Anlon Healthcare Ltd.

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BP WEALTH

IPO Note **25th August 2025**

Company Overview

Anlon Healthcare Limited is a chemical manufacturer specialising in high-purity pharmaceutical intermediates and active pharmaceutical ingredients (APIs), which are key raw materials for formulations such as tablets, capsules, syrups, ointments, nutraceuticals, personal care products, and veterinary medicines. Its product portfolio covers pharma intermediates, APIs, nutraceutical ingredients, personal care actives, and veterinary APIs, manufactured in line with global pharmacopoeia standards (IP, BP, EP, JP, USP). The company is among the few Indian producers of Loxoprofen Sodium Dihydrate, a widely used API for pain and inflammation management, and has secured Drug Master File (DMF) approvals from ANVISA (Brazil), NMPA (China), and PMDA (Japan). It has filed 21 DMFs across the EU, Russia, Japan, South Korea, and other markets, with ongoing filings in the US and Europe for Ketoprofen and Dexketoprofen Trometamol. Its portfolio comprises 65 commercialised products, supported by 28 pipeline products at the pilot stage and 49 at the laboratory development stage. The company operates a modern manufacturing facility with an installed capacity of 400 MTPA, spread across two production blocks, supported by four in-house laboratories and advanced storage infrastructure. The facility, equipped with glass-lined and stainless-steel reactors up to 4 KL, is audited and approved by 33 global customers and regulatory agencies. It holds GMP, WHO-GMP, and ISO 9001:2015 certifications, along with foreign manufacturer accreditations from PMDA-Japan, ANVISA-Brazil, and NMPA-China, reinforcing its global compliance standards. In addition to core manufacturing, Anlon has recently forayed into custom manufacturing services for complex and novel compounds, offering tailored, high-purity solutions. Leveraging its expertise in impurity reduction, process optimisation, and regulatory filings, the company is strategically positioned to address both domestic and international demand, supported by a scalable product pipeline and strong regulatory approvals.

Objects of the issue

The net proceeds from the fresh issue will be used towards the following purposes:

⇒ Funding capital expenditure requirements for proposed expansion;

⇒ Repayment and / or pre-payment, in full or part, of outstanding borrowings availed by the company;

⇒ General corporate purposes.

Investment Rationale

Diversified product portfolio driving scalable growth

The company is a chemical manufacturer engaged in the production of pharmaceutical intermediates and APIs, with all products manufactured in compliance with global pharmacopoeia standards, including IP, BP, EP, JP, and USP. A key differentiator is its position as one of the few domestic manufacturers of Loxoprofen Sodium Dihydrate, a widely used anti-inflammatory API, with regulatory approvals, which enables access to large international markets. Furthermore, the company has filed 21 DMFs across multiple geographies, including the EU, Russia, Japan, South Korea, and the Middle East, with additional filings in progress for Ketoprofen (USFDA) and Dexketoprofen Trometamol (Europe), underlining its increasing global regulatory footprint. In addition to its core manufacturing, the company has recently expanded into custom manufacturing services for complex and high-purity compounds, leveraging its domain expertise in impurity reduction and process optimisation to meet customer-specific requirements. The combination of a broad product basket, growing DMF filings, regulatory accreditations, and custom manufacturing capabilities provides a structural growth platform. With strong demand drivers such as increasing global API outsourcing, rising need for pain and inflammation management therapies, and regulatory acceptance across key markets, the company is strategically positioned to scale its operations in both domestic and export markets. The company's product portfolio comprises 65 commercialised products, 28 products at the pilot stage, and 49 under laboratory testing, covering pharmaceutical intermediates, APIs, nutraceutical actives, personal care ingredients, and veterinary APIs. This diversified pipeline provides revenue visibility and ensures long-term growth through continuous product launches.

Issue Details

Offer Period	26th August, 2025 - 29th August, 2025
Price Band	Rs. 86 to Rs. 91
Bid Lot	164
Listing	BSE, NSE
Issue Size (no. of shares in mn)	13.3
Issue Size (Rs. in bn)	1.21
Face Value (Rs.)	10

Issue Structure

QIB	75%
NIB	15%
Retail	10%
BRLM	Interactive Financial Services Ltd.
Registrar	KFin Technologies Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	70.26	52.68
Public	29.70	47.32
Total	**100.00**	**100.00**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Anlon Healthcare Ltd.

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

The company is a manufacturer of pharmaceutical intermediates and APIs. Its manufacturing process involves multi-step production and purification to ensure product quality, with operations subject to stringent domestic and international standards as well as the rigorous specifications of its customers. As part of the customer and regulatory approval process, the company is required to submit extensive documentation, such as DMFs detailing its manufacturing facility, processes, quality control measures, certifications, product specifications, and compliance standards. Following this, potential customers or their regulatory agencies conduct on-site inspections to evaluate adherence to GMP and QEHS standards. Any deviations identified must be addressed before approvals are granted. Any change in vendors requires significant time and costs due to regulatory filings and compliance, leading customers to prefer long-term continuity with existing suppliers. Hence, customer acquisition in this industry involves a lengthy approval cycle and a higher gestation period, given the stringent quality and regulatory requirements. The company's manufacturing facility is subject to regular audits by domestic and multinational customers, external consultants, and regulatory agencies, ensuring adherence to global standards. With approvals from 33 customers and regulatory authorities and a strong compliance track record, evidenced by the fact that no orders have been cancelled post-audit, the company has established a position of reliability and trust. This extensive experience across authorities enhances its ability to secure repeat orders and long-term customer relationships, providing revenue stability and strengthening its competitive positioning in the API and intermediates market.

Valuation

Anlon Healthcare Ltd offers a broad portfolio of 65 commercialised products, 28 at the pilot stage and 49 under laboratory testing, providing a strong base for sustained growth. This diverse product mix across pharmaceutical intermediates and APIs ensures business stability while enabling the company to capture new opportunities in different therapeutic segments. The company also faces long customer approval cycles and strict regulatory standards, making vendor changes costly and time-consuming. With its facility audited and approved by 33 customers and agencies and no cancellations to date, the company benefits from strong customer stickiness and repeat business. The company currently operates a 400 MTPA manufacturing facility in Rajkot, Gujarat, with additional leased land for storage. To cater to increasing demand, the company plans to set up a new manufacturing plant on its nearby freehold industrial land, adding 700 MTPA of capacity through an intermediate and API block. This expansion will nearly triple total capacity, enabling production of both existing and new pharma intermediates and APIs, strengthening growth prospects. On the financial front, the company has delivered healthy CAGR growth over FY23–25, with Revenue/EBITDA/PAT CAGR of 3.2%/61.1%/87.8%. Overall, the company is well-positioned to capitalise on its diversified product portfolio, strong regulatory approvals, and planned capacity expansion. The upcoming capacity addition is expected to drive future growth; however, sustained momentum will depend on successful execution and demand realisation. **On the upper price band, the issue is valued at a P/E of 14.3x based on FY25 earnings, which seems fairly valued. We, thus, recommend a "SUBSCRIBE" rating for this issue.**

Key Risks

⇒ The company is subject to stringent quality specifications and regular customer audits. Any non-compliance may lead to order cancellations, warranty claims, or reputational damage. In the past, the manufacturing facility was non-operational for a period of four months to address directions and recommendations from the Brazilian Health Regulatory Agency, highlighting the potential business disruption from regulatory actions.

⇒ Any failure to maintain product quality or adhere to evolving quality standards could result in customer dissatisfaction, loss of business, and potential legal liabilities.

⇒ The company faces competition from both domestic and multinational players. Any inability to compete effectively could lead to loss of customers and market share, adversely impacting its business, financial performance, and future growth prospects.

Anlon Healthcare Ltd.

Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Revenue			
Revenue from Operations	1,129	666	1,203
Total Revenue	**1,129**	**666**	**1,203**
Expenses			
Cost of raw materials consumed	855	441	713
Purchases of stock-in-trade	0	0	0
Changes in inventories of stock-in-trade and finished goods	24	-104	33
Employee benefit expenses	41	48	49
Other expenses	84	127	86
Total Operating Expenses	**1,005**	**511**	**881**
EBITDA	**124**	**155**	**322**
Depreciation and Amortization expenses	19	19	18
EBIT	**105**	**136**	**304**
Finance costs	38	39	37
Other Income	2	1	2
PBT	**70**	**98**	**269**
Total tax	12	1	64
PAT	**58**	**97**	**205**
Diluted EPS	**4.9**	**6.7**	**6.4**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	-285	-323	-2,255
Cash flow from investing activities	-33	-337	279
Cash flow from financing activities	227	825	1,894
Net increase/(decrease) in cash and cash equivalents	**-92**	**165**	**-82**
Cash and cash equivalents at the beginning of the period	**154**	**62**	**227**
Cash and cash equivalents at the end of the period	**62**	**227**	**145**

Source: RHP, BP Equities Research

Anlon Healthcare Ltd.

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
Assets			
Non-Current Assets			
Property, plant and equipment	257	273	228
Investment Property	0	0	0
Total Non current assets	**257**	**273**	**228**
Current Assets			
Inventories	270	417	503
Financial Assets			
(i) Trade receivables	438	387	750
(ii) Cash and Cash Equivalents	6	23	14
(iii) Investments	39	8	9
(iv) Loans	3	14	23
(v) Others financial assets	4	6	14
Other Current Assets	97	152	272
Total Current Assets	**858**	**1,007**	**1,585**
Total Assets	**1,115**	**1,280**	**1,813**
EQUITY AND LIABILITIES			
Equity			
Share capital	120	160	399
Other equity	-46	50	406
Total equity	**74**	**210**	**804**
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	582	542	384
(ii) Provisions	1	2	2
Deferred Tax Liabilities (Net)	23	24	22
Total Non-Current Liabilities	**606**	**569**	**408**
Current Liabilities			
Financial Liabilities			
(i) Borrowings	82	203	200
(ii) Trade Payables	253	200	196
Current Tax Liabilities (Net)			
Provisions	20	22	86
Other Current Liabilities	81	76	118
Total Current Liabilities	**436**	**501**	**601**
Total Liabilities	**1,042**	**1,070**	**1,009**
Total Equity and Liabilities	**1,115**	**1,280**	**1,813**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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