RC Capital Management is an Investment Advisory Firm specializing in identifying and investing in high quality companies that trade at a substantial discount to our conservative estimates of Intrinsic Value.

This report is a compilation of our analysis of Financial / Business performance "**Viyash Life Sciences Limited (Sequent Scientific Limited earlier)**" from an investment perspective

RC Capital Management is a SEBI Registered Investment Advisor

Registration Number – INA000004088

Company Analysis: Viyash Life Sciences Limited

Posted on 16th January 2026

Company Overview

This is an old position (**Sequent Scientific Limited**) we initiated in August 2020. The detailed report can be found here. This position did not work out for us, and we closed it out with a loss in June 2022 for the following reasons

a. The performance of the company stagnated with drop in topline and large drop in profitability due to the currency issues in Turkey and slowdown in Europe (main market)

b. Raw material costs rose and the company could not pass on the price increase

c. Change in management and high ESOP cost for the new team

We were slow to exit the position. Such experiences have changed our approach where we exit much earlier if the performance deteriorates

Since the exit in May 2022, Sequent Scientific has undergone a significant transformation. Under the new leadership, Sequent implemented a turnaround plan to restore growth and profitability.

The period initially saw challenges – FY2022-23 was weak, with the company posting a substantial loss of ₹121 Cr amid margin pressures. The company implemented cost controls, optimized its product mix, and refocused on core animal health markets. By FY2024-25 (FY25), these efforts yielded recovery: revenue grew 13.3% year-on-year to ₹1551.4 Cr, and EBITDA nearly doubled (up 86.6% YoY to ₹199.3 Cr) with EBITDA margins improving from 7.8% to 12.8%.

The company moved from a net loss of ₹35.9 Cr in FY24 to a profit of ₹21.9 Cr in FY25. Gross margins expanded by over 300 basis points to 47.7% in FY25, reflecting better operating efficiency and higher-value products.

Operationally, Sequent has sharpened its focus on its global animal health franchise since 2022. The company continued to build out its formulations portfolio (over 1,000 marketed products and 35+ under development) and drive more value from specialty products. For example, it achieved WHO prequalification for Albendazole in 2024.

Management also invested in R&D – opening a new research center and advancing complex injectable and API projects – to improve the product pipeline. Over the last 12-18 months Sequent launched multiple new products (6 new formulation launches and 8 APIs) and secured 12–13 API regulatory approvals along with 4 formulation approvals, reflecting an accelerated pace of innovation.

The company's global footprint has grown as well, with operations now spanning over 150 countries. While Sequent historically had no direct presence in the US or China (the two largest animal health markets), the groundwork is being laid to enter these markets. In particular, the company's pipeline includes filings for the US (18 US FDA filings to date) and it has been preparing to tap the US opportunity

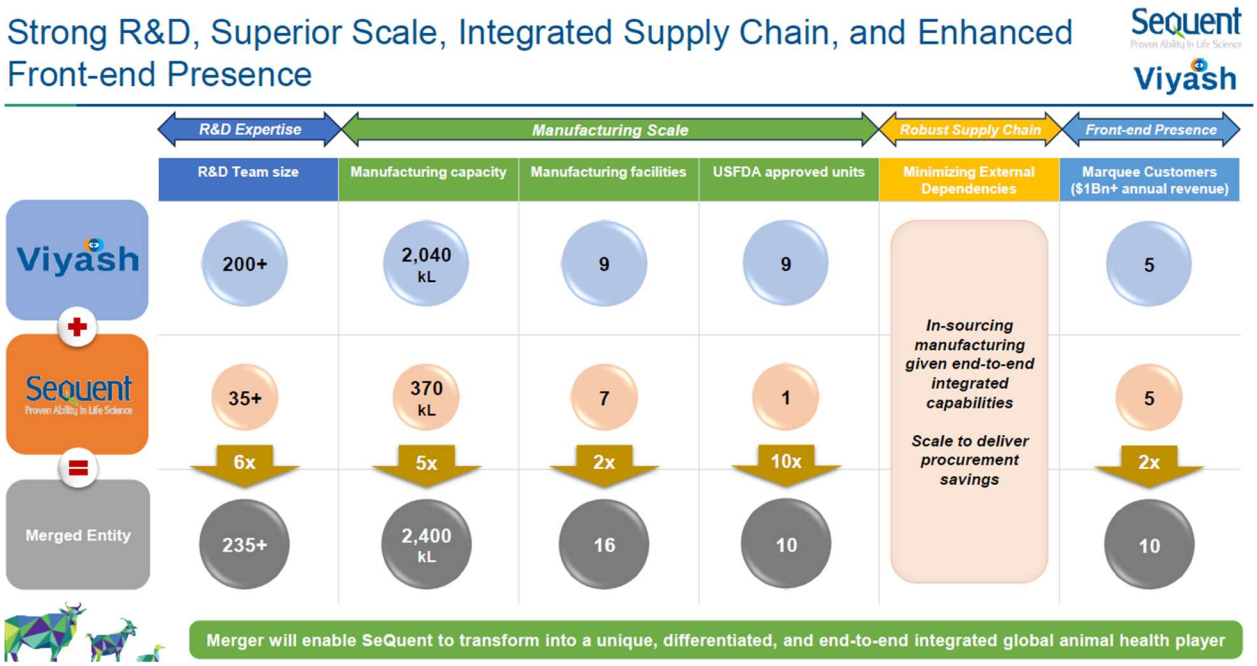
Merger with Viyash Life Sciences

The main reason for a re-look at the company and a new position is the merger with Viyash Life Sciences.

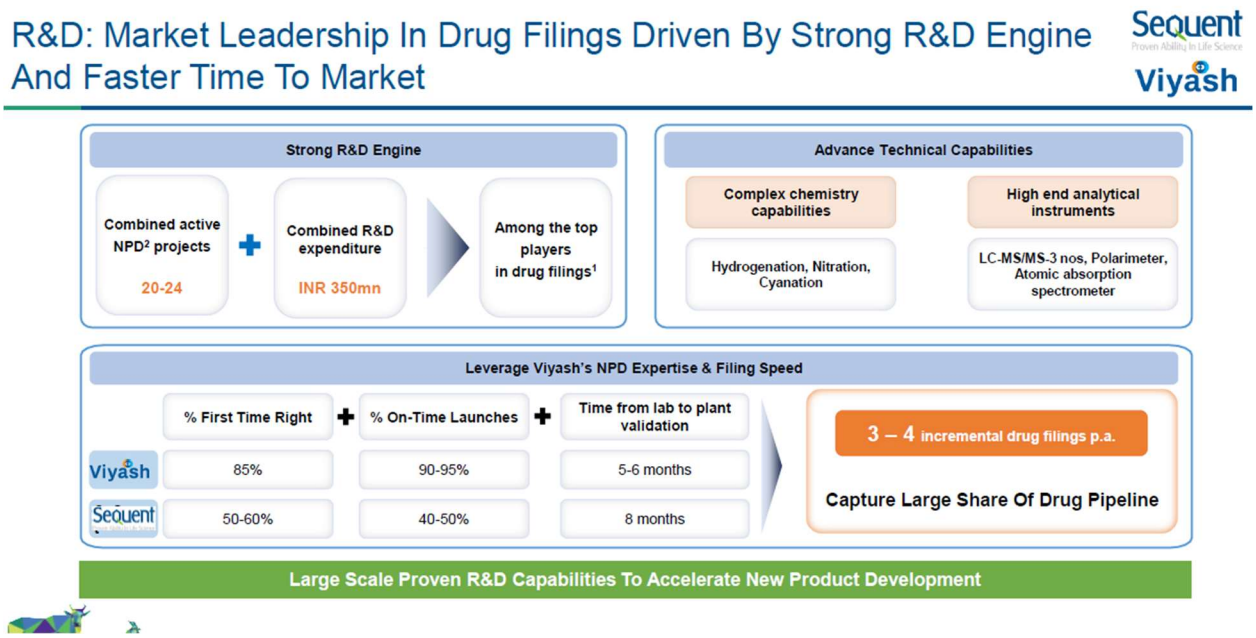
This was announced in September 2024. This transaction was done to create a "global animal health leader with end-to-end integrated capabilities" by combining Sequent's strengths with Viyash's. The rationale for the merger is in the complementarity of the two companies and resulting scale

Viyash Life Sciences is an Indian pharmaceutical company specializing in APIs (including high-potency and complex molecules) and contract development & manufacturing (CDMO), focused on human health.

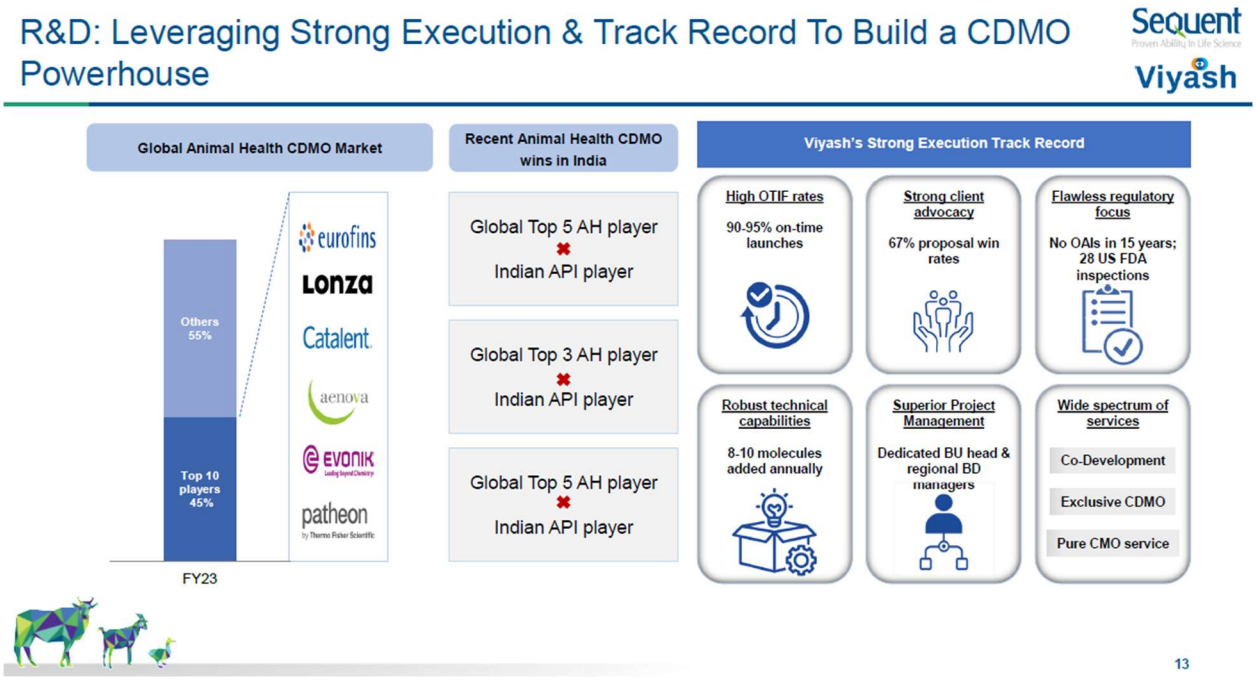
Sequent, as India's largest pure-play animal health company, brings global market access (sales in 100+ countries) and regulatory expertise in veterinary pharmaceuticals. Viyash, on the other hand, contributes strengths in process R&D, large-scale manufacturing (including USFDA-approved facilities), and complex generic APIs.



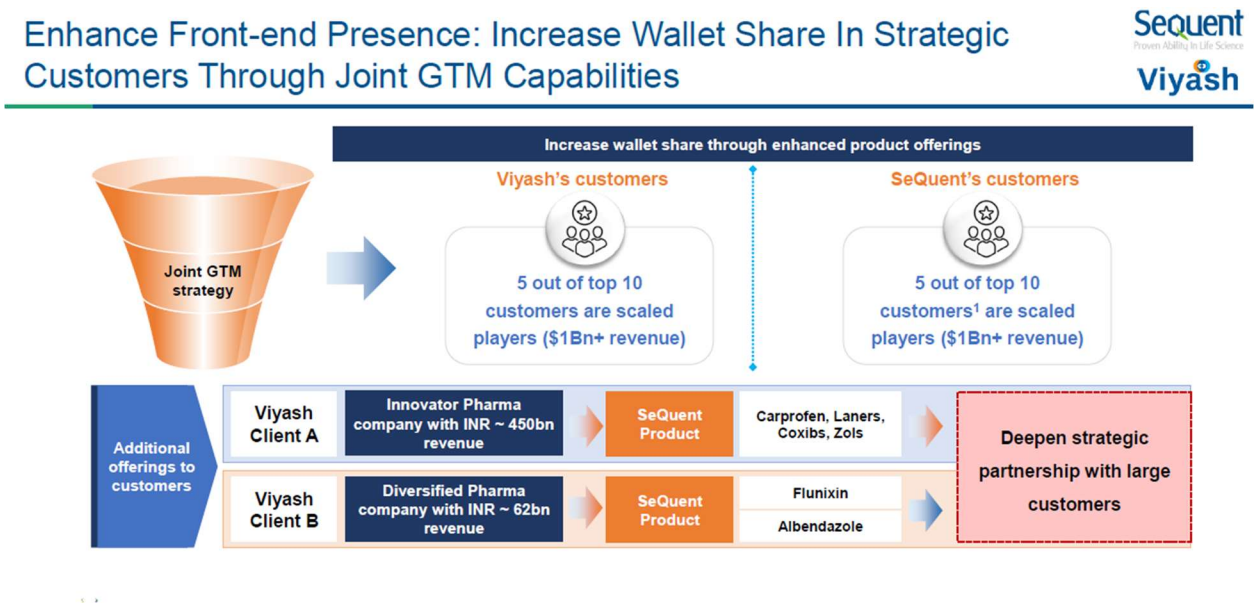
The combined entity will be able to insource its supply chain (in-sourcing key intermediates and APIs) and accelerate product development. Management emphasized that together, Sequent and Viyash can unlock synergies – enhancing operational scale, broader innovation pipeline, and improved cost efficiencies. Sequent gets access to Viyash's large R&D team (200+ scientists) and manufacturing capacity (over 2,000 KL of reactor volume), while Viyash's capabilities can be directed toward the attractive animal health segment



From a strategic perspective, the merger also fills portfolio gaps. Sequent historically focused on production animals (livestock) and had minimal presence in companion animal (pet) pharmaceuticals; Viyash's development pipeline and technology can help Sequent expand into the fast-growing pet health segment.



Viyash's advanced API know-how and contract manufacturing relationships with big pharma provides Sequent an entry into the high-growth CDMO business.



Valuation of combined company

The merger with Viyash has doubled Sequent's scale. On a half-year basis, the first six months of FY2025-26 saw combined revenues of ~₹1650 Cr and EBITDA of ₹320 Cr. The merged business thus has an annual revenue run-rate in the ₹33–35 billion range (≈ ₹3,300–3,500 crore), placing it among mid-sized pharma companies in India.

Sequent's current market capitalization (at the latest NSE price in Jan 2026) is roughly ₹8,300 crore. If we annualize the combined results, the merged entity is trading at an estimated P/E on the order of ~30 times forward earnings. On an EBITDA basis, using the ~₹650 crs+ annualized EBITDA, the enterprise value/EBITDA would be in the low teens.

Comparative valuation

Among Indian companies with similar ₹3,000–5,000 crore revenue, Sequent's valuation appears reasonable. For instance, Ajanta Pharma trades at about 35× earnings. Gland Pharma, a comparable-scale injectables/CDMO firm (₹5,800 Cr revenue), also has a trailing P/E in the mid-30s and an EV/Sales of ~4.6×. On the API side, Neuland Labs (₹1,533 Cr turnover) has seen its stock soar to nearly 80× P/E on expectations of strong growth in APIs and CRAMS.

By comparison, Sequent – with its blend of formulations and veterinary APIs – is trading at a more moderate earnings multiple in the high-20s (on projected FY26 earnings). In terms of revenue multiples, Sequent's market cap is roughly 2.5× its annual sales, which is lower than some pure-play animal health benchmarks. In comparison in 2021, Zydus Cadila's animal health business (now Zenex Animal Health, though much smaller in size) was acquired by private investors for ₹2,921 Cr, which was about 5.7× its then annual revenue (₹513 Cr) and ~33× EBITDA. The merged Sequent, being the largest Indian animal health company, should get a higher multiple if its performance continues to improve.

Post-Merger Management Plans and Future Outlook

With the merger completed and integration underway, Sequent's management has an ambitious growth roadmap for the combined entity. The immediate priority is **integration** of operations to realize synergies.

Management expects cost synergies in procurement and manufacturing by **in-sourcing** many inputs that were previously outsourced. Viyash's large API facilities will be utilized to supply Sequent's own formulation production, reducing external dependencies and improving margins.

The merger is already positive: Sequent's EBITDA margin has surpassed 20% in the quarter post-announcement, and the company now expects **20%+ EBITDA margins**

On the growth front, Sequent's post-merger outlook is bullish. The combined company is expected to grow revenues at double digits from a stronger product pipeline and entry into new segments. Management is targeting new high-growth opportunities.

One major focus is the **Companion Animal (pet) segment**, which is expanding globally at fast rates. Sequent historically had minimal presence in pets, but it now plans to leverage Viyash's R&D to develop pet therapeutics, especially as pets are increasingly treated for chronic conditions similar to humans (e.g. dermatology, diabetes, oncology).

The outlook is that companion animal health will become a key growth driver for the company in the coming years, due to rising pet adoption and spending. Another focus is the **wave of genericization in animal health**. Many veterinary drugs are only now facing generic competition (the animal pharma sector lags human pharma in this respect).

Sequent's improved R&D division is already working to capture these opportunities: the combined R&D team has 20+ active development projects, including multiple first-to-market generic filings. Management highlighted that a lot of pet care products and other animal drugs will go off-patent around 2028–2030, and Sequent intends to launch those generics. The company expects major revenue contributions from these new products starting FY2028 and beyond.

Another pillar of the future strategy is expansion into **CDMO (Contract Development & Manufacturing)** services for animal health and niche human APIs. Viyash has strong CDMO capabilities, and since the merger announcement, the company has seen increasing interest from global pharma clients to partner on projects.

Sequent's management is now directing resources to expand this CDMO business. They have recently won contracts from top animal health innovators. The combined entity's **manufacturing capacity** (2,400 KL reactor volume across 16 manufacturing sites, including 9 USFDA-approved units) provides enough runway to take on third-party projects without major capex. Some capacity will be repurposed: for example, management indicated that certain intermediate chemicals currently bought from outside will start being produced in-house at Viyash's plants, improving supply security for CDMO clients and lowering costs.

In terms of **R&D strategy**, the merged company is significantly scaling up innovation efforts. The R&D budget has grown (combined R&D spend is ~₹350 million annually) and is focused on two

areas: **new product development** (both APIs and finished dosages) for upcoming generics, and **process improvements** for existing products. Management expects tangible R&D synergies within 12–18 months – for instance, by combining know-how, they can optimize processes to improve yields and reduce manufacturing costs, thus boosting gross margins further. The integration of R&D teams also accelerates product filings: The company plans to maintain a high rate of filings going forward, targeting **3–4 new drug filings per year**. Additionally, Viyash had established a formulation R&D center in the United States and had developed ~30 finished dose products for the US market – Sequent will use this for its **geographic expansion into the US**.

Overall, the focus now is on execution: delivering mid-teens organic growth, expanding EBITDA margins through synergies and higher-value products, and generating strong free cash flows.

The balance sheet should be debt free in the next 6 months, and the company has the **option for inorganic growth** in the future

The new company has been renamed Viyash lifesciences

Q3- 2026 Results Analysis

Posted on 12th March 2026

In Q3 FY26, Viyash Scientific reported consolidated revenue from operations of ₹858.4 crore, a 10.9% year-on-year (YoY) increase versus ₹774.0 crore in Q3 FY25, and a 1.0% sequential increase over Q2 FY26. Adjusted EBITDA (EBITDA excluding ESOP cost) rose 64.4% YoY to ₹185.4 crore (vs ₹112.7 crore in Q3 FY25), while it was flat sequentially versus Q2 FY26 (₹188.3 crore). EBITDA margin expanded to 21.6% from 14.6% last year (and 22.1% in Q2). Gross margin improved to 54.5% (vs 51.3% in Q3 FY25), while finance costs declined due to debt reduction. Reported PAT was ₹48.5 crore (vs ₹42.0 crore in Q3 FY25; and ₹72.9 crore in Q2 FY26). Net debt to LTM EBITDA is 0.4x (vs 1.2x in Q3 FY25).

The reported quarter includes one-time merger related costs of ₹41.3 crore (stamp duty ₹29.6 crore, merchant banking ₹9.1 crore, other professional expenses ₹2.6 crore) and a one-time MAT credit reversal impact of ₹7.7 crore routed through taxes. ESOP expense for the quarter was ₹7.9 crore, and management indicated ESOP costs will continue for a few quarters, with a new ESOP scheme also approved

Revenue Distribution	Q3 FY26	Q3 FY25	YoY Gr%
Formulations	**4,809**	**4,009**	***20%***
Europe	1,790	1,334	*34%*
Emerging Markets	1,630	1,366	*19%*
India	401	308	*30%*
USA	988	1,001	*-1%*
APIs	**3,658**	**3,556**	***3%***
Other Sales	85	110	
Global Sales	**8,552**	**7,675**	***11%***

Business-wise, growth was led by formulations. Formulations revenue was ₹480.9 crore, up 20% YoY and up 3% QoQ. Within formulations, Europe delivered ₹179.0 crore (+34% YoY) and management linked this to actions taken over the last 12–18 months, including expanding direct field force (Spain plus select markets such as Benelux and Sweden), adding distribution partnerships, and geo-extension of products from EU-approved sites in Spain and Turkey

Emerging markets were ₹163.0 crore (+19% YoY), with management highlighting Turkey and Brazil as key markets and using these GMP bases to expand into adjacent markets over time.

India was ₹40.1 crore (+30% YoY), with the farm-animal field force scaled to 200+ and starting to reflect in growth. US (human health formulations) was ₹98.8 crore (-1% YoY; -26% QoQ), which is in a transition phase: shifting mature products to India for cost, increasing focus on complex products, and building backward integration

API revenue was ₹365.8 crore (+3% YoY; -2% QoQ). Management attributed the softer sequential trend largely to timing, with some CDMO contracts pushed out, and reiterated the operating levers as portfolio expansion, network optimization, process improvements, and moving the mix toward higher-end markets should improve the results for this segment

They also discussed CDMO in two buckets: the animal health API business already has a large innovator component (management mentioned ~80% of an ~₹400 crore base is innovator-linked), while the newer CDMO/CMO efforts initiated in the last 12 months are expected to contribute ~₹70–90 crore this year, with a longer ramp as validation supplies move into commercial supply over 2–4 years.

Operationally, the company reported 3 regulatory audits and 45 customer audits during the quarter, received 5 API regulatory approvals (USDMF-2, EDQM-2, KDMF-1), filed 5 APIs and 9 additional filings across markets and launched 17 products.

Top priorities

Management's wants to **complete integration and capture synergies** over the next 12–18 months, and they reiterated that current margins do not include most synergy benefits because several actions need regulatory and customer approvals. They highlighted early actions such as R&D integration into "one R&D", manufacturing network optimization, and shared services integration.

Second, they are **building the companion animal platform as a multi-year growth lever**, starting with India. They have signed an exclusive distribution agreement with Boehringer Ingelheim for companion animal products in India, with distribution expected to start around February, and they are evaluating partnerships and M&A while also building manufacturing infrastructure in India over time.

Third, they want to **expand farm-animal formulations** through geo-extension and portfolio gap-filling. Management highlighted scaling from strong front-end bases (Spain and Turkey) into other European markets and expanding into new markets such as Southeast Asia and Africa over the next few years

Fourth, they are **pushing API and CDMO** as the second growth engine. The focus is on complex products, life-cycle management opportunities with innovators, and scaling CDMO using existing assets.

Fifth, they want to **keep the balance sheet conservative** and use improving cash flows for organic investment and selective inorganic moves. Management reiterated that 20% EBITDA margin is sustainable and that the current scale and deleveraging will provide enough capital to fund growth without more leverage.

You can see financials for the company at Sequent Scientific Ltd Financial Results – Quarterly & Annual, Quarterly Trends, Annual Trends |BSE

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