

02.09.2025

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	To BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street Mumbai - 400001 BSE Scrip Code: 544306
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Dear Sir,

Subject: (i) Resolutions No. 2 and 6: Re-appointment of Dr. Ranga Raju Kanumuri ("Dr. Ranga Raju") as a director liable to retire by rotation and approval for revision in remuneration payable to Dr. Ranga Raju as WTD of Sai Life Sciences Company; (ii) Resolution No. 3: Appointment of M/s. P S Rao and Associates, practicing company secretaries as the secretarial auditors of the Company and to approve their remuneration; and (iii) Resolutions No. 4 and 5: Re-appointment of Mr. Krishnam Raju Kanumuri ("Mr. Krishnam Raju") as MD and CEO of the Company and approval for revision in remuneration payable to Mr. Krishnam Raju as MD and CEO of the Company.

With reference to the resolutions proposed to be passed at the 26th annual general meeting of the Company, as set out in notice dated August 7, 2025 ("Notice") for the captioned matter, and the voting recommendations issued by the proxy advisory firms, Stakeholders Empowerment Services ("SES"), and Institutional Investor Advisory Services ("IIAS") in relation to such resolutions, Sai Life Sciences Limited ("Company" or "we") would like to disclose that the Company has provided certain clarifications / comments to SES and IIAS, as set out in the below annexures.

This is for your information and records.

Thank you.

For Sai Life Sciences Limited

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

Sai Life Sciences Limited (CIN: L24110TG1999PLC030970)

Corporate office

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Annexure A

Response issued to SES

Sai Life Sciences (“Company” or “we”) has received the proxy advisory report from Stakeholders Empowerment Services (“SES”) dated August 30, 2025 (“Report”) setting out your voting recommendations in relation to the resolutions proposed to be passed at the 26th annual general meeting of the Company, as set out in the notice dated August 7, 2025 (“Notice”).

We note that you have recommended voting ‘AGAINST’ the resolutions:

1. Resolutions no. 2 and 6: Re-appointment of Dr. Ranga Raju Kanumuri (“**Dr. Ranga Raju**”) as a director liable to retire by rotation and approval for revision in remuneration payable to Dr. Ranga Raju as whole-time director (“WTD”) of the Company.
2. Resolution No. 3: To appoint M/s. P S Rao and Associates, practicing company secretaries as the secretarial auditors of the Company and to approve their remuneration.
3. Resolutions no. 4 and 5: Re-appointment of Mr. Krishnam Raju Kanumuri (“**Mr. Krishnam Raju**”) as managing director (“MD”) and chief executive officer (“CEO”) of the Company and including remuneration and approval for revision in remuneration payable to Mr. Krishnam Raju as MD and CEO of the Company.

At the outset, in relation to SES’s concern on Ms. Suchita Sharma being the chairperson of both the audit committee (“AC”) and the nomination and remuneration committee (“NRC”) of the Company, we would like to clarify that the NRC was reconstituted (with effect from August 7, 2025) prior to this concern being raised, with the Company’s website being updated post that. The Company has appointed Mr. Ramesh Ganesh Iyer as the new chairperson of the NRC, and Ms. Suchita Sharma, along with Mr. Dinesh V Patel, are the other members of the NRC. The details of the committees, including the NRC, are provided on the Company’s website (accessible [here](#)). Accordingly, Ms. Suchita Sharma now serves only as the chairperson of the AC. The concern as identified by SES there being a concentration of committee leadership roles between the NRC and the AC has already been addressed.

In relation to the above recommendations, we would like to submit the following clarifications / comments:

Resolutions No. 2 and 6: Re-appointment of Dr. Ranga Raju as a director liable to retire by rotation and approval for revision in remuneration payable to Dr. Ranga Raju as WTD of the Company.

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1. We note that you have recommended voting 'AGAINST' the above-mentioned resolutions based on the ground that Dr. Ranga Raju holds a combined position of both an executive director ("ED") (i.e., in the instant case the role of a WTD of the Company) & the chairman.
2. In this regard, please find below our response:
 - (i) We note that SES has not identified any statutory or other regulatory concerns with regard to these resolutions, including Dr. Ranga Raju's profile, time commitments, attendance and proposed remuneration and has voted 'AGAINST' the said resolution, purely from a governance standpoint as he is proposed to continue to hold the combined position of a WTD and chairman of the Company.
 - (ii) In this regard, as also noted by SES in the Report, there is no legal restriction on a single individual holding the positions of chairman and ED (MD/WTD), both under the Companies Act, 2013 ("**Companies Act**") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**"). Please note that the Securities and Exchange Board of India ("**SEBI**") initially advocated for the separation of chairman and MD positions following the Uday Kotak committee's corporate governance recommendations in 2017. This initiative was designed to strengthen corporate governance by mitigating the concentration of authority within a single individual. Subsequently, SEBI LODR Regulations, 2015 was amended in May 2018 mandating with effect from April 1, 2020, the separation for the top 500 (five hundred) listed companies, with the Chairperson was required to be non-executive and unrelated to MD / CEO.
 - (iii) Thus, SEBI established an initial compliance deadline of April 1, 2020, which was subsequently extended to April 1, 2022. However, in a significant policy reversal on February 15, 2022 (accessible [here](#)), SEBI transformed this requirement from mandatory to voluntary for top 500 (five hundred) listed companies, citing widespread non-compliance across the market. This regulatory shift demonstrates SEBI's recognition that unified leadership roles do not inherently compromise corporate governance standards, especially in the Indian business environment. We would also like to highlight that currently the Company does not fall within top 500 (five hundred) companies as per market capitalisation as on March 31, 2025 and even today.
 - (iv) Many of the top 10 (ten) listed companies by market capitalization in India, in fact, have the positions of chairman and MD held by the same individual. This is also true for numerous companies within the top 500 (five hundred). These companies have demonstrated that they can function effectively, operate profitably, and maintain their status as market leaders. Therefore, the notion that governance standards will not be adhered to under a combined role is not

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substantiated by the performance and governance practices of these leading companies.

- (v) It is also pertinent to mention that various leading financial institutions globally, such as JP Morgan Chase & Co, Bank of America, BlackRock, Goldman Sachs, State Street, and many of the largest companies in the world such as Microsoft, Meta, LVMH, Exxon Mobil, McDonalds, etc. have the same individual serving in a dual capacity of chairman and CEO/MD (executive positions). These institutions have thrived under such leadership structures, further demonstrating that the combined role can be effective and beneficial.
- (vi) These above-mentioned organisations along with various others have achieved exceptional performance and market leadership under such governance frameworks. The success of these globally recognised institutions across diverse sectors validates the effectiveness of unified leadership models.
- (vii) Unified leadership structures enable enhanced decision-making agility and organisational responsiveness. Combining the roles of MD/WTD/CEO and chairperson of the board of directors (“**Board**”) can lead the company towards greater financial growth and economic stability. The dual-purposed leader, with a more cohesive leadership approach, can streamline activities and processes for the betterment of the organization. This integration enables faster strategic pivots, improved operational efficiency and stronger organisational alignment, during critical growth phases. For the Company, this unified approach has proven particularly valuable given Dr. Ranga Raju’s foundational role in building the Company and absence of Dr. Ranga Raju from the Board of the Company may have significant adverse impact on shareholder value.
- (viii) Moreover, the effectiveness of our current leadership structure is evidenced by our strong financial performance and successful market positioning. Our successful initial public offering as well as these metrics validate that our unified leadership approach has delivered tangible value to stakeholders while maintaining robust governance standards. Pursuant to the re-appointment, the Company will continue to draw from the Dr. Ranga Raju’s experience and expertise.

Resolution No. 3: To appoint M/s. P S Rao and Associates, practicing company secretaries as the secretarial auditors of the Company and to approve their remuneration.

1. We note that you have recommended voting ‘AGAINST’ the above-mentioned resolutions on the following grounds:
 - (i) Non-disclosure of credentials and proposed audit fee payable to M/s. P S Rao and Associates (non-compliance with Regulation 36(5) of the SEBI LODR Regulations); and

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- (ii) Non-disclosure of remuneration of outgoing auditor, thereby, non-ascertainment of material change, if any, in relation to the proposed audit fee payable to M/s. P S Rao and Associates.

2. In this regard, please find below our response:

- (i) M/s. P S Rao and Associates, is a practicing company secretary firm that is actively engaged in rendering secretarial, legal and other consultancy services to various companies.
- (ii) Please note that the appointment of M/s. P S Rao and Associates is proposed to be made in accordance with Section 204 of the Companies Act and Regulation 24A of the SEBI LODR Regulations. Moreover, the AC which consists of independent directors have, after due consideration to credentials, professional competence and independence of M/s. P S Rao and Associates,, collectively recommended the appointment of M/s. P S Rao and Associates, for a period of 5 (five) financial years i.e. for the financial year April 1, 2025 to March 31, 2030, subject to continued compliance with eligibility and independence conditions. The Board of the Company based on the recommendation of the AC have recommended the proposed appointment of M/s. P S Rao and Associates.
- (iii) Further, based on the concerns raised by you in relation to adequate disclosures not being made as per Regulation 36(5) of the SEBI LODR Regulations, we have outlined below the requisite disclosures:

Particulars	Amounts
Name of the proposed secretarial auditor	M/s. P S Rao and Associates
Whether auditors' eligibility for appointment disclosed?	Yes
Has the audit committee recommended the tenure?	Yes
Basis of recommendation of appointment / credentials of the auditor	M/s. P S Rao and Associates is a firm of Company Secretaries in Practice (ICSI Unique Code: P2001TL078000) and holding Peer Review Certificate no.: 6678/2025 issued by the peer review board of The Institute of Company Secretaries of India ("ICSI"). The firm has an expertise in handling secretarial audits, company law matters, due diligence, corporate compliance management, representation service and compliance frameworks for companies

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	<p>across various sectors including listed entities and start-ups.</p> <p>The appointment of M/s. P S Rao and Associates as the Secretarial Auditor of the Company is being recommended based on their compliance with the eligibility criteria and qualifications as prescribed under the Companies Act read along with the rules made thereunder, SEBI LODR Regulations and relevant notifications and circulars issued by SEBI and ICSI from time to time in this regard. The AC and Board has recommended appointment taking into account the credentials of the firm, including the qualifications and experience of its proprietor, its capability and resources, past experience in conducting secretarial audit and an independent assessment of the quality of audit work previously undertaken by the firm.</p> <p>Accordingly, recommendation for their appointment as Secretarial Auditor is based on their proven track record and ability to deliver quality secretarial audit services to companies of comparable size and complexity.</p>
Proposed audit fee payable	INR 4,00,000 (Indian Rupees Four Lakhs only) per annum plus applicable taxes and other out of pocket expenses incurred in connection with the secretarial audit for financial year ending March 31, 2026, and for subsequent year(s) of their term at such fee as may be decided by the Board in consultation with the Secretarial Auditor, subject to recommendation by the Audit Committee.
Proposed Terms	5 (five) years i.e. April 1, 2025 to March 31, 2030, subject to continued compliance with eligibility and independence conditions.
Name of the outgoing auditor	M/s DSMR & Associates
Fee paid to outgoing auditors	INR 1,45,000 (Indian Rupees One Lakh Forty Five Thousand only) per annum plus

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	applicable taxes, and other out of pocket expenses incurred in connection with the secretarial audit.
Material change in fee payable	<p>There is a difference of INR 2,55,000 (Indian Rupees Two Lakhs Fifty Five Thousand only) per annum, in the audit fee for the proposed secretarial auditor as compared to the outgoing auditor. The Company was an unlisted entity during the financial year 2024-25, and the scope of Secretarial Audit was limited to compliance under the Companies Act. Accordingly, the remuneration paid to M/s DSMR & Associates was aligned with the nature and extent of work applicable to an unlisted company.</p> <p>Following the Company's listing, the regulatory framework has expanded significantly. The Company is now required to comply with the provisions of the SEBI LODR Regulations, in addition to the Companies Act. The proposed remuneration for M/s P S Rao & Associates is commensurate with the enhanced scope, complexity, and regulatory expectations applicable to a listed company.</p>

(iv) In light of the above, we respectfully request you to kindly reconsider your voting recommendation, as the appointment aligns with regulatory norms and has been made in a fair and transparent manner.

Resolutions No. 4 and 5: Re-appointment of Mr. Krishnam Raju as MD and CEO of the Company and approval for revision in remuneration payable to Mr. Krishnam Raju as MD and CEO of the Company

1. We note that you have recommended voting 'AGAINST' the above-mentioned resolutions based on the ground that the proposed remuneration is excessive in nature while no specific concern has been raised in relation to his re-appointment. In relation to the same, you have stated that:
 - (i) if paid at the maximum limit, Mr. Krishnam Raju's total proposed remuneration, including variable pay, could reach approximately INR 32,00,00,000 (Indian Rupees Thirty Two Crores only) and have considered this amount to be excessive in light of the current size and performance of the Company;

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- (ii) the proposed remuneration appears disproportionately high when compared to Mr. Sivaramakrishnan Chittor ("**Mr. Chittor**"), ED of the Company, who has been proposed a salary of only INR 17,11,930 (Indian Rupees Seventeen Lakhs Eleven Thousand Nine Hundred Thirty only) per month without any disclosed variable pay component, despite being of similar age and having sufficient experience; and
- (iii) given that the Company has only recently been listed, the Company should first establish a track record of consistent performance before proposing such significant remuneration levels, notwithstanding the disclosure that the variable component will be linked to specified performance parameters.

2. In this regard, please find below our response:

- (i) The proposed remuneration of Mr. Krishnam Raju is aligned with his overall performance demonstrating significant value creation to the shareholders since his appointment in the year 2020 as well as the Company's overall performance.
- (ii) Under Mr. Krishnam Raju's leadership, the Company's total shareholder return (TSR) has been at an impressive 591% (five hundred and ninety one percent) from the date of the last external investment till July 30, 2025. The Company's valuation increased during this period from INR 25 billion (Indian Rupees Twenty Five Billion) to INR 172.83 billion (Indian Rupees One Hundred and Seventy Two point Eight Three Billion only). Specifically, the per share price of the company has increased from the initial public offering price of INR 549 (Indian Rupees Five Hundred and Forty Nine only) to INR 846.3 (Indian Rupees Eight Hundred Forty Six point Three only) on July 30, 2025 resulting in a shareholder wealth creation of INR 57.83 Billion (Indian Rupees Fifty Seven point Eight Three Billion only) in a period of less than 7 (seven) months.
- (iii) Your assessment appears to overlook the robust dual cap structure that governs Mr. Krishnam Raju's performance linked incentive ("**PLI**"). There are 2 (two) distinct and concurrent caps on his PLI: (i) PLI eligibility is limited to between 3.25% (three-point two five percent) to 3.5% (three point five percent) of the Company's net profits (calculated as per Section 198 of the Companies Act, 2013 and as per audited financials for each year) on 100% (one hundred percent) achievement of the defined performance parameters set by the NRC and the board of directors ("**Board**") of the Company for that fiscal year; and (ii) the overall PLI cannot exceed 300% (three hundred percent) of his proposed fixed salary. Both these parameters must be met concurrently, ensuring that the PLI is both performance-linked and capped at reasonable levels. This dual-cap structure provides comprehensive protection against excessive payouts and ensures that high variable compensation is only paid when the Company

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delivers exceptional performance that directly benefits shareholders, evidenced through the net profits achieved by the Company during the relevant financial year during the tenure. We also note that you have stated that the maximum remuneration that can be paid to Mr. Krishnam Raju basis the above 300% (three hundred percent) limit would be INR 32,00,00,000 (Indian Rupees Thirty Two Crores only). In this regard, please note that such an amount would still be subject to the limits set out above on the net profits (i.e. upto 3.5% of the net profits of the Company). Therefore, for such a payout, the Company's net profits would have to be at least INR 670,00,00,000 (Indian Rupees Six Hundred and Seventy Crores only).

- (iv) As the approval is forward-looking for a period of 5 (five) years, the performance parameters for the PLI are comprehensively laid down and disclosed in detail in the Notice, to ensure complete transparency and accountability. As you may note, the proposed remuneration includes detailed disclosure with performance evaluation based on environmental, social, and governance (ESG) factors and comprehensive malus and clawback provisions. This provides shareholders with complete visibility into the performance metrics that will determine variable compensation and demonstrates the Company's commitment to responsible remuneration practices.
- (v) Moreover, Mr. Krishnam Raju's significant portion of variable pay is linked to annual business plan of the Company ("**ABP**") and key strategic parameters, as detailed in the Notice. The indicative PLI parameters includes the following:

No.	Indicative Parameters	Weightage
1.	Achievement against Annual Business Plan for Consolidated Operating Revenue / Customer growth potential	Up to 40% (forty percent)
2.	Achievement against Annual Business Plan for Consolidated Profit (EBITDA / PBT/ PAT) and/or Return on Capital Employed	Up to 40% (forty percent)
3.	Achievement against Strategic KRAs that cover key areas such as Manufacturing, Innovation, Customer Experience, Digitalization, Supply Chain Resilience, etc.	Up to 40% (forty percent)
4.	Achievement against Target initiatives for Quality, Sustainability and ESG Roadmap	Up to 30% (forty percent)
5.	Achievement against Initiatives identified for Organizational Capability, Leadership and Talent Development at the senior level and continuous technical training at the scientist level	Up to 30% (forty percent)

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- (vi) We would like to highlight that the ABP is approved by the Board of the Company and is aligned with both short-term operational goals and long-term corporate objectives. This ensures that variable compensation is truly performance-dependent and eliminates any guaranteed payouts.
- (vii) As highlighted in the Notice, the percentage of incentive payable on net profits attributed to each such performance parameter would carry an 'over-achievement multiplier' for achievement beyond the defined performance parameter and an 'under-achievement factor' for partial achievement of defined performance parameter, which will be determined by the NRC and the Board every year. The pay-out to Mr. Krishnam Raju would depend on the actual achievement against the defined performance for each parameter.
 - (a) For performance between 50% (fifty percent) to 130% (one hundred and thirty percent) of each performance parameter, the multiplier shall be on a pro-rata basis.
 - (b) For performance higher than 130% (one hundred and thirty percent) of each performance parameter, the 'over-achievement multiplier' will be capped at 130% (one hundred and thirty percent).
 - (c) Performance less than 50% (fifty percent) of each performance parameter will result in the multiplier becoming zero, which will result in zero payout of PLI for that performance parameter.
- (viii) The PLI payout in any year shall be the aggregate of the PLI percentage achieved against each parameter determined above multiplied by the net profits of the Company. Such PLI payout as computed above shall be subject to a cap of 300% (three hundred percent) of the fixed salary.
- (ix) Further, your comparison of Mr. Krishnam Raju's compensation with compensation paid to Mr. Habil Khorakowala by Wockhardt Ltd. is fundamentally flawed as it operates in a different business segment and is currently loss-making, while the Company is a profitable growing business. We have shown strong financial performance with net profit of INR 173,47,00,000 (Indian Rupees One Hundred Seventy Three Crores Forty Seven Lakhs only) compared to Wockhardt Ltd.'s loss of INR 12,00,00,000 (Indian Rupees Twelve Crores only).
- (x) In terms of relying on market standards, the Company has undertaken a comparative analysis and benchmarked the remuneration against appropriate industry peers including Syngene International, Anthem Biosciences, Neuland Laboratories, Granules Indian Limited, Gland Pharma, Cohance Life Sciences (formerly Suven Pharma) and Laurus Labs along with international companies including Wuxi Apptec, Pharmaron, Charles River Laboratories.

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- (xi) Separately, in relation to the comparison with Mr. Chittor's remuneration, it is pertinent to note that there exists a demarcation between the role of an ED with specific functional responsibilities and the combined role of a MD & CEO with overall leadership, strategy, and profit and loss responsibility for the entire organisation. Mr. Krishnam Raju has played a pivotal role in shaping the Company into one of India's most respected and capable company with a growing international presence. Since joining the Company in 2004 as vice-president (business development), he has been instrumental in driving the Company's transformation from a domestic service provider into a trusted global partner for some of the world's leading drug innovators. The scope of responsibilities, strategic impact, and accountability between these roles is fundamentally different, justifying the differential in compensation structures.
- (xii) Moreover, Mr. Krishnam Raju's remuneration package includes significant variable compensation and comprehensive malus and clawback provisions as a good practice. These provisions demonstrate the Company's commitment to responsible remuneration practices and shareholder protection. The proposed revision in remuneration of Mr. Krishnam Raju remuneration is also evidenced by the fact of his increased responsibilities and targets for upcoming proposed tenure as the MD and CEO, which include managing growing complexities within the existing business, leading growth capabilities in newer modalities and areas of drug development while managing added responsibilities that come as a listed company.
- (xiii) Additionally, Mr. Krishnam Raju's remuneration has been thoroughly reviewed and approved by the NRC of the Company, comprising of independent directors who have applied appropriate benchmarking and performance criteria as well as by the Board of the Company, based on a robust dual-cap structure, clear performance parameters, taking into account appropriate peer benchmarking and comprehensive governance safeguards. The proposed remuneration structure is forward-looking, performance-linked, and designed to retain key leadership during a critical growth phase for the Company while ensuring alignment with shareholder interests.
- (xiv) While the Company has only been recently listed, the Company has been consistently performing above expectations, in terms of revenue, growth, developing and expanding new comprehensive services, etc. Therefore, we believe that the proposed remuneration is reasonable and that the proposed resolution is in the interest of the Company and its shareholders, and the disclosures provided thereunder are in line with the regulatory requirements and reaffirm our commitment to continuously improving transparency and disclosures in all our shareholder communications.

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Please note that the matters to be transacted pursuant to the Notice, have been approved by the AC, NRC and Board of the Company after thorough deliberations and considerations and are in the best interest of the Company and all its stakeholders.

If you need any clarifications or have any queries in relation to the above, we are available to speak, and you can contact the undersigned.

Further, we request you to share our response with all your subscribers and persons to whom the original Report has been circulated to. We also sincerely urge you to amend your recommendations on these resolutions based on the above and issue a revised report under intimation to us.

The Company will also be disclosing these clarifications on the stock exchanges (BSE Limited and National Stock Exchange of India Limited) for the benefit of all shareholders.

Thanking you,

Yours faithfully,
For **Sai Life Sciences Limited**

Runa Karan
Company Secretary and Compliance Officer

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Response issued to IiAS

Sai Life Sciences Limited (“**Company**” or “**we**”) has received the proxy advisory report from Institutional Investor Advisory Services (“**IiAS**”) dated August 30, 2025 (“**Report**”) setting out your voting recommendations in relation to the resolutions proposed to be passed at the 26th annual general meeting of the Company, as set out in the notice dated August 7, 2025 (“**Notice**”).

We note that you have recommended voting ‘AGAINST’ the resolutions for re-appointment of Mr. Krishnam Raju Kanumuri (“**Mr. Krishnam Raju**”) as managing director (“**MD**”) and chief executive officer (“**CEO**”) of the Company and approval for revision in remuneration payable to Mr. Krishnam Raju as MD and CEO of the Company.

In relation to the above recommendation, we would like to submit the following clarifications / comments:

Resolutions No. 4 and 5: Re-appointment of Mr. Krishnam Raju as MD and CEO of the Company and approval for revision in remuneration payable to Mr. Krishnam Raju as MD and CEO of the Company

3. We note that you have recommended voting ‘AGAINST’ the above-mentioned resolutions based on the ground that the proposed remuneration to Mr. Krishnam Raju is high based on the Company’s current scale of operations and is not comparable to peers, while no specific concern has been raised in relation to his re-appointment. In relation to the proposed remuneration, you have stated that:
 - (iv) For the financial year 2024-25, Mr. Krishnam Raju’s pay as disclosed in the annual report 2024-25 of the Company, aggregated to INR 62 million (Indian Rupees Sixty Two Million only). However, under the proposed remuneration, his fixed pay will double to INR 80 million (Indian Rupees Eighty Million only) from INR 40 million (Indian Rupees Forty Million only) and his variable pay entitlement will rise to 3.25% (three point two five percent) to 3.5% (three point five percent) of net profits, from the current 2.5% (two point five percent) of net profits; and
 - (v) Based on the current proposed terms, his pay for the financial year 2025-26 is estimated at INR 189.6 million (Indian Rupees One Hundred Eighty Nine point Six Million only) to INR 197.7 (Indian Rupees One Hundred Ninety Seven point Seven Million only), with a maximum pay of INR 324 million (Indian Rupees Three Hundred Twenty Four Million only) on the assumption that variable pay will be in the range of 3.25% (three point two five percent) to 3.50% (three point five percent) of trailing twelve months (“**TTM**”) standalone profits before tax (“**PBT**”).

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4. In this regard, please find below our response:

- (xv) We note that while arriving at the variable pay that may be payable to Mr. Krishnam Raju, liAS has considered TTM standalone PBT, as opposed to the net profit of the Company (i.e. profit after tax), calculated in accordance with Section 198 of the Companies Act, 2013 ("**Companies Act**") as set out in the resolution. We would like to highlight that for a maximum payout of INR 324,000,000 (Indian Rupees Three Hundred Twenty Four Million only) , the Company's net profits would have to be at least INR 6.7 billion (Indian Rupees Six Point Seven Billion only).
- (xvi) The proposed remuneration of Mr. Krishnam Raju is aligned with his overall performance demonstrating significant value creation to the shareholders since his appointment in the year 2020 as well as the Company's overall performance.
- (xvii) Under Mr. Krishnam Raju's leadership, the Company's total shareholder return (TSR) has been at an impressive 591% (five hundred and ninety one percent) from the date of the last external investment till July 30, 2025. The Company's valuation increased during this period from INR 25 billion (Indian Rupees Twenty-Five Billion only) to INR 172.83 billion (Indian Rupees One Hundred and Seventy Two point Eight Three Billion only). Specifically, the per share price of the company has increased from the initial public offering price of INR 549 (Indian Rupees Five Hundred and Forty Nine only) to INR 846.3 (Indian Rupees Eight Hundred Forty Six point Three only) on July 30, 2025 resulting in a shareholder wealth creation of INR 57.83 billion (Indian Rupees Fifty Seven point Eight Three Billion only) in a period of less than 7 (seven) months.
- (xviii) As you may note, Mr. Krishnam Raju's remuneration comprises performance linked incentive ("**PLI**") which has a robust dual cap structure:(i) PLI eligibility is limited to between 3.25% (three-point two five percent) to 3.5% (three point five percent) of the Company's net profits (calculated as per Section 198 of the Companies Act and as per audited financials for each year) on 100% (one hundred percent) achievement of the defined performance parameters set by the NRC and the board of directors ("**Board**") of the Company for that fiscal year; and (ii) the overall PLI cannot exceed 300% (three hundred percent) of his proposed fixed salary. Both these parameters must be met concurrently, ensuring that the PLI is both performance-linked and capped at reasonable levels. This dual-cap structure provides comprehensive protection against excessive payouts and ensures that high variable compensation is only paid when the Company delivers exceptional performance that directly benefits shareholders, evidenced through the net profits achieved by the Company during the relevant financial year during the tenure.

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- (xix) As the approval is forward-looking for a period of 5 (five) years, the performance parameters for the PLI are comprehensively laid down and disclosed in detail in the Notice, to ensure complete transparency and accountability. As you may note, the proposed remuneration includes detailed disclosure with performance evaluation based on environmental, social, and governance (ESG) factors and comprehensive malus and clawback provisions. This provides shareholders with complete visibility into the performance metrics that will determine variable compensation and demonstrates the Company's commitment to responsible remuneration practices.
- (xx) Moreover, Mr. Krishnam Raju's significant portion of variable pay is linked to annual business plan of the Company ("**ABP**") and key strategic parameters, as detailed in the Notice. The indicative PLI parameters includes the following:

No.	Indicative Parameters	Weightage
1.	Achievement against Annual Business Plan for Consolidated Operating Revenue / Customer growth potential	Up to 40% (forty percent)
2.	Achievement against Annual Business Plan for Consolidated Profit (EBITDA / PBT/ PAT) and/or Return on Capital Employed	Up to 40% (forty percent)
3.	Achievement against Strategic KRAs that cover key areas such as Manufacturing, Innovation, Customer Experience, Digitalization, Supply Chain Resilience, etc.	Up to 40% (forty percent)
4.	Achievement against Target initiatives for Quality, Sustainability and ESG Roadmap	Up to 30% (thirty percent)
5.	Achievement against Initiatives identified for Organizational Capability, Leadership and Talent Development at the senior level and continuous technical training at the scientist level	Up to 30% thirty percent)

- (xxi) We would like to highlight that the ABP is approved by the Board of the Company and is aligned with both short-term operational goals and long-term corporate objectives. This ensures that variable compensation is truly performance-dependent and eliminates any guaranteed payouts.
- (xxii) As highlighted in the Notice, the percentage of incentive payable on net profits attributed to each such performance parameter would carry an 'over-achievement multiplier' for achievement beyond the defined performance parameter and an 'under-achievement factor' for partial achievement of defined performance parameter, which will be determined by the NRC and the

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Board every year. The pay-out to Mr. Krishnam Raju would depend on the actual achievement against the defined performance for each parameter.

- (d) For performance between 50% (fifty percent) to 130% (one hundred and thirty percent) of each performance parameter, the multiplier shall be on a pro-rata basis.
 - (e) For performance higher than 130% (one hundred and thirty percent) of each performance parameter, the 'over-achievement multiplier' will be capped at 130% (one hundred and thirty percent).
 - (f) Performance less than 50% (fifty percent) of each performance parameter will result in the multiplier becoming zero, which will result in zero payout of PLI for that performance parameter.
- (xxiii) The PLI payout in any year shall be the aggregate of the PLI percentage achieved against each parameter determined above multiplied by the net profits of the Company. Such PLI payout as computed above shall be subject to a cap of 300% (three hundred percent) of the fixed salary.
- (xxiv) Further, we would also like to reiterate that for the financial year 2024-2025, the commission payable is INR 42.5 million (Indian Rupees Forty-Two Point Five Million only), which shall be paid by the Company to Mr. Krishnam Raju in the financial year 2025-2026, following the adoption of the financial statements for the financial year ending March 31, 2025. Therefore, the effective total remuneration for the financial year 2024-2025 is INR 82.5 million (Indian Rupees Eighty-Two Point Five Million only).
- (xxv) In terms of relying on market standards, the Company has undertaken a comparative analysis and benchmarked the remuneration against industry peers including Syngene International, Anthem Biosciences, Neuland Laboratories, Granules Indian Limited, Gland Pharma, Cohance Life Sciences (formerly Suven Pharma) and Laurus Labs along with international companies including Wuxi Apptec, Pharmaron, Charles River Laboratories. In relation to liAS's comparison table set out in Exhibit 8 of the Report, we would like to clarify that the Company, while undertaking such comparative analysis and benchmarking review, has duly considered the experience and expertise of different individuals holding comparable executive positions in peer companies.
- (xxvi) Moreover, Mr. Krishnam Raju's remuneration package includes significant variable compensation and comprehensive malus and clawback provisions as a good practice. These provisions demonstrate the Company's commitment to responsible remuneration practices and shareholder protection. The proposed revision in remuneration of Mr. Krishnam Raju remuneration is also evidenced by the fact of his increased responsibilities and targets for upcoming proposed

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tenure as the MD and CEO, which include managing growing complexities within the existing business, leading growth capabilities in newer modalities and areas of drug development while managing added responsibilities that come as a listed company.

(xxvii) Additionally, Mr. Krishnam Raju's remuneration has been thoroughly reviewed and approved by the NRC of the Company, comprising of independent directors who have applied appropriate benchmarking and performance criteria as well as by the Board of the Company, and is not just forward looking but is also based on a robust dual-cap structure, clear performance parameters, taking into account appropriate peer benchmarking and comprehensive governance safeguards. It is designed to retain key leadership during a critical growth phase for the Company while ensuring alignment with shareholder interests.

(xxviii) As regards your noting on the remuneration being high in relation to the Company's current scale of operations, we would like to reiterate that the Company has been consistently performing above expectations, in terms of revenue, growth, developing and expanding new comprehensive services, etc. Recent listing of its shares is demonstrative of the Company's growth trajectory. Therefore, we believe that the proposed remuneration is reasonable and that the proposed resolution is in the interest of the Company and its shareholders, and the disclosures provided thereunder are in line with the regulatory requirements and reaffirm our commitment to continuously improving transparency and disclosures in all our shareholder communications.

In light of the above, the Company submits that resolutions 4 and 5 are compliant with applicable law and contain adequate disclosures in respect thereof.

Please note that the matters to be transacted pursuant to the Notice, have been approved by the AC, NRC and Board of the Company after thorough deliberations and considerations and are in the best interest of the Company and all its stakeholders.

If you need any clarifications or have any queries in relation to the above, we are available to speak, and you can contact the undersigned.

Further, we request you to share our response with all your subscribers and persons to whom the original Report has been circulated to. We also sincerely urge you to amend your recommendations on these resolutions based on the above and issue a revised report under intimation to us.

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The Company will also be disclosing these clarifications on the stock exchanges (BSE Limited and National Stock Exchange of India Limited) for the benefit of all shareholders.

Thanking you,

Yours faithfully,

For **Sai Life Sciences Limited**

Runa Karan
Company Secretary and Compliance Officer

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