



PL Capital
PRABHUDAS LILLADHER

INSTITUTIONAL
EQUITIES

INITIATING COVERAGE
October 2026

Sai Life Sciences (SAILIFE IN)

Scalable Platform with Increasing Commercial Depth

Rating: BUY | CMP: INR 1,390 | TP: INR 1,620

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Sai Life Sciences (SAILIFE IN)

**Initiating
Coverage**

October 21, 2026

Key Data SAIE.BO | SAILIFE IN

BSE Code	544306
NSE Code	SAILIFE
52-W High / Low	INR 1,697 / INR 783
Face Value	1
Sensex / Nifty	73,853 / 22,889
Market Cap	INR 295 bn / \$ 3,111 mn
Shares Outstanding	212.47 mn
3M Avg. Daily Value	INR 989.88 mn

Shareholding Pattern (%)

Promoters	34.53
FII's	19.65
Mutual Funds	29.47
Domestic Institutions	3.24
Public & Others	13.11
Promoters Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(13.2)	9.3	43.1	59.4
Relative	(12.6)	15.6	52.1	81.2

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR mn)	21,925	25,684	31,497	38,655
EBITDA (INR mn)	6,312	7,421	9,581	12,241
Margin (%)	28.8	28.9	30.4	31.7
PAT (INR mn)	3,489	4,152	5,276	7,161
EV (INR mn)	294,217	300,815	301,494	299,286
Total Debt (INR mn)	951	7,951	7,951	7,951
C&C Eq. (INR mn)	1,109	1,511	832	3,040
EPS (INR)	16.5	19.6	24.9	33.8
Gr. (%)	101.8	19.0	27.1	35.7
DPS (INR)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	15.1	15.4	16.7	18.9
RoCE (%)	19.2	17.7	18.6	21.3
EV/Sales (x)	13.4	11.7	9.6	7.7
EV/EBITDA (x)	46.6	40.5	31.5	24.4
PE (x)	84.4	70.9	55.8	41.1
P/BV (x)	11.9	10.2	8.6	7.1

Scalable Platform with Increasing Commercial Depth
Quick Pointers

- **Discovery-to-commercialisation model supports sustained CDMO scale-up**
- **Capacity expansion and new modalities expand growth runway**
- **INR11–13bn FY27E capex to increase capacity by ~64%**

We initiate coverage on Sai Life Sciences Ltd (SAI) with 'BUY' rating and TP of INR1,620/share. SAI has built an integrated CRDMO platform spanning discovery, development and manufacturing, with a proven track record of supporting complex pharma and biotech programs. It is well placed to benefit from the shift toward outsourcing in small molecules, given its integrated capabilities across discovery, development and manufacturing and strong process chemistry expertise. We see large-pharma engagements as the key near-term growth driver, with the discovery platform providing a steady funnel of projects that can move into development and subsequently commercial manufacturing. The deep late-stage and commercial pipelines should further support growth. Planned capex of INR11-13bn for FY27E and rising wallet share from existing customers provide additional upside.

We forecast revenue/EBITDA/PAT CAGR of ~21%/25%/26% over FY26–29E led by ~23% growth in CDMO services and ~16% in CRO. With a strong pipeline moving toward commercial supply and a scalable integrated model, we believe SAI offers one of the best growth profiles among listed Indian CRDMOs. At CMP, the stock is trading at ~29x EV/EBITDA (Pre-INDAS) and ~48x P/E on Sept'28E. We value the company at 55x P/E on Sept'28E. We initiate coverage with 'BUY' rating and TP of INR1620/share.

Integrated CRDMO enables end-to-end molecule commercialisation: SAI's discovery–development–manufacturing platform supports lifecycle retention, higher wallet share and conversion into commercial supply; >90% revenue comes from repeat customers, with revenue per commercial drug to rise by FY28E. Large-pharma traction is strengthening, with ≥2 customers under discussion for integrated models in FY27E and dedicated FTE contracts supporting the late-phase/commercial pipeline; 6 late-phase molecules were added over the last 15 months. Revenue is expected to grow ~21% CAGR FY26–29E.

Deep pipeline to support CDMO growth: SAI's 33 commercial, 14 late-phase and 50+ advanced molecules, supported by biotech-to-pharma transfers, acquired molecules and FTEs, provide visibility into commercial revenue and future CDMO opportunities. Overall we expect ~23% revenue CAGR for CDMO business over FY26–29E.

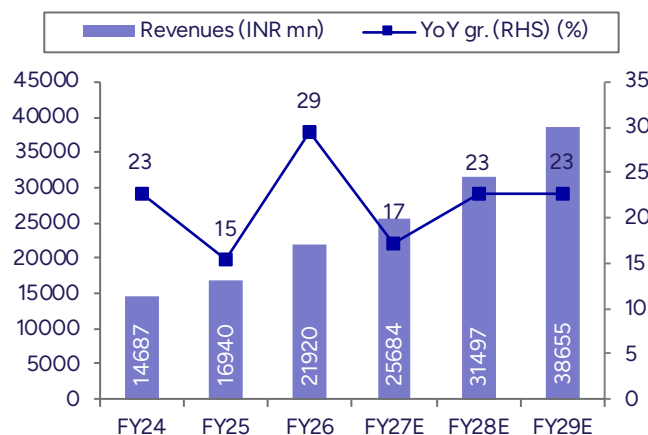
Fast-growing, integrated Discovery business: CRO discovery revenue grew 30% CAGR FY22–26, with >65% customers using integrated services, while large-pharma traction is strengthening through a converted long-term discovery partnership, a new chemistry CRO customer and a process-development FTE under negotiation. CRO also acts as key catalyst for CDMO business.

Increasing focus on complex chemistry and next-gen modalities: New modalities expand outsourcing opportunities: SAI is expanding beyond small molecules into peptides, XDCs/ADCs, oligonucleotides, PROTACs/TPDs, CGTs and lipids, while strengthening complex chemistry, HPAPIs and advanced process technologies. A dedicated peptide development lab is expected shortly for a top-tier pharma customer, with a greenfield Hyderabad peptide facility targeted for FY28E. SAI has also scaled a late-stage GMP intermediate using flow chemistry and is evaluating continuous extraction, distillation and crystallisation for commercial use. These capabilities should support higher-value programs such as GLP-1s, macrocyclic peptides and PDCs, as innovators seek specialised partners with broader technology capabilities.

Capacities are aligned with the growth pipeline: Capacity expansion supports pipeline progression: SAI is expanding discovery and manufacturing infrastructure, with manufacturing capacity rising from 700kL to 1,150kL by FY27E; the first of two 225kL Bidar production blocks is expected to come on stream in H2/Q3FY27E. FY27E capex of INR11–13bn is being deployed across capacity, R&D and new-age modalities, providing headroom to scale molecules from clinical development to commercial production. Over the years company has been able to maintain 1.1-1.3x asset T/o. SAI is also entering formulations through partners to meet demand for integrated offerings spanning custom first-in-human APIs and drug products.

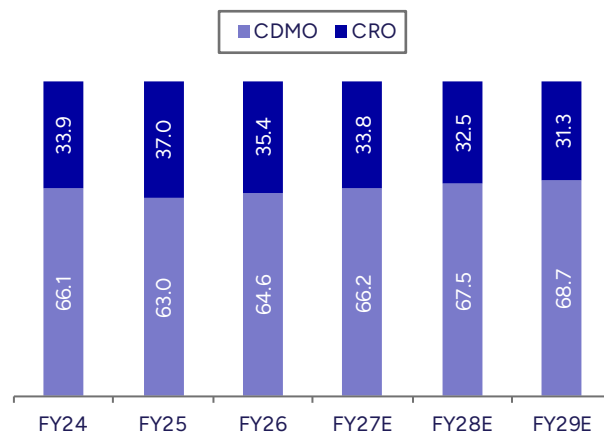
Story in Charts

Exhibit 1: Revenue to grow at ~21% CAGR over FY26-29E



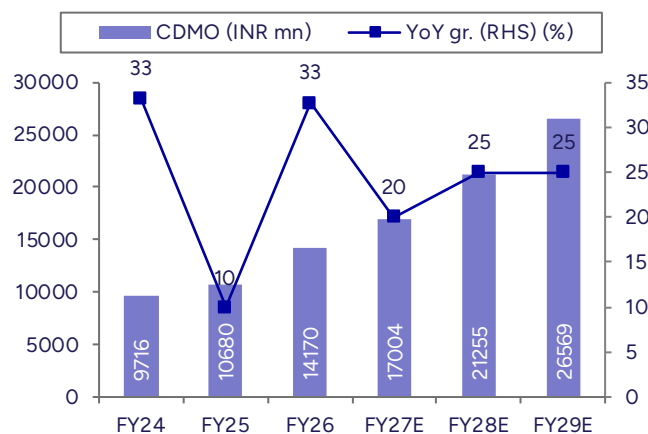
Source: Company, PL

Exhibit 2: Favorable segmental mix



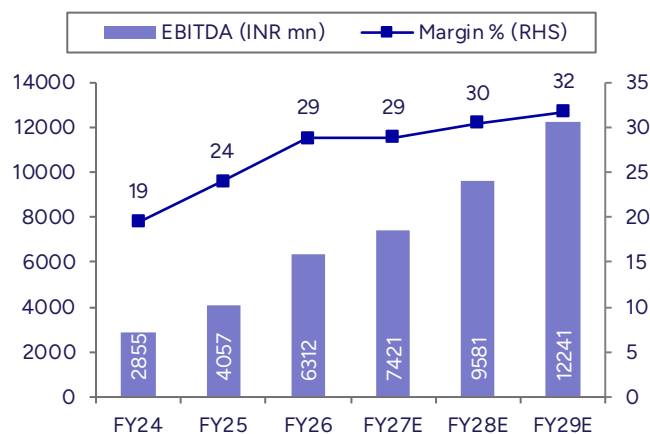
Source: Company, PL

Exhibit 3: CDMO to grow at ~23% CAGR over FY26-29E



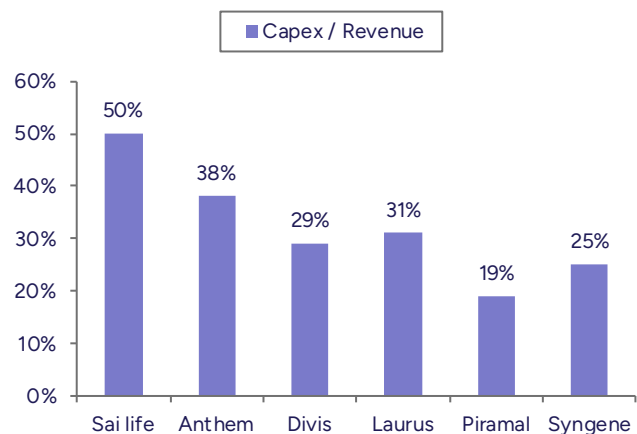
Source: Company, PL

Exhibit 4: 25% EBITDA growth over FY26-29E with strong margins



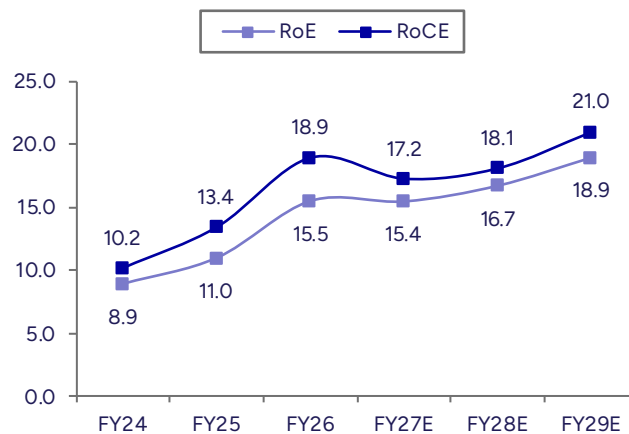
Source: Company, PL

Exhibit 5: Capex of INR11-13bn in FY27E to support growth



Source: Company, PL

Exhibit 6: Improving return metrics



Source: Company, PL

Company Overview

SAI: New capacities to support growth

Founded in 1999 and headquartered in Hyderabad, Sai Life Sciences (SAI) is an innovator-focused, integrated CRDMO providing end-to-end services across the drug discovery, development and commercial value chain. Established by Dr. K. Ranga Raju as a medicinal chemistry partner to US biotechnology companies, SAI subsequently expanded into process R&D, manufacturing, biology and global discovery capabilities. The company has evolved from an integrated small-molecule CRDMO toward a multi-modality CRDMO, with a focus on deepening relationships with global pharmaceutical innovators and supporting molecules across their lifecycle.

Exhibit 7: SAI's end-to-end service offerings

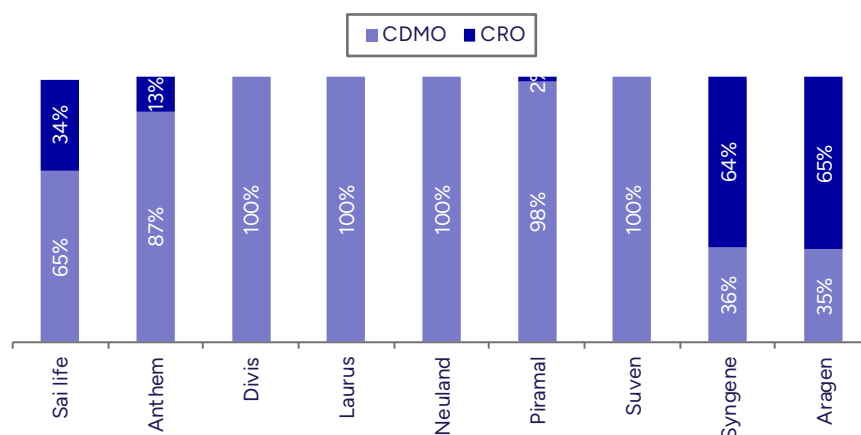


Source: Company, PL

CDMO/CRO mix at 60:40 in Q1FY27

SAI operates across discovery/CRO and CMC/CDMO, with capabilities spanning chemistry, biology, DMPK, toxicology and pharmacology, followed by process and analytical R&D, clinical supplies, commercial manufacturing and lifecycle management. In Q1FY27, CRO contributed to 40% of revenue and grew 24% YoY, while CDMO accounted for the remaining 60%. The company currently has 33 active commercial molecules and 14 late-phase molecules, providing a broad funnel across the drug development lifecycle. Integrated service delivery has expanded to ~65% of customers, strengthening SAI's ability to support molecules from discovery through commercialization.

Exhibit 8: CDMO–CRO mix: Peer set



Source: Company, PL

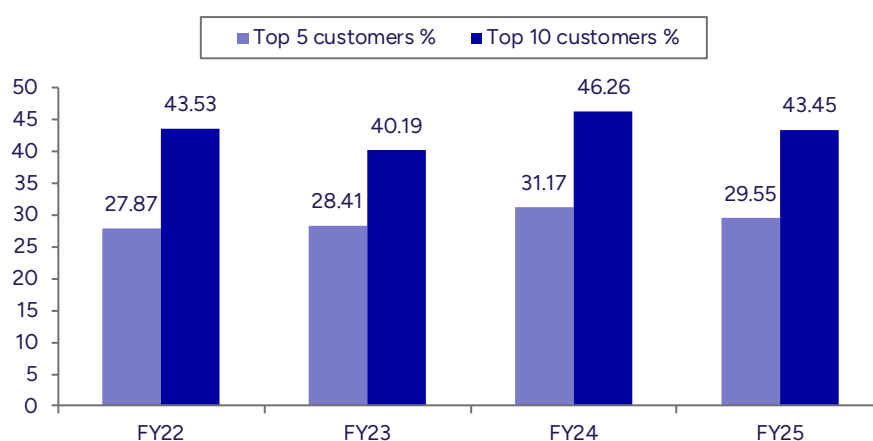
5 of 6 late-phase molecules added over the past 15 months, originate from large-pharma FTEs

SAI has built a differentiated FTE-led engagement model, particularly with large pharmaceutical customers, where dedicated teams work closely with clients over extended periods across discovery and development programs. These engagements provide greater visibility into customers' pipelines and create opportunities to expand into process development, clinical supply and commercial manufacturing as molecules progress. The model is increasingly translating into a stronger late-stage pipeline, with 5 of the 6 late-phase molecules added over the past 15 months originating from large-pharma relationships along with ongoing FTE engagements.

Repeat customers account for >90% revenue

The company has established a strong customer base across regulated markets, including the US, the UK, Europe and Japan, serving 300+ customers globally, including 19 of the top 25 global pharmaceutical companies. Customer relationships remain highly sticky, with average tenure of 11+ years among large pharmas and returning customers contributing to >90% of revenue in FY25 and FY26. SAI has also deepened its large-pharma franchise, with their contribution rising to 49% of revenue in FY26 from 28% in FY22, reflecting increasing engagement across the drug development lifecycle.

Exhibit 9: Customer concentration almost steady over years



Source: Company, PL

SAI's discovery and development laboratories located close to global innovation hubs – Boston and Manchester

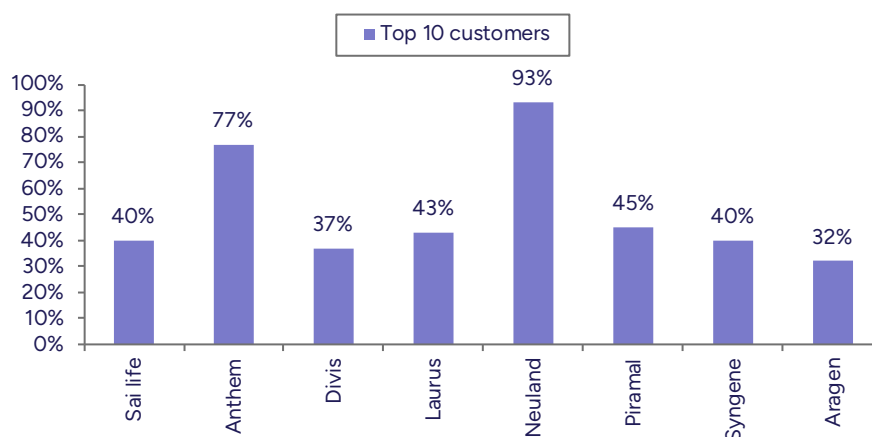
SAI has built a global delivery model, with discovery and development laboratories located close to major innovation hubs in Greater Boston and Manchester, UK, complemented by large-scale R&D and manufacturing infrastructure in India. This model enables the company to work closely with biotech and pharmaceutical customers during early stage development while leveraging India's cost-competitive manufacturing ecosystem for scale-up and commercialization.

Bidar sites support regulated-market and oncology APIs manufacturing

SAI has progressively strengthened its R&D and manufacturing infrastructure, with Unit II Hyderabad serving as an integrated discovery and CMC R&D campus, Unit III Bollaram focused on APIs and intermediates, and Unit IV and VI in Bidar supporting regulated-market APIs and oncology APIs, respectively. The company is further broadening its platform into peptides, ADCs/XDCs, oligonucleotides and formulations, including dedicated peptide development capabilities and a planned peptide manufacturing facility near Hyderabad.

With an integrated CRO-to-CDMO platform, global customer access, long-standing innovator relationships and a growing commercial and late-stage portfolio, SAI is increasingly positioned as a full-lifecycle, multi-modality partner to global innovators. Its ability to deepen engagements as molecules progress from discovery to clinical development and commercial supply, alongside increasing adoption by large pharma and expansion into new modalities, provides a strong platform for sustained growth.

Exhibit 10: Revenue dependence on key customers



Source: Company, PL

Exhibit 11: Milestones

Ye Year	Key developments
1999 to 2008	- Incorporated in 1999 as a medicinal chemistry partner to US biotech companies - Expanded into process R&D and small-scale manufacturing - Acquired Prasad Drugs (Unit III, Bollaram) and Merrifield Pharma (Unit IV, Bidar) - Expanded discovery capabilities to become an integrated discovery provider - Added 100kL capacity at Unit IV
2009 to 2013	- Strengthened Unit IV Bidar with USFDA-approved manufacturing capabilities - Expanded process and analytical R&D at Unit II Hyderabad
2014 to 2018	- Added biology capabilities, becoming a fully integrated discovery partner - Added 120kL and 170kL at Unit IV Bidar - Strengthened regulatory track record across USFDA and PMDA inspections
2019 to 2023	- Established R&D laboratories in Manchester, UK, and Greater Boston, US - Added HPAPI/oncology manufacturing capabilities at Unit IV Bidar - Strategic partnership with Schrödinger to enhance discovery science - Continued to build an integrated CRO-to-CDMO platform
2024 to Present	- Added U8 MedChem block with 200 fume-hood capacity - New process R&D block at Unit II Hyderabad, doubling process R&D capacity - Added capabilities in early phase peptides and clinical formulations - Expanded Unit IV Bidar capacity and acquired land for a new greenfield project at Choutuppal - Building capabilities in peptides, ADCs/XDCs, oligonucleotides and formulations

Source: Company, PL

Investment Rationale

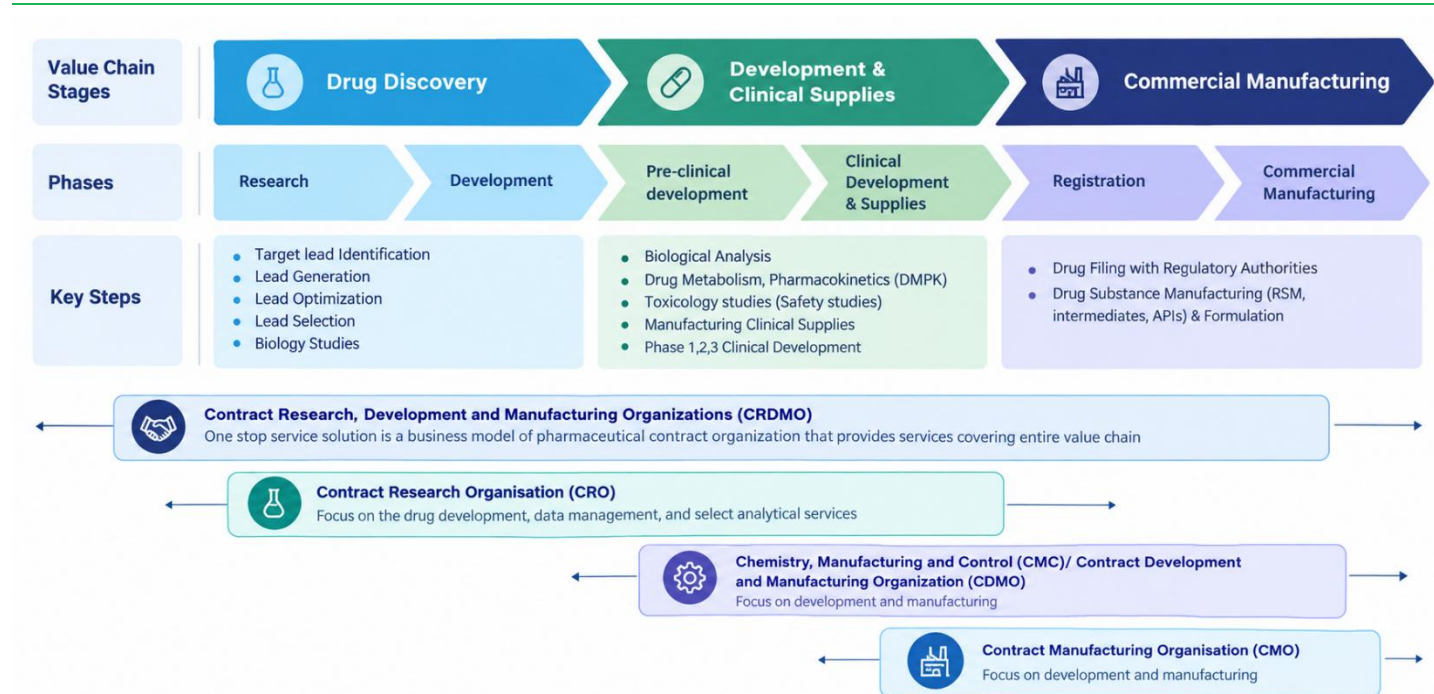
Integrated CRDMO enables end-to-end molecule commercialization

Integrated model supports client retention & wallet share gain

SAI combines discovery, development and manufacturing under one platform, creating multiple entry points across the drug-development lifecycle and enabling the company to retain successful molecules as they progress toward commercialization. The management has highlighted increasing traction for full-lifecycle engagements, including a large-pharma relationship that expanded from a smaller engagement into an end-to-end partnership spanning discovery to late-stage manufacturing. This is also reflected in the conversion of a pilot collaboration with a large pharmaceutical company into a long-term, high-volume discovery chemistry partnership, highlighting the potential to deepen relationships as customer programs scale. SAI also expects to transition 2 large-pharma customers to the integrated model in FY27E, while >90% of revenue comes from repeat customers, highlighting the high customer stickiness. Dedicated FTE development contracts are expected to remain an important differentiator in augmenting the pipeline of late-phase and commercial molecules, with another large-pharma FTE engagement in process development under negotiation. The economic benefit of this model will be reflected in revenue per commercial drug improving by FY28E, indicating potential for significantly higher wallet share as molecules mature.

FTE model strengthens late-stage pipeline

Exhibit 12: Broad capabilities across the molecule spectrum

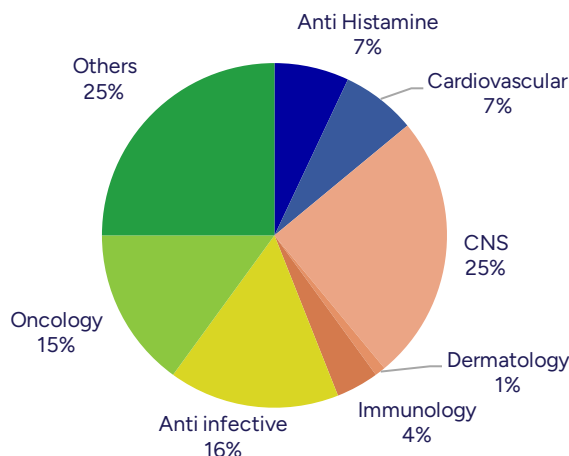


Source: Company, PL

3 of 4 new programs to enter commercial supply

SAI has also demonstrated its ability to convert development programs into commercial manufacturing opportunities. The CMC portfolio comprises 155 programs spanning IND through commercialization, while 6 late-phase molecules were added over the last 15 months, of which 5 came through large-pharma FTE relationships. This is supported by SAI's track record of contributing to 5 FDA-approved molecules in CY25 and 17 launches over the past 5 years. Of the 4 programs planned for this year, 3 are expected to move into commercial supply, providing further evidence of conversion from development into recurring manufacturing revenue.

Exhibit 13: Therapy-wise business exposure – FY26 (%)

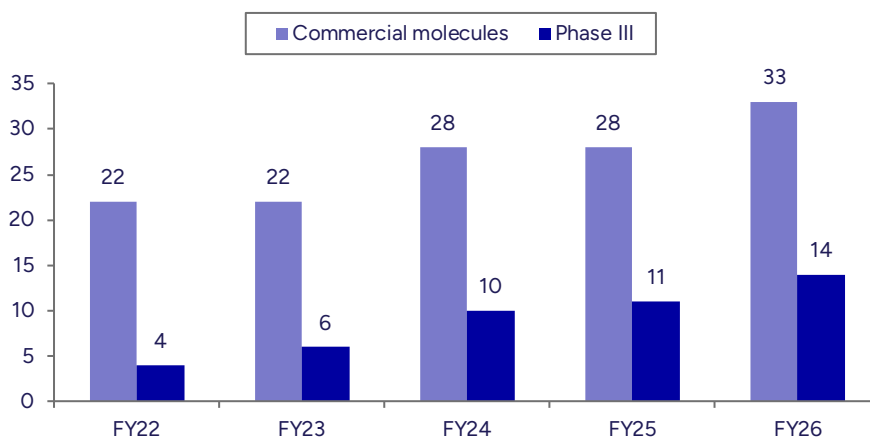


Source: Company, PL

Formulation capabilities to be commissioned in H2FY27E

The company is also adding formulation capabilities, with an oral-solid formulation facility for Phase I/II programs expected to be commissioned in H2FY27E, addressing the demand for an integrated offering spanning custom first-in-human APIs and drug products and enabling customers to accelerate development timelines. Increasing contribution from late-stage and commercial projects, including an oligonucleotide being validated for a large-pharma customer and another in Phase III, indicates that the integrated platform can translate pipeline progression into longer duration commercial supply opportunities.

Exhibit 14: Growing commercial and Phase III portfolio



Source: Company, PL

CDMO/CRO to clock ~23%/~16% CAGR in FY26-29E

The partnership with Agility Life Sciences and Centrix Pharma strengthens SAI's end-to-end CMC offering across drug development, clinical manufacturing, API manufacturing and formulations. It allows SAI to engage clients earlier in the development cycle, capture a larger share of project value, and improve its reach in the UK and EU through partners' local capabilities. The collaboration further supports SAI's positioning as an integrated, single-window CRDMO partner for biotech and pharma customers.

SAI's integrated platform provides multiple opportunities to carry molecules from discovery to commercial manufacturing, supporting higher wallet share as programs mature. Strong customer retention, increasing late-stage programs and proven conversion into commercial supply provide visibility for sustained CDMO growth. We expect SAI to deliver ~21% revenue CAGR over FY26-29E.

Deep pipeline and scalable discovery platform to support CDMO growth

33 commercial molecules and 14+ late-stage programs across key therapies

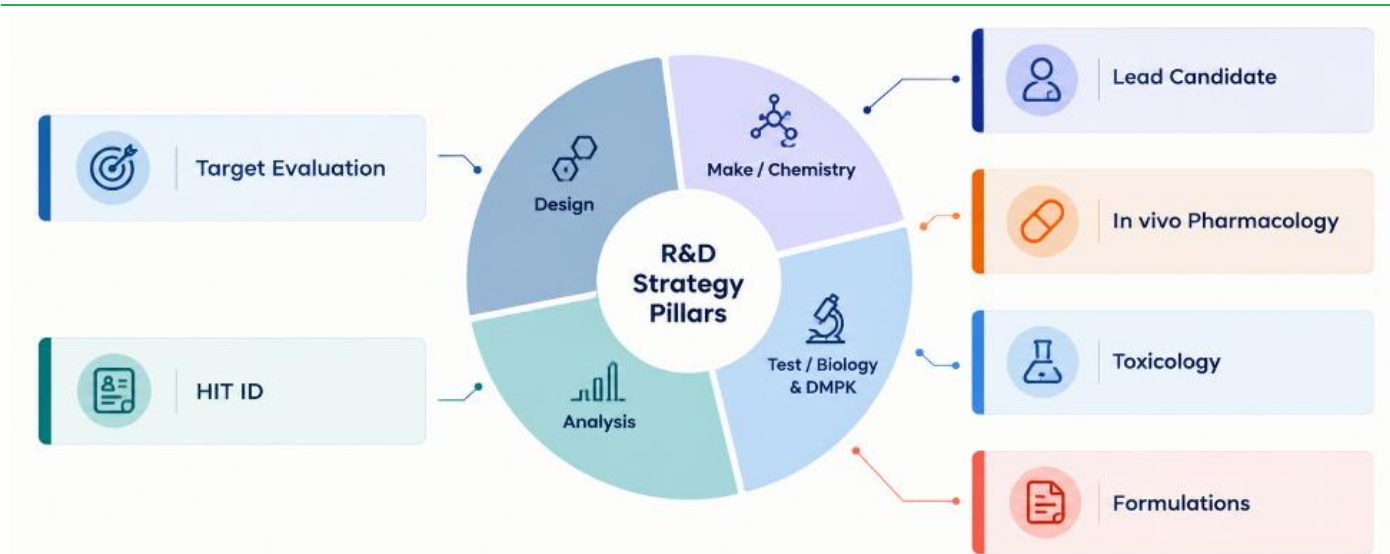
SAI has a broad and increasingly mature pipeline spanning 33 active commercial molecules, 14 late-phase molecules and 50+ programs across candidate nomination, IND and Phase I/II/III stages. With 5 molecules already progressing from discovery to market, the pipeline provides a combination of current commercial revenues, near-term late-stage opportunities, and longer duration programs that can feed future CDMO growth. Importantly, the pipeline is supported by biotech-to-pharma transfers, acquired molecules and FTE relationships transfer. Dedicated FTE development contracts are expected to remain an important source of late-phase and commercial molecules, with SAI also in discussions for another large-pharma FTE engagement on the process-development side. SAI has recently added 5 Phase III molecules, with 1 receiving regulatory approval in FY27, 2 achieving regulatory milestones, and another expected to achieve a milestone in Q2FY28E.

CDMO revenue growth is backed by continued traction in late-stage and commercial projects, while programs such as an oligonucleotide being validated for a large-pharma customer and another oligo in Phase III, provide visibility into future opportunities. This indicates that the pipeline is not only broad but is progressively maturing into higher value development and commercial programs. Of the 4 programs planned for this year, 3 are expected to move into commercial supply, providing further evidence of conversion from development into commercial manufacturing. The management expects revenue growth to accelerate in H2FY27E, supported by strong traction in existing projects, commercial ramp-up of 4 new molecules and additional capacity coming online. We believe it can deliver 15–20% revenue CAGR on overall revenue over the next 3–5 years.

>65% discovery customers use integrated services

Discovery is increasingly becoming the front end of this pipeline. Discovery platform's revenue has scaled at 30% CAGR over FY22–26, with >65% of customers using integrated services. SAI has expanded discovery beyond standalone chemistry into biology, DMPK, technology, automation and AI, while targeting the transition of at least 2 large-pharma customers to the integrated model. The company also added a large pharma customer on the chemistry CRO side during the quarter, further strengthening its pharma customer base. Its Boston and Manchester labs enable earlier engagement with customers in the innovation cycle, with potential to subsequently bring development and manufacturing work to India.

Exhibit 15: R&D value chain

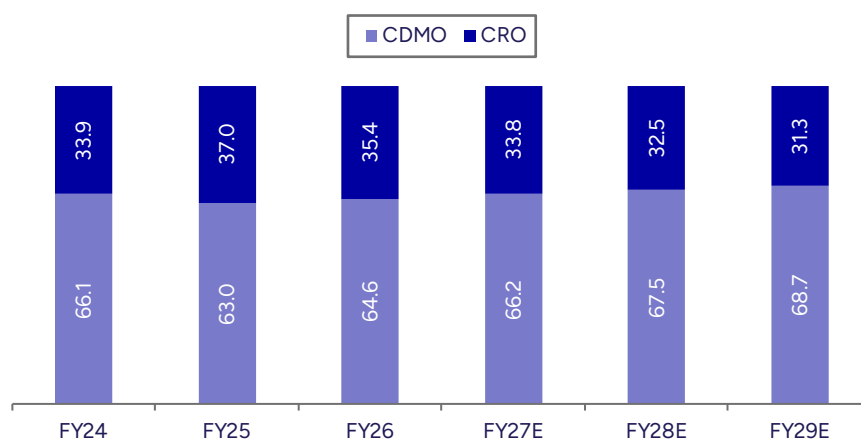


Source: Company, PL

Discovery gaining traction among large pharmas

The discovery business is also becoming more resilient. CRO revenue showed growth high double digit growth YoY over FY23-26 despite a challenging biotech funding environment, supported by a meaningful pharma presence in the customer base, onshore R&D hubs, and independent programs. This reduces dependence on biotech funding cycles and strengthens discovery's role as a sustainable funnel for future development and manufacturing opportunities. CRO revenue grew 25% YoY in Q1FY27, supported by pharma clientele, onshore R&D presence and independent programs. In Q1FY27, SAI also converted a pilot collaboration with a large-pharma customer into a long-term, high-volume discovery chemistry partnership, providing tangible evidence that discovery can generate larger and longer duration engagements. We expect the CDMO segment to grow at 23% CAGR over FY26-29E.

Exhibit 16: Favorable segmental mix



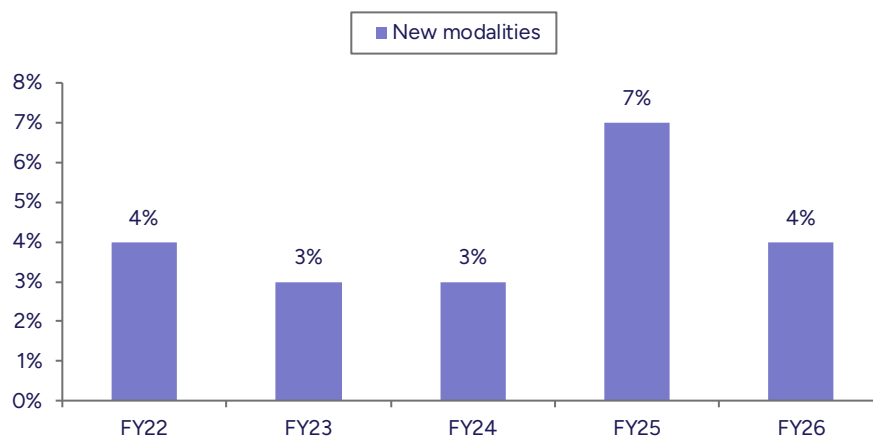
Source: Company, PL

Increasing focus on complex chemistry and next-gen modalities

Expanding into next-gen modalities

SAI is moving beyond its established small-molecule base into peptides, XDCs/ADCs, oligonucleotides, PROTACs/TPDs, CGTs and lipids, while strengthening capabilities in complex chemistry, HPAPIs and advanced process technologies. The company is building dedicated capabilities across discovery and development, including a center of excellence for peptides and XDCs each, alongside flow chemistry and continuous processing. While these newer modalities are in the discovery and development stages, SAI is building capabilities to support their progression toward commercial manufacturing over time. The peptide platform spans GLP-1s, macrocyclic peptides and peptide-drug conjugates, providing exposure across multiple peptide applications rather than being limited to a single modality.

Exhibit 17: New modalities contribute 5-7% of revenue base



Source: Company, PL

First dedicated peptide lab for a top-tier pharma to be commissioned in the near term

The new-modality strategy is increasingly moving beyond capability creation into development, scale-up and commercial validation. SAI is complementing peptide discovery with development and scale-up capabilities, with its first dedicated peptide development lab for a top-tier pharma customer expected to be commissioned in the near term. The peptide center of excellence is also being expanded to support both discovery and development, with clinic-scale peptide facilities expected in FY27E and a greenfield commercial peptide manufacturing facility near Hyderabad planned to be operationalized in FY28E.

ADC capabilities across payload, linker and conjugation

In XDC/ADCs, SAI is building discovery and CMC capabilities covering payload, linker and conjugation work across antibodies, peptides, PROTACs and oligonucleotides. The company has already undertaken ADC chemistry, bioconjugation and linker work with large-pharma/innovator customers. In oligonucleotides, SAI is validating a phosphoramidite process for a commercial program, while its advanced process capabilities are being demonstrated through the successful scale-up of a late-stage GMP intermediate using flow chemistry for a large pharmaceutical customer. SAI is also experimenting with continuous downstream operations, including extraction, distillation and crystallization, with the longer-term objective of applying these technologies in commercial manufacturing. These programs indicate that new modalities are gradually extending across the CRDMO value chain, from discovery into development and manufacturing, creating opportunities to participate in higher value programs as the molecules advance toward commercialization.

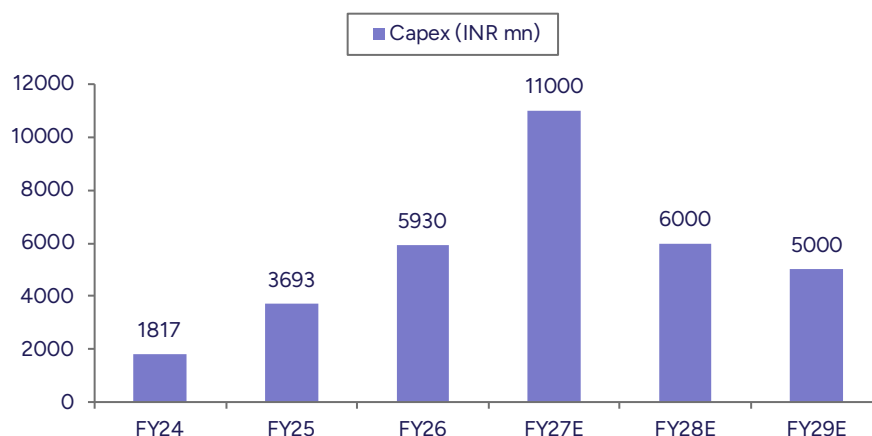
Capacity additions are aligned with the growth pipeline

New discovery capacity sold out on commissioning

SAI is expanding its discovery and manufacturing infrastructure through additional production capacity at Bidar, formulation capabilities and a planned greenfield manufacturing site for peptides near Hyderabad. The Hyderabad R&D facility was operationalized in Q1FY27, while the new Discovery capacity that came online in Q1 was already sold out, indicating strong underlying demand. The first 225kL Bidar production block remains on track, with ~225kL of additional capacity expected by the end of FY27E. Manufacturing capacity is being scaled from 700kL to 1,150kL by FY27E, providing additional headroom as programs progress from clinical development into commercial manufacturing.

Manufacturing capacity to touch 1,150kL by FY27E

Exhibit 18: Strong capacity addition planned over FY26-29E



Source: Company, PL

Announced INR11-13bn capex in FY27E

The recent capex is also being directed toward future growth areas, rather than being purely capacity-led. SAI spent INR2.6bn in Q1FY27 and remains on track for INR11–13bn of capex in FY27E, with investment directed toward R&D, manufacturing expansion and new-age modalities. The planned greenfield site near Hyderabad will also house commercial peptide manufacturing capacity, with SAI planning to break ground on the facility and operationalize it in FY28E, while a formulation facility for oral solids targeting Phase I/II programs is expected to be commissioned in H2FY27E. The formulation expansion is supported by demand for integrated offerings covering custom first-in-human APIs and drug products, allowing customers to accelerate development timelines. This indicates that infrastructure is being built ahead of the expected maturation of the development and new-modality pipeline, aligning capacity creation with future program requirements.

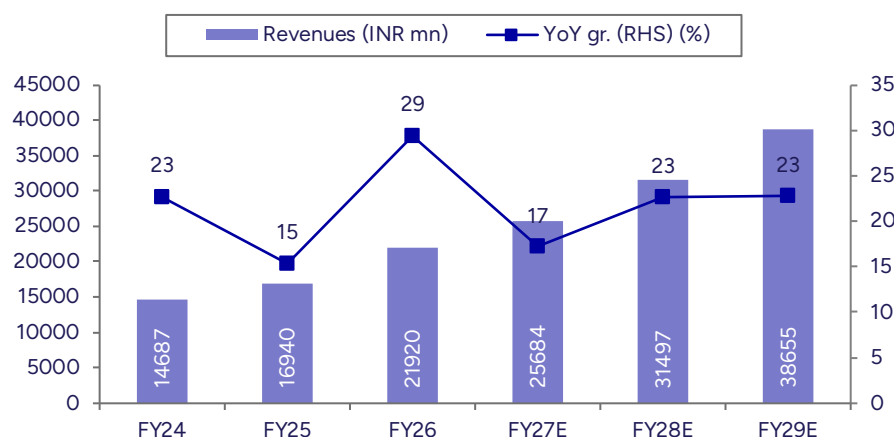
Financial Projections

Strong revenue growth outlook

Revenue to log ~21% CAGR over FY26-29E

SAL's growth over the next few years would be led by higher contribution from existing customer programs as they progress into later stages, alongside new molecule additions and increasing wallet share with established clients. The expansion of manufacturing capacities should support this progression, while the company's ability to stay involved across the molecule lifecycle can translate into larger revenue opportunities as programs mature. Recovery in biotech funding would provide an additional upside to discovery activity, although we do not factor a sharp recovery into our base case. We expect these factors to drive ~21% revenue CAGR over FY26-29E.

Exhibit 19: Revenue to grow at ~21% CAGR over FY26-29E



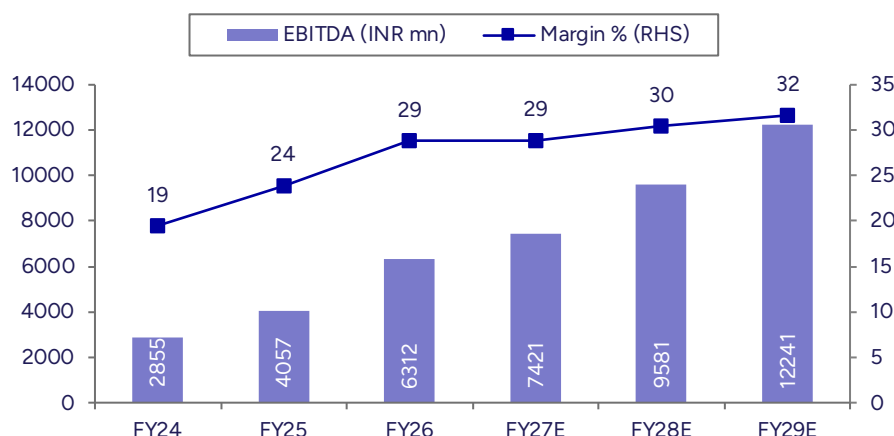
Source: Company, PL

Scope for margin expansion

29-32% EBITDA margin range

SAL's profitability has already moved up meaningfully, with EBITDA margin improving to ~29% in FY26 from ~24% in FY25, while EBITDA grew 56% and PAT more than doubled to INR3.55bn. We expect margins to remain in the 29–32% range as higher utilization of the expanded manufacturing base, increasing scale of commercial programs, and better absorption of employee and fixed costs offset the incremental costs associated with new capacity. With finance costs already structurally lower following the IPO-led debt reduction, we expect earnings growth to remain ahead of revenue growth over the forecast period. We expect 200-300bps improvement in EBITDA margin over the medium term, providing a reasonable floor to our profitability assumptions.

Exhibit 20: EBITDA to grow at ~25% CAGR over FY26-29E

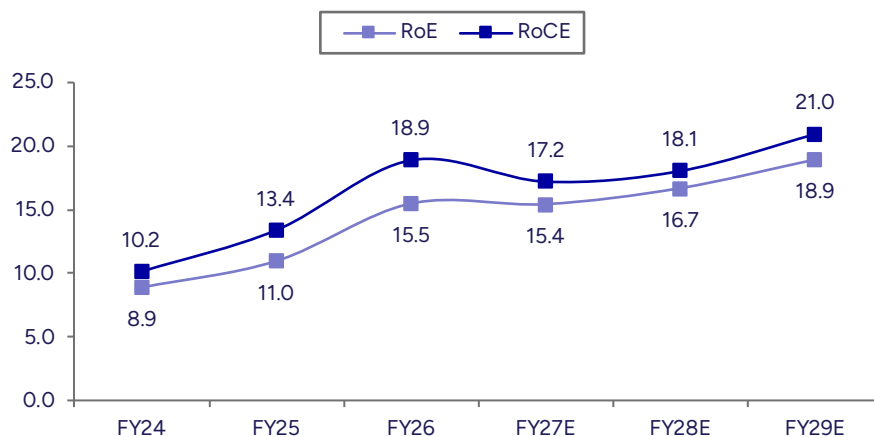


Source: Company, PL

RoCE improves to ~19% in FY26

The balance sheet provides SAI with sufficient flexibility to fund its next phase of capacity expansion. Debt has reduced sharply following the IPO repayment, while FY26 operating cash flow and profitability have strengthened the company's ability to support higher capex internally. The company incurred ~INR6.33bn of capex in FY26 and has planned INR11-13bn capex in FY27E, including the 1,150kL expansion and additional investments across development, discovery and new modalities. With capacity utilization still offering headroom, we expect incremental investments to translate into better asset productivity as new facilities ramp up. RoCE has already improved to ~19% in FY26 from ~14% in FY25, and we expect further improvement as earnings scale faster than the capital base.

Exhibit 21: Return profile remains strong



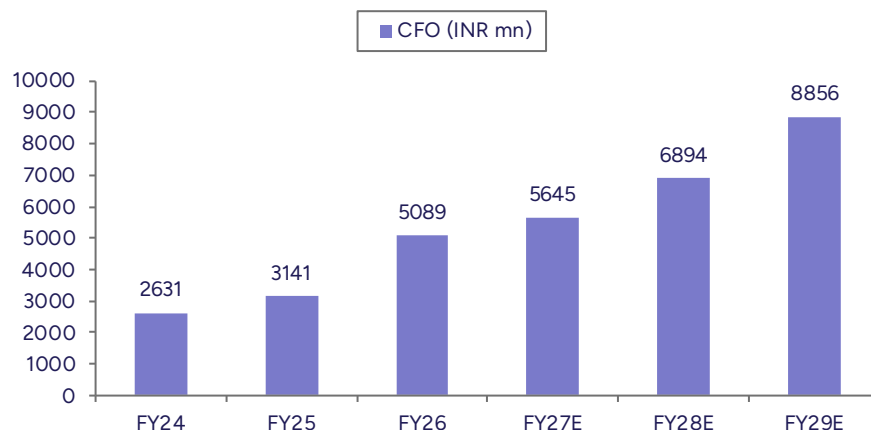
Source: Company, PL

Cash flow visibility remains

5-year Schrodinger contract provides CRO visibility

Over the last 5 years, SAI has invested ~INR9bn toward expanding capacities, capabilities and scientific talent, with gross fixed asset turns at 1.3x in FY24 versus the historical peak of 1.6–1.9x, leaving scope for better utilization of the existing asset base. The company has planned INR11–13bn of capex in FY27E, with ~450kL of additional capacity expected to come on stream by FY28E, providing headroom for the next leg of CDMO growth. In CRO, the 5-year Schrodinger contract signed in FY23 provides revenue visibility, while growth should also benefit from increasing project volume and customer engagement. CDMO growth should be supported by commercial molecule scale-up and new launches by partners, with the new capacity allowing SAI to accommodate larger programs as they progress. We expect ~23% revenue CAGR for CDMO and ~16% CAGR in CRO over FY26–29E, with improving utilization and operating leverage supporting faster EBITDA growth.

Exhibit 22: Operating cash flow to scale (INR mn)



Source: Company, PL

Valuations & Outlook

EBITDA to grow ~25% CAGR over FY26-29E

We expect SAI to deliver ~21% revenue CAGR over FY26–29E, with broad-based growth across CRO and CDMO. The CRO business should provide a steady base, supported by continued demand from large pharma's, while CDMO growth should be driven by the progression of its late-stage pipeline and increasing contribution from commercial molecules. With 14 late-stage molecules and a broader portfolio progressing through development, we see meaningful scope for commercialization-led growth over the medium term. The planned capex and capacity additions should support higher manufacturing volume and improve utilization as these programs scale up, providing operating leverage. We forecast ~25% EBITDA and ~26% PAT CAGR over FY26–29E, with margins and return ratios improving as the business scales. We therefore see SAI's combination of a stable CRO base, strong CDMO growth and increasing commercial contribution supporting sustained earnings outperformance versus listed CRDMO peers. At CMP, the stock is trading at ~29x EV/EBIDTA (Pre-INDAS) and ~48x P/E on Sept'28E. We value the company at 55x P/E on Sept'28E. We initiate coverage with 'BUY' rating and TP of INR1620/share.

Exhibit 23: Peer valuation

	Mcap (INR bn)	EV/EBITDA (x)		PE (x)		FY29 RoE (%)
		FY28E	FY29E	FY28E	FY29E	
Sai Life	292	31.5	24.4	55.8	41.4	18.9
Anthem Bio	454	35.9	29.9	52.0	43.3	20.1
Cohance Life	176	22.8	20.5	38.5	33.8	15.7
Syngene Int	156	13.5	11.2	33.3	25.4	10.1
Divis Lab	2441	46.8	36.5	67.2	50.9	19.8

Source: Company, PL

Key Risks

Biotech funding sensitivity

A meaningful portion of discovery and CMC/CDMO revenue is linked to biotech customers, which are more dependent on external funding and therefore more vulnerable during weak funding cycles. Program cancellations or shutdowns could create revenue volatility, although the company's diversified customer base provides some mitigation.

R&D & pipeline execution

The company's growth is dependent on successful progression of customer molecules through discovery and development. Failure of molecules, technical challenges or customer decisions to discontinue programs could result in loss of projects and limit the conversion of discovery engagements into longer term opportunities.

Regulatory & quality risk

Given its exposure to global pharmaceutical customers, SAI is subject to stringent customer audits as well as regulatory requirements across its manufacturing operations. Any significant compliance or quality issue could lead to project termination, additional costs and reputational damage.

Innovator & patent expiry exposure

Almost all manufacturing revenue is currently derived from products supplied to innovator pharmaceutical companies. Patent expiries could therefore result in lower customer demand or loss of volume, particularly where the underlying molecule faces generic competition.

Foreign currency exposure

A significant portion of the company's revenue is generated from international customers. Currency movements could therefore create volatility in reported revenue and profitability.

Board of Directors and Key Management Personnel

Exhibit 32: Board of Directors

Name	Designation	Experience
Kanumuri Ranga Raju	Chairman	Founded the company in 1999. Has 25years of experience with a background in pharmacy from the University of Mysore and Massachusetts College of Pharmacy, Boston
Krishnam Raju Kanumuri	MD & CEO	Holds an MBA from the University of Kansas and joined the company in 2004. Contributes to strategic growth and leadership
Surchita Sharma	Independent Director	Has over 22 years of experience in audit and finance. Was previously Partner at PWC and Director at BBSR & Associates LLP
Ramesh Ganesh Iyer	Independent Director	Has ~23 years of experience in financial services industry. Has worked with M&M Financial Services, Mahindra Manulife Investment Management and MFC Auto Parts, focusing on financial strategy and services
Rajagopal Srirama Tatta	Independent Director	Has 29+ years of experience in taxation. Has previously served as a Partner at PWC LLP and is a member of ICAI and AICPA

Source: Company, PL

Exhibit 33: Key Management Personnel

Name	Designation	Experience
Sivaramakrishnan Chittor	CFO	Responsible for strategic planning, operations, and financial management. Joined SAI in 2009 and was previously associated with Zavata as Senior VP , focusing on shared services
Runa Karan	Company Secretary	Has 18+ years of experience in company secretarial and legal compliance. Is a commerce and law graduate from Osmania University and a member of the Institute of Company Secretaries of India

Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Net Revenues	21,925	25,684	31,497	38,655
YoY gr. (%)	29.4	17.1	22.6	22.7
Cost of Goods Sold	5,709	6,935	8,662	10,630
Gross Profit	16,216	18,749	22,836	28,025
Margin (%)	74.0	73.0	72.5	72.5
Employee Cost	6,831	7,855	9,191	11,029
Other Expenses	3,074	3,473	4,064	4,755
EBITDA	6,312	7,421	9,581	12,241
YoY gr. (%)	55.6	17.6	29.1	27.8
Margin (%)	28.8	28.9	30.4	31.7
Depreciation and Amortization	1,669	1,864	2,206	2,491
EBIT	4,643	5,556	7,375	9,750
Margin (%)	21.2	21.6	23.4	25.2
Net Interest	392	334	596	596
Other Income	491	350	303	458
Profit Before Tax	4,742	5,573	7,082	9,612
Margin (%)	21.6	21.7	22.5	24.9
Total Tax	1,173	1,421	1,806	2,451
Effective Tax Rate (%)	24.7	25.5	25.5	25.5
Profit After Tax	3,569	4,152	5,276	7,161
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	3,489	4,152	5,276	7,161
YoY gr. (%)	105.1	19.0	27.1	35.7
Margin (%)	15.9	16.2	16.7	18.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,489	4,152	5,276	7,161
YoY gr. (%)	105.1	19.0	27.1	35.7
Margin (%)	15.9	16.2	16.7	18.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,489	4,152	5,276	7,161
Equity Shares O/s (mn)	212	212	212	212
EPS (INR)	16.5	19.6	24.9	33.8

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Non-Current Assets				
Gross Block	23,330	35,239	42,216	48,267
Tangibles	23,330	35,239	42,216	48,267
Intangibles	-	-	-	-
Acc: Dep / Amortization	5,243	7,107	9,314	11,805
Tangibles	5,243	7,107	9,314	11,805
Intangibles	-	-	-	-
Net Fixed Assets	18,087	28,132	32,902	36,462
Tangibles	18,087	28,132	32,902	36,462
Intangibles	-	-	-	-
Capital Work In Progress	2,766	2,766	2,766	2,766
Goodwill	-	-	-	-
Non-Current Investments	505	505	505	505
Net Deferred Tax Assets	(1,149)	(1,149)	(1,149)	(1,149)
Other Non-Current Assets	1,134	1,134	1,134	1,134
Current Assets				
Investments	-	-	-	-
Inventories	1,510	1,759	2,157	2,648
Trade Receivables	3,736	4,574	5,609	6,884
Cash & Bank Balance	1,109	1,511	832	3,040
Other Current Assets	6,241	6,865	7,552	8,307
Total Assets	36,261	48,419	54,734	63,137
Equity				
Equity Share Capital	212	212	212	212
Other Equity	24,625	28,777	34,052	41,213
Total Network	24,837	28,988	34,264	41,425
Non-Current Liabilities				
Long Term Borrowings	205	7,205	7,205	7,205
Provisions	-	-	-	-
Other Non Current Liabilities	1,599	1,599	1,599	1,599
Current Liabilities				
ST Debt / Current of LT Debt	746	746	746	746
Trade Payables	2,853	3,659	4,487	5,507
Other Current Liabilities	4,737	4,938	5,149	5,371
Total Equity & Liabilities	36,261	48,420	54,735	63,137

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
PBT	4,662	5,573	7,082	9,612
Add. Depreciation	1,669	1,864	2,206	2,491
Add. Interest	392	334	596	596
Less Financial Other Income	491	350	303	458
Add. Other	1,249	-	-	-
Op. Profit before WC Changes	7,972	7,771	9,884	12,700
Net Changes-WC	(2,494)	(705)	(1,185)	(1,393)
Direct Tax	(389)	(1,421)	(1,806)	(2,451)
Net Cash from Op. Activities	5,089	5,645	6,894	8,856
Capital Expenditures	(5,930)	(11,000)	(6,000)	(5,000)
Interest / Dividend Income	-	-	-	-
Others	1,976	-	-	-
Net Cash from Invst. Activities	(3,954)	(11,000)	(6,000)	(5,000)
Issue of Share Cap. / Premium	52	-	-	-
Debt Changes	(334)	7,000	-	-
Dividend Paid	-	-	-	-
Interest Paid	(108)	(334)	(596)	(596)
Others	(848)	(909)	(977)	(1,051)
Net Cash from Fin. Activities	(1,237)	5,757	(1,573)	(1,648)
Net Change in Cash	(102)	402	(679)	2,208
Free Cash Flow	(841)	(5,355)	894	3,856

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	5,375	5,565	6,021	5,543
YoY gr. (%)	35.7	26.5	3.9	11.7
Raw Material Expenses	1,401	1,280	1,617	1,449
Gross Profit	3,973	4,285	4,404	4,094
Margin (%)	73.9	77.0	73.1	73.9
EBITDA	1,458	1,879	1,765	1,480
YoY gr. (%)	43.0	56.9	12.0	22.4
Margin (%)	27.1	33.8	29.3	26.7
Depreciation / Depletion	397	441	453	459
EBIT	1,061	1,438	1,312	1,021
Margin (%)	19.7	25.8	21.8	18.4
Net Interest	94	97	78	76
Other Income	153	84	155	35
Profit before Tax	1,121	1,425	1,389	980
Margin (%)	20.8	25.6	23.1	17.7
Total Tax	282	338	350	247
Effective Tax Rate (%)	25.2	23.7	25.2	25.2
Profit After Tax	838	1,087	1,039	733
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	838	1,004	1,042	733
YoY gr. (%)	104.5	86.4	18.1	21.2
Margin (%)	15.6	18.0	17.3	13.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	838	1,004	1,042	733
YoY gr. (%)	(721.2)	144.8	93.6	(17.0)
Margin (%)	15.6	18.0	17.3	13.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	838	1,004	1,042	733
Avg. Shares O/s (mn)	-	-	-	-
EPS (INR)	4.0	5.2	5.0	3.5

Source: Company, PL

Key Financial Metrics

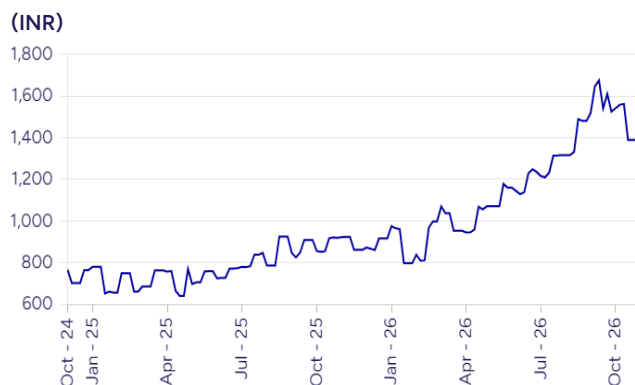
Y/e Mar	FY26	FY27E	FY28E	FY29E
Per Share (INR)				
EPS	16.5	19.6	24.9	33.8
CEPS	24.4	28.4	35.3	45.6
BVPS	117.3	136.9	161.8	195.6
FCF	(4.0)	(25.3)	4.2	18.2
DPS	-	-	-	-
Return Ratio (%)				
RoCE	19.2	17.7	18.6	21.3
ROIC	13.2	11.8	13.7	16.2
RoE	15.1	15.4	16.7	18.9
Balance Sheet				
Net Debt : Equity (x)	-	0.2	0.2	0.1
Net Working Capital (Days)	40	38	38	38
Valuation (x)				
PER	84.4	70.9	55.8	41.1
P/B	11.9	10.2	8.6	7.1
P/CEPS	57.1	48.9	39.3	30.5
EV/EBITDA	46.6	40.5	31.5	24.4
EV/Sales	13.4	11.7	9.6	7.7
Dividend Yield (%)	-	-	-	-
FCFF Yield (%)	-	(1.8)	0.3	1.3
PEG Ratio	0.8	3.7	2.1	1.2

Source: Company, PL

Notes

Notes

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
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Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Ajanta Pharma	BUY	3730	3570
2	Anthem Biosciences	BUY	850	887
3	Apollo Hospitals Enterprise	BUY	10000	7914
4	Aster DM Quality Care	BUY	920	685
5	Aurobindo Pharma	HOLD	1600	1682
6	Brigade Enterprises	BUY	785	554
7	Cipla	Accumulate	1450	1327
8	Divi's Laboratories	Accumulate	8600	9588
9	Dr. Reddy's Laboratories	Accumulate	1300	1204
10	Eris Lifesciences	BUY	1700	1146
11	Fortis Healthcare	BUY	1050	764
12	Global Health	BUY	1750	1301
13	HealthCare Global Enterprises	BUY	820	681
14	Indoco Remedies	Hold	325	225
15	Ipca Laboratories	BUY	2000	1939
16	Jupiter Life Line Hospitals	BUY	360	254
17	Krishna Institute of Medical Sciences	BUY	850	693
18	Lupin	Accumulate	2500	2013
19	Max Healthcare Institute	BUY	1150	902
20	Narayana Hrudayalaya	BUY	2350	1724
21	Oberoi Realty	BUY	2100	1676
22	Prestige Estates Projects	BUY	1800	1429
23	Rainbow Children's Medicare	BUY	1900	1240
24	Sun Pharmaceutical Industries	BUY	2150	1781
25	Sunteck Realty	BUY	520	278
26	Torrent Pharmaceuticals	BUY	5500	4716
27	Zydus Lifesciences	Accumulate	1200	1153

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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