But broadly, the customer growth and molecule growth is what we would

actually mirror from a supply chain point of view. By keeping our wallet share intact is what I would rather say.

Bansi Desai: Understood. And secondly, next year we have GLP-1 going off patent in multiple markets. We now have peptide capacity also, which is commissioned. Is this going to be an exciting, growth driver for specialty ingredients, if we say, over the next 2, 3 years?

Ajay Bharadwaj: Yes, I mean, as we said, told everybody before, we are definitely participating in the GLP-1 space. And we have a number of customers whom we are, a number of pharma companies whom we are talking about, we are supplied samples to, and we are in very active conversation on developing this. Yes.

So going forward, Anthem will be a player, a serious player in GLP-1. Because it is a, this is, it is not a me-too type of product. And we believe that our competitive strengths will allow us to be one of the, I would say, the leading producers of GLP-1. Surely.

Bansi Desai: And we will be able to compete with Chinese competitors as well?

Ajay Bharadwaj: Absolutely. I mean, if you can't, then you're not in the business.

Bansi Desai: Understood. That's great.

Moderator: Thank you. Next follow-up question is from the line of Amey from JM Financial. Please go ahead.

Amey: Yes, thank you so much for giving opportunity again. I have one question on the BD team side. So most of our Indian companies, even the foreign peers do have a conscious presence of BD teams. However, we have been largely now at least working from India. So going ahead, do you have any thought process of putting up BD team in these locations like Europe, etcetera, or we will continue to work from India?

Ajay Bharadwaj: So in terms of business development, I think our growth and our performance speaks for the fact that our BD approach has worked really well up till now. Again, we're not adverse to putting feet on the ground in those geographies, but there has to be a very compelling reason. And at the moment, we don't see a compelling reason, we're able to manage all of it from here, as well as wherever required need based we will have people to support us.

But in terms of our US BD, that is very well established. And we are working with our partners over there. And it's worked so well for the last 19 years that it doesn't give us any reason to want to change that. So I think that question has been answered a long time back. And we are able to manage it.

See, otherwise, you would see that our cost of BD will escalate very, very significantly, if we were to start looking and putting our own BD on the ground in these countries. So I think we'll be we'll continue to do what we've been doing up till now.

Amey: Sure. And the second question I have on the CRO part of the business, at present it remains one of the minority segments. Going ahead, you have any thought process of developing the CRO

part of the business? Also, we are largely FFS focused player. Once you scale in the CRO, you think that the FFS contract mix would remain that high?

Management:

So our large focus has obviously been on the manufacturing part on development, both development batches and commercial batches manufacturing. While number wise, CRO as a percentage of revenues is roughly about 10%. And it is a reduced part of our overall business, but it still is a very integral part of a business. It's not something which is not being defocused or anything of that sort.

We continue to focus on the CRO part, because these are the feeders for our development stage molecules and which becomes the feeder for our phase three or the commercial stage molecules. So we'll continue to work on it. FFS will continue to be the larger share of our business compared to FTE. I don't think that there will be any change of our strategy over there, because what we've been doing so far has yielded us good results on the manufacturing front. And we'll continue to do that.

If there is certain things on, if a client does approach us for setting up dedicated stuff for them with on an FTE model, we can evaluate any proposal, which comes to us from a merit of that proposal and then take it ahead. But FFS and R&D being a focus area, yes, it is a focus area and we'll continue to focus on working towards it and on the FFS part of the business.

Amey:

And on the CRO, like if you have to track the growth of this business, would it be R&D, scientist, addition, etc. would be the right thing or anything that you can help over there like are we going to add R&D scientists which could drive this CRO growth? How should we look at it from the growth perspective?

Management:

So a number of scientific staff guys we have added and we are adding more and more. At the end of the day, human talent is what the company is all about. And we'll be keeping on adding talent from an R&D point of view that will drive our revenues from an R&D front may not be necessarily on an FTE side, but definitely on the FFS side.

Ajay Bharadwaj:

And also, I mean, some of the capex which is towards which has gone in both unit 2 and 3 is towards expanding our lab capacity. So those lab capacities are being expanded because there is a need for more people in terms of scientific staff. So we are clearly going to add more scientific capacity, both in terms of physical capacity and human resources.

Amey:

Sure. Thank you so much. I will join back the queue. Thank you.

Moderator:

Thank you. Next question is from the line of Devanjan Bhakta from Universal Sompo General Insurance. Please go ahead.

Devanjan Bhakta:

Yes, thanks for the follow up. Like I wanted to get the split between the customer types like revenue split, like how much percentage is coming from originators and how much of it is coming from generic companies?

Management:

So our CRDM business is pure play, innovative focused. We don't do any generic work on the CRDM part of the business.

Devanjan Bhakta: Okay. Thanks.

Moderator: Thank you. Next follow up question is from the line of Amlan Jyoti Das from Nomura. Please proceed.

Amlan Jyoti Das: Yes, hi sir. Thanks for the follow up. So my question is regarding the ADC space. So I just wanted to understand what capabilities do you have right now in the ADC space? Are you also looking for conjugation capabilities and one more? So you had one latest project in the ADC space. So just wanted to understand what is the stage of the product right now?

Management: It's still in the late stage. Status quo on that continues to be on our late stage pipeline. In terms of capabilities, so we have done the conjugation. We have done the cytotoxic drug substance as well. So capabilities wise, we have the full capabilities from an ADC point of view across multiple projects.

Ajay Bharadwaj: So we have done conjugation of the warhead with the linker. We have made both of them in terms of conjugating with the monoclonal antibody itself. We've done proof of concept and have demonstrated it to our customers. So we have all the capabilities. Currently, there is no project that has gone commercial, but we hope to change that in the future.

Amlan Jyoti Das: All right. So of the five or six early stage projects that you had in the ADC space, do you see any of these going to late stage early in this year?

Management: I'll refrain to comment on that because it's difficult to comment on the timelines of some of these early stage moving to late stage.

Ajay Bharadwaj: Discovery is a process which is inherent in terms of timelines are hard to predict, but it's more important to have many shots on goal. If you have many projects which are there, so if you have more fish in the pond, there's more likelihood of catching that fish.

Amlan Jyoti Das: All right, sir. Thank you for the answers.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Anthem Management for the closing comments.

Management: Thanks a lot, everyone, for joining this earnings call. This was the first ever earnings call for Anthem Biosciences and we look forward to your participation going forward as well as the other earnings calls. Thank you, everyone and have a good day.

Ajay Bharadwaj: Right. Thank you, everybody and bye-bye.

Moderator: Thank you, sir. On behalf of Anthem Biosciences Limited and Nomura, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.