



Sai Life Sciences Limited  
Q3 FY '26 Earnings Conference Call  
February 06, 2026



**MANAGEMENT: MR. KRISHNA KANUMURI – MANAGING DIRECTOR  
AND CHIEF EXECUTIVE OFFICER  
MR. SIVA CHITTOR – WHOLE-TIME DIRECTOR AND  
CHIEF FINANCIAL OFFICER**

**MODERATOR: MR. DIWAKAR PINGLE – EY**

**Moderator:** Ladies and gentlemen, good day and welcome to Sai Life Sciences Limited Q3 FY '26 Earnings Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Diwakar Pingle. Thank you and over to you.

**Diwakar Pingle:** Thank you, Heena. Good evening to all the participants on this call. Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risks that could cause future result performance or achievements to differ significantly from what is expressed or implied by such forward-looking statements.

Please note that we have mailed the results and the same is also available on the company's website. In case you have not received the same, please write to us and we will be happy to send the same over to you.

To take us through the results and answer your questions today, we have the top management of Sai Life Sciences Limited, represented by Krishna Kanumuri, Managing Director and Chief Executive Officer, and Siva Chittor, Whole-time Director and Chief Financial Officer.

We will start the call with a brief overview of the quarter gone past. Krishna will give a basic update about the business. Siva will follow it up with financial highlights and then we will open it up to Q&A session.

With that said, let me hand the floor over to Krishna. Over to you Krishna.

**Krishna Kanumuri:** Good afternoon, everyone and thank you for joining the Sai Life Sciences earnings call. I am happy to share with you my reflections on the quarter.

The global macro environment continues to be supportive of our industry, with India increasingly positioned as a preferred destination for pharmaceutical outsourcing. We are seeing a meaningful rise in strategic conversations with large global pharma innovators, driven by their focus on supply chain resilience, access to specialized capabilities, and long-term partnerships. Against this backdrop, we remain confident that the underlying growth environment for our business remains healthy.

Our business performance continues to track ahead of plan. In our CRO segment, we are seeing sustained growth momentum led by a clear focus on expanding engagements with large pharma customers. In parallel, we are strengthening our discovery engine through targeted investments in next-generation technologies that accelerate speed and productivity, such as AI-based retrosynthesis tools, advanced photochemical and electrochemical platforms, and partnerships with emerging technology innovators. These capabilities are helping us deliver higher scientific value while shortening discovery timelines.

Our CDMO business continues to perform well with over 90% of revenues coming from large pharma customers. During the year, we added 7 molecules to our late-phase and commercial pipeline, further broadening our portfolio. We continue to believe that a larger and more diversified pool of commercial molecules enhances business resilience, helping offset volume variability in individual products that are inherently outside the control of the CDMO.

In the development segment, we are seeing strong momentum as global customers increasingly transition to R&D FTEs and development activities to India. The shift has resulted in meaningful uptick in revenues this year and is creating a steady pipeline of downstream opportunities which translate to our manufacturing portfolio. Over time, this trend is expected to not only support continuous pipeline additions but also improve our overall material margin profile.

Our capital expenditure programs remain firmly on track. The first phase of R&D expansion at our recently acquired site in Hyderabad, Unit 8, is scheduled to commission in Q4 FY '26 with about 200 fume hoods for discovery chemistry. The civil infrastructure for our R&D building for our process facility is on track and will be commissioned by September '26, doubling our total process R&D capacity.

Our peptide process development and pilot facility is also targeted for September '26 to significantly expand both our discovery and development peptide capabilities up to pilot scale. Additionally, our OEB laboratories for process development are on schedule to be completed October '26. This is in addition to what is already operational to significantly enhance our ADC capabilities both for discovery and clinical supply.

Our Bidar manufacturing capacity expansion is also on track. We intend to add 225 KL by June and another 225 KL by the fourth quarter of FY '27, almost increasing our capacity by 70% in manufacturing. Our Phase I of Animal health is targeted to be completed by March '27 enabling validation activities to commence our API production for veterinary products at this point.

As we scale these opportunities, our ability to execute will be anchored on three priorities, having the right talent, maintaining the right cost structure, and driving efficiency through automation. We are actively augmenting our talent base to support both near-term and long-term initiatives. Along with this, we have launched transformation programs focused on improving productivity and operating efficiency.

In parallel, we are working with an external consulting firm to define AI first roadmap for Sai Life Sciences. As an outcome of this program, we expect increasing automation to allow our scientists to spend more time on high-value science while enhancing consistency and scalability across operations.

Taken together, these efforts reinforce our confidence in the trajectory of the business and our ability to deliver sustainable growth, deepen customer partnerships, and create long-term value for all stakeholders.

With this, I'll hand over to Siva to walk you through the financials.

**Siva Chittor:**

Thank you, Krishna, and good afternoon to everyone on the call. I will now walk you through the financial performance for the third quarter and nine months ended fiscal '26.

Sai Life Sciences delivered another quarter of strong financial performance with growth that outpaced broader industry trends. This was supported by a robust commercial pipeline, healthy volume growth across businesses, and continued focus on operational discipline.

For the quarter ended Q3 FY '26, total revenue stood at INR556 crores, representing a YoY increase of 27% compared to INR440 crores in the same quarter last year. Growth was broad-based across the portfolio with the CDMO business contributing approximately 65% of the revenues and the CRO business contributing the remaining 35%. On a year-on-year basis, CDMO revenues grew by around 31% while the CRO revenues increased by approximately 19%. EBITDA for Q3 fiscal '26 was INR191 crores, an increase of about 54% year-on-year, translating to an EBITDA margin of 34%. Profit after tax for the quarter was INR100 crores, up 86% year-on-year.

Turning to the nine-month performance, revenues for nine months fiscal '26 were INR1,590 crores, representing a growth of around 43% year-on-year compared to INR1,115 crores in nine months fiscal '25. EBITDA for the period stood at INR472 crores, up 79% year-on-year, with margins expanding to around 30% from approximately 24% in the prior year. This expansion is mainly due to operating leverage on employee costs of approximately 450 bps and material margin of 100 bps.

With nine-month fiscal '26 EBITDA at 30%, we are on course to achieving our stated goal of 28% to 30% EBITDA ahead of schedule. We expect to sustain this margin range of 28% to 30% to enable us to maximize growth while managing growth-related challenges and optimizing margins. Profit after tax for the nine-month period was INR245 crores, reflecting a year-on-year increase of 199%.

From an investment perspective, our capital expenditure continues to progress in line with plan and remains closely aligned with long-term customer requirements. As of date, we have invested approximately INR405 crores towards our fiscal '26 capital commitments. All expansion projects are progressing as scheduled, positioning us well to meet future demand. Current capacity utilization stands at around 60%, providing adequate headroom for growth even ahead of new capacities coming on stream.

To conclude, the third quarter and nine-month results reflect healthy revenue growth, strong EBITDA expansion with meaningful margin accretion, and robust improvement in profitability. Supported by solid demand, disciplined execution, and capex programs progressing as planned, we remain confident in sustaining positive growth momentum and creating long-term value for all our stakeholders.

With that, we can now open the floor for questions.

**Moderator:**

Thank you. We will now begin the question and answer session. The first question is from the line of Binay Singh from Morgan Stanley. Please go ahead.

**Binay Singh:**

Hi team, thanks for the opportunity. I just wanted to go back to this provision that you talked about. So last year in the March quarter we had a INR34 crores provision. Is it the same one that we've sort of done a reversal of INR16 crores in this quarter? If so, then should we expect the remaining part to get reversed in the next quarter?

- Siva Chittor:** Yes, you're correct Binay. So we will do this as we progress in our production on the commercial molecule.
- Binay Singh:** And Siva, in the last call you also talked about a double digit consultancy charge in second quarter which again will not repeat. So is this the reason that when you give the forward guidance you are still in that 28% to 30% margin range because these provisions benefit of this year, the consultancy project dropping this year, those benefits will not be there in opex next year, right?
- Siva Chittor:** Yes, but we are also working on additional things. I think if you look at the presentation, we talked about working on another assignment to get AI enablement from a business perspective. So that also will help us, this is an investment we will make as we start this current quarter and head into the next financial year. So you will have some bits of this, but we are still with the 28% to 30% guidance after including all of this.
- Binay Singh:** And in the opening remark, I think if I heard it correctly, you guys talked about 7 new commercial molecules this quarter? Did I hear it correctly?
- Krishna Kanumuri:** We talked about 7 late stage and commercial molecules this financial year is what we added in the nine months.
- Binay Singh:** Earlier we talked about that the business will have 18-20% revenue CAGR over a three-year period. Now this year we'll end up being somewhere in the 30% CAGR. So should we look at that, the growth of some of the forward earlier year -- future years is pulled forward into this year? How to think about it?
- Siva Chittor:** As we mentioned last quarter Binay, there is nothing that we have pulled forward from the prior quarter. This is a broad-based guidance of 15% to 20%, not specific to a specific year, but we are very confident and bullish about where the business is today.
- Moderator:** The next question comes from the line of Dr. Karthik Bane from Bajaj Life. Please go ahead.
- Karthik Bane:** Thank you for the opportunity and congratulations on good set of numbers. Just wanted to understand, as I see CDMO part is increasing faster than the CRO part in terms of percentage of sales and revenue. So do we have any specific target in mind, that this would be our ideal percentage of revenue coming from CDMO and CRO?
- Siva Chittor:** Karthik, thank you. I think we've answered this even in the prior quarters too. We believe broad mix between the CDMO and the CRO business will remain around the 65-35% to 60-40%. In one particular year, the CDMO can grow faster, in another year the CRO could grow faster. So that variability can remain, but broadly at this point in time, we believe they will remain within this range.
- Karthik Bane:** Okay. And my second question is on the molecules. Out of all the molecules we have, can you provide us the split between peptides, ADCs or small molecules? How is it there? How many ADCs are there?
- Siva Chittor:** We don't provide breakdowns of molecules. I think all that we provide is the number of molecules, Karthik, given data restrictions.

**Moderator:** The next question comes from the line of Rahul Jeewani from IIFL Securities Limited. Please go ahead.

**Rahul Jeewani:** Thanks for taking my question. Sir, can you talk about what led to such a strong gross margin expansion for us during the quarter? So both on a YoY and a quarter on quarter basis, we saw almost 300-400 basis point gross margin expansion. So what led to this and what kind of a sustainable number you expect going forward?

**Siva Chittor:** Rahul, you're an expert on the CDMO business. You know that this business kind of changes and becomes variable quarter on quarter. So it's very difficult to kind of give you a single answer that I will give you, is business mix and product mix, that is not going to give you a lot of detail. Right, but if you look at the nine months FY '25 to '26, the biggest leverage, operating leverage actually came from employee costs.

We mentioned this, we've been saying this consistently over the last four or five quarters and even during the road shows. What we have been communicating is that as our business grows, we have upfronted certain R&D related people costs both here and outside of the country and we said as business grows, this leverage will be very strong for us to kind of take advantage of. And that is something that has come true.

So the nine months number shows a 4.5% leverage. We've also seen a 1% improvement on the material margin. This is a product mix, this is also on account of process efficiencies that we've been talking about in the last couple of calls. Something that kind of increases your margins and the material margin there is higher. So that then kind of contributes to an average margin which then becomes increasingly good. That's what Krishna had also stated in his speech.

**Rahul Jeewani:** Sure sir. So on the employee side where you have seen an operating leverage playing out this year, so you expect the same will continue going into next year as well?

**Siva Chittor:** We would broadly think so. There could be periods where we will take decisions on adding employees slightly ahead as we expand, but the broader trend is to get to the 28% to 30%. I don't look at it line by line, but what we would commit to the market is a sustainable 28% to 30%.

**Rahul Jeewani:** Sure sir. And sir in your opening comments you indicated that obviously you have been outperforming the broader trends in terms of the CDMO industry. So many of your peers are let's say, have got impacted because of inventory destocking in some of their molecules. Now this year has been very strong for Sai and if I look at the presentation, the presentation talks about you sustaining growth momentum going into next year as well?

So can you provide some color in terms of how you are looking at growth for FY '27 and is there something in the base business which worries you which could see destocking maybe one or two years down the line?

**Siva Chittor:** So, Rahul, the reason why we are confident as we head into the next year is that the business at this point in time, we are seeing a fair number of conversations that are strategic in nature that we had mentioned both in this call and in the prior calls. We've mentioned this multiple times in our discussions. Our belief is that CDMOs as an entity do not control stocking or destocking.

We probably get to know it at the time when it actually happens and kind of lot of times get blindsided. And this is the nature of the business and that's the fact of this CDMO business. The only way that we can kind of protect ourselves or minimize impacts against destocking is to make sure that you have a slightly larger portfolio and we are not concentrated on one or two products that then can impact our revenue.

That's the whole objective. That's how, our portfolio is slightly more broader. You know, if you look at this year, we've added close to 7 products this year, 3 of them gone to commercial, 6 of them are part of the late phase. Objective is to kind of mitigate the risk. I do not have a specific, today if you ask me, we don't have any specific visibility of any product that I know was destocking as of today.

But do I know can something destock two years or one and a half years later as you asked? Honestly, we don't know. We don't get that kind of visibility all the time. So our best bet is to kind of protect ourselves by adding more late phase and commercial and also keep adding the early phase products from customers. That way I have a steady inflow into my late phase.

**Rahul Jeewani:** Of the 7 molecules which you have added let's say too late in commercial phase this year, you said 3 are commercial and 4 are Phase III?

**Siva Chittor:** Correct.

**Rahul Jeewani:** In the past you have indicated the product concentration for the CDMO business. I think our top product was somewhere around 10%-12% of the CDMO revenue. So are we broadly on those or along those lines for nine months of FY '26 as well?

**Siva Chittor:** Our top customer will probably be around 12% or so of our total revenue.

**Rahul Jeewani:** Including both the CDMO and the CRO business, you mean?

**Siva Chittor:** Correct.

**Moderator:** The next question comes from the line of Alankar Garude from Kotak Institutional Equities. Please go ahead.

**Alankar Garude:** Hi, good afternoon, everyone and thank you for the opportunity. Congrats to the management on a strong set of numbers. Sir, more of a continuation of the previous question as well. Based on the visibility you have currently, will growth over the next couple of years be more led by new commercial molecules or do you expect the three new molecules that you have commercialized in FY26 to continue to contribute to growth over the next couple of years?

**Siva Chittor:** We expect the new molecules that we have added to contribute to our commercial growth. We also believe that there are some molecules within our existing portfolio we are supplying that can probably increase in terms of revenues.

**Alankar Garude:** Any sense you can provide on, I mean, what would be the larger contributor? Would it be the newer molecules apart the existing ones which you mentioned could grow, but will we see a slightly higher contribution from the newer ones or the existing ones?

**Siva Chittor:** If I have to look at it mathematically, listen, obviously if a product has reached a certain level, the

growth from there is just going to be incremental whereas the new ones are zero and then starting to go from there. So it's obviously percentage wise it's going to grow higher, but there is enough juice left within certain molecules in our existing portfolio too that can kind of grow.

**Alankar Garude:** Okay. I was looking at this more from an absolute standpoint. So just trying to understand what should be the incremental revenue breakup between the newer molecules and the existing ones?

**Siva Chittor:** Alankar, we don't have that much detail at this point in time. Maybe we can give you a color at a later date as we have seen it. But at this point in time, some of them have just entered. We haven't started, in certain cases we've not even started the first commercial supply yet. So it's kind of very difficult. Also you know certain times first order can be higher, second order can be a little lower. So you all of these nuances are there. So we don't have a very specific number exactly because we don't have that much data from our partners as at this time.

**Alankar Garude:** Fair enough sir. The second question is, if I look at these three commercial projects and the four which are in the late stage, can you call out in how many of these we would be the primary supplier?

**Siva Chittor:** Probably two of the three we will be the primary supplier.

**Alankar Garude:** Understood, that's good to know sir. I mean the third question is if you can list down the top three reasons helping us win more commercial contracts. The reason for asking this is the pace has significantly increased over the last couple of years of us winning commercial contracts and that too pretty meaningful ones. So I mean Krishna spoke about outsourcing team and you have been talking about it for some time now, but apart from that anything else which you would like to highlight which is helping us win more commercial contracts?

**Krishna Kanumuri:** if you look at the win rate, it is not based on one thing. These are customers we have engaged for the last 15 years. We've made investments working with them to build standards they need. They're working with the same teams over a long period of time both from senior management standpoint and for long period of time, they've tested us.

So these are really coming from years of trust building exercise and when you come into India you choose a partner obviously, you're going to pick one you have a long history with. If you look at most other CDMOs they're competing with, they're relatively new in the space. So I think the fact is our long engagement, even the breadth of relationships, doing across the board. For customers looking purely for commercial work, they may have multiple options. But for development-plus-commercial, we are probably ahead of the curve.

So it's really a combination of everything we've done over the years, which are fairly unique to us at this point which is giving us the disproportionate win rate. There is no one trick saying this is the difference. It's really about 20 years of hard work building this trust with these customers.

**Alankar Garude:** In view of the higher win rates, are you increasingly inclined to invest in capex slightly ahead of time?

**Krishna Kanumuri:** We are definitely looking at expansion in capex, but we are also balancing that based on the visibility we are seeing from customers. One thing we are doing little differently is that we are not building capacity ahead of technology. What we are seeing is most of the areas we see the

technology is changing pretty rapidly.

So we are taking a technology first approach to our capacity addition rather than just adding capacity for the sake of adding capacity. We want to ensure that our capacity remains best in class as you see five years down the road, as opposed to having capacity to win projects immediately. We want to really be able to be the company which is not redundant five years down the road. And we are not chasing the short wins, we are chasing the long-term growth.

- Moderator:** The next question comes from the line of Ameya Chalke from JM Financial. Please go ahead.
- Ameya Chalke:** Thank you for taking my questions. I have one question on there is a line we have mentioned on the capex, animal health Phase 1 expansion, Is this block for one customer or has the contract already signed and how much we have spent for this unit?
- Krishna Kanumuri:** To be very candid, this is a unit we had actually built for another purpose, but that product did not succeed. So we pivoted that to animal health facility and we work with pretty much all the large – all animal health companies right now. So I think we will be working with multiple customers on this site. It's not just for one customer.
- Ameya Chalke:** Sure. And how much we have spent for this?
- Siva Chittor:** The current investment, Ameya, is less than INR50 crores at this time on that site. It will -- we will have a phase expansion plan. There will be some additional capex. We will probably invest close to around INR70 crores, INR75 crores as the next phase.
- Ameya Chalke:** Sure. And in last quarter we said that we had added one Oligo product. Is it possible to give some color when the supply could start for this product?
- Siva Chittor:** No, we don't talk about products.
- Krishna Kanumuri:** All that we can tell you is it's under validation. Once the validation is completed, we will start commercial supply.
- Ameya Chalke:** On the CRO momentum. We continue to show like 20% plus growth in CRO, while the biotech funding still remain weak and many of the peers are not showing this kind of a growth. So what is working in our favor here?
- Siva Chittor:** Ameya, one factor that has kind of helped us is the growth we have seen with the large pharma over the last four- five years. Our pharma component within the CRO business was probably negligible, maybe if I you look back five years. But it has steadily increased over a period and that increase is what is kind of helping us grow from over the last two, three years.
- Ameya Chalke:** You expect this growth to maintain despite the funding remaining weak?
- Krishna Kanumuri:** If you look at the trajectory also. You have to understand that we have gone through significant investments like in our discovery business, a lot of the work we do is integrated programs as well. So it's just not pure chemistry. So I think a lot of our business has come from biology, DMPK etcetera plus the pharma pipeline is big enough which is coming to India, it probably give you enough cover for the next couple of years.

I don't think any meaningful new company formation in biotech is going to start at least for the next 18 months, 24 months. But I think there's enough growth in this space for large pharma looking at India. So I think we are reasonably well covered for the next couple of years as the biotech funding kicks in.

**Ameya Chalke:** We have set the 28%, 30% margin guidance we have already achieved. But is there any scope further to improve these margins and also what will drive it? What are the areas which can help us to improve margins going ahead?

**Siva Chittor:** I think the way we look at it and we've actually put this in our presentation too Ameya. I think our objective is to sustain the 28% to 30% while maximizing growth. I would probably use that as the model because growth in large pharma comes with open book and transparent pricing. But that can also give us a larger volume and a faster growth trajectory.

We would optimize margins. Can there be additional? Yes, there will be our internal targets are generally higher than the street targets and there is an always a push to kind of do this on a day in day out basis. But I would leave the 28% to 30% as the margin from a street perspective while we internally work to do higher work to move it.

**Krishna Kanumuri:** Look I think I guess one thing I also want to put in perspective. I know everybody talks about margin, but the reality is you have to understand that pretty much almost every CDMO player, CRO players is subscale compared to China who are operating at 28%-30% margin. And if you end of the day you will have to compete with companies at that scale, which will involve significant investment both in people and costs.

So if you over-optimize for margin, you potentially will be leaving market share never be able to scale and compete in the long term. So I think we have to be careful what we wish for. We believe right now India should be working on getting market share with reasonable return as opposed to trying to over optimize the margin, but continue to keep working on optimizing your costs not to be inefficient. But we really have to continue to invest is more so what we are talking about at this point.

**Ameya Chalke:** So what I understand is that largely we have optimized the margin so there is no low hanging fruits in terms of where we can get the incremental costs?

**Krishna Kanumuri:** That's not, let me be clear. I'm not saying there's no scope for improvement. What I'm saying that there's always a preference to continue to invest and grow and increase your market share as well. So that investment could be different type of technologies, which have a long ramp up time. It could be higher quality people which will take time to settle in. So question is we have to optimize between growth and margin there. So I am just trying to kind of be pragmatic about giving an approach rather than just saying that there is no scope for cost improvement.

**Siva Chittor:** As we have committed over the last few quarters, we will continue to operate with financial discipline both in terms of operating expenditure and capital expenditure and that's something that we will continue to do. If you ask me, would you maximize margins or optimize your growth overall, I would probably optimize my growth where I maximize my growth potential and optimize my margins and to stay steady around the 28%, 30%, but grow faster that would then get us into a dominant larger position, that's essentially what we are saying.

We are not saying that there is no levers in the business that is not touched. We are not saying that we have exhausted every possible margin option in the business, but what we are saying is that we would stay there and as we kind of grow as we enter into larger capex cycles you will also you will see periods where you will have growth related challenges which is utilizations in upfront investments in people technology, which will also need to get factored into your operating costs. That's why we are saying we'll sustain the 28% to 30%. I hope we gave you a reasonable answer for this.

**Moderator:** The next question comes from the line of Dhawal Khut from Jefferies. Please go ahead.

**Dhawal Khut:** Hi sir, I wanted to get your comments on the oligonucleotide space. How do you view this space? Is it like a niche capability to build new relationships and then continue to get you know typical small molecule contracts? Or you think it can become meaningful space in itself on manufacturing side? I ask this question as most of the indication for oligo drugs are for rare ultra rare disease and the volumes are extremely low. So happy to know your thoughts how do you view this space.

**Krishna Kanumuri:** I think your points are very valid. So if you look at the oligo space right now, there are very few molecules which are large volume indications. But interestingly, if you look at the pipeline, early development pipeline, there is a lot of development going on in terms of new programs in early development. So it's a very old field with few products that have gone commercial.

But what we look at pipeline wise right now is the number of molecules in development in oligos have gone up pretty significantly. Where the volumes themselves might not be large, the complexity is fairly high. So from revenue standpoint, they could be meaningful. From a volume standpoint, they might not be that high. But the revenue might be meaningful because of the complexity is molecules. Does that answer your question?

**Dhawal Khut:** Yes, very helpful. And secondly you know you have given sales contribution from new modalities. So any hierarchy among the four modalities that you have mentioned and specifically any area that you believe is most promising from next 2-3 years perspective based on you know customer demand and customer conversations that you are having.

**Krishna Kanumuri:** To be honest, if you have to go back in history you always will have four, five things which are hot. Which two will make it, two won't make it. But today if you have to say which two are going to get very hot, it's very hard to say.

But if you look at history of the discovery sector, it's very hard to pinpoint say and say this is definitely going to be the hottest thing 4 years down the road. It might be out of these four only one or two might be hot. Other two might just kind of go on the back burner. So it's very hard to predict at this point what it looks like 4 years down the road. Very hard to predict.

**Dhawal Khut:** Okay if I were to force you to make a guesstimate which one of these would be?

**Krishna Kanumuri:** I'm not going to make a guess.

**Dhawal Khut:** Okay. Just one last one. How are pharma intermediates categorized right now? Are they part of pharma industry or will they be categorized as chemical inputs and you know there could be US

tariffs of 18% or on them? Or is it part of Section 232 and whatever is the outcome of 232 that will be applicable for various intermediates that you know many of the CDMOs provide. So where is the categorization?

**Krishna Kanumuri:** I wouldn't worry about categorization because pretty much all pharmas have exemptions from tariffs right now. Almost every pharma has negotiated with the government for reduced, actually no tariffs on imports. Majority of them and majority will. So I don't think that will be a factor in our industry. Those will be negotiated by pharma sooner than later.

**Moderator:** The next question comes from the line of Manish Poddar from Invesco AMC. Please go ahead.

**Manish Poddar:** Hi. I just have two questions. One is you know if you could talk about the healthcare platform which you are wanting to do versus the earlier approach of working by products. If you could probably spend a couple of minutes to help us understand this platform approach which, let's say, global players adopt. Where are we in the journey and what is the thought process behind it?

**Siva Chittor:** Manish, sorry to interject you. We are not able to hear you clearly. Can you repeat your question please?

**Manish Poddar:** Okay. Yes, Yes. So, I'm just trying to understand, let's say, I understand you all are incrementally working on a platform approach on the healthcare side versus, let's say, earlier having products as a product suite. I'm just trying to and this is the approach which a lot of global players adopt?

So probably if you can help me understand what is the broader thought process and where are we in the, let's say, journey to better appreciate how is the development for this vertical looking, let's say from medium term perspective that will be helpful. Thanks.

**Siva Chittor:** As a service industry we don't do any platform -- if you are a discovery player or a pharma, you can actually create a platform technology against which you can screen multiple different compounds or kind of get to different therapeutic areas. We don't do that. Our focus is to create ability in, let's say, 80% of the total broad chemistry ranges. That kind of gives us that ability to kind of look at a wide spectrum of molecules that you can work with customers.

There will always be one or two niche things, let's say, fermentation or whatever that we probably will not have, but the objective is to create capability across a wide spectrum. And that's really what we are focused on. That will be our chemistry platform that's really and then we add engineering capabilities along that to kind of make sure that we can take it up to the plant. That's really what we do.

**Manish Poddar:** Just another one. I'm sure in the journey of Sai over the years there have would -- there would have been years when you would have done significantly well and there were have been this inventory stocking destocking which we see in other players this fiscal year. You would have seen that in some of those years in the last you know 20-25 years of existence?

What are the measures which the company would have adopted in order to offset that, let's say, from our earlier experiences? If you can help us understand, let's say, two three variables that will be useful. Thank you. And congrats on the performance. Thanks.

- Siva Chittor:** We have definitely seen years where we have seen destocking and I'm not going to say this was a few years ago. We have seen products that have undergone destocking and we've been hit by in those years. I think the lesson that we picked up from that scar was that try and keep your portfolio as broad as possible.
- We don't tend to get excited only if a molecule is \$10 million, \$20 million or \$50 million. We tend to get excited if a molecule is \$5 million-10 million. Because that's a reasonable size for on an average to kind of work for. That also helps you or gives you an ability to quickly add additional molecules within the pipeline to kind of take care of ups and downs. Because there is no way a pharma services company like us controls the destocking. We get impacted by destocking when it gets announced. So that's the only thing that we can do and that's what has been our focus.
- Manish Poddar:** Okay. Got it. No, so because you effectively mentioned that the top customer is 12% and product diversification is at play and there are new venues of growth coming into play. So, I hear you. So, got it. Thanks.
- Siva Chittor:** Thank you.
- Moderator:** The next question comes from the line of Nirvana Laha from Badrinath Holdings. Please go ahead.
- Nirvana Laha:** Hi, thanks for the opportunity. I have a couple of questions. The first question is on your revenue recognition. Is it always the case that you recognize revenues after dispatch? Or do you also have some take or pay kind of contracts where as per the contract you recognize revenue even if there are no dispatches?
- Siva Chittor:** So, our revenue recognition is based on completion, not based on dispatches. A detailed revenue recognition policy is actually in our financial statements and you would actually see how we recognize revenue. And this is fairly in sync with the global practices and in consonance with the IFRS and Ind AS regulations.
- Nirvana Laha:** Sure. So, just to sort of clarify that means that there would be certain commitments or contracts from customers where revenue recognition would happen as part of the contract and not depending on dispatch, right?
- Siva Chittor:** Yes.
- Nirvana Laha:** And typically if you are comfortable sharing what would the mix be out of 100% of these kind of arrangement?
- Siva Chittor:** We would not share those details, but any contract that becomes eligible there are certain regulations under Ind AS that allows you to recognize revenue on a on a completion basis and as long as a particular contract satisfies that that criteria then we will be able to recognize revenue. If a contract does not satisfy that criteria then we will recognize revenue based on dispatch.
- Nirvana Laha:** Sure, sure. Understood. And the payment would definitely be linked to dispatch in either case or would the payment from the customer also sometimes get triggered upon the revenue recognition?

**Siva Chittor:** In certain cases it gets triggered by a different milestone rather than dispatch. In certain cases it gets triggered based on dispatch.

**Nirvana Laha:** Okay. That's helpful. Second of the seven molecules the late stage ones that you have added this year, could you highlight if you see blockbuster potential in any or are all of them small just curious to understand?

**Siva Chittor:** We don't look at blockbuster technically from a customer perspective as long as the API is complex, even if a product is, let's say, \$500 million, I may make more money than a \$5 billion molecule where I am doing two steps. So honestly it does not matter whether the end product is a blockbuster. But broadly we can see at least a couple of products could have decent run from a Sai revenue perspective. At least that is our read based on what we are hearing from industry sources.

**Moderator:** The next question comes from the line of Yash Doshi from Unifi Capital Private Limited. Please go ahead.

**Yash Doshi:** Congratulations for good set of numbers. I just had a question regarding this Biosecure Act. For the past 1- month are we seeing any customer RFQs for the existing commercialized molecules, like shifting from China to India as second source?

**Krishna Kanumuri:** So we've seen molecules shifting from China to India. We saw a fairly large tranche around the '23-'24 timeframe. If you actually look at our DRHP we actually mentioned the number of molecules we tech transferred. A significant portion of the molecules that we tech transferred during that phase was primarily a supply source diversification.

Outside of that, we see tactical movements in even outside of just a Biosecure worry, I think customers always go for a couple of sources. If a customer already has a China source, they would probably look at an India or a European source to kind of complement that. And or if it's an India source as a first supplier then they would probably look at a Chinese European source.

So there will always be a supply chain tactical, and we continue to get opportunities on the tactical side too. But we did a fair bit of movement when you know around the '23-'24 timeframe when there was this first tranche that moved.

**Yash Doshi:** Okay. And regarding our facilities which will be coming online next year. Do we see a ramp up of those facilities in near term or it will basically depend on the any customer demand? Like I was asking this question relating to your margins as well because I think in '22-'23 phase also I think we commercialized a facility then for initial three year as the demand was not good the margins tapered off a bit. So in that perspective as we are adding significant capacity next year. So I was just asking how will the ramp up be?

**Siva Chittor:** So the statement that I made with respect to sustaining the 28% to 30% without saying I will grow, I had also suffixed it by saying that this will also take care of growth related challenges which could be you know costs inefficiencies, that could get built, on account of upfront people investments or operating expenditure investments.

And our long-term goal continues to remain the 28% to 30%. While you were right in pointing out

the fact that in '22 or '23 the margin profile had dropped. The fact is that post '23 we've grown faster or probably we probably had one of the fastest growth in the sector, primarily because we had upfronted certain investments.

And the decision to invest or take an upfront expenditure on R&D or operating expenditure or even capex will be guided or will continue to be guided by longer term factors and also visibility from our customers. So it will not be a one-year decision and that something that we are willing to take to grow the business longer term.

**Yash Doshi:** Regarding the animal health business I think by 2027 our facility will be coming online. Since animal health, generally what we have seen is, basically a larger share comes with a CDMO partner compared to a pharma product as in general. So are we working on molecules in the R&D phase, and do we expect the orders to start flow once the facility gets commercialized maybe in FY'28?

**Siva Chittor:** It's a little bit of slightly more technical and slightly long winded, but I will say that we currently do certain products in that bucket. We've also mentioned and I think Krishna mentioned in his speech that somewhere in 27 we would start we intend to validate a product

As we complete the phase one expansion from the site, and it probably take filing time before the product becomes commercial. At least that's really the indication at this time and that's really what we are focused on. We work with three out of the top five animal health companies and we believe there are significant opportunities particularly on the companion health space which is what we are focused on.

**Moderator:** The next question comes from the line of Rahul Jeewani from IIFL Securities Limited. Please go ahead.

**Rahul Jeewani:** Thanks for the follow-up. So sir second half of this calendar year would be quite busy for us in terms of commercialization of several facilities. So we will have the process R&D lab, the peptide lab and then this 450 KL incremental capacity also coming in?

So can you talk about in terms of, how the discussions have been ongoing with customers in terms of ensuring, that we hit, let's say, a steady state kind of a utilization for all this infrastructure which we are putting up? And particularly if you can also talk about in terms of the discussions with the customers as far as the peptide space is concerned?

**Krishna Kanumuri:** Look as far as capacity we have let's say we talking about ADCs. We have several pharma customers right now which we are doing a lot of discovery work with who want to expand with us. There are companies we are doing development work with optimization of peptides which we need capacity for.

There we have a reasonable visibility in terms of both peptide expansion as well as the ADC expansion. The plant expansion also is based on the fact that we have several new molecules adding to the pipeline, plus we also have several commercial discussions ongoing at this point also which we feel fairly comfortable we don't need that capacity come online to fill it up.

Again what timing is it going to be a quarter here quarter there, when the product comes is there but

is not capacity building with let's say a three-year visibility upfront. These are shorter windows where we think we can fill the capacity up. But it's not like real time that the plant is ready and you have something to go because, but at least the capacity coming online is based on relative visibility with conversations we having with customers.

And with customers where we have active engagements going on or we have products already in development Phase 2 potentially going to Phase 3 and we see that needing capacity going forward. They might fail then they might not make it, so there's not easy answer but it's based on an educated guess based on what we're seeing from pipeline standpoint.

**Rahul Jeewani:** Sure sir. And beyond this 450 KL which we will add in FY'27, do you think that for a year or two we might go slightly slow in terms of ramping up this utilization before adding incremental capacity or with the visibility which you have right now do you think that we might need to embark on another capacity expansion in FY'28 itself?

**Krishna Kanumuri:** Rahul, we had if you had mentioned we already are starting expansion to a new site in Hyderabad about other side of Hyderabad where we also are going to start implementing and hopefully have that up and running the next 18-24 months. And we will need that capacity also coming online.

**Rahul Jeewani:** Okay so this is beyond the 450 KL which you are already adding?

**Krishna Kanumuri:** Correct.

**Rahul Jeewani:** Okay and what kind, and have we have we drawn up plans in terms of what kind of a capacity would we be putting up at this new plant?

**Krishna Kanumuri:** I give you very broad guidelines. There will be a non-GMP capacity because a lot of customers want us to go faster early stage so we will be setting up non-GMP capacity to accelerate development. There will be significant peptide capacity based on forecast from our pipeline, and also GMP capacity additional GMP. It's going to be a mixed use facility coming up. So it will give us much more diversity of platforms than we have at this point.

**Rahul Jeewani:** Okay sure sir. And sir just one bookkeeping question you said that the remaining part of the INR34 crores write-off which you had taken last year so INR18 crores, then you would reverse in fourth quarter of this fiscal year?

**Siva Chittor:** So what I said is we will reverse as we get the recognition and ability to reverse, we will do that.

**Rahul Jeewani:** Okay but not specifically in the fourth quarter so as you as you go ahead you will do that?

**Siva Chittor:** As we go ahead, we'll do that yes.

**Moderator:** Thank you. Ladies and gentlemen due to time constraint we will take the last question from Dhaval Khut from Jefferies. Please go ahead.

**Dhaval Khut:** Hi sir just one question. Wanted to know your comments on GLP based product in our pipeline. Are they peptide based, non-peptide based? Are any of them in the clinical stage like Phase 1, Phase 2?

That will be very helpful.

**Siva Chittor:** So Dhaval we don't comment on specific product pipeline. Other than two products that have already been launched, everything else is still in clinical pipeline. And you know who are the two players who are commercial at this time on the products. Ao anybody who is working today on it is right now working on a on a product that's not commercial yet. I'll leave it at that.

**Dhaval Khut:** So can I you know interpret that that some of them the products that you are working are in commercial beyond the discovery stage? So will that be the right interpretation?

**Siva Chittor:** I will leave you to interpret Dhaval. I will not comment further.

**Dhaval Khut:** Okay no problem that's it from my side. Thank you.

**Moderator:** Thank you. I would now like to hand the conference over to management for closing remarks.

**Siva Chittor:** Thanks everyone for the presence and taking time on the call. I hope we were able to provide you the right answers and if you have any specific questions that we have not answered, please be feel to reach out to us at [investorrelations@sailife.com](mailto:investorrelations@sailife.com). Thank you have a great day.

**Moderator:** Thank you. On behalf of Sai Life Sciences Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

---

(This transcript has been edited, without altering the content, to ensure clarity and improve readability.)