

Certificate on Basis for the Offer Price

Date: December 05, 2024

To:

Kotak Mahindra Capital Company Limited

1st Floor, 27 BKC
Plot No. C-27, 'G' Block
Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India

IIFL Capital Services Limited

(Formerly known as IIFL Securities Limited)
24th Floor, One Lodha Place
Senapati Bapat Marg
Lower Parel (West), Mumbai 400 013
Maharashtra, India

Jefferies India Private Limited

Level 16, Express Towers
Nariman Point
Mumbai 400 021
Maharashtra, India

Morgan Stanley India Company Private Limited

18th Floor, Tower 2, One World Centre
Plot 841, Jupiter Textile Mill Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 013
Maharashtra, India

(Kotak Mahindra Capital Company Limited, IIFL Capital Services Limited (Formerly known as IIFL Securities Limited), Jefferies India Private Limited and Morgan Stanley India Company Private Limited are collectively referred to as the "Book Running Lead Managers" or the "BRLMs")

and

The Board of Directors

Sai Life Sciences Limited

Plot No. DS-7, IKP Knowledge Park
Turkapally (V) Shameerpet Mandal
Medchal-Malkajiri, Rangareddy
Hyderabad – 500 078
Telangana, India

Dear Sir/Madam,

Re: Proposed initial public offering of equity shares of face value of ₹1 each (the “Equity Shares”) of Sai Life Sciences Limited (the “Company” and such offering, the “Offer”)

In relation to the Company, its subsidiaries and its affiliates, we, Bshetty & Joshi, Chartered Accountants, are an independent firm of chartered accountants. We have received a request from the Company to provide certain calculation of the basis for Offer price of the equity shares in the Offer.

We have reviewed the restated consolidated financial statements of the Company and subsidiaries as at and for the six months period ended September 30, 2024 and September 30, 2023, and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, and the examination report thereon prepared in accordance with the Indian Accounting Standard (“Ind AS”), the Guidance Note on Reports in Company’s Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India and the Companies Act, 2013, as amended, and restated by the statutory auditors of the Company, in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the “SEBI ICDR Regulations”) (the “Restated Financial Statements”) and books of accounts, ledgers, annual reports, bank statements of the Company, statutory records and registers maintained by the Company, minutes of the meetings of the board of directors of the Company, minutes of annual general meeting and extra-ordinary general meetings of the Company and other relevant documents as provided by the management of the Company.

Accordingly, we certify that the following information is true, correct and complete and not misleading:

1. BASIC AND DILUTED EARNING PER SHARE (“EPS”):

Period	Basic EPS* (in ₹)	Diluted EPS* (in ₹)	Weight
Financial Year 2024	4.57	4.53	3
Financial Year 2023	0.55	0.55	2
Financial Year 2022	0.35	0.34	1
Weighted Average	2.53	2.51	
** Six months period ended September 30, 2024	1.50	1.49	
** Six months period ended September 30, 2023	(0.71)	(0.71)	

** Not Annualized

* As per IND AS 33, Para 23, Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.
Notes:

1. Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).

2. PRICE EARNING RATIO (P/E) IN RELATION TO THE PRICE BAND OF ₹[●] TO ₹ [●]PER EQUITY SHARE:

Particulars	P/E at the Floor Price (no. of times)*	P/E at the Cap Price (no. of times)*
Based on Basic EPS as per the Restated Financial Statements for the financial year ended March 31, 2024	[●]	[●]
Based on Diluted EPS as per the Restated Financial Statements for the financial year ended March 31, 2024	[●]	[●]

* To be computed after finalization of the Price Band.

3. INDUSTRY PEER GROUP P / E RATIO:

Particulars	Industry P/E (number of times)
Highest	109.37
Lowest	73.59
Industry Composite	95.33

Notes:

- (i) The industry high and low has been considered from the industry peer set provided later in this certificate. The industry composite has been calculated as the arithmetic average P / E of the industry peer set disclosed in this certificate.
- (ii) The industry P / E ratio mentioned above is for the financial year ended March 31, 2024. P / E Ratio has been computed based on the closing market price of equity shares on BSE on December 03, 2024 divided by the Diluted EPS for the year ended March 31, 2024.
- (iii) All the financial information for listed industry peers mentioned above is sourced from the audited financial statements of the respective company for the year ended March 31, 2024, as available on the websites of the Stock Exchanges.

4. RETURN ON NET WORTH (“RoNW”) (as adjusted)

Period ended	RoNW (%)	Weight
March 31, 2024	8.50%	3
March 31, 2023	1.13%	2
March 31, 2022	0.71%	1
Weighted Average	4.74%	
** Six months period ended September 30, 2023	(1.48 %)	
** Six months period ended September 30, 2024	2.68%	

** Not Annualized

Notes:

- (i) Return on Net Worth = Restated net profit/(loss) after tax for the period attributable to the owners of the Company / by the Net Worth as on the last date of the respective period.
- (ii) Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

5. NET ASSET VALUE (“NAV”) PER EQUITY SHARE (Face value of ₹ 1 each) (as adjusted)

Net asset value per equity share of the Company as of and for the financial years ended March 31, 2024, March 31, 2023, and March 31, 2022 and as of and for the six months period ended September 30, 2024 and September 30, 2023 :

1. as per the Restated Financial Statements was ₹ 53.83, ₹ 49.18 , ₹ 48.90, ₹ 55.93, ₹ 48.37 respectively.⁽ⁱ⁾

2. After the Offer as per the Restated Financial Statements

- (a) At the Floor Price: These details shall be provided once the floor price is determined
- (b) At the Cap Price: These details shall be provided once the cap price is determined
- (c) At the Offer Price: These details shall be provided once the Offer price is determined

Note:

- (i) *Net Asset Value per share = Restated equity attributable to owners of the Company / number of equity shares outstanding during the period.*

6. COMPARISON WITH INDUSTRY PEERS

Industry peer group price/equity ratio

We understand that listed industry peers of the Company have been identified as Divi's Laboratories Limited, Suven Pharmaceuticals Limited and Syngene International Limited (the "Industry Peers").

Based on our review of the audited financial statements of such Industry Peers for their last audited financial year i.e. (Financial year 2024), we confirm: (a) the highest P/E ratio among the Industry Peers was 109.37, while the lowest P/E ratio was 73.59 and the industry composite was 95.33 ; and (b) the additional details as set forth below:

Name of the Company	Revenue from operations (₹ in million)	Face value per equity share (₹)	P/E as on December 03, 2024	EPS (Basic)	EPS (Diluted)	RoNW (%)	NAV (₹ in million)	NAV (₹ per share)
Sai Life Sciences Limited*	14,651.78	1.00	NA [#]	4.57	4.53	8.50%	10,179.97	53.83
Listed Peers**								
Divi's Laboratories Limited	78,450.00	2.00	103.04	60.27	60.27	11.79%	1,37,510.00	511.21
Suven Pharmaceuticals Limited	10,513.54	1.00	109.37	11.80	11.80	14.64%	20,506.64	94.04
Syngene International Limited	34,886.00	10.00	73.59	12.71	12.69	11.98%	42,577.00	105.91

[#] To be included in respect of the Company in the Prospectus based on the Offer Price.

* As per IND AS 33, Para 23, Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

*** All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the audited financial statements of the respective company for the year ended March 31, 2024, as available on the websites of the Stock Exchanges. P/E Ratio for the peer group has been computed based on the closing market price of equity shares on BSE as on December 03, 2024, divided by the diluted EPS.*

Notes:

- (1) *Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*
- (2) *Net Asset Value per share = Restated equity attributable to owners of the Company / total number of equity shares outstanding during the period.*
- (3) *Return on Net Worth (%) = Restated net profit/(loss) after tax for the years/period attributable to the owners of the Company / by the Net worth as on the last date of the respective period*

We confirm that the information in this certificate is true, fair, correct, accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context and will enable investors to make a well-informed decision.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the “**Guidance Note**”) in accordance with the generally accepted auditing standards in India and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. These standards require that we plan and perform the examination to obtain reasonable assurance about the “Reporting Criteria”. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.

This certificate is issued for the purpose of the Offer, and can be used, in full or part, for inclusion in the red herring prospectus, prospectus and any other material used in connection with the Offer (together, the “**Offer Documents**”) which may be filed by the Company with Securities and Exchange Board of India (“**SEBI**”), BSE Limited and National Stock Exchange of India Limited (collectively, the “**Stock Exchanges**”), Registrar of Companies, Telangana at Hyderabad (the “**RoC**”) and / or any other regulatory or statutory authority.

We hereby consent (i) to our name Bashetty & Joshi, Chartered Accountants and the aforementioned details being included in the Offer Documents; and (ii) to the submission of this certificate to any regulatory / statutory/ governmental authority, stock exchanges, any other authority as may be required and/or for any other litigation purposes and/or for the records to be maintained by the BRLMs in connection with the Offer and in accordance with applicable law. We also consent to the inclusion of this certificate as a part of ‘*Material Contracts and Documents for Inspection*’ in connection with the Offer, which will be available for public for inspection from the date of filing of

the red herring prospectus until the Bid/Offer Closing Date.

This certificate may be relied on by the BRLMs, their affiliates and legal counsels in relation to the Offer and to assist the BRLMs in conducting and documenting their investigation and due diligence of the affairs of the Company in connection with the Offer. We hereby consent to this certificate being disclosed by the BRLMs, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We undertake to immediately communicate, in writing, any changes to the above information/confirmations, as and when: (i) made available to us; or (ii) we become aware of any such changes, to the BRLMs and the Company until the equity shares allotted in the Offer commence trading on the relevant stock exchanges. In the absence of any such communication from us, the Company, the BRLMs and the legal advisors appointed with respect to Offer can assume that there is no change to the information/confirmations forming part of this certificate and accordingly, such information should be considered to be true and correct.

All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours Sincerely,

For Bashetty & Joshi, Chartered Accountants

ICAI Firm Registration No: 013299S

Gourav Kumar Joshi

Partner

Membership No :225311

UDIN: 24225311BKGQDQ1957

CC:

Khaitan & Co

10th, 13th & 14th Floors, Tower 1C

One World Centre

841, Senapati Bapat Marg

Mumbai 400 013

Maharashtra, India

Cyril Amarchand Mangaldas

3rd Floor, Prestige Falcon Tower

19, Brunton Road, Off M. G. Road

Bengaluru 560 025

Karnataka, India

Linklaters Singapore Pte. Ltd.

One George Street #17-01

Singapore 049145