BONANZA WEALTH MANAGEMENT RESEARCH

Bonanza

24 March 2026

Sai Parenteral Ltd.- Neutral

Company Overview

Sai Parenterals Ltd (SPL) is a Hyderabad based pharmaceutical company focused on branded generics and contract manufacturing. Incorporated in 2001, the company operates across two key verticals formulation development and CDMO services catering to both domestic and international markets.

SPL has a diversified product portfolio spanning multiple dosage forms, including injectables, tablets, capsules, liquid orals, and ointments. Its presence covers a wide range of therapeutic areas such as cardiovascular, neuropsychiatry, anti-diabetic, respiratory, antibiotics, gastroenterology, dermatology, and vitamins, minerals, and supplements. The company has also been scaling its global footprint, supported by a recent Rs.50 crore fundraise in 2025, which has aided expansion initiatives including the acquisition of Noumed.

Investment Rationale

• Sai Parenterals operates as a diversified pharmaceutical formulations and CDMO player, with a presence across branded generics and contract manufacturing, catering to both domestic and international markets. Its wide therapeutic coverage and multi dosage capabilities enable it to address a broad and growing demand base.

• The company is well positioned to benefit from structural tailwinds in the global generics and biosimilars market, driven by a c.$130bn patent expiry opportunity over the next five years and increasing adoption of cost effective alternatives in regulated markets.

• SPL has built a scalable CDMO platform, with 55 inhouse developed dossiers (45 approved) and additional technology transfers, enabling entry into regulated and semi regulated markets. This segment offers higher margin, sticky revenues with long term client relationships.

• The acquisition of Noumed Pharmaceuticals provides a step change in global presence, offering access to 451 dossiers and strengthening its footprint in regulated markets such as Australia and New Zealand, while also expanding its OTC portfolio.

• Noumed's upcoming manufacturing facility in Australia marks a strategic shift towards in house production in regulated markets, which is expected to improve margins, ensure regulatory control, and enhance long term competitiveness.

• The company has a strong manufacturing backbone with five facilities and ~1,160 million units capacity, strategically located to enable efficient exports and cost advantages, supporting both domestic and international growth. With a clear roadmap to file c.60 additional dossiers by FY28, SPL has strong pipeline visibility, positioning it for sustained growth across geographies and product segments.

Valuation

At the upper price band of Rs.392, SPL is valued at c.72x–88x FY25 earnings (pro forma), reflecting rich valuations relative to peers and largely pricing in future growth. The company operates across branded generics and CDMO, with a diversified portfolio spanning multiple therapies and dosage forms, where injectables remain a key high margin segment with increasing focus. The acquisition of Noumed, along with access to 451 dossiers, provides strong revenue visibility and a meaningful long term growth runway, particularly in regulated markets. **Given the growth visibility and elevated valuations we assign a NEUTRAL rating and keep in track for upcoming earning result.**

IPO Details

Industry	Pharmaceutical
Issue Open Date	24th March 2026
Issue Close Date	27th March 2026
Price Band (Rs.)	372-392
Issue Size*	Rs. 4,048 Mn
Issue Size *(Shares)	1,04,28,288
Bid Lot	110 Shares
Listing Exchanges	BSE and NSE
Face Value (Rs.)	Rs. 5.0/-

* **At highest price band**

Issue Details

Sale Type (Rs. Cr)	Offer for Sale – 123.8 Fresh Issue* - 285.0
Issue Type	Book Building
Book Running Lead Manager	Arihant Capital Markets Ltd
Registar	Bigshare Services Pvt Ltd
Issue structure	QIB: 50.0% Non Institutional: 15.0% Retail: 35.0%
Credit of Shares to Demat Account	01st April 2026
Issue Listing Date	02nd April 2026

* **At highest price band**

Objective of Issue

Particular	Estimated utilization from Net proceeds (Rs Cr.)
Repayment/pre-payment of certain Outstanding loan	14.3
Capacity Expansion	110.8
Establishment of new R&D centre	18.0
Working capital requirement	33.0
Repayment of bridge loan and term loan availed for investment in wholly owned subsidiary	35.6
General corporate purposes [•]	175.0

Shareholding Pattern

Shareholding (%)	Pre(%)	Post*(%)
Promoter	61.2	51.2
Public & Others	38.8	48.8

* **At highest price band**

Business Highlights

• Strengthening presence in regulated markets through the upcoming Noumed facility in Adelaide, Australia, which will enable in house manufacturing and improve positioning in high entry barrier geographies.
• Expansion into the global injectables segment, a high margin category, with increasing focus on improving product mix and profitability.
• Strong CDMO opportunity driven by capabilities in product development, regulatory filings, and manufacturing, supported by 55 in house dossiers and access to an additional 451 dossiers post Noumed acquisition.
• Well positioned to benefit from structural tailwinds in generics and biosimilars, including a c.$130bn patent expiry opportunity and rising demand for affordable healthcare solutions globally.
• Continued focus on new product development and dossier filings to drive pipeline visibility and sustain long term growth.
• Scaling branded generics business in international markets, leveraging existing distribution and expanding geographic footprint.
• Strategic acquisitions such as Noumed enhance capabilities, provide access to regulated markets, and accelerate growth across both CDMO and formulations segments.

Financials

Particular (Rs./Cr.)	FY23	FY24	FY25	1HFY26
Revenue	97	154	163	87
EBITDA	18	32	39	16
EBITDA Margin (%)	18.2	20.6	24.1	18.6
PAT	4	8	14	8
Pat Margin (%)	4.5	5.5	8.8	8.9
Reported EPS (Rs.)	1.2	2.3	3.9	2.1

Risk & Concern

• Operations are subject to stringent regulatory standards across markets, including TGA Australia, WHO-GMP, and GMP. Any adverse inspection outcomes or non compliance could disrupt operations and impact credibility.
• A significant portion of revenue is derived from a limited client base, with top 5 customers contributing c.53–59% in formulations and c.13–22% in CDMO, exposing the company to client concentration risk.
• Heavy reliance on a few suppliers (top 5 contributing c.55–67% of raw materials) without long term agreements creates vulnerability to supply disruptions, pricing volatility, and quality risks.
• Elevated cash conversion cycle (c.194–311 days) and historically negative operating cash flows, driven by high receivables and inventory, indicate stretched working capital and potential liquidity constraints.
• Continued expansion in regulated markets is contingent on maintaining approvals and passing audits, making growth sensitive to regulatory scrutiny and compliance standards.

Graphs & Charts

Figure 1: Revenue Trend

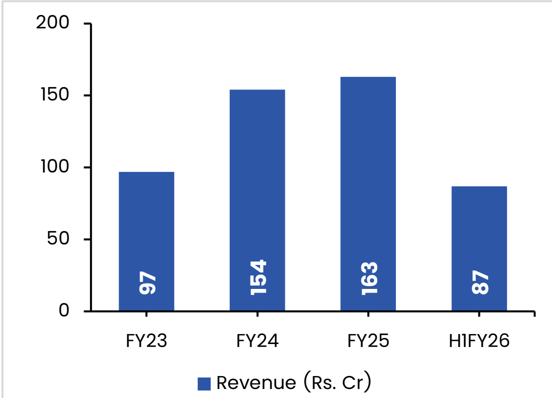


Figure 2: EBITDA & EBITDA Margin Trend

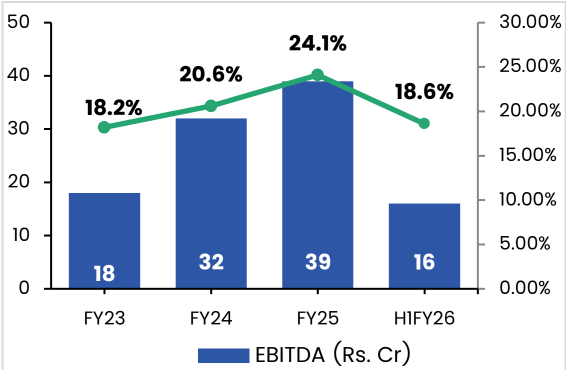


Figure 3: PAT Trend and Margin

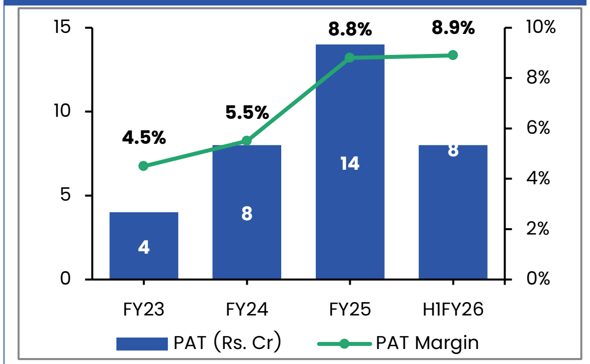
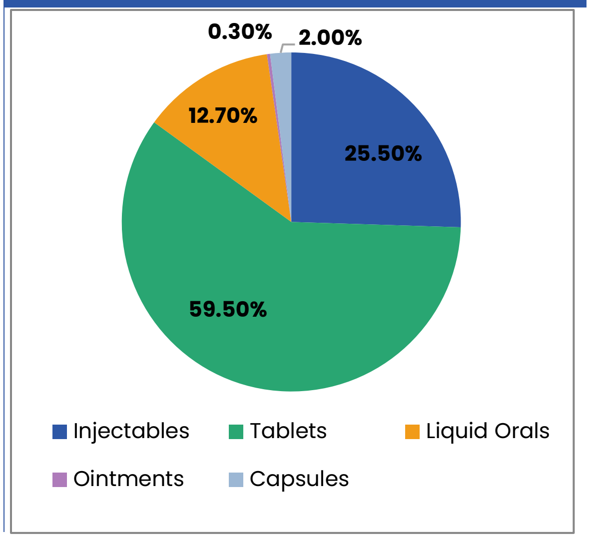


Figure 4: Revenue Mix for 9MFY26



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