Make it better together

14 August 2025

To	To
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 NSE Scrip Symbol: SaiLife	**BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street Mumbai – 400001 BSE Scrip Code: 544306

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 – India Ratings & Research Pvt. Ltd. (Fitch Group Company) upgraded its ratings of the Company.

Dear Sir/ Madam,

Please find enclosed a Press Release issued by – India Ratings & Research Pvt. Ltd. (Fitch Group Company) in this regard which was intimated to the Company today on 14th August 2025 at 05:46 PM (IST)

Instrument Type	**Previous Size of Issue**	**Previous Rating Assigned along with Outlook/Watch**	**Current Size of Issue**	**Rating Assigned along with Outlook/Watch**	**Current Rating Action**
Bank loan facility	INR 11,800 million	IND A+/Stable/IND A1+	INR 7,690 million	IND AA-/Positive/IND A1+	Long-term rating upgraded; Short-term rating affirmed

We request you to take note of the same and oblige.

Thank you.

For **Sai Life Sciences Limited**

RUNA KARAN Digitally signed by RUNA KARAN Date: 2025.08.14 19:09:09 +05'30'

Runa Karan
Company Secretary & Compliance Officer
Membership No.: A13721

Encl: As above

India Ratings & Research
A Fitch Group Company

India Ratings Upgrades Sai Life Sciences's Bank Loans to 'IND AA-'; Outlook Positive

Aug 14, 2025 | Pharmaceuticals

India Ratings and Research (Ind-Ra) has upgraded Sai Life Sciences Limited's (SLS) long-term bank loan ratings to 'IND AA-' from 'IND A+' with a Positive Outlook. The detailed action is as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Bank loan facility	-	-	-	INR7,690 million (reduced from 11,800)	IND AA-/Positive/IND A1+	Long-term rating upgraded; Short-term rating affirmed

Analytical Approach

Ind-Ra continues to take the fully consolidated view of SLS and its wholly owned subsidiaries, Sai Life Sciences Inc., Sai Life Pharma Private Limited and Sai Life Sciences GMbH, to arrive at the ratings, as all companies operate under a similar line of business and have a common management.

Detailed Rationale of the Rating Action

The rating upgrade reflects a significant improvement in SLS's consolidated operational performance during FY25/1QFY26, led by strong revenue growth in its contract research organisation (CRO) business (26% yoy); its contract development and manufacturing organisation (CDMO) business also reported healthy growth led by supply chain realignment initiatives of global pharmaceutical companies. SLS has adequately diversified its business over the last five years with the discovery business contributing 37% to the revenue in FY25 (FY20: 24%); 71% of its total revenue comes from pharma customers. An improved utilisation of historical capex, coupled with a favourable business mix led to a significant improvement in SLS's EBITDA margin during FY25/1QFY26, which is likely to sustain in the near-to-medium term. Given the company's recent deleveraging initiatives with initial public offering (IPO) funds, Ind-Ra expects SLS to maintain a healthy net leverage over the near-to-medium term (SLS repaid INR7.2 billion during FY25).

The Positive Outlook reflects Ind-Ra's expectation of a substantial improvement in SLS's financial performance over the near-to-medium term, led by the optimum capacity utilisation of the historical capex, the improving contribution from its recently commercialised molecules and incremental capacity enhancement backed by a visibility of future orders.

List of Key Rating Drivers

Strengths

- Healthy business profile; strong clientele
- Supply chain realignment benefits accrue, despite a weakening funding scenario for biotech companies
- Improved financial performance in FY25; likely to remain healthy in near to medium term
- Improvement in credit metrics during FY25; likely to remain stable in medium term

Weaknesses

- Regulatory risks
- Evolving macroeconomic view
- Foreign currency risk

Detailed Description of Key Rating Drivers

Healthy Business Profile; Strong Clientele: SLS is a Hyderabad-based CRO/CDMO in the pharmaceutical sector with a significant presence in regulatory markets such as the US and Europe. It offers integrated services across the pharmaceutical life cycle from discovery services to the development and manufacturing of new chemical entities to global innovator pharmaceutical and biotechnology companies. In 25 years of its operations, the company has completed more than 300 discovery programmes, and more than 25 programmes had advanced to clinical phases (Investigational New Drug to Phase III) at end-FY25. SLS has a fully integrated in-house synthetic and medicinal chemistry, biology, drug metabolism and pharmacokinetics and toxicology. In terms of therapy, the company has worked on high value-added areas such as oncology and other key therapy areas include central nervous system, inflammation and antivirals. The company is now making further investments to deliver near term growth visibility as well as additional investments into other high growth modalities namely antibody-drug conjugate (ADCs) and oligonucleotides.

SLS has a diversified customer base and had provided its services to 18 out of the top 25 global pharmaceutical companies during FY25 (nine out of top 25 during FY19) by market capitalisation as well as several biotechnology companies. The top 10 customers contributed 50% to the revenue in FY25, with a vintage of over 10 years.

Supply Chain Realignment Benefits Accrue, despite a Weakening Funding Scenario for Biotech Companies: While the funding scenario for biotechs remained challenging in the US (29% of SLS revenues emanate from biotechs) during FY25, SLS has benefitted from supply chain realignment as large global customers started diversifying their business away from China, led by geopolitical issues. According to SLS's investor presentation of 1QFY26, a) its CDMO portfolio constituted 30 commercial molecules and six molecules are under phase III or pre-registration phase and b) in its CRO business, it has served more than 60 customers, for their integrated drug discovery programmes (29 in FY19).

Improved Financial Performance in FY25; Likely to Remain Healthy in Near-to-medium Term: The consolidated revenue grew 16% yoy to INR16,946 million in FY25 (FY24: INR 14,652 million, FY23: INR 12,171 million), driven by a robust demand across both CDMO and CRO segments. The CRO business reported strong growth of 38% yoy in 1QFY26 (FY24: 26%); the CDMO business also reported healthy growth of 113% yoy in (8%). SLS continues to benefit from its strong operating leverage, with the consolidated EBITDA improving to INR4,057 million in FY25 (FY24: INR2,855 million, FY23: INR1663 million). SLS had undertaken substantial capex of INR7.7 billion over FY22-FY25 which is beginning to yield tangible benefits, with capacity utilisation ramping up to 65%-70% in FY25 (FY23: 40%), driving operating leverage and margin expansion.

The EBITDA margins improved to 23.9% in FY25 (FY24: 19.5%, FY23: 13.7%), supported by an improved gross profit and a decline in the employee cost (as percentage of sales). The EBITDA margin was lower in FY22 and FY23, due to a higher one-time expense led by the shifting of a research and development centre to Hyderabad (Telangana) from Pune (Maharashtra), additional hiring of business development personnel at its Manchester laboratory and a negative operating leverage. Furthermore, there is an improvement in its return on capital employed (ROCE) to 12% in FY25 (FY24: 9%, FY23: 4%). The ROCE was supported by a better working capital management and better asset turnover. SLS is targeting a revenue CAGR of 15%-20% and EBITDA margins between 28% and 30% over three-to-five years. Ind-Ra expects SLS to maintain healthy operating EBITDA margins in the near-to-medium term.

During 1QFY26, the revenue improved 77% yoy to INR4,964 million (1QFY25: INR2,797 million). The overall EBITDA margins increased to 24.4% in 1QFY26 (1QFY25: 9.3%) on account of a strong business performance across the CRO and CDMO segments.

Ind-Ra notes SLS has taken provision of INR347 million during FY25 (FY24: nil) towards the contract assets on its books. The quantum of contract assets on its books stood at INR3,960 million in FY25 (FY24: INR2,970 million) and according to the management, in line with the contract signed with its customers. While the quantum of contract assets (% of CDMO revenues) is significant compared to Indian peers', Ind-Ra believes any future large write off shall remain a monitorable.

Improvement in Credit Metrics during FY25; Likely to Remain Stable in Medium Term: Following its IPO in December 2024, which raised INR9,500 million (pre-IPO expenses), SLS prepaid INR7,200 million in term loans, significantly improving its credit profile. The interest coverage (EBITDA/gross interest expenses) improved to 5.3x in FY25 (FY24: 3.3x, FY23: 2.1x) and the adjusted net leverage including unencumbered fixed deposits (total adjusted net debt/EBITDA) to nil in FY25 (2.6x, 4.4x). Ind-Ra expects the net leverage to remain below 1.5x in the near-to-medium term, despite its capex plans of INR7 billion during FY26-FY27.

Regulatory Risks: With over 90% of its revenue derived from regulated markets, SLS maintains a strong compliance track of handling United States Food and Drug Administration (USFDA) inspections. Being a preferred contract research and manufacturing services player for global pharma companies, SLS's manufacturing facilities have been inspected by these players on a regular basis. Despite the recent increase in USFDA scrutiny on all Indian manufacturing facilities, SLS has maintained its successful track record of regulatory inspection (USFDA- US; Pharmaceuticals and Medical Devices Agency, Japan). In the past 12 years, the company has faced 11 inspections with 100% success. However, the risk of future inspections continues. Ind-Ra notes SLS's key facilities may be due to inspections and any adverse outcomes will be a credit negative as a significant proportion of revenue may emanate from the same.

Evolving Macroeconomic Scenario: Over 29% of SLS's revenues comes from biotech companies, which are witnessing a soft funding environment led by higher interest rate scenario. Global economic uncertainties and cost-containment pressures are prompting pharmaceutical companies to reassess their research and development (R&D) investments. However, the focus is increasingly shifting toward outsourcing models, with significant growth in spending on contract research and manufacturing organisations. Ind-Ra observes global pharma players/biotech players may look to reduce their R&D spend, which may impact CRO/CDMO players.

Foreign Currency Risk: SLS derives 99% of its revenue in foreign currency, whereas a majority of its costs are incurred in the Indian rupee. Hence, the company is exposed to any adverse movement in foreign exchange rate. However, SLS takes a forward cover to hedge a part of its export revenue and receivables. This helps it to mitigate the forex risk to a certain extent.

Liquidity

Adequate: On a consolidated basis, SLS had maintained adequate liquidity with cash balances including unencumbered fixed deposits is INR3,723 million at FY25 (FY24: INR1,847 million), and no debt repayment obligations. The average month-end utilisation for its fund-based limits was 65% for the 12 months ended March 2025. The cash flow from operations improved to INR3,140 million in FY25 (FY24: INR2,631 million) on account of favourable changes in the working capital. Furthermore, the free cash flow turned negative at INR553 million in FY25 (FY24: INR814 million) due to a higher capex of INR3,693 million (INR1,817 million). Ind-Ra expects the free cash flow to remain muted over the near term, given the planned capex of INR7 billion.

Rating Sensitivities

Positive: Events that could, individually or collectively, lead to a positive rating action are:

- an improvement in the scale of operations while maintaining a healthy RoCE
- timely execution of the ongoing expansions
- a continued improvements in the business profile reflected in reduced product and client concentration
- an improvement in the share of revenue coming from pharmaceutical companies
- maintaining the net leverage below 1.5x on a sustained basis

Negative: A lower-than-Ind-Ra-expected improvement in the scale of operations or a decline in the EBITDA margins and/or higher-than-expected large debt-funded capex, leading to the net leverage increasing above 1.5x, all on a consolidated and sustained basis, could lead to the Outlook being revised back to Stable.

Any Other Information

Standalone Performance: SLS's standalone revenue was INR16,420 million in FY25 (FY24: INR14,187 million), EBITDA was INR3,904 million (INR2,866 million), EBITDA margin was 23.7% (20.2%), interest coverage was 5.6x (3.6x) and net leverage was negative 0.1x (2.5).

About the Company

SLS was incorporated in January 1999 as a medicinal chemistry, and later in 2002 expanded its service offerings to include process research development services. In 2005, the company entered into contract manufacturing services with the acquisition of Prasad Drugs Limited, followed by the acquisition of Merrifield Pharma Private Limited (USFDA-approved unit) in Bidar in Karnataka in 2006 for expanding manufacturing capabilities.

Key Financial Indicators

Particulars (Consolidated)	1QFY26	FY25	FY24
Revenue (INR million)	4,964	16,946	14,652
EBITDA (INR million)	1,209	4,057	2,855
EBITDA margin (%)	24.4	23.9	19.5
Gross interest coverage (x)	9.8	5.3	3.3
Net leverage (x)	-	0.0	2.6
Source: SLS; Ind-Ra			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (million)	Rating	15 May 2024	22 September 2023	28 February 2023
Issuer rating	Long-term	-	-	-	WD	IND A/Stable
Bank loan facility	Long-term/Short-term	INR7,690 million	IND AA-/Positive/IND A1+	IND A+/Stable/IND A1+	-	IND A/Stable/IND A1

Bank wise Facilities Details

The details are as reported by the issuer as on (14 Aug 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	State Bank of India	Fund Based Working Capital Limit	1550	IND AA-/Positive/IND A1+
2	State Bank of India	Non-Fund Based Working Capital Limit	700	IND A1+
3	IndusInd Bank Limited	Fund Based Working Capital Limit	960	IND AA-/Positive/IND A1+
4	IndusInd Bank Limited	Non-Fund Based Working Capital Limit	434	IND A1+

5	ICICI Bank	Fund Based Working Capital Limit	250	IND AA-/Positive/IND A1+
6	Kotak Mahindra Bank	Fund Based Working Capital Limit	220	IND AA-/Positive/IND A1+
7	Kotak Mahindra Bank	Non-Fund Based Working Capital Limit	200	IND A1+
8	State Bank of India	Non-Fund Based Working Capital Limit (CEL)	56	IND A1+
9	HDFC Bank Limited	Fund Based Working Capital Limit	400	IND AA-/Positive/IND A1+
10	HDFC Bank Limited	Non-Fund Based Working Capital Limit	100	IND A1+
11	ICICI Bank	Non-Fund Based Working Capital Limit	340	IND A1+
12	IndusInd Bank Limited	Non-Fund Based Working Capital Limit (CEL)	50	IND A1+
13	ICICI Bank	Non-Fund Based Working Capital Limit (CEL)	80	IND A1+
14	Axis Bank Limited	Fund Based Working Capital Limit	650	IND AA-/Positive/IND A1+
15	Axis Bank Limited	Non-Fund Based Working Capital Limit	100	IND A1+
16	DBS Bank India Limited	Non-Fund Based Working Capital Limit	50	IND A1+
17	Bank of Baroda	Fund Based Working Capital Limit	920	IND AA-/Positive/IND A1+
18	Bank of Baroda	Non-Fund Based Working Capital Limit	80	IND A1+
19	DBS Bank India Limited	Fund Based Working Capital Limit	550	IND AA-/Positive/IND A1+

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facility	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

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About India Ratings

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

The Rating Process

Parent and Subsidiary Rating Linkage

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