



November 06, 2023

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 half year ended September 30, 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 half year ended September 30, 2023.

The Board Meeting commenced at 08:15 p.m. and concluded at 09: 50 p.m.

Thanking you,

Yours faithfully,

For **Sequent Scientific Limited**

Krunal Shah

Company Secretary & Compliance Officer

Encl.: A/a

SeQuent Scientific Limited

Registered Office: 301, 3rd 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 Q2 FY24

6th November, 2023





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 – Q2 FY24 Earnings Release



We continue to progress towards reshaping the business for profitable growth. Our initiatives have begun showing results. Operating margins have expanded this quarter in line with our plans communicated in the prior quarters, as we focus on improving the quality of our business and accelerating profitable growth.

The Formulations portfolio has begun to see growth in key product lines in Europe, at improved margins. The pricing actions in Turkey have yielded good results in a market where fresh macroeconomic initiatives are getting rolled out. Our strong market position in Turkey has helped us land new launches and price increases in an inflationary environment. We have also received the renewal of our GMP certification at our Turkish plant. Most of the other geographies too saw sequential growth this quarter.

The API business is mid way through the implementation of Project Pragati – a comprehensive cost improvement and commercial excellence program. The business has seen healthy margin expansion this quarter. During the quarter, our Vizag facility underwent a USFDA inspection, at the end of which we had one procedural observation, the response to which has been shared. The USFDA audit completion will continue to strengthen our presence in the Regulated Markets, while also unlocking new opportunities. It must be noted that the market demand continues to be erratic on the back of pricing pressures and high inventory levels among some customers. We expect gradual volume recovery towards the start of calendar year 2024.

Overall, while we expect the environment to remain challenging, our initiatives on cost and quality will provide favorable momentum by the beginning of the next calendar year.

Rajaram Narayanan
MD & CEO





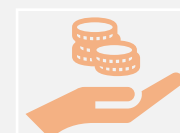
Q2 FY24: Key Highlights



EU portfolio reshaping progressing well
Margin improvement visible, well placed for next leg of growth



Emerging Markets – Turkey price interventions reflecting in margins



India Formulations – sequential progress driven by portfolio focus, footprint expansion



USFDA Audit completed; one procedural observation to which response has been shared



Project Pragati – API cost excellence program driving margin expansion; further improvement expected in H2





Q2 FY24: Revenue Performance – by geography

All values in ₹ Mn

Revenue Distribution	Q2 FY24	Q1 FY24	QnQ Gr%	Q2 FY23	YoY Gr%	H1 FY24	H1 FY23	YoY Gr%
Formulations	2,532	2,478	2.2%	2,408	5.2%	5,014	4,866	3.0%
Europe	1,191	1,172	1.6%	911	30.7%	2,366	1,959	20.8%
Emerging Markets	1,068	1,052	1.5%	1,178	(9.3%)	2,121	2,351	(9.8%)
India	273	254	7.6%	319	(14.4%)	527	557	(5.3%)
APIs	804	807	(0.4%)	908	(11.5%)	1,611	1,794	(10.2%)
Other Sales	18	35	(10.5%)	25	(28.5%)	49	64	(22.9%)
Global Sales	3,354	3,320	1.0%	3,341	0.4%	6,674	6,724	(0.7%)
Adjustment* - Ind AS 29	106	12		35		118	65	
Reported Sales	3,460	3,332	3.8%	3,376	2.5%	6,792	6,789	0.0%

- **Europe:** Portfolio reshaping involved exiting unprofitable categories to drive margin improvement, resulting in muted q-o-q topline growth; strong y-o-y performance driven by nutritional line sales
- **Emerging Markets:** Sequential uptick from aggressive price hike in Turkey during Q1, marginally offset by currency depreciation
- **India:** Sequential growth on back of continued progress on portfolio, footprint expansion, and salesforce engagement initiatives; y-o-y decline due to high base from lumpy skin disease in Q2'23
- **API:** Deworming products saw muted demand in second half of Q2 in some markets due to seasonal challenges along with pricing pressures. Continue to remain focused on profitable growth in Regulated Markets

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



Formulations Q2 FY24: Margin expansion driven by Europe portfolio reshaping and Turkey price hikes

Key Updates

EUROPE:

- Portfolio reshaping and cost initiatives have progressed well – improvement seen in Q2 margins; business well positioned for next leg of growth

EMERGING MARKETS:

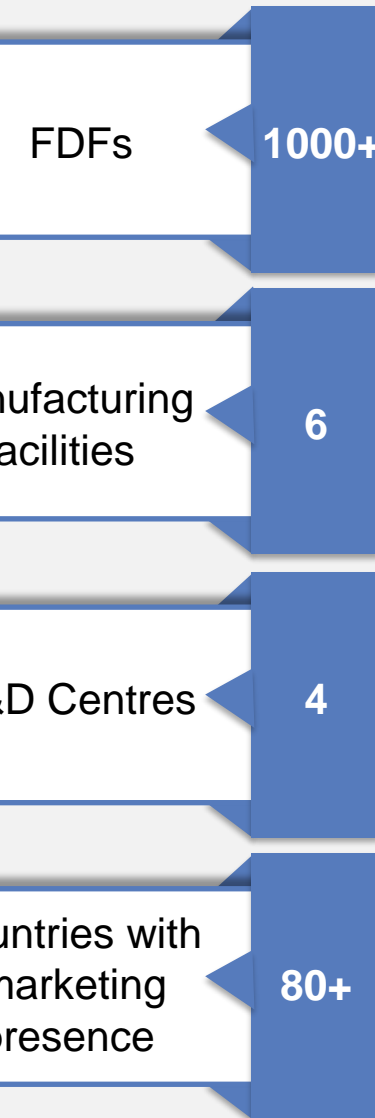
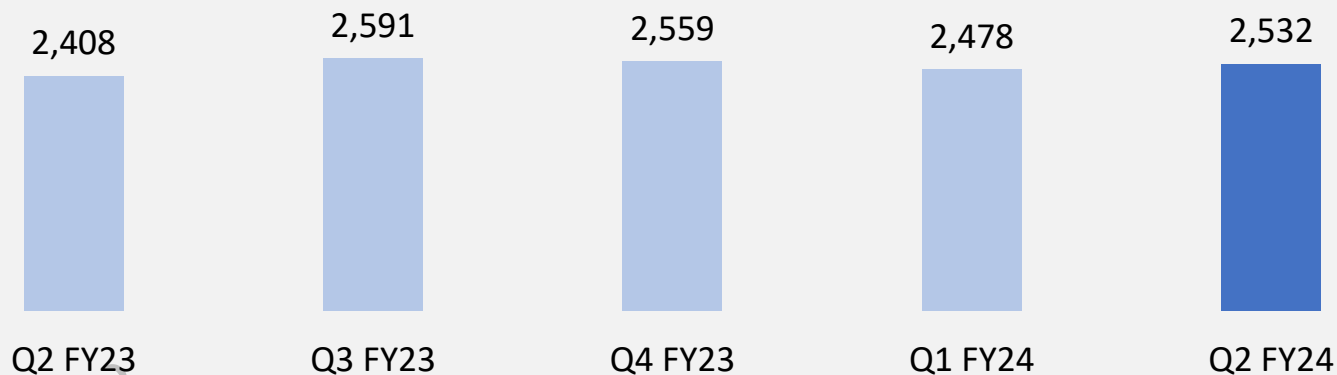
- Limited impact on Turkey volumes despite aggressive price hikes in Q1; began reflecting in margins starting August-23

INDIA:

- Sequential growth driven by sharp portfolio focus, footprint expansion, and field force engagement initiatives undertaken

Operating Revenues

All values in ₹ Mn





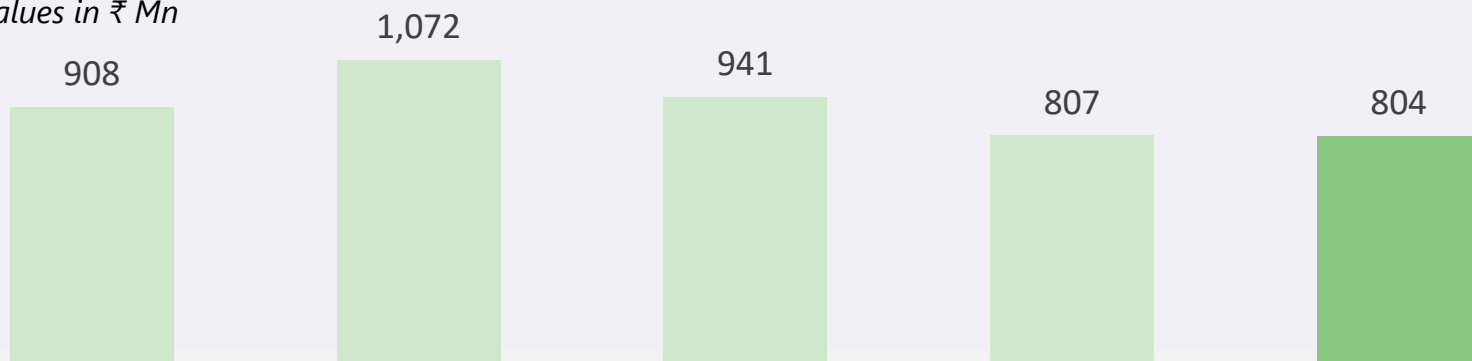
API Q2 FY24: Remain focused on profitable growth; seasonal challenges in deworming products

Key Updates

- During the quarter, our Vizag facility underwent a USFDA inspection with one observation which was procedural in nature, the response to which has already been shared.
- Continued progress on cost and operational excellence initiatives (internally referred to as Project Pragati); starting to see the benefits reflecting in margins; more meaningful P&L impact estimated in H2
- Muted demand in the second half of Q2 for deworming portfolio in some markets due to weather related challenges and pricing pressures
- Continue to remain focused on leveraging our 30 USVMFs and 17 CEPs to drive profitable growth

Operating Revenues

All values in ₹ Mn



Commercial APIs 30+

Manufacturing facilities 2

R&D Centre 1



Financials





Q2 FY24 Consolidated Financials

All values in ₹ Mn



Particulars	Q2 FY24	Q1 FY24	Q2 FY23	YoY%	QoQ%	H1 FY24	H1 FY23
Revenue from Operations	3,460	3,332	3,376	2%	4%	6,792	6,789
Material Consumption	(1,898)	(1,948)	(1,979)	-4%	-3%	(3,846)	(3,946)
Gross Margin	1,562	1,384	1,397	12%	13%	2,946	2,843
%	45.1%	41.5%	41.4%			43.4%	41.9%
Employee Benefit Expenses	(602)	(578)	(526)	14%	4%	(1,180)	(1,080)
Operating Expenses	(697)	(713)	(721)	-3%	-2%	(1,410)	(1,412)
EBITDA (pre-ESOP)	263	93	150	76%	183%	356	351
%	7.6%	2.8%	4.4%			5.2%	5.2%
ESOP cost	(62)	(64)	(98)	-37%	-3%	(126)	(190)
EBITDA	201	29	51	292%	585%	231	161
%	5.8%	0.9%	1.5%			3.4%	2.4%
Exceptional Items	81	(235)	-			(154)	(32)
IndAS 29 Adjustment	(25)	(27)	(33)			(52)	(74)
Exchange Gain / (Loss)	(25)	(84)	11			(110)	(38)
Other Income	16	8	9	81%	108%	25	18
Finance Cost	(126)	(105)	(81)	55%	20%	(231)	(149)
Depreciation	(154)	(142)	(134)	15%	8%	(296)	(273)
Earnings Before Tax	(31)	(557)	(177)	83%	94%	(588)	(387)
Taxes	(38)	210	133			172	189
Earnings After Tax	(69)	(347)	(44)	-55%	80%	(416)	(198)
Minority Interest	15	2	(7)			17	(10)
Earnings after Minority Interest	(84)	(348)	(38)	-123%	76%	(432)	(187)

Exceptional item

- Q2 FY24 exceptional item pertains to proceeds from Vizag plant insurance claim post Q1'23 incident
- Q1 FY24 exceptional item comprised of INR 207mn pertains to charges towards revamping of API Manufacturing Operations and INR 28mn towards Tarapur settlement pay, asset write downs





Key Balance Sheet Items

All values in ₹ Mn

Particulars	Sep-23*	Mar-23*
Shareholders' Funds	6,317	6,987
Minority Interest	510	504
Net Debt	3,593	3,561
Tangible Assets	3,355	3,521
Intangible Assets	2,923	3,085
Working Capital	3,595	4,261

- **Working capital lower on account of:**
 - INR ~400mn Turkey translation impact
 - Effective payable management and vendor financing

**Sep'23 & Mar'23 reported numbers are adjusted for impact of hyperinflation accounting in Turkey as per IndAS 29 - 'Accounting for Hyperinflationary economies'*







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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**

