Anthem Biosciences Limited
(Formerly known as Anthem Biosciences Pvt. Ltd.)
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Date: November 06, 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 November 04, 2026, at 12:30 PM, post announcement of Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended September 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: 2026.11.06 15:54:12 +05'30'

Divya Prasad
Company Secretary & Compliance Officer
Membership No: A41438

“Anthem Biosciences Limited

Q2 and H1 FY27 Earnings Conference Call”

November 04, 2026

MANAGEMENT: **MR. AJAY BHARDWAJ – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – ANTHEM BIOSCIENCES LIMITED**
MR. GAWIR BAIG – CHIEF FINANCIAL OFFICER – ANTHEM BIOSCIENCES LIMITED
MS. RADHIKA KEDIA – INVESTOR RELATIONS – ANTHEM BIOSCIENCES

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 Earnings Conference Call of Anthem Biosciences. 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 your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Radhika Kedia from Anthem Biosciences. Thank you, and over to you, ma'am.

Radhika Kedia: Thank you, Syesha. I am Radhika Kedia from Investor Relations at Anthem Biosciences, and I welcome you all to our earnings conference call to discuss our Q2 and H1 FY27 results. Our results are uploaded under the Investor tab of the website that shows financial information in case you would like to download and reference them during this discussion.

On call today, we have with us Mr. Ajay Bhardwaj, Managing Director and Chief Executive Officer, and Mr. Gawir Baig, Chief Financial Officer of Anthem Biosciences. We will begin the call with brief opening remarks from the management, followed by a Q&A session. Please note that certain statements made during the call may be forward-looking in nature. Such forward-looking statements are subject to certain risks and uncertainties that could cause the actual results or projections to differ materially from those statements.

Anthem Biosciences Limited will not be in any way responsible for such actions taken based on such statements and undertakes no obligations to publicly update those forward-looking statements.

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

Ajay Bhardwaj: Thanks, Radhika. Good afternoon, everyone. This is Ajay, and I thank you for joining us as we share our key financial highlights for Q2 and H1 FY27. First of all, we are pleased to report a robust performance for Q2 FY27, with consolidated revenue from operations going up to INR594 crores for the quarter. The CRDMO business delivered INR509 crores of revenue, supported by the Specialty Ingredients, which delivered INR85 crores revenue.

The EBITDA was INR330 crores, with EBITDA margins at 50.6%. EBITDA for Q2 FY27 includes other income of INR59 crores, whereas the corresponding figure for Q2 FY26 was INR48 crores.

PBT was INR296 crores, while PAT, that is profit after tax, was INR211 crores, with PAT margins at 32.04%. Moving on for the half-year results, the consolidated revenue from operations was INR1,012 crores. The CRDMO business delivered INR850 crores, and Specialty Ingredients was INR162 crores of revenue.

EBITDA was INR506 crores, with EBITDA margins for the half year being 46.2%. EBITDA for the corresponding H1 FY27 includes other income of INR84 crores, and the corresponding figure of H1 FY26 was INR70 crores. Profit after tax, PAT, was INR331 crores, with PAT margins at 30.2% for the half year.

The net cash position of the company as of September 30th, 2026, is INR1,534 crores. I would like to state that we expanded our EBITDA and PAT margins year-on-year by maintaining strict discipline around cost efficiencies, yield optimization, and workforce productivity.

We have further solidified our industry-leading margins and are well-positioned to sustain this performance for the whole year. Underlying demand continues to remain strong, and we are confident of our ability to sustain growth and create long-term value for all stakeholders.

I now hand you back to the moderator, and thank you very much for listening.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Akash, an Individual Investor. Please go ahead.

Akash: YES. Hi, sir. I have two questions. First one is, since our inception, how have customer expectations evolved from the client or customer's perspective when the client faces a complex molecule or an unexpected technical problem? Is Anthem increasingly becoming their first choice or partner? They intensively turn for the solution. And what do you believe makes Anthem stand out in the mind of our clients or our partners' perspective?

Ajay Bhardwaj: Akash, thank you very much for asking a question. A very different question from usually what we get in investor calls. But you are absolutely right. We have always played on the thesis that Anthem is the go-to partner for more complex molecules, where the customer is looking for not just a pair of hands to get the job done, but for looking at intellectual contribution and creating options where we can generate IP for the client, as well as give them multiple options at solving that problem.

The way our customer expectations are right now stationed is that increasingly, they look at Anthem as a solution provider, not just as a contract researcher or a contract manufacturer. You have hit the nail on the head. The customer expectations have moved quite a lot in the last few years, and that is where I think Anthem distinguishes itself from its peers.

We tend to position ourselves, and with the track record to show it, that we provide unique, technology-driven, and novel solutions for our customers. The customer expectation certainly has moved up.

Akash: Okay. The second one on, given current geopolitical environment and dependence on the specialized enzymes, biocatalysts, and other critical process inputs, are we largely self-sufficient or backward integrated, or do certain supply dependencies exist?

Ajay Bhardwaj: You are breaking up a bit, but if I understand the question correctly, you have asked whether we are self-sufficient in providing enzyme-based or biotransformation-based solutions to our customer. Is that correct?

Akash: Yes.

Ajay Bhardwaj: Sorry? Yes?

Akash: Yes.

Ajay Bhardwaj: Okay. Okay. We are, I would say, largely. When any project that moves forward a bit, while in the initial phases, we may try out from different sources because you obviously can't put your resources on early development. But when the project starts to move from early development into more mature programs, in those cases, we are almost always self-sufficient in having the enzymes backward integrated or doing all our own fermentation-based solutions.

Yes, the endeavor and the effort always is that we do not depend on supply chains outside of the country for two reasons. One is that they have been very whimsical, the supply chains. Secondly, the cost of goods. Our customers do depend on us to provide a very competitive cost of goods. That's only possible if we are backward integrated. Yes, we are quite self-sufficient.

Akash: Okay. Thanks. No further questions.

Ajay Bhardwaj: Thank you.

Moderator: Thank you very much. The next question is from the line of Gourav Bhama from JM Financial. Please go ahead.

Gourav Bhama: YES. Hi. Thank you for the opportunity, sir. I had a small question that I saw in our portfolio, whereas last quarter we had 14 commercial and 10 late-stage molecules. It has now evolved to 15 commercial and nine late-stage molecules. Is that reduction of one in late stage and increase in one commercial, has one molecule moved towards commercial stage A?

And B, if so, can you throw some sort of shade on or some sort of light on what are the prospects of that particular molecule? When can we expect that to ramp up or something along those lines? At least, what sort of peak estimates are there being expected from the molecule? Any molecule.

Gawir Baig: Thanks, Gourav. Yes, there has been a movement from a late-stage program to a commercial-stage program. The program was approved in this current quarter, Q2 FY27, because of which the number of commercial molecules have been now 15, and late-stage molecules 9.

Regarding your other question on giving more color on the commercial molecule, I would refrain from giving any comments on the color of the molecule in terms of what sort of indication, what sort of peak sales estimates. It has come from an emerging biotech portfolio. That is all I could say. And the prospects are good because the indications are on a chronic care category.

Ajay Bhardwaj: Gourav, we are not at liberty to disclose more details because this is the nature of the contracts that we sign with our customers. Much as we would like to talk about it, we can't.

Gourav Bhama: Understood, sir. That is all from my end, and thank you for the opportunity.

Ajay Bhardwaj: YES, thank you.

Gourav Bhama: Sir, another call to interrupt you. Sorry, small follow-up I keep in my mind. So, there recently has been a revival of biotech funding. Are we seeing some sort of increase in the RFP inflows or at least on the development pipeline? Are we seeing some sort of benefit on that side? Biotech funding revival?

Ajay Bhardwaj: YES, certainly we are seeing a better inflow of queries, but this revival in biotech funding has been a mixed bag. I think, at the same time, there's been a lot of geopolitical uncertainty, which also puts people at. They're not at ease in the mind. Your mind is at unease. But at the same time, yes, we are certainly seeing better, more RFPs, RFQs in the last quarter or so. Yes, you're right.

Gourav Bhama: Understood, sir. Thank you. Thank you for the opportunity.

Moderator: Thank you very much. The next question is from the line of Sidharth Negandhi from CWC. Please go ahead.

Sidharth Negandhi: Hi, thank you for the opportunity. Three questions. One, could you help us understand the revenue salience from U.S., Americas, and rest of the world? The second was also similarly the split between early-stage research revenue and development and manufacturing or commercial revenue.

You had highlighted at some point in the DRHP about the reliance on China for certain supplies, given certain challenges in the alternate supply chain. Any updates on that in terms of developing alternate vendors? Sorry, one more question. If you could share the concentration of revenue in terms of revenue from top customers, top five customers, and top 10 customers.

Gawir Baig: Thanks, Sidharth. A lot of data has been asked in this question.

Ajay Bhardwaj: Lot of questions. Very good questions. Okay, sure.

Gawir Baig: We will go one by one. In terms of revenue contribution across geographies, roughly 84% is international for us. About 16% will be India, domestic, and largely resembles our CDMO and our Specialty Ingredients split. Within that 84% of internationals, of exports, U.S. will be about 22%-24%. Europe will be about 60%-odd. ROW will be hardly about 1% or 2%.

While Europe is a destination, the customer origin is all big pharma customers, so across the globe, not just specific focused around a particular geography in Europe. So that is going to be the split on the revenue contribution side. In terms of the question that you had asked on the reliance on China, yes, we had mentioned in the DRHP on account of one particular product where we had to outsource. There was a reliance on a Chinese vendor.

But over the course of this last, I think, 18 months, we have moved away from that reliance. If on current numbers on H1 basis, we would say that almost 75% or 75%-78% of our procurement is domestic procurement. China would be about 20%-21% of our procurement. So reliance has definitely come down.

We have been looking at developing a lot of captive vendors domestically who could help us in terms of supplying some of the starting materials as well. So that's the work which we are trying to do to build the ecosystem on the domestic supplies as well. Sorry, that was the third question. I missed out on the second.

Sidharth Negandhi: The second one was CRO and CDMO split and the customer concentration piece?

Gawir Baig: Okay, YES. CRO, CDMO split. So roughly about 84% of our business is CDMO -- sorry, 86% is CDMO, or broadly 85% CDMO and 15% Specialty Ingredients. From that 85%, we would have given out that 65% of our business comes from commercial manufacturing of molecules which have been approved. The balance 20% will be equally split between the R&D and the development supplies. Now, on the question on…

Sidharth Negandhi: Customer concentration…

Gawir Baig: Okay. In terms of top five, top five will be about 50-odd percentage of our business. Top 10 will be about 80-odd percentage of our business.

Sidharth Negandhi: Got it. Just to follow up to the first one, in terms of growth in the U.S. -- in the international piece, given the strong growth in CDMO in H1, which one of these two has grown faster, and what would you attribute that to?

Gawir Baig: You are talking about the geography growth?

Sidharth Negandhi: YES. You mentioned 22%-24% from the U.S. and E.U. being 64% of the CDMO growth in H1 that you have seen, which is very, very strong growth of part, sorry, or rather, of the CRDMO growth that you have seen, right? What is the kind of split that you have seen?

Ajay Bhardwaj: Listen, the geography, as Gawir explained, is not important. We may sell to Europe, but the company is a global company. It may be an American company, we sell it to their facilities in Europe. From there, it is distributed globally. Sometimes we will sell to a U.S. geography, but it could be a European company.

Even though, a lot of the finished dosage and the drug product is very often made either in Europe, more in Europe than in America. Therefore, a lot of the product is going to Europe. We do not really track why this is. It is a global company.

Sidharth Negandhi: Got it. Very useful. I have a few more questions. I will get back in queue. Thank you.

Ajay Bhardwaj: Thank you.

Moderator: Thank you very much. The next question is from the line of Vijay Shah from Prudential Global Investment Management. Please go ahead.

Vijay Shah: One question on the revenue from operation growth of 8% for the quarter. Can you break it down how much would be the currency benefit out of it?

Gawir Baig: With respect to the currency benefit, in terms of this quarter, it has been more or less. The currency has been very range-bound within the INR94.5, INR96.5 range. We don't track on the constant currency, etcetera, sort of a growth. What we provide over here is overall numbers on a rupee terms. But currency has been quite range-bound for this quarter.

Ajay Bhardwaj: YES, this quarter has been quite range-bound. He's right.

Vijay Shah: Fair to assume for the full year on the Y-o-Y basis growth, majority would be the ex-of currency business growth?

Gawir Baig: Yes. I mean, if I look at our projections right now, we are assuming that the currency will be more or less range-bound itself. We will not be having a significant sort of a benefit from the currency growth. In any case, if there is a benefit that gets, that flows into our FX income, FX gains, which is reflected in the other income part.

Vijay Shah: Understood. One more question. Your capex guidance for the year, are there any alteration or is it intact?

Gawir Baig: It is intact. Our capex guidance for the next two years, largely on account of Unit four, which is a large-scale facility which we are building across 30 acres, is close to about INR1,200 crores, and we continue to have that guidance. It's a setup that we are building, which is equivalent to our Unit 1, 2, and three put together in phase one itself. Phase two will be, again, equal setup as Unit 1, 2, and 3, but that's going to be after Phase 1. For the Phase 1 guidance, the INR1,200 crores remains intact.

Vijay Shah: Okay. Thank you so much.

Ajay Bhardwaj: Thank you, Vijay.

Moderator: Thank you very much. The next question is from the line of Mr. Roni Naik from Arete Group Family Office. Please go ahead.

Roni Naik: Hi. Congratulations on your good set of numbers. First of all, I would like to ask about your capex guidance post FY28, like the Phase 2 for your Unit 4. And my other question is, like, in this quarter, we are able to witness 3% increase in your gross margin. Is that on account of less reliance on the procurement of Chinese companies?

Gawir Baig: So, see, capex guidance beyond FY28, I mentioned that Phase 2 will be equivalent to our Phase 1. Once our capex is approved by the board, then we will come back to the investor community and give the guidance. I do not want to give any guidance right now. But fair to assume that our numbers will, because the size is equivalent to our Phase 1, it will be in the similar range.

In terms of the gross margin improvement, I would say that it is a mix of everything because, yes, the reliance on the Chinese sourcing has reduced. We have completely gone in-house from a manufacturing point of view. So obviously, there is an increase in margins on account of that. The other reason for increase in margins is the shipments, what we do to customers.

Multiple customers, depending upon the kind of product, etcetera, have a different margin profile. So the product mix also does play a role when it comes to the gross margin profile for the business.

Roni Naik: Okay. My other question is -- like, we are going forward from longer perspective, we are focusing more on five key segments: oligonucleotides, lipids, ADCs, peptides, and RNAi. Can

you provide us a brief on, like, out of these 15 commercialized molecules and nine late Phase 3 molecules, how many projects do we have between these categories? Just a broader guidance.

Gawir Baig: On the commercial molecules, we do have a decent, have a few…

Ajay Bhardwaj: RNAi…

Gawir Baig: Molecules which is on the RNAi space, which we supply. On the late stage, as well as the recently commercial molecules, there would be some on the peptides and on the oligonucleotides side, and on the high potent ADCs side will be there.

Roni Naik: Okay.

Ajay Bhardwaj: High potent is -- but there is a lot of early stage work being done in this area. So, among these reported molecules, this takes about six or seven years to get to a stage, even eight years to get to a Phase 3. But the newer projects that we are doing are in these new spaces. So, that is early stage. There is a lot of work happening there.

Roni Naik: Okay. One last question. As previously you have mentioned about this backwardly. Sorry to interrupt. Just on this peptide side, we are developing molecules just on the basis of this GLP-1 or it is outside of the GLP-1 as well?

Ajay Bhardwaj: Outside GLP-1 as well.

Roni Naik: Okay.

Ajay Bhardwaj: GLP, of course, we are doing. There is a lot of work happening in all kinds of areas. It is not just going to be metabolism-based disease, metabolic-based therapies. Peptides are being looked at for oncology, for immunology. So there is a lot of work happening in peptides, which is outside just the GLP-1 space.

Roni Naik: Okay. As one last question, that post FY28, I asked on the guidance of capex. Just a broader perspective, we assume that INR1,200 crores of capex would go ahead. So just can you guide how much you would allocate it from NCE perspective and how much on the NBE perspective side?

Ajay Bhardwaj: Again, hard to say. This for us, we are actually in fermentation, we are making a significant investment as well. I would think that at least 30%-35% will go in biology, the rest in chemistry. But if you ask me a specific breakdown further than that is very often it is a little fungible. We have to be very driven by our customer demand. But YES, you are right, 30%-35% will be biology for sure.

Roni Naik: Okay. Thank you so much for your update. Best of luck for the next quarter.

Moderator: Thank you very much. The next question is from the line of Anish from ICICI Life. Please go ahead.

Anish: YES, hi. Thanks for the opportunity. I just wanted to understand on the margins, we have seen an uptick in this quarter. Going forward, this uptick has been realized because of what, firstly, that, and going forward, should we assume these levels of margins to sustain, or do we see any different number that we should be working with for the quarters ahead? That is the first question?

Gawir Baig: Okay. Thank you. The uptick in margins is on account of the operating leverage. Last quarter, Q1, our numbers and hence the margins was on the lower side. This quarter, there has been a sizable ramp up on revenues. If you look at the cost profile, the cost profile has remained more or less the same, and hence the margins have moved up. But I would say that we have delivered about 50% sort of EBITDA margin. Last year, in full year, we had delivered about 43%. I mean, I am talking about including other income.

Anish: YES.

Gawir Baig: I think from a sustainability point of view, we will deliver what we have delivered in FY26. So, that number is definitely sustainable. But I mean, we are already at a significantly high margins. So, I do not want to say that about a 50% number, but what we have delivered in the past is definitely possible.

Ajay Bhardwaj: I mean, those are sufficiently high margins, and I think we are confident that we can sustain those. And that is what we will be more comfortable talking about.

Anish: Sure, thanks. My second question being, I just want to understand the growth construct for this year in terms of the revenue growth. If I look at the H1 FY27 number, there has been about like a de-growth of 7% in the first half. While we do understand that CDMO revenues are lumpy and one should look at a full year as compared to individual quarters. Just want to understand for the full year of FY27, what are the kind of growth that we foresee for the business and the number that we should be working with? Thanks.

Gawir Baig: See, Anish, we refrain from giving any guidance on what the full year number is. Definitely, what we have done in the past historically, we will definitely look at try to deliver that. Double-digit growth definitely we will try to deliver. Along with that, from a margin profile point of view, because of a superior margin profile, we are very confident on the EBITDA and PAT growth.

We have a lot of catch-up to do from our quarter one being low. So, quarter two, there has been some catch-up. Quarter three, there will be catch-up. Quarter four also, there will be catch-up. So, historically, what we have delivered in the past, we will be able to deliver on those numbers.

Anish: Sure. Okay. Thank you.

Ajay Bhardwaj: Thank you.

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

Bansi Desai: YES, hi. Thanks for taking my question. Firstly, just on the newly commercialized molecules that we have launched over the last 12-24 months, and the recent ones including as well, how should we think about the collective contribution, say, over a medium term, over a three to four year period?

Can this become meaningful in terms of addition? The reason why I'm asking is that maybe in three to four years' time, we could also see patent expiries impacting some of our key molecules that we have today. Does these launches that we've had take care of the impact that we could see of patent expiries in some of our key molecules?

Ajay Bhardwaj: YES. Hi, Bansi. Our patent expiry molecules are still, I think the first one is in 2032, so it's not over the immediate medium term as well. But YES, you're right. These new launches that we've seen in the last quarter and then the most recent quarters, there have been new launches as in products going commercial, moving to be as getting approved.

There have also been acquisitions around that. So, they have been bought by big pharma who have paid significant, serious sums of money to buy these assets. So, they have big plans for them. So, in the medium term, obviously to execute their plans, they will need material, which Anthem will provide. So, I think these will make meaningful contributions in the next three to four years.

The market potential for these is about $10 billion, in excess of what the estimates are, that their total sales would be in excess of $10 billion. So, we are very bullish about the prospects of these new molecules, because there's been a lot of action in the last two quarters in these assets getting acquired as well for very, very large sums of money.

Bansi Desai: If you can also help us understand how many of these are APIs and/or intermediates among these five molecules, and do we have or do we enjoy preferred supplier status in each of these products?

Gawir Baig: Bansi, it's an equal mix of API as well as advanced intermediates across the five molecules which have gone commercial over the last 18 months.

Bansi Desai: Okay.

Gawir Baig: Sorry, Bansi, I just thought there was another question she had asked.

Ajay Bhardwaj: What was the follow-on question?

Bansi Desai: No, and do we enjoy preferred supplier status?

Gawir Baig: Yes. See, preferred…

Ajay Bhardwaj: At the moment, we enjoy the only supplier status.

Bansi Desai: Okay.

Ajay Bhardwaj: Once they get acquired, then of course, big pharma always will get a second supplier, and they start looking around.

Bansi Desai: Okay.

Ajay Bhardwaj: We haven't done any tech transfer to anybody, so we know that we're the only supplier at the moment, but this will change.

Bansi Desai: Understood. Of the nine late-phase projects that we have, how many do we expect to commercialize over the next one, two years?

Gawir Baig: They're still in trials. I mean, the outcome of this will be known over the course of the next 18-24 months. How many we expect to supply? I would say that our expectation is we want everything to be commercial, but doesn't happen, because some of these programs may fail in phase III. That's dependent upon the outcome of the trials. But 18-24 months is where we feel some of these will move from the late stage to commercial. Some could be earlier as well, but very difficult to put down a number in terms of our expectations.

Bansi Desai: Understood. I have questions…

Gawir Baig: Everything to be commercial, so it helps us, but that doesn't happen that way.

Bansi Desai: YES, no, I mean, I was trying to understand that probably which of them are closer to getting approved in your understanding.

Gawir Baig: A few of them could be in this financial year itself, but we'll need to wait and watch how the outcome of the results are.

Ajay Bhardwaj: See, Bansi, what happens is these are clinical trials. Sometimes they have to go back and repeat something, or the results are. By the time they announce the clinical trial, they close it, and then they get the data out there. It's not something that we control or have any say in. It can be very variable. So, it'd be hard to say that these will go next quarter, and these many will go the subsequent quarter. But YES, as Gawir Baig said, maybe in this financial year, we expect at least few of them to go commercial.

Bansi Desai: Understood. Thank you.

Moderator: Thank you very much. The next question is from the line of Isha from Invest Yadnya. Please go ahead.

Isha: Yes. Thank you for the opportunity. I wanted to know a few of your thoughts on the Specialty Ingredients segment, what the guidance outlook looks like, and what the margin profile is. Like recently, we've seen that the mix has shrunk a bit, so I wanted to know what the structural mix guidance the company wants to keep. Thank you.

Ajay Bhardwaj: See, again, we'd like to have our business Specialty Ingredients over 20% of our sales at least. It acts as a very good backstop against the lumpiness of our project business, which is the CRDMO. At the same time, again, historically, when we look at the data, when we have good

sales in the CRDMO, then the Specialty Ingredients usually get muted. We've had a very nice quarter, so no, unsurprisingly, our Specialty Ingredients seem to be flat.

Again, end of the year, we expect at least 20%, around that, should be our Specialty Ingredients. Margins are very much in line, and you can see it overall, right? We don't give the split of margins, but they're as profitable. As you can see, our margins have improved. They're sufficiently high. I think we will continue to do that both with Specialty Ingredients as well as our CRDMO business.

Isha: Okay. Thank you. That was it.

Ajay Bhardwaj: YES. Thanks.

Moderator: Thank you very much. Sidharth Negandhi from CWC. Please go ahead.

Sidharth Negandhi: Hi. Thanks for the follow-up and the very insightful answers. On the GTM in the U.S., right, you have a fairly unique GTM in terms of a partnership. Can you help us understand what advantages that offers, and accordingly, does that give you an edge on sales in any way? That was one. You spoke of the biotech funding environment being sort of mixed currently.

Could you help us understand your biotech versus big pharma reliance in terms of revenue share? And broadly, one is funding and the other is M&A trends in biotech, right? Between both of these, how are you seeing trends play out on biotech funding as well as M&A? Do you perceive this whole AI crowding out every other sector in terms of investment as a risk or not?

The third one was on new technology that you spoke of where a lot of early-stage work is going on. Based on your assessment of the pipeline and that early-stage work that's going on, how much of FY31 revenue do you think can new tech contribute? And then, on the capex that you've spoken of, what kind of asset turns do we look at and what time to get there?

Ajay Bhardwaj: Okay, Sidharth. I may have to ask you to remind me of the last few questions.

Sidharth Negandhi: Sure.

Ajay Bhardwaj: I'm just trying to wrap my head around your first two ones. But YES, you asked about the first…

Sidharth Negandhi: The GTM in the U.S.

Ajay Bhardwaj: YES, YES.

Sidharth Negandhi: Just tell me what you wanted to start...

Ajay Bhardwaj: Got it. Got it. Yes. I think it is a differentiated marketing strategy. It served us really well. It is still serving us very well. When we started the company, you have to do so many things at the same time. You got to set up your labs, hire the people, set up all the compliances, the regulatory, the finance. At the same time, you got to set up marketing, which will deliver.

For us, working with our partners in the U.S., Davos, we were able to get feet on the ground in sales, experienced people, because they are a 50-year-old company, experienced people who had access to customers almost on day one. Yes, it was a very good way to access the market without having to put in the time and resources to develop the sales force. That still continues to be.

The thing is, this relationship is very transparent and open. We know who they sell to. We know also the prices they sell to. It is not like they are an agent who we and it is totally opaque that they stand as a wall between us and the customer.

Our day-to-day contact with the customer is actually from Anthem in Bangalore, and they only take care of the commercials. The other part is that they are available in their time zone. They are local, they are American locals.

They also have They take care in small biotechs in particular, they have usually a very small team. They are unable to handle the logistics, the customs requirement, the documentation. So Davos provides all that. So the biotechs that we work with feel very comfortable that they don't have to put that additional resource.

There are a lot of advantages that I can go on, and I think it is a differentiated strategy. It worked well for us. You have to have a very good relationship with people whom you know, and we knew these people. So, yes, it works very well. So that is the part on GTM. On the other side, Gawir will answer the other.

Sidharth Negandhi: If you could help us understand your reliance on biotech versus big pharma in terms of split of revenue, and how are you thinking of biotech funding and M&A trends in biotech?

Ajay Bhardwaj: Okay. A large part of revenue now comes from commercialized molecules, but at one time, these were biotech companies who were early discovery companies which got acquired and they became commercial. This is very often the trend. A large part of our revenue does come from manufacturing, but these are molecules or products that we helped discover.

We have been there with them from the first day, when we made the first milligram ever, and now we may be making several multiple tons of it. That is the part of manufacturing. The M&A trend in biotechs will continue, but usually when a company starts, has secured the funding, and has taken the molecule to the phases, because there are various gates. There is the preclinical, the clinical, the preclinical, phase I, phase II, phase III.

Typically, a company gets acquired or becomes interesting for acquisition only when it is either in phase III or they have very good data, or they even have approval. These M&A at that time almost becomes a given. If it is an approved product, it will get acquired. This will continue.

This is the way the market is shaping up, and we are very much hopeful that of over 100 projects that we have with biotechs, many of these will succeed, and then companies may get acquired. Sometimes they may go alone, but that has been rare. They usually do get acquired.

Sidharth Negandhi: Got it. In terms of an FY31 outlook on new tech, on peptides, ADCs, nucleic, oligos, what percentage of revenue do you think you could target from new tech in FY31 based on your pipeline and your assessment of the expected progress?

Ajay Bhardwaj: This is a hard one. FY31, we have not even done this calculation. New tech, again, you said the introduction of AI, which is something which is unsettling. Not unsettling, it is something which is the unknown, the great unknown, and nobody really knows how this will sit, right?

It has been predicted to be it could kill all of humanity, the people who are in AI. If that happens, then all that we are doing right now becomes meaningless. The point is that it is very hard to say how AI will develop new molecules. Again, historically, every now and then, every few years, there is always the new whiz technology that will change the world or the way drugs have been discovered. So far that has not really panned out the way it is. But YES, AI is the real deal.

We expect that there will be more molecules that will come out of the AI pipeline, but at the same time, which will mean there will be more work for us, because somebody has to productize these, somebody has to make the chemistry and make those powders that the scientists can work with, and that is where Anthem comes in. If there are more molecules being discovered, that means there are more likely drug candidates, I think there will be more work for companies like ours.

Gawir Baig: Sidharth, I just want to add over here. On the new tech which you did talk about, like oligonucleotides, peptides, RNAi, ADCs, Anthem has been working on this new tech since 2014, 2015 onwards. It has been almost like a 10 plus year journey for us on this new tech. We have moved up from doing this new tech work on a lab scale level now to commercial scale level.

We have set up capacities in the so-called new tech on peptides or on the oligonucleotides or on the high potent as well on the ADC side. We have been working on this for more than a decade now. Some of the development programs, early-stage development programs are in this space.

Now, over a period of the next four years, from 2027 here right now to 2031, how these programs will move from an early stage or a late-stage development towards commercialization, that time will only tell. We cannot be making a prediction on what percentage of our revenues comes from this new-age technology. But from our point of view, what we have done is we are investing in this new tech so that commercial programs, whenever it happens, whenever the product goes commercial, we have the wherewithal to be able to service our customers.

Sidharth Negandhi: Got it. The last one was on the capex in terms of expected asset turns and what timelines do we expect to see that capex get to those asset turns?

Gawir Baig: Asset turns right now will be about 1.2x, 1.3x. We aspire to, we will try to be in that 1.5x level, which is what we have been in the past. We are at a utilization level which is still not up to the optimum. But over the course of this next one year, we will be moving up on the asset turns. But please also note that next year we will also start our Unit four as well, March 2028 or so. Once Unit four comes in, that will also take some more time to ramp up. But aspirationally, we will be trying to get into the 1.5x sort of an asset turns level.

Sidharth Negandhi: Sure. Actually, it was on Unit four itself. On that INR1,200 crores of capex, would it be fair to say that it will be over a period of time at 1.5 asset turns? And what kind of period do we see to get to that 1.5 asset turns?

Gawir Baig: See, it will take time because we will commission it. It will take time to get the approvals also in place. So, it is going to be a longer-term horizon to get to that level. At this point of time, what we are looking at is to get this facility up and running, getting it commissioned. We will talk about asset turns about Unit four once we start commissioning the facility.

Sidharth Negandhi: Got it. Very useful and really helpful answer. Thank you very much. Appreciate the…

Ajay Bhardwaj: Thank you. Thank you. You have a good day.

Sidharth Negandhi: Have a good day.

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

Saion Mukherjee: YES. Hi. Thank you for taking my question. I guess, if you look at the older molecules, like 10 molecules which were there, are those molecules still growing, and what's the headroom for growth in those molecules? And should we expect the growth for Anthem from those products to mimic the market growth for those molecules, or it would be faster than that or slower than that?

Ajay Bhardwaj: Okay, Saion. Those are all growth molecules. They are still growing. Maybe one or two are stabilized, but they are all growth molecules, and we have not hit potential peak sales for most of them. So, our growth should mirror the growth of those molecules. Will it be faster than those molecules, in particular in those? How can I say that?

In case, we are always trying to get a larger share of the wallet for those molecules from our customers, and sometimes that does happen. In case, one of their other vendors falters, then we get a larger share. So, that can help us grow faster than the molecule itself.

Traditionally, I mean, definitely there is a lot of headroom for growth in the commercialized molecules, because the patent expiry of the first one is in 2032. Some are even going as far as 2037, almost 2040. So, there is a lot of headroom to grow.

Saion Mukherjee: Understood. If you sort of look at the new bunch of products which have got approved, now five of them, there are nine more in late stage, and let us assume, six, seven of them really get commercialized. So, when you compare this new pipeline or the new products versus your older products, my rough assessment is that maybe we are doing around, say, $12 million of product on an average.

Of course, the range could be very different across products. Just from the kind of modalities you are working on, the kind of contracts that you are talking, the commercial contracts, on average, do you see per molecule your revenue stream would be materially higher or in line with what you have been doing in the past?

Gawir Baig: Saion, difficult to answer this question because every molecule, new ones, different molecules have a different peak sales estimates, ranging from $1 billion- $4 billion, $5 billion, on an aggregate about $10 billion. So, in different molecules, we supply the. Some molecules we supply the API, some molecules we supply the advanced intermediates, so the share on the API is higher versus the advanced intermediate could be lower. So, individually, every molecule will have a different revenue profile. I think on an averaging out basis, it will be similar to what we have for our existing revenue base, existing old molecules as well.

Ajay Bhardwaj: So, if I may answer your question, Saion, another way is that, are these molecules, some of them are very big indications? Yes. So some have, the dosages are high. So one or two molecules we expect much bigger sales because it's, A, a very big disease, B, the dosages are high. The indication could actually give us much more than the $12 million that you talked about.

At the same time, there is some drugs have been approved, but their indication at this moment is, obviously when a biotech or any company goes for it, they go for a smaller indication, which is an orphan indication. But there are, in addition to that, two, three more indications that the clinical trials are going on, and those approvals could happen in the next two quarters as well.

Then it becomes now the same molecule that was approved for one indication is approved for three. That can change the economics of that for us quite rapidly. This is happening in the background. Hard for me to say when it will bear fruit, but it will bear fruit.

Saion Mukherjee: Understood. Just one last question, if I can ask. This is about lateral contracts, like contracts for assets which are already commercial as a second source, an alternate source. It seems that we haven't seen much traction there. Is there a capacity issue here, or is it just a matter of time, or if some color you can give as to what prevents us from getting more such lateral contracts?

Ajay Bhardwaj: Again, we have a lot of traction with the customer there, but has there been a big mass switch? So far, no, but it will happen. See, again, remember these companies have no dearth of qualified suppliers, and many are also, like we are entrenched in our product, they're entrenched in what they supply.

So very often it's not so easy for them to switch, but usually if they're discussing this with you, A, you would be given a second supplier status, which could only be ramped up slowly. It takes time. The other part is that's what I'm saying. When you are the first and primary supplier, that's good news for you. But to be a lateral second entry and become a new supplier, it usually is a slow process.

But the fact that this is being discussed, that we are being supplied samples, and that we are being qualified to do other products, I think that is a big win for us. Because you never know which way the camel will sit, right? When it actually starts to settle down and somebody falters or there is some other compelling reason for them not to work with that, then you can see a very quick ramp-up because you are an approved second supplier now.

Saion Mukherjee: Right. Okay. Thank you.

Ajay Bhardwaj: Thanks.

Moderator: Thank you very much. The last question is from the line of Amey Chalke from JM Financial. Please go ahead.

Amey Chalke: Hi. Thanks for giving an opportunity, and congrats on good numbers. First question I have is basically, like Saion mentioned, that our revenue for product has been pretty good compared to a lot of our Indian peers. Also, we are working on a lot of blockbuster molecules in our commercial pipeline.

However, what I understood is traditionally we have been a small biotech company, especially in the early development stages, what projects we have. For us to become a big pharma preferred supplier, what are things we need to do going ahead? Or if we are already working on it, what are those things which help us to become a preferred big pharma CDMO player?

Gawir Baig: Thanks, Amey . With the question on the big pharma side, we are currently also working with eight to nine big pharma companies right now itself. Yes, a lot of it has come through acquisitions. I think over the course of the last five, six years, we would have eight to nine of our emerging biotech customers being acquired by big pharma.

We were the sole supplier, or we were the development partners for all of these emerging biotech customers. And in none of those programs, we have been in a situation where we do not work with that big pharma. We still work with the big pharma, continue to have a larger share of the wallet with respect to these molecules, where we were early-stage development partners.

We are also looking at making inroads on big pharma on their lateral programs as well, as well as other big pharmas. We are working directly without having the M&A angle over here. So, I think we have mentioned in the last few conference calls that two of the big pharma customers came in directly, not through the acquisition route.

We are working with them. So, emerging biotech had been our forte till now, but emerging biotech had transitioned towards big pharma on the commercial scale level, while emerging biotech still continues to be a larger share on the R&D and on the development program side. But we have been making significant inroads on the big pharma side as well, as a development as well as a commercial partner for them on the CMO programs.

Amey Chalke: Sure. And the second question I have is on the capability point. Like, if we compare ourselves with the global CDMO players like Lonza or WuXi AppTec, etcetera, I understand that on scale we might be lower, we might be smaller, but in terms of capabilities, what are the white spaces which are there, which we will enter into in next four to five years?

Ajay Bhardwaj: It is hard for me to see. One is that we will definitely ramp up our biologics manufacturing capability and also the drug product capability, which we are now adding. So, we have confined ourselves to drug substance till now, but if you are going to do more and more biologics, it is prudent to have your biologics fill-finish, which is a drug product facility. So, those investments we have lined up. Again, we will need to put larger investments, which we are doing now.

This will be there in unit four for sure, is for oligonucleotides, because those are becoming very important and quite widespread in terms of the companies working on new projects with them.

So, that investment certainly is happening. So, we are investing in new areas. Our onco facility may need some more expansion as the projects become bigger. So, these are the very busy new modalities.

There is, on the manufacturing side, and actually another area where Anthem is working very closely is cybersecurity. That is a big investment we are doing because that is another area which is becoming more and more into focus. YES, at the same time, parallelly, we have to do so many things that we position ourselves for the future.

There are a lot of new things which are happening, but to predict that five years from now, mostly it comes from our customer, that we should invest in a facility now, that this may become big in five years from now, that would be a very hard call. We usually take guidance from what our customers are working on and use that as a guide to make our investments.

Amey Chalke: Sure. Just to conclude, we will look to penetrate into biologics, oncology, and the peptide, what you mentioned basically.

Ajay Bhardwaj: Oligonucleotides. Peptides, of course, YES.

Amey Chalke: YES. Oh, sure. Thank you. I will join back.

Ajay Bhardwaj: Thank you.

Moderator: Thank you very much. I would now like to hand the conference over to management for closing comments.

Ajay Bhardwaj: Thank you very much. Thank you all for attending this call. As always, we will endeavor to do our best to deliver the promise that we have made. You will see that Anthem is we have had a very good quarter this time. We have a lot of catching up to do for the slow quarter, the first one.

As we have said, we promise we will be delivering good results by the end of the year, and we are on track to do that. Also, at the same time, our investments and the new expansions that we are doing and the regulatory approvals that we need for them are all on track. Thank you very much, and next time when we meet at the end of next quarter, I am sure we will have happy news to report. Thank you.

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