Anthem® BioSciences

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Date: July 27, 2026

To,

BSE Limited,
20th Floor, P.J. Towers,
Dalal Street,
Mumbai - 400001.
BSE Scrip Code: 544449

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
NSE Scrip Symbol: ANTHEM

Subject: Transcript of Earnings Conference Call.

Dear Sir/Ma'am

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call held on July 22, 2026, at 11:30 AM, post announcement of Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2026.

The said transcript is also available on website of the Company at https://anthembio.com/.

We request you to kindly take the same on record.

Thanking you,

Yours truly,
For Anthem Biosciences Limited
(*Formerly known as Anthem Biosciences Private Limited*)

DIVYA PRASAD
Digitally signed by DIVYA PRASAD
Date: 2026.07.27 10:42:27 +05'30'

Divya Prasad
Company Secretary & Compliance Officer
Membership No: A41438

"Anthem Biosciences Limited
Q1 FY27 Earnings Conference Call"
July 22, 2026

MANAGEMENT: **MR. AJAY BHARDWAJ – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**
MR. GAWIR BAIG – CHIEF FINANCIAL OFFICER

MODERATOR: **MS. FORUM GOSHAR – ADFACTORS PR (INVESTOR RELATIONS)**

Moderator: Ladies and gentlemen, good day and welcome to Anthem Biosciences Limited Q1 FY27 Earnings Conference Call. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Forum Goshar from Adfactors PR (Investor Relations). Thank you and over to you, Ms. Goshar.

Forum Goshar: Good morning everyone. I am Forum Goshar from Adfactors PR Investor Relations. On behalf of Anthem Biosciences Limited, it is my pleasure to welcome you all to the Q1 FY27 Earnings Conference call.

Joining us on the call today from the management team are Mr. Ajay Bhardwaj, Managing Director and Chief Executive Officer and Mr. Gawir Baig, Chief Financial Officer.

We will begin today's call with opening remarks from the management, following which we will open the floor for Q&A session. Before we begin, I would like to remind everyone that certain statements made during this call may be forward-looking in nature. These statements are based on the management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied. Anthem Biosciences Limited, undertakes no obligation to publicly update or revise any forward-looking statements based on subsequent events or developments.

With that, I would like to now hand over the call to Mr. Ajay Bhardwaj to deliver his opening remarks. Thank you and over to you, sir.

Ajay Bhardwaj: Thank you. Good morning everyone. This is Ajay Bhardwaj. I'm pleased to announce our Q1 FY27 results.

Our consolidated revenues from operations for the quarter were Rs. 418 crores, out of which the CRDMO business contributed 81.5% of the revenues, delivering Rs. 341 crores. Specialty Ingredients contributed 18.5% of our revenues, delivering Rs. 78 crores. The EBITDA was Rs. 176 crores, including other income with EBITDA margin at 39.6%, that is nearly 40%. The EBIT includes other income of Rs. 25 crores. PBT was Rs. 145 crores. Our profit after tax for the quarter was Rs. 120 crores, with PAT margins at 27.1%. Net cash position of the company as of June 30, 2026 was Rs. 1,720 crores.

Our Q1 FY27 results reflect timing shifts in deliveries to key customers. The underlying demand remains strong, with a higher concentration of scheduled deliveries in the latter half of the year. We are positioning to capture that momentum. We remain firmly committed to sustaining revenue growth aligned with our long-term historical performance. On the margins front, we delivered YoY improvement across both EBITDA and PAT margins.

Our disciplined focus on cost efficiencies, yield optimization and employee productivity continues to reinforce our industry-leading margin profile, positioning us to sustain this performance throughout the year. Thank you very much. Now I am open to questions. I have with me my colleague, Mr. Gawir Baig, who's our CFO. Any questions, we'll be happy to answer.

Moderator: Thank you very much. We will now begin the Q&A session. The first question is from the line of Saion Mukherjee from Nomura Group. Please go ahead.

Saion Mukherjee: Thank you for taking my question. Can you update on the capacity utilization at Unit 1, 2 and Neo Anthem as of first quarter and how should we think about utilization levels in these units change in the next 3 years? Any timeline with respect to regulatory inspection required for Unit 3 by US FDA or European authorities?

Gawir Baig: Thanks, Saion. With respect to our capacity utilization, last year when we ended the year, roughly about Unit 1 was about 74% utilized. We continue to have the same utilization in our Unit 1 in this quarter, roughly about 78% utilized right now on the custom synthesis side. Unit 2 was about 65% utilized last year for the full year because we had gone through significant expansion over there by adding about 130 kiloliters.

This quarter being a slightly softer quarter, our Unit 2 utilization was about 50% for Unit 2 across the expanded capacity on custom synthesis side. Fermentation utilization is about 50% for Unit 2 across that 140 kiloliters that we have in fermentation.

Unit 3 has been picking up from a utilization point of view, roughly about 30% to 35% is the utilization for Q1 FY27. This is a ramp-up from what we had about 15% odd of utilization in FY26. There is a ramp-up in Unit 3.

What do we expect going forward? We expect all these units to be completely full and that's the reason why Unit 4 is what we are setting up. We are in the midst of construction over there and I think by end of next year, we'll be able to commission Unit 4, which can add another 365 kiloliters of custom synthesis and 100 kiloliters of fermentation. So, in the next 2 years, we would look at ramping it up to almost optimum capacity utilization across all the three units.

Saion Mukherjee: Thank you. Just one clarification, with the increased utilization at Neo Anthem is primarily the shifting of some production from the existing units to Neo Anthem, is that what is happening?

Ajay Bhardwaj: Some of it is that, but most of it is new orders that we are getting because we have a very modern pilot plant there. We have also our peptide synthesis and oncology manufacturing there. Some new projects are being put into that unit now. It is not just shifting some of it, it is mostly new projects that are coming into Unit 3.

Saion Mukherjee: In the quarter, is there any update on new contracts, new client traction, large pharma, mid pharma, any development that you would like to share? Some of the initiatives on peptides, etcetera., if you can talk about any traction that you've seen over the last 3 months?

Ajay Bhardwaj: In terms of adding customers, we have one new Big Pharma customer which has been added. We expect that to yield significant numbers going forward. One of our large biotech customer, also got acquired by a Big Pharma. So, that is something that we still yet to pan out because it's happened very recently, maybe a month old. It all continues to be good.

Just to again add to your query when Gawir was answering that 50% utilization of Unit 2 in this quarter, and the subsequent quarters, we are very confident of having much better numbers because our customers have deferred deliveries to the quarter 2 and quarter 3 and 4.

The capacity utilization is only going to go up. We continue to be very bullish for the year. We have very high degree of visibility because 60% of what we need to do, we already have order book. We are sitting on a very strong order book. That gives us the confidence that we'll achieve our growth that we intended to do right at the beginning of the year.

Saion Mukherjee: Thank you, sir. So, just one clarification, you mentioned one new Big Pharma significant contribution possible. Any timeline that you have, like in how much time we will see that traction showing up in numbers?

Ajay Bhardwaj: Well, it should happen in the later quarters of this year. It's the agreement hasn't yet been signed, but it's in the works. Sometimes these drag out, but the customer is on board. It's just a matter of now crossing the T's and dotting the I's and that's happening.

Saion Mukherjee: Okay, this is like existing commercial projects that that you would be starting to manufacture, or this is new molecule?

Ajay Bhardwaj: It's a multi-dimensional engagement. There's R&D, there's new projects and some products that they need, which they're sourcing from they want to diversify their supply chain. That should that's going to happen as well.

Saion Mukherjee: Okay, understood. Thanks a lot, sir.

Moderator: Thank you. The next question is from the line of Udit Bokaria from Catamaran. Please go ahead.

Udit Bokaria: Thanks for giving the opportunity. Just wanted to understand, you had mentioned that we have a visibility of 60%. So, usually at the start of the Q1 the visibility which we have for next quarter's sales?

Secondly, if you can just bifurcate what constitutes the remaining 40% across or if you can just give what is the visibility which you get in your manufacturing business, what is the visibility which you get in your R&D business, and what is the visibility you get in your specialty ingredient business?

Ajay Bhardwaj: For the specialty ingredients business, let me address that first. That's an ongoing business. That's largely India focused. So, month-on-month we get orders. Some of them are, of course, long-term contracts, but this is more of a B2B business within India. When it comes to QoQ, some of the large customers give us orders for the whole year forecast.

It's a rolling forecast which is revised and updated every 3 to 6 months. So, we have a fair degree of visibility there, because these need to be manufactured and there's a lot of raw material that need to be procured. We have that window to know that. When it comes to R&D, whenever we sign a contract, we know that the next quarter this is what our deliveries are and sometimes it spills into the quarter after that also.

Generally that's an ongoing input we get, but largely for one or two quarters, there is predictability. When we are going in at the beginning of the year, when we have something like 50% of next year's order book already in our hand, then we feel confident that the rest of the 50% we'll make up in the rest of the year. This year, after one quarter, admittedly it's a muted quarter, we still have 60% of our order book full. We are very confident about what will happen the rest of the year.

Udit Bokaria: Usually the remaining portion is won through like new clients which we are onboarding, or it could be even for your existing products which you supply customers increase the volumes, like what is the mix usually?

Ajay Bhardwaj: It's usually a mix of both. We still have 3 more quarters to go this year and that's a long time. We will onboard some new customers. So, that's an unknown. That shall contribute at least some percentage of sales. However, some of the existing customers, like very recently one of our customers came back and said, can you supply us extra material this year? We said yes, we could, so that PO got factored in.

Additionally, there is also in terms of sometimes the project in the biotech customers that we have, get very healthy clinical outcomes and suddenly there's a new order that they need because they need to do the next phase. So, it's a mix of both. There's no one suit fits that fits all, not one size that fits all. But yes, all of them is happening at the same time.

Gawir Baig: Just to clarify over here, the order book that we are talking is largely for the CRDMO business. Because specialty ingredients is normal day-to-day, month-on-month business which needs to be delivered. The order book concept is largely because for CRDMO business, we need to procure the raw materials and manufacture it. There is a lead time in terms of manufacturing it and procuring the raw material and hence we get orders in advance.

When we started off the year, we were with about 60% of the order book for the full year delivery. Even after Q1, we have replenished the order book. Even right now, we stand with about 60% of the order book still being there.

Udit Bokaria: Understood. This 60% visibility which you mentioned is only for the CRDMO segment or when we say this is for the whole business, like how should one interpret?

Gawir Baig: When I talked about 60% as a fraction, that's for the whole business.

Udit Bokaria: Thanks a lot. Secondly, we had highlighted that just like last year, we had on-boarded two new big pharma as clients and current year also as you mentioned, we have on-boarded another big pharma as our client. So, I just wanted to understand where we are currently in terms of discussion for some of lateral projects or already commercialized molecules and what stage, like have they already audited and have we already signed contracts and when can we see those translating into orders?

Ajay Bhardwaj: When we onboard a new customer, there are two ways it's done. One is they acquire an existing asset that we've been working on. Largely they leave the team untouched for a year or 2 because it's a new acquisition for them. So, it remains business as usual for some time.

Then the lateral entry, only early this month, we got some new inquiries of existing products for a big pharma customer with whom we are doing fairly good business. Now that's something we still have to win, but, the fact that they are sending us these inquiries itself means that, we've established a more than just a toehold in these companies.

Also, for one of the customers we on-boarded last quarter, they are giving us advanced, they register starting materials and some advanced intermediate inquiries. So, some of those numbers have already kicked in, but it's just the beginning. These relationships are a timeframe of maturing over 3 or 4 years.

Just on a quarter basis, it can be just a start and it's like warming up the car, but we have miles to go and that will happen in the subsequent quarter and subsequent years. Every time we enrol a customer, these relationships are for years, and that's been our experience. Every time we onboard a new customer, it gives us a lot of hope that this is now going to span over many years of contribution.

Udit Bokaria: Lot of biologic drugs are going off-patent, do we plan to be drug substance supplier for these products go off-patent to any of the companies which are looking to commercialize it?

Ajay Bhardwaj: Well, we do have some of those, absolutely. But this is not our strategy that we look at the products which are going off-patent and we start working on them. Actually, that becomes part of the generics business, though it's a biosimilar generic, but we've stayed away. But there are customers who approach us.

For ADCs, already established mAbs which have gone off-patent or something like that. Those projects we work on or something which a client will come to us and say we need this biosimilar, would you develop it for us and manufacture it? Those interest us a lot. As of now, I mean, and I'm not saying it's never going to happen.

Peptide is another area, these are also large molecules. There we work with customers and we also have our own strategy there. But generally speaking, we don't follow the patent expiry list.

Udit Bokaria: Understood. Thanks a lot, sir.

Moderator: Thank you. The next question is from the line of Mehul Sheth from HDFC Securities. Please go ahead.

Mehul Sheth: Thank you for the opportunity. Sir, first question is around, on your pipeline in liquid molecules. As of now, you have something like 100 plus kinds of active projects plus 10 molecules are in late phase. Can you give some highlight that how many of these projects are into a space of, we can say GLP or ADC kind of a segments? Any near-term visibility in terms of commercialization?

Gawir Baig: Thanks, Mehul. Right now, we have about 100 plus programs which are in early-stage development and 10 on the late-phase side. Path to commercialization will still be some time away, closer to about 18 months to 24 months. Last year, our customers have commercialized 4 new molecules. So, we hope that some of these 10, which are in the late phase will get commercial soon and that will add on to the commercial molecule kitty of ours.

In terms of the modalities in which we are working, we have a couple of molecules which are on the ADC side which are in late phase. Else, peptide molecules are mostly on the early-stage side.

Mehul Sheth: Okay. Thank you. Lastly, you already mentioned that there has been some timing-related shift in terms of customer ordering and that will be placed in the later part of the year. Given Q1 is down almost like a 25% on a YoY basis. So, how do you see the full year as a growth number for the CRDMO as a business segment?

Gawir Baig: If you look at our long-term historical growth, we have been delivering numbers consistently and the consistent, it's a double-digit growth we have delivered. What we are saying is, for this year also our growth prospects remain intact. We have our order book full, we will make up for the lost sales whatever we have declined you have seen in quarter one numbers in terms of a quarter two upswing as well as a quarter three upswing.

You will see the numbers coming back as a recovery in Q2, Q3 and Q4. Our growth prospect for the full year remains intact. It will be in line with our historical growth performance and our margins also remains mostly intact. This is the nature of our business where you will see that, there will be some element of upswing in some quarters and some downswing in some quarters.

Because end of the day, the CRDMO business is dependent upon the deliveries schedule of customers, and hence there's a lumpiness in terms of the business on the CRDMO business side. So, don't worry about QoQ deliveries being lower or higher. Business is intact and we will continue to deliver on our growth on our growth numbers for FY27 as well.

Ajay Bhardwaj: I also want to sensitize all of you that sometimes in this year we'll again have a bumper quarter, and please don't make that as the benchmark because then the subsequent quarter will may not be able to match up to it. So, there'll be soft quarters, and there'll be some very, very nice quarters. As Gawir just explained, it depends on when our customers want delivery. Sometimes they all come together. But as you saw when we explained our capacities, we have the capacities to deliver. The next quarter our capacity utilizations are definitely higher, and we just will have this lumpiness in our business. It's the nature of our business.

Mehul Sheth: Keep looking at our business more on a YoY front.

Ajay Bhardwaj: Yes. Holistically, if you look at it, it's a YoY, that's how we have always looked at it. I know we are new to the markets, and markets are used to QoQ performance, but it's this is a different type of business.

Mehul Sheth: That's helpful. Sir, lastly on your Unit 4, can you provide some like current status where we have reached, how much capex we have already incurred in Unit 4 and what are our capex outlay for next two years for Unit 4 as well as the timeline of commissioning this Unit 4?

Gawir Baig: We have articulated this, roughly about Rs. 1,200 crores is the capex outlay for Unit 4 and this is Phase 1 of Unit 4. Unit 4 is a large-scale capacity addition for us, roughly about a 30-acre property. Phase 1 will be using half of the area available for expansion. So, in Phase 1 itself, we'll be adding about 365 kiloliters of custom synthesis, 100 kiloliters of fermentation. We are also adding a food and a nutra plant over there. this will take about two years' time for us to build.

We broke ground last year. By end of this FY28, we will be ready with our Unit 4. The Rs. 1,200 crores what we are talking about roughly could be a 50-50 split across both these years, FY27 and FY28. Civil work is almost getting done over there in Unit 4. We will start putting in orders for equipment's to come in now. So, it will take time, but by end of FY28 is when we'd be ready with our Unit 4 expansion.

Moderator: The next question is from the line of Bino Pathiparampil from Elara Capital. Please go ahead.

Bino Pathiparampil: Just following up on the previous question, what will be the total capex for FY27?

Gawir Baig: FY27 targeted capex for this year will be close to about Rs. 700 crores.

Bino Pathiparampil: Because of Unit 4 capex, it will remain elevated next year FY28 as well. After that, the capex will come down from that level, is my understanding correct?

Gawir Baig: That's correct.

Bino Pathiparampil: Okay. Again, following up on the growth, obviously there are quarterly fluctuations, but for the full year, do you still maintain your targeted growth rate of 20% for this year?

Gawir Baig: Our growth is intact. We are not giving a guidance of any particular percentage, but historically if you look at our last 10 years' growth, we have delivered quite healthy growth rate and we'll continue to do that in this year as well.

Bino Pathiparampil: Understood. For the quarter, I see a very low tax rate for the full year, would the tax rate normalize to around 25%?

Gawir Baig: It should normalize to about 25%. If you look at last year, our tax rate was high because we had losses in our Unit 3 subsidiary, Neo Anthem. Hopefully, Neo Anthem will be something which will turn break-even this year and maybe profitable as well in the full year basis. So, we will have a much more marginalized tax rate of about 25% to 25.5% for this full year.

Bino Pathiparampil: Got it. Thank you.

Moderator: Thank you. The next question is from the line of Bansi Desai from JP Morgan. Please go ahead.

Bansi Desai: Yes, thanks for taking my question. My first question is on Semaglutide API, have we started our commercial supply on this product to domestic players? Secondly, in light of the fact that one of your peers is facing scaling issue scaling up issues on the API manufacturing front. Are we seeing more inbound queries from domestic players who are seeking alternative source?

Ajay Bhardwaj: Yes, thanks Bansi. We certainly have not started supplying. That's something that is still in the works. We are awaiting approval from CDSCO. We've done all the work, we're ready to scale up as well. We've done enough trials and enough scale-up activities to know that our product once we have permission, we'll be able to supply people.

As we've said earlier, that we've sampled almost all the big players, and many of them are waiting for us to have the approval from CDSCO, and then they're ready to go. So, that's something that we are is waiting to happen and it will happen sometime this year for sure.

None of this is because somebody else is not been able to scale up. Again, if should that opportunity arise, we will definitely we are ready in a to service that. But GLP-1 still hasn't come in hasn't kicked in in terms of sales for us, but it's something which is in the works and should happen soon.

Bansi Desai: All right, that's clear. Secondly, in the past when you've guided for growth both on top line and PAT, it appears that clearly, we are expecting our margin to maintain at these levels. Now these are obviously industry high margins. So, one is what gives us confidence that, we'll be able to maintain these margins? Do we expect these margins to sustain if one has to take slightly longer-term view, say, over next three to five years?

Ajay Bhardwaj: What gives us the thing that we'll sustain the margin this year, as I as we said earlier, our order book is 60% already in the bag. We know what our costs are, we know what our margins are there, so I don't see any challenge with margins this year.

Going forward, it's very hard to predict the future, but at the same time, we've always been driving our business through technology, through innovation, and we have some things up our sleeve which will allow us to maintain these margins.

We believe, because we use new technologies like flow, we are bringing in bio-catalysis, things that normally people are not doing, which are quite revolutionary in cutting down cost of goods. So, that allows us to A, engage with the customer at a very different level because you talk to them a language which they really, really appreciate that you're not just a pair of hands, you're actually contributing to innovation and technology development.

The second part is that we're allowing our customers to have better cost of goods, but at the same time, it helps us retain our margins. So, going forward in the next two or three years, let's look at the historical perspective, we've always had very good margins.

However, when we our new units kick in, yes, there is some depression in the PAT because we've made some large investment, but the margins overall are even in this quarter, we have increased our material margin, even though the top line has not been so great, our material margin has increased. We are in a position to, I believe, defend these margins.

Bansi Desai: Understood, that's clear. Just one clarificatory question here, Gawir, if you could just help us quantify what is the ESOP cost, and what is it going to be for FY27?

Gawir Baig: ESOP cost is about Rs. 9 crores for FY27. So, Q1 is about Rs. 2.25 crores. This was roughly about Rs.16 crores for FY26. There is a decline on the ESOP cost.

Bansi Desai: Okay. Going ahead also, this should be declining, like if we have to think about FY28 and beyond?

Gawir Baig: Yes, on a like-to-like basis, I think this is the third year when we have taken the ESOP charge. The fourth-year ESOP charge for the ESOPs which have been granted will be about closer to about Rs. 5 crores next year. So, there will be a decline.

Bansi Desai: Understood. Thank you.

Moderator: Thank you. The next question is from the line of Vivek Agrawal from Citi Group. Please go ahead.

Vivek Agarwal: Yes, thanks for the opportunity. Sir, you mentioned that one of your large biotech customers has been acquired by a Big Pharma. With this, how you see, any kind of change in the demand, especially for the projects that you are working with this biotech customer, any particular outlook? Would you like to share how this change how this acquisition change the overall outlook of this particular project?

Ajay Bhardwaj: There's a constant M&A going on in our customer side. So, the latest is one of our very nice recent-sized biotech customers has been acquired by Big Pharma. However, the impact is not material for the rest of this year. Usually, when an acquisition takes place, they leave the team alone for a year or sometimes even a couple of years to do their thing and then only slowly there is a ramp-up of volumes.

This is something we're waiting to see, which we know about the acquisition, we've got an initial letter saying that we've been acquired, but we've had really no meaningful discussions with the acquirer, the Big Pharma. So, that is something that actually shapes up over time. Our business actually has a very long-term time spans. We have to look at it from that perspective.

We have to be patient, but also, it's long-term, but at the same time, it's also very sticky business given that it's highly regulated. So, we as long as we keep building getting new products approved, we keep building a pipeline of customers, which are every year we add a few more, I think we're in a good place because that will deliver the numbers four, five, six years from now.

Vivek Agarwal: Understood, Just one clarification, have you worked with this Big Pharma in the past or the acquirer? How is your experience with them?

Ajay Bhardwaj: They know about us, we met them, but we never had any meaningful business with them till now. But that's going to change now because the company that they've acquired, we do decent business with them. So, it gives us a foot in. We've seen in the past, that's a nice way to get into a company.

Moderator: Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane: Sir, just extending the previous participant's question, this existing customer contract, was this the manufacturing commercial contract or was this like a scale-up for product approval, if you could share that point?

Gawir Baig: It's a development contract which we are working with the emerging biotech which has been acquired by the Big Pharma. This is not yet a commercial product, but even a late-stage acquisition.

Ajay Bhardwaj: We don't have visibility on what the clinical out data is, whichever billions of dollars have seen. So, this could be it is near commercialization or it is still a few one or two years of work and very promising data. It's not a commercial contract, it's a late Phase 3 development contract.

Tushar Manudhane: Got it, sir. Basically, product pipeline let's say re-evaluation and then subsequently to get the commercial contract if this product further progresses on the clinical trial and then commercialization, these are the two key milestones to watch out for as far as business from this product is concerned.

Ajay Bhardwaj: Oh, absolutely. This is the key milestone we watch for every company in the past whom we're working with biotech that get acquired. So, recently another one got acquired, but that's a little early stage. As we said in the past, it just gives us many more shots on goal.

We are very hopeful that some of these could translate into large-scale business opportunities, some would be medium-scale, it just also depends on how successful the Big Pharma is in marketing that product.

Tushar Manudhane: Secondly on this, where we sort of building or already have the capacity for scale-up considering that it was in Phase 3 eventually was to come up for approval, were we building enough capacity for this product and would that require dedicated one?

Gawir Baig: The Phase 3 quantities which we have supplied has been supplied from our existing Unit 1 and Unit 2 itself. Now in terms of capacity addition, we are doing it in our Unit 4 plus whatever room for expansion for capacity utilization is there in our Unit 1, Unit 2 and Unit 3.

The build-out that we are doing in Unit 4 is largely keeping in mind that there will be growth in our existing 14 commercial molecules as well as the one which we have in the late phase, the 10 molecules that would get commercial and they would ask for additional quantities to supply over there. So, Unit 4 expansion is largely catered towards this particular pipeline.

Tushar Manudhane: Got it. Lastly on any working capital changes that has happened over last let's say quarter or two?

Gawir Baig: Not significant, Tushar, because see, if you look at our, our receivables would have come down because Q4 was a large quarter. So, there would be a crystallization of receivables. Q1 was a softer quarter, and the receivables would be a portion would be proportionate to the quarter one sale. There is a little bit of inventory build-up which we have because we have purchased raw materials for quarter two and quarter three.

Then payables would have also gone up a little bit because of the RM supplies that we have tied up for the next two quarters. But overall, I think it's all in normal course of business. When you look at H1 numbers, you'll find that it'll be in line with what H1 of FY26 will be in line with H1 of FY27 balance sheet.

Tushar Manudhane: Got it. So, not much change in the inventory levels currently.

Gawir Baig: No, no.

Moderator: Thank you. The next question is from the line of Vivek Agarwal from Citi Group. Please go ahead.

Vivek Agarwal: Yes, thanks again for the question. Gawir sir, this time around we have seen that muted trend in other expenses, is there any kind of one-off or you also talked about like disciplined focus on cost efficiency, yield optimization, etcetera, something is recurring going forward? Just want to understand how to look at this other expense line in FY27 and going forward. Thank you.

Gawir Baig: No, I think it's largely in line with the expenses that we have. There's no significant one-off in the other expenses line item. Our focus has always been in terms of how we optimize on costs. Across the three metrics on the cost side, raw material margin we have been consistently increasing, and that's largely focused on yield improvement as well as backward integration, and of most of the key intermediate.

Our employee cost has been amongst the lowest vis-a-vis as a percentage of sales vis-a-vis the industry, although it might look for this quarter about 18.8%, it might look higher, but that's largely on account of the muted revenue for Q1 FY27. But if you look at on an FY27 full year basis, we will be largely around 13% sort of number as a percentage of sales.

Other expenses will also be in a similar 9% sort of the percentage of sales. It is the sales this time is lower quarter one and hence it reflects about 8.2%, but I think full year number trajectory will be in that 9% to 10% range. So, there's no one-off as such on other expenses either.

Moderator: Thank you. The next question is from the line of Dhaval Khut from Jefferies. Please go ahead.

Dhaval Khut: Just couple of question. Firstly, can we say that quarter one is the sort of the lowest quarter for the year, and on a QoQ basis, we'll see a growth from Q2 onwards?

Secondly, on specialty ingredients, it has been a softer quarter as well. When do you think that will again sort of come back into growth trajectory and what is it going to drive it this year?

Ajay Bhardwaj: We clearly see this Q1 as the softest quarter for the year. We expect it to from here on only to grow. The second part being that specialty ingredients, there's been a lot of turmoil in raw materials because of the war and everything as this business is more focused on in the domestic market.

We've had lot of pressure on supply chain pressures. But in the end of the year, this specialty ingredients should also grow. We are very confident, we have visibility now. There'll be very decent growth in specialty ingredients as well.

Dhaval Khut: Just a small follow-up on the GLP side, Semaglutide, you said you expect CDSCO approval. Beyond that, what are the other markets that we are targeting and maybe if we have started any regulatory work on that molecule?

Ajay Bhardwaj: We've started the regulatory work, but we're not targeting any other markets at the moment. We just need to get the decks cleared for being able to produce this product. Yes, we've sampled customers overseas, we're talking to them, but everybody is obviously waiting for are you free to sell in your own country and that's going to be our first gate. That should happen very soon, we expect it in a quarter or two. That will put us on course for supplying the market. We still see GLP-1 as a long-term very robust opportunity.

Moderator: Thank you. The next question is from the line of Saion Mukherjee from Nomura Group. Please go ahead.

Saion Mukherjee: Yes, thanks for taking this follow-up. Ajay, I just wanted to understand the whole world is talking about artificial intelligence being part of the biotech pharma ecosystem. What kind of use cases if you are seeing today and for your business, how you perceive the business is going to be sort of structurally impacted, and what kind of impact it can potentially have on the financials, let's say if you think about like say five years?

Ajay Bhardwaj: Yes, very good question, Saion. This is something that's an evolving landscape. We do see and we intend to start using it in specific use cases. It always takes time to separate the hype from reality. A lot of AI talk is a moment hype. When we drill down to show a use case, then it is very thin.

But at the same time, some of the very obvious things that we're looking at are document review, when you have a lot of documents to review in quality assurance, which have to be fact-checked and line by line and item by item. That I think can be automated and brought under AI.

There's also a talk of that AI will use a lot of models will be able to predict chemistry better, they will offer better or give us targets which the humans may not be able to foresee or develop. But that's good news for us because if they use AI in deciding targets for specific antigens, then those means there'll be more targets available. Somebody still must go into the lab, put chemical A and B and or do fermentation to produce the product. If more targets are being discovered or are being potential drug candidates, Anthem will, I believe tend to benefit. We'll get more work to do this discovery part. So, that part is still yet to be seen. Then there is also further downstream, we think that we already are do a lot of automation in manufacturing.

We're going to see start looking at use cases there, where we can see better optimization of our resources, better optimization of our facilities. So, all those are being looked at, and we will over the next three, four years, certainly we're very actively seeking use cases. We don't want to be in a position where you we get left out. But at the moment, there is still a lot of talk, but the use cases and again, remember our clients are some of the biggest pharma companies.

We're even asking them where is it that you're using this? Even there we get rather vague answers and not so far something that we can hang our hang our hat on. It is an evolving scenario, but please be reassured that Anthem will not miss out on this opportunity as the use case develops.

Moderator: Thank you. The next question is from the line of Parth Sodha from Trinetra Asset Management. Please go ahead.

Parth Sodha: Thank you for the opportunity. My question is how are the four recently commercialized molecules progressing versus our expectations?

Gawir Baig: We did a decent amount of sales last year in March '26 for the recently commercialized molecules. With respect to the pipeline for this year, the order book for this year, I think there would be a growth vis-a-vis what we have delivered on March '26 on these recently commercialized molecules. It needs penetration in the markets where the innovators have launched this molecule and based on that our additional supplies will come in. But it will take couple of years' time for sizable supplies to come in for these molecules.

Moderator: Thank you. The next question is from the line of Udit Bokaria from Catamaran. Please go ahead.

Udit Bokaria: Thanks for giving the follow-up opportunity. Sir, wanted to understand what are the usual reasons why a product which is growing YoY, customer goes for deferment of delivery?

Ajay Bhardwaj: This is a very complex thing. The customers that we cater to service global markets. In some markets, they also anticipate better higher takeoff and they stock material there. But then when that does not happen, they also depend on projections, these are growing molecules. So, they will end up stocking in a big geography. I mean, just to take a thing, let's say they expect lot of sale in China and Germany and they project certain sale to sales growth in France.

Sometimes when that doesn't happen, they reroute that to other markets where they had planned materials differently. So, all this rerouting that happens and they say, let's first exhaust this stock that we have built up in these markets, and then please supply it to us later because we are seeing the growth there, but it is not as per as we anticipated. This is one of the reasons why there is always a rebalancing and a deferment of supplies.

Remember these are growing molecules, they are adding market after market as approvals. So, they've filed somewhere and the approval doesn't come on the time that they expected it to, then they have to wait for another quarter the file is in, but approvals have been deferred. Therefore, there is some deferment of supplies.

We have confirmed orders and they will adhere to taking those orders. How they want to redistribute, sometimes in even in our business, they'll call up and say, we had expected to take it to this geography, don't ship it there, but ship it to another location. This happens all the time. But largely it doesn't affect the overall business, but it can affect the quarter business, as was the case this time.

Moderator: Thank you. The next question is from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.

Sajal Kapoor: Yes, thanks for the opportunity. Hi Ajay, as Anthem has expanded into multiple advanced modalities, what do you believe customers value most when choosing Anthem over other CRDMOs? If you had to rank, let’s, say two factors, what would those two factors be?

Ajay Bhardwaj: Kapoor saab, what customers value is, what they see in you over a long term. First is, do you keep the promises you make? Secondly, are you just offering them a pair of hands, that you tell us what to do, we'll do it, or saying, you're asking us to do this, but we will bring this kind of innovation to it. They do value innovation where you are helping them create a new IP. That's something that Anthem really prides. Third is the ability to be regulatory compliant.

Your track record on regulatory compliance is also really important to our customers. On all these three counts, if you score high, you're very likely to be favored by the customer. There are many other subtle factors which I can go on and we could be here all day, but there is also the quality of your manufacturing. There's also quality of your people, because what our customers want to do is, they don't want to just interact with me or senior management or a project manager, they like to interact with the scientist, they like to interact with the man on the shop floor. If those people know what they're doing, it gives them a lot of confidence. In our case, that happens to be the case.

Our training of our people is 360 degrees, they get exposed to all aspects of the company's operations. Therefore, the quality of manpower is another factor that Anthem is really, really different from its its peers.

Sajal Kapoor: Love the brutal honesty, Ajay, no sugar coating and that's the way you have been conducting these calls. I joined many calls, not just CRDMO, this is one call where I have always enjoyed the brutal honesty. If I may ask one more question and I'll just rejoin the queue.

Ajay Bhardwaj: Well, thank you for saying that. Stay invested and if you haven't, please buy Anthem.

Sajal Kapoor: As Anthem continues to broaden its platform, which capability benefits the most from that expansion and conversely, which capability becomes the hardest to preserve as the organization scales and why is that?

Ajay Bhardwaj: The timeframe from what used to be specialty to fine chemicals to genericization and then commoditization has shrunk every year, every decade. What you might consider specialty today will become fine chemicals much faster. A fine chemical will go towards commoditization much faster than before.

In that aspect, what is a commodity which holds you in good stead is that you are thinking ahead and saying, right now I'm sitting on an asset which is performing is considered very high specialty, but tomorrow that won't be. So, what is it that we can do A, to keep that moat or make that moat bigger? That is in terms of innovation.

Second is, what are the modalities that we need to add, because this is where the whole industry is growing? That is where we are very fortunate to have a front-row seat because we work with hundreds of biotechs at any given time. We can see that the new modalities that are emerging or the new things that they're looking at are very different. We bring that skill also in-house very quickly. So, that is I think where we try to differentiate from our peers and that's what I think will keep our nose ahead.

But as we said, you have to be very cognizant of the fact that the whole scenario is evolving and changing very rapidly. The old way of doing business, the old way of doing things, has a value, but if you don't keep moving forward and sharpening your tools to a point where you are different from all the others, you could be left behind. So, that is something that we really take a lot of care.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question of the day and I would now like to hand the conference over to the management for closing comments.

Ajay Bhardwaj: Thank you everybody. Once again, it was very nice talking to all of you. As we have said before, Anthem endeavors to be totally transparent, be accurate, and continues to be well-governed. This is something that we are very mindful of and we will continue to do that.

Even though this has been a quarter where the top line has been soft, please don't be swayed by that, that's the nature of our business. There will be quarters going forward which could be very huge, don't be swayed by that either, that's also the nature of our business.

But as long as we are trending upward and have growth very sharply defined, which in this case is what we are I'm assuring you. We will grow as we have grown in the past even this year. So, please keep that in mind. Our business has to be looked at for the whole year holistically. It's the nature of the beast which we can't control.

I really thank you for your confidence in Anthem. We will try our level best to honor that confidence and not give you any reason for your confidence to be shaken in Anthem. So,\ thank you very much.

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