



## Viyash Scientific Limited

(Formerly known as Sequent Scientific Limited)

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May 22, 2026

To,

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

**National Stock Exchange of India Limited**

Exchange Plaza,  
Bandra-Kurla Complex,  
Bandra (East),  
Mumbai - 400 051

**Scrip code: 512529**

**Scrip code: VIYASH**

Dear Sir/ Madam,

**Subject: Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Earnings Call Transcript for the quarter and Year ended March 31, 2026**

Dear Sir/Madam,

Pursuant to Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Earnings Call Transcript pertaining to the Audited Financial Results of the Company for the quarter and year ended March 31, 2026.

The same is also available on the Company's website at: <https://viyash.com/financial>

This is for your information and appropriate dissemination.

Thanking you,

Yours faithfully,

For **Viyash Scientific Limited**

(Formerly known as Sequent Scientific Limited)

**Yoshita Vora**

**Company Secretary & Compliance Officer**



“Viyash Scientific Limited  
Q4 FY26 Earnings Conference Call”  
May 20, 2026



**MANAGEMENT: DR. HARIBABU B. – MANAGING DIRECTOR AND GROUP  
CHIEF EXECUTIVE OFFICER – VIYASH SCIENTIFIC  
LIMITED  
MR. RAJARAM N. – EXECUTIVE DIRECTOR AND CHIEF  
EXECUTIVE OFFICER, ANIMAL HEALTH – VIYASH  
SCIENTIFIC LIMITED  
MR. RAMAKANT S. – CHIEF FINANCIAL OFFICER –  
VIYASH SCIENTIFIC LIMITED  
MR. ABHISHEK SINGHAL – VIYASH SCIENTIFIC  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Viyash Scientific Limited's Q4 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Singhal. Thank you, and over to you, Mr. Singhal.

**Abhishek Singhal:** Thank you, Michelle. A very good evening to all of you and thank you for joining us today for Viyash Scientific Limited's Earnings Conference Call for the Fourth Quarter and Financial Year 2026. Today, we have with us Dr. Haribabu, Managing Director and Group CEO; Mr. Rajaram, Executive Director and CEO, Animal Health; and Mr. Ramakant, CFO of the company, to share the highlights of the business and financials for the quarter and financial year. I hope you've gone through our results release and the quarterly investor presentation, which have been uploaded on our website as well as stock exchange website. The transcript for this call will be available in a week's time on the company's website.

Please note that today's discussion may be forward-looking in nature and must be viewed in relation to the risks pertaining to our business. After the end of this call, in case you have any further questions, please feel free to reach out to the Investor Relations team. I now hand over the call to Dr. Hari Babu to make his opening remarks.

**Haribabu B.:** Thank you, Abhishek. Good afternoon, everyone, and welcome to Viyash Scientific Investor Call for the Quarter 4 and Financial Year '26. Thanks for taking the time to join us today. Today is an important milestone for us as we are discussing first-time combined entity 12 months annual results. Q4 FY '26 is the strongest quarter in the company history. EBITDA surpasses INR200 crores. FY '26 EBITDA up by 59.6% and PAT by 1,324%.

Last year, it was negative with a good free cash flow, and most important, strong foundation for future growth. Fiscal year 2026 has been a transformative year for Viyash Scientific Limited, marked by the successful integration of business, operations and corporate functions into one unified strong platform. The integrated platform has strengthened execution, improved operating leverage, contributes sustainable growth, which reflects quarter-on-quarter results.

As we enter FY '27, we are very excited about our product pipeline, infrastructure, strong management team and sustainable growth road map. With a significant deleveraged balance sheet, we are also actively evaluating selective inorganic opportunities in addition to organic scale up to further strengthen our platform and create long-term value.

As we explained earlier, operationally, we have taken multiple actions across all the businesses over the last few quarters, which are reflecting in the results. On the animal health formulation business, all regions are growing very strong, and we believe the growth will continue with our continuous focus on new product launches, geo extension for all our existing products to various countries, expanding R&D and accelerating new product development.

Manufacturing expansion at Spain, and debottlenecking capacity at Turkey manufacturing, which are very important to grow for future business. We have initiated; we are working on that. Strengthened front-end team to expand business new markets and scale up existing markets.

Many existing markets, we try to add products, we try to add people in addition to adding the new markets. Coming to the human health formulation business, I think it was a great year for human health formulation business. We have done a fantastic job FY '26. Accelerating new product development and moving into complex products with internal APIs. As I mentioned earlier also, finished products, we changed our strategy last 2 years.

One is changing our product mix, moving into a little more complex products and all mature products, volume products, we try to internalize APIs and also bringing manufacturing into India manufacturing. That's where we are able to sustain the products and grow and also, most important, margins are growing. Recently, we initiated dedicated -- creating dedicated potent lab in R&D to take care of all our new oncology product development for finished product. Coming to API and CDMO business. This is again one of our core business and a strong business. And most important to note this year, animal health, all you guys must be tracking last couple of years. Last 5 years, it was stable, neither growing nor actually degrowing. It was INR350 crores plus or minus INR10 crores business. The first year after 5 years, we are able to take it to INR400 crores run rate.

And we are very confident coming years; it's going to grow very strong. And already, we see the growth, and we are going to grow very strong in the next coming years. And most effort in animal health, we relooked at the entire strategy. Of course, that's a part of strategy or synergy exercise. We identified a few areas, execution capability, especially on the manufacturing. And most important, R&D, speed, efficiency and portfolio development.

We initiated all those areas last 6 months. It's working very well on those things. We're able to develop a couple of products already last 6 months. And we are covering product development up to at least 2035 patent expiring. And we see the huge potential to grow on that business. And other area, operational efficiency improvement, and we see tremendous improvement in animal health operations last 6 months.

And capacities are growing; we are able to optimize. That's where it shows growth as well as margins improvement. Coming to human APIs, like formulation business, last 2, 3 years, we try to optimize in various aspects, taking out commodity products, taking out little intermediates into taking out and converting into API business. We did a big exercise last 2, 3 years. That's how we are able to improve the gross margins drastically.

So last year also, we did some optimizing of intermediates business. All intermediates, whatever we are doing, either we are trying to convert into API, which, in fact, is going to convert into finished products. We started last 18, 24 months and started getting approval, that's where you can see the growth in the near future. And other strong area of APIs are continuous development of the new products.

As I mentioned earlier call also last 12 to 18 months, we moved out from general volume products to complex and a little more high-potent areas. We were able to do a large number of products, validated and lock in with many customers. Launches are going to come near future and also in the long-term perspective. And whatever we developed last 3, 4 years, we acquired these companies in '21 and started rebuilding R&D from '22 and filing many products from '23, '24, '25, which started coming approvals now.

This year onwards, we are expecting a reasonable number of approvals, which give good value for top line as well as bottom line. And other area where strategically we are focusing. Of course, we were talking CDMO, different areas. One of the areas where we are strongly focusing with innovator business on the life cycle management. And all you guys are aware, animal health, almost 70%, 80% goes to innovators. And we see the strong potential to grow near future.

Whatever we are doing this year, I can expect next year at least 30%, 40% growing innovator business. Innovator business is quite sustainable and reasonably profitable business. That's where we are focusing, and we see good potential to grow, and you can see '27 itself growing that business.

Finally, which is very important, of course, integration and synergies. As I mentioned earlier, teams have been integrated very well, whether it's operational or business or most important corporate functions. And most important thing is the entire team is fully charged up for future growth. That's where is my excitement personally.

And coming to the synergies, synergies are tracking pretty well. It's tracking better than what we anticipated during the merger. And we are continuously looking for additional synergies. At this point, I'll stop. And today, maybe we'll allow time for more questions or clarifications. With this, I will hand it over to Ramakant to take care of financials. Thank you, everyone.

**Ramakant S:**

Thank you, doctor. Good evening, everyone, and thank you for joining us. I'm pleased to present the highlights of our strong financial performance for Q4 and full year FY26. I begin with the highlights for Q4 FY26. Total revenue stood at INR920 crores, reflecting a year-on-year growth of 19.1%. Formulations revenue increased by 28% to INR499 crores, while API revenues grew 5% to around INR384 crores.

Gross margin improved by around 236 basis points to 55.1% compared to 52.8% in the same period last year. Adjusted EBITDA rose sharply by about 64% to INR200 crores, with EBITDA margins expanding by 593 basis points to 21.7%. Profit before tax improved significantly, moving from a loss of INR37 crores to a profit of INR125 crores in the current quarter. Profit after tax also recorded a strong turnaround, rising -- from a loss of INR32 crores to a profit of INR66 crores year-on-year.

Coming to FY26 full year performance. Total revenue for FY26 reached INR3,420 crores, representing a growth of 13.8% over INR3,007 crores reported in FY25. Formulations revenue grew 18% to INR1,866 crores, while API revenue increased 8% to INR1,491 crores. Gross margins expanded by 321 basis points to 54.3% compared to 51.1% in FY25.

Adjusted EBITDA increased 59.6% to INR702 crores with margins improving by 590 basis points to 20.5%. Profit before tax grew more than 26x to INR349 crores, compared to INR13 crores in the previous year. Profit after tax increased more than 14x to INR225 crores, up from INR16 crores last year. Our balance sheet remains strong, supported by healthy liquidity and comfortable leverage position, which gives us flexibility to pursue growth opportunities, both organic and inorganic.

We continue to focus on disciplined working capital management, ongoing improvements in operational efficiency across the business. These strong financial parameters were reflected in the external credit rating upgrade with long-term rating moving to -- moving from A to AA- and short-term rating improving from A1 to A1+.

Looking ahead to FY27, our key priorities include strengthening merger synergies, improving operational performance, allocating capital efficiently to drive sustainable growth, further reducing debt and maximizing cash flow generation. With that, I conclude my opening remarks. Thank you for your attention, and I would like to invite the moderator to open the floor for question-and-answer session.

**Moderator:** The first question is from the line of Vishal Manchanda from Systematix.

**Vishal Manchanda:** Congratulations on a very strong set of numbers. Sir, could you kind of share some color on the CDMO business as to like how we are looking to build that and how we are placed currently in terms of either number of clients or number of products that we are doing on CDMO side? And any potential leads that we have to take this forward in a meaningful manner?

**Haribabu B.:** Yes, sure, Vishal. I explained last call also the same thing, CDMO. CDMO, there are 3, 4 models, working with innovators on NCE molecules, okay, where we start with Phase III, move to the commercial thing. And second thing is start with the life cycle management, whatever their products normally once its patent expires, they look for alternatives. That's the second business.

And third business, now there's a lot of opportunities for specialty companies, both in Europe and also India big companies where they don't have infrastructure to develop and manufacture. So, they are coming and looking for CDMO business for specialty products. So first one, I'll come a little later.

The second and third life cycle management business. Now I can say at least we work with 8 to 10 innovators, big innovators, both human health as well as animal health. And I see good traction last 6, 9 months, okay? Animal health, we were struggling a little bit on delivering their expectations. But now we have come out from those things.

We are able to grow a lot life cycle management products in the next 1, 2 years. So, with 8 to 10 customers, a few products are waiting for approval, what we initiated 2, 3 years back. It's coming for approval start from end of this year. So started getting approval from a few markets but entire a global thing, it's going to happen by end of this year. So, like that, we see good growth potential near future, okay?

FY27, I can say, at least innovative business on this life cycle management, I am expecting to grow 40% and the base is around INR200 crores, INR225 crores on that. And the third thing, specialty companies last time also explained 2, 3 models. We develop the product, we manufacture and they file the product, and we have some profit share also. We did almost 16, 17 products. I don't have a number, but it's a little more than 16 products on that.

Coming for -- all these are complex products coming for a little later launches, start from maybe '29 to '30 kind of thing, and it goes up to 2035, '37. So that's we are adding continuously on that, and we see the good potential on that. In the same category, we also adapted one more model on that instead of just working -- developing and doing for them with some profit share, we also initiated a few products, complex products, joint development. Pure formulation players where they have strong presence on developed markets. We are working with them with the joint development program.

So, we take risk on the API development and API quantities, and they develop formulation. So, one way it's very faster development since they are reasonably strong on formulation where we are strong on API. So, the development cycle is faster and simpler and more important, it's efficient. So, we initiated 3, 4 products. Already, we have done 1 product.

In addition to that partnership, a few products last call, I mentioned mature products. These 2 areas growing very fast, but Vishal, these things will take time. When you are looking for CDMO, always it's a longer-term perspective. And any CDMO starts with life cycle management once you have strong relationship built with innovators and go to the first one actually where you can start with the Phase III and converts to the commercial. That's where we are building infrastructure.

We are building -- started building resources this year, okay? That takes a couple of years for sure. So that's our CDMO. I'm not -- I'm very practical on this. It's easy to say CDMO can work with innovators but I don't want to go into that. Whatever we say we follow. So that's the second and third areas we are working very actively. But the first one, NCG, it takes time to be done. So that's where we are building. We are looking at various opportunities.

If we get something on that area, some inorganic option, we are open to look at. So, we are looking continuously but we don't want to acquire just for sake of showcase something or showcase numbers. We are looking at the good asset if something comes out. So that's where we are looking on that. Hope I answered your question, Vishal?

**Vishal Manchanda:**

Sir, just a follow-up on this basically. So, when you say specialty, you mean you do the -- so you do only the API, right, not the formulation but the API is basically, maybe it's a complex API look at? That's the...

**Haribabu B.:**

Two things here, Vishal. Formulation, we have our own setup already. Most of our products, we do that way. I will explain that. This is -- mostly, these API, CDMO partnered with our formulation partners are reasonably complex or high potent because as you know, we have 2 high potent dedicated facilities.

Capability starts from as small as 0.5 kg or 1 kg to 100 kg batches. These capacities, very few companies are having that flexibility. That's where our strength with R&D scientists, we are able to do that. The formulation, as I mentioned in my remarks, we are moving into the complex. That's how we are building our R&D onco lab, which is getting ready soon, mostly this quarter and the next quarter.

We are moving into the complex products in formulation. The formulation is always partnership model, Vishal. What we do today, we develop the products once we have -- we identify the product and once we come up with proof of concept, we go to the partners, all big companies, and we work with them.

So, they pay for development and we continue development, we get approval and we do manufacture and profit share is mostly 50%, 50%. So, formulation entire business, what we do is directly or indirectly comes into the CDMO business. But it's mostly the big generic players like Cipla or Dr. Reddy's, all big players in the U.S. That's what we did.

**Vishal Manchanda:** Got it. And sir, like you said about INR200 crores of the business is currently CDMO. So, the top line in API is about INR1,500 crores, so roughly 15%. So over next 2, 3 years, would this become, say, about 30%, 35% of your top line, the CDMO business? And are these relationships with innovators very old or you have recently built this relationship and hence, there's a scope for you to ramp them up much larger?

**Haribabu B.:** Most of the relationships are very old, long, maybe last 10, 15 years, there are 2 things. One is relationship with Viyash, relationship with SeQuent animal health and also our past relationships where we work. Most of us, we work in big companies had experience with these guys. But most of the relationships are already commercially demonstrated. This INR200 crores business, it's coming from last 7, 8 years, the SeQuent bigger business is that.

But last 6, 9 months, that credibility or the relationship has improved for us. where we focus on the quality on the R&D products, our efficiencies, improving quality systems. That's where they started getting more comfort and looking for more products on that, Vishal. So, to answer to your question, maybe 90%-plus is our existing relationships, 2, 3 products what we are anticipating approvals this year, next year. Those are the relationships we built in the last 2 years.

**Moderator:** The next question is from the line of Surabhi from NV Alpha.

**Surabhi:** Congrats on a good set of numbers. So, my first question is there is almost a INR13 crore quarterly gap between the reported PAT and the PAT, the minority. So, I wanted to understand, which subsidiary accounts for this minority interest? And what is the scale of the subsidiary in terms of revenue, EBITDA? And how is that going to grow in FY26? That's my first question.

**Haribabu B.:** So, we have -- I will start, maybe Ramakant can add if something I miss. We have 2 subsidiaries. One is in U.S.A., which is the human health formulation. We have manufacturing in the U.S., of course, R&D in Hyderabad that manufacturing is a subsidiary. We have majority control on that. And revenue, I think we reported that revenue is around INR425 crores revenue. And I don't know, EBITDA, Ramakant, he can tell. And other subsidiaries is in Spain. Both are having majority. We are working on that next 1, 2 years actually how to get that remaining thing.

We are working closely with that. We have option to buy back that. I think Spain -- Raja, correct me if I'm wrong, Spain by '28, I think there's option to buy back. And yes, we have option to exercise any time. We are looking at various options. Maybe we look at next 1, 2 years on that. The numbers specific to -- I don't know whether you factored specific PAT numbers, but overall percentage is maybe Ramakant can explain.

**Ramakant S:** Yes. So as doctor mentioned, the Appco, we own the U.S. formulations business, we own 60% of the stake and minority remains at around 40% and revenue -- annual revenue is about INR400 crores, INR425 crores. In Spain, again, we own 60% and the revenue from Spain is about INR550 crores for FY26. So currently, whatever you just mentioned, about 20% of the EBITDA or the profit margins are coming from minorities.

**Abhishek Singhal:** 20% of PAT.

**Ramakant S:** 20% of PAT is from minority.

**Surabhi:** Got it. And just if you could throw some more color on the animal health portfolio. You mentioned that since the last 5 years, it was kind of stable and this year, you will grow and more contribution from the innovators. So, what kind of products and geographies are you targeting? And how much of it will be companion health in this? And also, some color on the distribution partnership with Boehringer Ingelheim for the India portfolio?

**Haribabu B.:** So, 2, 3 things in animal health portfolio, what I mentioned. One is API. API, we do majority business with innovators. It goes to everywhere, every geography in the world. So, most of the products, what we have been doing till today last year are the mature products like Albendazole, okay, there are a few mix of large animal as well as companion animals. Most of the products are mature products.

Last 2 years, of course, we started a few new products, which are coming out of patent from '28 onwards. That's where our focus is going to be on API while expanding that existing matured product business, adding most important on the new API products, which are coming out of patents. Up to 2035, we looked at -- our R&D started working up to '25. We identified almost 15, 20 products and 5, 6 products are very large products coming out of patents.

If you know a little bit on the liners, those are the big products on that. Another advantage of developing an API is since we are in the formulation of these things, we can extend to the formulation development also. That's what we are doing. So that's where API business, a few products, existing clients are adding and few products, it's adding geography, one or two products they are doing for only India.

Now they started qualifying last year for all other geographies, which are bigger geographies like China or some of the Europe countries. That's where that INR100-odd crores, whatever I mentioned is the existing products adding geography on that. All new products, whatever is coming, it reflect from maybe '28, '29 on that. And also, it helps us to protect and lead formulation business with internal APIs. A couple of products are specialized APIs. It's not easy to get sourcing.

And even if you get -- there are very limited sources. That's how to protect and grow the product formulation, we are doing that. Coming to the formulation, there are 2 segments. One is the large animal thing where we had a lot of focus till last year. From last year, we are extending that focus to companion animals.

One large animals, we are adding a few geographies like we are very strong in Spain. We are very strong in Turkey. Last 2 years, we started expanding geo expansion, trying to add all European countries because both sites are approved by EU GMP. And whatever products we are manufacturing injectables at Turkey and powder solutions at Spain, we are expanding to Europe markets on the large animals. The same way, the Brazil, we have a manufacturing site for large animals that we are expanding to the Lat Am countries.

And we see good growth from Mexico this year. Other area, a few other countries, Southeast Asia countries like Vietnam, we just started our front-end activity. That's one of the bigger market for large animals. And also, we are exploring for Africa, all those in large animal products. Large animal products advantage is we covered almost 80%, 90% of the entire portfolio in that segment.

So, the growth comes on the market expansion on that. Coming to the companion animal, which is the strategic growth area for us next 5, 6 years. Multiple things we are doing. One is with the partnership with BI. That's the first that we started last quarter. We want to expand entire our companion animal platform content through this partnership.

We are going to distribute entire BI segment, whichever are coming in future also, we are going to do that. With that platform, we are able to develop and actually get into the market. And we're expanding a lot in the companion animals. We already initiated R&D expansion. It's going to happen next 6 months. And the product development is going to increase by 5x, 6x, whatever we are doing, a few products today.

It's going to add a large number -- at least we are looking at 7, 8 products per year. And most important, the products are coming out of patent may be '29 or '30. And some of those products are differentiated products, as you guys know, cat and dog, likewise, various combinations on that. So, we are working on that a little bit differentiation and new products.

R&D started expansion. We are building -- we gave capex clearance for R&D on the company. People, we started hiring. And most important manufacturing infrastructure also we are adding this year. That gives a lot of opportunity to expand companion animals. So, India, we are expanding front end. Whatever product portfolio are going -- we are doing, we are going to launch everywhere.

Most focus areas are at first phase Europe and India and where we have presence today, strong presence like Turkey and Brazil. So, this year, FY27 is a building -- platform building for companion animals, R&D, manufacturing and front end wherever is required. And also, we are looking at some inorganic options for these things. We are looking at a few options. So that's a broader area of companion animals. So, this is a focus area on that.

**Moderator:**

The next question is from the line of Sajal Kapoor from Antifragile Thinking.

**Sajal Kapoor:**

Dr. Hari, pure-play intermediates and API companies such as Alivus Life Sciences have been reporting gross margins in the 55% to 60% range. Now given Viyash's exposure to formulations, API, CDMO, complex intermediates, how should we think about the sustainable gross margin profile and I mean, over the next 3 to 5 years, do you see gross margins inching up from here? We are already at a decent level, but when you add formulations, you expect a higher gross margin. Otherwise, there is absolutely no point doing formulations in addition to APIs.

**Haribabu B.:**

Yes. I think you answered question itself when you say it's a decent gross margin, as I explained, intermediate and API stand-alone, maintaining 55% gross margin for generic play. It's not easy unless we have different strategy. That's how we follow last 2 years. Our gross margins 3 years back, if you compare our EBITDA, gross margin or PAT 3 years back, which was completely different. Why? Because mix of intermediates and API where we sell and large business actually intermediate contribution used to be much more.

That's how we changed our strategy to maintain or improve gross margins, what we have adopted wherever there are intermediates where we have strong presence, try to do forward, forward integration. What it mean forward, forward, intermediate take it to API, take it API to formulation, wherever we can do that. The similar way, wherever we are strong in the formulation or API, try to backward integrate.

So, we try to optimize continuously taking out commodity products where we're not able to make good gross margin. Generally, commodity gross margins are 30%, 35% and making those products in highly regulated environment, you are able to survive, but it's not easy to improve. That's how we try to optimize the product mix. We did very well last 2 years. So, with that mix, we sell intermediate with a reasonable gross margins and also sell intermediate wherever we are using API so that we can utilize the capacity.

That's how we are trying to do that. So, with this mix strategy, moving to API, API to formulation, formulation to back, these are -- we are able to manage that gross margin but knowing this business last 30 years. Even if it improves plus or minus 1%, 2%, but less maybe after 5, 6 years, unless until we go to that I think these gross margins will be maintained. Once you move to CDMO and C -- maybe improve. But otherwise, at this stage, I feel this is reasonable, and we are confident to maintain those gross margins. Here or there, plus or minus 1%, 2% kind of thing.

**Sajal Kapoor:**

No, that's helpful. That's helpful. And I was following the commentary from Zoetis management, the animal innovator leader in the U.S. and they sounded cautious in terms of generic opportunity. And the reason is that some of the American consumers are consciously shifting into generic or more affordable drugs for their companion animals.

This was not a trend that was seen earlier. So, in this changing landscape, I mean, logically thinking companies like us should be able to gain more traction maybe through life cycle management and even directly offering our own IP, the generic molecules that is. I mean what is your thought process?

**Haribabu B.:**

So that's exactly what we are trying to do. It's the entire companion animal segment, what we are projecting, what we are strategically working next 5 years. Europe, companion animals, it's moving a little faster genericization. Today, developed markets, innovative controls fully animal health segments, whether it's animal or companion animals. And under-developing countries have moved into the generic business, but developed countries still controlled by innovators.

For companion animals, it's moving fast. last 2, 3 years, if you see, still, it's a large opportunity because the volume is growing. So, there's no rocket science here; last 3, 4 years post COVID, pets are growing day by day, okay? Pets is like kids. So, every country is growing. I was surprised to see, in U.S.; there were 9.4 crores dogs and 9.2 crores cats. So that together, 18.6 crores, that means each family is having at least one. And Europe is growing every day. Surprisingly, cats are growing much faster than dogs.

When the volume is growing and another issue in this, especially Europe, unlike human health insurance coverage is not full. It's covered by 25%. We visited all distribution centers and hospitals, everything. So, insurance covered is by only 15%. So, the volume is growing, it's naturally it has to convert into generic. That's where we see the bigger opportunity.

That's how we want to do, start with Europe, India, where the bigger markets are growing. And next step is go to U.S., U.S. is still a little complicated, especially companion animals. Guidance is not very clear. Is it actually some of the solutions, we do something for human but BA/BE sometimes it's not acceptable, same as human.

It requires a little more studies. So, it's a little complex guidance in the U.S. That's where actually our next 2, 3 years focus is on where we can do faster growth. Europe base, since we have experience exposure, actually, we see that's a faster growth.

Next phase is going to U.S. by doing ourselves or look for something else. So exactly, we are doing that. That's the area where we are accelerating. That's the reason we decided to go quickly R&D expansion as well as manufacturing expansion for companion animals.

**Sajal Kapoor:**

Very, very helpful. And lastly, this time around the receivables growth, and that's common. I mean, receivables often outpace the revenue growth in a scaling business. It's a common observation, nothing unique to us, but it has happened this time around. So as manufacturing eases and next constraint may shift somewhere else, I mean, what is the next bottleneck you see in the system? And what operating discipline will keep cash conversion and execution quality intact as the complexity increases going forward?

**Haribabu B.:**

A few things when you are -- when you want to grow faster and big, okay? These are the natural things, sometimes inventory receivables, a few countries, countries like Turkey, all these countries, credit period is very high when you are growing bigger thing. Where we don't see any risk -- but looking at various things, we always look at net working capital things.

And this year, our focus area, you might have seen this quarter when our EBITDA is INR200 crores versus PAT INR60 crores. That's one of the key focus area, how can we convert into EBITDA to PAT better. Various options, of course, our finance burden is going to come down. And we are looking at the tax structure also differently.

That's how we are moving a couple of subsidiaries from old tax regime to new tax regime. old tax regime in India, 34% to 35%, it's moving to 25%. So, we are looking at the various options, but sometimes it's exceptions receivable when the market demand. We are working closely on all these things. Ramakant, if you want to add something, you can.

**Ramakant S:** Yes. So just to add, I think absolute number does reflect the growth in revenues, absolute number of receivables, if you see that increase is majorly because of the revenue growth. But if you look at the number of days, it has been within a small range, maybe about 5, 6 days of increase that we have seen in Q4, which we believe is in control. We don't see any concerns there. But as doctor said, the focus continues to remain on how do we convert from EBITDA to net profit. How do we optimize that conversion or maximize that conversion is the focus area for the next couple of quarters.

**Moderator:** We'll take the next question from the line of Kumar Saurabh from Scientific Investing.

**Kumar Saurabh:** So, in last con-call, you had spoken about companion animals generic penetration being this 15%, 20%. If you can talk more about that data in terms of what is the total addressable market, both in India and globally? And what is relevant for us, how this market is growing? If you can give more details on this?

**Haribabu B.:** I think our -- where we are focusing market, Raja, maybe you can add if I missed something. Companion animals, mainly Europe is the thing. U.S., we are not -- of course, bigger market is U.S. since most of the market is a branded market innovators. I think Europe is close to \$1 billion market, right? Raja. Just say the addressable...

**Rajaram N.:** Yes. A bit more without -- the addressable market would be that if you leave out vaccines. Yes.

**Haribabu B.:** Yes. So, without actions where we are planning, it's close to \$1 billion. And most of the products we are working on that. That's the thing. And also, we see that genericization also is improving on that market. That's a more developed market. India, market is not big, but we see at least it's going to grow. India, we are also looking at various things near future. At this point, mostly we look at medicines.

So that's what we distribute vaccines for BA, all products. But it's going to be a few hundred crores in India. But the addressable, what we are looking at a \$1 billion market in Europe at this point. And we are preparing all for that, whether it is R&D, frontend or manufacturing on that perspective.

U.S. is the next stage. That's the bigger market. So, we take it in the next phase. in between if something comes up right opportunity inorganic, we may look at. But our first priority is to address Europe and also to address countries like Brazil, these countries.

**Rajaram N.:** And if I may just add, I think the important thing is that unlike human generics where the pricing drops very drastically to almost 10%, 15% of the innovators' price. I think what happens in animal health generics is that the pricing drop to the generics is far slower. It tends to be more like 60%, 70% of the innovator's price.

And therefore, you're right in observing that, one, there is a 15% --genericization is much less in animal health. It is increasing very fast. Europe is an interesting opportunity. And also, because there is an opportunity if you have a front end to actually distribute branded generics at reasonably good margins. So, I think that's the other piece which is there.

**Haribabu B.:** The good thing about our strategy is now we have understanding on everything. Front end, we have a great understanding since already we are doing. And we are very strong on API. We are strong on operations. So, with the integrated play, definitely, we believe we can differentiate this and grow bigger.

**Kumar Saurabh:** One last question. And our performance has been commendable. I think what you guided for FY28, you achieved much before. And we are much above the 20% guided margin. But do you see further scope for synergies and cost advantages? Or like this is the optimum we should consider? Or is there more to extract in terms of optimizing the margins?

**Haribabu B.:** It's 2 things. We have to balance margin versus growth. So, this year, we are going to invest a lot. As I mentioned, our R&D investments are growing a lot, okay? Substantial investment is going to happen on finished product formulation, both human health and companion animals. And most of these are complex molecules. We are going to invest a lot on R&D.

And also, when you are building additional capacities, there will be some pre-opex on that. So, it's try to balance, but we are very confident to maintain these margins. But once you actually next phase is the investment phase, whatever we did last 2, 3 years, optimizing existing infrastructure existing.

But next 2 years, we are going to build and invest on the R&D all those things. But we are very confident to maintain these levels. I'm always trying to be practical on that, okay. If we get some few products, good thing, we may, but we are thinking at this level gross margins.

**Moderator:** We'll take the next question from the line of Chintan Modi from Oaklane Capital.

**Chintan Modi:** Sir, my first question is respect to the synergy benefits. I think we are targeting something like INR60 crores, INR70 crores. Can you tell us -- and you mentioned that there could be some more synergy benefits. How much has been accrued and how much more we can see in the next year?

**Haribabu B.:** So rough math, I can say annualized, we are accruing close to what you mentioned, INR50 crores, INR60 crores. Initially, when we decided this merger, we anticipated INR50 crores, INR60 crores overall. But now we are going to do much more. So, at this point, I think tracking INR50 crores, INR60 crores annualized numbers. But again, the bigger portion also is coming to come in next 12 to 18 months because the synergies operations, we have to develop and file approval, all these things will take its own time.

And as you know, last quarter also, I mentioned, we invested capex for all kinds of capacity increase in Viyash. So, we are waiting for approval. Once that comes, it's going to have further synergies. So, we are hoping altogether at least maybe INR125 crores, INR150 crores at this

point annualized. But at this rate, we are tracking at this point, INR60 crores. But next 12 to 18 months, it's going to happen that INR125 crores, INR150 crores.

**Chintan Modi:** Got it. Next question is, sir, because of the recent geopolitical issues, many chemical companies have been facing raw material availability issues as well as volatility in prices. Could you throw some color on that on how we are placed over next 1, 2 quarters? And is the raw material availability secured for us?

**Haribabu B.:** So, as you know, it started beginning of March. There is a small impact in March, but it's not material, 2 things. We are able to manage on one is inventory, all key materials, we have enough inventory to manage 1 or 2 quarters. The bigger impact on 2 things. One is the solvent where we cannot keep inventory per month together.

And the second one is the freight. Freight impacted a little bit INR1 crores, INR2 crores in fourth quarter. Solvents, there was impact. But we are able to -- how we are balancing since we are recovering very efficient solvent that the consumption is we're trying to minimize whatever best possible. And another area, we are trying to increase the prices.

We are able to increase the prices to balance these things. So far, we are able to manage very well till now. This quarter also, we are confident to manage. But if it continues further, okay, maybe next 1, 2 quarters, we need to see that how much we can increase the price. But at this point, I don't see any material impact on that.

Whatever we do price increase versus raw material increase or freight increase, we are able to balance. But there may be a little impact, but I don't see bigger thing at least for this quarter. Next quarter, we need to work on that. We are managing very efficiently on that side.

**Chintan Modi:** Understood. Sir, with respect to tax rate, how much should we model for FY27 and '28 as a percent of PBT?

**Haribabu B.:** I think around 27%.

**Ramakant S:** Yes, yes. Average tax rate should be around 27%.

**Chintan Modi:** 27%.

**Haribabu B.:** So, this quarter was more because of we are moving from old regime to new regime, old regime, some of areas of 35%. There were some tax adjustments because of integration of merger. So, all these things are going away. That's also we are trying to optimize that. I think next year onwards, it's going to be 26%, 27% level.

**Chintan Modi:** Understood. And sir, one last question is with respect to, let's say, over next 5 years and given that we have multiple levers for growth lined up across formulation, API and CDMO, can we expect a growth rate of in the range of, let's say, 15% to 20% kind of is it possible given the market conditions and the initiatives that we are taking?

**Haribabu B.:** Yes, 15% definitely quite possible. Still, we are working on the detailed strategy. Maybe, sometime soon, we are trying to hold an investor meeting with the detailed strategic plan, what

we are going to do, how we are going to do that. We are able to tell you that looking at our current business and what -- I have idea, I think 15% is possible.

**Moderator:** The next question is from the line of Shreya Wazir from BMSPL Capital.

**Shreya Wazir:** Sir, I want to understand how you see the company's journey from EBITDA of INR700 crores that we do today to INR1,000 crores and then to INR1,500 crores. So, in how many years can we achieve these EBITDA growth targets? And how does margin volatility due to raw material cost volatility in different geographies that we do business in different business segments we operate in impact our EBITDA growth targets?

**Haribabu B.:** So, I'll answer the second question first, market volatility on raw material. As you know, -- we do most of our business, API business, especially is the quality markets, developed markets or regulatory markets. The pricing was reasonable, a little bit sustainable. We are able to pass it on here and there. But with my experience last 5, 10 years, these are the things sometimes it comes we have to manage time to time.

With our base, with our product pipeline, with our market access, I don't see any volatility in going forward these businesses, what we do API. Formulation, there are a few businesses like US business, post-COVID, there were 3, 4 years, it was bad time. Large number of players came from India; it became highly commodity business. That's how we restructured our business, try to move to entire internal API and also move manufacturing, that's where we are able to manage that.

Few markets, other markets like Turkey, volatile hyperinflation, whatever it is. We see the good growth last one year, FY26 also, we see the good volume growth in addition to whatever adjusting inflation. So, all looking at our product pipeline, market access, all those things, I don't see much volatility or impacting margins or growth.

The first one, whatever you asked, INR700 crores versus going to INR1,000 crores and INR1,500 crores -- we indicated INR800 crores FY27 or FY28. Somebody says FY28, somebody says 'FY28 but 'FY27, my internal target was FY27. But we are able to achieve that run rate now. You have seen last 2, 3 quarters start from quarter two numbers.

That's where we started integrating two companies. So, a couple of things synergies and market access happened better than what we anticipated. So INR1,000 crores, we are targeting. So maybe next 2, 3 years, of course, next session when we come in June meeting. So mostly, we'll be able to indicate. But at this point, INR1,000 crores. But I'll confirm this. Don't take it -- maybe 29% or whatever it is.

**Ramakant S:** We already said that annual growth rate could be 15% from the annual -- easy guess on when we'll hit INR1,000 crores.

**Haribabu B.:** But anyway, we'll come up during that Investor meeting.

**Moderator:** The next question is from the line of Krishna Shah from Mangal Keshav.

**Krishna Shah:** So, post the merger, we have been bullish on API as a business. But if we see the numbers recently on a quarterly and year-on-year basis, growth has been around 7% to 8%, like a single-digit growth. So, is there any particular reason for this, like taking into consideration that our business may be lumpy? Or is it sustainable? Or do we look forward to double-digit growth in the API business?

**Haribabu B.:** Yes, 2 things. Synergies is not on API, first of all, to answer to. Second thing is API, why this growth is single digit for this year. As I explained earlier, we try to optimize low-hanging actual commodity business intermediate business. So, we are growing API business, which is a quality business like animal health business, it has gone from INR350-odd crores to INR400 crores API also APIs are growing double digit.

And intermediate actually, we purposefully reduced that sales. So that's the reason the quality of the business is growing. But going forward, you can see double-digit growth. Now we are seeing a large number of approvals coming this year, next year on human health APIs. And we see animal health APIs step up this year. So, you can see comfortably double-digit growth next year, more or less same as formulation growth.

**Krishna Shah:** Sir, one more question that I have is that now that we are expanding, do we have any plans on hiring more R&D talent or investing in R&D expansion or taking forward the scientists?

**Haribabu B.:** We are. API R&D, we have a big team. We are together close to including analytical process altogether close to 250 scientists. So, it's a very strong team, which is enough for API. And [inaudible 59:43] formulation, we are expanding the team, as I explained, large expansion in animal health and formulation also, we have a reasonable good number of team, human health around 55, 60 scientists. That's good enough.

Only wherever it requires specialized talent, we are adding in human health formulation. But animal health formulation, we are expanding a lot. That's the focus area this year. R&D scientists, capex, everything we are adding on that. So, we are going to add at big thing, capex also and R&D resources for animal health, we are adding.

**Krishna Shah:** And just one last question on the bookkeeping side. So, if you could give some color on the depreciation going forward, like if we see this quarter, our depreciation expense was slightly on the higher side. So, if we are doing further capex in the future, do we see it increasing? Or yes, some color on the depreciation?

**Haribabu B.:** The two things in this depreciation this quarter or this year, okay? Every quarter, there's close to INR25 crores depreciation on goodwill amortization. That's going to be reduced next quarter onwards. So last year, it was INR100 crores on that. This year, it's going to be INR35 crores.

Second half, it's going to be INR25 crores, INR50 crores plus second quarter, maybe INR10 crores, INR15 crores. That depreciation is going to come down around INR65 crores from existing base annually. And the new capex, whatever we are adding, I don't think it will increase substantially because it's -- I think it's the run rate is going to go same level. Whatever is the new capex, the existing depreciation. I don't see much difference on that...

**Ramakant S:** Yes, that's right. As doctor mentioned, in the current numbers, if you look at the annual number, about INR100 crores is depreciation or amortization coming from amortization of intangibles. That will go away. In the next year, it is going to be at about INR35 crores. And the depreciation, excluding this amortization, we believe that it will be similar to the current year.

**Moderator:** Ladies and gentlemen, in the interest of time, we will take that as the last question for today. I now hand the conference back to the management for closing comments. Thank you, and over to you, sir.

**Haribabu B.:** Thank you, guys. Thank you. First of all, let me say thank you so much for your continued support. I know you guys had a lot of patience last 4, 5 years. And it's hard to believe also when we said this company is going to go turnaround.

But fortunately, we have a fantastic team. We are working as one team, both companies. And things are going well. I'm very confident this company will have great potential in future. Thank you. Thank you so much for your support. And we are always available if somebody needs any clarification or anything. whatever we can do. The timing is sensitive, wherever it is, we can explain, explain. Thank you, everyone.

**Moderator:** Thank you, sir. Thank you, members of the management. On behalf of Viyash Scientific Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.