

Certificate on Financial Indebtedness

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-Malkajgiri, Rangareddi
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 and its affiliates, we, Bassetty & Joshi, Chartered Accountants, are an independent firm of chartered accountants. We have received a request from the Company to provide certain confirmation in relation to the loans, advances and working capital facilities from banks/institutions and any other financial indebtedness of the Company and its subsidiaries on a consolidated basis.

We have reviewed the (a) restated consolidated financial statements of the Company as at the end of and for the six month periods ended September 30, 2024 and September 30, 2023 and the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 ("Review Period") 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") ("Restated Financial Statements"); (b) relevant records, registers of the Company and its subsidiaries; (c) documents pertaining to the financial indebtedness of the Company and its subsidiaries, including, *inter alia*, sanction letters issued by the banks/ financial institutions, loan agreements, deeds of hypothecation, other letters and correspondence between the lenders and the Company and its subsidiaries; and (d) documents pertaining to balance confirmations received from relevant lenders, for the purpose of issuing this certificate and (e) minutes of the meetings of the Board of Directors of the Company and its subsidiaries, minutes of annual general meetings and extra-ordinary general meetings of the Company, minutes of the meetings of various committees of the board of directors of the Company and its subsidiaries, return of charge filed by the Company and its subsidiaries with Registrar of Companies, relevant forms and documents filed with the relevant Registrar of Companies and the Reserve Bank of India and other documents and accounts presented to us, bank statements, relevant statutory registers and the books of accounts as prepared and provided by the management of the Company, trial balance as on September 30, 2024.

Accordingly, we hereby confirm that the information provided in **Annexure A** is true, fair, correct, accurate, not misleading and without omission of any matter that is likely to mislead and adequate to enable investors to make a well-informed decision. Further, we confirm that as on December 05, 2024 except as stated in **Annexure A**, there are no other loans or facilities availed by the Company or its subsidiaries or any guarantee extended by the Company or its subsidiaries.

We also confirm that, as on the date of this letter, none of the banks or institutions from whom the Company or its subsidiaries have availed of debt facilities, have accelerated payment of the facility in full or in part on account of default in the repayment in any instalment or interest due or for violation of any other terms of any of the outstanding loans/ debt facilities granted to the Company or its subsidiaries.

Further, we hereby confirm that the statement of guarantees provided by the Promoters (i.e. Kanumuri Ranga Raju, Krishnam Raju Kanumuri, Kanumuri Mytreyi, Sai Quest Syn Private Limited, Marigold Partners, Sunflower Partners, Tulip Partners and Lily Partners) in relation to borrowings of the Company and its subsidiaries as set out in **Annexure B** are true and correct.

The consolidated financial indebtedness including summary of the borrowings sanctioned to the Company and its subsidiaries and outstanding, as of September 30, 2024. is stated in **Annexure C**.

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.

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 defense 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: 24225311BKGQDO9407

Encl: Annexures A, B and C

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

ANNEXURE A

S. No.	Name of the lender	Nature of Borrowing	Date of Last Approved/ Revised Sanction Letter	Date of Disbursement of Loan	Amount sanctioned as on December 05, 2024	Applicable rate of interest as at December 05, 2024	Tenor	Repayment Schedule	Purpose	Prepayment Penalty %
					(in ₹ million)					
1	State Bank of India	Working Capital Fund Based - Secured	31-07-2023	Various	1,550.00	7.13% - 9.70%	1 Year	1 Year/On Demand	Working Capital Requirement	Upto 2%
		Term Loan	29-09-2021	01-10-2021 & 17-03-2023	1,000.00	9.10% to 9.40%	6 Years 7 Months, after 1 Year 7 Months Moratorium	Quarterly	Enhancement of Capex Capabilities	Upto 2%
		Term Loan	01-04-2021	15-06-2021, 16-06-2021, 18-06-2021, 21-06-2021, 30-06-2021, 30-06-2021, 08-07-2021, 13-08-2021, 21-08-2021, 28-09-2021	187.60	9.15%	5 Years	Monthly	Emergency Credit Line Limit	0%
		Buyer Credit	31-07-2023	Multiple	700.00	-	6 Months	6 Months/On Demand	Working Capital Requirement	-
		Letter of Credit				-		-	Letter of Credit	-
		Bank Guarantee				-	-	-	-	
2	IndusInd	Working Capital Fund Based - Secured	12-04-2024	Various	960.00	6.17% - 10.30%	1 Year	1 Year/On Demand	Working Capital Requirement	Upto 2%
		Term Loan	30-12-2020	07-01-2021 & 11-02-2021	750.00	6.30% to 9.85%	8 Years	Quarterly	Enhancement of Capex Capabilities	0%
		Term Loan	12-06-2017	Multiple	250.00	6.30% to 9.85%	8 Years, 3 Months after 1 Year Moratorium	Quarterly	Enhancement of Capex Capabilities	0%
		Term Loan						Quarterly	Enhancement of Capex Capabilities	
		Term Loan	12-04-2024	31-05-2024, 07-08-2024, 12-08-2024, 20-08-2024	500.00	8.00%	5 Years after 1 Year Moratorium	Quarterly	Enhancement of Capex Capabilities	0%
		Buyer Credit	12-04-2024	Multiple	430.00	-	6 Months	6 Months/On Demand	Working Capital Requirement	-
		Letter of Credit						-	-	Letter of Credit
Bank Guarantee	-	-						-		

3	Bank of Baroda	Working Capital Fund Based - Secured	18-07-2023	Various	920.00	7.18% - 9.20%	1 Year	1 Year/On Demand	Working Capital Requirement	0%
		Letter of Credit		Multiple	80.00	-	6 Months	-	Letter of Credit	-
4	Development Bank of Singapore (DBS)	Working Capital Fund Based - Secured	16-03-2024	Various	550.00	7.80% - 9.00%	1 Year	1 Year/On Demand	Working Capital Requirement	As levied by the bank
		Letter of Credit		Multiple	50.00	-	6 Months	-	Letter of Credit	-
5	ICICI	Working Capital Fund Based - Secured	09-11-2023	Various	250.00	7.90% - 9.00%	1 Year	1 Year/On Demand	Working Capital Requirement	As levied by the bank
		Term Loan	29-03-2021	31-03-2021	139.80	6.90%-10.45%	4 Years after 1 Year Moratorium	Monthly	Emergency Credit Line Limit	0%
		Buyer Credit	09-11-2023	Multiple	340.00	-	6 Months	6 Months/On Demand	Working Capital Requirement	-
		Letter of Credit				-		-	Letter of Credit	-
		Bank Guarantee				-	-	-	-	
6	Axis	Working Capital Fund Based - Secured	06-03-2024	Various	650.00	8.10% - 9.10%	1 Year	1 Year/On Demand	Working Capital Requirement	Upto 2%
		Term Loan	12-01-2024	14-03-2024 25-04-2024 24-04-2024 25-04-2024 03-05-2024 04-05-2024 16-05-2024 17-05-2024 20-05-2024 21-05-2024 24-05-2024 28-05-2024	500.00	8.35%	5 Years after 1 Year Moratorium	Quarterly	Enhancement of Capex Capabilities	Upto 2%
		Letter of Credit	06-03-2024	Various	100.00	-	6 Months	-	Letter of Credit	-
7	HDFC	Working Capital Fund Based - Secured	28-12-2023	Various	400.00	8.10% - 8.95%	1 Year	1 Year/On Demand	Working Capital Requirement	0%
		Term Loan	21-04-2020	30-04-2020	500.00	8.40%	6 Years	Quarterly	Enhancement of Capex Capabilities	Upto 2%
		Term Loan	26-03-2024	30-03-2024	500.00	8.19%	6 Years & 3 months	Quarterly	Enhancement of Capex Capabilities	Upto 2%
		Letter of Credit	28-12-2023	Multiple	100.00	-	6 Months	-	Letter of Credit	-

8	Kotak Bank	Working Capital Fund Based - Secured	30-05-2024	Various	220.00	6.43% - 9.55%	Repayable on Demand	On Demand	Working Capital Requirement	Upto 2%
		Term Loan	07-08-2020	29-08-2020	750.00	8.75%	7 Years	Quarterly	Enhancement of Capex Capabilities	Upto 2%

		Term Loan	30-03-2021	26-05-2021	113.90	9.25%	5 Years	Monthly	Emergency Credit Line Limit	Upto 2%
		Buyer Credit	30-05-2024	Multiple	200.00	-	6 Months	6 Months/On Demand	Working Capital Requirement	-
		Letter of Credit				-	6 Months	-	Letter of Credit	-
		Bank Guarantee				-	-	-	Working Capital Requirement	-
					12,691.30					

ANNEXURE B

Details of guarantees provided by the Promoters (i.e. Kanumuri Ranga Raju, Krishnam Raju Kanumuri, Kanumuri Mytreji, Sai Quest Syn Private Limited, Marigold Partners, Sunflower Partners, Tulip Partners and Lily Partners) in relation to borrowings of the Company and its subsidiaries: **NIL**

ANNEXURE C

Set forth below is a brief summary of the outstanding borrowings amounting as on September 30, 2024:

(₹ in million)

Category of Borrowing**	Sanctioned Amount (to the extent applicable)	Amount outstanding as on September 30, 2024
1. Secured Borrowings		
(a) Fund Based Limits		
Term loans [^]	5,191.30	3,619.08
Working Capital Facilities ^{^#}	5,500.00	3,939.28
(b) Non-Fund Based Limits[#]		
Buyer's Credit [^]		86.50
Letter of Credit	2000.00	939.39
Bank Guarantee		31.12
Total Secured Borrowings (a+b)	12,691.30	8,615.37
2. Unsecured Borrowings		
Fund Based Limits		
Term loans	-	-
Working Capital Facilities	-	-
Non-Convertible Debentures	-	-
Total Unsecured Borrowings	-	-
Total Borrowings	12,691.30	8,615.37

[^]Outstanding amount is after considering adjustments as per Ind-AS amounting to ₹8.27 million and before netting-off debit balances which is grouped under Cash & Cash Equivalents of ₹27.00 million.

**Excludes corporate credit cards, derivatives, pre and post LC bill discounting and TREDIS.

[#]Includes non-fund-based facilities and fund-based facilities as a sub-limit.

Details of the outstanding borrowing for last three financial years are as follows (₹ in million):

Category of Borrowing	Amount outstanding as on September 30, 2024	Amount outstanding as on September 30, 2023	Amount outstanding as on March 31, 2024	Amount outstanding as on March 31, 2023	Amount outstanding as on March 31, 2022
Secured Borrowings	8,615.37	7,937.07	7,636.23	7802.80	8,301.66
Unsecured Borrowings	Nil	Nil	Nil	Nil	Nil
Total[#]	8,615.37	7,937.07	7,636.23	7,802.80	8,301.66

[#] Includes non-fund based facilities and fund based facilities as a sub-limit

Principal terms of the borrowings availed by the Company:

- Tenor and interest rate:** The tenor of the secured and unsecured facilities ranges from 1 year to 9.25 years. The interest rates are typically linked to benchmark rates varying from 6.17% p.a. to 10.45% p.a. such as the repo rate prescribed by the RBI, treasury bill rate and marginal cost of funds-based lending rate ("MCLR") of the specific lender plus a spread per annum is charged above these benchmark rates.
- Security:** In terms of the Company's borrowings where security needs to be created, the Company is typically required to create security by way of charge on existing or future fixed assets. Further,

security needs to be created by way of charge on existing or future fixed current assets.

3. **Repayment:** The facilities are typically repayable from the date of first reimbursement till maturity, generally in monthly or quarterly instalments as per the repayment schedule stipulated in the relevant loan documentation or as bullet repayments or are repayable on demand.
4. **Prepayment:** Certain loans availed by the Company have prepayment provisions which allows for prepayment of the outstanding loan amount and sometimes carry a pre-payment penalty upto 2% on the pre-paid amount or on the outstanding amount subject to terms and conditions stipulated under the loan documents.
5. **Restrictive Covenants:** As per the terms of the loan documentation, certain corporate actions for which the Company requires prior written consent and/or intimation of the lenders include:
 - (a) Diversify into non-core areas viz business other than the current business;
 - (b) Effect any change in the Company's capital structure;
 - (c) Implement any scheme of expansion/diversification/modernization other than incurring routine capital expenditure;
 - (d) Amending the constitutional documents of the Company, including Memorandum of Association and Articles of Association;
 - (e) Effecting any change in shareholding, control, ownership, management, directorship of the Company;
 - (f) Opening of current accounts with banks outside the Company's present banking arrangement amongst others;
6. **Events of Default:** The borrowing arrangements prescribe the following events of default, including among others:
 - (a) Failure and inability to pay amounts on the due date;
 - (b) The shareholding of the promoter(s) gets diluted below level at which loan was sanctioned;
 - (c) Company losing any major client which constitutes more than 20% exports;
 - (d) Cross default under other financing arrangements entered with the lenders; and
 - (e) Bankruptcy, insolvency or any such event.
7. **Consequences of occurrence of events of default:** The borrowing arrangements prescribe the following consequences of occurrence of events of default, including among others:
 - (a) Withdrawal or termination of the sanctioned facilities;
 - (b) Seek immediate repayments of all or part of the outstanding amounts under the respective facilities;
 - (c) Appoint a nominee director to the board of the Company;
 - (d) Vary/reset the interest rate of upwards; and
 - (e) Enforce the security over the hypothecated/ mortgaged assets.

These are indicative lists and there may be additional terms that may require the consent of or require the Company to intimate the relevant lender, the breach of which may amount to an event

of default under various borrowing arrangements entered into by the Company, and the same may lead to consequences other than those stated above.