

Monday, 25 August 2025

CM RATING 40 /100

Anlon Healthcare

Manufactures raw materials for pharma

Increasing manufacturing capacity to meet rising demand

Anlon Healthcare is a chemical manufacturing company engaged in the manufacturing of pharma intermediates and active pharmaceutical ingredients (APIs). Pharma intermediates serve as raw materials or key starting materials for manufacturing APIs. While APIs are used as raw materials in pharmaceutical formulations to produce various types of finished dosage forms, such as tablets, capsules, ointments, and syrups.

Besides pharmaceutical applications, these ingredients are also used in nutraceutical formulations, personal care products, and animal health products.

In FY25, APIs accounted for 40.27% of revenue, Finished Dosage Formulations contributed 53.12%, Nutraceuticals made up 6.61%, and other segments comprised 0.01%.

Its API products are manufactured in accordance with Indian and international pharmacopeia standards such as IP, BP, EP, JP, USP.

As of 20 Aug 2025, the product portfolio consists of 65 commercialized products, 28 products in pilot stage and 49 products at laboratory testing stage/ laboratory scale stage.

Plans to expand the product range in order to meet the changing demands of end-user industries.

Products are supplied to various pharmaceutical companies, third-party dealers, and distributors in both domestic and overseas markets. Along with a strong domestic presence, there is a global footprint with customers in over 15 countries, including Italy, Germany, South Korea, China, Argentina, Chile, Colombia, Mexico, Egypt, Turkey, Japan, Brazil, the United Kingdom, the United Arab Emirates, and others.

In FY25, the domestic market accounted for 96.76% of total sales, while exports made up 3.24%. Within the domestic market, Gujarat and Maharashtra were the largest contributors, representing 30.96% and 26.36%, respectively.

During Fiscal Years 2025, 2024, and 2023, a total of 338 MT, 153 MT, and 316 MT of APIs and Pharma Intermediates were manufactured and sold to 38, 39, and 48 customers, respectively. Revenue contribution from top 10 customers was 77.7% in FY25.

Plans to expand its customer base and increase wallet share with existing customers.

Operates a manufacturing facility located at in Gujarat, spread over 5,059 sq. meters. The facility consists of two separate blocks for manufacturing Pharmaceutical Intermediates and APIs, with a combined installed production capacity of 400 MTPA. The equipment includes glass-lined and stainless steel reactors with capacities up to 4 kl, along with filtration, centrifugation, and drying systems. In FY25, capacity utilization was 84.41%

Clients and regulators, including ANVISA (Brazil), PMDA (Japan), and NMPA (China), regularly audit the manufacturing facility. Holds GMP and GMP-WHO certifications, ensuring high-quality API production.

Plans to expand manufacturing capacity by setting up a new plant on owned freehold industrial land measuring 4,958 sq. mts in Gujarat, India. The new facility will have an installed capacity of 700 MTPA,

boosting total production capabilities. The additional capacity will be used to manufacture a broad range of existing and new Pharma Intermediates and APIs.

Custom manufacturing services have recently been initiated for complex or novel chemical compounds, with processes tailored to meet specific customer requirements.

In terms of approvals, Drug Master File (DMF) clearance has been obtained for the API product loxoprofen sodium dihydrate from the Brazilian Health Regulatory Agency (ANVISA), China's National Medical Products Administration (NMPA), and Japan's Pharmaceuticals and Medical Devices Agency (PMDA). PMDA approval has also been granted for loxoprofen acid. Additionally, 21 DMFs have been filed with regulatory authorities across the European Union, Russia, Japan, South Korea, Iran, Jordan, Pakistan, and other regions. Filings are currently underway for Ketoprofen with the US regulatory authority and for Dexketoprofen Trometamol with authorities in Spain, Italy, Germany, and Slovenia.

Offer and its objects

The IPO comprises a complete fresh issue of equity shares, aggregating up to Rs 121.03 crore.

The price band for the IPO is Rs 86 to Rs 91 per equity share of face value Rs 10 each.

The objectives of the fresh issue include Rs 30.72 crore for funding capital expenditure towards the proposed expansion, Rs 5 crore for repayment/prepayment of certain outstanding borrowings, Rs 43.15 crore for meeting working capital requirements, and the remaining amount for general corporate purposes.

The promoters are Punitkumar R. Rasadia, Meet Atulkumar Vachhani and Mamata Punitkumar Rasadia. The promoters and promoter group hold an aggregate of 2,80,00,000 equity shares, aggregating to 70.26% of the pre-offer issued and paid-up equity share capital. Their post IPO shareholding is expected to be around 52.68%.

The issue, through the book-building process, will open on 26 Aug 2025 and will close on 29 Aug 2025.

Strengths

One of the few manufacturers of loxoprofen sodium dihydrate in India, which is a notable API widely used in treatment of pain/inflammation association with conditions including rheumatoid arthritis, osteoarthritis, lower back pain, frozen shoulder, neck-shoulder-arm syndrome, tooth pain or after surgery, injury or tooth extraction.

Significant improvement in EBITDA margin from 11% in FY23 to 26.77% in FY25, reflecting enhanced operational efficiency and profitability.

Well positioned to benefit from growing domestic demand for pharmaceutical products, driven by an aging population, increased healthcare spending, and greater penetration of health insurance.

Expanding its product portfolio while simultaneously broadening its customer base.

Established strong credibility in international markets through multiple DMF filings across countries, enabling access to higher-margin export sales.

Operates in an industry with high entry barriers due to stringent product standards and lengthy customer approval cycles.

Focused on R&D, quality control, and process improvements, driving innovation and experience ensuring compliance.

Extensive of promoters and senior management personnel.

Weaknesses

Exposure to stringent quality specifications and frequent customer audits, where non-compliance can lead to order cancellations, warranty claims, and reputational risks. Previously, manufacturing operations were halted for four months to address regulatory directives from the Brazilian Health Regulatory Agency, affecting production continuity.

Product portfolio is inherently susceptible to contamination, adulteration, or tampering during the manufacturing, transportation, or storage phases. This can adversely affect product quality, leading to reputational and financial loss.

Delays in obtaining necessary DMF approvals can lead to postponed product launches and negatively impact revenue.

High exposure to customer credit risk, with trade receivables accounting for 58% of total sales in FY25.

Experienced negative operating cash flows from operations in the Fiscals 2025, 2024 and 2023.

Working capital-intensive business model, requiring substantial investment in inventory, which can strain liquidity and impact cash flow stability.

Rely on a limited number of suppliers for raw materials who are highly concentrated in the western region of India.

Faces intense competition from low-cost imports, particularly from China, which contributes to nearly two-thirds of India's API imports, putting pressure on pricing and market share.

Valuation

Net sales increased 81% to Rs 120.29 crore in FY2025 as compared with FY2024. The OPM improved 355 bps to 26.77%, leading to 108% increase in OP to Rs 32.21 crore. OI increased 56% to Rs 0.17 crore. Interest cost fell 5% to Rs 3.72 crore. Depreciation cost fell 6% to Rs 1.77 crore. PBT surged 176% to Rs 26.89 crore. Tax expenses were Rs 6.37 crore as compared with Rs 0.09 crore. Net profit soared 112% to Rs 20.52 crore.

The TTM EPS on post-issue equity works out to Rs 3.86. At the upper price band of Rs 91, P/E is 24.

Listed peers such as Kronox Lab Sciences traded at TTM P/E of 25, Acutaas Chemicals trades at TTM P/E of 61, and Supriya Lifeciences at TTM P/E of 31 as on 25 Aug 2025. The OPM and ROE stood at 26.77% and 40.45% respectively, in FY2025. These were 33.06% and 32.65% for Kronox Lab Sciences, 23.05% and 16.04% for Acutaas Chemicals, and 37.44% and 20.75% for Supriya Lifeciences, respectively.

Anlon Healthcare: Issue highlights	
For Fresh Issue Offer size (in Rs crore)	
- On lower price band	114.38
- On upper price band	121.03
Offer size (in no of shares)	1,33,00,000
Price band (Rs)	86-91
Minimum Bid Lot (in no. of shares)	164
Post issue capital (Rs crore)	53.15
Post-issue promoter & Group shareholding (%)	52.68
Issue open date	26-08-2025
Issue closed date	29-08-2025
Listing	BSE, NSE
Rating	40/100

Anlon Healthcare: Standalone Financials			
	2303 (12)	2403 (12)	2503 (12)
Sales	112.88	66.58	120.29
OPM (%)	11.00%	23.22%	26.77%

OP	12.42	15.46	32.21
Other inc.	0.24	0.11	0.17
PBIDT	12.66	15.57	32.38
Interest	3.80	3.93	3.72
PBDT	8.86	11.64	28.66
Dep.	1.87	1.89	1.77
PBT	7.00	9.75	26.89
Share of Profit/(Loss) from Associates/JV	-	-	-
PBT before EO	7.00	9.75	26.89
Exceptional items	-	-	-
PBT after EO	7.00	9.75	26.89
Taxation	1.17	0.09	6.37
PAT	5.82	9.66	20.52
EPS (Rs)*	1.10	1.82	3.86
* EPS is annualized on post issue equity capital of Rs 53.15 crore of face value of Rs 10 each			
# EPS is not annualised due to seasonality of business			
EO: Extraordinary items. EPS is calculated after excluding EO and relevant tax			
Figures in Rs crore			
Source: Capitaline Corporate Database			