

Incorporated in January 1999, Sai Life Sciences Limited researches, develops, and manufactures small-molecule new chemical entities. The company offers tailor-made services to biotech firms and global pharma companies. Company is guided by its Chairman and Whole time Director, Kanumuri Ranga Raju and Managing Director and Chief Executive Officer, Krishnam Raju Kanumuri. It is also supported by an experienced Board and financial investors, including TPG Asia VII SF Pte Ltd and HBM Private Equity India, who have partnered with the company since 2018 and 2016, respectively.

**Business Overview:**

- The Company possess both (a) discovery / contract research (“CRO”) and (b) chemistry, manufacturing, and control (“CMC”) / contract development and manufacturing organization (“CDMO”) capabilities.
- The company is the fastest-growing Indian CRDMOs among listed Indian peers in terms of revenue CAGR as well as EBITDA CAGR from Financial Year 2022 to Financial Year 2024.
- Its CRDMO platform provides multiple entry points to acquire customers in the intermediate stages of their new drug discovery to commercialization journey.
- The company is also one of the few CRDMOs to has a differentiated delivery model of having research laboratories for discovery and development located near overseas innovation hubs at Watertown (Greater Boston, MA), United States (“US”) and Manchester, United Kingdom (“UK”), complemented by large-scale research laboratories and manufacturing facilities in cost competitive locations in India. (Source: F&S Report)
- During the Financial Year 2024 and six months period ended September 30, 2024, company served more than 280 and 230 innovator pharmaceutical companies, respectively, including 18 of the top 25 pharmaceutical companies (in terms of revenue for the calendar year 2023), across regulated markets, including the US, the UK, Europe and Japan. (Source: F&S Report)
- During both the Financial Year 2024 and six months period ended September 30, 2024, it also provided CRO services to more than 60 customers, respectively, on an ongoing basis, for their integrated drug discovery programs.
- Company’s CRO services include integrated discovery (“Discovery”) capabilities across biology, chemistry, and drug metabolism and pharmacokinetics (“DMPK”). It has provided services for more than 200 small molecule discovery programs in the past five years and the six months period from September 30, 2024 and to more than 160 customers in the past three years and six months period ended September 30, 2024.
- As of September 30, 2024, company’s CDMO product portfolio included more than 170 innovator pharmaceutical products, including 38 products that were supplied for manufacturing of 28 commercial drugs.
- Company’s CDMO services include comprehensive capabilities that support its customers in the development and scaling up production of active pharmaceutical ingredients (“APIs”) and intermediates for clinical phase and commercial phase supplies. As of Sept 30, 2024, its development and manufacturing portfolio consisted of 38 APIs and intermediates used in the manufacturing of 28 commercial drugs, including seven blockbusters (drug products with annual sales of over US\$1 billion in the Financial Year 2023) and 12 products for 11 APIs that were either undergoing or had completed Phase III clinical trials (Source: F&S Report).
- This portfolio of 50 commercial and late phase products as of September 30, 2024, increased from 23 products, as of March 31, 2019, representing a 117% growth in its portfolio over the five and a half year period.

<b>NSE SYMBOL</b>	<b>SAILIFE</b>
<b>SECTOR</b>	<b>PHARMACEUTICALS</b>
<b>ISSUE SIZE</b>	<b>Rs. 3042.62 Crs.</b>
<b>PRICE BAND</b>	<b>Rs. 522 - 549</b>
<b>BID SIZE (Nos.)</b>	<b>27</b>
<b>FACE VALUE</b>	<b>Rs. 1.00</b>
<b>MARKET CAP</b>	<b>Rs. 11418.61 Crs</b>
<b>RATING</b>	<b>SUBSCRIBE</b>

<b>TENTATIVE DATES</b>	
<b>ISSUE OPEN DATE</b>	<b>11TH DEC 2024</b>
<b>ISSUE CLOSE DATE</b>	<b>13TH DEC 2024</b>
<b>BASIS OF ALLOTMENT</b>	<b>16TH DEC 2024</b>
<b>INITIATION OF REFUNDS</b>	<b>17TH DEC 2024</b>
<b>CREDIT OF SHARES</b>	<b>17TH NOV 2024</b>
<b>LISTING DATE</b>	<b>18TH NOV 2024</b>

- The company is led by an experienced management team, with its senior management having an average of more than 25 years' experience in the global CRDMO industry.
- As of September 30, 2024, no single customer accounted for more than 8.00% of its revenue from operations. Additionally, it is also one of the few Indian CRDMOs to combine discovery and development operations in the US, the UK and India, with manufacturing capabilities in India.
- It has strategic presence, located in close proximity to innovation clusters in Boston, US and Manchester, UK. Presence in innovation hubs facilitates access to the latest research trends, talented global workforce, and potential collaboration within innovation hubs, while its facilities in India offer a cost-competitive advantage for conducting drug discovery research activities at scale, development and large-scale commercial production of products.
- Its manufacturing facilities have received several regulatory approvals from the United States Food and Drug Administration ("USFDA"), the Pharmaceuticals and Medical Devices Agency, Japan ("PMDA") and the state level drug control departments which are arms of the Central Drug Standards Control Organization, India ("CDSCO").
- As of September 30, 2024, the company had 3,135 employees, with capabilities across the CRDMO value chain.
- For Financial Years 2024, 2023 and 2022, company's total revenue from operations grew at a CAGR of approximately 29.80% from Financial Year 2022 to Financial Year 2024. For Financial Years 2024, 2023 and 2022, EBITDA grew at a CAGR ("EBITDA CAGR") of 51.32% from Financial Year 2022 to Financial Year 2024. *(Source— RHP)*

## STRENGTHS

- One of the largest integrated Indian CRDMOs in terms of revenue from operations for the Financial Year 2024, acting as a one-stop platform for discovery, development and manufacturing
- CDMO platform with a diverse mix of commercial and under-development molecules
- Fast-growing, integrated Discovery capabilities with focus on biology, chemistry and DMPK services
- Long-standing relationship with a diverse base of existing and new customers
- Modern R&D infrastructure with a differentiated delivery model and strong regulatory track-record
- Experienced management team and Board supported by a qualified scientific talent pool

## OBJECTS OF THE ISSUE

- **The Offer for Sale** - Company will not receive any proceeds from the Offer for Sale of shares of Rs. 2092.62 crores. The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale.
- **Fresh Issue** - The Company would also raise up to Rs. 950 crores by offering fresh shares. Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects.
  - Repayment/prepayment, in full or part, of all or certain outstanding borrowings availed by the Company.
  - General Corporate purposes

## RISKS

- Company's financial performance depends on its ability to secure business from biotechnology and pharmaceutical customers and consequently it may be subject to risks, uncertainties and trends that affect its customers in these industries.
- Its business may be adversely affected if its customers fail to develop or manufacture commercially viable drugs, including due to industry specific challenges they may face.
- Company may not be able to continue to serve its customers if it fail to meet their standards in audits and inspections and this could significantly harm its reputation and result in the termination of ongoing projects by its customers.
- The company depend on its research and development activities generally for its future growth and its inability to achieve the desired outcomes in its research and development activities may result in customers opting to discontinue their partnerships with the company.

*(Source— RHP)*

## PEER COMPARISON

	Face Value (Rs.)	CMP In Rs. (10-12-2024)	TTM EPS (Rs.)	BV per share (Rs.)	P/E (X)	P/BV (X)	M. Cap / Sales
Divis Laboratories	2.00	5932.60	69.16	516.71	85.8	11.5	18.3
Suven Pharmaceuticals	1.00	1296.20	9.55	77.71	135.7	16.7	2.2
Syngene International	10.00	881.05	11.45	109.20	76.9	8.1	10.3
<b>Sai Life Sciences</b>	<b>1.00</b>	<b>549.00</b>	<b>6.00</b>	<b>96.83</b>	<b>91.4</b>	<b>5.7</b>	<b>7.6</b>

(\*\*On upper price band and on FY 2024 EPS)

## RECOMMENDATION

At the upper band of offer price of Rs 549, the issue has been priced at P/BV of 5.7 times and P/E of 91.4 times on enhanced equity. Compared to peer group, average P/BV of 12.1 times and P/E of 99.5 times, Sai Life Sciences is reasonably valued.

Investors - **SUBSCRIBE to SAI LIFE SCIENCES LTD - IPO** considering one of the largest integrated Indian CRDMOs, diverse mix of commercial and under-development molecules, long-standing relationship with a diverse base of existing and new customers, modern R&D infrastructure and improving financials.

## PROFIT & LOSS A/C

(In Rs. Crore.)

	FY 2022	FY 2023	FY 2024	6 MONTHS SEP FY 2024	6 MONTHS SEP FY 2025
Income					
Revenue from operations	869.59	1217.14	1465.18	642.34	675.29
Other income	28.15	27.97	29.09	14.46	18.07
Total income	897.74	1245.11	1494.27	656.80	693.35
Expenses					
Cost of material, chemicals & reagents consumed	269.59	427.18	423.30	208.35	182.39
Changes in inventories of work-in-progress	-2.83	-4.59	22.43	6.58	-5.18
Employee benefits expense	308.97	417.29	494.91	242.11	265.09
Finance costs	49.57	77.06	85.91	41.74	42.15
Depreciation and amortisation expense	90.16	99.43	119.44	56.97	66.99
Other expenses	172.58	212.34	239.05	120.81	104.65
Total expenses	888.05	1228.70	1385.04	676.56	656.09
Profit/(Loss) before tax	9.70	16.41	109.23	-19.76	37.26
Tax expense					
Current tax	9.42	10.03	7.76	0.00	0.00
Deferred tax	-5.95	-3.61	18.67	-6.84	9.24
Total tax expense	3.47	6.42	26.43	-6.84	9.25
Profit/(Loss) after tax	6.23	9.99	82.81	-12.92	28.01

**BALANCE SHEET**

(In Rs. Crore.)

	FY 2022	FY 2023	FY 2024	6 MONTHS SEP FY 2024	6 MONTHS SEP FY 2025
Assets					
Property, plant and equipment	742.90	777.62	926.36	860.45	961.83
Right of use assets	221.10	247.87	239.71	254.26	254.38
Capital work in progress	188.69	151.00	106.90	103.82	152.02
Intangible assets	8.05	11.43	13.77	15.80	12.08
Investments	0.02	1.87	1.87	1.87	1.87
Other non-current assets	58.10	32.91	41.42	45.13	60.02
Total non-current assets	1218.85	1222.70	1330.02	1281.32	1442.19
Inventories	126.91	139.53	87.44	126.92	105.89
Trade receivables	242.90	284.05	256.18	246.14	229.51
Cash and cash equivalents	115.94	69.91	23.66	26.04	49.05
Bank balances other than cash and cash equivalents	14.35	16.42	135.14	136.85	134.64
Other current assets	445.27	454.03	442.69	339.03	515.50
Total current assets	945.38	963.95	945.11	874.97	1034.59
Total assets	2164.23	2186.65	2275.14	2156.29	2476.78
EQUITY AND LIABILITIES					
Equity share capital	17.94	18.01	18.05	18.02	18.88
Other equity	860.62	870.08	957.09	857.78	1026.68
Total equity	878.57	888.09	975.14	875.79	1045.56
Borrowings	297.17	260.97	277.25	232.48	290.29
Lease liabilities	189.57	195.80	175.72	193.36	172.67
Other non-current Liabilities	84.33	82.94	107.12	79.47	122.00
Total non-current liabilities	571.07	539.70	560.09	505.30	584.95
Borrowings	454.15	438.26	432.92	446.72	474.20
Lease liabilities	24.56	37.35	41.78	44.51	55.04
Trade payables	199.21	208.95	199.41	197.74	213.20
Other financial liabilities	9.37	22.78	31.75	42.84	59.40
Other current liabilities	18.83	40.95	25.68	35.16	34.83
Provisions	5.93	7.20	8.37	8.23	9.60
Current tax liabilities (net)	2.57	3.37	0.00	0.00	0.00
Total current liabilities	714.60	758.85	739.90	775.20	846.27
Total equity and liabilities	2164.23	2186.65	2275.14	2156.29	2476.78

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