Sai Life Sciences Limited

Q2 FY26 Earnings Conference Call

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

Moderator: Ladies and gentlemen, good day and welcome to the Sai Life Sciences Limited Q2 FY26 Earnings Conference 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 touch-tone phone.

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

Diwakar Pingle: Thank you so much. Good evening, good morning to all the participants of the call, depending on the geography you're logged in from. 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 a business risk 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 are available on our company's website. In case you don't have it, please write to us and we'll be happy to send this 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 Mr. Krishna Kanumuri, Managing Director and Chief Executive Officer, and Mr. Siva Chittor, Whole-Time Director and Chief Financial Officer. We will start the call with a prepared remark on the quarter gone past and then conduct a Q&A session.

With that said, I'll hand over the call to Krishna. Over to you, Krishna.

Krishna Kanumuri: Thank you. Good evening, everyone. Thank you for joining us today. I am pleased to share that Sai Life Sciences has delivered another strong quarter, continuing the positive momentum across the Discovery, Development, and Manufacturing businesses. This performance reflects the trust of our global innovator clients, the strength of our scientific teams, and our focus on consistent execution.

At Sai, we have been on a journey to evolve into a truly integrated, innovator-led global CRDMO. Our goal is to be not just a reliable execution partner, but a strategic collaborator for our clients, one that can enable faster, safer, and more sustainable development of new medicines. Our growth strategy continues to rest on three core pillars, scientific depth, technological differentiation, and global scale.

The macro environment. The overriding macroeconomic themes in recent times that have consumed our mind space in the industry have been China+1 and slowdown in Biotech funding. I want to address both of these directly. Our experience based on multiple conversations that we have been having with pharma innovators is that the companies are definitely seeking to rebalance their global supply chain.

Major events over the last few years have uncovered the risks associated with concentration in one single geography. And so the broader trend towards supply chain rebalancing is already

underway. We believe that the new outsourcing business will be more geographically balanced, that ongoing geopolitical ups and downs are not likely to impact the fundamental trend.

On Biotech funding, there is a perceived slowdown, which is having an impact on the overall innovation pipeline flowing through the existing and new biotech companies. I'm pleased to say that we've been able to offset the impact of the Biotech slowdown with pharma clients and deliver industry leading growth. Large pharma innovators are still in the early stages of the India supply chain build-out, and this is a process expected to be a multi-year journey ahead.

Biotech funding, too, has witnessed multiple ups and downs and will return sooner or later, adding to the overall upside. As a company, Sai Life Sciences has a strong presence in both customer segments, while offering multiple entry points to onboard client programs. This, combined with our quality of science, regulated record , and above all a stable, global and diverse management team, makes us very well-positioned to ride this growth.

Our conversations with companies are more about how we can be strategic partners, covering a bouquet of services over the medium and long-term. The case in point has been the extended number of early-stage development projects that we secured in recent months, with dedicated FTE contracts with multiple pharma companies that will naturally scale up at Sai once the development stage is complete. This is bound to develop a robust pipeline of late-stage and commercial projects over the long term.

During the quarter, we made meaningful progress in deepening our capabilities in new technology and modalities, reflecting our readiness to support the next wave of complex therapeutics. In peptides, we are following the molecule byextending our work with large pharma partners from discovery into development and scale-up capability. In flow chemistry, we have successfully demonstrated commercial scale capability at our Bidar facility, which ensures faster, safer, and more sustainable processes.

In the ADC area, we have commenced work with the large pharma on a long-term collaboration involving linker chemistry. We also successfully completed bioconjugation work at the discovery stage for another large pharma client. We are in the process of building OEB-6 labs to strengthen our capabilities in both Discovery and CMC.

We are validating the phosphoramidite process for a commercial oligonucleotide molecule, reflecting our steady progress in supporting more complex emerging modalities.

Beyond scientific advancement, we continue to invest in building capacity and infrastructure to meet rising client demand. The Phase 2 expansion of our Vivarium at Hyderabad R&D Center is now complete, doubling our footprint and significantly enhancing our preclinical assay capabilities. This investment strengthens our ability to deliver integrated Discovery programs and accelerate early development for global clients.

Alongside our growth, we continue to uphold the highest standards of quality and compliance. For the past 12 months, Sai has successfully completed 35 customer audits and 3 regulatory audits across its manufacturing and R&D facilities, with zero data integrity deviations and zero critical observations. This track record reflects a strong operational discipline and commitment

to global regulatory excellence, a core reason clients continue to trust Sai with their most advanced programs.

We are also expanding into adjacent growth areas. The launch of our dedicated Veterinary API facility marks our strategic entry into the animal health segment, building on a strong foundation in chemistry and manufacturing. We have already partnered with three of the top five global animal health companies, and we see this as just the beginning of a long-term growth opportunity where Sai can play a meaningful role in shaping the next phase of innovation in animal health.

Our recent collaboration in the UK further enhances Sai's ability to serve clients across the development value chain, from API development to drug products, manufacturing, and clinical trials. This reflects a broader commitment to provide integrated end-to-end solutions on a global scale.

Each of these initiatives brings us closer to our long-term vision of being among the most trusted and science-led global CRDMOs. We are scaling our operations, strengthening our technology base, and expanding our reach to align with the evolving needs of innovators worldwide. We also continue to make progress in embedding sustainable practices across our operations, ensuring that growth remains responsible and environmentally sustainable.

In summary, Q2 FY26 was a strong and strategically significant quarter for Sai Life Sciences. We are executing well today, while continuing to invest in science, infrastructure, and partnerships that will drive long-term profitable growth.

With that, I would like to hand over the call to Mr. Siva Chittor, our CFO, who will provide an update on the financial performance.

Siva Chittor: Thanks, Krishna, and good evening, everyone. We continue to build on our momentum that we've built over the last couple of quarters. We've delivered solid growth across our business, keeping Sai Life Sciences firmly on track towards its long-term aspiration.

Total revenue for H1 FY26 stood at INR 1,034 crores, a 53% increase, over INR 675 crores in the corresponding H1 FY 25, driven by healthy growth across both the CRO and the CDMO business. The CDMO business contributed 64% of the total revenue, recording INR 667 crores. This is up 72% year-on-year. This is supported by a continuous scale-up of late-stage and commercial programs. The CRO business contributed 36% of the total revenue. Revenues for H1 FY 26 were INR367 crores, up 28% year-on-year, reflecting sustained engagement with both large pharma and biotech firms.

EBITDA for the period was INR 281 crores, compared to INR 140 crores in H1 FY25. This represents a 101% increase. EBITDA margin improved by 650 bps, 27%, driven by better utilization, operating leverage, and continued cost discipline. PATTax for the period, stood at INR144 crores. We incurred a capex of around INR 248 crores for the first half, against a plan of INR700 crores for the entire FY26. This expenditure was primarily focused on expanding our R&D infrastructure, strengthening process development capabilities, and advancing investments in new modalities and technologies such as peptides, ADCs, and oligonucleotides.

Looking ahead, our capacity expansion plan remain on track. We are currently in the process of scaling up our total installed capacity from approximately 700 KL to 1150 KL by the end of FY27, which will further enhance our ability to serve growing client needs across clinical and commercial manufacturing.

Our capex strategy continues to focus on building scalable infrastructure and technology depth, not just for current programs, but also to stay ahead of future scientific and manufacturing needs. We will remain disciplined in our capital allocation and will balance growth investments with profitability and returns.

The focus going forward will be on improving asset productivity, optimizing working capital, and continuing to strengthen our margin profile. We are working with global consulting firms in terms of future-proofing some of our productivity gains and also making sure that our cost structure remains in balance.

In summary, it has been a strong quarter with consistent performance and steady progress on our long-term priority. We are confident that our investments in capability, capacity, and technology will continue to position Sai Life Sciences and support sustainable and profitable growth. With this, we will open the floor for questions.

Moderator: The first question is from the line of Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Hi, team. Thanks for the opportunity. My first question is on the gross margin. We have seen gross margins expanding despite the share of discovery coming down. Could you share a little bit about factors that led to gross margin expansion and the outlook on the same?

Siva Chittor: There is an increase in gross margin on account of operational efficiency that we gained on certain commercial products between the period. That is the reason for the expansion in the gross margin. We are not giving a specific guidance on where the gross margins are, but what we have given guidance is the 28% - 30% EBITDA. We continue to remain focused on that.

Binay Singh: So there is no one-off, right? So the understanding remains that discovery has higher gross margins, so there is nothing – no one-off sitting over here on the CMC side.

Siva Chittor: There are no one-offs in the gross margin side, is correct.

Binay Singh: And then secondly, just looking at the other expenses, we have seen a pretty sharp increase, almost 60% on a Y-o-Y basis. Could you talk a little bit about that also? What drove that?

Siva Chittor: Yes. Broadly, I think if I look at the Q2 versus the Q2, I think we had around 14% or so in Q2 of FY25, probably around 16% or so in FY26. I think if I break it into actual dollar numbers, there is probably 50% plus of this number is primarily driven by dollar increase and rise in operation. What we have done is part of it, I mentioned this in my speech earlier, we are working with the top consulting firms, they kind of work on future-proofing us and benchmarking ourselves with global CRDMO, both in terms of productivity and cost, and working on certain tech-related benchmarking. So we have incurred certain costs, which I would call one-offs because it is a consulting firm piece that is included as part of the cost.

Binay Singh: Okay. Lastly, I missed the opening remarks. You said something about building pipeline of molecules. Is there any update, because when I look at the presentation, the commercial in Phase 3 looks unchanged versus last quarter. So that is something more you are expecting in the future quarter. Was that the comment that you made in the start opening?

Siva Chittor: No, it is true. I think there are a few that would get to the late phase. It has happened slightly at the end of the quarter, which is why the quarter number is also not mentioned. We also do not update this data on a quarter basis, but there have been some additions to the late-stage pipeline.

Binay Singh: Okay. Any number you would broadly add to that?

Siva Chittor: There are three products that have moved to the late-stage pipeline.

Moderator: Thank you. The next question is on the line of Amey from JM Financial. Please go ahead.

Amey: Yes. Thank you for taking my questions and congrats to the management for good numbers. So the first question I have is on the first half performance. The performance is staggering in terms of growth.

The second half is also likely to be good, looking at the exports. In light of this how should we see the next year for commercial projects or CDMO, do we have some visibility for next year which can help us beat this performance?

Siva Chittor: Amey, good question. I think without getting into a specific guidance with respect to numbers, we feel good about the business. Additionally, the second half has been always, from a Sai's historical perspective, has been better than the first half.

From a pipeline and the next year, based on what we are seeing, we see trends looking very favorable without getting into a specific number, but we continue to remain confident of meeting the 15%-20% revenue growth over a 3-5 period. We continue to believe that number that we have put out.

Amey: Sure, got it. On the CRO side, we are engaging with several partners, but the biotech funding still remains volatile. It's not showing any direction. In light of this, how much growth visibility or conservatively what we can guide for the CRO for our business?

Siva Chittor: I think Krishna addressed this in part of his speech. There are two factors that have helped us grow the CRO business if you look at the last three years or so. Against most indications, our revenues have continued to grow on the CRO business. We attribute this to two factors. One is, I think, the ability to deliver on integrated programs, which is something that we've been able to achieve along with the presence in the US of a biology center. The second one is our pharma presence over the last 4-5 years has significantly increased – from a very negligible number in pharma,we today have a significant uptick in pharma. Whatever impact a potential biotech slowdown would have had has been more than compensated by an increase in pharma clients and revenue. That's really what Krishna also covered as part of his speech.

Amey: Sure. Just last thing, if I can squeeze in, we have mentioned on the ADC on the presentation, if you can elaborate on that more, as well as the oligonucleotides, if any project wins, if we have during the quarter. Thank you.

Siva Chittor: So on the oligonucleotides, I think we've said this in the past, we've been working on technology for a fairly long time. At this point in time, we are working on validating a commercial product for a large pharma. The validation, as we have mentioned, is in process and probably takes us 15-18 months before it becomes commercial. With the potential of another product that potentially is in Phase 3.

That's broadly what our oligo pipeline looks like. As far as ADC is concerned, most of our work that we're doing today, we have a collaboration with large pharma where we're working on the linker chemistry We've also done some work on biocommunication at the discovery.

We've done some linkers and stuff on clinical manufacturing, but that's an area that we said Krishna mentioned last time that we are evaluating very seriously. Once we have some more data, we will come back and make an announcement.

Krishna Kanumuri: I just want to add a little context to this whole ADC and oligonucleotides. There's a lot of confusion in the market. Everybody says they're experts in ADC andbioconjugation , but the actual fact of the matter is that most large pharma companies are building their custom oligo platforms and custom ADC platforms andwe're involved with these companies in terms of the next generation modalities and technologies coming in. So we are very close to the pharma development pipeline, just given the collaboration we have. We're not coming in saying we're an oligo company. We have these products, so we're making a payload. We actually are building the pipeline where the companies are evolving.

We are actually working with our customers to grow the pipeline ground up, rather than saying I'm providing you a piece of the puzzle. Our whole strategy is to be a much bigger piece of the overall pie for our customers than just being a product service provider where a lot of other companies are focusing on at this point.

Amey: So, does it mean that we are building a portfolio for linkers, et cetera, where we can provide services to that platform to be innovative?

Krishna Kanumuri: We are working with customers on what their proprietary linkers are. And most companies are building their proprietary linkers, so we are involved in what is going to their clinic in the next generation linkers than what we see today. So, we're involved in working with proprietary linkers. We will not have a product by ourselves.

As a rule, Sai will never have a standalone product by itself. We will only work with our customers on their custom projects. That's our specific strategy, how we operate. We are not a product company we are a services company and strategic partners.

Amey: Sure. Thank you so much. I will join back.

Moderator: The next question is from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.

Sajal Kapoor: Hi. Thanks for the opportunity and congratulations for sustaining a very strong execution in an uncertain environment. I have two questions. One, how does the organization maintain empathy and ethical behavior under high performance pressure, especially in process R&D and scale-up engineering?

Krishna Kanumuri: That is the fundamental of the company. Our company is based on a foundation of trust and customers. So, that's the ethical value we've built for the last 20 years. Our basic premise of the company is that when you do the foundation and basics right, then you are a successful company. And that's what customers value in us. We take a lot of pride in terms of our integrity as a company and that is non-negotiable for us.

Siva Chittor: That's probably the most amount of time we spend with our employees on. And that's the training that somebody will need when they join us.

Krishna Kanumuri: And you have to understand that our relationships are 10, 15 years old. People don't come to this relationship unless there is implicit trust of every interaction they have with us, be it somebody in the plant, somebody in the lab, or be the management. That is the reason why we have a strong relationship with our customers.

Sajal Kapoor: Thank you. That's very reassuring. And the second question is, how does management determine the optimal degree of spare capacity that balances near-term utilization efficiency with long-term flexibility for capturing large and potentially high-value opportunities?

Siva Chittor: Generally, a 60%, 65% is considered reasonably full if you are working on a CDMO environment and you are talking about the next plant, in a brownfield setup, probably a little earlier if it's a greenfield setup. That's the general sense and a benchmark that most companies tend to follow. That does not sacrifice operational efficiency while taking care and making sure that you are not losing efficiency. That's the broad thought process.

Krishna Kanumuri: I think there's a different way of looking at it. There's one approach, say I'm going to build a large capacity, and guess what suddenly there's immediate need for a large capacity product. I'm set for that. We don't build for that once-in-a-lifetime opportunity. We build more for a question of higher certainty of filling the pipeline rather than the blockbuster to come in.

Yes, sometimes it feels bad when you lose the blockbuster. But for us, continuous supply and the progression of pipelines is more important than building a capacity for the few blockbusters that might happen. So you have to pick where you fit in that market, so to speak. So, we're positioned differently than other companies you're talking to in this space.

Sajal Kapoor: Wonderful, thank you. So, the number of AI-discovered molecules entering early human trials, i.e., Phase-I is increasing quite significantly, upwards of 60% growth annually, based on some reports. That's all AI-discovered, kind of. At this Phase-I success rate is materially higher, 80% to 90% compared to the historical averages of anywhere from 40% to 65% for Phase-I and for traditionally manually-discovered drugs.

So this implies that AI is not only generating higher volume, i.e., more candidates, but AI is also helping, and that's early data, but it suggests that these candidates may be of higher quality,

particularly regarding safety and early-stage progression. So AI is not just increasing the volume of molecules entering Phase-I, but it's also ensuring that the better-quality, fitter molecules enter Phase-I.

So the key question is, does this not suggest that there is, or there will be at some point a critical juncture where the need for clinical development capacity, including the physical infrastructure and technical staff will probably outpace the available and upcoming capacity? Can that scenario emerge maybe not immediately, but two to three years out, because AI will get better?

Krishna Kanumuri: Unfortunately, I think at this point, we're way too early to make that determination. If you go back and research the data on AI molecules, the majority of them have failed miserably in the clinic. All the AI companies have actually saw the stock price drop significantly.

We see AI as a tool, which is similar to what you have in terms of computational chemistry, in terms of high-throughput expectations, et cetera. AI probably will enhance the quality of molecules coming in. I don't think that fundamentally changes the volume of pipelines in the immediate future.

So I don't think there's a material impact yet, in terms of pipeline of later-stage molecules yet, which have made an impact in AI. They might happen down the road, but it's very, very unlikely it's ever going to face the capacity you have in Development and clinical trials. That's a long shot at this point.

Moderator: Thank you. The next question is on the line of Madhav from FIL. Please go ahead.

Madhav: Hi. Good evening. Thank you so much for your time once again. On the pipeline, I just wanted to understand that over the next say, 18 to 24 months, how many of our sort of Phase III projects have a clinical readout lined up? If you could give some color there, that would be helpful.

Siva Chittor: Madhav, we don't have that data because a lot of things change in that. We don't track that data as much. But there are at least a couple of them that are expected to kind of show up. I don't have an exact data that I can share with you right now.

Madhav: Okay. Understood. Any visibility into our capex for FY27? This year, obviously, we are investing a lot, almost INR700 crores. Is there any buildup into next year as well? Thank you.

Siva Chittor: We will come back and provide that guidance. We're working through a few things at this time, but we will come back and provide that guidance.

Madhav: Got it. All right. And just one more question. On the other expenses bit, I think you have clarified to a previous question that the number went up a fair bit year-over-year, almost 60%. You said there was some consulting fees, which is included as part of this. Could you clarify how much of that is that kind of fees sitting in the P&L?

Siva Chittor: So, that number is closer on double-digit crores, where that number is.

Madhav: Just in one quarter, is it?

Siva Chittor: Yes.

Madhav: Okay. So it's a substantial number then. I mean, it's a meaningful number for us.

Siva Chittor: It is a meaningful number and it was part of the plan.

Madhav: And how long do these projects typically last? Like you said, it might be more of a one-off type of cost, obviously, but is it like a one-year project or six months? Any visibility there?

Krishna Kanumuri: Just to give you a perspective, I think the rate of change, which we are in terms of setting the company for growth, is going to challenge. We will have probably some of the top -tier consultants available for a much shorter duration, but we might use some smaller level consulting firms to kind of offset our resource constraints because we don't have internally.

The number won't be the same magnitude, but it's not to say that we will not use some consulting firms to help execute some of the projects because of bandwidth our teams have internally. But it's not that we have another huge program planned right now. This is a three, four-month project. We're in the middle of it.

Once the strategy is set, we probably will use them more sporadically when needed at that point. But it is substantial. We're really trying to pivot the company more towards the best companies in the world globally and how they operate in best practices. So the value of this will be very significant for us, which is definitely intended for that to be on the bottom line on a year-to-year basis.

Moderator: Thank you. The next question is from the line of Sanjay Kumar from ithought Financial. Please go ahead.

Sanjay Kumar: Hi, sir. Thanks for the opportunity. First question on the peptides. Just want to understand our capabilities. The discovery work that we're doing, is it for GLP-1 metabolism-related or for peptide drug conjugates? Because in one interview, Manish had spoken about peptide conjugates.

Krishna Kanumuri: Look, I think peptides we're doing across modalities. I think GLP-1 is only part of the peptide equation. Peptides as a modality have come up in a big way across disease areas. So we're very actively engaged with a lot of companies in peptides in the clinical side, but we're also discussing peptides with other companies which may be in GLP-1, may be not be in GLP-1 space. But the peptide space is expanding rapidly. The technology is actually changing.

I think whatever you think, first generation of peptide technology is not what it's going to be. I think there's nobody in the world not involved in GLP-1 in some form or fashion. We don't know who's going to win in GLP-1 . But we are using peptides in a much broader modality set of which conjugation is a piece, but not all of it. There's several modalities of pure peptides which are non-GLP-1.

Just to be very honest, the three big blockers, just data, the three big blockers of peptides coming out, if you have a look at data today, you have Merck PCSK9 coming out with a peptide. You

have IL-23 from J&J coming with a peptide. These are not all GLP-1. So peptides are coming back in a big way across modalities. So you have to take a very different lens to this than what you normally are taking so far.

Sanjay Kumar: Got it. So would you then look at it molecule by molecule or would you want to go as a pitch as a platform play? So can you talk about what peptide length can we handle today? Are you using hybrid or continuous peptide synthesis? And how much of your peptide feedstock is imported? Like do we do the amino acid protection in-house or do we buy resin-loaded amino acids? If you can talk about your capabilities within peptides.

Krishna Kanumuri: I'm going back to a statement I made in the past. We are not a product company saying I'm going to make this product and this peptide. We are working with our customers to build the peptides which they are interested in.

So we're building it from ground up on their pipeline rather than saying this is a peptide we have and you come and do this with us. So our strategy is extremely different from what a typical product company is. Again, we're a strategic partner service company working with companies.

Every company, like it or not, has their own technology they want to use. They have different -- somebody does flow, somebody does solution, somebody does crystallization, somebody does lyophilization. But we work closely with customers to be a technology company which can take cross-modality and some of them want us to make amino acids, some of them want us to buy it.

So we don't have a specific strategy. We have a broad range of technologies which can work with five, six different companies with five to six different approaches, so to speak. So it's really we're a technology platform supporting multiple customers at this point.

Sanjay Kumar: Again, on oligonucleotides, the commercial molecule that you spoke about, we are evaluating a phosphoroamidite process. Is it for DNA, RNA, or is it much advanced like, say, NNP, or again, this also involves...

Krishna Kanumuri: There are no comments about this right away. We're not at the liberty to say at this point.

Sanjay Kumar: Okay. Final question on ADC. We completed bioconjugation. Does it involve antibody drug conjugation or is it the small molecule conjugation, which is just linker payload? If it's only small molecule, do you --

Krishna Kanumuri: So far we've done only in the discovery phase. That has been ADC conjugation. But we are actually looking at XDCs as a much broader skill set, which basically would also include peptides, protacs, and oligonucleotides, those four things. We're looking at that as a much broader platform and just not ADC.

Sanjay Kumar: Okay. Okay. And do you plan to integrate, say, antibody --

Moderator: I request you to rejoin the queue.

Sanjay Kumar: Okay.

Moderator: Thank you. The next question is from the line of Nirvana from Badrinath Holdings. Please go ahead.

Nirvana: Hi. Thanks for the opportunity. So just wanted to confirm to a previous participant, you said that even in this year you're expecting H2 to be stronger than H1?

Siva Chittor: We said historically H2 has been stronger than H1. In fact, business remains good as ever, without commenting on specifically how this year H2 will be. This is what I said.

Nirvana: Sir. Okay. And just one question on the capex, just to get an indicative idea, I'm trying to figure out how the balance sheet might look like over the next two years when we are doing a lot of capex.

So, to reach 1150 KL and double our process R&D, etcetera, by the end of FY27, how much capex do you think we'll need to do? Ex of the INR250 crores that we have already done in H1. And what is the peak debt that you think the balance sheet will carry over this process?

Krishna Kanumuri: Just to be very honest at this point, we have so many different opportunities at our table right now which are coming down the pipe. Our capex plan is really evolving because we are evaluating several opportunities with several of our customers. So we're not giving you numbers.

It might look very different in two months from now from where we are today. But we have several different opportunities that we are evaluating that might change our capex plans, both in terms of type of capex and scale of capex. So we don't want to make any comment on this.

Nirvana: Okay. One final question on the specific partnership that you have with Schrödinger, I know you don't like to talk about specific partnerships, but this is more a qualitative question. So, you signed the partnership in 2023, and it's a five-year kind of deal.

What I wanted to understand is what are the success metrics of this partnership like is it the number of candidates that are going through to an IND level? Or how do you define success here? How do you think we are doing? What is the likelihood of renewal, etcetera?

Krishna Kanumuri: We cannot talk about the specifics of that collaboration because that collaboration is proprietary to what they work with, and we cannot share that data.

Nirvana: Okay. Then if you allow me one final question on ADCs then, you've mentioned bioconjugation you've done at a discovery scale. Is this the bioconjugation with the monoclonal antibody?

Krishna Kanumuri: Correct.

Nirvana: My understanding is that bioconjugation typically happens at the site where the MAB is manufactured and the linker-payload goes there and then the conjugation happens at that site. Given that we are not a biologic company, is this a modality that we can hope to scale up in a large fashion in the future given that we won't be manufacturing the MAB?

Krishna Kanumuri: Look, at this point, we can comment on where the market is going. The preferred option always is to do the bioconjugation where you're doing the final fill finish. But the fact of the matter is right now there are not that many sites globally where this happens.

Wuxi has all the capacities, 90% of the capacity its theirs Most of the companies right now are doing different sites. Some of them are doing, some of the large pharma are building internal capabilities to do it down the road.

At this point, there's so many bits and pieces going on in this area. We don't know exactly how this will evolve down the road. It could be companies might put bioconjugation in-house. India could be a backup site.

All I will say is that right now, anybody today tells you that I have a strategy for ADCs, I have a defined strategy of peptide, I have defined strategy for oligonucleotides you can park it, because it's changing so quickly because the technology is shifting quickly. We have to be nimble enough to follow the customer.

Right now, except for the existing peptide molecules which have launched the rest of them all pretty much, ADCs are all in terms of new ways of working. The first generations have passed. The next generation are very different from the previous generation.

I think the jury is very well out in terms of who's going to succeed in this space. People are taking different approaches, but I don't think there's any one person right now or any one company which has all the answers and the perfect solution for it.

I think it's too hard to make a prediction at this point of who's going to win this race, to be honest. I'd love to come and tell you there's a magic answer, but there is none at this point, because our customers themselves don't know what the answer is.

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

Dhawal Khut: Hi, Sir. Thanks for taking my question. There is some product concentration building up for Sai in CDMO business, and several companies quite often go through a sudden inventory correction in large products.

So what kind of conversations do we have with our customers or what kind of arrangements do we have? Is it MSA or is there some visibility that, there won't be any sudden fall-off of these top products or some kind of arrangement that reduces such kind of risk for us? That's my first question.

Second is on the expanded capacity. I think by 2026, we plan about 1,150 KL. So do we expect all of the expanded capacity to be ready with reactors or some part of it will be a civil structure and addition of reactors will be based on order visibility?

Krishna Kanumuri: So I think as far as product concentration, we've been very clear that we diversified our supply chain significantly, based on the pipeline we have and everything, there's nothing which keeps

us up at night saying there's one product which goes away and we're not going to have it. At this point, not to worry about that, please.

And there's nothing you can ever put in a contract saying, I'm going to guarantee this volume because we have to understand that our customers are working on a forecast, and their forecast can be missing all the time. So I think that's something you cannot completely eliminate. You only can minimize it by increasing the number of products in the portfolio. And one year you might have one product goes out, another product will come in.

So I think you just have to go case-by-case on those aspects. And we are doing it by working with 18 of the top 25 companies and having a broad pipeline, having discovery, having development, having commercial. We're not a product-heavy company if you think about it, right? So we are three service lines, and so we've really diversified our risk across the board from that aspect.

You can never say that no product is going to go away. Nothing can be put in writing saying that it's going to be dedicated. This is just the reality of the business, to be honest, in terms of inventory management and forecast management.

Siva Chittor: I'll just add on the product concentration. We'll release the numbers probably at the end of the year, but based on what we see, we don't see that we've been significantly deviated or changed in terms of product concentration from what we gave you the last year.

We broadly remain within that range. I don't see the data. I'm assuming you're looking at dispatch data from exim sources. As we've mentioned multiple times to you guys, that is really true and matches revenue and period-based revenue. So we don't see our product concentration reversing.

Dhawal Khut: Got it. Just a follow-up on that. So for the upcoming year, is it by March, early April, do we get the clarity that, all of the top products, what kind of sourcing we would be looking at into the upcoming year? Is that the right timeline? And do the conversations start to begin from November onwards?

Krishna Kanumuri: I wish I had the magic answer for that. Typically, I think you will generally have from November onwards. Typically, anyway they might say there's an indication you might not get a PO for it. They might give you ranges for it, what they're looking at. Look, we will probably start getting feels for it, but probably POs, timings can change.

But it's very hard for us to say, in November there's a pipeline or March there's a pipeline. And suddenly you might have a left-field product, which is accelerated clinically, which comes in. In fact, the best thing for you is to ask a pharma guy if he can give you a pipeline. He'll answer. There will be no way. We're basically dealing with a very, what do you call, unplanned business to a great extent. I think I can't give you a direct answer, but I think you have a general sense of what you will at least see for next year.

Siva Chittor: By January end we get a general sense of where the business is going. And commercially, you'll get a sense of where it is. And that's really how we start doing our plan.

Krishna Kanumuri: We're not trying to be aggressive, but I'm just trying to be -- not being unrealistic also in terms of what the market is.

Dhawal Khut: Very helpful, sir, that answer. And on the capacity, you think you'll put up all the reactors for the expanded capacity? Or some part of it will be more about civil structure?

Krishna Kanumuri: As of now, we're going to put up all the reactors because we think we have a reasonable confidence that we're going to need that capacity as of now.

Siva Chittor: We will keep evaluating this, as I told you guys, every quarter. So we will continue to evaluate it until we get an answer. This is a process that we continue to do.

Moderator: Thank you. The next question is from the line of Ankush Mahajan from Sanctum Wealth. Please go ahead.

Ankush Mahajan: Sir, thanks for the opportunity. Most of the innovator companies are investing in the US. So any impact on our business related to it?

Krishna Kanumuri: Explicitly, the answer is no because I've talked to almost all the customers. They only want to do the final two stages in the US in formulation. They say advanced intermediates, RSMs, no impact. At least multiple customers told us that should not change our trajectory. If there's an API that we're making, it might be supplied to other countries. But generally, US will buy the advanced intermediate. Instead of supplying intermediate to the European side, we will supply to the US side. So I don't see any material impact.

Moderator: Thank you. The next question is from the line of Amit from Clear Blue Capital. Please go ahead.

Amit: Yes, sorry, thanks. My question has already been asked and answered. Thank you so much.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Siva Chittor: Thank you all for the questions. I think we are learning, too, as part of this process. And, you know, we continue to remain, , confident of the business. And as we said, we'll be prudent in terms of how we manage this. Thanks once again for all the participants on the call.

Krishna Kanumuri: Thank you, everyone. Really appreciate you taking the time to ask questions. And definitely we're learning from every call as well. And we'll do the best we can to keep performing.

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

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