



### **IPO Details:**

Sai Life Sciences Ltd is coming out with an IPO of about Rs. 3,042.62 cr consisting of 5,54,21,123 shares of face value of Re. 1 each in a price band of Rs. 522 – Rs. 549. The IPO comprises of fresh issue of Rs. 950.00 cr and an Offer for Sale of Rs. 2,092.62 cr by the promoter of the Company and some of the existing shareholders. The IPO opens on 11<sup>th</sup> December' 2024 and closes on 13<sup>th</sup> December' 2024.

### **Company Details:**

- An **innovator-focused** contract research, development and manufacturing organization (**CRDMO**) which provides end-to-end services across the drug discovery, development and manufacturing value chain for small molecule New Chemical Entities (NCEs) to global pharmaceutical innovator companies and biotechnology firms.
- One of the few CRDMOs which has **differentiated delivery model** of having research laboratories for discovery and development located near overseas innovation hubs at Watertown (Boston, USA) and Manchester (UK) and complemented by large-scale research laboratories and manufacturing facilities in **cost competitive locations** in India.
- Served more than **230** innovator pharmaceutical companies, including **18** of the top 25 pharmaceutical companies (in six months period ended Sep' 2024) across **regulated markets** of the USA, the UK, Europe and Japan.
- Its CDMO product portfolio includes more than **170** innovator pharmaceutical products, including **38** products that were supplied for manufacturing of **28** commercial drugs (which includes **7** blockbuster drugs – drug products with annual sales of over **US\$ 1 bn**).

### **Strength:**

- Strategic presence in innovation hubs like Boston, USA and Manchester, UK, **facilitates access** to latest research trends, talented global workforce and potential collaboration within innovation hubs.
- Company's manufacturing facilities have **received several regulatory approvals** from the US FDA, Pharmaceuticals and Medical Devices Agency, Japan and the state level drug control departments which are the arms of the Central Drug Standards Control Organization, India.
- Its globally accredited manufacturing and R&D facilities are supported by a qualified pool of **2,353 scientific staff**, with majority of the scientific team holding advanced degrees including **302 PhDs** and **1,475 master's degrees**.



- **Ability to provide end-to-end support** form discovery to commercialization enables the Company to provide its customers with benefits of speed, cost and innovation through continuity and relatively faster transition through the various phases of drug development.

#### **Growth Drivers:**

- **CRDMOs, who serve as outsourcing partners** to pharma innovators, are playing an increasingly prominent role in the pharma value chain, right from drug discovery to commercialization across multiple geographies.
- Global pharmaceutical companies are increasingly **outsourcing** R&D activities in order to control cost and improve their efficiency. As a result, overall penetration of the global R&D outsourcing services market has increased from **36.7%** in 2018 to **41.1%** in 2023 and is further expected to inch up to **46.6% by 2028**.
- Global CRDMO industry was estimated to be valued at about **US\$ 197 bn** in 2023 and is expected to grow at a CAGR of **9.1%** and reach the size of **US\$ 302 bn** by 2028.
- CDMO portfolio of the Company consists of **50** commercial and late phase products (as of 30<sup>th</sup> Sep' 24), which typically **offer higher potential** for return and a **stable** source of revenue.

#### **Objectives of Fund Raise – Fresh Issue of Rs. 950.00 cr:**

- Rs. 720 cr will be utilized towards repayment or prepayment in full or part of all or certain outstanding borrowings availed by the Company.
- Balance Funds will be utilized for general corporate purposes.

#### **Key Financial Highlights:**

##### **Sai Life Sciences Ltd (Rs. Cr)**

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY22	869.59	121.28	13.9%	6.23	0.34	3.2%	0.7%
FY23	1,217.14	164.93	13.6%	9.99	0.55	5.1%	1.1%
FY24	1,465.18	285.49	19.5%	82.81	4.53	10.3%	8.5%
H1 FY25	675.29	128.34	19.0%	28.01	1.49	3.9%	2.7%

- Operating Revenue of the Company has grown from Rs. 869.59 cr in FY22 to Rs. 1,465.18 cr in FY24, translating into CAGR of 29.8%.



- Ebitda margins has inched up from 13.9% in FY22 to 19.5% in FY24. In H1 FY25, Ebitda margins stood at 19.0%.
- Profits after tax of the Company has inched up from Rs. 6.23 cr in FY22 to Rs. 82.81 cr in FY24 on the back of sharp increase in Ebitda margins especially in FY24.
- Capital Efficiency of the business however is little weak with RoCE and RoE of the Company at 10.3% and 8.5% in FY24.

**Valuations:**

- At Upper end of the IPO price band of Rs. 549, Sai Life Sciences Ltd will be valued at about Rs. 11,418.63 cr.
- On M-Cap/Sales basis, Company will be available at 7.6x its TTM Operating Revenues of Rs. 1,498.12 cr while on EV/Ebitda basis, Company will be valued at 34.9x its TTM Ebitda of Rs. 349.33 cr.
- **CRDMO space has got significant growth potential going forward on the back of global pharmaceutical innovator companies continue to increase outsourcing R&D activities as they focus more on controlling their costs and improve efficiency. However, investments in Sai Life Sciences Ltd can be avoided considering relatively weaker operating and capital efficiency than the listed peers like Syngene Ltd which operates at margins of about 28% - 30% with RoCE and RoE of 15.4% and 12.0% respectively and is trading at EV/Ebitda (TTM) of 36.25x.**



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\*Long Term Investments could range from 3-5 years.