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CM RATING 39 /100

Sai Parenteral's

Formulations & CDMO Player

Pursuing acquisitions to expand portfolio and market reach

Sai Parenteral壮 is a diversified pharmaceutical formulations company with expertise in research, development, and manufacturing. The company operates across two segments: (1) Branded Generic Formulations and (2) Contract Development and Manufacturing Organisation (CDMO) products and services for domestic and international markets.

Branded Generic Formulations refer to off-patent pharmaceutical products marketed under proprietary brand names. The CDMO segment provides end-to-end services. These include product development and validation batches, which are trial runs to ensure consistent manufacturing quality. In addition, the segment handles dossier compilation, prepares regulatory documentation, manages international regulatory filings for product approvals, and undertakes commercial manufacturing.

In H1 FY26, Branded Generic Formulations segment contributed 72% to revenue, and CDMO 28%.

The portfolio spans multiple therapeutic areas, including cardiovascular, neuropsychiatry, anti-diabetic, respiratory, antibiotics, gastroenterology, vitamins, minerals and supplements (VMS), analgesics, and dermatology. Products are offered across dosage forms such as injectables, tablets, capsules, liquid orals, and ointments.

The business has transitioned from a predominantly parenteral (injectables)-focused player to a diversified formulations platform, with the share of injectables declining to 25.54% in H1 FY26 from 92.03% in FY23. The injectables segment includes sterile manufacturing capabilities for critical care and antibiotics, with offerings such as dry powder injections, pre-filled syringes, ampoules, and vials.

In H1 FY26, tablets contributed 59.53% to revenue, followed by injectables at 25.54%, liquid orals at 12.65%, capsules at 1.97%, and ointments at 0.3%.

Serves a wide customer base comprising central and state government agencies, pharmaceutical companies, public and private hospitals, and super stockists in India. The company entered exports in FY 2023 after acquiring two internationally accredited facilities in Hyderabad, Telangana, and now supplies to regulated and semi-regulated markets in Australia, New Zealand, Southeast Asia, the Middle East, and Africa.

In H1 FY26, the domestic market contributed 76.21% of revenue, of which Telangana accounted for 26.85%, Maharashtra 21.54%, Andhra Pradesh 18.28%, West Bengal 3.89%, Rajasthan 0.86%, and others 4.80%. Exports contributed 23.79%, with the majority coming from the Philippines, which accounted for 19.93% of total revenue.

Pursuing strategic acquisitions to expand portfolio, manufacturing capabilities, and global presence. In FY2022 and FY2023, manufacturing facilities were acquired in Telangana and Hyderabad, strengthening capabilities in regulated markets and expanding product offerings, including cephalosporin and oral solid dosage forms. Domestic presence was further strengthened with the acquisition of Revat Laboratories in FY2024, adding capabilities in non-beta lactam oral formulations and improving access to institutional and domestic customers. Overall, these acquisitions have enhanced product capabilities, expanded regulatory reach, and strengthened access to export markets.

The company also acquired a 74.6% controlling stake in Australia-based Noumed through its Singapore subsidiary, SPL, in October 2025. As part of the deal, it infused AUD 4 million into the business. Noumed operates in Australia and New Zealand, supplying OTC and prescription medicines, with a focus on retail

pharmacy chains and government tenders. The acquisition, completed in November 2025, represents a significant step in its global expansion strategy and provides access to 451 TGA-approved dossiers, which will be commercialized in regulated and semi-regulated markets, significantly enhancing the export product portfolio.

Owns and operates five manufacturing facilities in India. Four are located in Hyderabad, Telangana, comprising a GMP-compliant injectable unit, a WHO-GMP injectable unit, a TGA-Australia and PIC/S accredited solid oral dosage unit, and a WHO-GMP cephalosporin facility. Its wholly owned subsidiary, Revat Laboratories, operates a GMP-certified facility in Ongole, Andhra Pradesh. Manufacturing Facilities are spread across an aggregate area of 1,14,540 sq. ft. and have a combined installed capacity of 1,160 million units per annum on a single shift basis.

Plans to expand and upgrade its facilities to capture the growing demand for specialized products. Noumed Unit in South Australia is under development and is expected to be completed by Q4 CY2026. The Australian Government for this project has already disbursed AUD 20 million grant.

Planning to establish a new R&D Centre at Unit IV, Bollaram, Telangana, to be operated by subsidiary, SP Analytics and propose to allocate Rs 18.02 crore from the net proceeds of the fresh issue.

As of 16 March 2026, there are 55 in-house developed dossiers, of which 45 have received approvals from regulatory authorities in the U.S. and the Philippines. An additional 14 dossiers were transferred under technology transfer agreements from third-party CDMO customers. Plans are in place to file 60 new product dossiers by Fiscal 2028 across key regulated and semi-regulated markets to support global expansion.

Aims to expand customer base in the injectables segment by targeting Regulated and Semi-Regulated Markets.

Offer and its objects

The IPO comprises fresh issue of equity shares worth up to Rs 285 crore and an offer for sale of 31,57,880 equity shares aggregating up to Rs 123.79 crore by existing shareholders.

Price band for the IPO is Rs 372 to Rs 392 per equity share of face value Rs 5 each.

The objectives of the fresh issue include Rs 110.79 crore for capacity expansion and upgradation of manufacturing facilities, Rs 18.02 crore for the establishment of a new R&D centre, Rs 14.3 crore for repayment or prepayment of certain outstanding borrowings, Rs 33 crore for working capital requirements, Rs 35.64 crore for repayment of bridge and term loans availed for investment in a wholly-owned subsidiary, and the remaining amount for general corporate purposes.

The promoters are Anil Kumar Karusala, Vijitha Gorrepati and Aruna Karusala. The promoters and promoter group hold an aggregate of 2,26,00,001 equity shares, aggregating to 61.23% of the pre-offer issued and paid-up equity share capital. Their post IPO shareholding is expected to be around 51.16%.

The issue, through the book-building process, will open on 24 March 2026 and will close on 27 March 2026.

Strengths

Diversified portfolio of complex pharmaceutical products across high-value and high-volume segments, addressing critical therapeutic needs across multiple disease areas.

Recent acquisitions have enabled access to new geographies while enhancing manufacturing and product capabilities.

Reduced dependence on injectables, with the share declining to 25.54% in H1 FY26 from 92.03% in FY23, reflects a successful transition towards a more diversified product mix.

Strong R&D and regulatory compliance capabilities positions it as a reliable CDMO partner for customers in the Regulated and Semi-Regulated Markets.

Planned capacity expansion and facility upgrades to support entry into regulated markets and capture opportunities in the global injectable formulations market.

Manufacturing Facilities are strategically situated near ports, airports, and rail links, including access to JNPT Port, Navi Mumbai and proximity to Visakhapatnam Port, enabling efficient domestic distribution and cost-effective exports.

The combined capabilities of SPL, its wholly owned subsidiary, and Noumed position the company to capture the large and growing CDMO opportunity in Australia and New Zealand.

Extensive experience of promoters and senior management personnel.

Weaknesses

Exposure to currency fluctuations due to exports and overseas acquisitions, potentially affecting margins.

Vulnerable to regulatory changes in domestic and international markets, including pricing controls, GMP standards, and patent laws, which could affect profitability.

Integration risk from acquisitions, including Noumed, which may affect operational efficiency and timelines for synergies.

Key inputs like APIs and excipients are sourced without long-term contracts, increasing vulnerability to supply disruptions and price volatility.

Significant portion of revenue comes from a limited number of customers. In H1 FY26, top five customers contributed 52.65% to revenue.

Experienced negative cash flows from operating activities in the past.

Planned facility expansions and upgrades funded may require temporary shutdowns of up to six months, which could affect production and revenues.

The company and its Material Subsidiary are involved in certain proceedings initiated by regulatory authorities alleging manufacture or sale of sub-standard quality products. Any adverse outcome in such proceedings may result in penalties.

Valuation

For a like-for-like comparison, restated financials have been considered, as proforma data is available only for FY2025. Restated net sales increased 6% to Rs 163.11 crore in FY2025 as compared with FY2024. The OPM improved 356 bps to 24.15%, leading to 24% increase in OP to Rs 39.38 crore. OI fell 55% to Rs 0.64 crore. Interest cost rose 7% to Rs 11.91 crore. Depreciation cost fell 13% to Rs 8.2 crore. PBT surged 59% to Rs 19.91 crore. Tax expenses were Rs 5.48 crore as compared with Rs 4.14 crore. Profit from discontinued operations (post tax) was Rs 0.03 crore, as against nil in FY2024. Net profit increased 72% to Rs 14.45 crore.

The Proforma FY25 EPS on post-issue equity works out to Rs 4.4. At the upper price band of Rs 392, P/E is 88.

Total outstanding borrowings amounted to Rs 217.23 crore as on Sept 30, 2025. As much as 23% of the debt will be repaid from the issue proceeds, bringing down interest costs and boosting profit. The proforma FY2025 EPS works out to Rs 5 if 23% of its interest cost is removed, keeping all other items, including tax rate, same. The re-worked P/E at the upper price band moderates to 78.

Listed peers such as Sai Life Sciences traded at TTM P/E of 62, Innova Captab trades at TTM P/E of 31, and Senores Pharmaceuticals at TTM P/E of 35 as on 18 March 2026. The restated OPM and ROE for Sai Parenterals stood at 24.15% and 16.78%, respectively, in FY 2025. Restated figures are used for comparison so as to ensure consistency with historical financials reported by peers. These were 23.94% and 11.01% for Sai Life Sciences, 14.97% and 14.33% for Innova Captab, and 22.52% and 11.84% for Senores Pharmaceuticals, respectively.

Sai Parenteral壮: Issue highlights	
For Fresh Issue Offer size (in no of shares)	
- On lower price band	76,61,290
- On upper price band	72,70,408
Offer size (in Rs crore)	285
For Offer for Sale Offer size (in Rs crore)	
- On lower price band	117.47
- On upper price band	123.79
Offer size (in no of shares)	31,57,880
Price band (Rs)	372-392
Minimum Bid Lot (in no. of shares)	38
Post issue capital (Rs crore)	
- On lower price band	22.29
- On upper price band	22.09
Post-issue promoter & Group shareholding (%)	51.16
Issue open date	24-03-2026
Issue closed date	27-03-2026
Listing	BSE, NSE
Rating	**39/100**

Sai Parenteral壮: Proforma Consolidated Financials		
	2503 (12)	2509 (6)
Sales	494.96	302.51
OPM (%)	8.40%	10.65%
OP	41.58	32.23
Other inc.	12.76	2.51
PBIDT	54.35	34.74
Interest	16.52	19.26
PBDT	37.83	15.48
Dep.	9.98	14.61
PBT	27.85	0.86
Share of Profit/(Loss) from Associates/JV	-	-
PBT before EO	27.85	0.86
Exceptional items	-	-
PBT after EO	27.85	0.86
Taxation	8.22	(0.79)
PAT	19.63	1.65
EPS (Rs)*	4.4	#
* EPS is annualized on post issue equity capital of Rs 22.09 crore of face value of Rs 5 each		
# EPS is not annualised due to seasonality of business		
EO: Extraordinary items. EPS is calculated after excluding EO and relevant tax		
Figures in Rs crore		
Source: Capitaline Corporate Database		

Sai Parenteral壮: Restated Consolidated Financials				
	2303 (12)	2403 (12)	2503 (12)	2509 (6)
Sales	96.80	153.76	163.11	86.92
OPM (%)	18.21%	20.59%	24.15%	18.60%
OP	17.63	31.66	39.38	16.16
Other inc.	0.23	1.42	0.64	2.51
PBIDT	17.86	33.08	40.02	18.67
Interest	4.81	11.11	11.91	4.63

PBDT	13.05	21.97	28.11	14.04
Dep.	5.79	9.42	8.20	2.89
PBT	7.25	12.55	19.91	11.16
Share of Profit/(Loss) from Associates/JV	-	-	-	-
PBT before EO	7.25	12.55	19.91	11.16
Exceptional items	-	-	-	-
PBT after EO	7.25	12.55	19.91	11.16
Taxation	2.88	4.14	5.48	3.39
PAT	4.38	8.41	14.43	7.76
Profit from discontinued operations (after tax)	-	-	0.03	-
Net Profit	4.38	8.41	14.45	7.76
EPS (Rs)*	1.0	1.9	3.3	#
* EPS is annualized on post issue equity capital of Rs 22.09 crore of face value of Rs 5 each				
# EPS is not annualised due to seasonality of business				
EO: Extraordinary items. EPS is calculated after excluding EO and relevant tax				
Figures in Rs crore				
Source: Capitaline Corporate Database				