

Viyash Scientific

Entering investment phase after a transformational year; maintain BUY

Beating our revenue estimate by 6%, Viyash Scientific (Viyash) reported 19/63% y/y surge in revenue/EBITDA in Q4FY26 with EBITDA surpassing Rs2bn and PAT turning positive. Formulations/API grew 28/5% to Rs5/3.8bn with soft API growth on account of management de-prioritising low-margin commodity intermediate/API businesses and optimising portfolio towards high-quality, higher-margin products. Integration synergies are tracking at Rs500-600m annualised, with total synergies of Rs1.25-1.5bn expected over the next 12-18 months. The company is now entering its investment phase – scaling companion animal R&D 5-6x, expanding CDMO with 8-10 innovator relationships, and building complex product capabilities in oncology. We maintain BUY rating on the stock with a revised TP of Rs310 (from Rs270 earlier), valuing it at 14x FY28e EV/EBITDA.

Strong Segmental Performance across Formulations and API:

Formulations revenue grew 28% y/y to Rs4.99bn in Q4FY26, led by strong Animal Health traction and complex product expansion, while API revenue grew 5% to Rs3.84bn, as Animal Health API recovered to ~Rs4bn run-rate (partially offset by low-margin commodity intermediate/API to high-margin complex APIs shift). The management expects double-digit API growth from FY27 onwards, supported by an improving mix and upcoming oncology-focused Encore Lab.

CDMO and Innovator Biz Scaling up with Strong Pipeline Visibility: The specialty CDMO/innovator business (~Rs20-23bn) is witnessing strong traction with long-term innovator partnerships across human and animal health, with management expecting ~40% growth in lifecycle management revenue in FY27 and a strong future pipeline from complex specialty launches starting FY29-30.

Companion Animal – Strategic Growth Engine for Next 5-6 Years:

Companion animal health is a key strategic focus of the company given its high-margin opportunity and low generic penetration in Europe, with the company scaling R&D, infrastructure and partnerships (including Boehringer Ingelheim for India distribution), while targeting 7-8 new product launches annually and positioning FY27 as a platform-building year.

Outlook and Valuation: FY26 marked a transformational year with full business integration completed, while management targets 15% revenue CAGR and ~Rs10bn EBITDA by FY29 driven by: (a) Companion Animal expansion; (b) CDMO scale-up, complex product launches, synergy benefits; and (c) improving operating leverage owing to lower amortisation and interest cost. Upwardly revising our EBITDA estimate for FY27/28e, we maintain BUY rating on the stock with a revised TP of Rs310 (from Rs270 earlier), valuing it at 14x FY28e EV/EBITDA. **Key Risks:** (a) Higher RM cost led by extended geopolitical disruptions; (b) regulatory challenges in the US companion animal market; (c) acquisition integration risks; and (d) working capital pressure from fast-growing emerging markets.

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Rating: **BUY**

Target Price (12-mth): Rs.310

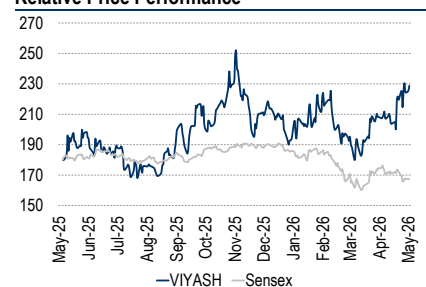
Share Price: Rs.252

Key Data	VIYASH IN / SEQU.BO
52-week high / low	Rs258 / 166
Sensex / Nifty	75201 / 23618
Market cap	Rs83bn
Shares outstanding	436m

Shareholding Pattern (%)	Mar'26	Dec'25	Sep'25
Promoters	61.31	61.41	52.33
- of which, Pledged	-	-	-
Free float	38.69	38.59	47.67
- Foreign institutions	2.94	3.16	5.90
- Domestic institutions	7.98	7.36	12.91
- Public	27.75	28.06	28.85

Estimates Revision (%)	FY27e	FY28e
Sales	(1.0)	(0.3)
EBITDA	5.2	10.7
PAT	5.3	14.4

Relative Price Performance



Source: Bloomberg

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Research Analyst

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Research Analyst

Quick Glance – Financial and Valuations (Consolidated)

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Revenues	26,807	30,068	34,203	39,334	45,037
Growth (%)	2.0	12.2	13.8	15.0	14.5
Raw material	13,739	14,702	15,627	17,700	20,041
Employee & other expens.	10,407	11,497	12,051	14,160	15,988
EBITDA	2,661	3,869	6,525	7,473	9,007
EBITDA margins (%)	9.9	12.9	19.1	19.0	20.0
- Depreciation	2,268	2,387	2,336	1,663	1,256
Other income	612	329	436	479	527
Interest expense	813	864	692	300	100
PBT	-543	132	3,490	5,989	8,178
Effective tax rates (%)	84.4	2.7	31.6	27.0	27.0
+ Associates / (Minorities)	-	-	-	-	-
Adj. income	246	1,048	2,215	4,292	5,864
Extraord. items (loss)/profit	-735	-816	-442	-	-
Reported PAT	-489	232	1,773	4,292	5,864
WANS	429	250	437	437	437
FDEPS (Rs)	0.6	4.2	5.1	9.8	13.4

Fig 2 – Balance Sheet (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Share capital	858	501	874	874	874
Net worth	20,364	24,316	29,111	33,403	39,267
Debt	7,469	6,543	4,898	655	655
Minority interest	1,312	1,334	2,037	2,117	2,224
Deferred tax liability / (asset)	-	-1,081	-506	-	-
Capital employed	29,145	31,111	35,539	36,175	42,146
Net tangible assets	10,592	11,275	11,379	11,379	11,379
Goodwill	10,663	10,048	9,668	9,388	9,388
CWIP (tang. and intang.)	283	428	687	687	687
Investments (strategic)	9	0	0	0	0
Investments (financial)	219	1	1	1	1
Current assets (excl. C&CE)	17,258	16,874	21,018	17,512	19,635
Cash	1,956	1,572	2,697	5,221	10,059
Current liabilities	11,835	9,087	9,911	8,013	9,002
Working capital	5,423	7,787	11,107	9,499	10,633
Capital deployed	29,145	31,111	35,539	36,175	42,146

Fig 3 – Cashflow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
PBT	192	132	3,490	5,989	8,178
+ Non-cash items	3,081	3,251	3,029	1,963	1,356
Oper. profit before WC changes	3,273	3,383	6,519	7,952	9,534
- Incr./ (decr.) in WC	1,208	741	3,292	-3,552	1,134
Others incl. taxes	318	-807	740	2,096	2,735
Operating cash-flow	1,747	3,448	2,487	9,409	5,666
- Capex (tangible + intangible)	470	871	978	1,383	1,256
Free cash-flow	1,277	2,578	1,509	8,026	4,410
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)	1	19	49	-	-
+ Equity raised	-	-3,201	-1,719	-	-
+ Debt raised	548	-1,538	-2,213	-4,542	-100
- Fin. investments	-148	3,602	-137	-479	-527
- Misc. items (CFI and CFF)	562	774	690	(586)	(107)
Net cash-flow	1,410	-6,556	-3,027	4,548	4,944

Source: Company, Anand Rathi Research

Fig 4 – Ratio Analysis (%)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
P/E (x)	160.4	22.0	18.1	9.4	6.9
EV / EBITDA (x)	43.4	29.7	17.2	14.1	11.2
EV / Sales (x)	4.3	3.8	3.3	2.7	2.2
P/B (x)	5.4	4.5	3.8	3.3	2.8
RoE (%)	-2.4	1.0	6.6	13.7	16.1
RoCE (%) - after tax	-0.2	6.4	9.2	14.2	16.8
RoIC (%) - after tax	1.4	4.7	12.6	16.1	19.9
DPS (Rs)	-	-	2.0	-	-
Dividend yield (%)	-	-	2.2	-	-
Dividend payout (%)	-	-	47.5	-	-
Net debt / equity (x)	0.2	0.2	0.1	-0.1	-0.2
Receivables (days)	93	89	99	100	96
Inventory (days)	187	171	173	123	75
Payables (days)	135	118	127	122	113
CFO : PAT (%)	710	329	112	219	97

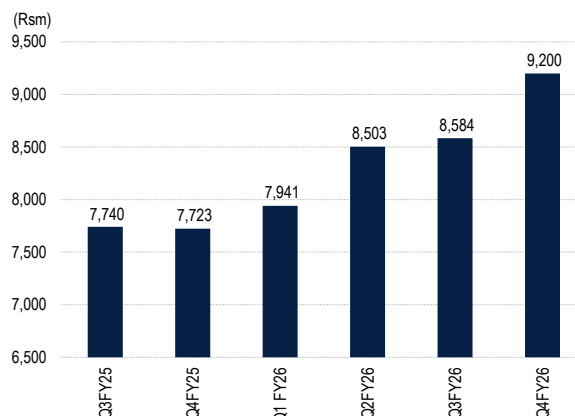
Source: Company, Anand Rathi Research

Fig 5 – Price Movement



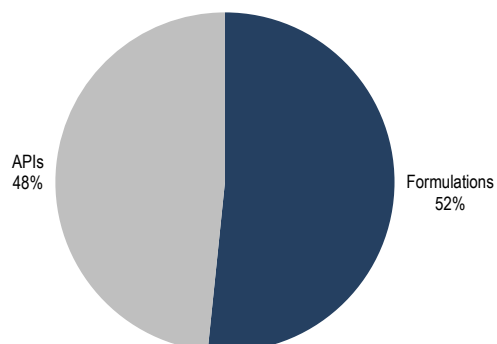
Source: Bloomberg

Fig 6 – Broad Based revenue growth across segments



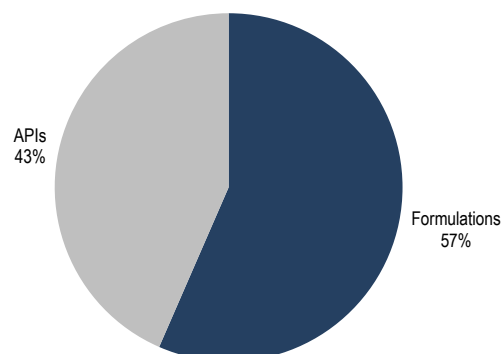
Source: Company

Fig 7 – Business segments (Q4FY25)



Source: Company, Anand Rathi Research

Fig 8 – Business segments (Q4FY26)



Source: Company, Anand Rathi Research

Fig 9 – Quarterly Trend

(Rs m)	Q4FY26	Q4FY25	y/y (%)	Q3FY26	q/q (%)	FY26e	FY25	y/y (%)
Revenue	9,200	7,723	19.1	8,584	7.2	34,203	30,068	13.8
Raw material	4,128	3,648	13.2	3,909	5.6	15,627	14,702	6.3
Staff costs	1,498	1,375	9.0	1,377	8.8	5,655	5,520	2.5
Others	1,731	1,572	10.1	1,542	12.3	6,396	5,978	7.0
Total expenditure	7,357	6,594	11.6	6,828	7.8	27,678	26,199	5.6
EBITDA	1,843	1,129	63.2	1,756	4.9	6,525	3,869	68.6
Depreciation	604	647	(6.7)	585	3.2	2,336	2,387	(2.1)
EBIT	1,238	482	157.2	1,171	*	4,189	1,482	182.6
Less: Interest Expense	145	207	(29.8)	168	(13.3)	692	864	(19.9)
Add: Other income	159	102	55.8	140	13.9	436	329	32.4
Profit Before Tax	1,252	377	232.3	1,143	9.5	3,932	947	315.1
Less: Provision for Tax	589	-45	(1,413.8)	246	139.8	1,244	-26	NA
Adjusted Profit	664	422	57.4	898	(26.1)	2,689	973	176.2
Add: Exceptional items	0	-744	NA	-413	NA	-442	-816	NA
Reported Profit	664	-322	(306.3)	485	36.8	2,247	158	1,324.5
No. of Diluted shares outstanding (mn)	437	250		436		437	250	75
Adjusted Diluted EPS	1.17	(0.5)	(9.8)	2.1	(26.2)	5.1	4.2	21.1
AT % of net revenue								
Raw material	44.9	47.2		45.5		45.7	48.9	
Staff expenses	16.3	17.8		16.0		16.5	18.4	
Other expenses	18.8	20.4		18.0		18.7	19.9	
EBITDA	20.0	14.6		20.5		19.1	12.9	

Source: Company

Outlook and Valuation

FY26 marked a transformational year with full business integration completed, while management targets 15% revenue CAGR and ~Rs10bn EBITDA by FY29 driven by: (a) Companion Animal expansion; (b) CDMO scale-up, complex product launches, synergy benefits; and (c) improving operating leverage owing to lower amortisation and interest cost.

Upwardly revising our EBITDA estimate for FY27/28e, we maintain BUY rating on the stock with a revised TP of Rs310 (from Rs270 earlier), valuing it at 14x FY28e EV/EBITDA.

Fig 12 – Change in Estimates

(Rs m)	FY27e			FY28e		
	Old Estimated	New Estimated	Change (%)	Old Estimated	New Estimated	Change (%)
Revenue	39,740	39,334	(1.0)	45,194	45,037	(0.3)
EBITDA	7,105	7,473	5.2	8,135	9,007	10.7
EBITDA Margin (%)	17.9	19	112bps	18	20	200bps
PAT	4,075	4,292	5.3	5,126	5,864	14.4
EPS	9.3	9.8	5.3	11.7	13.4	14.4

Source: Anand Rath Research

Fig 13 – Valuation

(Rs m)	FY28e
EBITDA (Rs m)	9,007
Target multiple (x)	14
EV (Rs m)	1,26,103
Less net Debt (Rs m)	-9,403
Derived Market cap (Rs m)	1,35,507
No. of shares (m)	437
Target price (Rs)	310
CMP (Rs)	252
Upside (%)	23%

Source: Bloomberg, Anand Rath Research

Key Risks

- Higher RM cost led by extended geopolitical disruptions.
- Regulatory challenges in the US companion animal market
- Acquisition integration risks
- Working capital pressure from fast-growing emerging markets.

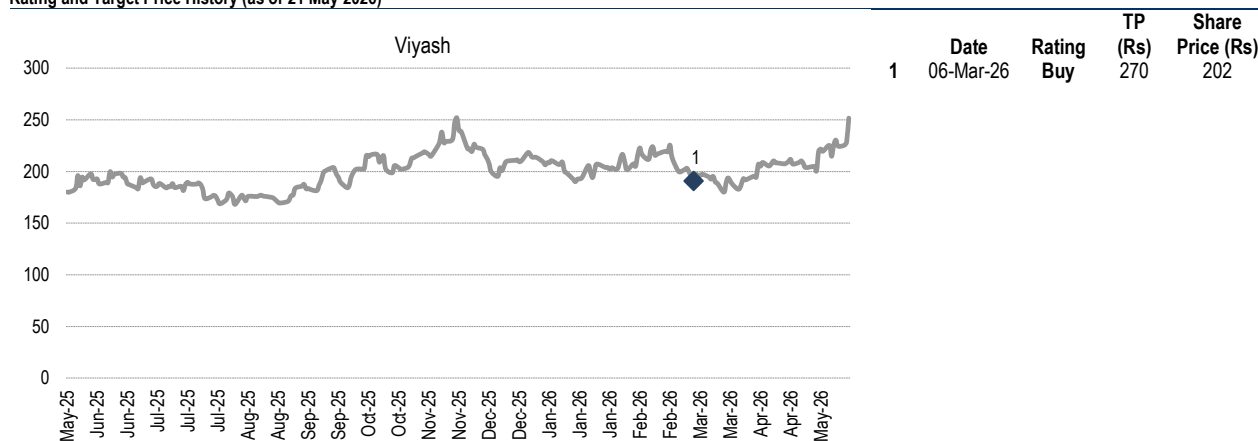
Appendix

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