

CORPORATE GOVERNANCE REPORT





The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

A. MANDATORY REQUIREMENTS:

1. Company's Philosophy On Code of Governance:

Your Company believes in creating wealth for all its shareholders. In pursuit of this objective, the Policies of the Company are designed to strengthen the ability of the Board of Directors to supervise the management and to enhance long-term shareholder value.

2. Board of Directors:

The composition of Board of Directors of the company is an appropriate combination of Executive and Non executive Directors with right element of independence. As on date the Board consists of Five Directors. More than fifty percent of the Board consists of Non-Executive Independent Directors.

Sl No.	Name of Director	Category of Directorship	Number of Other Directorships #1	Total Number of Membership(s) In Other Board Committees #2
1.	Mr. K R Ravishankar	Promoter, Executive	3	1
2.	Dr. Gopakumar G Nair	Independent, Non-Executive	3	2
3.	Mr. Joe Thomas	Independent, Non-Executive	2	2
4.	Mr. Kannan Ramanujam	Independent, Non-Executive	2	NIL
5.	Mr. S.N. Jagannath*	Professional/ Executive	NIL	NIL
6.	Dr. Gautam Kumar Das**	Professional/ Executive	NIL	NIL

#1 Excludes directorships in Indian Private Limited Companies, Foreign Companies, Membership of Managing Committees of various bodies.

#2 Includes Chairmanships, memberships of Audit Committee & Shareholders Grievance Committee only.

* Resigned with effect from Jan. 25, 2010.

** Joined the Board with effect from Jan. 7, 2010.

None of the directors are related to any other Directors.

Attendance of Each Director at the Board Meetings And The Last Annual General Meeting:

During the financial year ended 31st March 2010, EIGHT (8) Board Meetings were respectively held on 14th May 2009, 22nd June 2009, 31st July 2009, 22nd September 2009, 29th October 2009, 7th January 2010, 27th January 2010 and 29th March 2010. The attendance of each Director at Board Meeting and the last Annual General Meeting (AGM) is as under:

Sl No.	Name of the Director	Number of Board Meetings Attended	Attendance at last AGM held on Sep. 4, 2009
1	Mr. K R Ravishankar	8	Present
2.	Dr. Gopakumar G Nair	5	Present
3.	Mr. Joe Thomas	5	Absent
4.	Mr. Kannan Ramanujam	6	Present
5.	Mr. S.N. Jagannath	5	Absent
6.	Dr. Gautam Kumar Das	3	Not Applicable



3. Audit Committee:

Broad Terms of Reference:

The Company has an independent Audit Committee. The composition, procedures, powers and role/ functions of the Audit Committee, constituted by the Company, comply with requirements of the Companies Act, 1956 and those of the Listing Agreement.

The Audit Committee has the following responsibilities/ powers

🌱 Overseeing the Company's overall financial reporting process and to ensure that financial statements are correct, sufficient and credible.

🌱 Reviewing with management, the quarterly and annual financial statements, before submitting to the Board, with primary focus on accounting policies and practices and compliance therewith, stock exchange requirements and other legal requirements concerning financial statements.

🌱 Reviewing the adequacy of the internal control system, internal audit and their reports.

Role of Audit Committee:

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
 3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors.
 4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
 6. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
 7. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 9. Discussion with internal auditors any significant findings and follow up there on.
 10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
 12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (In case of non payment of declared dividends) and creditors, if any.
 13. To seek information from any employee;
 14. To obtain outside legal or other professional advice;



15. To secure attendance of outsiders with relevant expertise if it considers necessary

Composition of Audit Committee:

The Audit Committee is comprised of FOUR Directors, majority of them being Non-Executive Independent Directors. The heads of Finance & Accounts and the representative of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee. The Company Secretary is the Secretary to the Committee. Mr. Kannan Ramanujam, a Non-Executive Independent Director is the Chairman of the Committee.

Meetings and Attendance:

During the financial year ended 31st March 2010, five Audit Committee Meetings were held respectively on 14th May 2009, 22nd June 2009, 31st July 2009, 27th October 2009 and 27th January 2010.

SN	Member	No. of meetings attended
1.	Mr. Kannan Ramanujam	5
2.	Dr. Gopakumar G Nair	4
3.	Mr. Joe Thomas	4
4.	Mr. K R Ravishankar	5

Internal Auditors

Board has appointed M/s Mahajan & Aibara, Chartered Accountants as internal auditors of the Company. The reports of internal auditors are regularly being placed before the Audit Committee.

4. Remuneration Committee:

The Remuneration Committee is comprised of Three Directors, all being Non-Executive Independent Directors. Mr. Joe Thomas is the Chairman of the Committee.

Remuneration Policy:

The Remuneration Committee recommends the compensation package of Executive Directors. The Managing Director and other Whole time Directors are paid remuneration within the pay scales as approved by the members at their meetings. Their remuneration comprises of basic salary, house rent allowance, perquisites, contribution to provident fund, gratuity and leave salary.

The remuneration policy is directed towards rewarding performance based on review of achievements. It is aimed at attracting and retaining high caliber talent. Currently the Company has not implemented the stock option plan and there is no performance linked incentives for its Directors.

During the financial year 2009-10 three meetings of Remuneration Committee were held respectively on 22nd June 2009, 7th January 2010 and 27th January 2010.

Attendance of the current Remuneration Committee members are as follows:

SN	Member	No. of meetings attended
1.	Mr. Joe Thomas	3
2.	Dr. Gopakumar G Nair	2
3.	Mr. Kannan Ramanujam	2

Details of Remuneration to all Directors for the year ended 31st March 2010:

(Rs. In Millions)

Name of the Director	Salary	Benefits	Bonus	Sitting Fees	Total
Mr. K R Ravishankar (Managing Director)	10.80	7.20	-	-	18.00
Mr. Joe Thomas	-	-	-	0.10	0.10
Dr. Gopakumar G Nair	-	-	-	0.10	0.10
Mr. Kannan Ramanujam	-	-	-	0.12	0.12
Mr. S.N. Jagannath (Executive Director)	0.495	0.633	0.068	-	1.196
Dr. Gautam K Das (Executive Director)	3.24	0.135	-	-	3.375



5. Share Transfer & Investors Grievance Committee:

The Share Transfer & Investor Grievance Committee is comprised of Three Directors, all being Non-Executive Independent Directors. Mr. Joe Thomas is the Chairman of the Committee.

As the Company has appointed M/s. Adroit Corporate Services Pvt. Ltd as its Share Transfer Agent, the Share Transfer & Investor Grievance Committee holds meetings only occasionally when requirement arises. During the year no meeting was held. For the purpose of approval of Share Transfer, Mrs. Lata Varshney, Company Secretary has been authorized to do the needful. During the year the Company and its Registrar and Share Transfer Agent M/s. Adroit Corporate Services Pvt. Ltd. has not received any complaint from shareholders.

6. Secretarial Audit & Compliances:

The Company is regular in obtaining Secretarial Audit Report pursuant to SEBI Circular No. D&CC/FITTC Cir-16/2002 Dt. 31.12.02 and Certificate under Clause 47(c) of the Listing Agreement from a Company Secretary in Practice and submitting the same to the Bombay Stock Exchange, whereat its securities are listed, within stipulated time.

7. Compliance Officer:

The Board has designated Mrs. Lata Varshney,

Company Secretary as the Compliance Officer.

8. Subsidiary Company:

The Company is having following as its subsidiary companies:

1. SeQuent Global Holdings Limited
2. SeQuent European Holdings Limited (step-down subsidiary)
3. SeQuent IPCO GmbH (step-down subsidiary)
4. Vedic Elements Private Limited
5. Vedic Fanxipang Pharma Chemic Company Limited, Vietnam(step-down subsidiary)
6. SeQuent Research Limited
7. Sanved Research Labs Private Limited
8. Galenica B.V. (subsidiary)
9. Codifar N.V. (wholly owned subsidiary of Galenica B.V.)

None of the subsidiary is a material subsidiary.

9. CEO/CFO Certificate:

A certificate given by the Managing Director and the Vice President Finance & Accounts was placed before the Audit Committee and the Board. The Certificate verifies that according to the best knowledge and belief of Managing Director & Vice President Finance & Accounts there was no transaction entered into by the Company during the year which was fraudulent, illegal or violating to the Company's Code of Conduct.

10. General Body Meetings:

Location and time, where last three Annual General Meetings were held is given below:

Financial Year	Date	Location of Meeting	Time
2006-2007	17.09.2007	Hotel Royal Inn Gokul Nagar, Thane (W).	10.00 a.m.
2007-2008	15.09.2008	Hotel Tunga Regency, Vashi, Dist. Thane.	11.30 a.m.
2008-2009	04.09.2009	Hotel Royal Inn Gokul Nagar, Thane (W).	10.30 a.m.



Details of Special resolutions passed in Annual/Extra-Ordinary General Meetings held during the last three years:

Date	Meeting	Subject matter
15.05.2006	EGM	1. Allotment of Convertible warrants on preferential basis. 2. Re-classification of Authorized Capital and consequent alterations in Memorandum & Articles of Association of the Company.
30.09.2006	AGM	Increase in Authorized Capital and consequent alterations in Memorandum & Articles of Association of the Company.
23.02.2007 & 02.03.2007	EGM and adjournment thereof	Issue and allotment of up-to 30,00,000 Equity Shares to the promoters on Preferential basis.
17.09.2007	AGM	Appointment(s) of relative(s) of Director to hold a place of profit in the subsidiary of the Company.
25.03.2008	Postal Ballot	1. Approval of Scheme of ESOP. 2. Approval of ESOP for employees of Subsidiary. 3. Revision in Remuneration of Mr. L N Bhat, Managing Director.
15.09.2008	AGM	Revision in Remuneration of Managing Director.
03.01.2009	Court Convened Meeting	Approval of Scheme of amalgamation of M/s SeQuent Scientific Limited with the Company.
04.09.2009	AGM	Appointment and remuneration of Mr. K R Ravishankar, Managing Director

11. Postal Ballot:

During the year ended on 31.03.2010 no resolution was passed through the Postal ballot process.

12. Disclosures:

- (i) The Company has not entered into any transaction of a material nature with the Promoters, Directors or Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
- (ii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on matters relating to capital markets during the last 3 years. No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any statutory authorities relating to the above.
- (iii) Company is in compliance with all mandatory requirements and adoption of non-mandatory requirements as per Annexure 1D of Clause 49 of the listing agreement.

13. Employee Stock Options:

Company has framed an Employee Stock Option plan to reward its employees. It is proposed to grant options under the said plan through Trust that has been established by the Company for the purpose having independent directors as its trustees. The Plan was approved by the shareholders on 28.03.2008, however Board in its meeting has modified some of the provisions of ESOP Plan. Modified ESOP Plan was approved by the shareholders on 24.05.2010 through Postal Ballot. Under the said plan company has allotted 700,000 equity shares of Rs. 10/- each to the Trust at a price of Rs. 113/- per share.

14. Means Of Communication:

- (a) The quarterly results are forthwith communicated to BSE, The Stock Exchange, Mumbai with whom the Company has listing agreements as soon as they are approved and taken on record by the Board of Directors of the Company. The results are published in the newspapers namely The Free Press Journal (English) and Nav-Shakti (Marathi). Further the result and Share Holding Pattern were



also posted by the Company at the web-site of SEBI under EDIFAR, till that site was working.

- (b) Management Discussion and Analysis Report forms part of the Annual Report, which is being posted to the shareholders of the Company along with the Annual Report.

15. General Shareholder Information:

Detailed information in this regard provided in the shareholder information section forms part of this Annual Report.

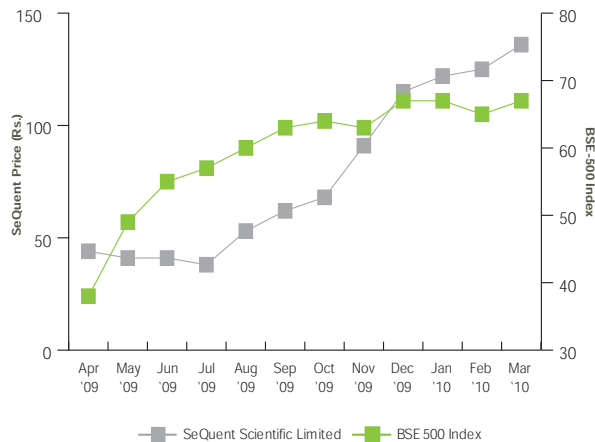
Shareholders Information Section:

- Information about Annual General Meeting:

AGM DATE	TIME	VENUE
September 27, 2010	11.00 AM	Hotel Satkar Residency, Pokhran Road No.1, Opp Raymond, Thane (W)- 400 606

- Financial Calendar: April 1 - March 31.
- Date of Book Closure: From September 27, 2010 to September 30, 2010 (both days inclusive).
- Dividend Payment Date: October 4, 2010
- Listing on Stock Exchanges with Stock Code: The Bombay Stock Exchange Limited, Mumbai. (Stock Code. 512529).
- Market Price Data (High, Low during each month in financial year 2009-10:

Month	High (Rs.)	Low (Rs.)
April 09	47.20	40.50
May 09	42.20	36.70
June 09	44.80	36.15
July 09	42.00	34.85
August 09	75.75	36.55
September 09	70.40	58.30
October 09	73.20	59.30
November 09	106.25	74.05
December 09	128.70	102.75
January 10	160.00	111.80
February 10	149.70	117.00
March 10	159.40	125.15



- Company has not issued any debenture so the rating from CRISIL or other agency is not required to obtain.

- Registrar and Transfer Agent:

M/s. Adroit Corporate Services Pvt. Ltd.
19, Jaferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka, Andheri (E),
Mumbai – 400 059.

Contact Person: Mr. Pratap Pujare
Phone No. 022-2859 6060

- Share Transfer System: Company's Securities are under compulsory demat mode of transfer.

- Code of Conduct:

The Board has prescribed Code of Conduct ("Code") for all Board Members and Senior Management of the Company, which is also put on the website of the Company.

All Board Members and Senior Management personnel have confirmed compliance with the Code for the year 2009-10. A declaration to this effect signed by the Chief Executive Officer and the Vice President – Finance & Accounts of the Company forms part of the CEO/CFO Certificate



11. Shareholding of Directors as on March 31, 2010

Dr. G. G. Nair – Non Executive, Independent Director - 23348 Shares.

12. Distribution Schedule and Shareholding Pattern of Equity Shares as on March 31, 2010 are enclosed as Annexure-1.

a. Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form. The Company has established connectivity with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrars, Adroit Corporate Services Pvt Ltd. As on 31st March 2010 91.44% of the paid-up share capital of the Company representing 20,058,119 shares have been Dematerialized.

14. Outstanding GDRs/ADRs etc.: Not Applicable.

15. Plant Location:

1. Plot No. 7, MIDC Engineering Zone, Kalyan Badlapur Road, Ambarnath
2. W-152, MIDC, Tarapur, Boisar, Dist Thane, Maharashtra.
3. B-32, G-2, G-3, MIDC, Mahad, Dist. Raigad.
4. A-68, Additional Ambarnath, MIDC Indl. Area, Ambarnath (East), Dist. Thane.
5. Plot No. 150, 151, 136, 141 MIDC, Tarapur, Boisar, Thane
6. 120 A & B Industrial Area, Baikampady, New Mangalore
7. Plot No. 26, 26B, GIDC Industrial Estate, Panoli, Dist. Bharuch
8. A-14, MIDC, Phase I, Dombivali (E), Dist. Thane
9. Plot No. 11, KIADB Industrial Area, Centre Jigani, Anekal, Bangalore
10. Plot No. SPL 9 & 15 Kumta Industrial Area, Hegde Road, Kumta

16. Address for correspondence:

Mrs. Lata Varshney, Company Secretary
M/s SeQuant Scientific Limited
116, Vardhaman Industrial Complex,
L.B.S. Marg, Thane (W) – 400 601.
Phone No. 022-2547 8601
Email : pidsecretarial@yahoo.co.in.

17. EDIFAR Filing: Company was regular in filing the information on the SEBI web-site under EDIFAR filing Scheme till the date it was functional.

16. Related Party Transaction:

Summary of Related Party Transaction is given in Notes to Accounts (Refer Note No. 13)

B. Non-Mandatory Requirements:

1. **Chairman Of The Board:**

The Managing Director of the Company is presiding over the Board Meetings as its Chairman.

2. **Remuneration Committee:**

Please refer Item No.4 under the heading 'Mandatory Requirements'.

3. **Shareholder Rights:**

As the Company's quarterly financial results are published in English newspapers having circulation all over India and in a Marathi newspaper widely circulated in Maharashtra, the same are not sent to each household of shareholder.



ANNEXURE 1

A. Distribution Schedule of Equity Shares as on March 31, 2010:

No. of Equity Shares held	No. of Shareholders	% of Shareholder	No. of Shares held	% of Shareholding
1 to 500	1,209	76.67	188,846	0.86
501 to 1000	141	8.94	119,375	0.54
1001 to 2000	69	4.38	111,248	0.51
2001 to 3000	43	2.72	111,778	0.51
3001 to 4000	18	1.14	66,157	0.30
4001 to 5000	8	0.51	38,700	0.18
5001 to 10000	30	1.90	237,700	1.08
10001 & above	59	3.74	21,061,387	96.02
TOTAL	1,577	100.00	21,935,191	100.00
Physical Mode	8	0.51	1,877,072	8.56
Electronic Mode	1,569	99.49	20,058,119	91.44

B. Shareholding pattern of Equity Shares as on March 31, 2010:

Category	No. of shareholders	Nos. of Shares held	Voting Strength
Promoters & Persons Acting in concert	4	15,049,638	68.61
Other Directors, their relatives	1	23,348	0.11
Bodies Corporate (Domestic)/Trusts	145	2,680,701	12.22
Banks / Mutual Funds/ Financial Institutions (FIs)	Nil		
Foreign Institutional Investors (FIIs)	Nil		
Non-Resident Individuals (NRIs)/Foreign Corporate Bodies/Overseas Corporate Bodies (OCBs)/ Foreign Banks	15	1,173,904	5.35
Resident Individuals	1,411	2,307,600	10.52
TRUST constituted to implement ESOP	1	700,000	3.19
TOTAL	1,577	21,935,191	100.00

Disclosure Pursuant to Clause 32 of The Listing Agreement:

Summary of Loans and Advances in the nature of loans given to subsidiary, associates and others is given in Notes to Accounts [Refer Note No. B (13)]



Chief Executive Officer and Chief Financial Officer (CFO) Certification

We, K R Ravishankar, Managing Director & N. Rajaraman, Vice President (Finance & Accounts) of SeQuent Scientific Ltd. certify that:

1. To the best of our knowledge and belief, we have reviewed the Balance Sheet and Profit and Loss account along with all its schedule and notes on Accounts, Cash Flow statement and the Directors report for the year 2009-10.
2. To the best of our knowledge and belief, these statements do not contain any untrue statement of a material fact or any omission to state a material fact on the statements made;
3. To the best of our knowledge and belief, the financial statements and other financial information contained thereon in this report, present a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for the period ending 31st March 2010. These statements and other information presented in the report are in compliance with the existing accounting standards and applicable laws and regulations as on the closing date;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are in contravention with the applicable laws and regulation, fraudulent, or in breach of the Company's code of conduct;
5. To the best of our knowledge and belief, we are responsible for establishing and maintaining controls and procedures on disclosure as well as internal control over financial reporting for the Company, and we have:
 - a) designed such controls and procedures so as to ensure the material information relating to the Company are made available to us by others within those entities, during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting with a view to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Company's disclosure, controls and procedures;
6. We further declare that all the board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.
7. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to the company's auditors and through them to the audit committee of the Company's Board of Directors:
 - (a) No significant deficiency in the design or operation of internal controls was observed.
 - (b) There was no significant change in internal control during the year.
 - (c) No fraud came into our knowledge involving Management or other employees who have significant role in the Company's internal control systems.
 - (d) There was no significant change in accounting policies during the year that required to be disclosed in the notes to the financial statements.

Place : Thane
Date : May 22, 2010

(K R Ravishankar)
Managing Director

(N. Rajaraman)
Vice President (Finance & Accounts)

Certificate

To the Members of SeQuent Scientific Limited (formerly known as P I Drugs & Pharmaceuticals Ltd)

We have examined the compliance of conditions of corporate governance by SeQuent Scientific Limited ('the Company'), for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the said stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above- mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No. 008072S

V. SRIKUMAR
Partner
Membership No. 84494

Place : Bangalore
Date : Aug 13, 2010