

Directors' Report

Dear Members,

We hereby present the 30th Annual Report of your Company along with the Audited Financial Statements of the Company for the financial year ended 31 March 2015.

1. FINANCIAL SUMMARY (STANDALONE)

The Financial Performance of the Company (Standalone) for the Financial Year ended 31 March 2015 is given below:

	(₹ In Million)	
	2014-15	2013-14
Total revenue	4,448.16	4,450.84
Other Income	32.21	52.52
Profit/(Loss) before Interest, Depreciation Tax & Exceptional Items	638.37	125.26
Less : Interest	474.56	387.39
: Depreciation and amortisation expenses	263.75	271.26
Profit/(Loss) Before Tax & Exceptional Items	(99.94)	(533.39)
Exceptional Items	529.99	(610.77)
Profit/(Loss) Before Tax	430.05	(1,144.16)
Provision for Current Tax	16.98	-
Profit/(Loss) after Tax	413.07	(1,144.16)

2. BUSINESS PERFORMANCE REVIEW

During the financial year 2014-15, on a standalone basis, your Company's revenues stood at ₹ 4,480.37 Million as against ₹ 4,503.36 Million in 2013-14. The Company posted an EBITDA of ₹ 638.37 Million in the financial year 2014-15 as against ₹ 125.26 Million in 2013-14. The Company made a net profit of ₹ 413.07 Million.

On a consolidated basis, your Company's revenue for the financial year 2014-15 stood at ₹ 4,753.23 Million as against ₹ 4,593.06 Million in 2013-14. The Company posted an EBITDA of ₹ 304.56 Million for the financial year 2014-15 as against ₹ 206.29 Million in 2013-14. On a consolidated level, the Company made a loss of ₹ 117.61 Million.

A detailed analysis on the Company's operational and financial performance for the year is covered under 'Management's Discussion and Analysis Report' which forms part of the Annual Report.

Animal Health Business

- Positive business momentum in key molecules for the regulated markets.
- Strong growth in dairy and poultry nutrition business. However, the cattle prescription business was flat during the year.
- Successful completion of Vizag project thereby adding capacities to address demand for key molecules in regulated markets.

Human API Business

- Entered into non-exclusive licensing agreement with Gilead Sciences Inc. to produce APIs of two chronic hepatitis C drugs - Sofosbuvir and Ledipasvir.
- Capacity expansion completed at Mangalore for key APIs.

Reserch & Development (R&D)

Enhanced focus leading to a pipeline of around 30 products under development.

Corporate Actions

Business overview and outlook

During the financial year 2014-15, the Company completed a set of corporate actions with a long term vision of becoming a power-house in global animal health business with a portfolio of niche human APIs.

- Acquisition of 60% stake in Provet Veteriner Urunleri Sanayive Ticaret Anonim Sirketi, Turkey through Alivira Animal Health Limited ("Alivira") towards expediting Company's foray into global finished dosage markets. Besides a strong foothold in Turkey, the acquisition provides an opportunity to expand in other regulated and semi regulated markets. The acquisition also gives the Company access to over 100 products in multiple dosage forms.
- Sale of Specialty Chemicals Business to Songwon Industrial Group, Korea.

- Acquisition of Shasun Pharmaceuticals Limited's stake in Alivira resulting in Company holding 73.30% of equity capital on fully diluted basis in Alivira.

On 26 May 2015 the Company successfully raised ₹ 4,000 Million from Qualified Institutional Buyers by way of Qualified Institutions Placement. The Company issued 7,476,635 equity shares to Qualified Institutional Buyers at a price of ₹ 535/- per share including a premium of ₹ 525/- per share aggregating to ₹ 4,000 Million.

The Company has completed all corporate actions, which will augur well for our goal to move to profitability in the coming year.

There was no change in the nature of the business of the Company during the year ended 31 March 2015.

Material changes and commitments affecting the financial position of the Company, which have occurred between the end of financial year and the date of this report

The following transactions / proposed transactions occurred between the end of financial year i.e 31 March 2015 and the date of this report:

- Issue of 2,200,000 convertible warrants (1,100,000 convertible warrants on 11 April 2015 and 1,100,000 convertible warrants on 13 April 2015) on preferential basis to Promoter Group Entities/ Non-promoters out of which 1,100,000 warrants have already been converted.
- Issue of 7,476,635 equity shares to Qualified Institutional Buyers by way of Qualified Institutions Placement in compliance with SEBI Issue of Capital and Disclosure Requirements) Regulations, 2009 on 26 May 2015.

- Approval of the Board for the consolidation of shareholding in Alivira Animal Health Limited, India, a subsidiary of the Company through proposed acquisition of minority interest by way of issue of equity shares of the Company on preferential basis in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as detailed in point no. 5 of this report.

3. DIVIDEND

The Board of Directors of the Company has not recommended any dividend for the financial year ended 31 March 2015.

The Company is not proposing to carry any amount to reserves.

During the year 2014-15, the Company has transferred unclaimed dividend of ₹ 12,450/- to Investor Education and Protection Fund, as per Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

4. SHARE CAPITAL

As on date, the authorized share capital of the Company is ₹ 500,000,000/- divided into 50,000,000 equity shares of ₹ 10/- each.

The issued, subscribed and paid up equity capital of the Company as on date is ₹ 412,618,260 divided into 41,261,826 equity shares of ₹ 10/- each.

During the year ended 31 March 2015, the Company allotted 750,000 and 2,400,000 equity shares of ₹ 10/- each to promoter group entities at a price of ₹ 135.25 per share (including a premium of ₹ 125.25 per share) on 8 October 2014 and 12 November 2014 respectively.

Post balance sheet date i.e. 31 March 2015, the Company has allotted equity shares as under:

Date of allotment	No. of Shares	Allottee category	Remarks	Issue price
15 April 2015	1,200,000	Promoter Group Entities	On conversion of convertible warrants	₹ 222.15
26 May 2015	7,476,635	Qualified Institutional Buyers	Qualified Institutions Placement	₹ 535.00
10 June 2015	800,000	Promoter Group Entities	On conversion of convertible warrants	₹ 222.15
10 June 2015	200,000	Promoter Group Entities	On conversion of convertible warrants	₹ 236.00
10 June 2015	1,100,000	Non Promoters & Public	On conversion of convertible warrants	₹ 475.00

Issue of Convertible Warrants (“Warrants”) on preferential basis

As on date 3,900,000 Warrants which were issued on preferential basis to promoter group entities are outstanding.

Details of Warrants outstanding are given below:

Date of Issue	No of Warrants Outstanding	Allottee category	Issue price	Remarks
11 July 2014	2,800,000	Promoter Group Entities	₹ 236.00	Out of 3,000,000 Warrants issued 200,000 Warrants have been converted
11 April 2015	1,100,000	Promoter Group Entities	₹ 475.00	Entire warrants are outstanding

5. SUBSIDIARIES

As at 31 March 2015, the Company has 10 subsidiaries, out of which 5 companies are wholly owned Subsidiaries and the Company did not have any Joint Ventures/ Associate Companies.

Incorporation of Alivira Animal Health Limited, Ireland

Alivira Animal Health Limited, Ireland was incorporated on 1 September 2014 as a wholly owned subsidiary of Alivira Animal Health Limited, India.

Acquisition of 60% stake in Provet Veteriner Urunleri Sanayive Ticaret Anonim Sirketi, Turkey (“Provet”)

Alivira Animal Health Limited, India acquired 60% stake in Provet through its wholly owned subsidiary Alivira Animal Health Limited, Ireland. Provet, a privately owned enterprise is amongst top 5 and the largest local company in veterinary medicines market in Turkey, with a portfolio of around 114 pharmaceutical products, pre-dominantly injectibles. Provet is promoted by Dr. Aydin who has over 28 years of experience in veterinary pharmaceutical business.

Consolidation of shareholding in Alivira Animal Health Limited, India

The Company has a strategic vision of emerging as a global power house in Animal Health Business. To fast track this strategic vision, the Company re-branded the business with a new entity Alivira Animal Health Limited (“Alivira”). The Company entered into a Joint Venture agreement with Shasun Pharmaceuticals Limited (“Shasun”) to acquire its new state-of-art manufacturing unit at Vizag in March 2014. Further, to meet the funding requirement, Alivira also raised capital from Unit Trust of India

Investment Advisory Services Limited A/c Ascent India Fund III (“Ascent”) and Devicam Capital LLP (“Devicam”) through preferential issue/ private placement in April 2014. All these events led to a significant dilution of Company’s holding in Alivira.

Given the strategic intent of value creation in Alivira, the Company decided to consolidate its holding in Alivira. On 31 March 2015, the Company acquired the entire equity shares held by Shasun in Alivira, which increased the Company’s holding to 73.30% of the equity capital of Alivira on a fully diluted basis.

At the Board meeting held on 30 June 2015, the Board of Directors approved acquisition of entire shareholding by buying out the minority shareholding (i.e., 9,997,941 equity shares) in Alivira held by Ascent and Devicam. Post the acquisition, Alivira will become a wholly owned subsidiary of the Company. The consideration towards such acquisition of shares from the minority shareholders of Alivira will be paid by way of issue of 2,827,679 equity shares of ₹ 10 each to Ascent and 757,734 equity shares of ₹ 10 each to Devicam at a price of ₹ 669.10 per equity share through preferential issue (“Preferential Issue”) in compliance with relevant provisions of the Companies Act, 2013 and Chapter VII of the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The preferential issue will be subject to approval of the members of the Company and other statutory/regulatory approvals. Further the Preferential Issue of 2,827,679 equity shares to Ascent shall be subject to approval of Foreign Investment Promotion Board (“FIPB”).

Entities which ceased to be subsidiaries during the financial year ended 31 March 2015

During the year ended 31 March 2015 Vedic Fanxipang Pharma Chemic Company Limited, Vietnam and Elysian Life Sciences (Mauritius) Limited, Mauritius ceased to be subsidiaries of the Company.

Accounts of Subsidiaries

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and all its subsidiary companies, which is forming part of the Annual Report. Statement containing salient features of the financial statements of Company's subsidiaries, joint ventures and associate companies as required in Form AOC-1 is enclosed as Annexure 1 to this Report.

Further financial statements together with related reports and information of each of the subsidiary companies of the Company have been placed on the website of the Company www.sequent.in.

6. EXTRACT OF ANNUAL RETURN

Extract of Annual Return in terms of Section 92(3) of the Companies Act, 2013 in Form MGT- 9 is enclosed as Annexure 2 to this Report.

7. PUBLIC DEPOSIT

During the financial year 2014-15 the Company has not accepted or renewed any public deposits in terms of Sections 73 and 74 of the Companies Act, 2013 and rules framed thereunder.

8. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

As on 30 July 2015 the Board comprises of 5 Directors consisting of 2 Executive Directors, 1 Non-Executive Director and 2 Independent Directors. Chairman of the Board is an Independent Director.

Dr. Kausalya Santhanam (DIN: 06999168) was appointed as an Additional Director on the Board of Directors of the Company on 28 October 2014 and members have approved her appointment as a Director and Independent Director at their Extraordinary General Meeting held on 2 March 2015.

Mr. Manish Gupta (DIN: 06805265) was appointed as an Additional Director and Managing Director on 12 November 2014 and members have approved his appointment as a Director and Managing Director at their Extraordinary General Meeting held on

2 March 2015. Mr. Manish Gupta was associated with the Company as Chief Executive Officer before joining the Board of the Company.

Mr. K R Ravishankar (DIN: 00084908) joined the Board of the Company on 27 April 2007, as Chairman and Managing Director. On 1 November 2013, he became a Non-Executive Chairman of the Company. Mr. K R Ravishankar was liable to retire by rotation at the 29th Annual General Meeting held on 29 September 2014 and due to health reasons, he did not seek re-appointment. Accordingly, Mr. K R Ravishankar ceased to be a Director of the Company with effect from 29 September 2014.

The Directors place on record their sincere appreciation and recognition of the valuable contribution and services rendered by Mr. K R Ravishankar during his tenure as a Director and Managing Director of the Company.

Mr. Kannan Ramanujam, Non-Executive Director (DIN: 00190637) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. A brief profile of Mr. Kannan Ramanujam is given in the corporate governance report which forms part of this report.

At the Board Meeting held on 30 July 2015 the Board of Directors appointed Mr. Narendra Mairpady (DIN: 00536905) as an Additional Director (Independent Director) with effect from 1 August 2015. As per Section 161 of the Companies Act, 2013 ("the Act"), an Additional Director shall hold office up to the date of next Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier and his/her appointment as a Director of the Company has to be approved by the members of the Company. Further as per Section 149 (4) of the Act read with amended Clause 49 of the Listing Agreement, the Company proposes to appoint Mr. Mairpady as an Independent Director to hold the office for a period of 5 (Five) years from 1 August 2015.

Board is of the opinion that Mr. Mairpady fulfills the criteria of independence as provided under section 149(6) of the Act and the Rules framed thereunder and is independent of the management.

The Company has received a declaration from him that he meets with the criteria of independence as prescribed under Section 149(6) of the Act.

A proposal will be placed before the members at the ensuing Annual General Meeting for the appointment of Mr. Narendra Mairpady and re-appointment of Mr. Kannan Ramanujam. Your directors recommend their appointment/ re-appointment to the members of the Company.

As on date the Company has the following Key Managerial Personnel:

- Mr. Manish Gupta – Managing Director (DIN: 06805265)
- Dr. Gautam Kumar Das – Joint Managing Director (DIN: 02920990)
- Mr. Kannan P R, Chief Financial Officer
- Mr. Preetham Hebbar, Company Secretary

Mr. Manish Gupta, Managing Director, Dr. Gautam Kumar Das, Joint Managing Director, Mr. Kannan P R, Chief Financial Officer and Mr. Preetham Hebbar, Company Secretary were designated as Key Managerial Personnel on 28 May 2014 in compliance with Section 203 of the Companies Act, 2013 read with rules framed thereunder.

The Company has received necessary declarations from each Independent Director that he/ she meets the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Detailed data on composition of Board of Directors, Committees of Board of Directors, Meeting details, charter for each committee and attendance details forms part of the Corporate Governance Report.

9. MEETINGS OF THE BOARD

During the year ended 31 March 2015, 11 (Eleven) Board Meetings were held. These meetings were held on 23 April 2014 (2 meetings), 28 May 2014, 18 June 2014, 13 August 2014, 15 September 2014, 8 October 2014, 12 November 2014, 20 January 2015, 11 February 2015 and 2 March 2015.

10. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

The Directors of the Company are appointed by members at the General Meetings of the Company.

As regards the appointment and tenure of Independent Directors, the Company has adopted the provisions of the Companies Act, 2013 read with Clause 49 of the Listing Agreement.

The Nomination and Remuneration Committee has adopted a policy namely Sequent Policy on Nomination and Remuneration (“the Policy”) in adherence to Section 178(3) of the Companies Act, 2013 and Clause 49 (IV) (B) (4) of the Listing Agreement as entered with stock exchange. The policy acts as a guideline on matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and other employees of the Company. The policy is enclosed as Annexure 3 to this report.

11. EVALUATION OF BOARD OF DIRECTORS

Pursuant to provisions of the Companies Act, 2013, Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has formulated a policy called as Sequent Board Performance Evaluation Policy (“the Policy”). Based on this the Company has prepared a questionnaire to carry out the evaluation of performance of every Director including the Independent Directors at regular intervals and at least on an annual basis. The questionnaire is structured to embed various parameters based on which the performance of a Board can be evaluated. Customized questionnaires are formulated for evaluating Independent Directors, Non-Executive Directors, Whole-time Directors, Chairperson of the Board and the Board, as a whole.

Based on the Policy the evaluation was conducted by the Company.

12. AUDIT COMMITTEE

The Composition of Audit Committee of the Company as on 30 July 2015 is given below:

- a. Dr. Gopakumar G Nair – Chairman
- b. Mr. Kannan Ramanujam – Member
- c. Dr. Kausalya Santhanam - Member

Board of the Company has accepted all recommendations given by the Audit Committee.

13. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 (1) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. B.G & Associates, Practicing Company Secretaries to carry out the Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report is annexed as Annexure 4 to this Report. There are

no qualifications, observations or adverse remarks in the Secretarial Audit Report.

14. STATUTORY AUDITORS

At the Annual General Meeting held on 29 September 2014, M/s. Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration Number 008072S) were appointed as Statutory Auditors of the Company for a period of 5 years from 29th Annual General Meeting till the conclusion of 34th Annual General Meeting. In terms of the first proviso to Section 139(1) of the Companies Act, 2013 ("the Act"), the appointment of auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company will be placed for ratification by the members in the ensuing Annual General Meeting of the Company.

Pursuant to Section 148(3) of the Act and Companies (Cost records and audit) Rules, 2014, Mr. Girish Kambadaraya, Cost Accountant, has been appointed as the Cost Auditor for the financial year 2014-15. The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended 31 March 2014 was 30 September 2014 and the Cost Audit reports were filed by the Cost Auditor on 22 September 2014.

The due date for filing the Cost Audit Reports for the financial year ended 31 March 2015 is 30 September 2015.

The Board at its meeting held on 30 July 2015 on recommendation of Audit Committee has appointed Mr. Girish Kambadaraya, Cost Accountant, as the Cost Auditor for the financial year 2015-16 in terms of Section 148(3) of the Act and Companies (Cost records and audit) Rules, 2014 as amended. As per the requirement of Companies Act, 2013 remuneration payable to Cost Auditors shall be placed for ratification of at the ensuing Annual General Meeting of the Company.

A proposal will be placed before the members for the ratification of remuneration payable to Mr. Girish Kambadarya, Cost Auditor of the Company for the year 2015-16.

15. AUDIT REPORT

There are no qualifications, observations or adverse remarks in the Audit Report issued by the Statutory Auditors of the Company for financial year ended 31 March 2015.

16. PARTICULARS OF EMPLOYEES

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided as an Annexure 5 to this report except the report as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In terms of Section 136 of the Companies Act, 2013 the said report is open for inspection at the Registered Office of the Company during working hours and any member interested in obtaining a copy of the same may write to the Company Secretary at the registered office of the Company.

17. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Board of Directors of the Company at its meeting held on 28 May 2014 has approved the implementation of Whistle Blower Policy namely "Sequent Whistle Blower Policy" ("the Policy") throughout the Company in order to curb the unethical or improper behaviour/ practices or alleged wrongful conduct or violation of Code of Conduct of the Company or applicable laws, frauds, bribery, corruption, employee misconduct, illegality, health, safety & environmental issues or misappropriation of Company funds or assets within the Company or by the Company. This policy helps in providing a mechanism for personnel to report to the Authority concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

The Policy covering all employees, Directors and other persons having association with the Company is hosted on the Company's website at www.sequent.in.

18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

Particulars of investments made, loans given and guarantees provided in terms of Section 186 of the Companies Act, 2013 during the year 2014-15 are as per details given below:

Name of the entity	Relationship	Investment (Amount in ₹)	Loan (Amount in ₹)	Guarantee (Amount in ₹)
Shasun Pharmaceuticals Limited, India (Subscription of 3,500,000 equity shares)	-	385,000,000	-	-
Shasun Pharmaceuticals Limited, India (25% amount paid for subscription of 7,100,000 convertible warrants at a price of ₹ 110 per warrant)	-	195,250,000	-	-
Alivira Animal Health Limited, India	Subsidiary	750,000,000	-	-
Alivira Animal Health Limited, India	Subsidiary	-	-	649,700,000

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions entered with related parties are in the ordinary course of business and on arm's length basis.

Further, there are no materially significant related party transactions with its Promoters, the Directors, the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

The particulars of material contracts or arrangements with related parties referred to in Section 188(1), as prescribed in Form AOC-2 of the Rule 8(2) of Companies (Accounts) Rules, 2014 is given as an Annexure 6 to this Report.

All transactions with the related parties are disclosed in Note 28.2 (B) to the financial statements in the Annual Report.

20. CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Companies Act, 2013 were not applicable to the Company for the financial year 2014-15.

21. RISK MANAGEMENT

Company has a risk management framework for identification and managing risks. Additional details are provided in the 'Management Discussion and Analysis' report forming part of this Report.

22. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators, Courts or Tribunals that would impact the going concern status of the Company and its future operations.

23. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Section 134(5) of the Companies Act, 2013, the Board of Directors of your company confirms that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) the annual accounts of the Company have been prepared on a going concern basis;
- (e) the Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS/ OUTGO AND RESEARCH & DEVELOPMENT

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is enclosed as an Annexure 7 to this Report.

Detailed write-up on Research and Development activity also forms part of this annexure.

25. CORPORATE GOVERNANCE

The Company has complied with all the mandatory requirements of Corporate Governance specified by the Securities and Exchange Board of India under Clause 49 of the Listing Agreement as entered with the Stock Exchange ("Listing Agreement"). As required by the said clause, a separate Report on Corporate Governance forms part of the Annual Report of the Company. A certificate from the Statutory Auditors of the Company regarding compliance with Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement also forms part of the Annual Report.

26. MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to clause 49 of the Listing Agreement entered into with the Stock Exchange, Management Discussion and Analysis Report forms part of this Report.

27. EMPLOYEE STOCK OPTION SCHEME

The Company has formulated an Employee Stock

Option Plan titled 'SSL ESOP Scheme 2010' and the scheme is administered through a trust. As on date 700,000 shares have been issued to the trust. During the financial year 2014-15 the Compensation Committee has granted 380,000 options to identified employees, and 60,000 options lapsed due to resignation of employees. As at 31 March 2015, 772,500 Stock options are outstanding.

The ESOP scheme of the Company is in Compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Further disclosure under Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and SEBI (Share Based Employee Benefits) Regulations, 2014 is enclosed as an Annexure 8 to this Report.

28. APPRECIATION

Your Directors would like to express their appreciation for the excellent support and co-operation received from the Members, Customers, Financial Institutions, Banks, Government Authorities, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, Manufacturers and Suppliers to the Company.

We would like to place on record our sincere appreciation for the total commitment, dedication, untiring efforts and hard work put in by the employees at all levels of the Company in realisation of the corporate goals in the years ahead.

For and on **behalf of the Board of Directors**

Dr. Gopakumar G Nair

Chairman

Place: Bangalore

Date: 30 July 2015

Annexure 1

FORM AOC 1

(Pursuant to first proviso to sub section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part A - Subsidiaries

Information relating to Subsidiaries of the Company as at 31 March, 2015

Sl No.	Name of the Subsidiary	Country of incorporation	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency	Exchange Rate as on Last date of the relevant Financial year in the case of foreign subsidiaries.	(a) Share Capital (Includes Monies pending allotment)	(b) Reserves & Surplus	(c) Total Assets	(d) Total liabilities	(e) Investments	(f) Turnover	(g) Profit before taxation	(h) Provision for taxation	(i) Profit after taxation	(j) Proposed dividend	(k) % Shareholding
A Subsidiaries Entity																
1	SeQuent Penems Private Limited	India	NA	INR		45.26	(19.78)	195.71	170.25	-	-	(42.02)	-	(42.02)	-	89.23%
2	Elysian Life Sciences Private Limited	India	NA	INR		0.10	(112.08)	6.83	118.80	-	-	(0.26)	-	(0.26)	-	100.00%
3	Alivira Animal Health Limited, India	India	NA	INR		1,473.10	690.38	4,268.49	2,105.02	311.01	1,216.24	(45.58)	-	(45.58)	-	91.92%
4	Alivira Animal Health Limited, Ireland	Ireland	NA	USD		316.08	(89.29)	1,023.77	746.98	929.47	84.57	(38.63)	-	(38.63)	-	91.92%
5	Provet Veteriner Urunleri Sanayive Ticaret Anonim Sirketi, Turkey	Turkey	NA	TRY		47.88	420.81	714.07	245.37	5.04	293.20	17.03	14.58	2.45	-	55.15%
6	SeQuent Research Limited	India	NA	INR		44.10	18.45	207.57	145.02	-	182.97	6.06	2.35	3.69	-	100.00%
7	SeQuent Anit Biotics Private Limited	India	NA	INR		0.10	(0.59)	-	0.49	-	-	(0.01)	-	(0.01)	-	100.00%
8	SeQuent Pharmaceuticals Private Limited (Formerly known as SeQuent Oncolytics Private Limited)	India	NA	INR		0.10	(0.18)	0.02	0.10	-	-	(0.03)	-	(0.03)	-	99.99%
9	SeQuent Global Holdings Limited	Mauritius	NA	Euro		9.50	(7.85)	2.60	0.95	-	-	41.73	-	41.73	-	100.00%
10	SeQuent European Holdings Limited	Cyprus	NA	Euro		0.27	(1.34)	0.02	1.09	-	-	(0.01)	-	(0.01)	-	100.00%
B Entities Wounded Up/Sold during the period																
1	Elysian Life Sciences (Mauritius) Limited	Mauritius	NA	USD		64.84	(64.84)	-	-	-	-	(1.60)	-	(1.60)	-	100.00%
2	Vedic Fanxipang Pharma Chemic Company Limited	Vietnam	NA	VND		133.08	(127.09)	5.99	-	-	-	0.12	-	0.12	-	100.00%

Part B - Associates and Joint Ventures

The Company does not have any Associates and Joint Ventures as on 31 March 2015.

For and on behalf of the Board of Directors

Manish Gupta Managing Director	Dr. Gautam Kumar Das Joint Managing Director	P R Kannan Chief Financial Officer	Preetham Hebbar Company Secretary
--	--	--	---

Place: Bangalore

Date: 30 July 2015

Annexure 2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	L99999MH1985PLC036685
2.	Registration Date	28 June 1985
3.	Name of the Company	Sequent Scientific Limited
4.	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	301, 3rd Floor, Dosti Pinnacle, Plot No.E7 Road No.22, Wagle Industrial Estate, Thane west -400 604, Maharashtra, India Tel No: +91 22 4111 4777 Fax No: +91 22 4111 4754
6.	Whether Listed Company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Adroit Corporate Services Private Limited 19, Jaferbhoy Industrial Estate, 1st Floor, Makhwana Road , Marol Naka, Andheri (E), Mumbai- 400 059 Tel No: +91 22 42270400 Fax No:+91 22 28503748

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No	Name and Description of main products/services	NIC Code of the product/services	% to total turnover of the Company
1.	Pharmaceuticals	21001	95%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section under Companies Act, 2013
1	Alivira Animal Health Limited 301, 3rd Floor, Dosti Pinnacle, Plot No.E7 Road No.22, Wagle Industrial Estate, Thane west - 400 604, Maharashtra, India	U74120MH2013PLC248708	Subsidiary	91.92	Section 2(87)
2	Sequent Research Limited 120/A & B, Industrial Area Baikampady, Mangalore - 575001, Karnataka, India	U24232KA2007PLC042483	Subsidiary	100	Section 2(87)
3	Sequent Penems Private Limited Star II, Opp. IIM, Bilekahalli, Bannerghatta Road, Bangalore - 560 076, Karnataka, India	U24233KA2010PTC053548	Subsidiary	89.23	Section 2(87)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section under Companies Act, 2013
4	Sequent Anti Biotics Private Limited Star II, Opp. IIM, Bilekahalli, Bannerghatta Road, Bangalore - 560 076, Karnataka, India	U24230KA2010PTC053487	Subsidiary	100	Section 2(87)
5	Sequent Pharmaceuticals Private Limited (Formerly known as Sequent Oncolytics Private Limited) Star II, Opp. IIM, Bilekahalli, Bannerghatta Road, Bangalore - 560 076, Karnataka	U24230KA2010PTC053584	Subsidiary	99.99	Section 2(87)
6	Elysian Life Sciences Private Limited Star II, Opp. IIM, Bilekahalli, Bannerghatta Road, Bangalore - 560 076, Karnataka, India	U24232KA2010PTC052742	Subsidiary	100	Section 2(87)
7	Sequent Global Holdings Limited, St James Court-Suite 308, St Denis Street, Port Louis, Republic of Mauritius	NA	Subsidiary	100	Section 2(87)
8	Sequent European Holdings Limited, Themistokli Dervi 3, Julia House, P C 1066, Nicosia, Cyprus	NA	Subsidiary	100	Section 2(87)
9	Alivira Animal Health Limited, 25-28, North Wall Quay, I.F.S.C., Dublin 1, Ireland	NA	Subsidiary	91.92	Section 2(87)
10	Provet Veteriner Urunleri Sanayive Ticaret Anonim Sirketi, Cavusoglu Mah. Samanyolu Cad. No.28 Kartal/ Istanbul Turkey	NA	Subsidiary	55.15	Section 2(87)

Category code	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		Demat	Physical	Total % of Total Shares	Demat	Physical	Total % of Total Shares	
B2	Non-institutions							
(a)	Bodies Corporate	657,667	-	657,667	1,064,188	-	1,064,188	3.49
(b)	Individuals							
I	Ind-Hold nominal shr capital upto ₹ 1L	963,277	10,255	973,532	1,191,728	10,255	1,201,983	3.94
II	Ind-Hold nominal shr capital in excess of ₹ 1L	1,950,218	-	1,950,218	2,146,613	-	2,146,613	7.04
(c)	Qualified Foreign Investor							
(d)	Any Other (specify)							
(d-i)	Clearing member	5,687	-	5,687	26,553	-	26,553	0.09
(d-ii)	NRI	1,936,960	-	1,936,960	1,309,069	-	1,309,069	4.29
(d-iii)	Foreign Corp Bodies (Including FDI)	3,183,871	-	3,183,871	-	-	-	(11.65)
(d-iv)	Trusts	700,075	-	700,075	582,500	-	582,500	1.91
(d-v)	Directors	23,348	-	23,348	36,848	-	36,848	0.13
	Sub-Total (B)(2)	9,421,103	10,255	9,431,358	6,357,499	10,255	6,367,754	20.89
(B)	Total Public Shareholding (B)=(B) (1)+(B)(2)	9,462,103	10,255	9,472,358	9,432,104	10,255	9,442,359	30.97
	TOTAL (A)+(B)	26,774,936	560,255	27,335,191	30,474,936	10,255	30,485,191	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
1	Promoter and Promoter Group	-	-	-	-	-	-	-
2	Public -	-	-	-	-	-	-	-
	Sub-Total (C)	-	-	-	-	-	-	-
GRAND TOTAL		26,774,936	560,255	27,335,191	30,474,936	10,255	30,485,191	100.00
	(A)+(B)+(C)							

ii. Shareholding of Promoters

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		Number of shares	% of total shares of the Company	% of shares Pledged/ encumbered to total shares	Number of shares	% of total shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Agnus Capital LLP	2,425,000	8.87	-	3,525,000	11.56	2.34	2.69
2	Agnus Holdings Private Limited	260,230	0.95	0.73	260,230	0.85	0.66	(0.10)
3	Arunkumar Pillai	5,579,993	20.41	-	5,579,993	18.30	-	(2.11)
4	Chayadeep Properties Private Limited	1,012,624	3.70	2.93	1,036,111	3.40	2.62	(0.31)
5	Chayadeep Ventures LLP	2,425,000	8.87	-	3,525,000	11.56	-	2.69
6	K R Ravishankar	5,579,986	20.41	-	5,579,986	18.30	-	(2.11)
7	Pronomz Ventures LLP	550,000	2.01	-	1,506,512	4.94	-	2.93
8	Yalavarthy Usha Rani	30,000	0.11	-	30,000	0.10	-	(0.01)
	Total	17,862,833	65.35	3.66	21,042,832	69.03	5.62	3.68

iii. Change in Promoters Shareholding

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Agnus Capital LLP						
	At the beginning of the year	1-Apr-14	Opening Balance	2,425,000	8.87	2,425,000	8.87
	Date wise Increase / Decrease	12-Nov-14	Allotment pursuant to conversion of warrants	1,100,000	3.61	3,525,000	11.56
	At the end of the year	31-Mar-15	Closing Balance	-	-	3,525,000	11.56
2	Agnus Holdings Private Limited						
	At the beginning of the year	1-Apr-14	Opening Balance	260,230	0.95	260,230	0.95
	At the end of the year	31-Mar-15	Closing Balance	-	-	260,230	0.85
3	Arunkumar Pillai						
	At the beginning of the year	1-Apr-14	Opening Balance	5,579,993	20.41	5,579,993	20.41
	At the end of the year	31-Mar-15	Closing Balance	-	-	5,579,993	18.30

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
4	Chayadeep Properties Private Limited						
	At the beginning of the year	1-Apr-14	Opening Balance	1,012,624	3.70	1,012,624	3.70
	Date wise Increase / Decrease	11-Apr-14	Market Purchase	5,328	0.02	1,017,952	3.72
		18-Jul-14	Market Purchase	18,159	0.07	1,036,111	3.79
	At the end of the year	31-Mar-15	Closing Balance	-	-	1,036,111	3.40
5	Chayadeep Ventures LLP						
	At the beginning of the year	1-Apr-14	Opening Balance	2,425,000	8.87	2,425,000	8.87
	Date wise Increase / Decrease	12-Nov-14	Allotment pursuant to conversion of warrants	1,100,000	3.61	3,525,000	11.56
	At the end of the year	31-Mar-15	Closing Balance	-	-	3,525,000	11.56
6	K R Ravishankar						
	At the beginning of the year	1-Apr-14	Opening Balance	5,579,986	20.41	5,579,986	20.41
	At the end of the year	31-Mar-15	Closing Balance	-	-	5,579,986	18.30
7	Pronomz Ventures LLP						
	At the beginning of the year	1-Apr-14	Opening Balance	550,000	2.01	550,000	2.01
	Date wise Increase / Decrease	4-Apr-14	Market Purchase	6,512	0.02	556,512	2.04
		8-Oct-14	Allotment pursuant to conversion of warrants	750,000	2.67	1,306,512	4.65
		12-Nov-14	Allotment pursuant to conversion of warrants	200,000	0.66	1,506,512	4.94
	At the end of the year	31-Mar-15	Closing Balance	-	-	1,506,512	4.94
8	Yalavarthy Usha Rani						
	At the beginning of the year	1-Apr-14	Opening Balance	30,000	0.11	30,000	0.11
	At the end of the year	31-Mar-15	Closing Balance	-	-	30,000	0.10

iv. Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs.)

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Primera Partners Pte Ltd						
	At the beginning of the year	1-Apr-14	Opening Balance	3,183,871	11.65	3,183,871	11.65
	Date wise Increase / Decrease	30-May-14	Transfer of Shares from one account to another	(3,183,871)	(11.65)	-	-
		30-May-14	Transfer of Shares from one account to another	3,183,871	11.65	3,183,871	11.65
		30-May-14	Sale	(21,210)	(0.08)	3,162,661	11.57
		6-Jun-14	Sale	(1,315,795)	(4.81)	1,846,866	6.76
		20-Jun-14	Sale	(18,534)	(0.07)	1,828,332	6.69
		18-Jul-14	Sale	(1,000,000)	(3.66)	828,332	3.03
		25-Jul-14	Purchase	171,668	0.63	1,000,000	3.28
		1-Aug-14	Sale	(1,000,000)	(3.66)	-	-
	At the end of the year	31-Mar-15	Closing Balance	-	-	-	-
2	Satpal Khattar						
	At the beginning of the year	1-Apr-14	Opening Balance	1,699,018	6.22	1,699,018	6.22
	Date wise Increase / Decrease	13-Jun-14	Sale	(1,449,018)	5.30	250,000	0.91
		30-Jun-14	Sale	(7,408)	0.03	242,592	0.89
		18-Jul-14	Purchase	949,018	3.47	1,191,610	4.36
	At the end of the year	31-Mar-15	Closing Balance	-	-	1,191,610	3.91

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
3	Sequent Scientific Employee Stock Option Trust						
	At the beginning of the year	1-Apr-14	Opening Balance	700,000	2.56	700,000	2.56
	Date wise Increase / Decrease	30-Jun-14	Transfer to employees on exercise of ESOPs	(90,000)	0.33	610,000	2.23
		11-Jul-14	Transfer to employees on exercise of ESOPs	(15,000)	0.05	595,000	2.18
		18-Jul-14	Transfer to employees on exercise of ESOPs	(7,500)	0.03	587,500	2.15
		5-Sep-14	Transfer to employees on exercise of ESOPs	(5,000)	0.02	582,500	2.13
	At the end of the year	31-Mar-15	Closing Balance	-	-	582,500	1.91
4	Laxmi Shivanand Mankekar						
	At the beginning of the year	1-Apr-14	Opening Balance	608,518	2.23	608,518	2.23
	Date wise Increase / Decrease	12-Sep-14	Purchase	121,414	0.44	729,932	2.67
	At the end of the year	31-Mar-15	Closing Balance	-	-	729,932	2.39
5	Girish Sareen						
	At the beginning of the year	1-Apr-14	Opening Balance	387,849	1.42	387,849	1.42
	At the end of the year	31-Mar-15	Closing Balance	-	-	387,849	1.27
6	Viva Securities Limited						
	At the beginning of the year	1-Apr-14	Opening Balance	324,050	1.19	324,050	1.19
	At the end of the year	31-Mar-15	Closing Balance	-	-	324,050	1.06

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
7	Mala Sareen						
	At the beginning of the year	1-Apr-14	Opening Balance	234,206	0.86	234,206	0.86
	At the end of the year	31-Mar-15	Closing Balance	-	-	234,206	0.77
8	Naresh Garg						
	At the beginning of the year	1-Apr-14	Opening Balance	200,000	0.73	200,000	0.73
	At the end of the year	31-Mar-15	Closing Balance	-	-	200,000	0.66
9	Chaitanya Deepak Vaidya						
	At the beginning of the year	1-Apr-14	Opening Balance	134,510	0.49	134,510	0.49
	Date wise Increase / Decrease	11-Apr-14	Purchase	2,000	0.01	136,510	0.50
		18-Apr-14	Sale	(22,342)	0.08	114,168	0.42
		25-Apr-14	Sale	(11,080)	0.04	103,088	0.38
		2-May-14	Sale	(14,510)	0.05	88,578	0.32
		6-Jun-14	Sale	(83,686)	0.31	4,892	0.02
		13-Jun-14	Purchase	273	0.00	5,165	0.02
		20-Jun-14	Sale	(5,165)	0.02	-	-
		23-Jan-15	Purchase	1,990	0.01	1,990	0.01
	30-Jan-15	Purchase	224	-	2,214	0.01	
	At the end of the year	31-Mar-15	Closing Balance	-	-	2,214	0.01
10	Kruti Capital Services Private limited						
	At the beginning of the year	1-Apr-14	Opening Balance	100,000	0.37	100,000	0.37
	Date wise Increase / Decrease	6-Jun-14	Sale	(15,000)	0.05	85,000	0.31
		13-Jun-14	Sale	(5,000)	0.02	80,000	0.29
		19-Sep-14	Sale	(5,000)	0.02	75,000	0.27
At the end of the year	31-Mar-15	Closing Balance	-	-	75,000	0.25	

Note: For the purpose of disclosure the shareholding of 10 ten shareholders as on April 1, 2014 is given.

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	K R Ravishankar*						
	At the beginning of the year	1-Apr-14	Opening Balance	5,579,986	20.41	5,579,986	20.41
	At the end of the year	31-Mar-15	Closing Balance	-	-	5,579,986	18.30
2	Gopakumar G Nair						
	At the beginning of the year	1-Apr-14	Opening Balance	23,348	0.09	23,348	0.08
	At the end of the year	31-Mar-15	Closing Balance	-	-	23,348	0.08
3	Manish Gupta						
	At the beginning of the year	1-Apr-14	Opening Balance	1,000	0.00	1,000	0.00
	At the end of the year	31-Mar-15	Closing Balance	-	-	1,000	0.00
4	Gautam Kumar Das						
	At the beginning of the year	1-Apr-14	Opening Balance	-	-	-	-
	Date wise Increase / Decrease	27-Jun-14	Exercise of ESOP	12,500	0.05	12,500	0.05
	At the end of the year	31-Mar-15	Closing Balance	-	-	12,500	0.04
5	Kannan Ramanujam						
	At the beginning of the year	1-Apr-14	-	-	-	-	-
	At the end of the year	31-Mar-15	-	-	-	-	
6	Dr. Kausalya Sathanam**						
	At the beginning of the year	1-Apr-14	-	-	-	-	-
	At the end of the year	31-Mar-15	-	-	-	-	
7	Kannan P R						
	At the beginning of the year	1-Apr-14	Opening Balance	-	-	-	-
	Date wise Increase / Decrease	27-Jun-14	Exercise of ESOP	12,500	0.05	12,500	0.05
	At the end of the year	31-Mar-15	Closing Balance	-	-	12,500	0.04
8	Preetham Hebbar						
	At the beginning of the year	1-Apr-14	Opening Balance	2	0.00	2	0.00
	At the end of the year	31-Mar-15	Closing Balance	-	-	2	0.00

* Mr. K R Ravishankar ceased to be a Director w.e.f September 29, 2014

** Appointed as Additional Director with effect from October 28, 2014

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial Year i.e., 1 April 2014				
i) Principal Amount	1,807.55	1,690.35	-	3,497.90
ii) Interest due but not paid	2.14	-	-	2.14
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,809.69	1,690.35	-	3,500.04
Change in indebtedness during the financial year				
Addition	405.98	2,142.98	-	2,548.96
Reduction	(803.46)	(1,908.82)	-	(2,712.28)
Working Capital (Net)	54.74	-	-	54.74
Exchange Loss/(Gain)	16.76	-	-	16.76
Net Change	(325.98)	234.16	-	(91.82)
Indebtedness at the end of the financial Year i.e., 31 March 2015				
i) Principal Amount	1,483.70	1,924.51	-	3,408.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,483.70	1,924.51	-	3,408.21

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/ or Manager

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of Managing Director/ Whole Time Director / Manager		Total Amount
		Manish Gupta, Managing Director (w.e.f. 12 November 2014)	Dr. Gautam Kumar Das, Joint Managing Director	
1.	Gross Salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2.81*	9.16*	11.97
(b)	Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	2.53	2.53
(c)	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Options granted during the year 2014-15	200,000	-	-
3.	Sweat Equity granted during the year 2014-15	-	-	-
4.	Commission	-	-	-
	- as % of Profit			
	- Others, specify			
5.	Others, Variable Pay accrued for the year 2014-15	0.54	1.07	1.61
	Total (A)	3.35	12.76	16.11
	Ceiling as per the Act	Total remuneration of ₹ 2.40 Crore Per annum per Managerial personnel as per Section II of Part II of Schedule V including the remuneration to be received from other Companies		

*Excludes Company's contribution to PF of ₹ 0.17 Million and ₹ 0.39 Million for Mr. Manish Gupta and Dr Gautam Kumar Das respectively.

Note: Mr. Manish Gupta and Dr. Gautam Kumar Das also received managerial remuneration of ₹ 3.41 Million and ₹ 2.95 Million respectively from Alivira Animal Health Limited, India, a subsidiary of the Company for the year 2014-15.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors			(₹ in Million)
		Dr. Gopakumar G Nair	Dr. Kausalya Santhanam	Mr. Kannan Ramanujam	Total Amount
1.	Independent Directors				
	- Fee for attending Board/ Committee Meetings	0.46	0.24	-	0.70
	- Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (1)	0.46	0.24	-	0.70
2.	Other Non-Executive Directors				
	- Fee for attending board/ Committee meetings	-	-	0.35	0.35
	- Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (2)	-	-	0.35	0.35
	Total (B) = (1+2)	0.46	0.24	0.35	1.05
	Total Managerial Remuneration (A+B)				17.16
	Overall Ceiling as per the Act	1% of net profit and sitting fee of ₹ 100,000 Lakh per Director per meeting			

C. Remuneration to Key Managerial Personnel other than Managing Director/ Manager/ Whole-time Director

Sr. No.	Particulars of Remuneration	Name of Managing Director/ Whole Time Director / Manager			(₹ in Million)
		Manish Gupta, Chief Executive Officer (upto 11 November 2014)	Kannan P R, Chief Financial Officer	Preetham Hebbar, Company Secretary	Total Amount
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	8.59*	8.90*	0.58*	18.07
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	2.53	-	2.53
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Options granted during the year 2014-15	100,000	-	-	-
3.	Sweat Equity granted during the year 2014-15	-	-	-	-
4.	Commission	-	-	-	-
	- as % of Profit	-	-	-	-
	- Others, specify	-	-	-	-
5.	Others, Variable Pay accrued for the year 2014-15	1.73	1.35	-	3.08
	Total	10.32	12.78	0.58	23.68

*Excludes Company's contribution to PF of ₹ 0.55 Million, ₹ 0.39 Million and ₹ 0.03 Million for Mr. Manish Gupta, Mr. Kannan PR and Mr. Preetham Hebbar respectively.

VII. PENALTIES/ PUNISHMENT/COMPOUNDING OF OFFENCES UNDER THE COMPANIES ACT, 2013: None

Annexure 3

SEQUENT NOMINATION AND REMUNERATION POLICY

Introduction:

The Company has adopted a policy namely "Sequent Policy on Nomination and Remuneration" ("the Policy") in adherence to Section 178(3) of the Companies Act, 2013 and Clause 49 (IV) (B) (4) of the Listing Agreement as entered with stock exchange. The policy was approved by the Nomination and Remuneration Committee of the Board of Directors of the Company at its meeting held on 30 July 2015. The policy shall act as a guideline on matters relating to the remuneration, appointment, retention, removal and evaluation of performance of the Directors, Key Managerial Personnel, senior management and other employees of the Company as covered under this policy ("Employees").

Definition:

'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

'Board' means the Board of Directors of the Company.

'Committee' means the Nomination and Remuneration Committee.

'Directors' means Directors of the Company.

'Key Managerial Personnel' means Chief Executive Officer, Managing Director, Whole-time director, Chief Financial Officer, Company Secretary and such other officer as may be prescribed under the Act.

'Senior Management' means personnel of the company who are one level below the Board of Directors of the Company including the core management team of the Company and excluding the Board of Directors of the Company.

'Sequent' includes Sequent Scientific Limited and its subsidiaries and joint ventures incorporated in India or outside India.

Scope of the Policy:

This policy is applicable to all Directors, Key Managerial Personnel (KMP), Senior Management team and Employees of Sequent.

Nomination and Remuneration Committee:

The Board has constituted the Committee in line with requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement, to oversee the

functions related to appointment and remuneration of the Directors, Key Managerial Personnel, Senior Management and Employees.

The Committee shall consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that Chairperson of the Company may be appointed as a member of the Committee but shall not chair the Committee. The meeting of Committee shall be held at such regular intervals as may be required to carry out the objectives set out in the Policy with minimum two members who shall constitute the quorum for the meeting.

The Composition of the Committee shall be disclosed in the Annual Report of the Company.

Key Objectives of Committee:

The Key objectives of the committee are:

- To identify persons who are qualified to become Directors, Key Managerial Personnel and Senior Management of the Company
- To guide Board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior Management of the Company.
- To evaluate the performance of the members of the Board including Independent Directors to provide necessary information/ report to the Board for further evaluation.
- To recommend to the board on remuneration payable to the Directors and Key Managerial Personnel
- To retain motivate and promote talent and to ensure long term sustainability of talented managerial person and create competitive advantage.
- To devise a policy on Board diversity.
- To develop a succession plan for the Board and to regularly review the plan.

Duties and roles of the committee:

- Formulating the criteria of determining the qualification, positive attributes and independence of the Director.
- Recommending to the Board the remuneration payable to the Directors and Key Managerial Personnel.
- Identifying person who are qualified to become a Director and person who may / can be appointed as Key Managerial Personnel or in the Senior Management in accordance to the criteria laid down in the Policy.
- Recommending to the Board, appointment and removal of the Director, Key Managerial Personnel and Senior Management Personnel.

- Determining the appropriate size diversity and composition of the Board.
- Setting a formal and transparent procedure for handling new Director for appointment to the Board.
- Ensuring that there is an appropriate induction plan in place for new Directors and reviewing its effectiveness.
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Developing a succession plan for the Board and senior management and regularly review the plan.
- Evaluating the performance of the Board members including Independent Directors and the senior management in the context of the company's performance, industry benchmarks and compliance.
- Making recommendations to the Board concerning any matter relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the company subject to the law and the service contract.
- Recommend necessary changes to the Board in line with Board diversity policy.
- Considering and determining the Remuneration policy, based on performance with a reasonable and sufficient need to attract, retain and motivate members of the Board.
- Approve the remuneration of Key Managerial Personnel of the Company by maintaining a balance between fixed and incentive pay reflecting short and long term, performance objectives appropriate to the working of the Company, and its growth strategy.
- Overseeing the formulation and implementation of ESOP Schemes, its administration, supervision and formulating detailed terms and conditions in accordance with SEBI Guidelines.
- Consider any other matters as may be referred by the Board to the Committee.

Appointment criteria and qualifications:

- The Committee shall ensure that Managing Director/ Whole Time Director of the Company is not appointed as Chairman of the Board/ Company.
- The Committee shall ensure that the Composition of the Board of the Company is compliant with the applicable Laws/ Regulations
- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel and recommend to the Board his/ her appointment.
- A person should possess adequate qualification, expertise and experience to handle the position for which he/ she will be proposed to be appointed. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.
- The company shall not appoint any person as Managing Director/ Whole-time Director who has not completed the age of twenty one years and who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of members by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- The Committee shall ensure to achieve Board diversity.

Board Diversity:

- The Committee shall achieve Board diversity by nominating Board members with expertise in different areas/ fields like Finance, Pharma, Research & Development, Intellectual Property, Corporate Law and Legal, Engineering, Banking etc. Board diversity shall be based on number of other aspects like gender, age, cultural and educational background, ethnicity, professional experience, knowledge etc.,
- The diversified Board will enhance the quality of the decisions made by the Board by utilizing the different skills, qualification, professional experience, gender, knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced development.

Term/ Tenure:

- Managing Director/ Whole-time Director: The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding such term as may be specified under the Act. No re-appointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the members of the Company.
- Independent Director: An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for one more term of five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more

than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Succession Plan for Directors:

The Committee shall assist the Board in identifying and selecting a new Directors in the event of an anticipated or an unanticipated vacancy in the Board.

The purpose of the Director Succession Plan is to ensure the orderly identification and selection of new Directors in the event of a vacancy on the Board, whether such vacancy exists by reason of an anticipated retirement, an unanticipated departure, the expansion of the size of the Board or otherwise. The Committee shall identify nominees for the position of director.

If a director position becomes vacant by reason of death or other unanticipated occurrence, the Committee shall convene a special meeting to identify and nominate a new Director on the Board of the Company.

Evaluation:

The Company has formulated a policy called as Sequent Board Performance Evaluation Policy. Based on this the Company has prepared a questionnaire to carry out the evaluation of performance of every Director including the independent directors at regular intervals and at least on an annual basis. The questionnaire is structured to embed various parameters based on which the performance of a Board can be evaluated. Customised Questionnaires are formulated for evaluating Independent Directors, Non-Independent Directors & Whole-time Directors, Chairperson of the Board and the Board, as a whole.

The Committee may review and restructure the questionnaires and may also adopt other methods of evaluating the Board as and when necessary to achieve the better implementation of evaluation mechanism.

The Committee may review this policy as and when required.

Removal

Due to any disqualification as mentioned in the Act or under any other applicable Act, rules and regulations there under or for any other valid reason the committee

may recommend to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or any Senior Management Personnel subject to the provisions and compliance of the said Act, rules, regulations and service contract.

Retirement:

The Director and Key Managerial Personnel shall retire at the age as per the applicable provisions of the Act or HR policy of the Company. The Board will have the discretion to retain the Director or Key Managerial Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, if it is in the best interest of the Company.

Remuneration:

The remuneration of the Managing Director/ Whole-time Director will be determined by the Committee and recommended to the Board for approval subject to approval of the members of the Company and Central Government, if required. The Committee will approve the remuneration of Key Managerial Personnel of the Company. The Company may place before the Committee if so necessary the remuneration payable to Senior Management for its approval.

The remuneration and commission including increments recommended to be paid to the Whole-time Director shall be in accordance with the percentage/ slabs/ conditions laid down as per the provisions of the Act. These would be subject to approval of the members of the Company.

- **Remuneration to Whole-time Director / Executive Director / Managing Director and Key Managerial Personnel**

- **Fixed pay:** Managing Director/ Whole-time Director/ shall be eligible for a monthly remuneration as may be approved by the Board/ Members on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board and approved by the members and Central Government, wherever required. The Committee shall approve the remuneration for the Key Managerial Personnel.
- **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/ Whole-time Director in accordance with the provisions of Schedule

V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

- **Long-term rewards:** These long-term rewards are linked to contribution to the performance of the Company based on relative position of the personnel in the organization. These rewards could be in the form/ nature of stock options and are based on level of employees and their criticality.
- **Provisions for excess remuneration:** If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required he/ she shall refund such funds to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
- **Variable Pay:** The Company may give Variable pay to its Managing Director/ Whole Time Director and other Key Managerial Personnel as per the recommendation of the Committee.
- **Remuneration to Non-Executive Director / Independent Director:**
 - **Remuneration / Commission:** The remuneration/ commission shall be fixed as per the limits mentioned in the Act, subject to approval from the members as applicable.
 - **Sitting Fees:** The Non-Executive / Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof as may be approved by the Board, provided that the amount of such fees shall not exceed such amount as may be prescribed by the Act or Central Government from time to time.
 - **Stock Options:** An Independent Director and Promoter Director shall not be entitled to any stock option of the Company.

- The Non-Executive and Independent Directors are also entitled to claim reimbursement of all his/ her travelling, hotel and other incidental expenses incurred by him/ her in performance of duties as Director of the Company, as per the provisions of the Act.

- **Remuneration to other employees of the Company**

The Remuneration to other employees shall be as per the HR policy of the Company and shall be based on the role and position, professional experience, responsibility and the industrial standards. The break-up of the pay scale and quantum of perquisites including employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be as per the HR policy of the Company.

The other employees shall be eligible for annual increments based on the annual appraisal carried out by Head of the Departments of various departments.

Employee Stock Option Scheme:

The Committee shall act as Compensation Committee to oversee the implementation, administration, supervision and formulation of detailed terms and conditions of ESOP Schemes of the Company in accordance with SEBI ESOP Guidelines.

The Committee shall identify the Directors/ Employees of the Company to whom the employee stock options can be granted based on the performance of the grantee and as per criteria mentioned in the Employee Stock Option Schemes of the Companies.

Amendments and Updatations:

The Nomination and Remuneration Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Companies Act, 2013. In case of any modifications or amendments which are inconsistent with the Act, the provisions of the Act and the rules framed thereunder would prevail over the Policy.

Annexure 4

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
**The Members,
Sequent Scientific Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sequent Scientific Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Sequent Scientific Limited for the financial year ended on 31st March, 2015 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Shares Based Employee Benefits) Regulation, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period)
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during Audit Period) and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during Audit Period)

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- i) Drugs & Cosmetics Act, 1940

- ii) Drugs (Prices Control) Order, 1995
- iii) The Narcotic Drugs and Psychotropic Substances Rules, 1985
- iv) Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954 and Drugs and Magic Remedies (Objectionable Advertisement) Rules, 1955
- v) Copyrights Act, 1957 and the Public Performance License (PPL)
- vi) Trademarks Act, 1999 and Trademarks Rules, 2002

We have also examined compliance with the applicable clauses of the following:

- (i) The Listing Agreement entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors,

Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there were no dissenting members for any item.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no instances of

- a. Redemption / buy-back of securities
- b. Merger / amalgamation / reconstruction, etc.
- c. Foreign technical collaborations

Binoy Chacko - Partner

B.G. & Associates

FCS No.: 4792

CP No.: 4221

Place: Bangalore

Date: 23 July 2015

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,
The Members
Sequent Scientific Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Binoy Chacko - Partner

B.G. & Associates

FCS No.: 4792

CP No.: 4221

Place: Bangalore

Date: 23 July 2015

Annexure 5

Details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year ending 31 March 2015:	<p>As on date of this Report, the Board comprises of 5 Directors consisting of 2 Executive Directors, 2 Independent Directors and 1 Non-Executive Director.</p> <p>The Non-Executive/ Independent Directors receive sitting fees of ₹ 50,000 for attending each meeting of the Board and ₹ 20,000 for attending each meeting of the Audit Committee and do not receive any other form of remuneration.</p> <p>The ratio of remuneration of Executive Directors to the median remuneration of the employees of the Company for the financial year 31 March 2015:</p> <p>Manish Gupta 23.33*</p> <p>Dr. Gautam Kumar Das 87.07</p> <p>* Appointed as Managing Director w.e.f. 12 November 2014</p> <p>The median remuneration for the period under review is approximately ₹ 151,000.</p>										
b.	The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year ended 31 March 2015:	<table border="1"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">% Increase</th> </tr> </thead> <tbody> <tr> <td>1 Manish Gupta Managing Director and Chief Executive Officer</td> <td style="text-align: right;">-</td> </tr> <tr> <td>2 Dr. Gautam Kumar Das Joint Managing Director</td> <td style="text-align: right;">9%</td> </tr> <tr> <td>3 P R Kannan Chief Financial Officer</td> <td style="text-align: right;">8%</td> </tr> <tr> <td>4 Preetham Hebbar Company Secretary</td> <td style="text-align: right;">38%</td> </tr> </tbody> </table>	Particulars	% Increase	1 Manish Gupta Managing Director and Chief Executive Officer	-	2 Dr. Gautam Kumar Das Joint Managing Director	9%	3 P R Kannan Chief Financial Officer	8%	4 Preetham Hebbar Company Secretary	38%
Particulars	% Increase											
1 Manish Gupta Managing Director and Chief Executive Officer	-											
2 Dr. Gautam Kumar Das Joint Managing Director	9%											
3 P R Kannan Chief Financial Officer	8%											
4 Preetham Hebbar Company Secretary	38%											
c.	The percentage increase in the median remuneration of employees in the financial year ending 31 March 2015	(26)%										
d.	The number of permanent employees on the rolls of Company as at 31 March 2015	748										
e.	The explanation on the relationship between average increase in remuneration and the Company's performance	<p>On an average, employees received an annual increase of 12%.</p> <p>The increase in remuneration is in line with the market trends, internal parity and current salary of the employees.</p> <p>In order to ensure that remuneration reflects Company performance, the variable pay is linked to organization and business unit's performance, apart from individual's performance.</p>										
f.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company in the period under review:	<ul style="list-style-type: none"> • Remuneration of KMP as a percentage of Revenue is 0.93% • Remuneration of KMP as a percentage of PBT is 9.61% 										

- g. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars (Standalone Financials)	31 March 2014	31 March 2015	Change (%)
Stock Price (INR)	190.00	511.60	169%
Market Cap (INR Billion)	5.19	15.60	200%
EPS (Total operations)	(44.28)	14.44	133%
P/E	(4.29)	35.43	926%

- h. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration
- The average annual increase across the organization was around 12%.

- i. Comparison of each remuneration of the key managerial personnel against the performance of the Company

	Remuneration in FY 2014-15 (₹ in Million)	Remuneration of KMPs (as % of revenue)	Remuneration of KMPs (as % of PAT)
Manish Gupta	14.39*	0.32%	3.48%
Dr. Gautam Kumar Das	13.15	0.30%	3.18%
P R Kannan	13.17	0.30%	3.19%
Preetham Hebbar	0.61	0.01%	0.15%

* Includes remuneration of ₹ 10.87 Million as Chief Executive Officer upto 11 November 2014

- j. The key parameters for any variable component of remuneration availed by the directors
- The variable component of remuneration for the Executive Directors is based on performance of the Company and is recommended by the Nomination and Remuneration Committee to the Board for consideration.
- The Board of Directors consider the recommendation of the Nomination and Remuneration Committee and approve the variable component accordingly.
- k. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year
- 1:1

The Company affirms remuneration to the Directors and Key Managerial Personnel is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Place: Bangalore
Date: 30 July 2015

Dr. Gopakumar G Nair
Chairman

Annexure 6

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS - There were no contracts or arrangements or transactions entered into by the Company with related parties during the year ended 31 March 2015 which were not at arm's length basis.

2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS FOR THE YEAR ENDED 31 MARCH 2015 ARE AS BELOW:

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions	Monetary Value upto (₹ in Million*)	date(s) of approval by the Board	Amount paid as advances, if any
1	Strides Arcolab Limited, India ("Strides")	Sale of Material / Services as per prevailing market prices	Upto 30 June 2015	Supply of Active Pharmaceutical Ingredients (Raw Materials) to Strides at prevailing market price	559.16	12 November 2014	Nil
2	Alivira Animal Health Limited, India ("Alivira")	Sale of Material / Services	Upto 30 June 2015	Supply of finished products to Alivira at cost plus 5% mark-up	794.40	12 November 2014	Nil
		Licensing Fee	Upto 30 June 2015	Payment of fee by Alivira till the time the Intellectual Properties relating to the products of the company are transferred to Alivira	15.19	12 November 2014	Nil
		Borrowings (Loans to receive)	Upto 30 June 2015	-	1,040.83	12 November 2014	Nil

*Members have approved the related party transactions at their Extraordinary General Meeting held on 2 March 2015.

For and on **behalf of the Board of Directors**

Dr. Gopakumar G Nair
Chairman

Place: Bangalore

Date: 30 July 2015

Annexure 7

The particulars on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings/ Outgo and Research & Development as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY

Form A

Disclosure of Particulars with respect to Conservation of Energy.

	2014-15	2013-14
A. POWER AND FUEL CONSUMPTION :		
1 Electricity :		
(a) Purchased	19,558,574	23,253,759
Total amount (₹ in Million)	131.82	154.40
Rate / Unit (₹)	6.74	6.64
(b) Own Generation - through Diesel		
Generator Set :		
Unit	543,324	591,569
Units per-litre of diesel oil	3.15	3.48
Cost / Unit (₹)	19.28	16.15
2 Coal :		
Quantity (tonnes)	NIL	NIL
Total Cost (₹ in Million)	NIL	NIL
Average rate (₹)	NIL	NIL
3 Furnace Oil / Light Diesel Oil:		
(a) Light Diesel Oil:		
Quantity (litres)	39,787.00	130,012
Total amount (₹ in Million)	2.36	8.41
Rate / Litre (₹)	59.23	64.66
(b) Furnace Oil :		
Quantity (litres)	1,027,259.29	1,135,412
Total amount (₹ in Million)	37.07	47.49
Rate / Litre (₹)	36.08	41.82
(c) Diesel :		
Quantity (litres)	210,147.58	223,853
Total amount (₹ in Million)	12.71	12.85
Rate / Litre (₹)	60.50	57.40
4 Others / Internal Generation :		
(a) Natural Gas		
Quantity (scm)	219,731.00	1,013,607
Total Cost (₹ in Million)	8.84	37.04
Rate / Unit (₹)	40.22	36.55
(b) Briquettes		
Quantity (Kg)	3,565,432.00	3,224,461
Total Cost (₹ in Million)	21.67	19.30
Rate / Unit (₹)	6.08	5.99
(c) KRR-BLAZE		
Quantity (Kg)	NIL	33,060
Total Cost (₹ in Million)	NIL	1.44
Rate / Unit (₹)	NIL	43.50

Form B**a. Measures taken for the year 2014 - 15****Mangalore and Mysore:**

1. Temperature controller for CT fans, which is expected to minimise the electrical consumption during the less ambient temperatures (winter season).
2. Automation of utility pumps (higher capacity) by providing Variable Frequency Drive (VFD) and pressure switch will switch off the pumps automatically during no requirement at plant. This will reduce the electrical consumption.
3. Improving solvent condensation/ recovery for the distillation reactors by enhancing the condenser capacity and/ or enhancing the condenser cooling capacity. This will increase the solvent recovery as well reduce the fresh solvent consumption.
4. Briquette fired thermo pack planned at Mangalore location will reduce operating cost and eliminate usage of fossil fuel (FO).
5. Replacement of starter of Air Handling Units (AHUs) and ventilation systems at Mangalore by suitable VFDs. This may lead to an estimated saving of 120 units of energy per day.

Mahad:

1. High vacuum distillation units, oil ring vacuum pumps were replaced with Steam jet ejectors. This will result in saving of electricity as well regular replacement of oil in the oil ring vacuum pump.
2. Cooling tower fans, temperature controller installed which will shut the fan during the less load or during winters.
3. Water ring vacuum pumps having 10 motor, were replace with steam jet ejector.
4. Replaced the LDO fired hot oil unit with Briquette fired.

Tarapur:

1. Cooling tower fans, temperature controller installed which will shut the fan during the less load or during winters.

2. All the 160 KWHPMV lighting bulbs in the manufacturing area to replace with low KW LED bulbs.
3. Reverse Osmosis (RO) plant installed in Effluent Treatment Plant (ETP) as tertiary treatment facility. The permeate water from the RO plant is used for the general purpose there by reducing the fresh water in-take from Maharashtra Industrial Development Corporation.

b. Steps taken or impact on conservation of energy 2015-16**Mangalore and Mysore:**

1. Briquette fired Boiler of 4T/hr planned at Mangalore location will reduce operating cost and eliminate usage of fossil fuel (FO).
2. Plant lights shall be replaced with LEDs at Mangalore saves about 50% of power compared to conventional lighting system.
3. Oil ring vacuum pumps shall be replaced with steam jet ejectors at Mangalore. This will eliminate the usage of oil in the vacuum pump and reduces operating cost.
4. Electrical power supply shall be done through power banking system from eco-friendly non -fossil fuel, private power generating units, resulting efficient and economical power supply.
5. Expansion of Effluent Treatment Plant (ETP) including Multiple Effect Evaporator to make Mangalore a Zero Discharge Unit.

Mahad:

1. All the 160 KWHPMV lighting bulbs in the manufacturing area to replace with low KW LED bulbs.
2. Higher capacity Utility pumps, planned to install variable frequency Drive (VFD) and pressure switch which will switch OFF the pumps where there is no requirement in plant.
3. Manual Hot water system, planned to convert in Automation which will not allow the steam once the Hot water attains the required temperature.

4. Larger capacity reactor agitators, planned to replace the agitators with energy efficient which will reduce the power consumption.
5. Improving solvent condensation for the distillation reactors by enhancing the condenser capacity which will increase the solvent recovery as well reduce the fresh solvent consumption.

c. Steps taken by the company for utilizing alternate sources of energy 2015-16

1. Purchase of 60% to 80% of power requirement for Mangalore unit directly from eco-friendly, non-fossil fuel private generating units.

B. TECHNOLOGY ABSORPTION

Research & Development (R&D):

a. Core areas of R&D:

1. Development of cost effective, non-infringing and eco-friendly technologies for API's and intermediates that sets us apart in a competitive market place.
2. Development of complex API's with strong backward integration.
3. Creation of intellectual property wealth.

4. Continuous process improvements for the existing API's with a view to reduce the cost and improve the quality.
5. Development of analytical methods and specifications for non-compendia API's and Impurity profiling.

b. Benefits derived as a result of R&D:

1. Introduction of new products to market by speedy in-house development and commercialisation.
2. Enhancing the profit by process improvements of the products by their life cycle management.
3. Reduction of effluents by creating green technologies.
4. Reduction of time cycles by process simplifications to enhance the production capacity.

Future plan of action:

1. To focus on the development of niche API's and build pipeline for consistent growth.
2. Enhancing the product portfolio by development of Human and Veterinary API's for regulated Market.

Expenditure on R&D:

	(₹ In Million)	
	2014-15	2013-14
Capital	-	0.11
Recurring	96.88	115.37
Total	96.88	115.48

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(₹ In Million)	
	2014-15	2013-14
Earnings	1,403.42	1,950.20
Outgo	790.09	1,143.49

For and on behalf of the Board of Directors

Dr. Gopakumar G Nair

Chairman

Place: Bangalore

Date: 30 July 2015

Annexure 8

Disclosure under Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and SEBI (Share Based Employee Benefits) Regulations, 2014 forming part of the Directors' Report for the year ended 31 March 2015

A. DETAILS RELATED TO EMPLOYEE STOCK OPTION SCHEME

In the Extraordinary General Meeting held on 8 March 2008, the members approved the issue of options under the ESOP scheme. Options to be granted under the Scheme in any financial year shall not result in issue of equity shares of more than 7% of the issued and subscribed capital of the Company as at the date of grant of options. In accordance with the above, the Company established an ESOP trust to administer the scheme on 25 February 2010.

In the Board Meeting dated 29 March 2010, the Company has allotted 700,000 equity shares to the ESOP trust with a Face value of ₹ 10/- per share at a premium of ₹ 103/- per share. As at 31 March 2015, 582,500 equity shares (31 March 2014 - 700,000 equity shares) of ₹ 10/- each are reserved towards outstanding employee stock options granted / available for grant. Primary issuance is the source of shares of the ESOP Trust.

As per the scheme, the Compensation committee grants the options to the eligible employees. The exercise price and vesting period of each option shall be as decided by the compensation committee from time to time. The options granted would normally

vest over a maximum period of 4 years from the date of the grant in proportions specified in the scheme. Options may be exercised within a period of 4 years from the date of first vesting of the options.

During the current year, the Compensation Committee in its meeting held on 28 May 2014 and 12 November 2014 has granted 180,000 and 200,000 options respectively under SSL ESOP Scheme - 2010 (Sequent ESOP 2010) to certain eligible employees of the Company. The options allotted under Sequent ESOP 2010 are convertible into equal number of equity shares. During the previous year, the Compensation Committee in its meeting held on 30 May 2013 and 12 February 2014 has granted 540,000 and 100,000 options respectively under Sequent ESOP 2010 to certain eligible employees of the Company.

Employee stock options are accounted in accordance with the guidelines stipulated by Securities and Exchange Board of India ("SEBI") and Guidance Note on Accounting for Employee Share-based Payments. The difference between the closing market price of the shares underlying the options granted on the date of grant of option and the option price is expensed under employee benefit expenses over the vesting period.

Option movement during the year 2014-15

Particulars	Sequent ESOP 2010
Number of options outstanding as at 1 April 2014	570,000
Number of options granted during year	380,000
Number of options forfeited / lapsed during the year	60,000
Number of options vested during the year	142,500
Number of options exercised during the year	117,500
Number of shares arising as a result of exercise of options	117,500
Loan repaid by the Trust during the year from exercise price received (Money realised by exercise of options during the year)	₹ 5,875,000
Number of options outstanding as at 31 March 2015	772,500
Number of options exercisable as at 31 March 2015	25,000
Variation of terms of options	Nil
Weighted average exercise price of options	₹ 65
Weighted average fair values of options	₹ 457.70
Range of exercise price for options outstanding at the end of the year	₹ 50 to ₹ 80 per option

The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

Particulars	(₹ in Million)
	Year ended 31 March 2015
Net Profit / (loss) for the year (as reported)	413.07
Add / (Less): stock based employee compensation (intrinsic value)	44.57
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued	(126.86)
Net Profit / (loss) for the year (proforma)	330.78
Basic earnings per share (as reported)	14.44
Basic earnings per share (proforma)	11.56
Diluted earnings per share (as reported)	12.22
Diluted earnings per share (proforma)	9.78

The fair value of the options has been determined under the Black-Scholes model. The significant assumptions used in this model for calculating fair value are as below:

Particulars	(₹ in Million)
	Year ended 31 March 2015
Weighted average values of share price	₹ 411.60
Weighted average values of exercise price	₹ 65
Expected volatility	54.18%
Expected option life	4 years
Expected dividends	Nil
Risk free interest rate	7.74%

The volatility is calculated from the method of historical volatility, based on the three years data of closing market prices of the Company's shares as per the data recorded by the Bombay Stock Exchange (BSE) and the average number of trading days during that period. It is the percentage co-efficient within the option pricing formulas.

B. EMPLOYEE-WISE DETAILS OF OPTIONS GRANTED DURING THE YEAR

Sl. No.	Name of employee	Designation	No. of options granted during the year	Exercise price
a.	Key managerial personnel / Senior managerial personnel			
1	Manish Gupta	Chief Executive Officer & Managing Director	300,000	1st tranche ₹ 50 per option, 2nd tranche ₹ 60 per option, 3rd tranche ₹ 70 per option and 4th tranche ₹ 80 per option
b.	Any other employees who received a grant in any one year of option amounting to 5% or more of options granted during the year			
1	Shreyan ML	Associate Vice President - Sales & Marketing	20,000	1st tranche ₹ 50 per option, 2nd tranche ₹ 60 per option, 3rd tranche ₹ 70 per option and 4th tranche ₹ 80 per option
2	Nilesh Khushalchand Doshi	Vice President - Outsourcing	20,000	1st tranche ₹ 50 per option, 2nd tranche ₹ 60 per option, 3rd tranche ₹ 70 per option and 4th tranche ₹ 80 per option
c.	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant			
	Given in point no. (a)(1) above			

Details related to Trust

Particulars	Details
1 Name of the Trust	Sequent Scientific Employee Stock Option Plan Trust ("ESOP Trust")
2 Details of the Trustees	Dr Gopakumar G Nair, Director and Mr. Kannan Ramanujam, Director*
3 Amount of loan disbursed by company / any company in the group, during the year	Nil
4 Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	₹ 64,872,500
5 Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil
6 Any other contribution made to the Trust during the year	Nil

*Board at its meeting held on 30 July 2015 has appointed Mr. Tushar Mistry and Mr. Prasad Lad as trustees of ESOP Trust.

Brief details of transactions in shares by the Trust

Particulars	Details
(a) Number of shares held as at 1 April 2014	700,000
(b) Number of shares acquired during the year through	
(i) Primary issuance	Nil
(ii) Secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	Nil
(c) Number of shares transferred to the employees on exercise of options under Sequent ESOP Scheme 2010	117,500
(d) Number of shares held as at 31 March 2015	582,500

For and on **behalf of the Board of Directors**

Place: Bangalore
Date: 30 July 2015

Dr. Gopakumar G Nair
Chairman

Equity History

as on 31 March 2015

Date	Particulars	Number of Equity Shares issued	Cumulative number of Equity Shares	Issue price per share
28.06.1985	Subscribers to the Memorandum of Association of the Company	70	70	10.00
10.12.1985	Public Issue	239,930	240,000	10.00
14.06.2000	Preferential Issue	3,760,000	4,000,000	13.50
31.03.2004	Pursuant to a scheme of amalgamation	2,500,003	6,500,003	NA
31.01.2007	Conversion of warrants issued on preferential basis	1,000,000	7,500,003	47.00
09.07.2007	Preferential Issue	2,785,188	10,285,191	65.00
27.11.2007	Conversion of warrants issued on preferential basis	800,000	11,085,191	47.00
22.09.2009	Pursuant to a scheme of amalgamation	10,150,000	21,235,191	NA
29.03.2010	Allotment to ESOP Trust	700,000	21,935,191	113.00
20.08.2011	Cancelled (14,865,000 Equity Shares of ₹10/- in the paid up share capital of the Company pursuant to the sanction of scheme of amalgamation of Fraxis Life Sciences Limited with the Company)	(14,865,000)	7,070,191	NA
21.11.2011	Allotted (14,865,000 Equity Shares of ₹ 10/- each of the Company pursuant to the sanction of scheme of amalgamation of Fraxis Life Sciences Limited with the Company)	14,865,000	21,935,191	NA
10.10.2012	Conversion of warrants issued on preferential basis	1,000,000	22,935,191	120.75
16.11.2012	Conversion of warrants issued on preferential basis	700,000	23,635,191	120.75
08.03.2013	Conversion of warrants issued on preferential basis	400,000	24,035,191	120.75
08.06.2013	Conversion of warrants issued on preferential basis	160,000	24,195,191	172.00
02.08.2013	Conversion of warrants issued on preferential basis	852,700	25,047,891	172.00
14.08.2013	Conversion of warrants issued on preferential basis	232,500	25,280,391	172.00
31.08.2013	Conversion of warrants issued on preferential basis	1,504,800	26,785,191	172.00
05.02.2014	Conversion of warrants issued on preferential basis	550,000	27,335,191	135.25
08.10.2014	Conversion of warrants issued on preferential basis	750,000	28,085,191	135.25
12.11.2014	Conversion of warrants issued on preferential basis	2,400,000	30,485,191	135.25