



# Investor Presentation

## Merger Proposal

SEQUENT SCIENTIFIC LIMITED

27 September 2024

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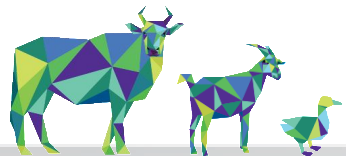
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**Target Overview**



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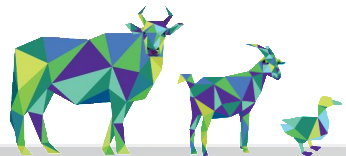
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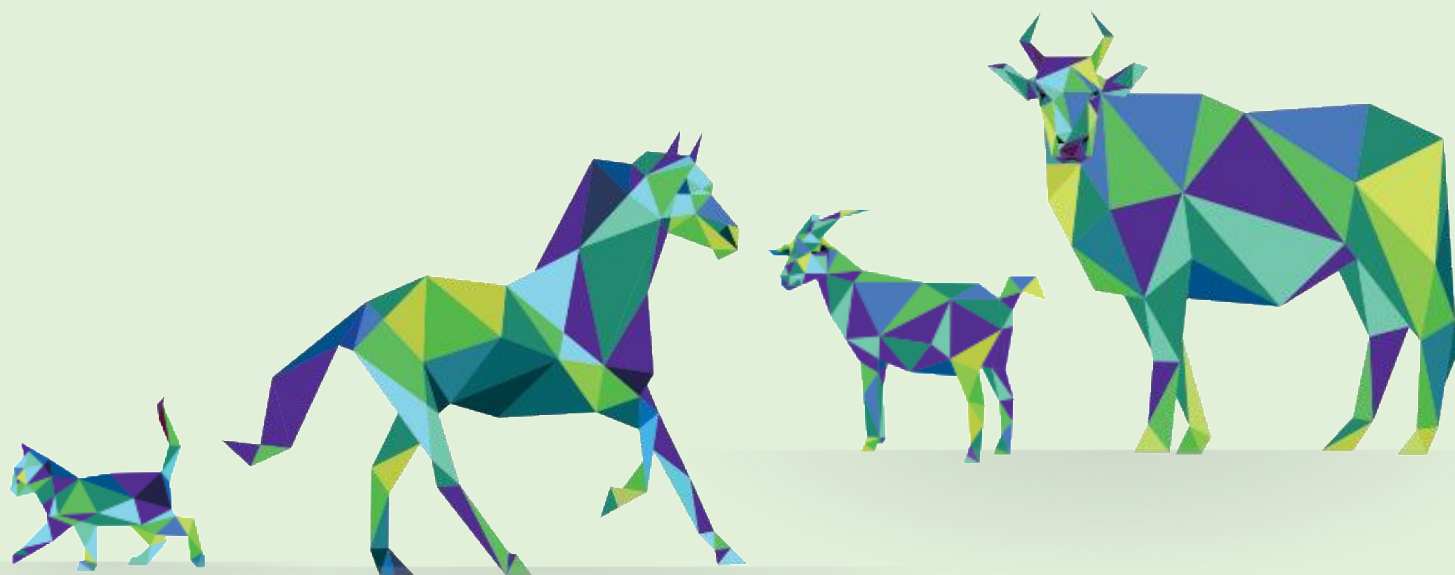
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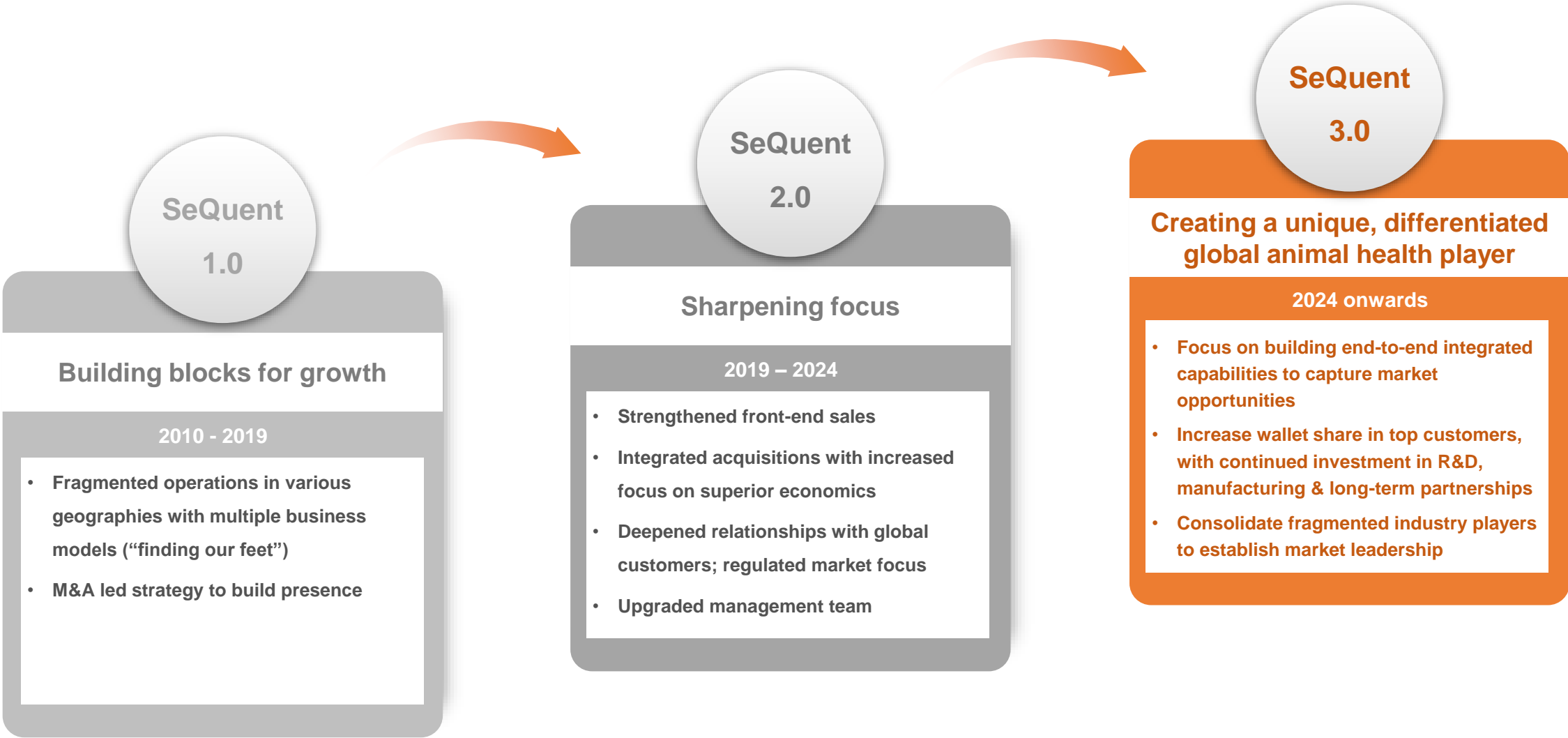
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## Strategic Focus

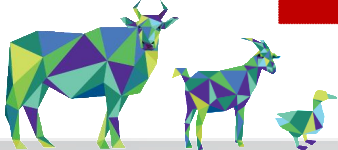
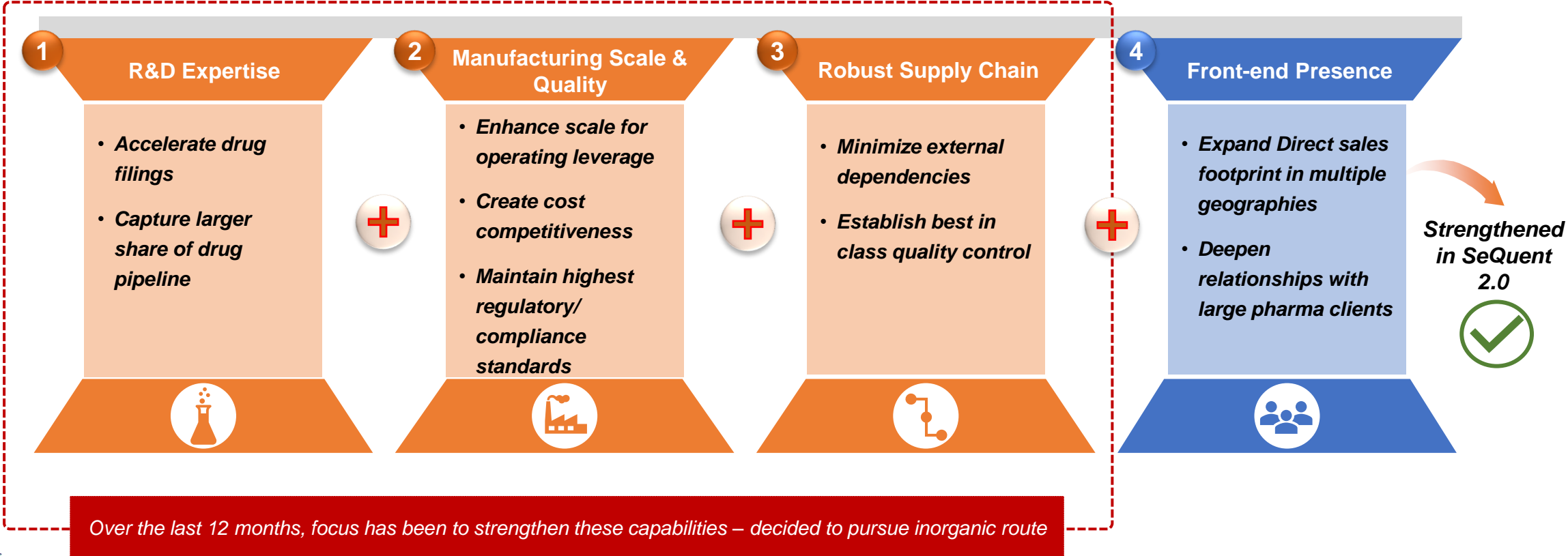


# Embarking on SeQuent 3.0

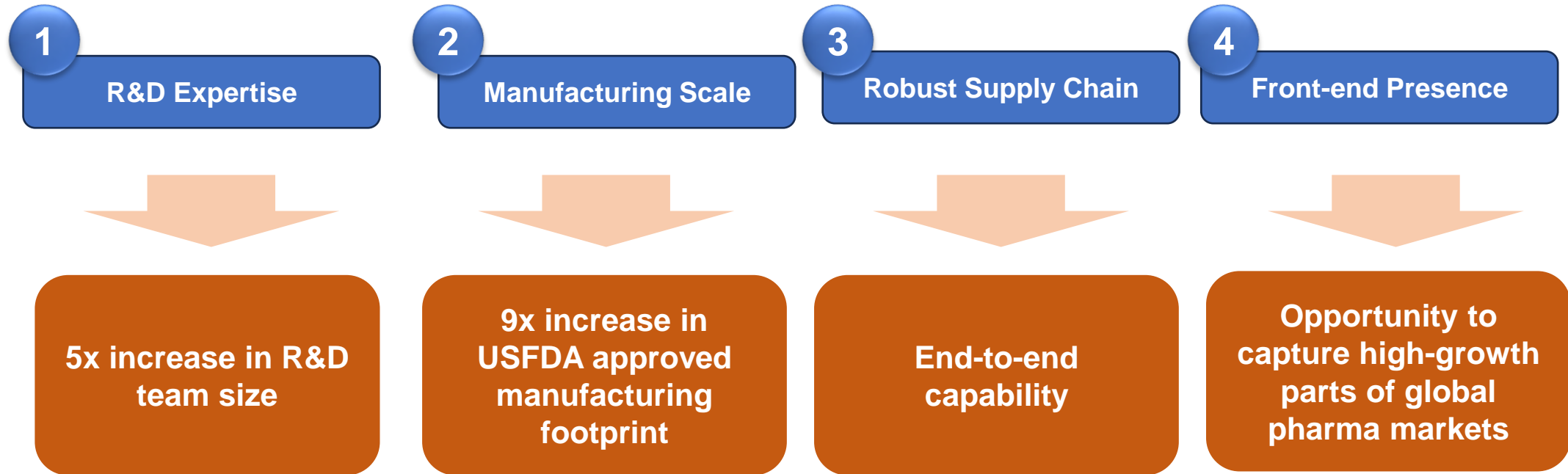


# SeQuent 3.0 – Key Pillars of Our Strategy

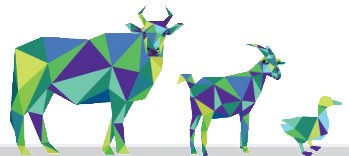
A unique, differentiated, and scaled global animal health leader with end-to-end integrated capabilities



# Adopted an Inorganic Merger Route To Significantly Strengthen The Pillars



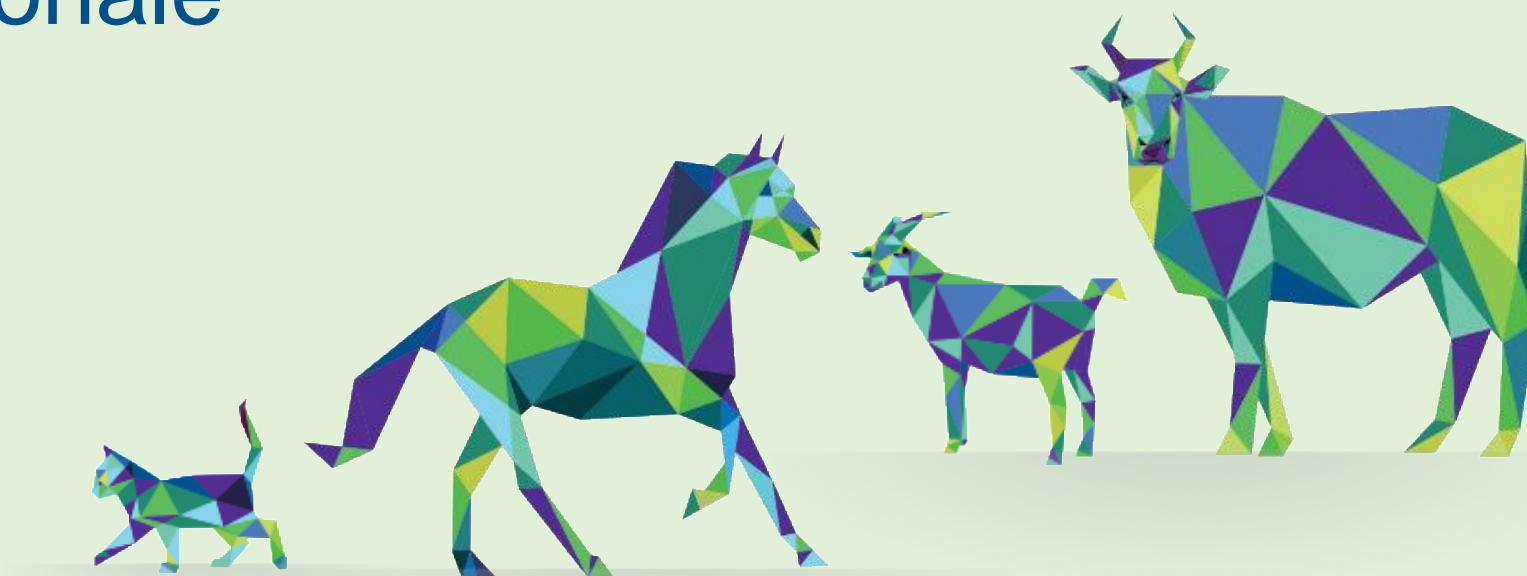
With the proposed merger, all enabling pillars will be in place to deliver SeQuent 3.0's roadmap



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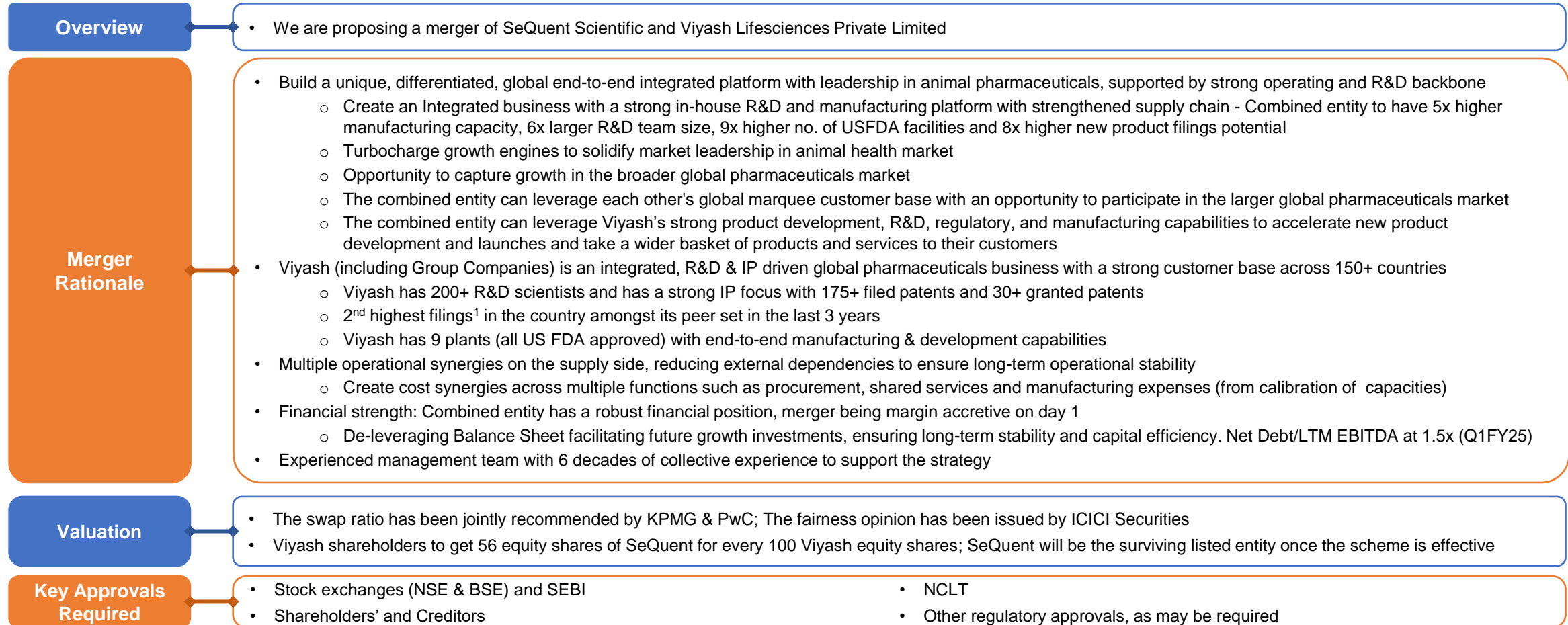
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## Transaction Rationale

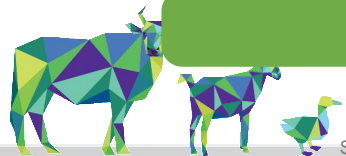




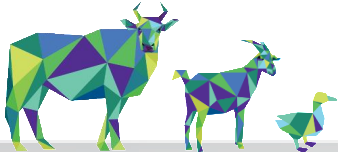
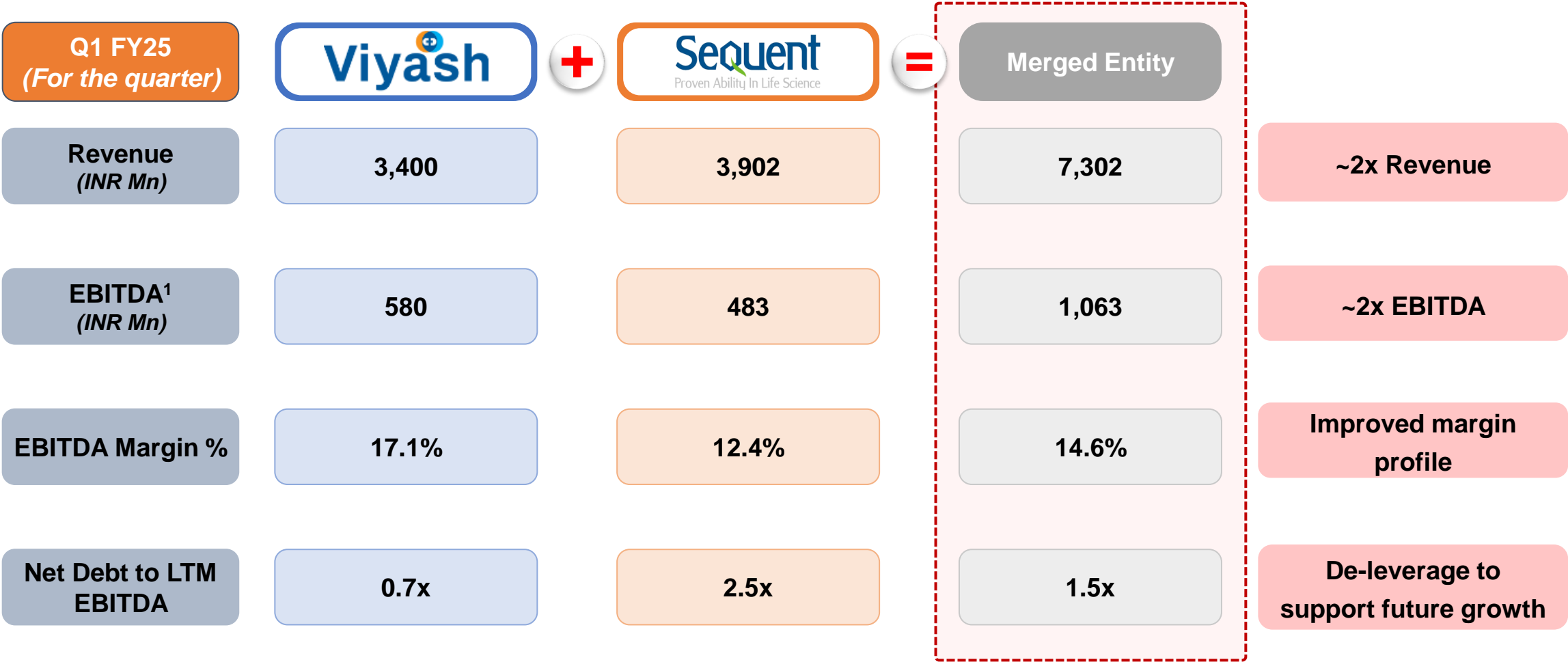
# Transaction Summary



**Proposed merger expected to be EBITDA margin accretive and de-lever SeQuent's Balance Sheet**



# Superior Financial Profile of the Merged Entity with Healthy Balance Sheet To Support Future Expansion

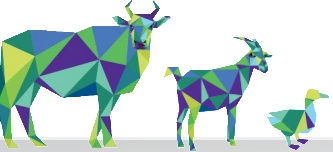


Notes: 1. EBITDA for Viyash is adjusted for ESOP costs, call option impairments and includes Forex gains; EBITDA for SeQuent is adjusted for ESOP Costs

# Strong R&D, Superior Scale, Integrated Supply Chain, and Enhanced Front-end Presence

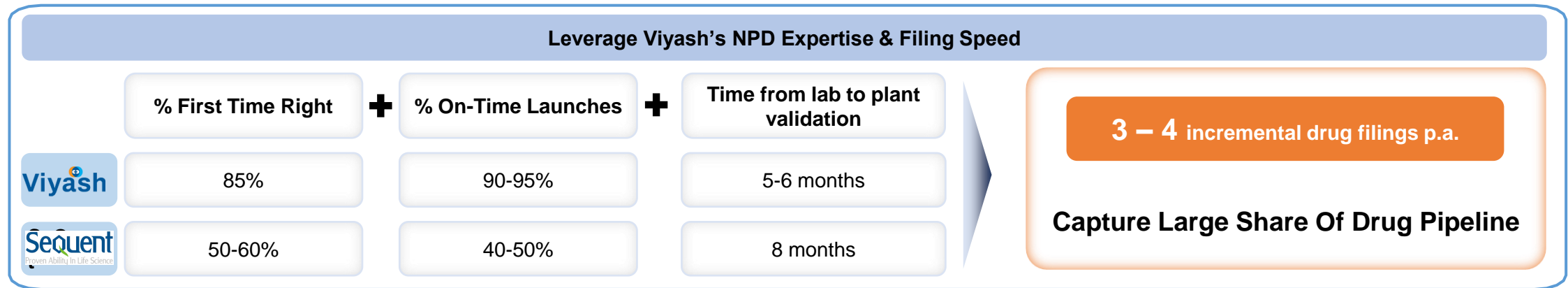
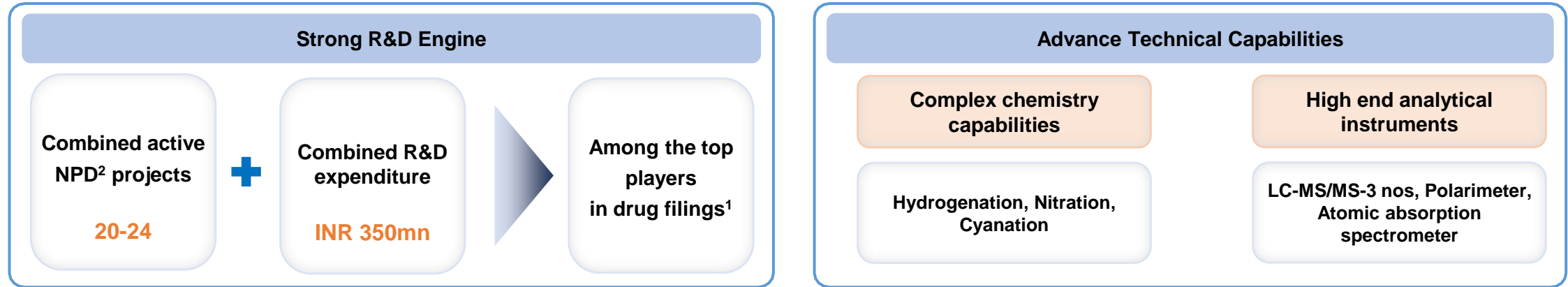
	<i>R&amp;D Expertise</i>	<i>Manufacturing Scale</i>			<i>Robust Supply Chain</i>	<i>Front-end Presence</i>
	R&D Team size	Manufacturing capacity	Manufacturing facilities	USFDA approved units	Minimizing External Dependencies	Marquee Customers (\$1Bn+ annual revenue)
	200+	2,040 kL	9	9	<p><i>In-sourcing manufacturing given end-to-end integrated capabilities</i></p> <p><i>Scale to deliver procurement savings</i></p>	5
	35+	370 kL	7	1		5
	235+	2,400 kL	16	10		10
	6x	5x	2x	10x		2x

Merger will enable SeQuent to transform into a unique, differentiated, and end-to-end integrated global animal health player

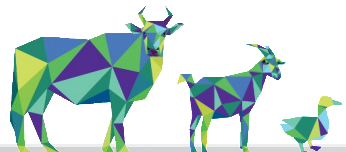


Source: Management data & commercial due diligence analysis

# R&D: Market Leadership In Drug Filings Driven By Strong R&D Engine And Faster Time To Market



Large Scale Proven R&D Capabilities To Accelerate New Product Development



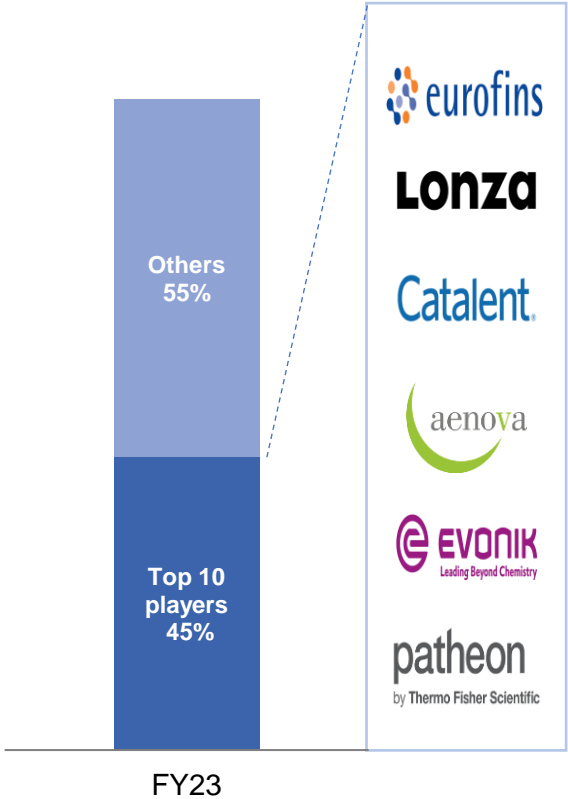
Source: Management data & commercial due diligence analysis

1. DMFs filed in period of 2021- Q1'2024

2. NPS: New Product Development

# R&D: Leveraging Strong Execution & Track Record To Build a CDMO Powerhouse






## Global Animal Health CDMO Market

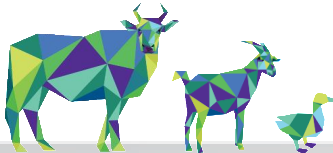


## Recent Animal Health CDMO wins in India

- Global Top 5 AH player  
✗  
Indian API player
- Global Top 3 AH player  
✗  
Indian API player
- Global Top 5 AH player  
✗  
Indian API player

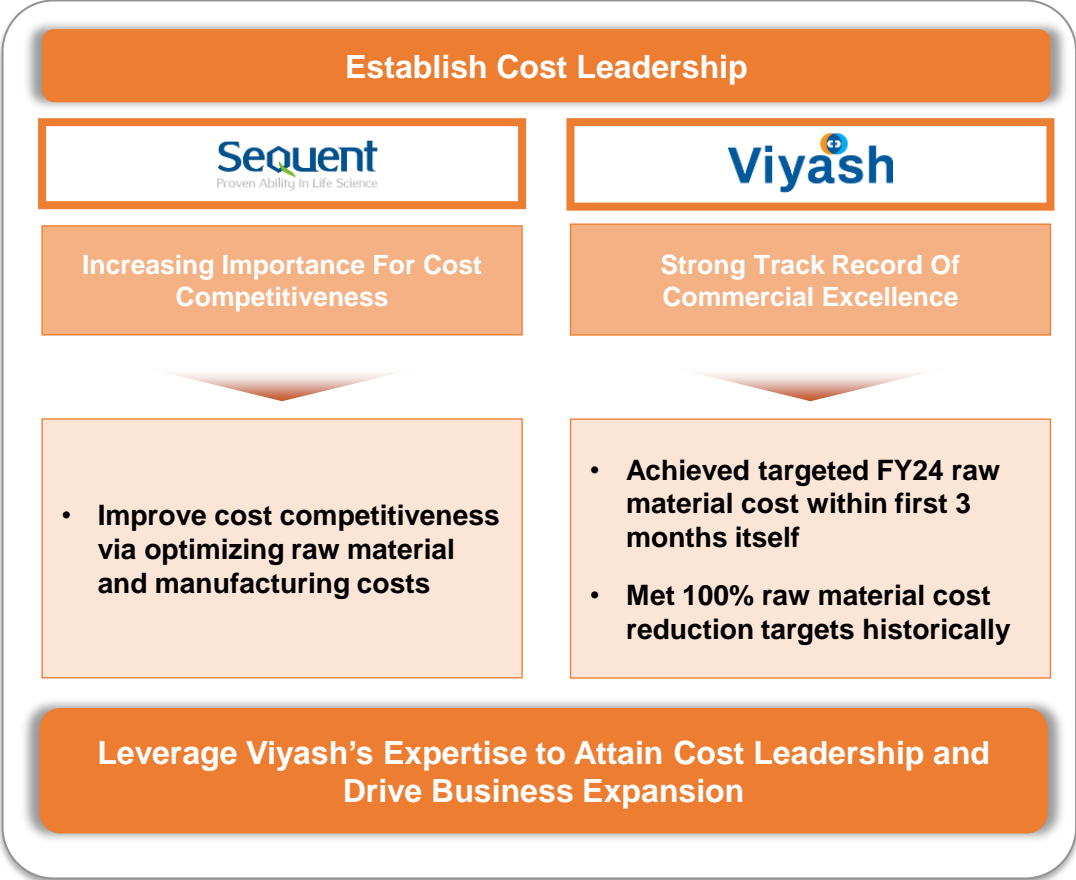
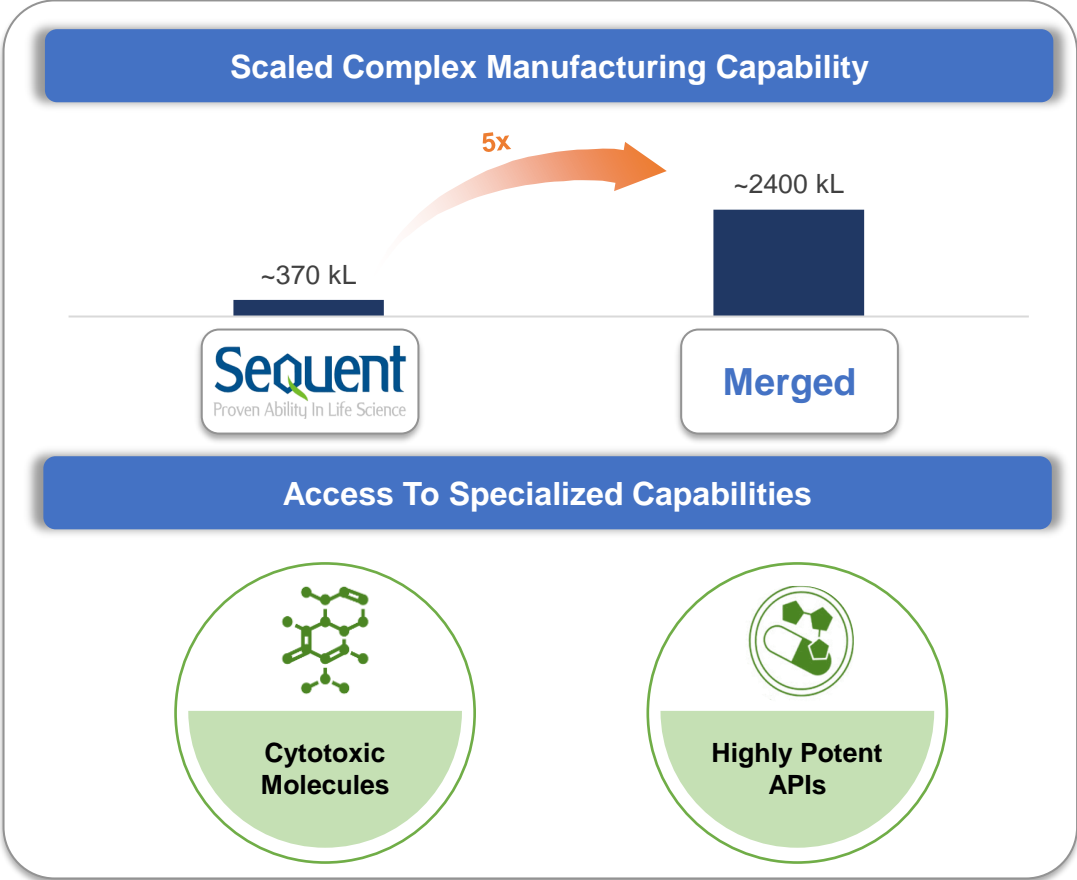
## Viyash's Strong Execution Track Record

<p><b>High OTIF rates</b></p> <p>90-95% on-time launches</p> 	<p><b>Strong client advocacy</b></p> <p>67% proposal win rates</p> 	<p><b>Flawless regulatory focus</b></p> <p>No OAI in 15 years; 28 US FDA inspections</p> 
<p><b>Robust technical capabilities</b></p> <p>8-10 molecules added annually</p> 	<p><b>Superior Project Management</b></p> <p>Dedicated BU head &amp; regional BD managers</p> 	<p><b>Wide spectrum of services</b></p> <ul style="list-style-type: none"> <li>Co-Development</li> <li>Exclusive CDMO</li> <li>Pure CMO service</li> </ul>

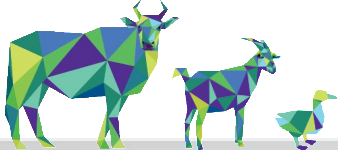


Source: Management data & commercial due diligence analysis  
 Note CDMO - Contract Development and Manufacturing Organization; OTIF – On-Time, In-Full

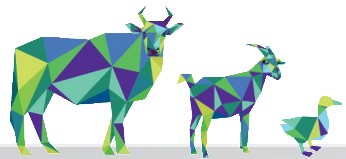
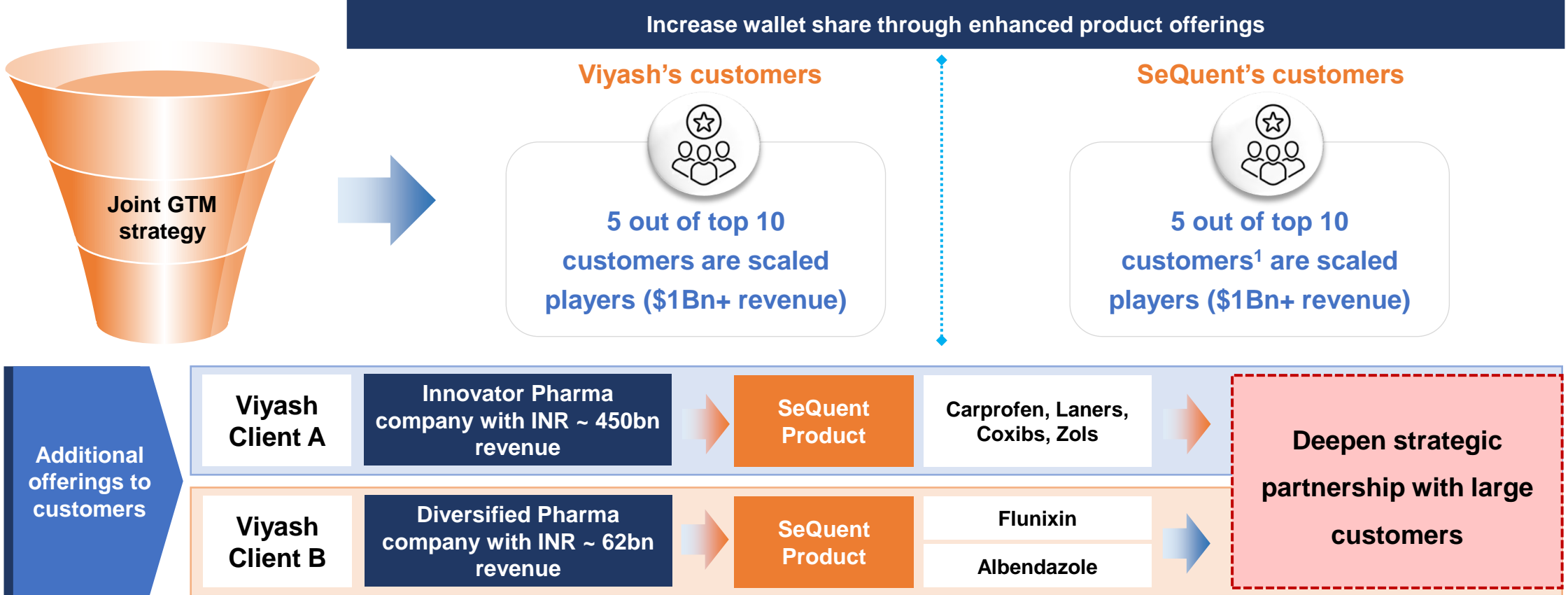
# Manufacturing: Scaled Complex Manufacturing Capabilities with Excellent Track Record of Achieving Cost Leadership



**Leverage 2,400 kL Specialized Manufacturing Capability And Enhance Cost Competitiveness Via Commercial Excellence**



# Enhance Front-end Presence: Increase Wallet Share In Strategic Customers Through Joint GTM Capabilities

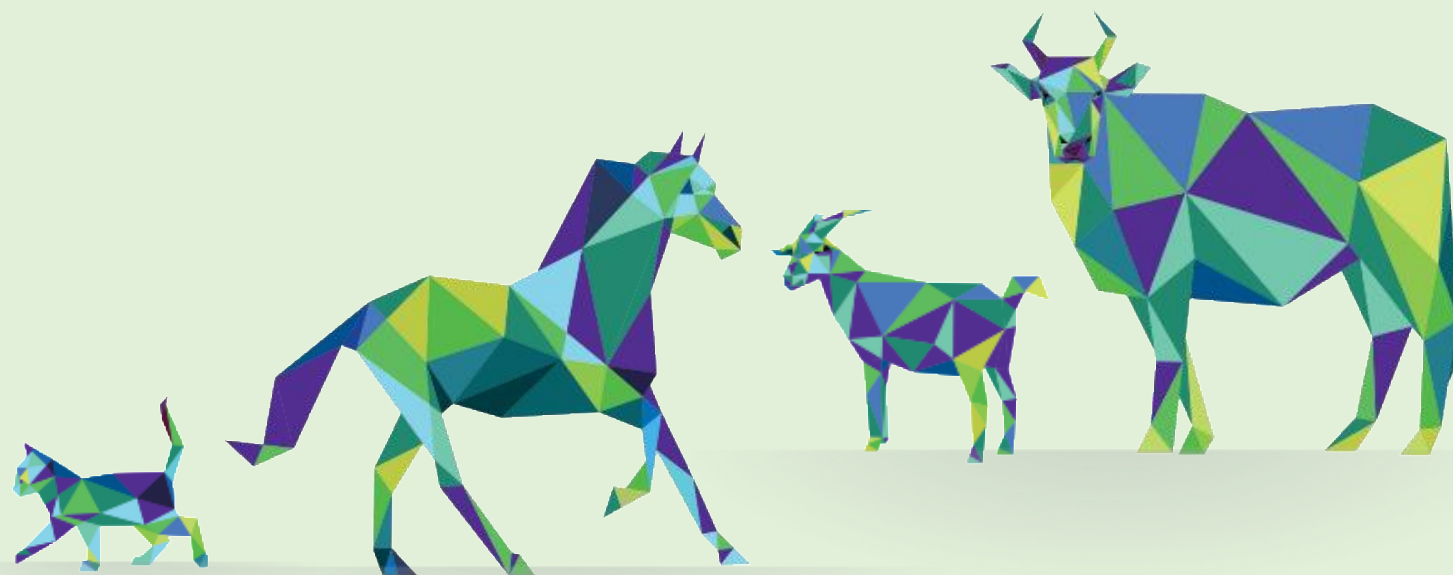


Source: Management data  
Note 1. Customers of API Business

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## Target Overview

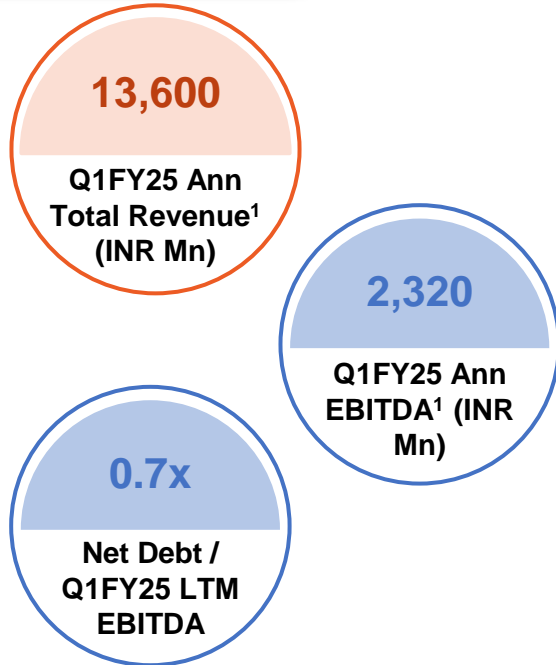




# Viyash Business Overview

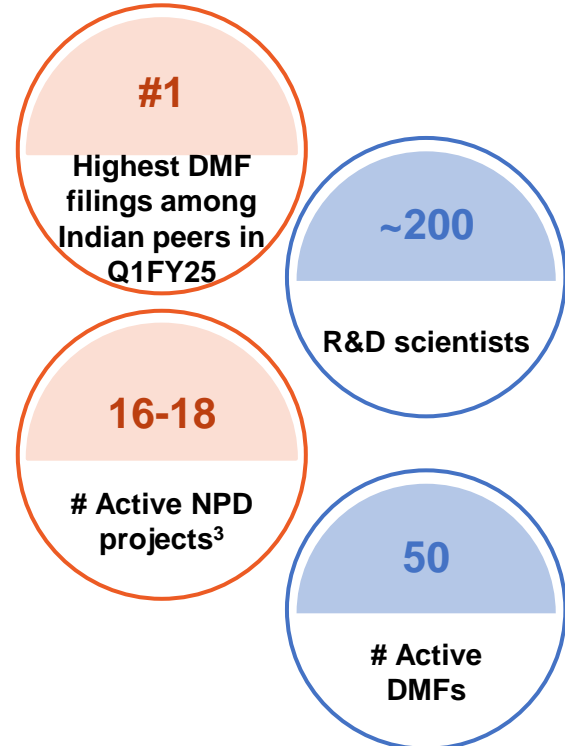
Integrated pharmaceutical company with a strong portfolio of APIs & API ++

## Financial Metrics

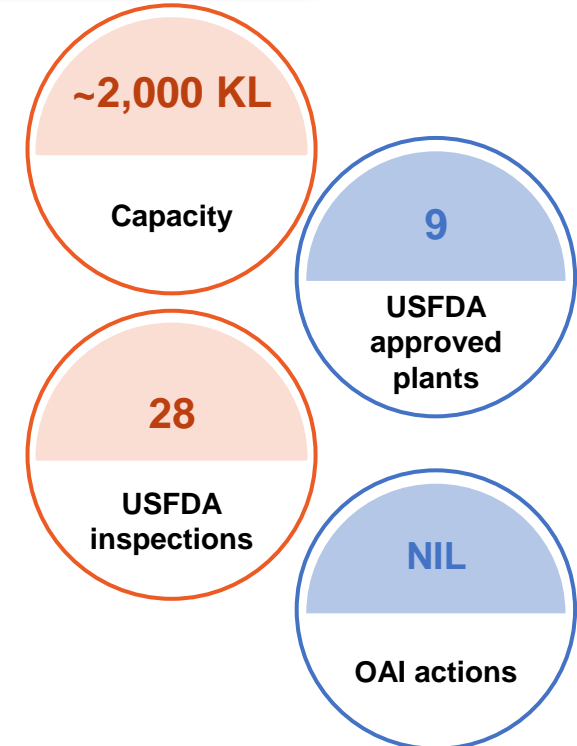


Delivered 35% Revenue CAGR (FY21-24) & 100% EBITDA CAGR (FY21-24)

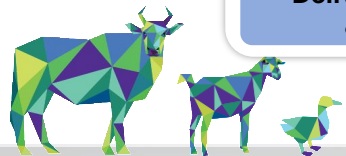
## R&D Metrics



## Regulatory & Operational Footprint



High regulatory compliance with zero OAIs



# Strong Business Profile

Experienced management team with 6 decades of collective experience to support the strategy

Robust pipeline in fast growing markets including oncology (~40% molecules have market size of \$1Bn+)

Marquee customer profile – Caters to 5 large pharma companies (\$1Bn+ in revenue)

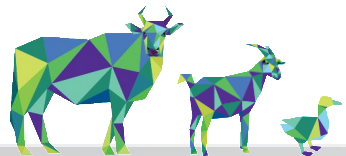
Market leadership – Top 3 supplier globally in 5 out of 7 focus molecules

Attractive product basket – Diversified therapy areas across anti-inflammatory & anti-psychotics

Regulated market play across USA & Europe

Scaled operations –9 facilities with a combined capacity of ~2,000 KL. No OAI's across 28 inspections over 15 years

Strong focus on quality with robust R&D proficiency ~28 DMFs filed in last 3 years

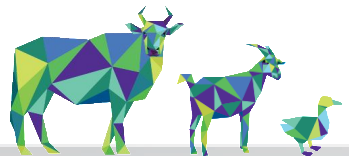


# Experienced CEO with Strong Operational Expertise & 3+ Decades Of Global Pharma Experience



**Dr. Hari Babu Bodepudi**  
*Whole-time Director & CEO*

- 30 years of industry experience with roles in research, manufacturing, quality and operations for APIs & oral solids
- Former CEO, Mylan India & Global COO, Mylan - Led operations & manufacturing at Mylan (Global COO) for 50+ plants and \$6bn+ of direct and indirect costs across geographies
- Experience in global supply chain, API R&D, quality and commercial operations
- PhD in Organic Chemistry from Andhra University
- Founded Viyash Life Sciences 6 years ago



# Highly Experienced Management Team



**Dr. Srihari Raju Kalidindi**  
*Founder & Non-Executive Director*

- 30 years of Industry experience in pharmaceutical research and development of complex APIs and finished dosage forms
- Past experience: Co-founder & ED, Laurus Labs & Mayne Pharma (now acquired by Pfizer) in Australia
- PhD in Organic Chemistry from Andhra University
- Stepped down as COO in Mar'23; Mentor to management team across functions



**Mr. Ramakant Singani**  
*Chief Financial Officer*

- 27 years of Industry experience



**Dr. Pramod Kumar**  
*SVP & Head – API R&D*

- 28 years of Industry experience



**Mr. Vasireddy Srinivas**  
*SVP & Head – API Operations*

- 33 years of Industry experience



**Mr. Samson Ponselvan**  
*Head – EHS*

- 24 years of Industry experience



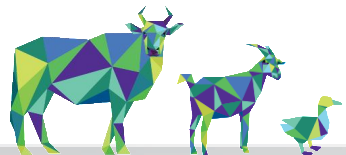
**Dr. AJ Reddy**  
*Head – SCM*

- 30 years of Industry experience



**Mr. Rajkamal Varshney**  
*SVP & Head – API Sales*

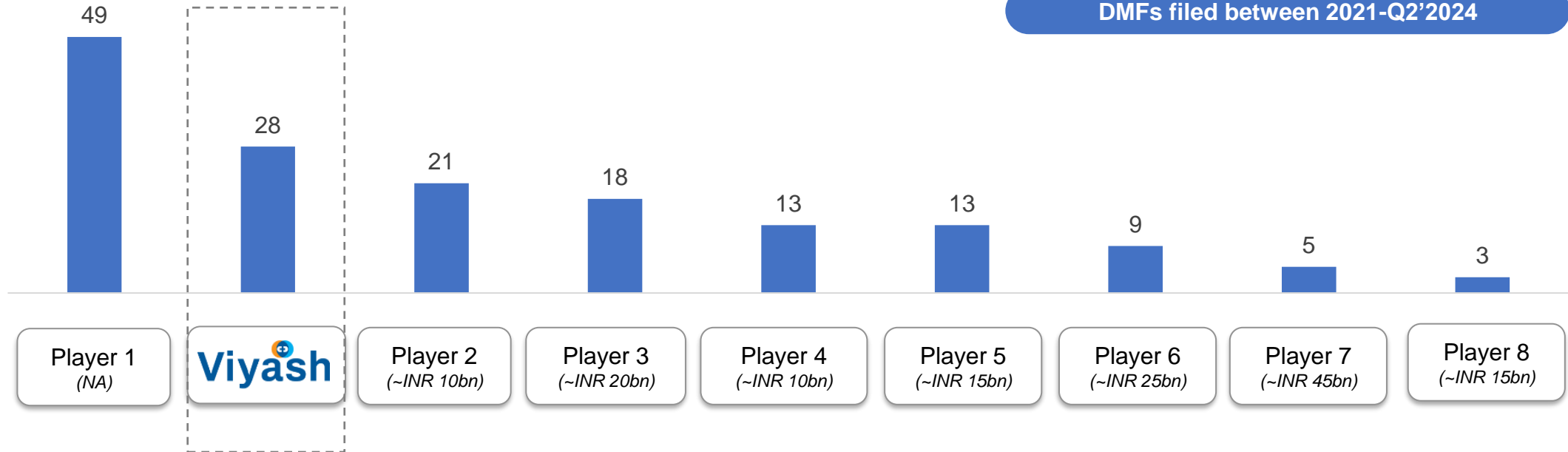
- 30 years of Industry experience



# Strong R&D Expertise: 2<sup>nd</sup> Highest Drug Filings Among Peers

US filings: Despite Nascent entry, Viyash is ahead of its peer set

DMFs filed between 2021-Q2'2024

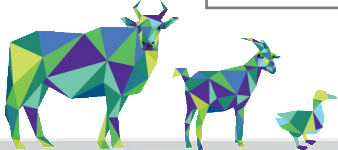
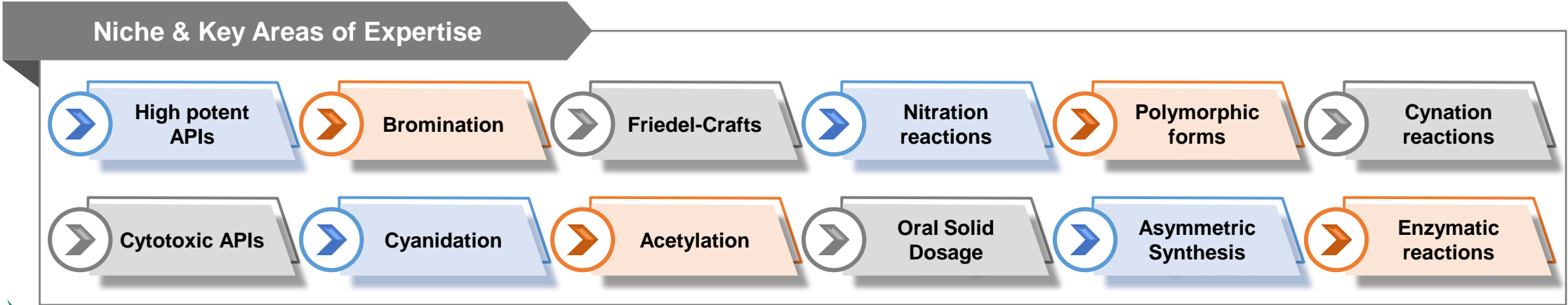
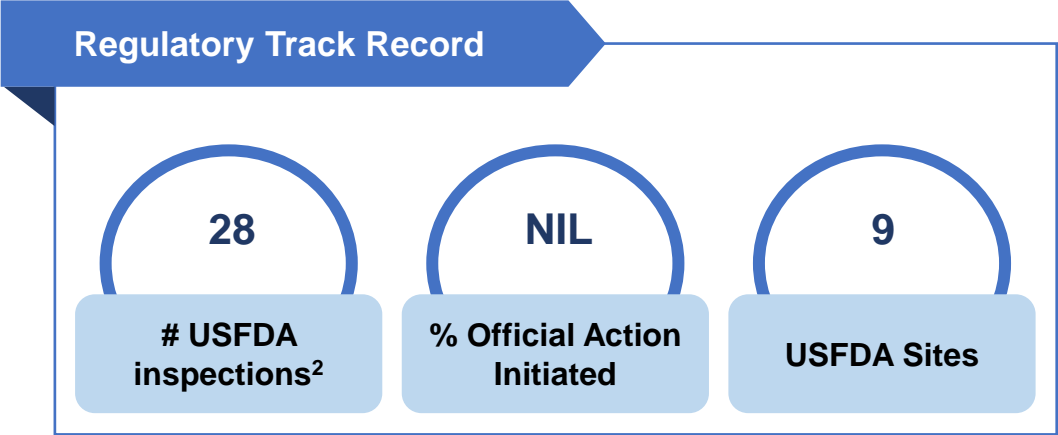
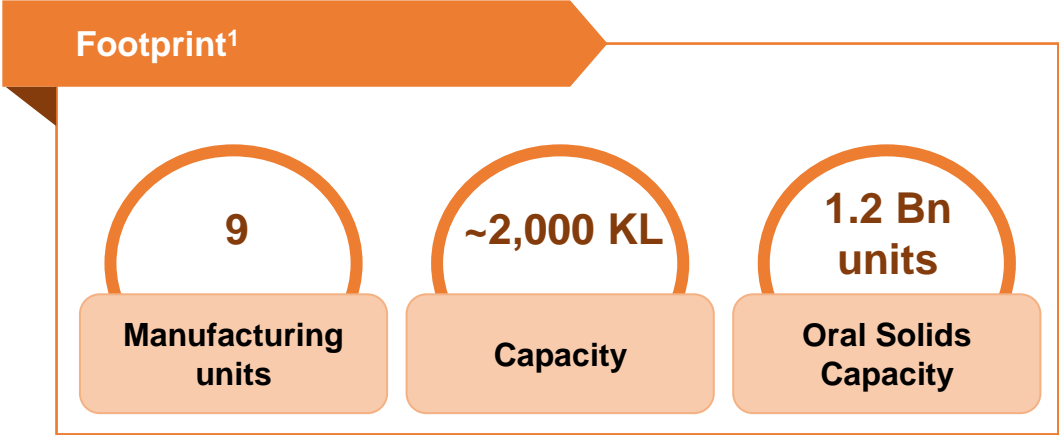


(INR xx bn – API Revenue FY24)

Continuing with its impressive track record, Viyash was the highest drug filer in Q1FY25 among its peer set



# Scaled & Specialized Manufacturing Capabilities With Excellent Regulatory Track Record (1/2)



Source: Company website & Management data  
 Note 1. All facilities are USFDA approved except Vandana Life Sciences & Symed Labs Limited, Unit-III 2. Over the course of 2009-2024



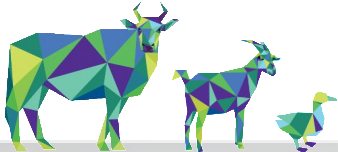
# Scaled & Specialized Manufacturing Capabilities With Excellent Regulatory Track Record (2/2)



## State-of-the art manufacturing facilities



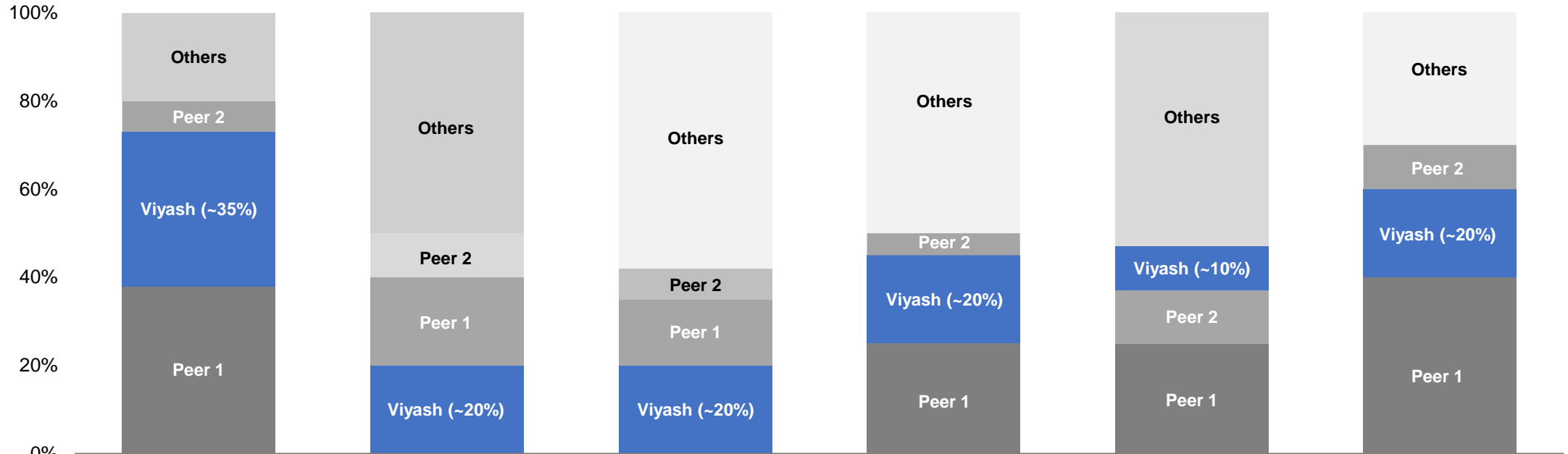
## Cutting-edge R&D Labs



Source: Company website & Management data  
Note 1. All facilities are USFDA approved except Vandana Life Sciences & Symed Labs Limited, Unit-III 2. Over the course of 2009-2024

# Leading Market Position In Focus Segments

Outsourced API - Market Share % (FY24)



Addressable API Market

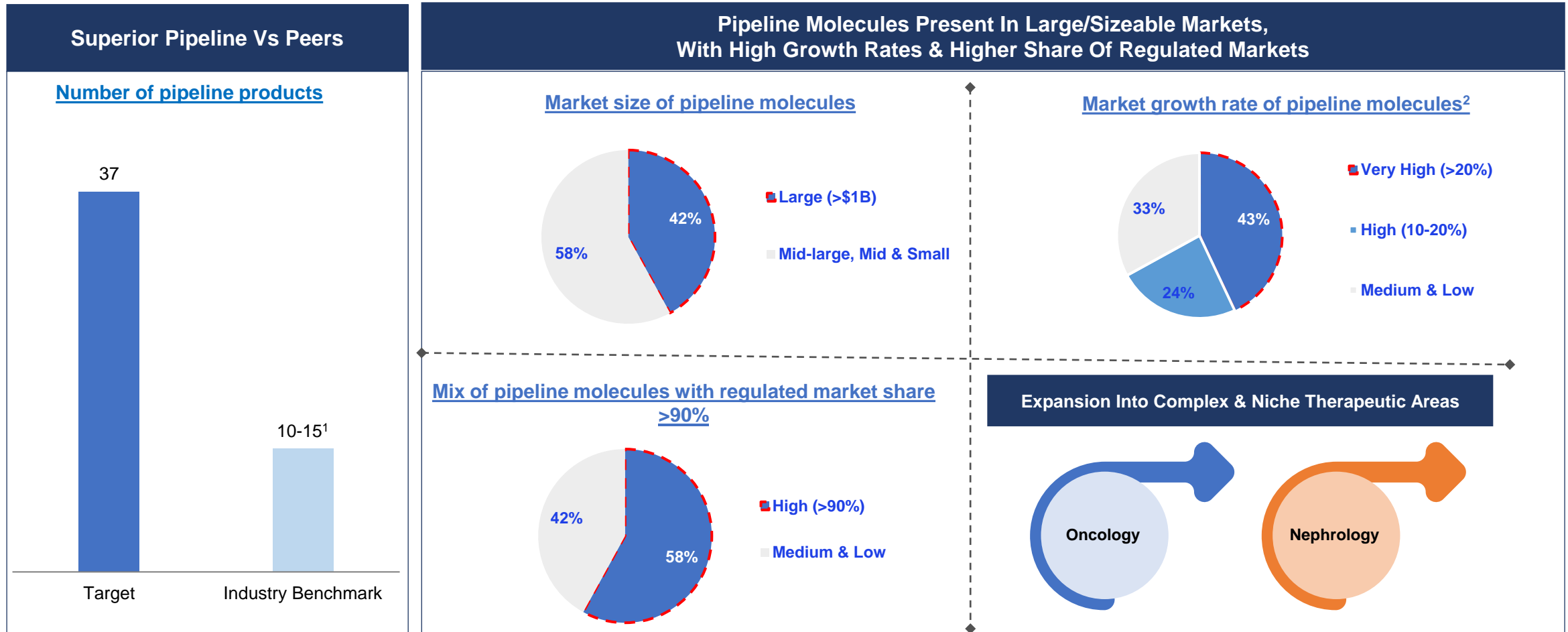
Market Position

~ INR 4,000mn	~ INR 2,400mn	~ INR 1,750mn	~ INR 1,300mn	~ INR 2,400mn	~ INR 1,250mn
Among Top 3 Player	Among Top 3 Player	Market Leader	Among Top 3 Player	Among Top 3 Player	Among Top 3 Player

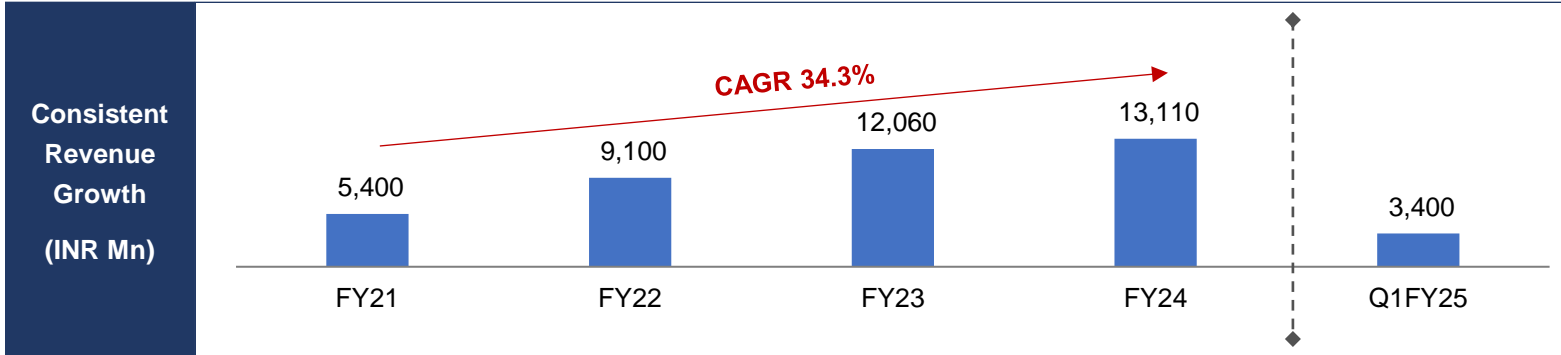




# Near-term Pipeline: High Quality Pipeline With ~40% Molecules Having \$1bn+ Market Opportunity

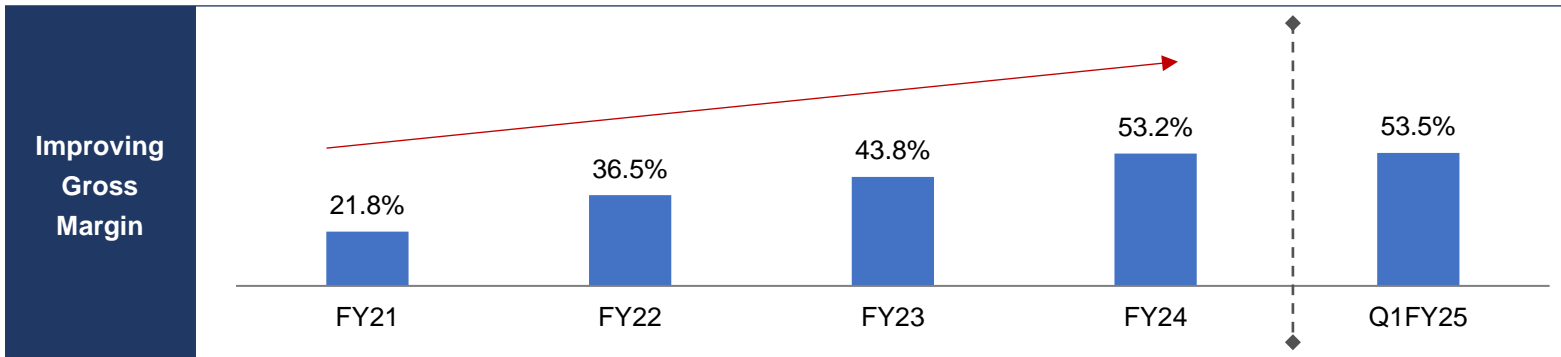


# Consistent Revenue Growth & Improving Margin Profile



## Factors driving revenue

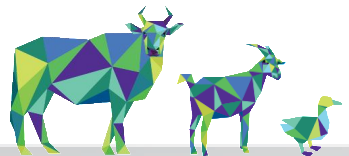
- Entered new accounts post FY22 & scaled these to INR 5 Cr+ by FY24
- Gains from existing customers through cross-selling & increasing Share of wallet (SoW)



## Factors driving margins

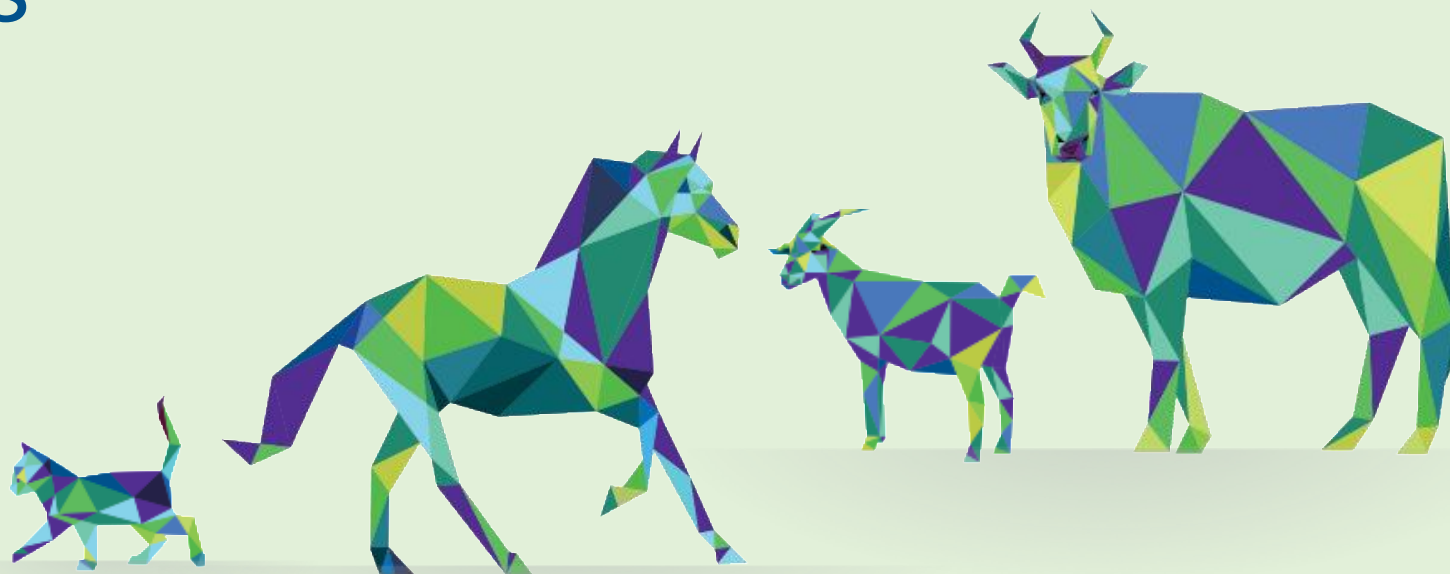
- Shift of product mix towards higher margin products
- Rationalization in procurement & manufacturing costs
- Commercial excellence measures undertaken to optimize raw material cost

Demonstrated growth in business with consistent improvement in gross margin



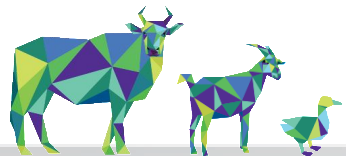
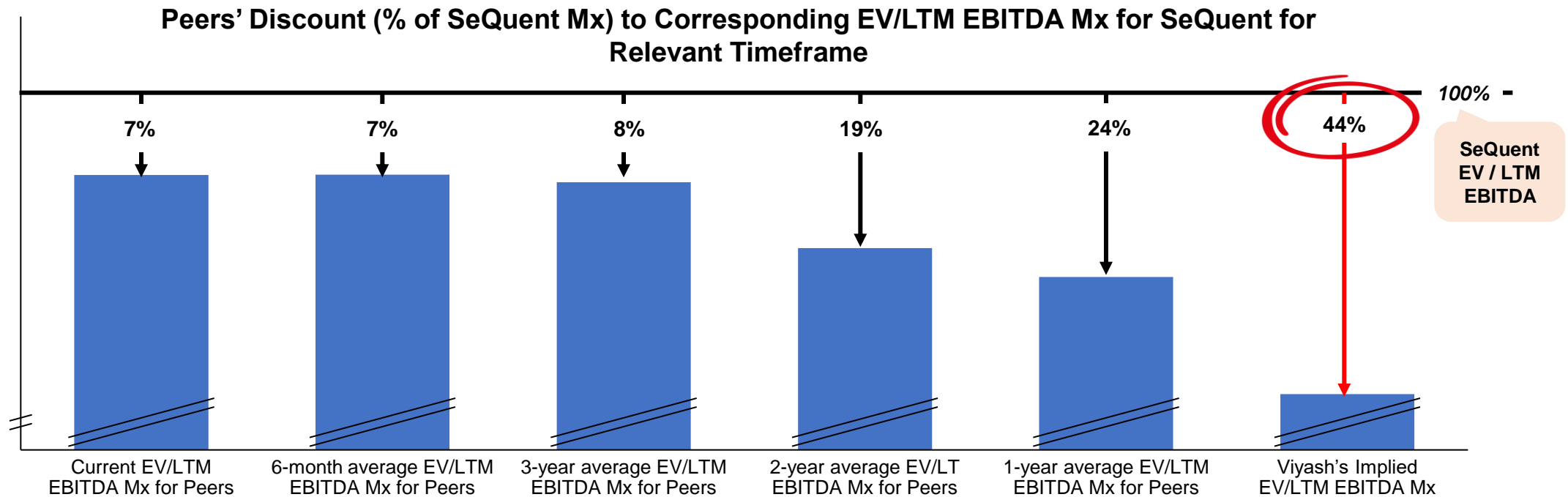
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## Transaction Details

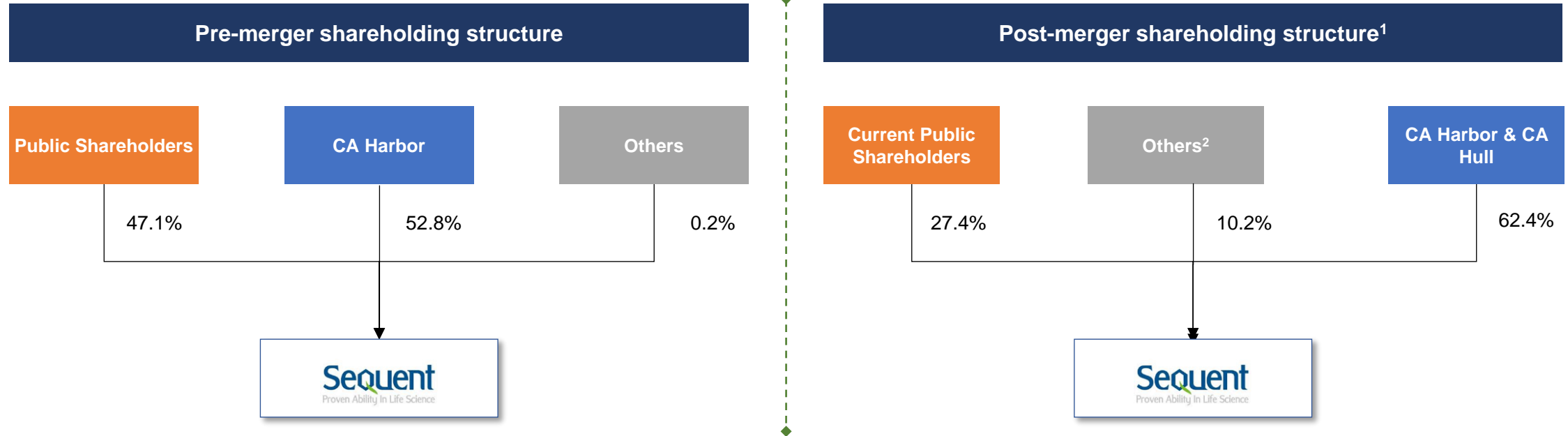


# Viyash's Implied Valuation Multiple is at a 44% Discount To SeQuent

## Peers discount to SeQuent multiple

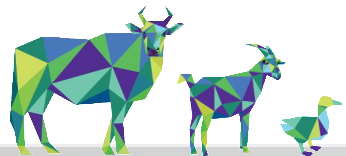


# Transaction Overview



**Swap ratio**

- Upon merger of Viyash with SeQuent, the shareholders of Viyash will be issued 56 shares of SeQuent as consideration for every 100 shares held in Viyash



TSO for SeQuent are 249,480,995 (Jun-24)

TSO for Viyash before merger with SeQuent are 320,459,890. Additionally, there are 40,710,138 warrants in Viyash

For the detailed scheme please refer to the press release disclosures

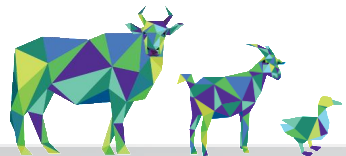
1. The shareholding structure is ex-warrants; warrants represent 5.0% of the company's total outstanding shareholding on a fully converted basis

2. Others includes shares to be issued to Viyash minority shareholders as part of this scheme of amalgamation

# Strong corporate governance practices followed while evaluating the potential merger

## Strong corporate governance practices followed while evaluating the potential merger

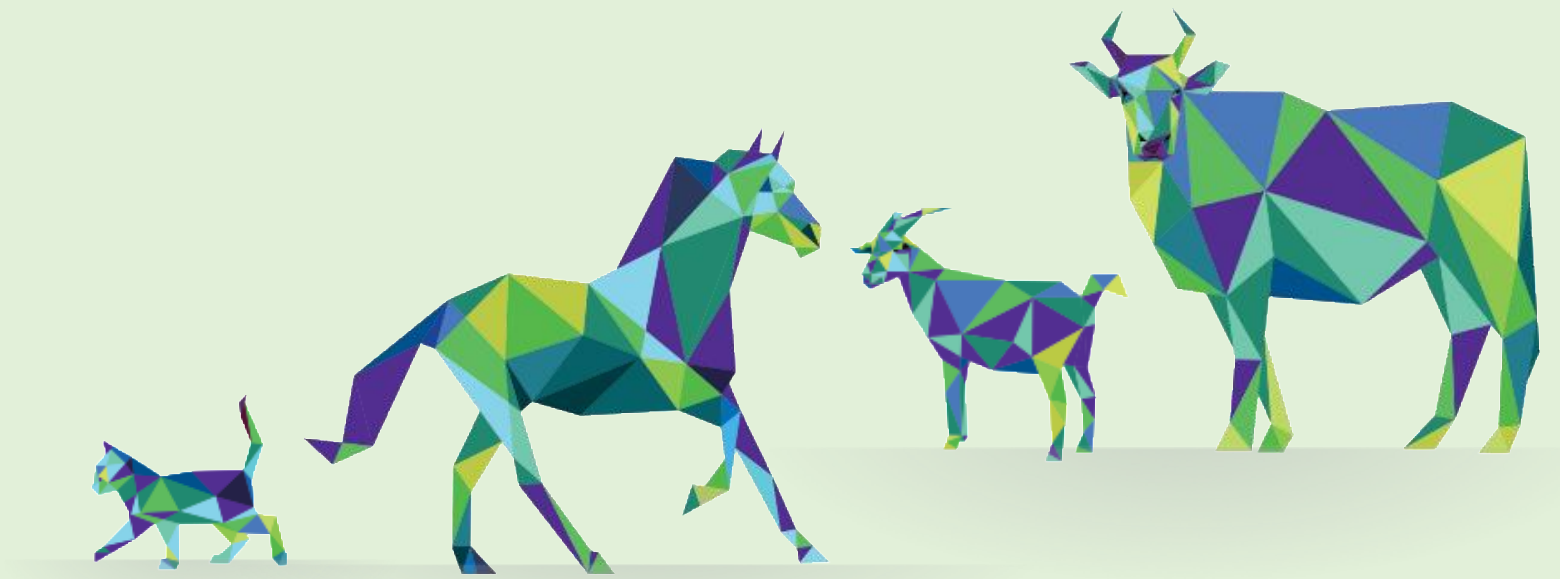
Deal Advisor	• Leading domestic investment bank	
Financial and Tax Advisor	• Leading advisory firms	
Independent Valuer	• Joint valuation report by industry leading valuers	
Fairness Opinion	• Leading domestic investment bank	
Legal Advisors	• Marquee legal advisors	
Commercial Diligence	• Global management consulting firm appointed for assessment of target, potential synergies & evaluating the business plan	



05

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## Annexure



# Merged Entity P&L – Snapshot

INR Mn	Viyash		SeQuent		Combined	
	FY24	Q1'25	FY24	Q1'25	FY24	Q1'25
<b>Revenue</b>	<b>13,110</b>	<b>3,400</b>	<b>13,697</b>	<b>3,902</b>	<b>26,807</b>	<b>7,302</b>
Cost of goods sold	(6,142)	(1,580)	(7,597)	(2,143)	(13,739)	(3,723)
Gross profit	6,968	1,820	6,100	1,759	13,068	3,579
Margin %	53.2%	53.5%	44.5%	45.1%	48.7%	49.0%
<b>EBITDA<sup>1</sup></b>	<b>1,671</b>	<b>580</b>	<b>1,068</b>	<b>483</b>	<b>2,739</b>	<b>1,063</b>
<b>Margin %</b>	<b>12.7%</b>	<b>17.1%</b>	<b>7.8%</b>	<b>12.4%</b>	<b>10.2%</b>	<b>14.6%</b>
Other income	536	35	110	27	646	62
Depreciation & Amortization	(1,653)	(413)	(615)	(162)	(2,268)	(575)
Finance cost	(332)	(79)	(481)	(164)	(813)	(243)
Other Items	(219)	(68)	(628)	(64)	(847)	(132)
<b>PBT</b>	<b>3</b>	<b>56</b>	<b>(546)</b>	<b>120</b>	<b>(543)</b>	<b>176</b>
Tax	(88)	(68)	245	(29)	156	(97)
Profit / (Loss) after tax	<b>(85)</b>	<b>(12)</b>	<b>(302)</b>	<b>91</b>	<b>(387)</b>	<b>79</b>
<b>Margin %</b>	<b>-0.6%</b>	<b>-0.3%</b>	<b>-2.2%</b>	<b>2.3%</b>	<b>-1.4%</b>	<b>1.1%</b>
<b>Adjusted PAT (Adj for amortization of acquisition intangibles)</b>	<b>905</b>	<b>233</b>	<b>(302)</b>	<b>91</b>	<b>603</b>	<b>324</b>

