

MAY 04, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF SAI LIFE SCIENCES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	220.78 (enhanced from 43.69)	CARE A- (Single A Minus)	Reaffirmed
Short-term Bank Facilities	34 (enhanced from 5.50)	CARE A2+ (A Two Plus)	Reaffirmed
Total Facilities	254.78		

Rating Rationale

The ratings assigned to the bank facilities of Sai Life Sciences Limited (Sai Life) continue to 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 (refers to the period 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, however, continue to be constrained by the 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 Nandiyala, 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 crore.

Analyst Contact

Name: Mr. Vidhyasagar L

Tel: 040 – 69000517

Email: vidhya.sagar@careratings.com

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra

Managing Director
 Mobile: +91-98204 16002
 E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director
 Mobile: +91-98204 16001
 E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating
 Mobile: +91-9819009839
 E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services
 Mobile: +91-9819698985
 E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya

32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-98242 56265
 Tel: +91-79-4026 5656
 E-mail: mehul.pandya@careratings.com

JAIPUR
Mr. Harsh Raj Sankhla

304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 94139 69100
 Tel: +91-141-402 0213 / 14
 E-mail: harshraj.sankhla@careratings.com

BENGALURU
Mr. Dinesh Sharma

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91-99000 41975
 Tel: +91-80-4115 0445, 4165 4529
 E-mail: dinesh.sharma@careratings.com

KOLKATA
Ms. Priti Agarwal

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

CHANDIGARH
Mr. Sajan Goyal

2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.
 Cell: +91 99888 05650
 Tel: +91-172-5171 100 / 09
 Email: sajan.goyal@careratings.com

NEW DELHI
Ms. Swati Agrawal

13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

CHENNAI
Mr. V Pradeep Kumar

Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

PUNE
Mr. Rahul Patni

9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-78754 33355
 Tel: +91-20- 4000 9000
 E-mail: rahul.patni@careratings.com

HYDERABAD
Mr. Saikat Roy

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Tel: +91-40-69000500
 E-mail: saikat.roy@careratings.com

CIN - L67190MH1993PLC071691