



IPO Note

Sai Life Sciences Limited

Recommendation: **AVOID!**

Company Background –

- **Incorporation:** Sai Life Sciences Limited was originally incorporated on January 25, 1999.
- **Business Activity:** The company is a fully integrated, innovator-focused, contract research, development and manufacturing organization.
- **Revenue Stream:** The company's fee arrangement is primarily based on two types of models: (i) fee-for-service ("FFS") model and (ii) full-time equivalent ("FTE") model.
- **Human Resource:** The company had 3,135 full-time employees as of Sep 30, 2024.

Objects of the Issue –

- Repayment/prepayment in full or part, of all or certain outstanding borrowings availed by the Company
- General corporate purposes
- Offer For Sale

Promoters Name –

Kanumuri Ranga Raju, Krishnam Raju Kanumuri, Kanumuri Mytreyi, Sai Quest Syn Private Limited, Marigold Partners, Sunflower Partners, Tulip Partners and Lily Partners

Rationale for recommendation –

- ✓ The PE ratio is 203.82 times post issue makes it aggressively priced.
- ✓ The company's post-issue promoter holding is very low.
- ✓ The company has very low ROE and RoCE
- ✓ The company's objectives are not very satisfactory.
- ✓ The company has seen a very sudden spike in the bottom line and its margins.
- ✓ The company has not performed better compared to its peers.
- ✓ The industry is growing exponentially and there are better companies operating in the same sector

IPO Details

| | |
|-----------------------|-------------------------------|
| Opening Date | Dec 11, 2024 |
| Closing Date | Dec 13, 2024 |
| Allotment Date | Dec 16, 2024 |
| Listing Date | Dec 18, 2024 |
| Stock Exchange | BSE, NSE |
| Lot Size | 27 Shares |
| Issue Price Per Share | ₹522 to ₹549 |
| Issue Size | 3,042.62 Cr. |
| Fresh Issue | 950.00 Cr. |
| Offer for Sale | 2,092.62 Cr. |
| | ₹ 14,823 – |
| Application Amt | ₹ 1,92,699 (27 to 351 shares) |

INDUSTRY – Pharma

Avg. PE ratio as per RHP – 95.33

| KPI's | KPIs (In Crores) | | | |
|------------|------------------|----------|----------|----------|
| | FY 22 | FY 23 | FY 24 | Sep-24* |
| Revenue | 869.59 | 1,217.14 | 1,465.18 | 1,350.57 |
| EBITDA | 121.28 | 164.93 | 285.49 | 256.67 |
| Net Profit | 6.23 | 9.99 | 82.81 | 56.02 |
| RoCE | 2.15% | 4.59% | 10.82% | 6.18% |
| ROE | 0.71% | 1.12% | 8.49% | 2.77% |
| P/E | 1,614.71 | 998.18 | 121.19 | 203.82 |

*Annualized

Promoter Share Holding Pattern

| | |
|-----------|------------|
| Pre-Issue | Post Issue |
| 41.82% | 35.24% |

Valuation Parameters

| Particulars | Pre-Issue | Post Issue* |
|-----------------|-----------|-------------|
| EPS | 4.53 | 2.69 |
| BVPS | 1.70 | 97.29 |
| P/E | 121.19 | 203.82 |
| P/BV | 322.01 | 5.64 |
| Mkt Cap (In Cr) | 10,468.63 | 11,418.63 |

*Annualized

Lead Managers –

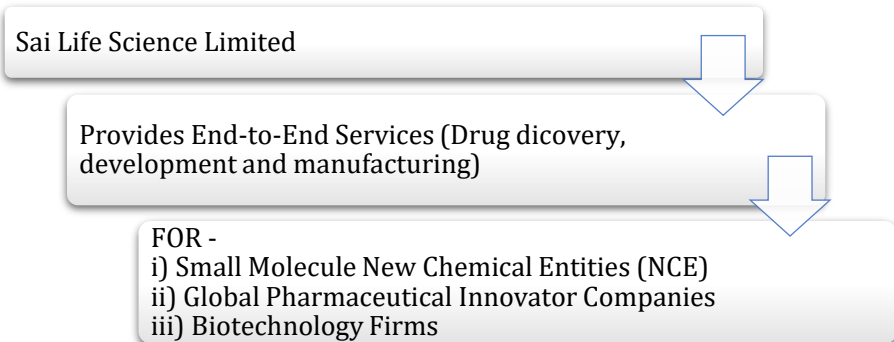
1. Kotak Mahindra Capital Company Limited
2. Jefferies India Private Limited
3. Morgan Stanley India Company Private Limited
4. Iifl Securities Limited

Registrar –

KFin Technologies Limited

Business Overview –

Sai Life Sciences Limited was incorporated on Jan 25th, 1999. Sai Life Science is an Innovation-focused, contract research, development and manufacturing organisation (CRDMO).



Company’s Capabilities –

- 1) Discovery / Contract Research (CRO)
- 2) Chemistry, Manufacturing and Control (CMC)
- 3) Contract Development and Manufacturing Organization (CDMO)

End-To-End Process from Discovery to Commercialization -



Service-wise performance -

1. **CRO Services** – CRO Services include integrated discovery (“Discovery”) capabilities across biology, chemistry, and drug metabolism and pharmacokinetics (“DMPK”).

Past 5 Year Data –

- i. 200 small molecule discovery programs.
- ii. Have served 160 customers.
- iii. At least 5 discoveries had approval and are now commercially available.
- iv. Out of all the programs 40 programs resulted in Investigational New Drug “IND” Filings.

2. **CDMO Services** - CDMO services include comprehensive capabilities that support the customers in the development and scaling up production of active pharmaceutical ingredients (“APIs”).

As of September 2024, the portfolio consisted of 38 APIs and intermediates used in the manufacturing of 28 commercial drugs.

3. **CMC Services** - CMC services are broadly classified as -
 - i) early-phase (pre-clinical to Phase II)
 - ii) late phase (commercial, Phase III and post-Phase-III products).

As of September 2024, the portfolio consisted of 120 products in various stage of development across pre-clinical stages.

Facilities and Capacity Utilization –

| Facility | Function | Capacity Utilization as on FY 2024 |
|----------------------------|---|------------------------------------|
| Unit IV Bidar Facility | This site manufactures APIs and advanced intermediates for highly regulated markets, including the US, EU and Japan | 68.52% |
| Unit VI Bidar Facility | This site manufactures APIs for oncology products with segregation and containment requirement. | 11.55% (As of Sep 2024) |
| Unit II Hyderabad Facility | R&D campus in Hyderabad houses both the Discovery and CMC R&D teams | 78.57% |
| Greater Boston Facility | This facility houses a laboratory equipped for fit-for-purpose exploratory biology and houses advanced cellular and biochemical analysis platforms. | Not Provided |
| Manchester Facility | This facility is engaged in advanced process research, novel process development, clinical API supply as well as technology transfer of processes to the India manufacturing sites. | Not Provided |
| Unit III Bollaram Facility | This site manufactures intermediates and APIs. | 75.65% |

Agreements –

As of September 2024, the company had Master Services Agreements “MSAs” with 8 pharmaceutical companies, facilitating an ongoing flow of early phase.

Contractual Agreements –

The company’s service fee arrangement is primarily based on two types of models: (i) fee-for-service (“FFS”) model and (ii) full-time equivalent (“FTE”) model.

- i) **FFS Model** - Work based on purchase orders as well as long-term supply agreements with the customers to manufacture and deliver APIs or intermediates as per their requirements over multi-year periods.
- ii) **FTE Model** - Offer services to the customers with dedicated resources. The company executes work based on the customers’ scope and bills for the number of resources engaged along with pass-through costs on a monthly basis.

As of September 30, 2024, 35.40% and 64.60% of the contracts with customers are based on FFS model and FTE model, respectively.

Geography served –

The company’s customers are spread across India, the US, the UK, the European Union, Japan and Other Regions.

Revenue Bifurcation:

(Amt in Cr.)

| Particulars | FY 22 | FY 23 | FY 24 |
|--|---------------|-----------------|-----------------|
| Contract Development and Manufacturing | 595.40 | 729.83 | 971.55 |
| Contract Research | 273.73 | 467.12 | 497.17 |
| Other Operating Revenue | 0.47 | 20.19 | -3.55 |
| Total | 869.59 | 1,217.14 | 1,465.18 |

Competition -

1. **Market Competition, High:** The CRDMO market is highly fragmented with over 1,000 global players competing intensely for market share.
2. **Threat of New Entrants, High:** High demand for integrated services attracts new entrants, but capital-intensive setups and regulatory barriers deter smaller players.
3. **Threat of Substitutes, High:** Limited substitutes for integrated end-to-end CRDMO services, though internal R&D by pharma companies can slightly offset demand
4. **Bargaining Power of Buyers, High:** Large pharmaceutical companies with extensive product portfolios have significant negotiation power due to their ability to switch providers and drive competitive pricing.
5. **Bargaining Power of Suppliers, Moderate:** Specialized materials and equipment suppliers hold moderate power
6. **Geopolitical Risks, High:** Regulatory uncertainties in the US, UK, and Europe, and risks such as trade policies, Brexit, and regional compliance challenges, increase operational complexity.

Business Strategies -

1. The company seeks to increase average spending from existing customers through deeper engagement and cross selling of its services.
2. The company aim to capitalize on the increasing demand for integrated Indian CRDMOs
3. The company intends to strengthen the position as an alternative for customers looking to add outsourcing sites in Asia and directly add late phase and commercial products through technology transfer.
4. The company is adding new production blocks and ancillary facilities in the Unit IV Bidar Facility as well as the new Unit VI Bidar Facility.

Risk Factors -

The company conduct animal testing, which can result in adverse publicity liability and other issues, including potential disruption to the facilities as a result of protests against animal testing.

The company's subsidiary, Sai Life Sciences Inc. has incurred losses of ₹45.66 million, ₹150.60 million, ₹125.97 million and ₹93.10 million for the six-month period ended September 30, 2024, and the Financial Years ended March 31, 2024, March 31, 2023, and March 31, 2022, respectively, and it may also incur losses in the future.

There are 41 tax proceedings and 1 statutory proceeding against the company amounting to Rs. 238.72 Cr.

There are 2 Criminal Proceedings, and 4 Tax proceedings against the promoters, and directors of the company amounting to Rs. 6.3 lakhs.

The company have certain contingent liabilities amounting to Rs. 29.62 Cr

INDUSTRY OVERVIEW

Emergence of CRDMOs -

CRDMOs with integrated services have gained significant traction in recent times, with an increasing inclination among pharmaceutical innovators to engage a singular partner for services covering the entire pharmaceutical value chain. This is even more relevant for small pharma innovator companies and biotechs which have a lean team with a few decision makers. Pharmaceutical companies generally collaborate with Contract Research Organizations (CROs) for drug discovery and Contract Development and Manufacturing Organizations (CDMOs) for drug development and manufacturing, with some overlap in services such as API and formulation development.

(Source: RHP)

Global and Indian CRDMO Industry -

Global - In 2023, the global CRDMO industry was assessed at an estimated value of USD 197 billion. The industry is anticipated to expand at a CAGR of 9.1% over the forecast period, culminating in USD 302 billion by 2028.

Indian CRDMO industry has largely been dominated by small molecules with their proportion constituting 90%+ of the total industry in 2023. With increasing prominence of Indian CRDMOs in the global markets and increased outsourcing of small molecules, the dominance of small molecules is expected to continue despite increasing demand of large molecules. The Indian small molecule CRDMO industry size is estimated to increase to USD 12.8 billion (INR 1,064 billion) by 2028 and with a compound annual growth rate (CAGR) of 13.7% from 2023 to 2028.

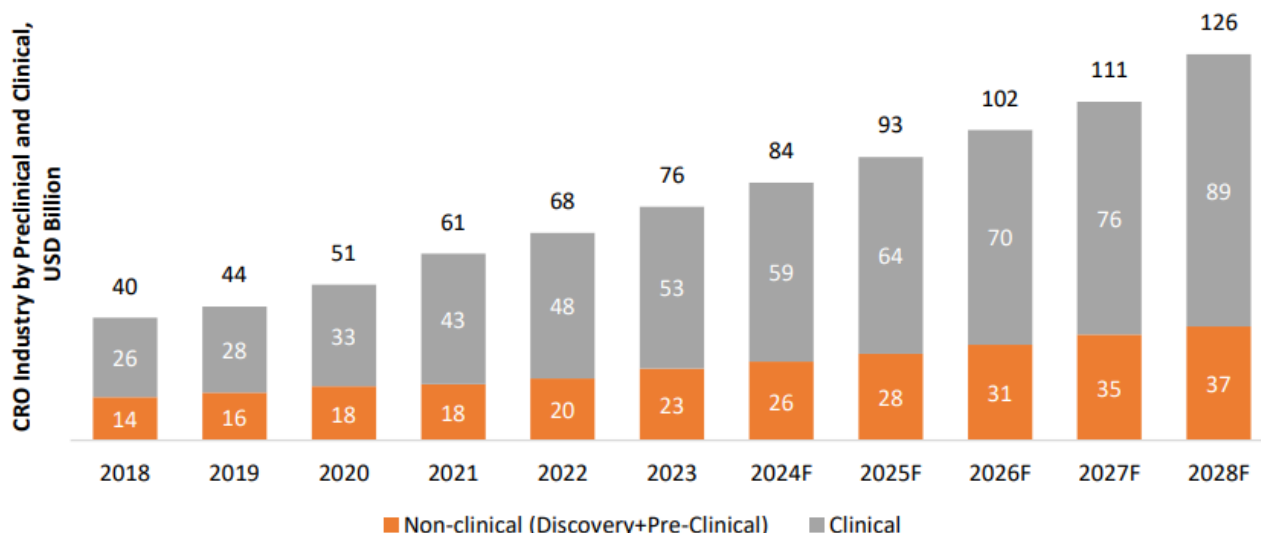
Global CRO Industry -

The CRO industry includes outsourced R&D services provided to pharmaceutical and biotech companies for drug discovery and early development. CROs have been widely used by the life sciences industry since the 1970s. As the CRO industry gained significant momentum, services offered by CROs have evolved from basic supporting services to a wide range of lab and analytical services across the R&D value chain, enabling them to become preferred strategic partners to pharma innovators. Some of the CROs are also setting up dedicated R&D facilities for their customers. These dedicated facilities demonstrate ability to serve customer with comprehensive set of capabilities and long-term commitment by the customers.

Global CDMO Industry -

In the CDMO industry, small molecules currently dominate the industry with 80%+ proportion, as they can target a wide range of diseases and disorders and remain a fundamental component of pharmaceutical markets. With increase in outsourcing and growing complexity and diversity of small molecules, Small molecule CDMO industry is expected to grow at a faster rate of 6.8% during 2023- 28 to reach a \$137 Bn by 2028, as compared the historical growth rate of 5.4% during 2018-23.

Exhibit 3.2: Global CRO Industry by Non-clinical and Clinical, 2018-2028F



(Source: RHP)

Key Management -

| | |
|--|---|
| Key Management Persons Name - | Kanumuri Ranga Raju |
| Age | 73 |
| Designation and No. of experience | Chairman and Whole-Time Director, 25+ years of experience in the pharmaceutical industry |
| Qualification | Bachelor's degree in pharmacy in Mysore, Bachelor's and a Master's degree of science in pharmacy in Boston. |
| Responsibility | - |
| Other Directorships | Pattancheru Envirotech Ltd, Sai Life Pharma Private Limited. |
| Key Management Persons Name - | Krishnam Raju Kanumuri |
| Age | 53 |
| Designation and No. of experience | Managing Director and CEO, 13+ years of experience in business management |
| Qualification | Degree of Master of Business Administration |
| Responsibility | - |
| Other Directorship | Sai Life Pharma Private Limited, Sai Life Sciences Inc . |
| Key Management Persons Name - | Mitesh Daga |
| Age | 45 |
| Designation and No. of experience | Non-Executive Director, 17+ years of experience in private equity. |
| Qualification | degree of Bachelor of Technology in chemical engineering, Holder of CFA Charter |
| Responsibility | - |
| Other Directorships | Sai Life Pharma Private Limited |
| Key Management Persons Name - | Rajagopal Srirama Tatta |
| Age | 73 |
| Designation and No. of experience | Independent Director, 29 years of experience in taxation |
| Qualification | Master's degree in business administration, CA |
| Other Directorships | - |
| Key Management Persons Name - | Ramesh Ganesh Iyer |
| Age | 66 |
| Designation and No. of experience | Independent Director, 23+ years of experience in financial services industry. |
| Qualification | Degree of doctor of letters |
| Other Directorships | Mahindra First Choice Wheels Limited, NOCIL Limited. |
| Key Management Persons Name - | Suchita Sharma |
| Age | 61 |
| Designation | Independent Director, 22+ years of experience in audit and finance. |
| Qualification | bachelors' degree of arts in economic honors, master's degree in commerce, CA |
| Other Ventures | - |

- The overall management of the company is slightly satisfactory.
- One of the management/promoter personnel has relevant experience to the industry in which they are operating.
- The management has good experience.
- There is evidence of dual chairmanship, which is not favourable.
- Sivaramakrishnan Chittor (CFO), is a CA and has passed the final examination of the Company Secretaries exam. He is responsible for strategic planning, operational oversight and financial management.

FINANCIAL SNAPSHOT

| Statement of Profit and Loss | | | | Amt in Crores |
|---|---------------|-----------------|-----------------|---------------|
| Particulars | FY 22 | FY 23 | FY 24 | Sep-24 |
| Revenue from Operations | 869.59 | 1217.13 | 1465.17 | 675.28 |
| Other Income | 28.14 | 27.96 | 29.09 | 18.06 |
| Total Income | 897.74 | 1,245.11 | 1,494.27 | 693.35 |
| Expenses | | | | |
| Cost of Material, Chemicals & Reagents Consumed | 269.59 | 427.18 | 423.30 | 182.39 |
| Changes in Inventories of WIP | -2.83 | -4.59 | 22.43 | -5.18 |
| Employee benefits expense | 308.97 | 417.29 | 494.91 | 265.09 |
| Finance Cost | 49.57 | 77.06 | 85.91 | 42.15 |
| Depreciation and Amortization expense | 90.16 | 99.43 | 119.44 | 66.99 |
| Other Expenses | 172.58 | 212.33 | 239.05 | 104.65 |
| Total Expenses | 888.05 | 1,228.70 | 1,385.04 | 656.09 |
| EBITDA | 121.28 | 164.93 | 285.49 | 128.34 |
| EBITDA Margin | 13.95% | 13.55% | 19.48% | 19.00% |
| Profit/(Loss) before tax | 9.70 | 16.41 | 109.23 | 37.26 |
| Tax Expense | | | | |
| Current tax | 9.42 | 10.03 | 7.76 | - |
| Deferred Tax (net) | -5.95 | -3.61 | 18.66 | 9.24 |
| Total Tax Expense | 3.47 | 6.42 | 26.43 | 9.25 |
| Profit/(Loss) for the year | 6.23 | 9.99 | 82.81 | 28.01 |
| Net Profit Margin | 0.69% | 0.80% | 5.54% | 4.04% |

| Statement of Assets and Liabilities | | | | Amt in Crores |
|---|---------------|---------------|---------------|-----------------|
| Particulars | FY 22 | FY 23 | FY 24 | Sep-24 |
| EQUITY AND LIABILITIES | | | | |
| 1. Shareholders' funds | | | | |
| Share Capital | 17.94 | 18.01 | 18.05 | 18.88 |
| Other Equity | 860.62 | 870.08 | 957.09 | 1,026.68 |
| Total Shareholder's fund | 878.57 | 888.09 | 975.14 | 1,045.56 |
| 2. Non-current liabilities | | | | |
| Financial Liabilities | | | | |
| (i) Borrowings | 297.17 | 260.97 | 277.25 | 290.29 |
| (ii) Lease Liabilities | 189.57 | 195.80 | 175.72 | 172.67 |
| (iii) Other financial liabilities | 2.80 | 3.73 | 1.33 | 2.60 |
| Provisions | 18.93 | 16.68 | 19.52 | 22.67 |
| Deferred Tax Liabilities (Net) | 62.60 | 62.53 | 86.27 | 96.72 |
| Total Non-current liabilities | 571.07 | 539.70 | 560.09 | 584.95 |
| 3. Current liabilities | | | | |
| Financial Liabilities | | | | |
| (i) Borrowings | 454.15 | 438.26 | 432.92 | 474.20 |
| (ii) Lease Liabilities | 24.56 | 37.35 | 41.78 | 55.04 |
| (iii) Trade Payables | - | - | - | - |
| (a) Outstanding Dues to MSME | 12.21 | 8.09 | 9.01 | 18.09 |
| (b) Outstanding Dues to other than MSME | 186.99 | 200.86 | 190.40 | 195.11 |
| (iv) Other Financial Liabilities | 9.37 | 22.78 | 31.75 | 59.40 |
| Other current liabilities | 18.83 | 40.95 | 25.68 | 34.83 |
| Provisions | 5.93 | 7.20 | 8.37 | 9.60 |
| Current Tax Liabilities (net) | 2.57 | 3.37 | - | - |

| Particulars | FY 22 | FY 23 | FY 24 | Sep-24 |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Total Current liabilities | 714.60 | 758.85 | 739.90 | 846.27 |
| Total Liabilities | 1,285.67 | 1,298.56 | 1,299.99 | 1,431.22 |
| Total Equity and Liabilities | 2,164.23 | 2,186.65 | 2,275.14 | 2,476.78 |
| ASSETS | | | | |
| 1. Non-current assets | | | | |
| Property, Plant and Equipment | 742.90 | 777.62 | 926.36 | 961.83 |
| Right-to-use assets | 221.10 | 247.87 | 239.71 | 254.38 |
| Capital work-in-progress | 188.69 | 151.00 | 106.90 | 152.02 |
| Intangible Assets | 8.05 | 11.433 | 13.773 | 12.080 |
| Financial Assets | - | - | - | - |
| (i) Investments | 0.02 | 1.87 | 1.87 | 1.87 |
| (ii) Other financial assets | 3.05 | 2.66 | 4.07 | 3.59 |
| Current Tax Assets | 5.71 | 8.06 | 13.13 | 14.77 |
| Non-current tax assets (net) | 13.81 | 7.66 | 13.28 | 16.92 |
| Other non-current assets | 35.53 | 14.53 | 10.94 | 24.74 |
| Total Non-Current assets | 1,218.85 | 1,222.70 | 1,330.02 | 1,442.19 |
| 2. Current assets | | | | |
| Inventories | 126.91 | 139.53 | 87.44 | 105.89 |
| Financial Assets | - | - | - | - |
| (i) Trade receivables | 242.90 | 284.05 | 256.18 | 229.51 |
| (ii) Cash and cash equivalents | 115.94 | 69.91 | 23.66 | 49.05 |
| (iii) Bank balances other than (ii) | 14.35 | 16.42 | 135.14 | 134.64 |
| (iii) Other financial assets | 144.38 | 178.47 | 79.48 | 82.99 |
| Other Current Assets | 300.89 | 275.56 | 363.21 | 432.52 |
| Total Current assets | 945.38 | 963.95 | 945.11 | 1,034.59 |
| Total Assets | 2,164.23 | 2,186.65 | 2,275.14 | 2,476.78 |

Cash Flow Statement Amt in Crores

| Particulars | FY 22 | FY 23 | FY 24 | Sep-24 |
|---|---------|---------|---------|---------|
| Net Cash Flow from Operating Activities | 104.87 | 219.40 | 263.09 | 101.36 |
| Net Cash Flow from Investing Activities | -103.71 | -101.78 | -192.38 | -107.56 |
| Net Cash Flow from Financing Activities | 71.92 | -200.65 | -95.30 | 24.79 |

Key Ratios

| <u>Per Share Data</u> | FY 22 | FY 23 | FY 24 | FY 25* | <u>Valuation Ratios (x)</u> | FY 22 | FY 23 | FY 24 | FY 25* |
|-------------------------|--------|--------|--------|--------|-----------------------------|----------|--------|--------|--------|
| Diluted EPS | 0.34 | 0.55 | 4.53 | 2.69 | EV/EBITDA | 12.36 | 9.10 | 5.35 | 8.87 |
| BV per share | 500.43 | 503.95 | 552.08 | 106.12 | Market Cap / Sales | 13.13 | 9.38 | 7.79 | 8.45 |
| Operating Ratios | | | | | P/E | 1,614.71 | 998.18 | 121.19 | 203.82 |
| EBITDA Margins | 13.95% | 13.55% | 19.48% | 19.00% | Price to Book Value | 1.097 | 1.089 | 0.994 | 5.17 |
| PAT Margins | 0.69% | 0.80% | 5.54% | 4.04% | Solvency Ratios | | | | |
| Inventory days | 53.27 | 41.84 | 21.78 | 28.70 | Debt / Equity | 0.86 | 0.79 | 0.73 | 0.22 |
| Debtor days | 101.96 | 85.18 | 63.82 | 62.20 | Current Ratio | 1.32 | 1.27 | 1.28 | 1.22 |
| Creditor days | 230.84 | 173.68 | 183.06 | 199.98 | Quick Ratio | 1.15 | 1.09 | 1.16 | 1.10 |
| Return Ratios | | | | | Asset Turnover | 0.40 | 0.56 | 0.64 | 0.27 |
| RoCE | 2.15% | 4.59% | 10.82% | 6.18% | Interest Coverage Ratio | 0.63 | 0.85 | 1.93 | 1.46 |
| RoE | 0.71% | 1.12% | 8.49% | 2.77% | | | | | |

*Annualized

FINANCIAL ANALYSIS –

1. The top line had seen an increase in FY2024 by 20.38%.
2. The company had seen a sudden spike in their net profit as well in FY2024 by 729% due to an increase in the profits after tax on account of the growth in the revenue from operations being higher than the growth in total expenses.
3. The PAT margin has also seen a sudden increase for FY 2024 due to material costs as a percentage of revenue from operations decreasing from 34.72% in the Financial Year 2023 to 30.42% in the Financial Year 2024. This optimisation in material costs was mainly due to production efficiencies, changes in the product mix, a decline in global commodity prices for raw materials.
4. The RoCE and RoE have remained low for FY2023 and FY2024.
5. The PE ratio has remained high over the years.

PEER ANALYSIS

| Particulars | Sai Life Sciences Limited | | | Divis Laboratories Limited | | | Suven Pharmaceuticals Limited | | | Syngene International Limited | | |
|---------------|---------------------------|--------|--------|----------------------------|-------|-------|-------------------------------|-------|-------|-------------------------------|-------|-------|
| | FY 22 | FY 23 | FY 24 | FY 22 | FY 23 | FY 24 | FY 22 | FY 23 | FY 24 | FY 22 | FY 23 | FY 24 |
| NP Margin | 0.7% | 0.8% | 5.7% | 32.6% | 22.5% | 19.6% | 31.2% | 29.7% | 27.0% | 14.9% | 12.8% | 14.2% |
| EBITDA Margin | 13.9% | 13.6% | 19.5% | 44.1% | 33.5% | 31.1% | 49.2% | 44.7% | 42.0% | 30.8% | 27.7% | 30.6% |
| RoCE | 3.7% | 3.2% | 10.8% | 30.3% | 17.8% | 15.3% | 41.8% | 31.7% | 19.2% | 11.7% | 13.8% | 13.3% |
| ROE | 0.7% | 1.1% | 8.5% | 25.2% | 14.3% | 11.8% | 29.7% | 23.7% | 14.6% | 12.0% | 12.8% | 12.0% |
| EPS (INR) | 0.34 | 0.55 | 4.53 | 111.52 | 68.69 | 60.27 | 17.83 | 16.16 | 11.80 | 9.89 | 11.58 | 12.70 |
| P/E | 1,614.71 | 998.18 | 121.19 | 39.27 | 41.10 | 57.16 | 33.95 | 29.23 | 57.38 | 60.39 | 51.34 | 55.32 |

LEAD MANAGER TRACK RECORD -

The lead managers to the issue are Kotak Mahindra Capital Company Limited, Jefferies India Private Limited, Morgan Stanley India Company Private Limited, and IIFL Capital Services Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Kotak Mahindra Capital Company Limited –

| Sr. No. | Company Name | Issue Size in Cr. | Issue Price/Share (In INR) | Listing Date | CMP* (INR) |
|---------|--|-------------------|----------------------------|--------------|------------|
| 1. | Niva Bupa Health Insurance Company Limited | 2,200.00 | 74.00 | Nov 14, 2024 | 92.70 |
| 2. | ACME Solar Holdings Limited | 2,900.00 | 289.00 | Nov 13, 2024 | 271.10 |
| 3. | Swiggy Limited | 11,327.43 | 390.00 | Nov 13, 2024 | 543.75 |

The company has handled 33 mandates in the past three years (including the current year).

Jefferies India Private Limited –

| Sr. No. | Company Name | Issue Size in Cr. | Issue Price/Share (In INR) | Listing Date | CMP* (INR) |
|---------|-------------------------------|-------------------|----------------------------|--------------|------------|
| 1. | Swiggy Limited | 11,327.43 | 390.00 | Nov 13, 2024 | 543.75 |
| 2. | Sagility India Limited | 2,106.60 | 30.00 | Nov 12, 2024 | 42.26 |
| 3. | Afcons Infrastructure Limited | 5,430.00 | 463.00 | Nov 04, 2024 | 533.85 |

The company has handled 11 mandates in the past three years (including the current year).

IIFL Capital Services Limited –

| Sr. No. | Company Name | Issue Size in Cr. | Issue Price/Share (In INR) | Listing Date | CMP* (INR) |
|---------|----------------------------------|-------------------|----------------------------|--------------|------------|
| 1. | NTPC Green Energy Limited | 10,000.00 | 108.00 | Nov 27, 2024 | 146.65 |
| 2. | Zinka Logistics Solution Limited | 1,114.72 | 273.00 | Nov 22, 2024 | 356.35 |
| 3. | Sagility India Limited | 2,106.60 | 30.00 | Nov 12, 2024 | 42.26 |

The company has handled 39 mandates in the past three years (including the current year).

Morgan Stanley India Company Private Limited –

| Sr. No. | Company Name | Issue Size in Cr. | Issue Price/Share (In INR) | Listing Date | CMP* (INR) |
|---------|--|-------------------|----------------------------|--------------|------------|
| 1. | Zinka Logistics Solution Limited | 1,114.72 | 273.00 | Nov 22, 2024 | 356.35 |
| 2. | Niva Bupa Health Insurance Company Limited | 2,200.00 | 74.00 | Nov 14, 2024 | 92.70 |
| 3. | Hyundai Motor Limited | 27,870.00 | 1,960.00 | Oct 22, 2024 | 1,833.45 |

The company has handled 6 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 10th Dec 2024.

As per the offer document, the above-mentioned mandates 4 have opened at a discount 1 has opened at par and the remaining all have opened at a premium on the listing day.

Recommendation -

Sai Lifesciences Limited has been in the industry since 1999 and has vast experience in the industry. The management overview of the company is satisfactory.

The P/E on a post-IPO basis is 203.8 times which makes it aggressively priced compared to the industry average.

The company's bottom line has seen a sudden increase for FY 2024 which may or may not be sustainable going forward. The company's financial performance is not very satisfactory. The company compared to its peers has also not performed well and not performed as per the trend in the industry.

The global small molecule contract research, development and manufacturing organization industry is forecasted to reach US\$159 billion by 2028 (comprising approximately 53% of the overall global contract research, development and manufacturing organization industry). Considering the industry growth there are better companies in the same industry operating at a high efficiency.

Sai Life Sciences is operating at a high valuation along with the promoter's holding falling drastically post-issue which will have an impact on the decision-making process of the company.

Thus, investors can **AVOID** this IPO.

Disclaimer

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