Anlon Healthcare Limited

25-August-25

Subscribe- Long Term

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Issue Details

Issue Details	
Issue Size (Value in Rs million, Upper Band)	1,210
Fresh Issue (No. of Shares in Lakhs)	133
Offer for Sale (No. of Shares in Lakhs)	Nil
Bid/Issue opens on	26-Aug-25
Bid/Issue closes on	29-August-25
Face Value	Rs 10
Price Band	86-91
Minimum Lot	164

Objects of the Issue

- **Fresh Issue: 1,210 million**
  - Funding of capex requirements for proposed expansion and for the company
  - Prepayment/re-payment of certain borrowings availed in the company.
  - General Corporate Purpose.
  .
- **Offer for sale: NIL**

Book Running Lead Managers
Interactive Financial Services Limited
Registrar to the Offer
KFin Technologies Limited

Capital Structure (Rs million)	Aggregate Value
Authorized share capital	550
Subscribed paid up capital (Pre-Offer)	398
Paid up capital (Post - Offer)	531

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	70	53
Public	30	47
Total	**100**	**100**

Financials

Particulars (Rs In million)	FY25	FY24	FY23
Revenue from operations	**1,203**	**666**	**1,129**
Operating expenses	881	511	1,005
EBITDA	**322**	**155**	**124**
Other Income	2	1	2
Depreciation	18	19	19
EBIT	**306**	**137**	**108**
Interest	37	39	38
Profit before tax	**269**	**98**	**70**
Tax	64	0	12
Consolidated PAT	**205**	**97**	**58**
EPS	**3.9**	**1.8**	**1.1**
Ratios	**FY25**	**FY24**	**FY23**
EBITDAM	26.8%	23.2%	11.0%
PATM	17.1%	14.6%	5.2%
Sales growth	80.7%	-41.0%	

Sector- Chemicals

Company Description

Anlon Healthcare is a chemical manufacturing company engaged in manufacturing of; (i) high purity advance pharmaceutical intermediates ("Pharma Intermediate") which serves as raw material/ key starting material in the manufacturing of active pharmaceutical ingredients; and (ii) active pharmaceutical ingredients ("APIs") which serves as a raw material for pharmaceutical formulations in preparation of various type of Finished Dosage Formula ("FDF") such as tablet, capsules, ointment, syrup etc, ingredients in nutraceuticals formulations, personal care products and animal health products. Their products span across the family of pharmaceutical intermediates, active pharmaceutical ingredients, nutraceutical APIs and ingredients for personal care and veterinary API. Their active pharmaceutical ingredient products are manufactured in accordance with Indian and international pharmacopeia standards such as IP, BP, EP, JP, USP. Company is one of the few manufacturers of loxoprofen sodium dihydrate in India, which is a notable API widely used in treatment of pain/inflammation associated with conditions including rheumatoid arthritis, osteoarthritis, lower back pain, frozen shoulder, neck-shoulder-arm syndrome, tooth pain or after surgery, injury or tooth extraction. In addition to the manufacturing of Pharma Intermediate and APIs in accordance with various domestic and international standards, they have recently started undertaking custom manufacturing services for complex or novel chemical compounds, tailoring the manufacturing process to meet specific customer requirements, including producing chemicals with purity levels that exceed industry standards. Their domain knowledge and expertise enable them to reduce existing impurities and employ appropriate processes to achieve the desired level of purity.

Company also undertake API development, preparation and filing of Drug Master File ("DMF") in the Indian and global markets as per the pharmacopeia requirements of their customers and regulatory agencies. As on date, company have received approval for Drug Master File from (i) Brazilian Health Regulatory Agency ("ANVISA, Brazil") for their API product namely, loxoprofen sodium dihydrate; (ii) National Medical Products Administration, China ("NMPA, China") for their API product namely, loxoprofen sodium dihydrate; (iii) Pharmaceuticals and Medical Devices Agency, Japan ("PMDA, Japan") for their API product namely, loxoprofen sodium dihydrate and loxoprofen acid. Further, as on date, company have filed twenty-one (21) DMF with regulatory authorities of European Union, Russia, Japan, South Korea, Iran, Jordan, Pakistan amongst others and they are in process of filing DMF for approval of Ketoprofen with regulatory authority of USA and Dexketoprofen Trometamol with regulatory authorities of Spain, Italy, Germany, and Slovenia.

Valuation

Anlon Healthcare Limited has a comprehensive and diversified product portfolio, comprising more than sixty-five (65) commercialized products, twenty-eight (28) products currently at the pilot stage, and forty-nine (49) products undergoing lab testing and validation. Company operates on a scalable business model that allows it to consistently expand its offerings and cater to evolving industry requirements. In addition, Anlon has built a well-established and growing customer base. The sector in which the Company operates is characterized by high entry and exit barriers, primarily owing to the extensive customer approval timelines, stringent regulatory compliance requirements.

At the upper price band company is valuing at P/E of 19.0x to its FY25 earnings, with EV/EBITDA of 16.7x and market cap of Rs 4,836 million post issue of equity shares.

We believe that the IPO is fully priced and recommend a **"Subscribe-Long Term"** rating to the IPO.

Description of Business

Products:

Company has an experience of over seven (7) years in manufacturing and sale of Pharma Intermediates and APIs. Their products have distinguished regulatory approval having a broad range of applications in pharma industry segments such as APIs, pharmaceutical formulations, nutraceuticals, personal care, and animal health. Company product portfolio consists of sixty-five (65) commercialized products, twenty-eight (28) products which are at pilot stage, and forty-nine (49) products at validation stage.

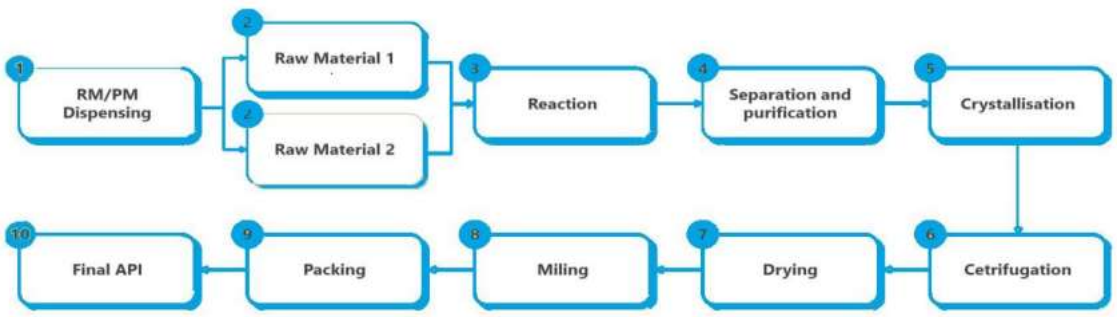
Pharma Intermediates: Pharmaceutical Intermediates serve as a key starting material or as an advance intermediate for manufacturing of APIs.

Active Pharmaceutical Ingredients (API): An API refers to the substance within a pharmaceutical product that produces the intended therapeutic effect. APIs are the core elements of a drug, acting on biological systems to achieve a desired medical outcome. APIs are the central components in any pharmaceutical product, and their development, synthesis, and regulation are vital to ensuring that medications work as intended. APIs serve as a raw material for pharmaceutical formulations in preparation of various types of Finished Dosage Formula ("FDF") such as tablets, capsules, ointments, syrups, as well as ingredients in nutraceuticals, personal care and veterinary products.

Manufacturing Process

Company generally manufacture their products in various grades of pharmacopeia such as IP, BP, EP, JP, USP, as required by their customers. The first step of manufacturing Pharma Intermediate/API involves preparing the raw materials, which may include dispensing multiple materials. The raw materials are then combined for a reaction whereby the raw materials are either charged in a reaction vessel or are purified as per product specifications, capacity and design based on the type of reaction. The exothermic reaction starts when all technical requirements are met. The reaction mixture is then separated to isolate and purify the target API. Once the initial stage is completed, the product is analyzed as per product parameters. This stage may involve multiple processes, such as centrifugation or filtration. The purified API is then crystallized to form a solid product. Crystallization helps to ensure the API is pure and consistent. The crystallized API undergoes a centrifugation step to remove impurities. The API is then dried to remove any residual moisture and post that the properties are checked as per specifications. Thereafter, API is milled into a powder as per the requirement. The final API is checked for desired quality and once approved by their QA/QC team, the APIs are packaged into drums.

Set out below is the flow chart setting out their manufacturing processes:



The table below sets forth details of their products and their development stage:

Particulars	Development Stage	No. of Products		
		Fiscal 2025	Fiscal 2024	Fiscal 2023
Pharmaceutical Intermediate	Laboratory scale stage	37	17	18
	Pilot Stage	18	5	4
	Commercialized	22	18	17
API's	Laboratory scale stage	12	11	4
	Pilot Stage	10	2	1
	Commercialized	18	17	15
Nutraceutical API	Laboratory scale stage	-	3	16
	Pilot Stage	-	14	3
	Commercialized	20	3	-
Personal Care Products	Laboratory scale stage	-	-	3
	Pilot Stage	-	3	-
	Commercialized	3	-	-
Animal health products	Laboratory scale stage	-	-	-
	Pilot Stage	-	-	2
	Commercialized	2	2	-
Total Product		**142**	**95**	**83**

The following table sets forth certain information relating to their installed operating capacity and capacity utilization for manufacturing Facility for the years indicated:

Particulars	Fiscal 2025		Fiscal 2024		Fiscal 2023	
	Installed Capacity (in MTPA)	Capacity utilization as % of installed capacity	Installed Capacity (in MTPA)	Capacity utilization as % of installed capacity	Installed Capacity (in MTPA)	Capacity utilization as % of installed capacity
Manufacturing Facility	400	84	400	38	400	79

Strengths:

- **Strong product portfolio and scalable business.**

  Company is a chemical manufacturing company engaged in manufacturing of Pharma Intermediates and APIs. Their products are manufactured in accordance with pharmacopeia standards such as IP, BP, EP, JP, USP.

  Products find applications in following industry segments:

Pharma Industry Segment	Application of Products
Active Pharmaceutical Ingredients	Pharma Intermediates serves as a key starting material or as an advance intermediate for the manufacturing of APIs.
Finished Dosage Formulations	APIs serves as a raw material for preparation of various type of FDF like tablet, capsules, ointment, syrup, etc.
Nutraceuticals Products	APIs serves as a raw material for preparation of dietary supplements.
Personal Care Products	APIs serves as a raw material for preparation of personal care products, particularly piroctone olamine which is used in antidandruff products.
Veterinary (Animal Health)	APIs serves as a raw material for preparation of various formulation for animal health medicine

Company is one of the few manufacturers of loxoprofen sodium dihydrate in India, which is a notable API that is widely used in treatment of pain/inflammation associated with conditions including rheumatoid arthritis, osteoarthritis, lower back pain, frozen shoulder, neck-shoulder-arm syndrome, tooth pain or after surgery, injury or tooth extraction. In addition to the manufacturing of Pharma Intermediate and APIs in accordance with various domestic and international standards, they have recently started undertaking custom manufacturing services for complex or novel chemical compounds, tailoring the manufacturing process to meet specific customer requirements, including producing chemicals with purity levels. Their domain knowledge and expertise enable them to reduce existing impurities and employ appropriate processes to achieve the desired level of purity. As on date, their API product loxoprofen sodium dihydrate has been approved by regulatory authorities of Brazil, Japan, and China, and their present position as one of the few manufacturers of loxoprofen sodium dihydrate in India allows them to serve the customers of such jurisdictions. Further, company have also filed twenty-one (21) DMF of various products for approval with regulatory authorities of European Union, Russia, Japan, South Korea, Iran, Jordan, Pakistan amongst others and they are in process of filing DMF for approval of ketoprofen with regulatory authority of USA and dexketoprofen trometamol with regulatory authorities of Spain, Italy, Germany, and Slovenia. Their product portfolio coupled with their ability to customize when required, provides them with a competitive advantage. Along with it, they have a wide range of product portfolio of sixty-five (65) commercialized products and twenty-eight (28) products which are at the pilot stage, forty-nine (49) products at laboratory testing stage. Their products span across the family of pharmaceutical intermediates, active pharmaceutical ingredients, nutraceutical APIs and ingredients for personal care and veterinary API products. Company believe that their present commercialized products and products at pilot stage backed by products at laboratory testing stage give them an advantage in domestic as well as export market and thus enable them to make their business scalable.

- **High entry and exit barriers due to long customer approval cycles and strict product standards.**

  Company is a manufacturer of Pharma Intermediates and APIs. Their manufacturing process involves multi-step production and purification processes to manufacture Pharma Intermediates and APIs. Further, given the nature of the application, their processes and products are subject to, and measured against, established domestic and international standards and stringent specifications of customers. As a part of the detailed approval process by potential customers or their regulatory agencies, they are required to make an extensive documentary submission like DMF about their Manufacturing Facility and other details including processes, quality control measures, certifications, product specifications, quality standards and regulatory compliances. Post the satisfaction of the potential customer on the documents submitted by them, the potential customer or its respective regulatory agencies conduct an on-site inspection of their Manufacturing Facility to assess their adherence to good manufacturing practices, cleanliness, equipment maintenance and regulations relating to Quality Environmental Health and Safety ("QEHS"). In this process, company identify deviations, if any, from the standards and suggest areas for improvements. On being satisfied with all the above parameters, the potential customer awards its approval or offers a conditional approval by specifying the conditions and the timelines to grant the final approval. Therefore, any change in vendors of their customers may require significant time and costs due to regulatory filings and related issues, resulting in a propensity amongst their customers to continue with the same set of suppliers. Hence, customer acquisition involves a long process and gestation period is higher. Further, their Manufacturing Facility is regularly audited by their customers or their external consultants to ensure that they meet their quality and process standards. As a result of extensive experience of working with domestic and multinational customers across jurisdictions, they believe that they are well positioned to capitalize on their experience and expertise to generate and obtain repeat orders from their customers. Manufacturing Facility is audited and approved by 33 customers/prospect customers or their external consultants and regulatory agencies and, no customer has cancelled orders with them pursuant to an audit.

- **In-house Testing, Quality Control and Quality Assurance for quality control.**

  Company is committed to maintain the quality standards through rigorous quality checks, detailed analysis, and the continuous development of process improvements. Company is supported by four (4) testing laboratories for adding new generic APIs, process optimization and testing their products against the specified industry standards or customer specifications. As on date, their Testing, Quality Control and Quality Assurance team consists of thirty-four (34) members out of which twenty-four (24) are science graduates and post-graduates who carry out various tests to ensure that the quality of their products meets customer requirements and established industry standards, along with a focus on continuous improvements to their manufacturing processes by reducing existing impurities and employing appropriate processes to achieve the desired level of purity. Testing, Quality Control and Quality Assurance team is also responsible for ensuring the quality of the raw material that company use for the manufacturing of their products. As they are also undertaking custom manufacturing of products, company is required to carry out various tests in their laboratory to check whether a chemical is able to achieve a particular level of purity as required by the customer for end-use purposes and thereafter the developed product is subject to approval from regulatory authorities.

  Their product development efforts are led by Sagar Senjaria, their Manager – Product Development, and their quality control department is headed by Chetan Raiyani. Their Testing, Quality Control and Quality Assurance Department is responsible for developing and implementing quality standards, policies, and procedures to ensure that pharmaceutical products are manufactured and tested in compliance with the customer requirements, and for conducting regular inspections, audits, or reviews to assess the effectiveness of quality control measures. During the Fiscals 2025, 2024 and 2023, they have incurred total expenditure aggregating to Rs 14 million, Rs10 million and Rs 8 million, respectively towards testing, development and quality control. Company intend to further develop their testing capabilities in order to enhance their product portfolio. Their testing and development capabilities have enabled them to expand their product offerings from ten (10) commercial products in Fiscal 2018 to sixty-five (65) commercial products during Fiscal 2025. Company believe that their industry experience gives them a competitive advantage of having an in-depth knowledge about pharmaceutical products and a better understanding of the trends in the pharmaceutical industry.

Key Strategies:

- **Increasing their manufacturing capacity to focus on the growing demand of core products.**

  Company have one manufacturing facility situated at Survey No.36/2/P2, Near Bharudi Toll Plaza, Gondal Road NH27, Sadak Pipaliya 360 311, Rajkot, Gujarat, India for the production of their wide range of Products. Their total installed capacity is 400 MTPA. Their Manufacturing Facility is spread over a land area of approximately 5,059 Sq.mts. Their Company has also taken adjacent land area admeasuring 3,112.00 sq.mts. at Survey No. 36/2/p5, Near Bharudi Toll Plaza, Gondal Road, NH27, Sadak Pipaliya 360311, Rajkot, Gujarat, India on a leasehold basis, which is at present used as a drum-yard and storage facility by the Company. They intend to expand their manufacturing operations and production capacity by establishing a new manufacturing plant on the Company's owned freehold industrial land situated at Survey Number 42/1/p2/p2, Village Pipaliya, Taluka Gondal, District Rajkot, Gujarat, India, admeasuring 4,958 sq.mts. The said land is Company's owned industrial freehold land and is approximately at a distance of within 400 meters from the present Manufacturing Facility. The proposed new manufacturing plant shall be with an intermediate block and API block having an installed capacity of 700 MTPA, thus increasing the total production capacity. Company propose to utilize the additional capacity for manufacturing a range of existing as well as new Pharma Intermediates and APIs.

- **Continue to increase wallet share with existing customers and continued focus to expand customer base.**

  Company believe their commitment to quality and timely delivery will help increase their wallet share and product portfolio with existing customers. Company believe that they have built good relationships with some of their customers through various strategic endeavors, which they intend to leverage by capitalizing on the cross-selling opportunities that their present product portfolio offers and their future product portfolio would offer. Company believe that the cordial relationships that company have enjoyed with their customers over the years and the repeat and increased orders received from them is an indicator of their position as a preferred supplier to their customers. Company also invest in providing support at early stages of product development by their customers, in order to benefit from the potential growth following commercialization of such products in the future and to also provide them an opportunity to become the preferred supplier of their customers. Going forth, company intend to continue to leverage their diversified product portfolio and their industry experience to establish relationships with new multinational, regional and local customers and expand their domestic and international customer base. Further, company plan on utilizing their geographical footprint to address the sourcing requirements of their existing customers as and when company enter new markets, thereby consolidating their position as a preferred supplier across geographies. Several global players prefer a "China + 1 offshore strategy", with capacities shifting to cost efficient markets with strong technology capabilities like India. The shift towards India as part of the "China+1" strategy is expected to accelerate in the coming years from which they, as an API manufacturer, are believed to benefit.

- **Expand existing product portfolio.**

  Company have consistently sought to diversify their portfolio of products which could cater to customers across segments, sectors, and geographies. This has enabled them to expand their product offerings from ten (10) commercial products in Fiscal 2018 to sixty-five (65) commercial products during Fiscal 2025. In accordance with this, while they seek to continue to strengthen their existing product portfolio, they intend to further diversify into products with prospects for increased growth and profitability. Company plan to continue to increase offerings in their current business segments as well as diversify into new products by tapping into segments which, in the view of their management, have attractive growth prospects.

- **Improve cost management and operational efficiencies along with focus on rationalizing their indebtedness.**

  Company plan to enhance their profitability by continuing to improve their cost management and operational efficiencies, by further implementing process efficiency whereby company strive to improve the production process to optimize their processes and achieve higher efficiency. Company intend to focus on high-value, low-volume products within their product portfolio. Company also seek to benefit from optimizing their product selection strategy. As on March 31, 2025, the amount outstanding under their loan facilities from financial institutions was Rs 330 million. Company propose to utilize an estimated amount of Rs 50 million from the Net Proceeds towards re-payment or pre-payment of borrowings, availed by their Company in full or in part. The repayment/ prepayment will help reduce their outstanding indebtedness, assist them in maintaining a favourable debt-equity ratio and enable utilization of some additional amount from their internal accruals for further investment in business growth and expansion. In addition, they believe that since their debt-equity ratio will improve, it will enable them to raise further resources at competitive rates and additional funds or capital in the future to fund potential business development opportunities and plans to grow and expand their business in the future.

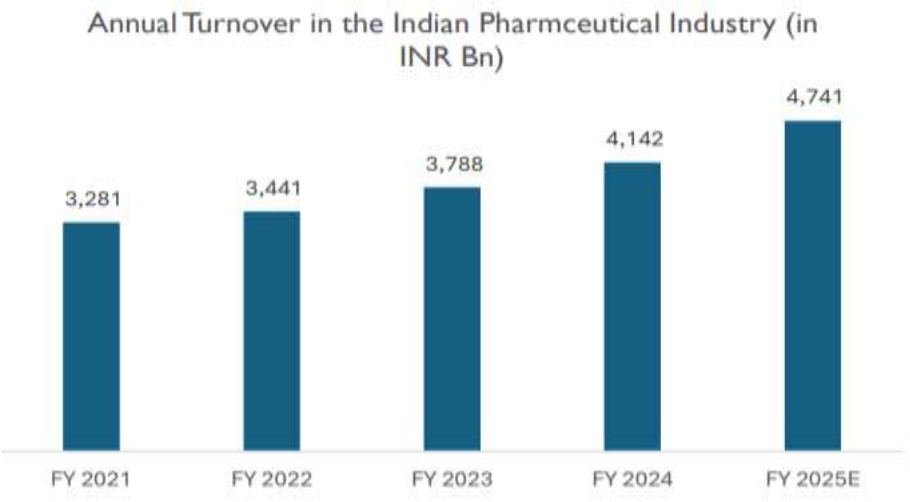
Industry Snapshot*:*

Indian Pharmaceutical Industry

Indian pharmaceutical industry is ranked as the third largest in the world, in terms of volumes of drugs manufactured and thirteenth largest, in terms of value. The Country is also the world's largest supplier of cost effective generic drugs, and accounts for nearly one fifth of the global trade in generic drugs. India has achieved an enviable position in global generic drug market on the back of its strength in organic chemical synthesis and process engineering. Indian pharmaceutical industry, which followed process patent structure for close to 30 years -till the amendment of Patent Act in 2005- was favorable for generic drug manufacturers. The process patent structure allowed industry to launch low-cost alternatives to innovator drugs, if the manufacturing process was different. India with its technically skilled labor force was able to reverse engineer patented drugs and hence became one of the largest and most developed generic drug markets in the world. The strong generic drug manufacturing infrastructure developed during the process patent regime helped India to become the leading exporter of generic drugs. Additionally, heavy investments in the manufacturing infrastructure which includes the highest number of US FDA certified facilities (outside the US), also ensured Indian drug manufacturers to meet the quality standards mandated by regulated drug markets like the US and EU. Today India accounts for nearly 60% of the global vaccine production. This includes nearly 70% of WHO demand for vaccines to combat Diphtheria, Tetanus, Pertussis and BCG vaccine as well as nearly 90% of measles vaccine demand. Nearly 80% of the antiretrovirals drugs used to combat AIDS used globally is supplied by Indian pharmaceutical companies. The change in pharmaceutical patent regime have resulted in increased focus on Research & Development initiatives. Today, in the field of innovator drugs as well as biologics, Indian pharmaceutical industry is considered a leader among developing economies.

Market Scenario

India's pharmaceutical industry has displayed a consistent upward trajectory over the past few years, growing from INR 3,281 billion in FY 2021 to an estimated INR 4741 billion in FY 2025. Between FY 2021 – FY 2025, annual turnover in the Indian Pharmaceutical Industry increased at a CAGR of 10%. The industry has evolved from being largely generic-focused to increasingly embracing high-value segments such as biosimilars, biologics, and complex generics. India's positioning as the "pharmacy of the world" has gained further credibility post COVID, with global recognition of its role in supplying affordable, high-quality medicines to over 200 countries.



The growth momentum from FY 2021 to FY 2023 was primarily driven by post-pandemic recovery and a surge in domestic and global demand for essential medicines, vaccines, and chronic disease treatments. Government procurement for public health schemes and rising private health expenditure contributed significantly. Additionally, Indian companies ramped up exports of COVID-related drugs and expanded their presence in regulated markets by increasing USFDA and EMA approvals. This phase also saw increased manufacturing capacity and a sharp rise in generic production to meet global needs. From FY 2023 onwards, the growth pace accelerated further due to a combination of policy support, diversification, and structural improvements. The Indian government's Production-Linked Incentive (PLI) scheme played a pivotal role in encouraging domestic manufacturing of Active Pharmaceutical Ingredients (APIs), key starting materials, and critical drug components. This move has reduced India's historical dependence on Chinese imports for APIs. Meanwhile, pharmaceutical exports continued to flourish, bolstered by demand in North America, Africa, Latin America, and Southeast Asia. Indian pharma's entry into biosimilars, specialty drugs, and high-margin therapeutic areas like oncology and immunology has helped push both volume and value growth. Currently, the Indian pharmaceutical sector is benefitting from rising healthcare awareness, digital health integration, and expanding insurance coverage among the population. E-pharmacies, telemedicine, and health-tech platforms are creating new demand avenues, especially in Tier-II and Tier-III cities. Companies are also investing in Contract Development and Manufacturing Organizations (CDMOs) and clinical trials, signaling a broader push toward innovation and end-to-end service delivery. The market today is more balanced between domestic consumption and export-led growth, with strong investor interest, global collaborations, and a policy ecosystem that supports scale, innovation, and quality.

Key Demand Drivers

The domestic demand for drugs & pharmaceuticals is driven by increasing number of old populations, higher spending on healthcare, penetration of health insurance products, as well as rise in incidence of diseases. Exports also plays a large part in shaping the demand scenario in the industry, as India is the largest exporter of generic medicines in the world.

Domestic Demand Scenario: Key Factors

Aging Population: Demand for healthcare products & services is highest among people aged 60 and above. Hence the size of this population segment has a significant impact on demand. According to population census conducted in 2011 there were 104 million people falling in the said age bracket, making up to nearly 8.6% of total population. By 2026 this population segment is expected to reach nearly 173 million.
Improvement in Affordability: The per capita income level in India has gone up substantially, as the industrial growth created hundreds of thousands of jobs. The disposable income level among Indians, particularly among urban population has improved considerably. This has directly resulted in increasing the pool of people who can access healthcare products and services.

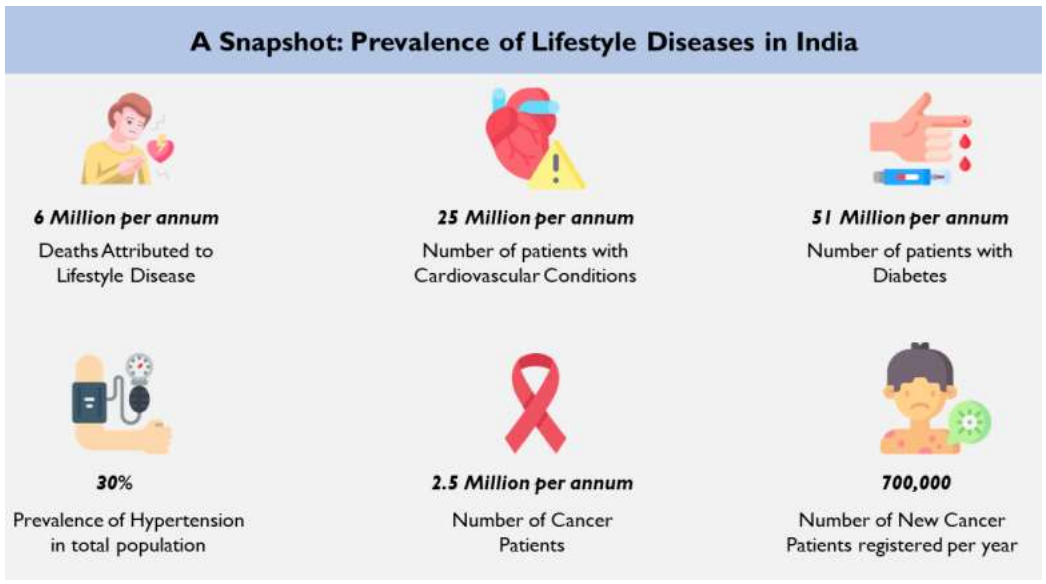
Nutraceuticals: Nutraceuticals, functional foods or dietary supplements, have emerged as a pivotal force driving the growth of the Indian pharmaceutical industry. As consumers increasingly prioritize health and wellness, the demand for these products has surged, creating a lucrative market for pharmaceutical companies. Nutraceuticals offer a unique blend of nutrition and pharmaceutical benefits, addressing a wide range of health concerns, from immunity and digestive health to cognitive function and weight management. This growing demand has spurred pharmaceutical companies to invest in research and development, expand their product portfolios, and establish a strong presence in the nutraceutical market. As a result, the Indian pharmaceutical industry has witnessed a significant increase in revenue, exports, and employment opportunities. Moreover, the rising demand for nutraceuticals has also led to a corresponding increase in the demand for Active Pharmaceutical Ingredients (APIs), the essential building blocks of these products. This has created a positive ripple effect throughout the pharmaceutical value chain, benefiting API manufacturers, suppliers, and distributors. The Indian nutraceutical market is projected to grow at a CAGR of 10-12% over the next few years. This growth is expected to drive a corresponding increase in the demand for APIs used in nutraceutical production. The Indian government has also recognized the potential of the nutraceutical industry and has implemented various policies and initiatives to promote its growth. These measures include tax incentives, research and development support, and quality control regulations.

Personal Care Products: Personal care products, encompassing a wide range of items from skincare and haircare to cosmetics and toiletries, have become an integral part of modern lifestyles. The increasing emphasis on personal grooming and well-being has fueled a surge in demand for these products, driving growth within the Indian pharmaceutical industry. Pharmaceutical companies have capitalized on this trend by expanding their product lines to include personal care items, leveraging their expertise in formulation, quality control, and distribution. The demand for personal care products has created a significant market for Active Pharmaceutical Ingredients (APIs), which are used in the production of various personal care formulations. As consumers seek products with natural and therapeutic properties, there is a growing preference for APIs derived from herbal and botanical sources. This has led to increased demand for herbal extracts, essential oils, and other natural ingredients, stimulating growth in the API market. In addition to driving demand for APIs, personal care products also contribute to the growth of the pharmaceutical industry in other ways. For example, many personal care companies are investing in research and development to develop new products that combine elements of personal care and pharmaceuticals. These products, often referred to as "cosmeceuticals," offer consumers a range of benefits, including improved skin health, hair growth, and overall well-being.

Veterinary products: The Indian pharmaceutical industry is significantly driven by the demand for veterinary products. The country's vast livestock population, coupled with rising awareness of animal health and increasing disposable incomes, has created a robust market for veterinary pharmaceuticals. This demand for veterinary products, in turn, drives the demand for Active Pharmaceutical Ingredients (APIs), the essential building blocks of these medications. Veterinary pharmaceuticals encompass a wide range of products, including vaccines, anthelmintics, antibiotics, and other treatments for various animal diseases. As the livestock sector expands and becomes more sophisticated, the demand for these products is expected to grow steadily. Indian pharmaceutical companies have been quick to capitalize on this opportunity, investing in research and development to develop innovative veterinary solutions.

Penetration of Health Insurance Products: It is estimated that nearly 70% of healthcare cost in India is met through out of pocket expenditure, creating a dent in the financial health of Indians. The health insurance penetration in India is estimated to be abysmally low at 20%. This high out of pocket expenditure is restricting a sizable segment of patients from accessing pharmaceutical products. The recent move by the Government of India to launch National Health Protection Mission is expected to increase the health insurance penetration. The target of the program is to provide a health cover of INR 5 lakh per family, to about 10.7 crore families belonging to poor & vulnerable population segment. This would significantly improve the number of patients who can access healthcare products.

Higher Incidences of Lifestyle Diseases: As per a study by Confederation of Indian Industry (CII), approximately 5.8 million Indians die every year from heart disease, stroke, cancer, and diabetes. These medical conditions which are collectively labeled as a lifestyle disease, as their origin is often associated with changes in lifestyle to a consumption-oriented unhealthy lifestyle. WHO puts the number of diabetes patients in India at 51 million, making it the diabetes capital of the world. The number of patients suffering from cardiovascular diseases is estimated at 25 million, accounting for 60% of total cardiovascular patients in the world.



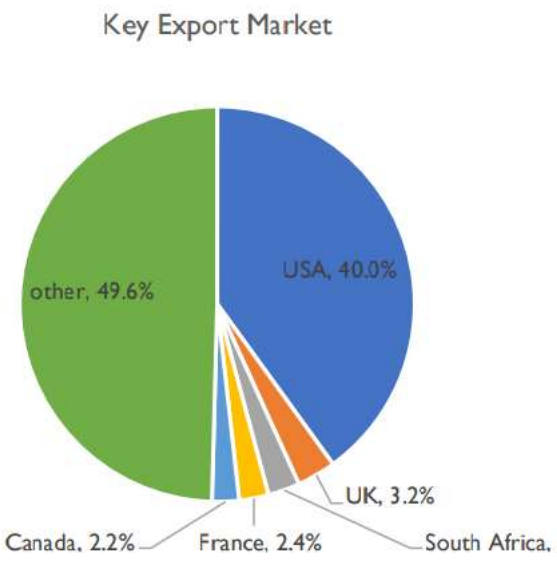
Export of Pharmaceutical Products

Export of Formulations2F2F

India is the leading exporter of generic formulations in the world, supplying low-cost pharmaceutical formulations to nearly 200 countries across the globe. These include highly regulated markets like US, EU and Japan as well semi-regulated markets across Asia, Africa, South America, Middle East and Africa. Generic drug formulation dominates the pharmaceutical exports from India, while those of biologics, and biosimilar are picking up (but still remain low). The export of API / bulk drugs from India is low, as domestic manufacturing volume well below demand.

Pharmaceutical exports in FY 2025 totalled INR 2,048 Bn, marking a year-on-year growth of 14% over previous year's figures. The financial years 2022 and 2023 posed significant challenges for Indian pharmaceutical companies due to numerous quality control issues with their drugs reported in countries such as Gambia, Sri Lanka, and Uzbekistan. In 2023, Indian-produced medications faced heightened scrutiny after complications arose in patients following cataract surgeries at government hospitals. Additionally, the deaths of 88 children in Gambia and Uzbekistan linked to Indian-made cough syrup tarnished India's reputation as a leading global pharmaceutical provider. In response, the Indian government revised the rules under Schedule M of the Drugs and Cosmetics Rules, 1945, in January 2024, establishing new quality standards to align with current global regulatory requirements. Thus, on the back of improved quality standards and increasing market opportunities bolstered by healthy demand in countries like the US, exports recorded healthy growth rate in FY 2024 and FY 2025.

USA is the largest export market for pharmaceutical formulations, accounting for a share of 40% in total exports in FY 2025. Other major markets include UK, South Africa, France and Canada. Together these five markets accounted for nearly 50.4% of the total exports in FY 2025.



- **Accounting ratios**

(Rs in millions, unless stated otherwise)

Particulars	Fiscal 2025	Fiscal 2024	Fiscal 2023
Total income	1,205	667	1,131
Total revenue from operations (in Rs)	1,203	666	1,129
Current Ratio	2.6	2.0	2.0
EBIDTA	324	156	127
EBIDTA Margin (in %)	26.9	23.4	18.5
Net Profit	205	97	58
Net Profit Margin (in %)	17.1	14.5	5.2
Return on Net Worth (in %)	25.5	45.9	78.9
Return on Capital Employed (in %)	21.9	16.3	17.2
Debt-Equity Ratio	0.7	3.6	9.0
Debt Service Coverage Ratio	2.8	1.5	1.5
Fixed Asset Turnover Ratio	5.3	2.4	4.4
Working Capital Days	308	319	128

Comparison with Listed entity

Name of the company	Basic EPS	P/E	RONW (%)	NAV (per share)	Face Value	Revenue from Operations (in Rs million)
Anlon Healthcare Limited	3.9**	16.7*	25.5	20	10	1,203
Listed Peers						
Kronox Lab Sciences Limited	6.9	26.2	28.3	24	10	1,002
Acutaas Chemicals Ltd	19.8	58.5	12.2	161	5	10,069
Supriya Lifeciences Limited	23.4	29.3	18.9	124	2	6,965

Note: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on July 25, 2025.
2) */** P/E and EPS of company is calculated on basis FY25 earnings and post issue no. of equity shares issued.

Key Risk:

- Company is subject to stringent quality specifications and regular customer audits. Non-compliance may result in order cancellations, warranty claims, or reputational damage. In the past, manufacturing facility was non-operational for a period of four (4) months to address certain directions and recommendations issued by the Brazilian Health Regulatory Agency, which temporarily halted their manufacturing operations.
- Any failure to maintain product quality or comply with evolving quality standards may lead to customer dissatisfaction, loss of business, and legal liability.
- Company have a limited operating history in manufacturing.
- In the past, Manufacturing Facility remained non-operational for a period of four (4) months, resulting in a halt in their manufacturing capabilities. Any future event that causes a temporary or prolonged shutdown of Manufacturing Facility could significantly impact production capacity, disrupt their supply chain, and adversely affect their business operations.
- Company is yet to place orders for the equipment, plant and machinery for the expansion of the Manufacturing Facility. Any delay in placing orders or procurement of such equipment, plant and machinery may delay the schedule of implementation and possibly increase the cost of commencing operations.
- Products are exposed to risks of contamination, adulteration, and tampering during manufacturing, storage, or transit, which may adversely impact product quality, lead to regulatory non-compliance, and result in reputational and financial loss.
- Company is exposed to risks of product recalls and liability claims, which may involve significant costs, reputational harm, and regulatory consequences.

Valuation:

Anlon Healthcare Limited has a comprehensive and diversified product portfolio, comprising more than sixty-five (65) commercialized products, twenty-eight (28) products currently at the pilot stage, and forty-nine (49) products undergoing lab testing and validation. Company operates on a scalable business model that allows it to consistently expand its offerings and cater to evolving industry requirements. In addition, Anlon has built a well-established and growing customer base. The sector in which the Company operates is characterized by high entry and exit barriers, primarily owing to the extensive customer approval timelines, stringent regulatory compliance requirements.

At the upper price band company is valuing at P/E of 19.0x to its FY25 earnings, with EV/EBITDA of 16.7x and market cap of Rs 4,836 million post issue of equity shares.

We believe that the IPO is fully priced and recommend a **"Subscribe-Long Term"** rating to the IPO.

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Mid Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small caps (251st company onwards)	>25%	0%-25%	Below 0%

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