

Date: 21 May 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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Sub: Transcript of Earnings Call for the Financial Results of the Company for the quarter and year ended on 31 March 2025.

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015, please find attached herewith the transcript of the Earnings Call for Financial Results of the Company for the quarter and year ended 31 March 2025 held on Wednesday, 14 May 2025, at 4:00 PM (IST).

The Transcript is uploaded on Company's website at below link:

Link: https://www.sailife.com/wp-content/uploads/2025/05/Transcript-Q4FY25_21May_.pdf

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

Thank you.

For **Sai Life Sciences Limited**

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

Encl: As above

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“Sai Life Sciences Limited

Q4 FY '25 Earnings Call”

May 14, 2025



**MANAGEMENT: MR. KRISHNA KANUMURI – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER – SAI LIFE SCIENCES
LIMITED
MR. SIVA CHITTOR – DIRECTOR AND CHIEF
FINANCIAL OFFICER – SAI LIFE SCIENCES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Sai Life Sciences Ltd Q4 FY25 Earnings Call. As a reminder, all participant 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 this 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 from EY. Thank you and over to you, sir.

Diwakar Pingle: Thank you, Navya. Good evening to all the participants in this call. Before we proceed to the call, let me remind you that this 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 risk that could cause future results, performance or achievement to differ significantly from modest success or implied by such forward-looking statements. Please note that we've made the results and the same available on the company's website. In case you have not received the same, you can write to us and we'll be happy to send the same over to you.

To take us through the results of the Q4 FY25 earnings call and answer your questions today, we have the top management of Sai Life Sciences represented by Mr. Krishna Kanumuri, Managing Director and Chief Executive Officer and Mr. Siva Chittor, Director and Chief Financial Officer.

We will start the call with a brief overview of the quarter gone past and then conduct the Q&A session. With that said, I'll now hand over the call to Krishna. Over to you, Krishna.

Krishna Kanumuri: Thank you. You're welcome. Good evening and thank you for joining us today. We are pleased to report robust performance for FY25, strong growth in Q4 driven by consistent execution and growing traction across our integrated service offering. Our CRDMO model continues to be a key differentiator, enabling us to provide seamless support from discovery to development and manufacturing.

During the year, we've made meaningful progress across multiple fronts. We expanded capacity at key facilities, onboard high-quality scientific talent, and deepened our relations with customers across the US, UK, and EU and Japan, including 18 of the top 25 global pharmaceutical companies.

A major highlight of the quarter was the launch of our dedicated Peptide Research Center at our integrated R&D campus in Hyderabad. The facility is equipped with advanced automation, robotics, and high-throughput systems to support complex peptide synthesis and discovery. As demand rises for peptide-based and other emerging modalities, there's investment positions as well to cater to next-generation therapeutics.

We're equally proud to have been certified as a great place to work for FY25-26. This recognition reflects a strong culture, collaborative environment, and our continued focus on building an organization rooted in integrity and scientific excellence.

Sustainability remains central to our long-term vision. In line with this, we partnered with DHL to implement their Go Green Plus program for emission reduction and international shipping.

We're also embedding sustainable practices and digital transformation across our operations to drive efficiency and reduce our environmental footprint.

Now turning to our financial performance for FY25. We delivered strong growth, supported by demand across both our CDMO and CRO segments. Revenue grew in double digits year-over-year with the CDMO and CRO contributing 63% and 37% of revenues respectively.

EBITDA grew by 42% with margin expansion of 458 basis points. Our PAT saw a 105% increase over the previous year driven by operating leverage and improved efficiencies. Looking at the broad industry, the global CRDMO sector continues to see strong momentum, increasing emphasis on supply chain resilience, cost pressures, and dealt markets. The rise of complex new modalities are driving demand for integrated, high-quality outsourcing partners.

India with its scientific capabilities, cost advantage, and growing infrastructure is well-positioned to capture this opportunity. This year, global policy changes and supply chain shifts have continued to reshape the pharmaceutical industry. As companies seek reliable cost-effective partners beyond traditional hubs, India is emerging as a strong alternative. With our scientific depth, integrated model, and global customer relationship, Sai Life Sciences is well-positioned to support this transition.

At Sai, we are confident in our ability to play a leading role in this shift. Our investment in talent, capacity, and technology are aligned with evolving customer needs and market dynamics. We remain focused on delivering high-quality, efficient, responsive solutions to our global clients.

In conclusion, FY25 has been a year of progress, resilience, and preparation for the future. Over the next few years, we aim to drive sustainable growth by expanding capabilities, deepening customer partnerships, and strengthening execution across the value chain. With that, I will now hand over the call to Siva, our CFO, who will walk you through the financial performance.

Siva Chittor:

Thanks, Krishna. Thanks, everyone, for joining us today. I'm pleased to share the financial highlights for FY25, which reflect a year of strong execution, operational discipline, and a continued focus on building a resilient and scalable business. We closed fiscal '25 with a revenue from operation of around INR1,695 crores. This reflects a 16% year-on-year growth as compared to INR1,465 crores in FY24.

This growth was driven by sustained momentum across both our businesses, the CDMO and the CRO sections, with strong contributions from ongoing projects and increased customer engagement. Our EBITDA for the year stood at INR425 crores, a 42% increase from INR300 crores in FY24. This translates to an EBITDA margin of 25%, up from 20% last year. The

margin improvement was supported by better operating leverage, cost optimization, and increased capacity utilization.

We are pleased to see our profitability profile moving closer to a long-term guidance of 28% to 30% EBITDA margin. Profit after tax for FY25 stood at INR170 crores, compared to INR83 crores in FY24, makes a strong 105% year-on-year increase. This growth was supported by improved operational performance, stable finance costs, and disciplined cost management.

From a balance sheet perspective, we completed the planned INR720 crores debt repayment as part of the money raised through the IPO process. This significantly reduced our leverage. As a result, we expect to see lower interest costs from FY26.

On the return metric side, our ROCE increased to 12% as compared to 10% in the previous year. This has been supported by better asset productivity and earnings. We have maintained financial discipline throughout the year. This is seen in the working capital data that stood at 117 days, showing efficient cash and inventory management.

We ended the year with a capex spend of INR408 crores, in line with our investment plan to expand manufacturing capacity and strengthen our discovery capabilities. These investments are core to our strategy of supporting complex programs across late-phase commercial stages, and to further scale our service offerings in the year ahead.

As we look to FY26, we remain confident in our financial foundation and growth trajectory. Our focus will remain on expanding capacity, optimizing margins, and improving cash flow generation. We are committed to the growth projections we have given in the earlier calls, and we continue to build on the momentum for FY25.

Thank you. I would now like to open the floor for the Q&A session.

Moderator: Thank you very much. We take the first question from the line of Binay from Morgan Stanley. Please go ahead.

Binay: Hi, team. Congratulations on a good set of numbers. I just wanted to focus on the quarter. So when we look at revenues, they are up around 31%, but the EBITDA growth on a YoY basis is lagging revenue growth. So could you talk a little bit about that? In particular, this operating expense line item, which has seen almost a 70% jump on a YoY basis. So that's the first question.

Siva Chittor: Sure. Thanks, Binay. I think one of the things that we have mentioned in the prior calls and in our shows over the leading to IPO is that this business needs to be looked at on a year-on-year basis rather than a quarter-on-quarter basis. On your specific question on the operating expenses or other expenses going up, there was a prudent provision that we had taken on bad debt and contract assets, and that's the reason for a one-time increase in costs and that line item.

Binay: And how much was this provision? And could you talk a little bit about what exactly is this provision?

- Siva Chittor:** So this is a question of de-stocking situation with the customer, where we have not been able to realize what we needed to get from the customer. And while we are at this point in time working towards it, we thought it would be prudent for us to take the impact, given that it's slightly older. And we've taken 100% provision against it, and that is the impact. The number is close to around INR34 crores.
- Binay:** Okay, and that is all sitting in other expenses in this quarter.
- Siva Chittor:** Correct. And that's the reason why the other expenses line item is showing up. Technically, that is a significant impact as a percentage of revenue for this quarter, and a 2% impact on the entire fiscal 2025 revenue.
- Binay:** Right. And secondly, could you talk a little bit about next year? What is your current capacity utilization rate about capex next year? I recall there is one line capacity coming up in April, so if that already happened.
- Krishna Kanumuri:** So just for capacity goals, we added manufacturing capacity in two places. One part came online probably in the November time frame. Another half is coming online in May. So we feel that that would increase the capacity by close to about 30% for the year. And capacity utilisation is fairly high, and we're seeing good visibility in the business. So I think there's been significant traction in the CDMO business, both from the R&D side and manufacturing side, as well as discovery.
- So we have significant capex plans, which I can talk a little bit more, both in further expanding our manufacturing capacity from where we are now, also increasing our process development capacity and discovery capacity, and also some new modalities as well, which is a growing part of our business. But it seems to be pretty strong going forward.
- Binay:** And Siva, could you comment on the capex number for next year?
- Siva Chittor:** Sure. I think to start with, I think the question on capacity utilization, I think we had a very good capacity utilization of 67% for the last financial year. We expect, I think, just overall market where there seems to be a lot of growth momentum that we are seeing on both sides of the business.
- Remember, while there has been comments about slowing down on the biotech sector, but if you look at our CRO revenues, our CRO revenues have grown around 26% from the last financial year. If I look at the profile of where we are with respect to our CRO, we had kind of given you an indication during the IPO process that our pharma revenue has gone from a very minimal number to around 30%. That was what we said last year.
- Today, that number has increased significantly, close to around 37%-38%. So we are very confident in what we are seeing in the market. Our current biotech customers that we are working with seem to be well-funded. That said, the funding situation is a little bit of a wait and watch at this time.

However, based on the visibility that we are seeing, we are broadly looking at a capex of close to INR700 crores for the next year. The way we are looking at this is we are probably looking at close to around INR550 crores or so as we are currently looking to do. This capex will be necessary for us to deliver our fiscal '27 numbers based on where we see visibility.

In addition, we are working on investment of around INR50 crores to INR60 crores on the new modality side, followed by there are also other capex that the balance is actually based on business visibility that we are currently envisaging, which would then increase our capex to INR700 crores. That's how we are looking at capex for fiscal '26.

Binay: Right. No, no, that's an ambitious plan. Any views on funding of this capex?

Siva Chittor: It will be both from internal accruals and debt in addition to the money that we still have from the IPO process.

Moderator: We take the next question from the line of Alankar Garude from Kotak Institutional Equities.

Alankar Garude: So, you have grown very well in the CRO segment over the past two quarters. And you did mention about a higher share, 30% increasing to 37% from the big pharma clients. Firstly, what is driving this higher engagement? And secondly, I mean, when you talk about your biotech customers being well funded, I mean, clearly things have slowed down further over the last few months after seeing a recovery in CY '24. So how should we look at growth in the CRO segment going forward?

Krishna Kanumuri: Alankar, if you look at just taking a step back, the CRO segment has been slowing down significantly in the last couple of years as well. So, I think what you will see in the next couple of years, at least both on the discovery and overall push to India diversification, I think pharma will be the lead indicator as we go forward. Biotech, again, there'll be the better fund of biotechs who will basically work both India and China.

So, what we're saying is that while the sector itself is slow, this is just – I'm talking sector specific, and not Sai specific. You will see a lot of the business coming to India driven by pharma looking to invest long-term in diversification. These are not short-term contracts where they're coming in and giving huge volume day one, but they're really building up this capacity over the next 4 or 5 years.

So, you'll see pharma continue to build relations in India, which will grow over a period of time. The better funded biotechs right now, which will do work both in India and China, but you won't have these huge spikes in revenue which came in the past in 2021-'22 with all the funded biotechs. So, I think you will see a period of levelling off next 2 years.

So that said, wait and watch. We have to see how the biotech environment shakes up, see if there's any upside to it. But our thesis and most thesis is based on pharma continue to expand the portfolio and the better funded biotech still managing global footprint. That's how we're looking at it. But the environment is still very tough and very hard to read right now because they're just reacting to the Tariff news and it's all relatively new. So, I think everybody's just taking stock of the situation right now.

Alankar Garude: Understood. Apart from these tailwinds for India as a whole, as a sector, I mean, would you like to call out anything specific for us? I mean, for instance, say the Boston Center really contributing more meaningfully or has it contributed more meaningfully in FY '25 versus FY '24 or any other such qualitative insights would really be helpful?

Krishna Kanumuri: I don't know if this is a qualitative insight. We are the only one who's been growing discovery for the last, let's say in two segments, right? We're the only company so far which has really been growing discovery for the last 3 years, irrespective of what the market is. So that trend continues. And that is a combination of everything, right? The Boston site, India site, the combination of overall integration package.

And the fact of the matter is on the CDMO side, we are one of the strongest R&D bases. So if you see our contribution is coming not only from just commercial molecules, it also comes from the development pipeline. So we are meaningfully engaged with customer's end-to-end right from discovery to development.

I don't think anybody has this footprint at this point. So I think our business model is uniquely different enough and we're deep enough across the value chain, which is really creating this upside potential for us. And also it helps us better balance upside and downside of the business, right? Because the business essentially is a fluctuating business. But because we're well diversified between discovery, development, and commercial, we're well-hitched at that point to balance out the growth.

Alankar Garude: Understood. The second question is on CDMO. If you look at our growth in CDMO or CMC in FY '25, while we saw very strong performance in FY '24 in terms of growth, FY '25 growth was I mean, relatively more modest. So in terms of the commercial visibility we have, going into FY '26 and maybe beyond, how are you thinking about the opportunity specifically for the company?

Siva Chittor: Yes. Alankar, going back to what we have spoken during the roadshows, I think what we had specifically stated was the timeline on certain molecules had kind of scaled up for the first time and then the follow-on for this order will result in lower growth than the previous year. This is the commentary that we had provided last time. However, where we are seeing today in fiscal '26, we see strong growth momentum. We see much better visibility and stronger pipeline.

Alankar Garude: Got it, sir. And one final question before I come back. How should we assess the impact of the two macro events for the industry? One is tariffs and the other is the recent MFN order.

Krishna Kanumuri: I think it's too early to tell. I don't think anybody yet is making any decision on what is transparent because it is still very fluid, and nobody will know for any longer time exactly where it is going to settle. So I think nobody is making any short, long-term or short-term, any decision yet in terms of how they want to proceed. And any impact will be very long-term, it won't be short-term in nature.

Alankar Garude: Understood, sir. Thank you.

Moderator: Thank you. We take the next question from the line of Geeta Parekh, an individual investor. Please go ahead.

- Geeta Parekh:** Wanted to understand the split of discovery business between chemistry and biology and what is the outlook for biology? Are you seeing any pricing margins there? This is the first question. Second is, how has the pricing moved for FTEs given the China plus-one pressure?
- Krishna Kanumuri:** To answer that question, I think the way we look at it, biology and DMPK together, we consider them biology services. The split is 60% discovery chemistry, 40% is what we call biology services, which includes both DMPK and biology. And so far, we have not had any pricing pressure. We have held up pricing. It is business as usual from a pricing standpoint. We have not seen any pricing pressure yet.
- Geeta Parekh:** Okay, thank you.
- Moderator:** Thank you. We take the next question from the line of Bino Pathiparampil from Elara Capital. Please go ahead.
- Bino Pathiparampil:** Hi. I was just trying to figure out your 1Q FY '25 numbers from the three quarters that you have reported. Mathematically, I am getting an EBITDA margin of only 9% for the first quarter of the year versus 25% to 27% in the next three quarters. So is that correct or is there something, some error somewhere there?
- Siva Chittor:** No, it is correct. I think this is primarily some bit of seasonality on the CDMO side, which in fact, a lot of the costs are fixed in nature which then impacts our overall margin. And we had, if you look at our first half versus the second half, there is definitely a scale improvement with respect to EBITDA as deliveries kind of ramp up in Q3 and Q4. And you are correct about what you saw.
- Bino Pathiparampil:** Okay. So should we expect a similar seasonality? I mean, to some extent, it is a lumpy business that I understand. But this kind of volatility should we expect in 1 first QF most years or is it going to be more or less even?
- Siva Chittor:** Generally, the first half, without going into a specific for the next quarter or the second quarter, specifically, I would say that our first half will be lower than the second half. As business kind of grows in terms of larger commercial volume products, we expect that will get smoothened out much better than what it was in the past. But we will continue to see some amount of swings between H1 and H2.
- Bino Pathiparampil:** Understood. So the full year growth of 15% that you have done and the full year EBITDA margin of 24%, that I can take as more or less a guiding sort of number going forward. Is that correct?
- Siva Chittor:** Our long-term guidance that we have provided, and we continue to reiterate is that we expect to get to a EBITDA margin of 28% to 30% in the next couple of years. We expect to over a 3 to 5-year period and we are reiterating the fact that this business has set an amount of lumpiness where you will see higher growth in a year and probably a lower growth in the following year. We are saying on a 3 to 5-year period, our average growth taker on revenue will be between 15% and 20%.
- Bino Pathiparampil:** Got it. Thank you very much.

- Moderator:** Thank you. We take the next question from the line of Madhav from Fidelity. Please go ahead.
- Madhav:** Hi, good evening. Thank you so much for your time today. Just want to understand the capex. I think you have steadily increased the capex guidance which is quite positive. But could you give us the capex momentum for the business? I guess you understand that we need to front-end in this industry, the capex to win more business in the future. But if you could just throw some more light, that will be very helpful.
- Krishna Kanumuri:** Just to give a little, I think as going into the year, as we are looking at maybe capex forecast last year, now we've seen more visibility in terms of several molecules scaling up and needing more demand. So this is really driven by what we're seeing in terms of pipeline demand from our molecules scaling up and going commercial.
- Plus, a big difference for us is we've seen a huge demand in terms of our process development work, where we have done multiple leads on process development, where we're seeing a significant increase in our R&D resources for the pipeline we have accommodated, which also will directly play to manufacturing. So I think a lot of this capex increase is based on increased visibility we've had in the last six months more than anything else.
- Madhav:** That's quite positive. And what would be the state of this INR700 crores into our sort of research business and the manufacturing business?
- Siva Chittor:** I would say, so on the, so I'll have to give you, I don't have this as such right away Madhav, but broadly I would say 60% to 65% would be on the manufacturing side and 35% will be on the R&D side. That said, these capex, most of the capex that we would spend this year, other than equipment that Krishna alluded to with respect to the increase in R&D, will all be for capex that we will need in fiscal '27, because most of the infrastructure that we will start building this year will start resulting in a plant or an R&D center in fiscal '27 post construction of the buildings.
- Madhav:** And just one more question from my side, now that we step up on capex, do we still sort of think we can -- I know you've reiterated the margin guidance of 28% to 30%, but is it like kind of factored into our guidance? Because I assume that if you step up on capex, you would have some fixed costs that should come in, but does that subsume in the guidance itself?
- Krishna Kanumuri:** We continue to maintain the guidance of our ability to get 28% to 30%. We're not changing the guidance. That's what we're targeting for still.
- Madhav:** In the next couple of years, you said, right?
- Krishna Kanumuri:** A couple of years, exactly.
- Madhav:** Okay, perfect. Great. Thank you.
- Moderator:** Thank you. Participants who wish to ask questions, may please press star and one at this time. We take the next question from the line of Dhawal Khut from Jefferies. Please go ahead.
- Dhawal Khut:** Hi, team. Thank you for taking my question. My first question is, what is our current FTE strength and how do you see it moving in FY26? Secondly, how do you see your CDMO

molecule pipeline shaping up in next year? Any commercial molecules that you expect in FY26, any meaningful phase 3 addition in next 12 to 18 months, which is giving us a lot of visibility and confidence? Lastly, on the capex side, what is our maintenance capex out of this INR700 crores capex that we are going to do?

Siva Chittor:

Let me take the CDMO question first. I think with respect to new molecules going commercial, dates are not within the control of the CDMOs like us. We've seen two large volume of products that received phase 3, a good phase 3 readout as announced by the pharmaceutical companies.

The timing of when it will add to our commercial pipeline is something that we don't know at this time, but these are data that we've seen in the public space. I think with respect to commercial products, I think a lot of the growth that we have seen this year, commercial product volume has increased, and that is driven by certain products scaling up. We are seeing visibility with respect to some of these products scaling up better again in the next year.

That is what is giving us the confidence. The second reason for the confidence of the CDMO business is primarily what Krishna mentioned earlier. The FTE deals that we are working on today are leading into scale-up opportunities that then kind of results into manufacturing revenue in addition to the R&D revenues that they get. So, these two factors combined is what is making the pipeline look very strong.

Dhawal Khut:

And what is our FTE strength right now, and do you see it meaningfully changing during the course of the year?

Siva Chittor:

I think we expect our FTE business to kind of change an average FTE from last year to this year. We expect at least 12% to 15% growth from last year to – from fiscal 2025 to 2026.

Dhawal Khut:

And what was the growth in FY25 in the FTE strength?

Siva Chittor:

We grew by close to 27%.

Dhawal Khut:

Got it. And lastly, what is our maintenance capex?

Siva Chittor:

Roughly around INR70 crores or so.

Dhawal Khut:

Okay, got it. Thank you.

Moderator:

Thank you. We take the next question from the line of Deepak from Cernelian Capital. Please go ahead.

Deepak:

Yes, thanks for taking my question. So, first question is on the gross block and the capex part. So, when I see the gross block is around INR 1,680 crores of gross block, and our sale is also very similar. So, 1x asset turn, which we have -- and I see that there is almost like more than 30% comes from the CRO, where generally asset turns are better. And when I compare with the other CDMO companies, so there also asset turn is one and a half to 2x. So, any reason why our asset turn is not similar to the other companies in the same space?

- Siva Chittor:** Well, I think what you have to factor in is the capacities that we are bringing in today are fairly new. So, we are an investment base. There are organizations, and if you look at the overall CDMO globally, asset turn in comparison with a lot of the players that are expanding on a constant basis, we see ourselves reasonably comparable to the rest of the market.
- I believe even with the addition, I think we have given a guide in the next three, four years of a 1.2 to 1.4 net fixed asset. That's what we had actually committed. And I believe we will get to 1.2 to 1.4 based on where we see our long-term.
- Deepak:** Thanks. And second, how much is the rental part in the P&L in this FY25?
- Siva Chittor:** I don't have that number,, but we can provide that data separately.
- Deepak:** Okay. And third, if you can provide the outlook for FY26, have we given any guidance for FY26? Because I couldn't see in the press release, and PPT was not, I don't think it has been released.
- Siva Chittor:** So, we are not giving guidance for fiscal '26. We continue to reiterate what we mentioned in our conference call. Our revenue growth catered for the three to five-year period will be 15% to 20%. And the longer-term effect will be around the 28% to 30%. And if you look at what we said, we were at 20% in fiscal '24, and we said we reached 28% to 30% in three to four years' time. We are currently at 25% in fiscal '25.
- Deepak:** So, this 25% will go to around 28% to 30% in the next two more years.
- Siva Chittor:** Yes.
- Deepak:** Okay. Thank you very much. And all the very best.
- Moderator:** Thank you. We take the next question from the line of Alekhya from Athena Investments. Please go ahead.
- Alekhya:** Hey, guys. Thanks for the opportunity. Yes. So, I have seen in the CRO segment, there's a five-year agreement with the Schrodinger. So, how much this deal would contribute to overall CRO's revenue? And when do you think that this deal is going to expire for this CRO segment?
- Siva Chittor:** We generally don't comment on specific customers or specific customer revenue. But we had announced at that point in time that there is a five-year deal, and it is a five-year deal. So, without going into much detail, that's really where I would leave it.
- Alekhya:** Okay, sure. And the other thing is, I would like to know the revenue split in the case of geographical regions, like how much we are getting from the US and UK or something like that?
- Siva Chittor:** We don't provide that information, given that information is not meaningful from a CDMO CRO perspective, because you could ship compounds at different locations, depending on where that compound needs to go, as opposed to where the company is located. And hence, we don't provide our factor information.

- Alekhya:** Okay. Sure. And the other thing is, if I look at the manufacturing facilities, this Unit 3 and the Unit 4 are the major facilities for you. And what's the revenue contribution from each site, it would be like? And if you are, I mean, I have seen that in capacity expansion, you're going to open one more unit, right? So, what's the difference in between them?
- Siva Chittor:** So, we don't, you know, products work in both units simultaneously or serially during a chemical transformation process. We don't track revenue contribution by units. We look at it from a business perspective.
- And we've actually provided the data between the CDMOs and CRO segments. I think from the expansion that we are talking will happen both at either, and we're also working on an alternate site just from a security of supply perspective. These are two locations. We would not expand our Unit 3 capacity.
- Alekhya:** Okay. So, is that new facility is very similar to the peptide research center?
- Siva Chittor:** Yes and no, in terms of they are small molecule facilities. There will be changes in terms of what you actually put in there without getting into technicalities, but they are broadly small molecule facilities for manufacturing of intermediates and APIs. That way they are similar, yes.
- Moderator:** Thank you. We take the next question from the line of Arjav. We take the next question from the line of Raaj from Arjav Partners. Please go ahead.
- Raaj:** Sir, how much is the CDMO pipeline?
- Siva Chittor:** Sorry, can you repeat the question? We don't give any pipeline guidance. I think all that we are saying is that we would have a longer-term growth CAGR. We don't provide specific pipeline guidance with respect to any of the business.
- Raaj:** All right. Sir, can you provide the breakup of capex? I just skipped a point in your earlier comment.
- Siva Chittor:** I think what we said is that for an overall INR700 plus crores of capex, broadly split around INR550 crores or so of capex based on current visibility that we already have, and these are capex. Majority of them are for capex for fiscal '27 delivery.
- We are investing between INR50 crores and INR70 crores of capex on new modalities, which is peptides, ADCs, and oligos. And then there will be some follow-on capex based on visibility that we are currently envisaging, but we would trigger those capex based on visibility during the year.
- Raaj:** All right. And sir, I also skipped a point on the provision which you made in Q4 around 34 crore rupees. What exactly was that provision about?
- Siva Chittor:** As we've mentioned, this provision was against a delayed billing to our customer. And as a matter of prudence, we have taken a provision in the books while we continue to work on recovery.

Moderator: Thank you. We take the next question from the line of Nishant Gupta from Minerva Capital Research Solutions. Please go ahead.

Nishant Gupta: Hi. Sir, thank you for the opportunity. Sir, I am very new to your company. Sir, I just wanted to get a broader view. You are saying that the target for a longer-term top line growth is around 15% to 20%. The company is very expensive, if I look at it from an investor point of view.

So, could you explain how will the growth happen in the longer term? Or are you being very conservative when you're giving a 15% to 20% kind of growth versus how much is the return on equity which the company can deliver? I'm just trying to put the pieces together. Is there any particular molecule which is bringing some kind of substantial growth eventually? I just wanted to understand this.

Krishna Kanumuri: I think, just to be honest, this industry, just to be very clear, overall, if you just look at the industry as a whole, this itself is a cyclical industry. There are so many variables, right? Variable one is clinical success of molecules.

It's basically timing of commercial launch, successful or failure of commercial launch. So, essentially, we're an industry which is basically cyclical and doesn't have a straight-line growth projection. Historically, the upside, if you look at the last 10 years, the industry has grown.

So, we never give you guidance by year or quarter because we just don't control it. And obviously, we are investing based on the pipeline visibility. But obviously, we're giving guidance 15% to 20% over a three-year period or a five-year period. That's how we look at it. But we make investments as we see opportunities arise.

And that's what we're guiding you to at this point. It's not anything different from what we are seeing. And it's hard for us to forecast. If I make investment today, it doesn't mean that revenue is going to come tomorrow. A product might come in 18 months. So, it's very hard for me to give you those indications at all. So, I think what you're asking for is not possible to give you in this industry. And so that's a hypothesis you'll have to make yourself based on the trends you're seeing in the industry.

Nishant Gupta: Got it, sir. And any view on return on equity, like what is that number that can probably look like in the years to come? On a more longer-term perspective, obviously, there are a lot of variables which will influence it, but if there's a number that you can give?

Siva Chittor: Sure. So, we generally track ROCE and then provide guidance through ROCE. We've done it even on the last call. We have committed to a mid-to-high-teen ROCE. We committed that during the IPO process. And we've also committed that during our last call. And we continue to meet if we would be able to get to the same mid-to-high-teen ROCE.

Nishant Gupta: Got it, sir. So, thank you and all the best.

Moderator: Thank you. We take the next question from the line of Madhav from Fidelity. Please go ahead.

- Madhav:** Hi, good evening. Thank you so much for the follow-up. I just had one more question. I think if you look at the global CRDMO landscape today, obviously, there is people are saying that demand is a bit softer. Funding has not recovered as the pace of which it was expected. But it's quite supportive to see your commentary that we can sort of, we're stepping up capex and seeing good client flow.
- Could you sort of put the two together in terms of the weaker global environment, we continue to grow at a good pace. So, is it more the supply chain shift which is kind of helping us or what's kind of helping us sort of maintain our steady growth momentum?
- Krishna Kanumuri:** As you're right. Right now, it's mostly supply chain shift. I think that's what you have to attribute it to more than anything else. It's not like the sector is doing any more different than usual, but I think the supply chain shift is a major factor. And the fact that we had relations with most of the stuff for the last 20 years and those are panning out for us at this point.
- Madhav:** And have you seen like active projects already shifting from some of the larger CRDO players in China and coming to Sai into India? Have you seen that kind of projection?
- Krishna Kanumuri:** That's been going for the last five years plus ever since COVID hit. So, that's business as usual nowadays.
- Madhav:** Right. Okay. Got it. Understood. Thank you.
- Moderator:** Thank you. We take the next question from the line of Alankar Garude from Kotak Institutional Activities. Please go ahead.
- Alankar Garude:** Sir, given we are one of the few integrated players based out of India and pretty big, how would you assess, how would you compare the supply chain diversification trends across CRO and CDMO? How would you differentiate between the two?
- Krishna Kanumuri:** I don't think, see, I think it's a question of timing and space. I think everybody wants to diversify CRO and CDMO. The trends change by time. If I take a step back and just look at the diversification, the first diversification started in early 2021 post-COVID. You saw basically commercial molecules or later phase molecules shift to India. Then you saw the diversification in terms of R&D pipeline shift in India on the CDMO sector. And then we've seen a significant shift in the discovery business also starting to shift to India from large pharma primarily.
- In between, there was a lot of shift to biotech, which slowed down a little bit. But essentially, you're seeing shift across the board. And every company we are talking to now is taking a much more global view of saying how do we integrate our discovery operations to our manufacturing and development operations.
- So I think the trend is all pieces are moving. They're moving at different paces. But the end goal is companies want to do as much as possible with as few as companies as possible. And that's only not talking about discovery development commercial, but what other modalities we can do with people.

Can we do ADCs? Can we do all the different types? So I think people are looking to concentrate their footprints more and more with fewer companies who can integrate better with their supply chains, essentially. So I think this trend will continue and the integrated players will definitely benefit more in the long run.

Alankar Garude: Got it. Would you say, sir, this was possibly one of the reasons behind investing in the Peptide Research Center as well? Discussions with client incoming interest and possibly, I mean, some benefit coming in from diversification trends as well?

Krishna Kanumuri: I think, look, I think we've been talking to our customers actively in terms of what are the areas of interest. And they've given us three, four areas of what is their key focus. They say 50% of the molecules are traditional small molecules. And the three main areas they're focusing on right now internally are all their ADCs. I'm just not saying ADCs. It's all the conjugation products.

It could be a peptide conjugated product, or it could be ADC conjugated product, or nucleotide conjugated product, organ nucleotide and peptides. These account for about 80%, 90% of the pipeline today. And most customers are working with us actively as well to kind of build our capabilities into helping them support in those areas, actually.

So I think most customers are helping us and guiding us in terms of where we need to go in terms of being future-proof for them as their pipelines move, essentially. So that's why we're following our customer. In this way, we're not following the molecule, we're following our customer, if I would put it that way.

Alankar Garude: Got it, sir. This is very helpful. The other question was, how many of the 90-plus CMC programs are in Phase 2 and Phase 3?

Siva Chittor: Alankar don't have a split right now, but we can provide that separately.

Alankar Garude: Okay, sir. And one final one. Can you quantify the revenue contribution from the two overseas centers in FY '25?

Siva Chittor: Roughly around \$14 million - \$15 million.

Alankar Garude: And profitable in FY '25?

Siva Chittor: Yes. EBITDA profitable from an FY '25, which is what we had kind of stated when we began the year.

Alankar Garude: Got it, sir. This is very helpful. Thank you, and all the best.

Moderator: Thank you. We take the next question from the line of Dhawal Khut from Jefferies. Please go ahead.

Dhawal Khut: Hi, sir. When you say you are expanding capabilities on peptide and, other new areas like ADC, Oligo, does it mean more synthesis capacity, or is it more lab capacity, more discovery work, and addition of scientific stuff? So, what are you exactly doing when you are saying, you know, you're adding capabilities?

Krishna Kanumuri: It's going to be a gradual process, right? I think end of the day, I don't think you're coming directly commercial. I think you're adding both discovery capabilities and development capabilities and clinical supply capabilities. You would probably follow the pattern, because end of the day, all these technologies are very complex, and companies are doing more and more complex technologies.

So, I think you will see people and lab capacity coming on Board, along with early phase assets for supplying phase one, phase two materials, I think. And as these progress, obviously, and we build the capabilities, and we progress with the molecules, but most of these assets are going to be focused much more on the, look on the oligonucleotide. Obviously, we're commercial, we're much further along than other areas, but most of the other areas are more focused on most of the clinical pipelines, because majority of the pharma assets, actually, are clinically in these areas, very few on the commercial side. Most of these are modalities pharma has just come back to in the last few years. So, most of the assets are early phase, and that's exactly what we're building support right now.

Dhawal Khut: Did I hear you correctly? Just now, you said you have commercial assets on the oligonucleotide.

Krishna Kanumuri: On Amidites, yes, I'm going to do commercial.

Dhawal Khut: Okay. And, in earlier comments, you said there is significant demand for process chemistry. So, can we expect significant expansion on overseas site, especially Manchester, because I think that's where you do, you know, these kinds of...

Krishna Kanumuri: No, actually, most of our people are actually a combination of Hyderabad and just together. Manchester is running at a really high capacity. And so that is growing, but we're also adding significant Indian capacity also. I don't see us adding Manchester dramatically, but Manchester, we're adding more people, as much as we can accommodate.

And India, obviously, we're increasing significant capacity in India. But it's really the question of how do we combine these two together, which is giving us a key differentiation more than anything else. With the best practices across both sides, it gives us a much more, much stronger R&D platform than what others can provide at this point.

Dhawal Khut: Lastly, going ahead, we can expect significant improvement even on overseas profit, profitability, and the gap will continue to decrease between company level or India Ops and overseas Ops. Can that be...

Krishna Kanumuri: We've always maintained that overseas Ops as a percentage are going to continue to decline because we are adding those capacities. So, I'm not coming and saying, because overseas is going to be more or less a fixed cost or fixed revenue, you're not significantly increasing, but the proportion of the overall contributions continue to drop. So, I think in terms of value to the company, overall, they'll increase, but in terms of impact on the cost, they'll be more minimal as we move forward.

Dhawal Khut: Okay. Thank you.

- Moderator:** Thank you. We take the last question from the line of Geeta Parekh, an Individual Investor. Please go ahead.
- Geeta Parekh:** Thank you for the opportunity. I wanted to ask that in the CDMO business, what are the OTIFs on time in full. Do you capture that? And what are those ratios looking like?
- Siva Chittor:** We capture and we work with our customers on a day-to-day basis on this metric, but we don't generally disclose this metric outside. But to say, we run a very high customer satisfaction across our customer base.
- Geeta Parekh:** Got it. And can you tell the percentage of large pharma in the business, discovery versus development?
- Siva Chittor:** I think we mentioned that we are on 37% pharma versus biotech on the CRO side. On the CDMO side, we are probably closer on 70% large pharma as opposed to 30% biotech.
- Geeta Parekh:** Thank you very much, sir.
- Moderator:** Thank you. I would now like to hand the conference over to the management for closing comments.
- Krishna Kanumuri:** Again, just thank you everyone for taking the time to attend the call. We continue to be excited about the path forward. And I think the trends can still be positive for the entire sector in general. I'm just not talking about us in particular, but I think India, as a general rule, will do well. I don't think anything systematically has changed in the industry. And I think we execute well, and we are pacing very well. Thank you, everyone.
- Moderator:** 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.)