IPO REVIEW

Sai Parenteral's IPO

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- The company is a well-diversified pharmaceutical formulation development and manufacturing.
- It has branded generic formulations as well as CDMO products for domestic and international markets.
- The company has a backup of 500+ dossiers which puts is on a fast forward mode.
- Post completion of backward integrations and debottleneck of plant capacity as Australia facility it is set for speedy growth in top and bottom lines.
- Though the valuation is on higher side, well-informed investors can park funds for medium to long term.

About the Company

Sai Parenteral’s Ltd. (SPL) is a diversified pharmaceutical formulations company with capabilities in research, development and manufacturing. It is in the business of (i) Branded Generic Formulations and (ii) Contract Development and Manufacturing Organisation (“CDMO”) products and services for the domestic and international markets. The Company’s portfolio includes formulation products across various therapeutic areas like cardiovascular, neuropsychiatry, anti-diabetic, respiratory health, antibiotics, gastroenterology, vitamins, minerals and supplements (VMS), analgesics, and dermatology with offerings across dosage forms such as injectables, tablets, capsules, liquid orals and ointments.

In the injectables segment, it has capabilities in sterile manufacturing for critical care and antibiotics, which are delivered through dry powder injections, pre-filled syringes, ampoules, and Branded Generic Formulations are those off-patent pharmaceutical products that are produced and sold by it under own brand names. The company manufactures and sells Branded Generic Formulations to a diverse customer base, including central and state government agencies, pharmaceutical companies, public and private hospitals and super stockists in the domestic market. SPL started export business in Fiscal 2023 after acquiring two internationally accredited manufacturing units in Hyderabad, Telangana. The company export products to the Regulated and Semi-Regulated Markets of Australia, New Zealand, Southeast Asia, Middle East and Africa through distributors.

Company’s CDMO business includes product development, which involves designing and developing new pharmaceutical products, validation batches i.e. trial runs conducted to ensure consistent manufacturing quality, stability studies, which assess drug performance under various conditions, dossier compilation, which involves preparing and compiling documents required for product approvals, international regulatory filings which involves submission to regulatory authorities in a

particular jurisdiction to register or sell a drug/medicine and commercial manufacturing. It believes that R&D and regulatory compliance capabilities position it as a reliable CDMO partner for customers in the Regulated and Semi-Regulated Markets. The Company, through wholly owned Singapore subsidiary, Sai Parenterals Pte Limited (“Buyer”), entered into a Share Purchase Agreement dated September 24, 2025 with Noumed Life Sciences Limited (UK) (“NLS”) (“Seller”), Mark Thulborne, Jo-maree Delac. Due to certain changes in payment milestones, the parties executed a fresh Share Purchase Agreement dated October 24, 2025 (“SPA”). The SPA has been entered into to acquire a 74.60% majority and controlling stake in Noumed, including an equity infusion of AUD 4.00 million as a primary in Noumed Pharmaceuticals Pte Ltd, Australia. Noumed Pharmaceuticals Pty Limited (“Noumed”), an Australia-based pharmaceutical company engaged primarily in the business of supplying OTC pharmaceutical products to retail pharmacy chains in Australia. Noumed also operates in New Zealand through its wholly owned subsidiary, Noumed Pharmaceuticals Limited, offering both prescription (“Rx”) and OTC products, with a focus on securing government procurement contracts through Pharmaceutical Management Agency (“Pharmac”) tenders. The entire share transfer and issue of fresh equity shares in Noumed has been completed on November 12, 2025.

The company owns and operates five (5) Manufacturing Facilities in India, out of which four (4) Manufacturing Facilities are based in Hyderabad, Telangana. Unit I is GMP compliant, while Unit II is WHO-GMP certified. Both Unit I and II are dedicated for the manufacturing of injectable formulations. Unit III is a solid oral dosage facility accredited by TGA-Australia and Pharmaceutical Inspection Co-operation Scheme (PIC/S), while Unit IV is a dedicated cephalosporin facility and holds WHO-GMP certification. Its wholly owned subsidiary, Revat Laboratories owns and operates a GMP certified unit located at Ongole, Andhra Pradesh (“Revat Unit”). SPL’s Manufacturing Facilities are spread across an aggregate area of 1,14,540 sq. ft. and have a combined installed capacity of 1,160 million units per annum on a single shift basis. Its manufacturing capabilities includes the production of generics, complex generic products and formulations developed and produced in strict adherence to Good Manufacturing Practices (GMP).

SPL undertakes research and development of complex, value-added formulations and manufacturing processes for in-house requirements, as well as CDMO customers for whom it develops and manufactures products on contract basis. Its present FR&D Facility at Unit III is equipped with necessary equipment, instrumentation, and skilled personnel to undertake research and development of new products across various drug delivery systems, (methods through which medicines are administered to patients) including injectables, oral solids, oral liquids, and topical preparations. All FR&D activities are conducted in accordance with global and domestic regulatory requirements. Data generated through these processes is compiled into comprehensive Dossiers, which are technical documents containing detailed information on product formulation, testing, and safety. These Dossiers are submitted to relevant authorities in Regulated and Semi-Regulated Markets to support product registration, obtain marketing authorizations, which are regulatory permissions to sell a medicine in a specific country. It also has a dedicated quality control laboratory in each of its

Manufacturing Facilities which are equipped with the advanced technology and instrumentation, supported by a team of 41 qualified personnel, to ensure products meet the required regulatory and client-specific standards.

The company has developed a diversified portfolio of complex pharmaceutical products, covering both high-value and high-volume categories addressing critical therapeutic needs across multiple disease areas. Its key therapeutic areas include cardiovascular, neuropsychiatry, anti-diabetic, respiratory health, antibiotics, gastroenterology, vitamins, minerals and supplements (VMS), analgesics and dermatology products. It has formulation capabilities across a broad range of differentiated dosage forms, including injectables, tablets, capsules, liquid orals, dry syrups and ointments. These capabilities allow it to effectively respond to evolving market preferences, regulatory requirements, and patient-centric design standards, while also facilitating therapeutic differentiation and expanding penetration in both domestic and export markets.

The Company has undertaken strategic acquisitions that have expanded its manufacturing, technological and CDMO capabilities, diversified its product range and increased geographical presence in Regulated and Semi-Regulated markets. In February 2022, Company acquired Unit III, an advanced manufacturing facility located at IDA Bhongir, Hyderabad, Telangana and accredited by the Therapeutic Goods Administration (TGA), Australia. In September 2022, it acquired Unit IV, a facility accredited with Pharmaceutical Inspection Co-operation Scheme (PIC/S) and WHO-GMP. In February 2024, the company further expanded its domestic presence by making Revat Laboratories as wholly owned subsidiary. Revat Laboratories operates a facility dedicated to non-beta-lactam oral solid dosage forms, including tablets, capsules, and liquid oral formulations, and has established a strong relationship with domestic and institutional customers in India.

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Noumed is a supplier of private-label, over-the-counter (“OTC”) pharmaceuticals in Australia and also operates in New Zealand through its wholly owned subsidiary, Noumed Pharmaceuticals Limited, offering both prescription (“Rx”) products, which are medicines that require a doctor’s prescription for use and OTC products, which can be purchased directly by consumers without a prescription with a focus on securing government procurement contracts through Pharmaceutical Management Agency (“Pharmac”) tenders. These registrations serve as the foundation for its long-term supply contracts

with customers. Additionally, Noumed offers comprehensive turnkey solutions, regulatory compliance support, demand forecasting, procurement planning, packaging management and logistics. This integrated service offering has enabled it to secure exclusive long-term supply agreements with Australian pharmacy chains.

The acquisition of Noumed will strengthen its export footprint, expanding presence in regulated markets, and diversifying product and revenue base. The Company has transitioned from manufacturer of parenteral formulations to a diversified formulations business with capabilities spanning across multiple dosage forms, including injectables, tablets, capsules, liquid orals and ointments. This transition has been accompanied by the diversification of therapeutic areas. including cardiovascular, neuropsychiatry, anti-diabetic, respiratory health, antibiotics, gastroenterology, vitamins, minerals and supplements (VMS), analgesics and dermatology products.

After consolidating its manufacturing and marketing capabilities in the Fiscal 2023, post-acquisition of two (2) internationally accredited manufacturing facilities i.e., Unit III and IV, our Company has successfully expanded into exports of Branded Generic Formulations and CDMO products & services in Regulated and Semi-Regulated Markets. The Company now serves multinational pharmaceutical companies through CDMO engagements, which contribute to stable and recurring revenue streams due to the long-term nature of such contracts. The number of customers served by it has grown steadily over the years, contributing to increased revenues and improved operating leverage. The expansion of its customer base is mainly driven by cost-efficient manufacturing, capacity scaling, and effective cost management.

SPL’s revenue mix has evolved over the years to reflect broader operations. Over the past three Fiscals its share of Net Revenue from Operations CDMO products & services has grown significantly. This diversification has helped it reduce segment-specific risks and adapt to changing market demand and trends. During this period of growth and diversification, it has focused on operating efficiently and maintaining profitability across business and product segments.

As of December 31, 2025, it has active CDMO engagements with international and domestic pharmaceutical companies. Several of these relationships are supported by long-term supply contracts, reflecting the trust placed in its manufacturing and regulatory compliance capabilities. A growing intellectual property portfolio underpins its customer engagements in the CDMO segment. As of the date of filing this RHP, it had fifty-five (55) dossiers developed in-house, out of which 45 dossiers are approved by FDA, Philippines and another fourteen (14) dossiers transferred by third-party CDMO customers under technology transfer agreements. These dossiers provide a strong platform for product development, market expansion, and long-term customer retention. Additionally, post the acquisition of Noumed, it has obtained access to its 451 dossiers.

The company has a growing presence in the Regulated and Semi-Regulated Markets of Australia, South-East Asia, Middle East and Africa. Established relationships with regional distributors and partners have supported its exports in these markets. As of December 31, 2025, SPL supplied

Branded Generic Formulation products to 10 countries through a network of 7 distributors. In 2025, Australia, which was its largest export market accounted for 63.00% of export revenue.

It has adopted a targeted acquisition strategy to strengthen manufacturing, technological, and CDMO capabilities and geographical presence in the Regulated Markets and Semi-Regulated Markets expand its manufacturing base. In Fiscal 2022 and Fiscal 2023, it completed two key asset acquisitions to expand regulatory reach, facilitate faster dossier filings and shorten time from R&D to commercialization.

As part of its long-term growth strategy, SPL intends to expand its presence in Regulated and Semi-Regulated markets for injectable formulations. The ongoing upgrades are targeted for completion in Fiscal 2027. The global CDMO market was valued at around $192 billion in 2020 and estimated to expand to reach over $609 billion by 2033, representing a CAGR of 9.4% over the period. The CDMO market continues to be dominated by regulated markets, which is estimated to account for over 75% of global revenues in 2025 and are expected to maintain their leadership through 2033, driven by robust innovation pipelines and strict compliance requirements. However, the contribution of emerging markets is set to increase from around 23% in 2025 to 30% by 2033, supported by cost advantages, expanding technical capabilities and improving regulatory track records in countries such as India and China. (Source: Marketysers Report). As of December 31, 2025, it had 298 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 10428288 equity shares of Rs. 5 each worth Rs. 408.79 cr. at the upper cap. The IPO consists of fresh equity shares issue worth Rs. 285.00 cr. (approx. 7270408 equity shares at the upper cap), and an Offer for Sale (OFS) of 3157880 equity shares (worth Rs. 123.79 cr. at the upper cap). The company has announced a price band of Rs. 372 – Rs. 392 per equity shares of Rs. 5 each. The issue opens for subscription on March 24, 2026, and will close on March 27, 2026. The minimum application to be made is for 38 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 23.60% of the post-IPO paid-up equity capital. From the net proceeds of fresh equity issue, the company will utilize Rs. 110.80 cr. for capacity expansion and upgradation of its manufacturing facilities, Rs. 18.02 cr. for new R & D Centre, Rs. 14.30 cr. for repayment/prepayment of certain borrowings, Rs. 33.00 cr. for working capital, Rs. 35.64 cr. for repayment of bridge loan availed for investment in wholly owned subsidiary in relation to acquisition of Noumed Pharmaceuticals Pty Ltd. (Australia), and the rest for general corporate purposes.

The sole Book Running Lead Manager (BRLM) to this issue is Arihant Capital Markets Ltd., while Bigshare Services Pvt. Ltd., is the registrar to the issue. Arihant Capital Markets Ltd. is a syndicate member.

After issuing initial equity shares at par, the company has issued/converted further equity shares in the price range of Rs. 26.68 – Rs. 195.00 (based on Rs. 5 FV) between October 2021, and September 2025. It has also issued bonus shares in the ratio of 5 for 3 in September 2021. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 7.40, Rs. 24.67, Rs. 31.63, Rs. 35.00, Rs. 45.00, and Rs. 70.00 per share.

Post-IPO, its current paid-up equity capital of Rs. 18.45 cr. will stand enhanced to Rs. 22.09 cr. Based on the upper cap of the IPO price band; the company is looking for a market cap of Rs. 1731.83 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 97.03 cr. / Rs. 4.38 cr. (FY23), Rs. 155.18 cr. / Rs. 8.42 cr. (FY24), and Rs. 163.74 cr. / Rs. 14.45 cr. (FY25). For H1 of FY26 ended on September 30, 2025, it earned a net profit of Rs. 7.76 cr. on a total income of Rs. 89.43 cr.

For the last three fiscals, the company has posted an average EPS of Rs. 7.25 and an average RoNW of 13.53 %. The issue is priced at a P/BV of 6.91 based on its NAV of Rs. 56.73 as of September 30, 2025, and at a P/BV of 2.80 based on its post-IPO NAV of Rs. 139.92 per share (at the upper cap).

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 111.68. Based on FY25 earnings, the P/E stands at 119.88. Thus, the issue appears aggressively priced, discounting all near term positives.

For the reported periods, the company has posted PAT margins of 4.52% (FY23), 5.47% (FY24), 8.88% (FY25), 8.93% (H1-FY26), and RoCE margins of 21.04%, 20.52%, 28.92%, 9.28% respectively, for reported periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in September 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Sai Life Sciences, Innova Captab, Senores Pharma, Gland Pharma, as its listed peers. They are currently trading at a P/E of 62.9, 29.2, 33.3, and 30.4 (as of March 19, 2026). However, they are not truly comparable on an apple-to-apple basis.

IPO VALUATION MATRIX:

The financial data up to September 30, 2025 given in the RHP refers to its domestic and export play of SPL. As its Noumed deal was completed only on November 12, 2025, its impact will be seen for the

remaining period for FY26. With its full impact for FY27, the company is expected to more than double top line with commensurate bottom line.

According to the management, with Noumed deal, the company is now on a fast forward mode and will have better export earnings that has higher margins. With additional 451 dossiers in its kitty post this deal will speed up its penetration and approvals in the global markets. Thus, the company is on a proven and definite growth path. The backward integration and debottlenecking of Noumed facility, the company is well poised for higher global market play.

Merchant Banker's Track Record

This is the 6th mandate from Arihant Capital in the last three fiscals (including the ongoing one). Out of the last 5 listings, 1 opened at par and the rest with premium ranging from 6.06% to 44% on the date of listing.

Conclusion / Investment Strategy

SPL is a well-diversified pharmaceutical formulation development and manufacturing. It has branded generic formulations as well as CDMO products for domestic and international markets. The company has a backup of 500+ dossiers which puts is on a fast forward mode. Post completion of backward integrations and de-bottleneck of plant capacity as Australia facility it is set for speedy growth in top and bottom lines. Though the valuation is on higher side, well-informed investors can park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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