

February 15, 2024

**BSE Limited**

Corporate Relationship Department  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai – 400 001.

**National Stock Exchange of India Limited**

Listing Department  
Exchange Plaza, Bandra-Kurla Complex,  
Bandra (East),  
Mumbai – 400 051.

Scrip code: 512529

Symbol: SEQUENT

Dear Sir/ Madam,

**Subject: Press Release and Investor Presentation on Unaudited Standalone and Consolidated Financial Results for the quarter and nine months ended December 31, 2023.**

Pursuant to Regulation 30 (read with Part A of Schedule III) we are enclosing herewith the Investor Presentation on Unaudited Standalone and Consolidated Financial Results for the quarter and nine months ended December 31, 2023.

Thanking you,

Yours faithfully,  
For **Sequent Scientific Limited**

**Krunal Shah**  
**Company Secretary & Compliance Officer**

Encl.: A/a

SeQuent Scientific Limited

**Registered Office:** 301, 3<sup>rd</sup> Floor, Dosti Pinnacle, Plot No. E7, Road No. 22, Wagle Industrial Estate, Thane (W), Mumbai - 400604, Maharashtra, India

**Tel No.:** +91-22-4111-4777 | **CIN:** L99999MH1985PLC036685

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# SeQuent Scientific Limited

## *Earnings Presentation Q3 FY24*

February 2024





## Disclaimer

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.





# Sequent Scientific – At a glance

**30+**  
*Years of  
Market  
Excellence*



## India's Only

USFDA approved API facility supplying Animal Health APIs



## Largest

Animal Health company from India



**5**

Global R&D centres



**7\***

State of the art manufacturing facilities



**9**

Strategic acquisitions



**100+**

Countries with marketing presence

## We Offer:

- API
- Formulations
- Analytical Services



**1,000+**

Product registrations across 12 dosage forms



**1,500+**

Globally diversified workforce



**\$100M+**

Invested in R&D, Manufacturing capabilities and building market presence



*\*Discontinued manufacturing operations at Tarapur facility effective 13th July 2023*



## Sequent Scientific – Q3 FY24 Earnings Release



I am pleased to share that our transformation program to reshape our operations, optimize costs and enhance profitability has begun to deliver and reflect in the financials. EBITDA margin (pre-ESOP costs) for Q3FY24 stood at 9.2%, with EBITDA growing 15% sequentially and 9% on y-o-y basis. This is in line with our goal to exit this financial year with double digit margins. Adjusting for discontinued unprofitable business units and currency accounting adjustments in Turkey, our revenues grew 1.3% sequentially in INR terms and 2.5% in constant currency terms, setting the base for higher growth in the coming period.

Our Formulations business delivered another strong quarter, growing sequentially at +5.3% on constant currency basis. Within this, the European portfolio continued to outperform (+6.8% q-o-q) on the back of targeted investments. Our pricing interventions in Turkey are yielding good results, as we manage the volatile macro environment.

Project Pragati, our cost excellence program, delivered a strong improvement in API gross margins (+150 bps vs previous quarter). API volumes were muted this quarter due to shifting of some customer requirements to Q4 FY24. We continue to be selective about the quality of business, prioritizing long term sustainable growth.

We remain excited about the opportunity in the Animal Health sector and continue to look at inorganic avenues in API and Formulations. The optimization of our footprint, margin expansion initiatives and investments in new products should accelerate all parts our business.

**Rajaram Narayanan**  
**MD & CEO**





## Q3 FY24: Key Highlights

### Business Results

- **Pre-ESOP cost EBITDA growth of 15% q-o-q / 9% y-o-y**
- **EBITDA margin pre-ESOP costs at 9.2%; expanded by 160 q-o-q / 180 bps y-o-y; on track to deliver double digit margins in Q4**
- **Revenue growth** adjusted for discontinued business and Turkey currency accounting impact at **+1.3% q-o-q; Formulations business +5% q-o-q in translated terms; Overall +2.5% q-o-q and Formulations +6.9% q-o-q in constant currency terms**

### Formulations

- **Europe:** Next leg of growth underway with **6.5% q-o-q / 20.5% y-o-y growth; operating efficiencies and mix improvement aiding margins**
- **Emerging Markets: Pricing actions in Turkey driving recovery;** proactively evaluating further hikes given macro and currency volatility
- **India Formulations: New brand launches and scale ups** helped offset delay in resumption of distribution product

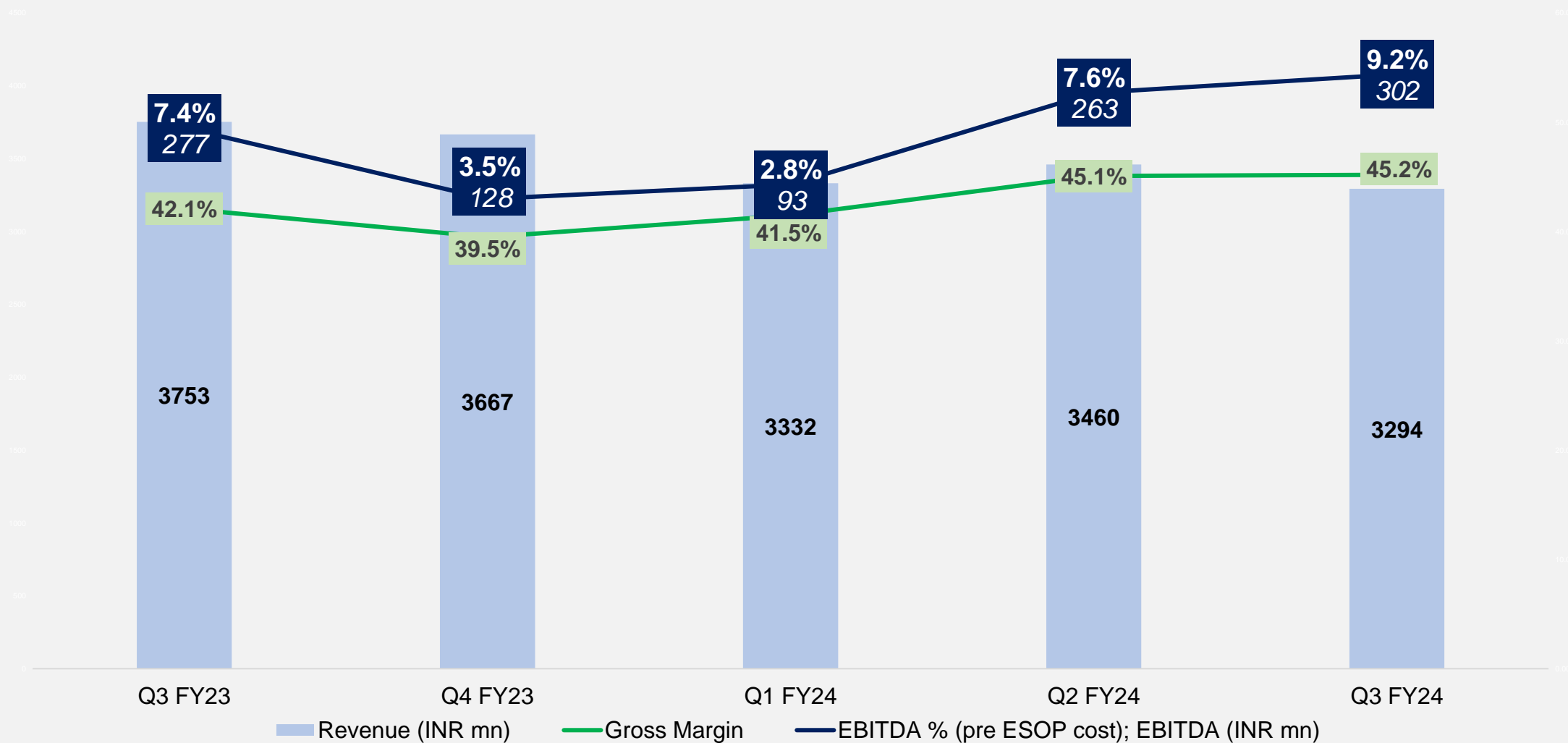
### API

- **Remain selective and disciplined in price sensitive markets while accelerating partnerships in Regulated Markets**
- **Project Pragati: Strong execution of cost excellence initiatives drove margin expansion;** further improvement expected in Q4 / FY25
- **API segment gross margin expanded by ~150 bps over Q2 FY24**





# Q3 FY24: Continuing margin expansion





## Q3 FY24: Revenue Performance – by geography

All values in ₹ Mn

Revenue Distribution	Q3 FY24	Q2 FY24	QnQ Gr%	QnQ Gr% (In cc)	Q3 FY23	YoY Gr%	YoY Gr% (In cc)	9M FY24	9M FY23	YoY Gr%	YoY Gr% (In cc)
<b>Formulations</b>	<b>2,510</b>	<b>2,532</b>	<b>(0.9%)</b>	<b>5.3%</b>	<b>2,591</b>	<b>(3.1%)</b>	<b>2.5%</b>	<b>7,520</b>	<b>7,456</b>	<b>0.9%</b>	<b>0.6%</b>
Europe	1,269	1,191	6.5%	6.8%	1,053	20.5%	13.3%	3,631	3,010	20.6%	10.7%
Emerging Markets	963	1,068	(9.8%)	4.6%	1,252	(23.1%)	(5.5%)	3,084	3,604	(14.4%)	(6.7%)
India	278	273	1.7%	1.7%	286	(2.9%)	(2.9%)	805	843	(4.5%)	(4.5%)
<b>APIs</b>	<b>690</b>	<b>804</b>	<b>(14.1%)</b>	<b>(14.2%)</b>	<b>1,072</b>	<b>(35.6%)</b>	<b>(35.9%)</b>	<b>2,301</b>	<b>2,866</b>	<b>(19.7%)</b>	<b>(22.1%)</b>
Other Sales	43	18	140.5%	140.5%	22	93.5%	93.5%	96	86	10.6%	10.6%
<b>Global Sales</b>	<b>3,243</b>	<b>3,354</b>	<b>(3.3%)<sup>#</sup></b>	<b>1.4%<sup>#</sup></b>	<b>3,685</b>	<b>(12.0%)</b>	<b>(8.0%)</b>	<b>9,917</b>	<b>10,409</b>	<b>(4.7%)</b>	<b>(5.5%)</b>
Adjustment* - Ind AS 29	51	106			69			168	134		
<b>Reported Sales</b>	<b>3,294</b>	<b>3,460</b>	<b>(4.8%)</b>	<b>(3.3%)</b>	<b>3,753</b>	<b>(12.2%)</b>	<b>(8.3%)</b>	<b>10,085</b>	<b>10,542</b>	<b>(4.3%)</b>	<b>(5.1%)</b>

**\*Sequential revenue growth adjusted for discontinued businesses & currency accounting in Turkey:** Overall: +1.3%; Formulations: +5.2% in translated INR terms // Overall +2.5%; Formulation +6.9% in constant currency terms

- **Europe:** Improved demand for manufactured Pharma products and Phytosolutions range combined with higher focus on high growth categories
- **Emerging Markets:** Sequential uptick in CC terms in Turkey led by aggressive price hikes coupled with revamped salesforce incentives, offset considerably by currency depreciation
- **India:** Q-o-q / Y-o-y performance muted due to discontinuance of a distribution product; partly offset by new product launches and scale ups
- **API:** Sequential sales decline mainly on account of a) Orders in some key accounts in Regulated Markets expected in Q3 moved to Q4 b) pricing pressure in a deworming product in Less Regulated Markets

\*Adjustment on account of hyperinflation in Turkey as per Ind AS 29



The background features a light blue gradient with a large white semi-circle on the right. On the left, there are stylized trees with green and white foliage. In the foreground, there are dark blue silhouettes of a cow, a dog, and a duck.

# **Q3 and 9M FY24 Financials**



# Q3 and 9M FY24 Consolidated Financials

All values in ₹ Mn



Particulars	Q3 FY24	Q2 FY24	Q3 FY23	Grw QnQ %	Grw YoY %	9M FY24	9M FY23	Grw YoY %
Revenue from Operations	3,294	3,460	3,753	-5%	-12%	10,085	10,542	-4%
Material Consumption	(1,806)	(1,898)	(2,174)			(5,652)	(6,120)	
<b>Gross Margin</b>	<b>1,487</b>	<b>1,562</b>	<b>1,579</b>	<b>-5%</b>	<b>-6%</b>	<b>4,434</b>	<b>4,422</b>	<b>0%</b>
%	45.2%	45.1%	42.1%			44.0%	41.9%	
Employee Benefit Expenses	(527)	(602)	(580)			(1,706)	(1,660)	
Operating Expenses	(659)	(697)	(722)			(2,069)	(2,134)	
<b>EBITDA (pre-ESOP)</b>	<b>302</b>	<b>263</b>	<b>277</b>	<b>15%</b>	<b>9%</b>	<b>658</b>	<b>628</b>	<b>5%</b>
%	9.2%	7.6%	7.4%			6.5%	6.0%	
ESOP cost	(52)	(62)	(89)			(177)	(278)	
<b>EBITDA</b>	<b>250</b>	<b>201</b>	<b>188</b>	<b>24%</b>	<b>18%</b>	<b>480</b>	<b>350</b>	<b>37%</b>
%	7.6%	5.8%	5.0%			4.8%	3.3%	
Exceptional Items	28	81	(10)			(127)	(42)	
IndAS 29 Adjustment*	(6)	(25)	(28)			(58)	(102)	
Exchange Gain / (Loss)	(21)	(25)	(46)			(131)	(84)	
Other Income	45	16	29			70	47	
Finance Cost	(126)	(126)	(97)			(356)	(246)	
Depreciation	(155)	(154)	(137)			(451)	(410)	
<b>Earnings Before Tax</b>	<b>15</b>	<b>(31)</b>	<b>(102)</b>	<b>148%</b>	<b>115%</b>	<b>(573)</b>	<b>(489)</b>	<b>-17%</b>
Taxes	92	(38)	4			264	193	
<b>Earnings After Tax</b>	<b>107</b>	<b>(69)</b>	<b>(98)</b>	<b>255%</b>	<b>209%</b>	<b>(309)</b>	<b>(295)</b>	<b>-5%</b>
Minority Interest	24	15	(9)			41	(20)	
<b>Earnings after Minority Interest</b>	<b>83</b>	<b>(84)</b>	<b>(89)</b>	<b>199%</b>	<b>193%</b>	<b>(350)</b>	<b>(276)</b>	<b>-27%</b>

## Q3 CY vs Q3 LY

- 310 bps of yoy Gross Margin improvement:
  - **Formulations:** Mix improvement and price interventions in Europe and Turkey respectively
  - **API:** Project Pragati related cost optimization initiatives
- Base correction in operating expenses and employee costs on account of multiple restructuring initiatives over last 3-4 quarters
- Q3 FY24 - Other income comprises of profit on sale of Ambarnath land

\*Adjustment on account of hyperinflation in Turkey as per Ind AS 29







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INE807F01027

*Certain statements in this document that are not historical facts are forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. SeQuent Scientific Ltd. will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*



**Thank  
You**

