Sai Parenteral's Ltd (SAIPARENT:IN)

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22 March 2026

CDMO-Led Transformation Story with Significant Upside Potential Over Next Three Years

Sai is an IPO-bound diversified pharma formulations company with capabilities in research, development and manufacturing. Operating in Branded Generic Formulations and CDMO.

Use of IPO Proceeds: Rs110.8cr for capacity expansion and EU-GMP upgrades; Rs35.6cr to repay Noumed bridge loan; Rs33cr for WC; Rs18cr for the new R&D Centre at Unit IV (SP Analytics, target Jul'27, +20 R&D personnel); Rs14.3cr for debt repayment. The OFS (~Rs124cr, ~30% of issue) is entirely from non-promoter HNI shareholders who invested at Rs35–70/share in 2022. Marquee pre-IPO investors include Samarsh Capital (Mohandas Pai & Ullas Kamath), Polycab Founders' Family, Gruhas Fund (Nikhil Kamath), Dr. Bhaskar Rao (Founder, KIMS Hospitals).

KEY INVESTMENT THEMES

- **CDMO Platform — Fastest-Growing Engine**

CDMO revenue compounded at 80% CAGR FY23–FY25, now 28% of revenue in 1HFY26. Company holds 55 in-house dossiers (45 Philippines FDA-approved) and targets 60 new filings by FY28. A new Philippines CDMO engagement is guided to generate Rs100+cr per annum from FY27, a step-change from FY25 export revenues of Rs26cr.

- **Noumed Acquisition — Strategic Differentiator**

Sai acquired 74.6% of Noumed Pharmaceuticals Pty Ltd (Australia) for Rs129cr all-cash in Oct'25. Key value drivers: 451 TGA-approved dossiers for LatAm, SE Asia, Middle East, Africa filings; exclusive long-term supply agreements with Australian pharmacy chains (526 SKUs, valid CY2031–35); Adelaide manufacturing facility, AUD53mn total capex with AUD20mn non-refundable government grant received; commercial production Jan/Feb'27. Pharmac (NZ) tender rights with exclusive IP on several Rx/OTC products. AU/NZ CDMO market: $2.5bn, growing 11%+ CAGR.

- **EU-GMP Upgrades — Regulatory Moat in Progress**

Three Hyderabad facilities being upgraded to EU-GMP using Rs110.8cr of IPO proceeds. Units I & II (injectables) gain EU-GMP/PIC/S; opening Europe and LatAm CDMO markets. Unit III (TGA-approved) capacity expands from 240 to 451 mn units p.a. All upgrades targeted Jan'27. These are brownfield upgrades with no long gestation. Unit IV (293 mn units, Cephalosporins) at only 39.5% utilisation, significant operating leverage yet to be unlocked.

- **Capacity & Revenue Optionality**

Overall utilisation improved from 14.75% (FY23) to 60% (1HFY26). As per our initial calculation manufacturing revenue potential post all expansions: Rs900-1,200cr vs. ~Rs210cr in FY26e, implying a 4–5x revenue uplift over 3–4 years.

IPO Details

Issue Opens	24 Mar'26
Issue Closes	27 Mar'26
Price Band (Rs)	372-392
Issue Size (Rs cr)	~400
Fresh Issue (Rs cr)	285
OFS (Rs cr)	124
Post-IPO MCap (Rs cr)	1,732
Face Value (Rs)	5
Bid Lot	38 shares
Listing	BSE & NSE
BRLM	Arihant Capital
Registrar	Bigshare Services

Shareholding Pattern (%)

	Pre-IPO	Post-IPO
Promoters	*61.20*	*51.20*
Inst/OFS	*8.60*	*0.04*
Others	*30.20*	*48.80*

Top Pre IPO Investors

	Non Promoter (%)
Samarsh Capital	4.1
Bhaskar Rao Bollineni	3.5
AIG Direct LLC	2.5
Agilis Partners LLP	2.5
Gruhas Proptech LLP	1.0

Research Analysts:

Nirali Shah | +91 22 6372 0113
niralishah@ashikagroup.com

Udit Gupta | +91 22 6372 0114
uditgupta@ashikagroup.com

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Key Financials

Rs cr	FY23	FY24	FY25	1HFY26	FY25 PF*
Revenue	96.8	153.8	163.1	86.9	495.0
EBITDA	17.6	31.7	39.4	16.2	41.6
EBITDA Margin (%)	*18.2*	*20.6*	*24.2*	*18.7*	*8.4***
PAT	4.4	8.4	14.5	7.8	19.7
PAT Margin (%)	*4.5*	*5.5*	*8.9*	*8.9*	*4.0*
RoCE (%)	*21.0*	*20.5*	*28.9*	*9.3^*	*14.1*
RoNW (%)	*13.9*	*11.0*	*15.1*	*5.1^*	*17.6*
Total Borrowings	68.6	118.8	94.0	76.1	-

**Proforma consolidates Noumed (Australia); higher cost base suppresses margins. **Noumed drag.*
^Not annualised.

Revenue Mix

Segment (%)	FY23	FY24	FY25	1HFY26	Trend
Branded Generics	94.5	87.5	80.3	72.0	Declining mix
CDMO	5.5	12.5	19.7	28.0	80% CAGR
Domestic	97.4	94.0	83.7	76.2	Declining mix
Export	2.6	6.0	16.3	23.8	Rapid ramp
Injectables	92.0	47.6	44.8	25.5	Mix shift
Tablets	3.5	37.1	36.2	59.5	Scaling

Near Term Catalysts

Period	Milestone
4QCY2026	Noumed Adelaide plant commences commercial operations — first in-house regulated-market manufacturing outside India; TGA certification expected.
Jan 2027	EU-GMP upgrades at Units I, II & IV complete — opens EU and LatAm CDMO contract pipeline; Unit III capacity expands 240 to 451 mn units p.a.
FY27+	Philippines CDMO agreement fully ramps; management guides Rs100+ Cr p.a. annual revenue from this single market alone.
FY28	60 new dossier filings target met; SP Analytics R&D centre operational; EU and ANZ revenues begin to materialise at scale.

Peer Benchmarking (FY25)

Company	Revenue (Rs cr)	EBITDA(%)	PAT (%)	RoNW (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
Sai Standalone FY25	163	24.2	8.9	15.1	28.9	88.2	46.3
Sai Proforma (Noumed)	495	8.4**	4.0	17.6	14.1	73.7	46.3
Senores Pharma	398	27.4	14.7	7.2	9.3	64.3	33.8
Gland Pharma	5,617	26.4	12.4	7.6	14.9	44.7	19.5
Sai Life Sciences	1,695	24.2	10.0	8.0	12.5	125.3	51.5
Innova Captab	1,244	15.9	10.3	13.4	14.1	32.5	22.4
Ajanta Pharma	4,648	29.1	19.8	24.3	30.1	-	-
Caplin Point	1,937	38.4	27.9	18.8	23.3	-	-

*P/E and EV/EBITDA for Sai on post-issue equity at Rs392. **Noumed drag; standalone EBITDA 24.2% is the benchmark. Peers at FY25 actuals, prices as of 19 March 2026*

Valuation: At Rs392, Sai trades at 88x FY25 P/E (standalone) / 73.7x proforma, premium to Gland (44.7x) and Innova Captab (32.5x), in line with Sai Life Sciences (125x). The premium is not justifiable on trailing earnings; it reflects FY28–30 earnings optionality. Consensus projects consolidated EBITDA reaching ~Rs305cr by FY30 (~50% CAGR) from Rs63cr in FY25. Assuming 18x EV/EBITDA at FY30 with ~Rs100cr net debt, discounting back four years at 15% cost of equity implies a fair value of ~Rs700/share vs. IPO price of Rs392, ~78% upside if FY30 scenario plays out. Key sensitivities: Noumed Adelaide ramp; Philippines CDMO conversion; EU-GMP upgrade timeline; domestic DSO (282 days) remains a structural cash flow drag.

Key Risks: Noumed Adelaide delays: 4QCY26 target underpins FY27 revenue ramp; any slip pushes the CDMO inflection. High cash conversion cycle (~200–300 days): Domestic government receivables structurally slow; negative OCF in growth years. Regulatory inspection risk: Any 483 observation on TGA/WHO-GMP facilities would materially disrupt CDMO and export licences. Customer/supplier concentration: Top-5 branded generics clients = 52.7% of 1H FY26 revenue; top-10 suppliers = 77.8% of RM cost with no long-term contracts. Geographic concentration: 4 of 5 Indian units in Telangana/AP. Valuation risk: 88x FY25 P/E offers no near-term margin of safety; earnings inflection is FY28+.

Our View: At ~46x EV/EBITDA (FY25 proforma), Sai Parenteral is entering a multi-year CDMO build-out that repositions it from a domestic branded generics manufacturer to a scaled, regulated-market CDMO platform by FY29–30. The Noumed acquisition is the strategic pivot, a regulated-market beachhead in Australia/New Zealand backed by 451 TGA-approved dossiers and a government-grant-subsidised facility that would have taken years to build organically. Management has demonstrated disciplined capital allocation across four acquisitions, all integrated efficiently and ramped rapidly (Unit IV: 0.78% utilisation in FY23 to 39.5% in 1HFY26; Unit III: 24.8% to 87.3% over the same period). With EU-GMP certifications targeted by Jan'27, a Philippines CDMO contract guiding Rs100+cr from FY27, and 60 new dossier filings planned by FY28, the revenue inflection is well-sequenced and catalyst-rich. We recommend Subscribe at the cut-off price for long-term investors with a 2–3 year horizon. Fair value: ~Rs700/share on FY30 EBITDA of Rs305cr at 18x EV/EBITDA. Investors seeking near-term earnings visibility should await post-listing price discovery.

Corporate Office:

Altimus, Level 35, Dr. G.M. Bhosale Marg, Worli, Mumbai - 400018, Ph-022–63720000, Extn.: 913,914
Website: www.ashikagroup.com

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BUY	Expected positive return of 15% or above in 1-year horizon
ADD	Expected positive return of > 0% to 15% in 1-year horizon
REDUCE	Expected return of 0% to -15% in 1-year horizon
SELL	Expected to fall by >15% in 1-year horizon
UR	**UNDER REVIEW** - Rating and fair value, if any, have been suspended temporarily
CS	**COVERAGE SUSPENDED** - Ashika Institutional Research has suspended coverage of this company
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2	Ashika Capital Ltd	U30009WB2000PLC091674	Merchant Banker bearing Registration No INM000010536
3	Ashika Stock Broking (IFSC) Pvt Ltd	U65929GJ2016PTC094597	Stockbroker with NSE IFSC & India INX bearing Registration No - INZ000099630
4	Ashika Business Pvt Ltd	U45100WB2004PTC098055	NA
5	Ashika Properties Pvt Ltd	U70101WB2005PTC102582	NA
6	Ashika Global Securities Pvt Ltd	U65929WB1995PTC069046	RBI registered NBFC bearing Registration No - B.05.00008
7	Ashika Logistics Pvt Ltd	U67200WB2004PTC098054	NA
8	Ashika Global Finance Pvt Ltd	U01132WB1994PTC066087	RBI registered NBFC Registration No - B-05.5583
9	Ashika Private Equity Advisors Pvt Ltd	U66300WB2017PTC220511	Investment Manger to Ashika Private Equity Trust , a Category II AIF bearing Registration No - IN/AIF2/25-26/1927
10	Ashika Wealth Management Pvt Ltd	U65999WB2018PTC227019	NA
11	Ashika Investment Managers Pvt Ltd	U65929MH2017PTC297291	Investment Manger to Ashika Alternative Investments, a Category III AIF bearing Registration No - IN/AIF3/20-21/0811
12	Ashika Commodities & Derivatives Pvt Ltd	U51909WB2003PTC096985	NA
13	Puja Sales Promotion Pvt Ltd	U51109WB1993PTC059596	NA
14	Dhara Dealers LLP (formerly Dhara Dealers Pvt Ltd)	ACP-8634	NA
15	Ashika Minerals India LLP	AAR-7627	NA
16	Ashika Vyapaar LLP	AAE-3310	NA
17	Ashika Ventures LLP (formerly known as Ashika Rise Realty LLP)	AAO-9947	NA
18	Ashika Global Wealth Services Pvt Ltd	U70200MH2025PTC462425	NA
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20	Ashika Global Custodial Services Pvt Ltd	U66190MH2025PTC463322	NA