

APRIL 09, 2015

CARE ASSIGNS 'CARE A-' AND 'CARE A2+' RATINGS TO THE BANK FACILITIES OF SAI LIFE SCIENCES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	43.69	CARE A- (Single A Minus)	Assigned
Short-term Bank Facilities	5.50	CARE A2+ (A Two Plus)	Assigned
Total Facilities	49.19		

Rating Rationale

The ratings assigned to the bank facilities of Sai Life Sciences Limited (Sai Life) derive strength from the established track record of the company in the contract research and manufacturing services (CRAMS) industry, backed by global investors, extensive experience of the promoters in the life sciences industry, presence in the entire CRAMS value chain, healthy financial profile marked by strong growth in revenue during FY12-14 (FY refers to the period from April 1 to March 31), steady increase in profitability margins and comfortable capital structure. The ratings also take into consideration the benefits arising from US Food and Drug Administration (USFDA) approved manufacturing facility of the company, preferred vendor status awarded to Sai Life by globally established innovator pharmaceutical and biotechnology companies resulting in healthy flow of repeat business and strong presence of the company in products in phase II and phase III stages indicating high revenue potential upon commercialisation of the same. The ratings are, however, constrained by company's exposure to foreign exchange fluctuation risk, susceptibility to fluctuations in raw material prices and regulatory risks associated with the pharmaceutical industry. The ability of the company to scale up operations while maintaining a comfortable capital structure, improve profitability margins further, receive the envisaged funding to support growth and working capital requirements are the key rating sensitivities.

Background

Sai Life Sciences Limited (Sai Life), formerly known as Sai Advantium Pharma Limited, was incorporated in January 1999 by Dr. Kanumuri Ranga Raju, Dr. Raju Penmesta, Mr. Ravi Nandyala, and their family members. The company is an integrated CRAMS provider, and provides drug discovery, development, and manufacturing services to pharmaceutical and biotechnology companies, with manufacturing and research & development facilities in the states of Telangana, Karnataka and Maharashtra. During FY14, Sai Life reported profit after tax of Rs.23.32 crore on a total operating income of Rs. 333.04 crore. During 9MFY15, the company has earned total operating income of Rs.222.0 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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