

Date: 9 June 2025

To National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 NSE Scrip Symbol: SaiLife	To BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street Mumbai – 400001 BSE Scrip Code: 544306
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Sub: Reply to SES on recommendation of Postal Ballot Notice (under of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

Dear Sir/ Madam,

Pursuant to the requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, please find attached the reply sent to Stakeholders Empowerment Services (SES) on recommendation of the Postal Ballot Notice. The recommendation can be accessed on the below link:

<https://www.sesgovernance.com/ses-recommendations>

Request you to kindly take the same on record.

Thank you.

For **Sai Life Sciences Limited**

Runa Karan
Company Secretary & Compliance Officer
Membership No.: A13721

Encl: As above

Sai Life Sciences Limited (CIN: U24110TG1999PLC030970)

Corporate office

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Runa Karan

From: Runa Karan
Sent: Monday, June 9, 2025 12:19
To: SES Governance
Cc: info@sesgovernance.com; Sivaramakrishnan Chittor
Subject: RE: SES - Proxy Advisory Report - Sai Life Sciences Ltd

Importance: High

Dear Sir / Madam,

Sai Life Sciences Limited (“**Company**” or “**we**”) has received the proxy advisory report from Stakeholders Empowerment Services (“**SES**”) on June 6, 2025 (“**Report**”) setting out your voting recommendations in relation to the resolutions proposed to be passed through postal ballot notice dated May 15, 2025 (“**PB Notice**”).

We note that you have recommended voting “**AGAINST**” the following resolutions:

1. Approval and ratification of ESOP Scheme 2008 (“**ESOP 2008**”) and Management ESOP Scheme 2018 (“**ESOP 2018**”) (collectively referred to as “**ESOP Plans**”); and approval for extension of ESOP Plans to employees of subsidiary companies and group companies; and
2. Appointment of Dr. Dinesh V Patel to the office of Independent Director of the Company.

In relation to the same, we would like to submit the following clarifications / comments:

Resolution No. 1, 2, 3 and 4 relating to approval for ratification of ESOP Plans and extension of ESOP Plans to employees of subsidiary and group companies:

1. We note that you have recommended voting “**AGAINST**” the above resolutions on the following grounds:
 - (i) Discretion with the nomination and remuneration committee (“**NRC**”) to decide the exercise price.
 - (ii) Maximum potential benefit to a single employee.
 - (iii) Extension of ESOP Plans to employees of group companies.
2. In relation to your concern relating to paragraph 1(i) above regarding the discretion of NRC to determine the exercise price, we would like to submit that as per Regulation 6(2) of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“**SEBI SBEB & SE Regulations**”), read

with Regulation 17 of the SEBI SBEB & SE Regulations, a company is free to determine the exercise price (subject to conforming to the accounting policies), an extract of which is as below.

“The company granting options to its employees pursuant to an ESOS shall be free to determine the exercise price subject to conforming to the accounting policies specified in regulation 15 of these regulations.”

3. We request you to note that the NRCs (comprising independent directors) under the SEBI regulations are subject to rigorous governance standards. Therefore, while exercising any discretionary powers under the ESOP Plans, the NRC will consider various factors such as its impact on the employees, the financials of the company, and alignment with interests of the shareholders. A fixed exercise price under ESOP Plans would be counterintuitive to the objective behind introduction of ESOP Plans.
4. Separately, we note that you have raised concern regarding the theoretical possibility of grant of substantial stock options to a single employee, leading to disproportionate economic benefits to an individual under the ESOP Plans. We note that you have made an assessment that about 20,84,143 ESOPs (representing upto 1% of the share capital of the Company) could be granted to an individual employee under the ESOP Plans, and the same may entitle the individual to a maximum of Rs. 56.87 Crores in terms of the benefit, if such ESOPs are granted at an exercise price of Re. 1.
5. In this regard, we would like to clarify that historically, the exercise price, under the ESOP Plans, has been determined based on the price at which investments have been made in the Company, which was further marked up / increased proportionately at the time grants were made subsequently. For example, as stated in the prospectus, the exercise price of the ESOPs granted post 2018 is equal to, or higher than, Rs. 1273 based on the price per share paid by the private equity investor at such time. Further, we would also like to clarify that no ESOP grants were made by the Company at face value of shares or at a deep discount to the relevant investment price. In view of this, we request you to consider your recommendations in light of such facts. In any case (and as stated in PB Notice), if in the event the number of ESOPs that may be offered to any specific employee during any one year, equals to or exceeds 1% or more of the issued capital (excluding warrants and conversions) of the Company at the time of grant of Options, then the Company will obtain prior shareholders’ approval in accordance with applicable laws.
6. In relation to your concern relating to paragraph 1(iii) above, we note that you have no issue with extension of ESOP Plans to employees of subsidiary companies and have raised a concern over extension of such plans only to employees of the associate / holding company(ies). Please note that SEBI SBEB & SE Regulations i.e., the governing law allows for grants to be made to employees / directors of group companies (including holding / associate companies), with prior approval of shareholders. In this regard, we would like to clarify that the Company does not have any holding company / associate company currently. The intent for such resolution is to obtain approval of shareholders, if in future, any such grants are made to employees of associate / holding company(ies) (once established). Therefore, if in future, grants will be made to employees of such companies, the NRC at that point of time, will consider relevant factors such as role and level of the employee(s), contribution of the employee towards the growth of such company, etc.

Resolution No. 5 relating to appointment of Dr. Dinesh V Patel to the office of independent director of the Company:

1. We note that you have recommended voting “AGAINST” the above resolutions on the following grounds:
 - (i) The Company has not disclosed whether the director proposed to be appointed fulfills the conditions for independence as specified in Companies Act, 2013 (“Companies Act”).
 - (ii) Holding of excess shares may adversely affect the independence of the director and may give rise to conflict-of-interest situations.

2. At the outset, we note that in your Report you have specifically stated that you have no concern on the profile and time commitment of Mr. Patel, and there is no issue with association of Mr. Patel with Protagonist Therapeutics, a biopharmaceutical company in the position of President and Chief Executive officer, with which the Company has a services arrangement, given that the Company and Protagonist Therapeutics are engaged in different product segments, and are not in direct competition with each other.
3. That said, we note that you have raised a ‘compliance concern’ on the absence of an express statement by the board of directors (“**Board**”) of the Company in the explanatory statement, in accordance with Schedule IV of the Act, that “*the independent director proposed to be appointed fulfils the conditions specified in the Act*”, and due to the same, the “*shareholders will not get an assurance from the Board of director on whether the independence of the proposed director was arrived upon after proper scrutiny.*” In this regard, we would like to highlight that the explanatory statement, among others, expressly records the fact that (i) Mr. Patel had provided his consent to act as a director and a declaration to the effect that he is not disqualified to act as a director under section 164(2) of the Companies Act and that he meets the criteria of independence; (ii) the nomination and remuneration committee (“**NRC**”) and the Board of the Company, on March 24, 2025 approved Mr. Patel’s appointment as an additional director (independent category), subject to the approval of the shareholders; and (iii) the Board recommends to the shareholders, for their consideration and approval, the matter relating to his appointment. We would like to clarify that as part of the process relating to the appointment of independent directors, the NRC and the Board approved Mr. Patel’s appointment as an independent director, after having taken note of the requirement of independence of Mr. Patel and being satisfied that he meets the criteria of independence. Thus, we believe that the absence of the statement is merely a technical issue and in substance the requirement contained in Schedule IV of the Companies Act regarding Board’s opinion on fulfilment of independence requirements under the Companies Act is adequately addressed and the concern that the shareholders of the Company will not get an assurance from the Board of the Company on Mr. Patel’s independence does not arise.
4. We further note that you have raised concerns over excessive shareholding of Mr. Patel in the Company which is based on your independent subjective parameters. In this regard, we would like to submit the legal provisions, as set out below, governing the permissibility of independent director’s shareholding in a company provide for a threshold of 2% of the voting power of the company (held by the proposed independent director by himself or through his relatives) while determining the said individual eligibility to be appointed as a ‘independent director’ of a company.
 - Section 149(6)(e)(iii) of the Companies Act provides as follows: “*An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director, who, neither himself nor any of his relatives, holds together with his relatives two per cent or more of the total voting power of the company.*”
 - Regulation 16(1)(b)(vi)(C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”) provides as follows: “*independent director means a non-executive director, other than a nominee director of the listed entity, who, neither himself/herself, nor whose relative(s) holds together with his relatives two per cent or more of the total voting power of the listed entity.*”
5. It may be noted that the Dr. JJ Irani Committee which was established to advise the Government on the new company law, in the year 2004, in its report dated May 31, 2005, set out the definition of ‘independent directors’ and in this context, noted 2% or more of voting power as being substantial shareholding in the company. We would like to submit that Mr. Patel (along with his relatives), as on date, holds around 0.2% percent of the share capital and voting power of the Company, which is substantially lesser than the prescribed limit of 2% of the total voting power of the Company as set out in the Companies Act and the SEBI LODR Regulations as one of the thresholds to be assessed while determining ‘independence’. To that end, it is to be noted that Mr. Patel’s shareholding in the Company does not exceed the permissible limits as set out under the legal stipulations and therefore, does not impact his ‘independence’ criteria. Further, as set out above, the NRC and the Board, having duly considered all aspects of Mr. Patel’s appointment as an independent director, including the objective and subjective criteria relating to his independence, have approved his appointment and recommended the same to the shareholders of the Company.

In light of the above, the Company believes that it has made adequate disclosures of resolutions 1, 2, 3, 4, and 5.

Please note that the matters to be transacted pursuant to the PB Notice, have been approved by the NRC and Board after thorough deliberation and consideration, and are in the interest of all the stakeholders.

If you need any clarifications or have any queries in relation to the above, we are available to speak, and you can contact the undersigned.

Further, we request you to share our response with all your subscribers and persons to whom the original Report has been circulated to. We also sincerely urge you to amend your recommendations on these resolutions based on the above and issue a revised report under intimation to us.

Regards,

Runa Karan
Company Secretary and Compliance Officer

From: SES Governance <sesresearch@sesgovernance.com>
Sent: Friday, June 6, 2025 21:43
To: SAI Life Sciences <info@sailife.com>; Investors <investors@sailife.com>
Cc: info@sesgovernance.com
Subject: SES - Proxy Advisory Report - Sai Life Sciences Ltd

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Dear Sir/Madam,

SES has released its Proxy Advisory (PA) Report for the upcoming shareholders Postal Ballot Meeting of your Company / Entity to its Clients who may be investors in your company. As a Policy, a copy of the said Report is being emailed simultaneously to you as well. Accordingly, please find attached PA Report for the upcoming shareholders Postal Ballot Meeting of your company.

As per SES policy, our PA Reports are based on information available in public domain through authentic sources only. At SES, we rely only on information in official documents released by the concerned company in its communication to shareholders, regulators, stock exchanges and website of the Company. SES as a policy, believes that all the requisite information that is material and would enable a discerning investor to take an informed decision must be made available in official communication from Company to its shareholders. As a result, we do not seek any additional information from the company apart from what is otherwise available in public domain, as we do not wish to benefit from such additional information and information asymmetry, and want to place ourselves in the position of discerning investor(s) and experience challenges, if any, while taking a decision based on information available in the public domain alone. As a sense of duty, in our reports, we also indicate, wherever required, the gaps in information and why shareholders would not be able to make an informed decision.

Further, we wish to emphasize that while legal framework is important, at SES, good governance is what matters the most. Needless to mention, good governance is much beyond compliance.

SES, since its inception, as a practice, releases its Report to its Clients as well as the concerned Company at the same time. This practice is in line with the SEBI Circular on '[Procedural Guidelines for Proxy Advisors](#)' dated 3rd August 2020.

However, should you have a point of view that is different despite our explanation, or wish to highlight any factual error(s) in the Report, you may email us within 48 hours of the receipt of the Report. Any comments or clarification ('response of the Company') provided by you shall be analysed by SES with due consideration and if required, we will issue an addendum providing your comment / clarification and explanation(s) by SES, if so required.

Further, SES may still respond at its option, to any comment or clarification provided by the Company to its Report post elapse of 48 hours deadline after the release, on a case to case basis taking into account the exigency of work and at the sole discretion of SES.

Additionally, if you notice any factual error (other than non-material typographical error), please inform SES immediately. As a policy SES will circulate your response so received, without any addition/ deletion and without any comments to all its clients for their attention. An addendum may also be issued for correcting errors if SES feels that same may be warranted.

You may provide your response either in form of text in the e-mail body or in a separate word or PDF document along with page numbers of SES Report. However, please avoid marking comments on the PDF of PA Report itself.

We further affirm that SES policies regarding disseminating its reports to clients and companies/ Entities adhere to the SEBI Circular.

Please feel free to write back to us at info@sesgovernance.com for further queries or suggestions. In case you wish to add/ change your E Mail address, please let us know.

About SES

Stakeholders Empowerment Services (SES) is a not-for-profit Research and Proxy Advisory Firm, primarily focused on providing independent and objective research on the corporate governance practices of the listed Indian companies / Entities. Our vision is to achieve a state of Corporate Governance where all stakeholders are treated in just and fair manner. We feel that this vision can be achieved only if the stakeholders participate actively in the affairs of the company and exercise their valuable rights. We at SES, aim to play our role through our services, which enable stakeholders to effectively participate in corporate meetings and exercise their rights.

Analyst

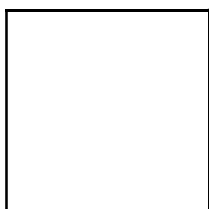
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