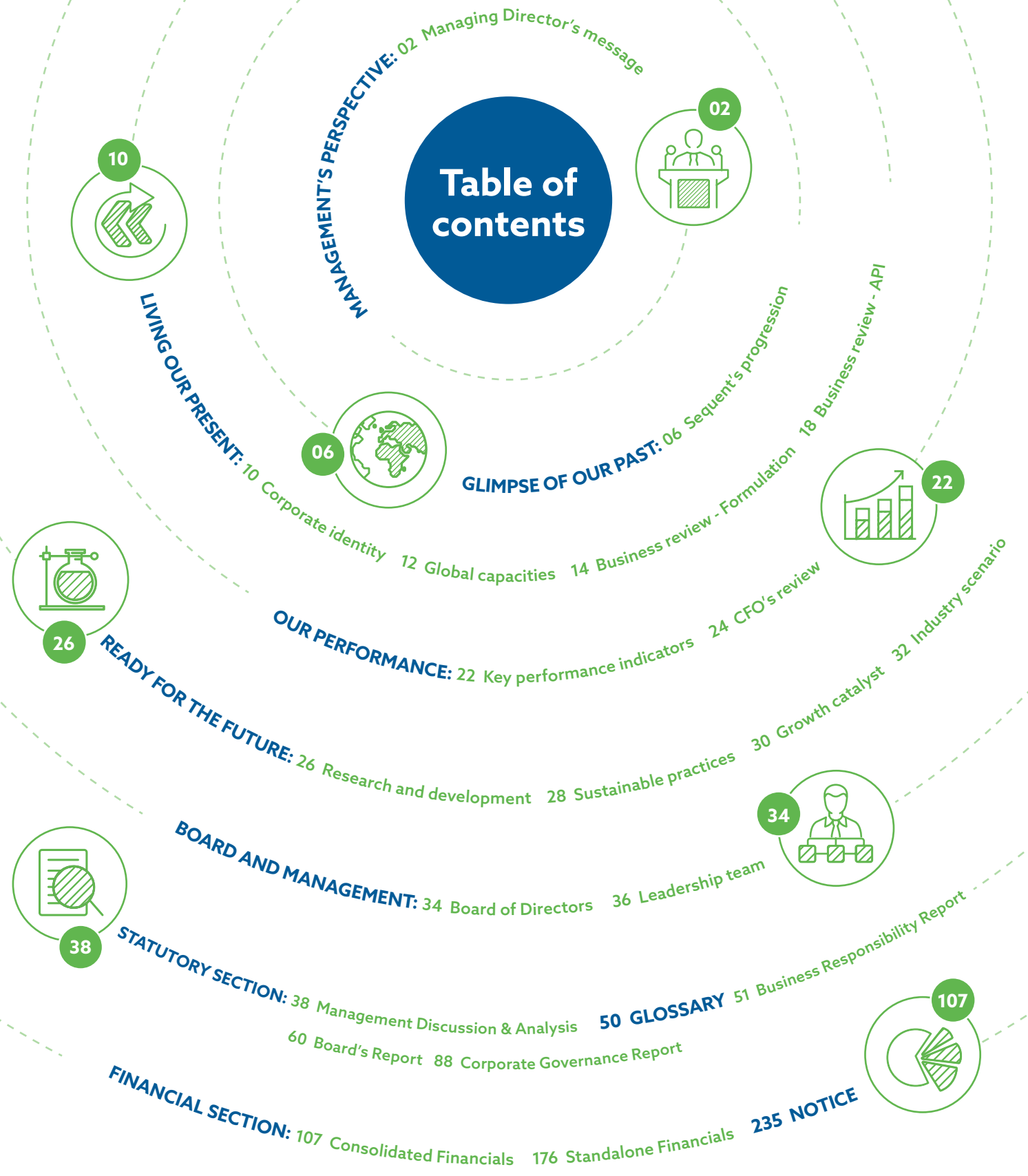


# Table of contents



## About SeQuent Scientific Limited (SeQuent)

SeQuent, headquartered in Mumbai, India with a global footprint, operates in the domains of Animal Health (Alivira) and Analytical Services. SeQuent has eight manufacturing facilities based in India, Spain, Germany, Brazil and Turkey with approvals from global regulatory bodies, including USFDA, EUGMP, WHO, TGA, among others. Our Vizag facility is India's first and only USFDA approved facility for veterinary APIs. We are the largest animal health company from India and amongst the top 20 global animal health companies.

We commenced our journey with a vision to create an outlier animal health company. Over the years, we have grown organically and inorganically, expanded our footprint to high-potential markets globally, and divested non-core businesses to channelise our energy and resources towards our core business.

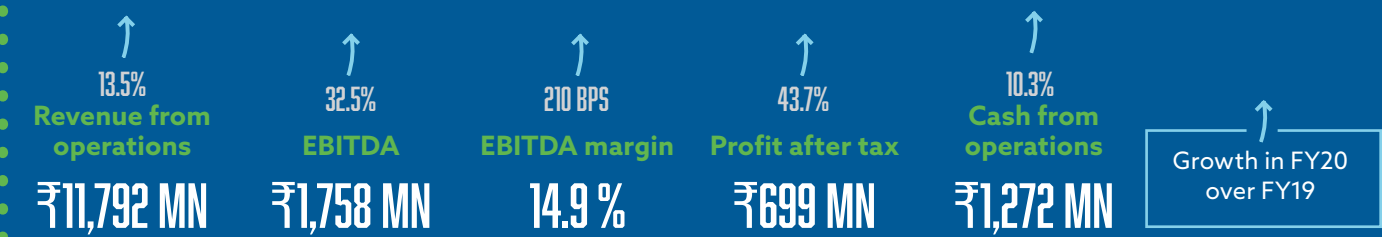
While we were transforming, we also ensured that our business settled into an orbit that was steady, reasonably successful, fairly predictable and one that minimised uncertainties. This meant that the Company was in a cruise mode, albeit with caution, and emerged as the largest animal health player from India.

The ambition, however, was to be counted among the top animal health companies globally. This would mean breaching the threshold levels that would limit our capacity to innovate, grow and charter into unknown territories to explore and execute the new. The predictability and consistency of our performance over the last few years, coupled with the recent developments at the Company has provided us the necessary thrust to smoothly transition into a higher orbit.

The voyage of SeQuent has been enterprising thus far. The final frontier now beckons. Our continuing mission is to explore the exciting new worlds of the animal health space and to seek out new opportunities and challenges – to boldly go where no animal health company from India has ever gone!

Come, let us explore newer horizons and continue this exhilarating journey together..

## OUR PERFORMANCE IN FY20



## MANAGING DIRECTOR'S MESSAGE

# New Orbit. New Possibilities.



*I would take a moment to reflect on the journey of transformation of SeQuent over the last six years to where it is today, among the 'Top 20' players in the global animal health space. This journey has been rather eventful and by no means an easy one.*



**Manish Gupta**  
Managing Director

## Dear Shareholders,

It gives me immense pleasure to take you through the performance and operational highlights of your company SeQuent for FY20.

FY21 also started on an eventful note in more ways than one for the world at large, and for us for a different reason. The COVID-19 pandemic, which earlier seemed localised, spread to all corners of the globe causing unprecedented disruption, something that the world had never seen for many decades. No business can claim to be unscathed from its impact, only the degree may vary. For us, another disruption, this time a positive one, was in the form of the announcement of a change in ownership in SeQuent, with Carlyle, a leading global private equity player, set to acquire a majority stake in SeQuent. This acquisition, which is the first and the largest control transaction by Carlyle in India, is not only a testimony of the strength of SeQuent but can also change the trajectory and potentially propel the Company into a different orbit. With this perspective in mind, we have chosen 'Changing Orbits' as the theme for this year's Annual Report.

### Changing Orbits

Picture a new satellite being placed in orbit. This requires years of meticulous design and planning. The continuity of the satellite

system further depends on a series of successful manoeuvres, launches and course corrections and each of these actions represent a major financial investment. Needless to say, launching satellites and maintaining them in a specified orbit is a very complex process that requires co-ordination from teams across the world working together for months and years at a time. Substitute the satellite for SeQuent and you have the same dynamics and complexities associated with a satellite for a Company to reach its desired orbit.

The journey does not end there. At times, an orbital manoeuvre, using a propulsion system is required to change the orbit of the satellite to enable it to perform functions for which it was designed. And that propulsion for SeQuent has come in the form of Carlyle and we believe our current positioning fundamentally represents an inflection point in this journey.

I would take a moment to reflect on the journey of transformation of SeQuent over the last six years to where it is today, among the 'Top 20' players in the global animal health space. This journey has been rather eventful and by no means an easy one.

### Lift Off (The Early Years)

The genesis of where we are today can trace its roots to 2014 when we were a ₹4 billion company with

primary interests in Human API and Animal Health businesses and a small speciality chemical vertical. The strategic call taken to create Alivira, our animal health focused vertical, involved a series of structural moves, including setting up a greenfield veterinary focused API facility at Vizag, supported by a string of formulation-led inorganic acquisitions across the world in select geographies of Europe, Turkey, India and Latin America.

When we redrew the strategy with clarity on our destination, needless to say that we had to let go a few of our businesses, which were not core to the new strategy. This prompted us to divest our speciality chemical business in 2014 and demerge our human API business into Solara Active Pharma Sciences Limited in 2018.

So here we are now, a pure-play animal health Company, with an annual turnover of ₹11.8 billion or US\$165 million, not only making us the largest in India but also among the 20 largest animal health companies globally. The consistency displayed to reach this position, which is reflected in our performance of the last 12 consecutive quarters, is testament to a mature and well diversified business model resilient to the external environment.



**Cruise Phase (Year gone by)**

Turning my attention to our performance for the year, I am pleased to state that we achieved all our strategic and financial objectives that were set for ourselves at the beginning of the fiscal. Our revenue grew 16% in constant currency terms with strong growth in both the API and Formulation segments; while API grew 21%, formulations accelerated from a slow first half to grow at 14% for the year. The diversified portfolio mix between products and geographies came to the fore as Turkey and LATAM with growth of 67% and 26%, respectively balanced out slower growth in Europe and Emerging Markets, both of which faced a lot of headwinds in the macro economic environment.

The revenue growth translated into increasing EBITDA margins, which at 14.9%, was 210 bps over what we achieved in FY19. Of special significance is the fact that we turned in an EBITDA of 17.0% in Q4FY20 which is the highest ever in our history and provides a base to build on in the future. Portfolio mix, scale and markets were key variables that drove the margins up. Profit after Tax at ₹699 million, was also up by 44% compared to the previous fiscal.

In recognition of our consistent performance over years, recently, Animal Pharm Awards recognised Alivira as the top company from India/Middle East and Africa. This global recognition provides both satisfaction of our disciplined execution as well as motivation to continue to do well.

**Space Turbulence (COVID -19)**

The COVID-19 pandemic has unleashed an unprecedented challenge for global economies. No country or company can stay unscathed from the same. Being part of the Pharmaceuticals and Animal Health industry which caters to basic health and nutrition needs, we are in an essential industry space across the globe. While this allowed us to continue our operations during lock-downs, the human and logistical challenges at both our end as well as for our various suppliers kept us on our toes. However, our 1,700+ strong workforce across the globe has ensured safe and continuous operations at all our plants in spite of enormous personal and social difficulties. This not only allowed us to service our customer requirements, but also fulfill all our obligations to our key stakeholders, including suppliers, employees as well as banks in time. Our primary focus while maintaining the operations was 'safety and welfare' of our crucial assets - employees, and that will continue to remain our key priority.

In the face of the pandemic, while we remain cautious about the environment we are operating in, we expect the momentum to continue in FY21. This confidence stems from our fairly unique business model, the value-proposition that we offer to our customers as well as the commitment of our various stakeholders in business, especially our employees.

**0.29**  
Net debt to equity in FY20

**Robust Design (Strengthened financials)**

The pandemic has brought more focus on the financial strength of the Companies, well beyond the quarterly or annual profitability. The capital and liquidity ratios have gained as much prominence as the growth and profitability ratios.

Balance sheet ratios has been an area of paramount focus of SeQuent's leadership team for many years with our ROCE now at 14.9% compared to 4.0% in FY17, a 3.7x jump in four years; Net Debt/ EBITDA at 1.22 compared to 3.75 in FY17; a 3x improvement; cash from operations improved to ₹1,272 million, compared to ₹21 million in FY17. With Net Debt to Equity at 0.29 and a cash balance of ₹1,160 million on March 31, 2020, the Company has ample fire-power to drive and even accelerate our business strategies.

Strong performance and robust cashflow notwithstanding, the Board has taken a prudent call to conserve cash in light of the pandemic and not recommend a dividend for this financial year.

**~14.9%**  
Return on Capital  
Employed  
(ROCE) in FY20 from  
4% in FY17

**₹699 MN**  
Profit after Tax in FY20

**Escape Velocity (New Promoters as Catalysts)**

This brings me to address an important corporate action that all of you might have seen. The global investment firm, the Carlyle Group has entered into a definitive agreement with the existing promoters of SeQuent Scientific to acquire a majority stake and up to 74% in the Company, including upto 26% equity shares from public shareholders. This transaction is their largest control deal in India and is reflective of their confidence on the sector and the business model of SeQuent. Carlyle is no stranger to the Indian Healthcare sector with a history of investing in the healthcare sector, both in India and globally, fueled by a deep understanding of the market and an ability to create value through its operational expertise and close partnerships with management.

I believe Carlyle's backing as the new promoter group provides necessary impetus to place SeQuent into the next orbit of growth and become one of the top global animal healthcare companies. I would like to place on record my sincere thanks to Arun Kumar and KR Ravishankar, the current promoters, for their vision and support which took SeQuent to where it is today - shaping it as largest Animal Health company from India and also among the top 20 Animal Health companies in the world.

The proposed acquisition also triggered an open offer under SEBI takeover code and the acquirer is in the process of completing the formalities and make an offer to acquire additional 26% shares from the existing shareholders.



*I believe Carlyle's backing as the new promoter group provides necessary impetus to place SeQuent into the next orbit of growth and become one of the top global animal healthcare companies. I would like to place on record my sincere thanks to Arun Kumar and KR Ravishankar, the current promoters, for their vision and support which took SeQuent to where it is today - shaping it as largest Animal Health company from India and also among the top 20 Animal Health companies in the world.*



We have explained the nuances of the transaction elsewhere in this Report in detail.

**Growth propellers**

I would be failing in my duty if I did not place on record my heartfelt appreciation of all the employees of SeQuent across geographies who rose to the occasion in this pandemic situation to ensure that we were on steady keel. My gratitude to our promoters, board of directors and all our shareholders who have been a pillar of support for us through the years and I am confident that their trust in us will be rewarded.

As I end, Robert Frost said "Two Roads Diverged In A Wood And I - I Took The One Less Traveled By, And That Has Made All The Difference". This aptly defines the SeQuent journey and we stay both confident and committed to continue this exciting journey.

*Warm regards,  
Manish*

SEQUENT'S PROGRESSION

# Powered ascent

If we look back in time and take a 5-year perspective, we see significant transformation happening in the world of SeQuent. In 2014, we took a strategic call to create the first powerhouse of animal health business in India, giving birth to Alivira.

This was followed by a series of structural moves in the animal health space; and a flurry of acquisitions in select geographies to build a strong formulations business. We now have two fast-growing business segments (veterinary API and formulations) which have emerged as two distinct growth drivers for our business.



## Formulations

LIFT OFF:  
BUILDING BASE

FY16 FY17 FY18

Inorganic-led capability build-up  
Presence in **17 of top 25 animal health markets** with strong presence in the EU  
Comprehensive manufacturing across various dosage forms/markets  
Built R&D Centre in Spain

CRUISE:  
INVESTMENT PHASE

FY19 FY20 FY21

Doubled R&D capabilities and established a new R&D centre in India  
Pipeline of **40+ products** with addressable market size of **~US\$1bn**  
**First US filing in FY21**  
**25+ US and EU filings over 3 years**  
Initiated **4x capacity expansion** at our German facility

PROPULSION:  
YEAR OF INFLECTION

FY22 and beyond

**1st commercialisation** in the US  
**25+ launches in the US and EU markets**

## API

LIFT OFF:  
BUILDING BASE

FY14 FY15 FY16

Sales to Less Regulated Markets (LRM)  
Recognition of EHS as key business driver  
• Invest in new future-ready facility  
• Shutdown of existing facility  
Scaled-up new product development programme  
Focus on customers and vendors with strong quality assurance and governance

CRUISE:  
INVESTMENT PHASE

FY17 FY18 FY19

USFDA approval for Vizag facility  
**14** new products developed/filed  
**70+** successful customer audits  
**15+** successful Environment, Health and Safety (EHS) audits  
Deepened interface with global **'Top-10'**  
Established strong IP platform **29 filings** across the US and EU  
Enhanced competence in commercial team with strong technical support

PROPULSION:  
YEAR OF INFLECTION

FY20 and beyond

Investments – facility, customers and products pay-off  
New products drive growth – **12x, accounts for 25% of business**  
Master Service Agreement (MSA), with leading animal health company  
**6+ product commercialisation** in the US  
Quality of business drives realisations and margins

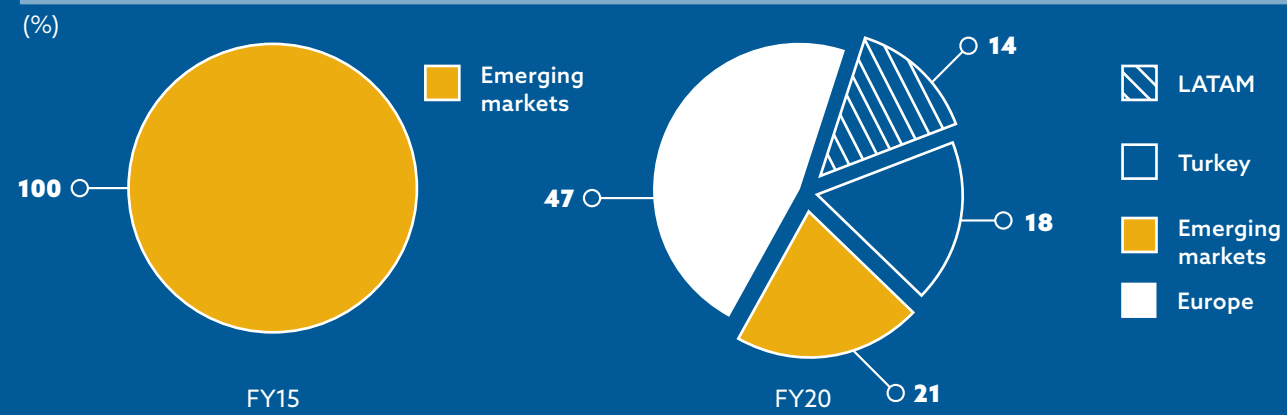
## SEQUENT'S PROGRESSION

We are sharpening our focus on high-margin formulations business; and its contribution to the overall revenue has grown significantly over the years. Both our business segments are seeing encouraging growth, which clearly demonstrates a well-diversified portfolio mix between products and geographies.

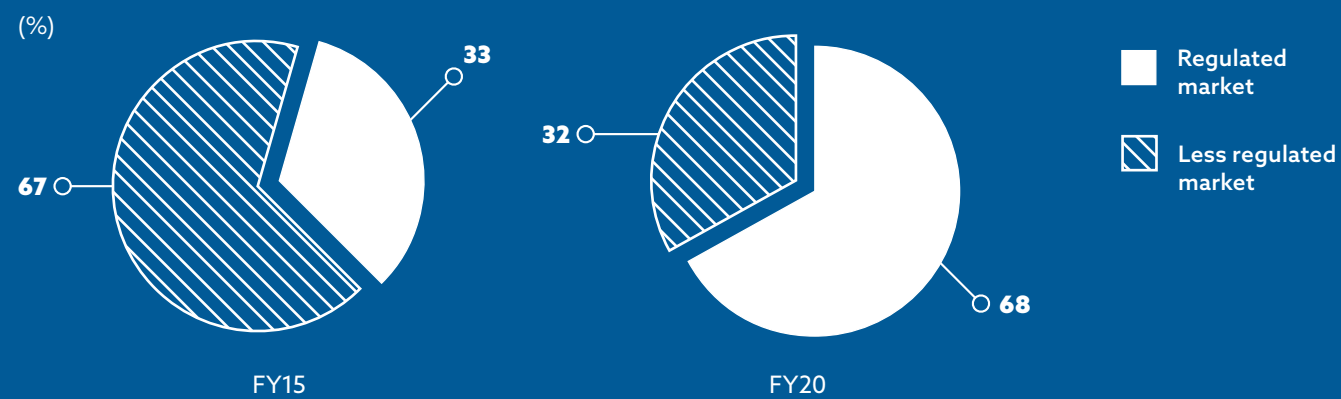
### PURSUING HIGH-MARGIN BUSINESSES



### DIVERSIFIED MARKET PRESENCE



### GROWING PROMINENCE ACROSS REGULATED MARKETS



### Formulations

We have transitioned from an emerging-market-focused to regulated market-driven Company.



### Formulations journey

	FY15	FY20
REGISTERED PRODUCTS	250	1,000+
R&D CAPABILITY	-	4 R&D centres Pipeline of 40+ products
PLANTS	1 EM cGMP	3 EUGMP, 1 MAPA, 1 EM cGMP

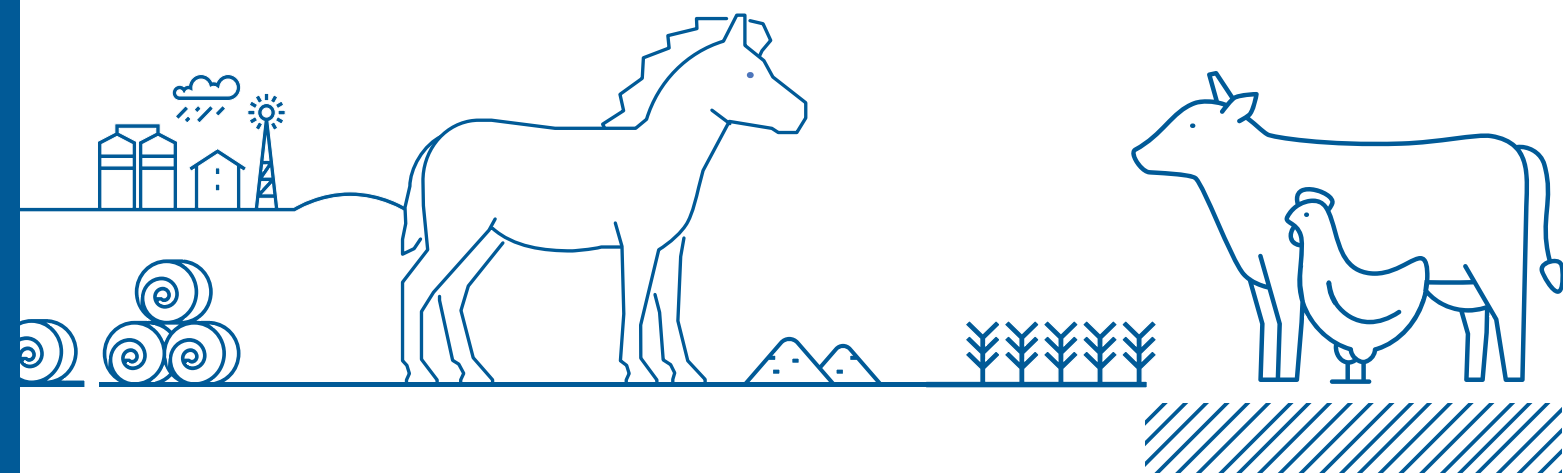
### API

We are focusing more on sticky and regulated market players, catering to global leaders in animal health.



### API journey

	FY15	FY20
US AND EU FILINGS	3	29
R&D PIPELINE	12	14
PLANTS	1 cGMP facility 1 Intermediate	1 USFDA EUGMP, WHO-GENEVA 1 EUGMP 1 Intermediate





CORPORATE IDENTITY

# Ready to reach new horizons

At SeQuent, we are helping address global animal health challenges to contribute to sustainable food security as well as animal well-being.

We are the largest animal healthcare Company from India with global operations. We provide animal health Active Pharmaceutical Ingredients (API), formulations and analytical services. Over the years, we have constantly evolved in line with market opportunities, providing best-in-class veterinary solutions to our customers. Our unique business model is driven by strong execution skills, robust R&D expertise, extensive global footprint, wide product basket and lean operations.



**NO. 1**  
Animal health company from India



**8**  
World-class manufacturing facilities



**5**  
Global R&D centres



**1,000+**  
Finished dosages across 12 dosage forms



**27+**  
Commercial APIs



**100+**  
Countries Presence



**US\$100MN+**  
R&D investments



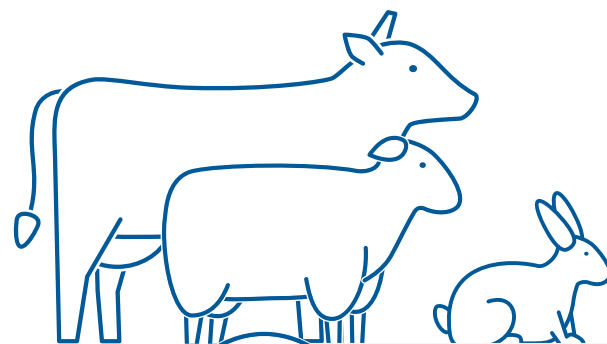
**1,700+**  
Global workforce

**Alivira wins the IHS Animal Pharm 2019 awards**

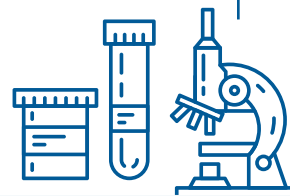
Alivira was declared the best Company in animal health from India/Middle East/Africa Region. IHS also noted that Alivira is India's only animal health firm to have a significant presence outside of its domestic market in Europe, Turkey, Latin America and many emerging markets.



## Animal Pharm Award Winner 2019



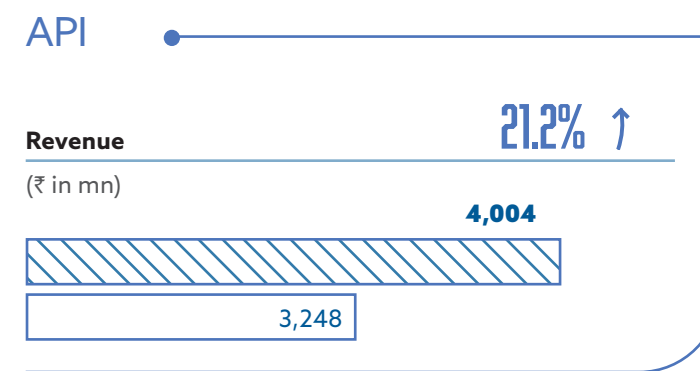
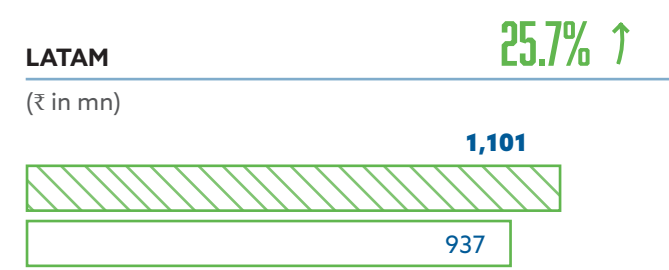
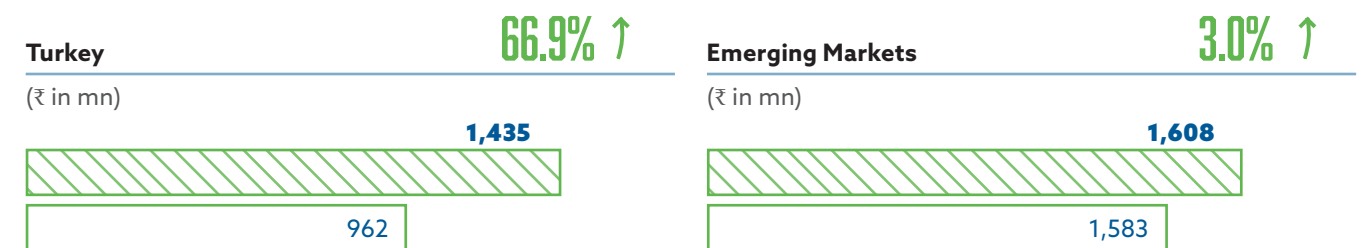
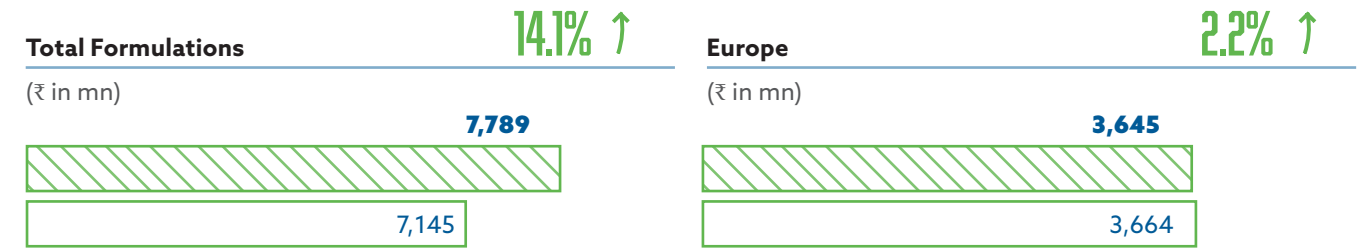
Alivira Animal Health Limited is a 100% subsidiary of SeQuent Scientific Limited.



BUSINESS PERFORMANCE - REVENUE

FY20  FY19

Formulations



↑ y-o-y% growth are on constant currency



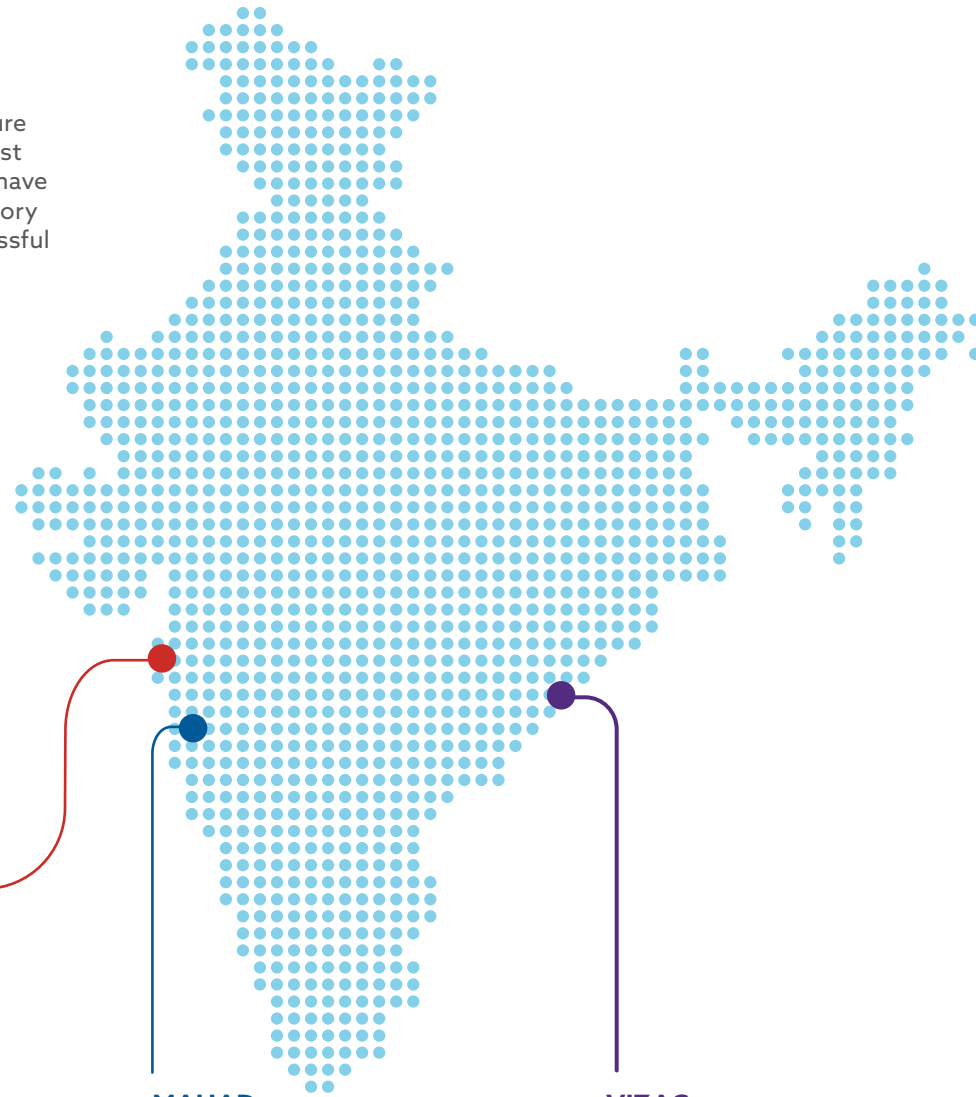
Formulations facility, Provet, Turkey

GLOBAL CAPACITIES

# Strategic build-up of manufacturing capability

## API capacities

Our API capacities in India ensure high quality and sustainable cost advantage. Our API capacities have a strong track record of regulatory compliance with over 70 successful customer audits as on date.



**TARAPUR, INDIA**

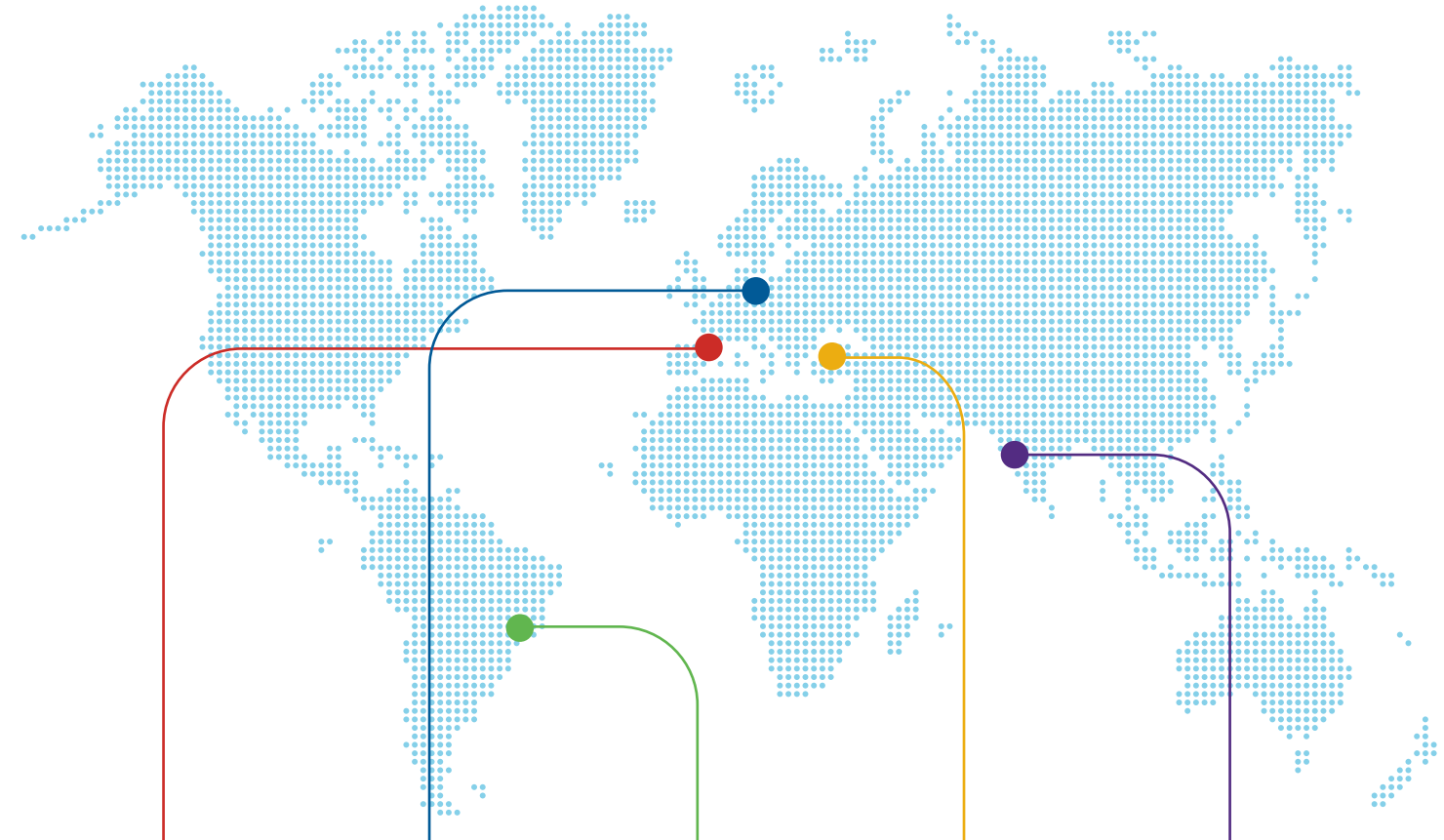
**MAHAD, INDIA**

**VIZAG, INDIA**

Key Capabilities	Approvals
API intermediate facility with reactor capacity of 64 KL with two clean rooms	cGMP
API facility with reactor capacity of 80KL with two clean rooms	EUGMP, COFEPRIS Mexico
API facility with reactor capacity of 225 KL with six clean rooms	USFDA, EUGMP, WHO – Geneva

## Formulation capacities

We have strategically located formulations manufacturing footprint with state-of-the-art manufacturing facilities to cater to our target markets. Our formulations capability enables us to supply tailored products as per local requirements across the EU, the US and Emerging markets, among others. Moreover, flexible manufacturing drives quicker and cost-effective solutions.



**BARCELONA, SPAIN**

**WARBURG, GERMANY**

**CAMPINAS, BRAZIL**

**ANKARA, TURKEY**

**AMBERNATH, INDIA**

Key Capabilities	Dosage forms	Approvals	Focus markets
Dedicated Betalactam powder block and nutritional capabilities.	Oral solutions/suspensions; powders and premixes	EUGMP	US, EU
Betalactam and hormones	Injectable solutions/suspensions, Oral solutions/suspensions, powders and premixes	EUGMP	US, EU
	Powders and premixes	MAPA	Brazil
Dedicated Betalactam block Hormones and Cephalosporins	Injectable solutions/suspensions, intramammaries, pour-on/spot-on, aerosols, oral solutions/suspensions	EUGMP, Turkish GMP	MENA, Turkey, EU
Sterile granules	Oral solutions/suspensions, powders and premixes	cGMP, India, Uganda, Ethiopia, Kenya	Emerging markets



BUSINESS REVIEW – FORMULATIONS

# Balanced acceleration in formulations portfolio



Formulations facility, Provet, Turkey

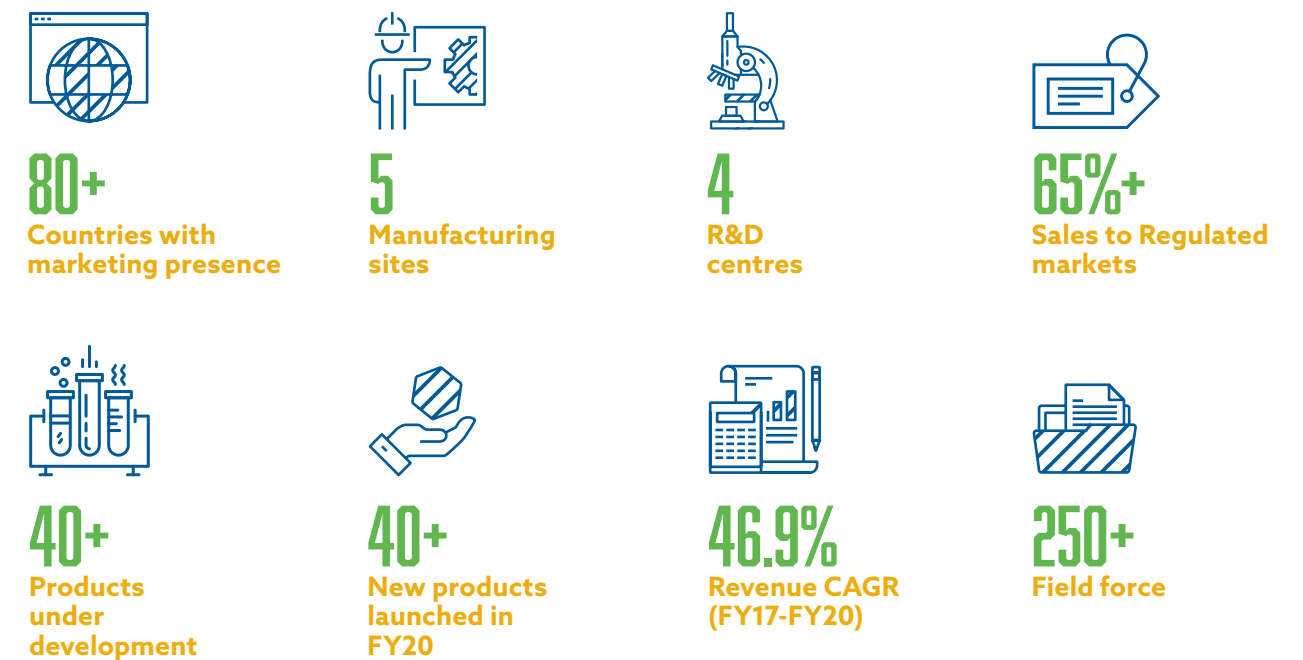
We have steadily built a diversified portfolio of 1,000+ finished dosage formulations (FDF) across 12 dosage forms. Our therapeutic segments include feed supplements, antibiotics, anthelmintics, antibacterial, skincare (dermatology) products and disinfectants with more products in the pipeline. We are market leaders in segments like intra mammaries, spot-on and pour-on.

We have been successful in carving out a niche in poultry and dairy products in Europe, India, South East Asia, MENA region and Turkey. Additionally, we evolved a unique value proposition in the companion animal healthcare segment through a multitude of specialised high-quality offerings that not only relieve the sufferings of the adorable companion animals but also take care of their good health and promote enhancement of their quality of life.



Formulations facility, Karizoo, Spain

Well-positioned to capitalise on opportunity



Poised to deliver robust growth over the next 5 years



## BUSINESS REVIEW – FORMULATIONS



### Achievements in FY20

- In line with the industry, our EU business grew by 2.2% (constant currency) and reported a strong growth recovery in the second half of FY20, driven by the nutrition business from Spain
- With regulatory headwinds under control in Turkey, revenue from the geography grew by 66.9%
- Latin America grew by 25.7% with both Brazil and Mexico demonstrating robust growth
- Emerging markets grew by a sluggish 3%, primarily because of a weak macro environment in India
- Launched three products, which are specific to the US market, 18 products exclusively for the EU region and there are 8 products launched globally
- Filed for the first and world's largest livestock injectable for the EU market, with an addressable global market of

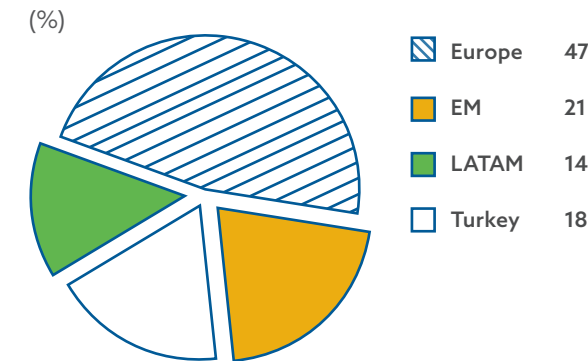
US\$350 million. Separately, filed the same for the UK market.

- Appointed US Business Head and strengthened sales team to serve our clients better
- Built capacity to do validation of an injectable every quarter from our German facility.

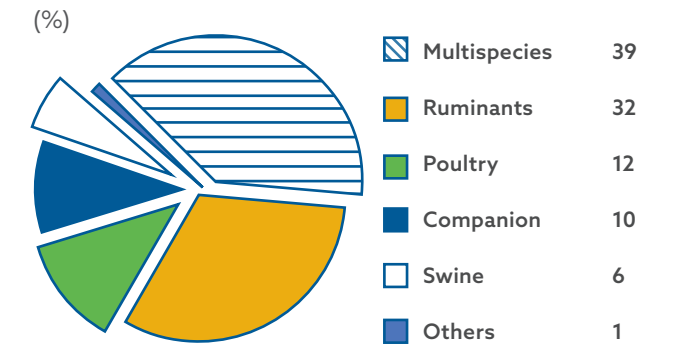
Formulation facility, Provet, Turkey

### DIVERSIFIED PORTFOLIO

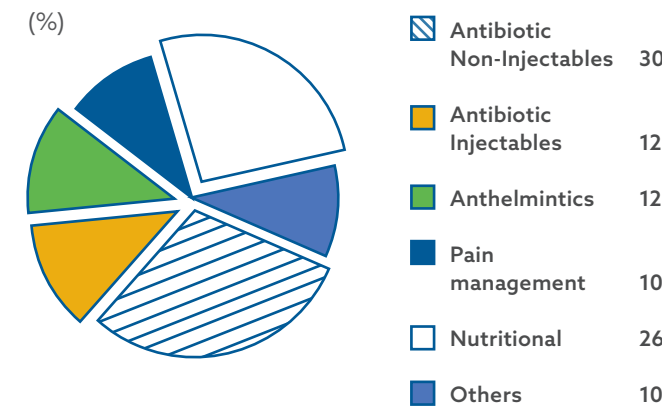
#### Revenue by region



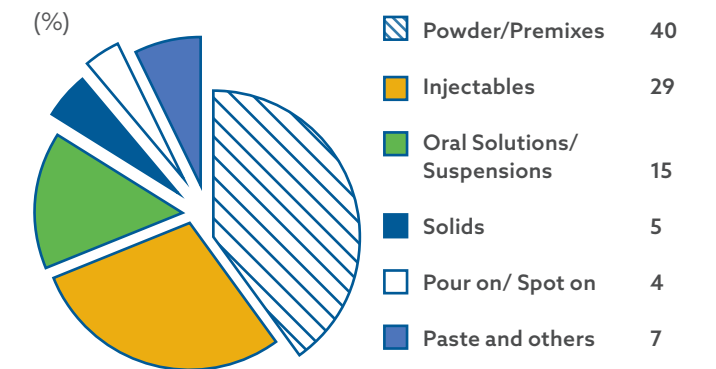
#### Revenue by species



#### Revenue by therapy



#### Revenue by dosage form



### Growth drivers

- Establish strong pipeline with 10+ new filings in the US in the next three years with a market size of over US\$500 mn
- Maintain growth momentum in the European Region, driven by the approval of new injectable launched
- Business from Turkey and Latin American region to maintain a steady growth rate
- Building more capabilities at our German facility to achieve a balance between commercial requirement vis-à-vis R&D requirement



Formulations facility, Ambernath, India





**BUSINESS REVIEW – API**

# Turbocharged API engine



**Achievements in FY20**

- Consistent focus on regulated markets and high value products continued to drive up fixed asset turn for the business, which now stands at 2.4 times for the fiscal
- Contribution from top-10 products stood at 88% and from top-10 customers stood at 55%
- First Generic Animal Health USVMF filer and third in the global Animal Health USVMF filer category
- Increased production capacity of Albendazole at our Mahad facility
- Received WHO-Geneva approval in anthelmintics (for Praziquantel) under the prequalification programme for our API facility at Vizag
- Filed Mavacoxib and Robenacoxib APIs making us the sole USVMF filer in the Cox-2 inhibitors range

*We are one of the leading producers of animal health Active Pharmaceutical Ingredients (APIs), with a robust portfolio of 27 commercial APIs. Our focus on quality, reliability and timely delivery enables us to remain the most preferred partner for APIs among leading global animal health companies.*



API facility, Vizag, India

**Well-positioned to capitalise on opportunity**

 <b>3</b> Manufacturing facilities	 <b>19</b> US Filings/ Approvals	 <b>11</b> CEP Filings	 <b>14+</b> Molecules Pipeline
 <b>32.6%</b> Revenue CAGR (FY17-FY20)	 <b>27</b> Commercial APIs	 <b>2.4X</b> Asset turnover ratio	 <b>70%+</b> Sales in Regulated markets

**Poised to deliver robust growth over next 5 years**



## BUSINESS REVIEW – API



### Growth drivers

- Focus more on consolidating our capacities
- Regulated market business continues to account for 2/3rd sales
- Continue to expand margins through focus on regulated markets, new customers and emphasis on high-value products.
- US business and global top-10 customers will be driving growth momentum
- Reap benefits of past investments in facility and customers
- Customer-led new product development programme will expand our product range

### USFDA APPROVED VETERINARY API FACILITY

Our Vizag site is India's only USFDA-authorized and EU GMP-compliant facility focused on the production of active pharmaceutical ingredients (APIs) for the animal health sector with annual capacity of 1,000 MT. The Vizag site is a multipurpose manufacturing facility equipped with reactor capacity of 225KL and six clean rooms. The facility complies with latest EHS regulations.



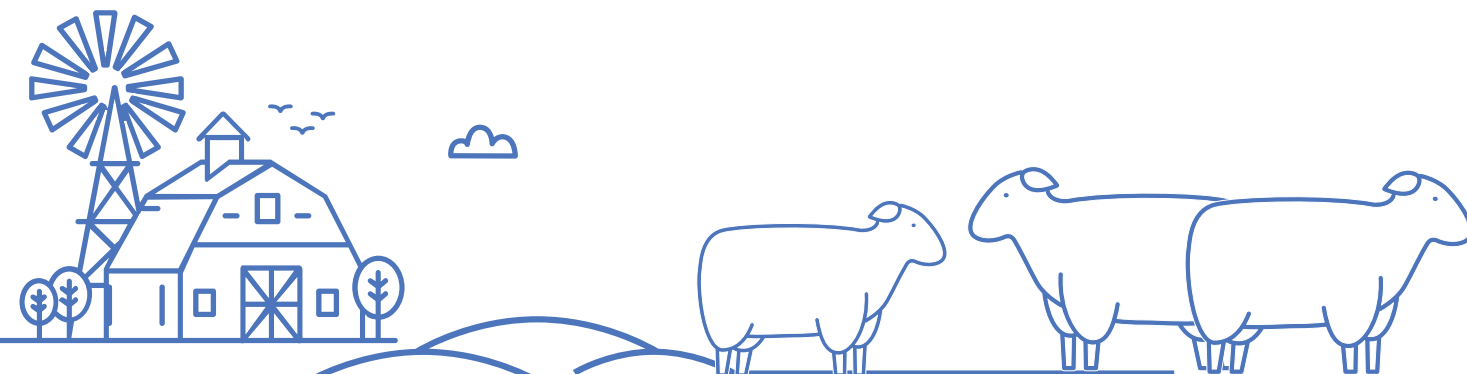
API facility, Vizag, India



API facility, Vizag, India



API facility, Vizag, India



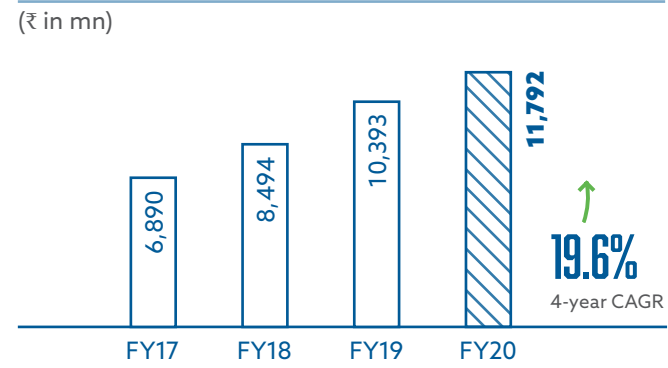


KEY PERFORMANCE INDICATORS

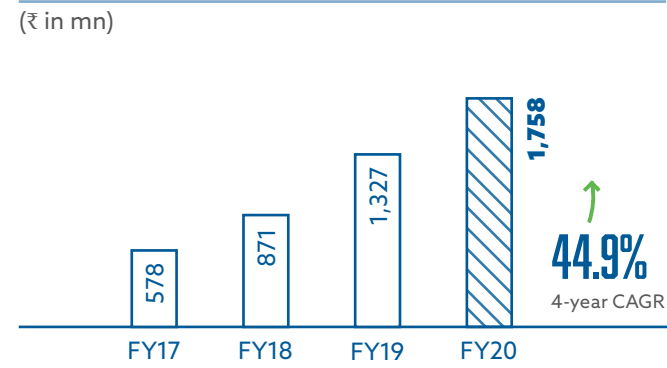
# Industry-leading performance

Operational excellence has been at the core of our strategy ever since we embarked on our journey of value addition. Our portfolio mix, scale, and presence in growing markets continue to be our key performance drivers.

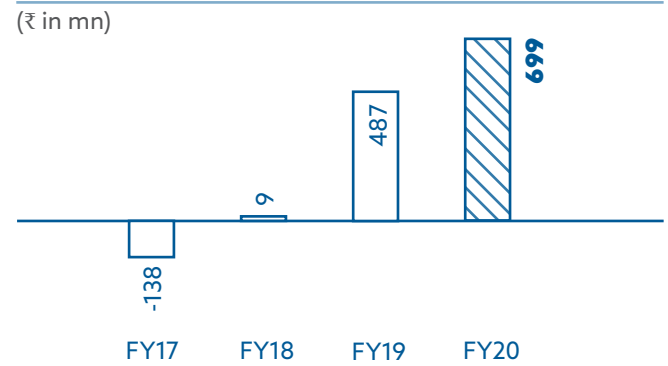
Revenue from Operations



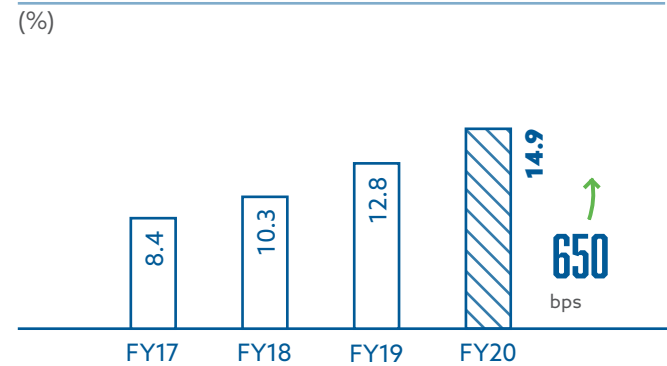
EBITDA



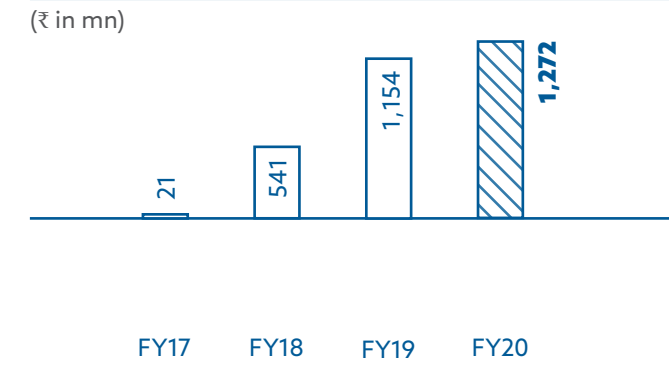
Profit After Tax



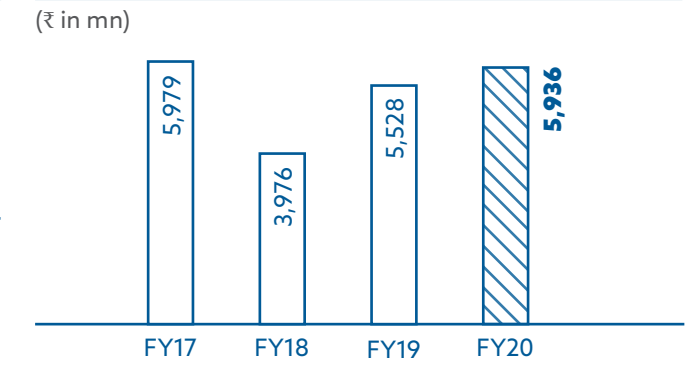
EBITDA Margin



Cashflow from Operations

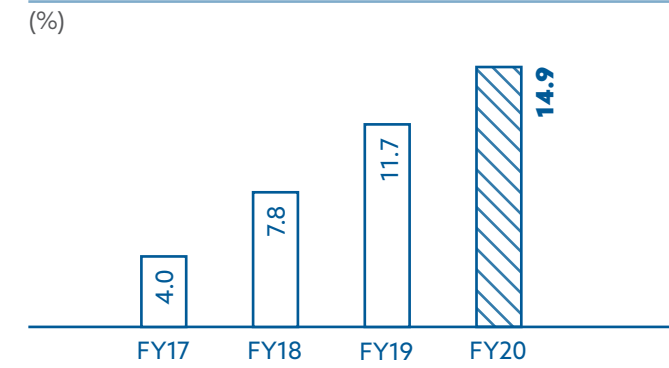


Gross Block + CWIP

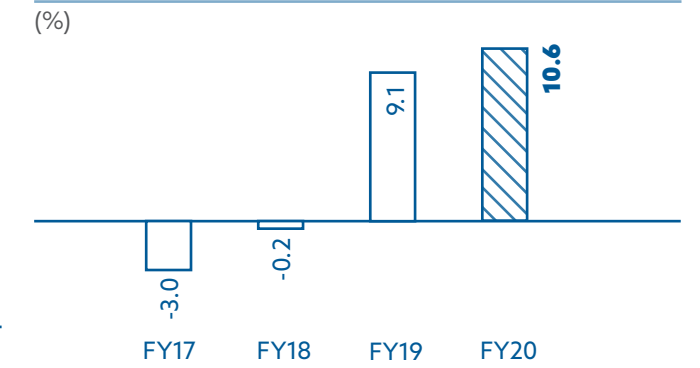


\* FY19 and FY20 includes Lease assets as per Ind-AS 116  
\* FY17 includes Human API assets

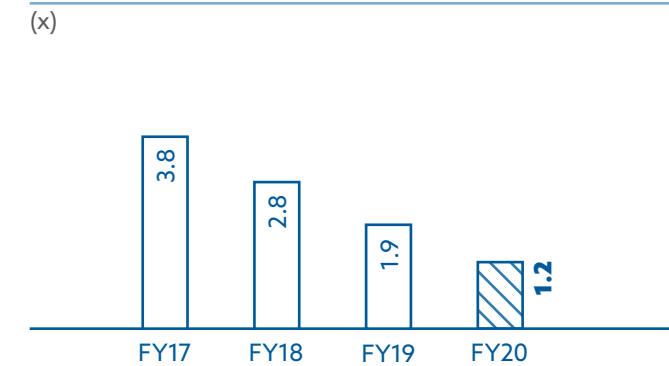
Return on Capital Employed



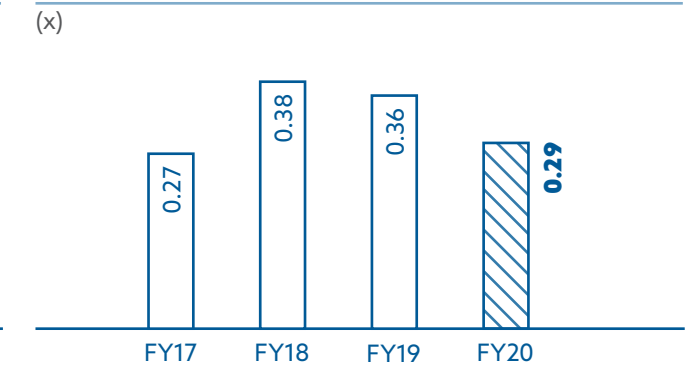
Return on Equity



Net Debt to EBITDA



Net Debt to Equity



## CFO COMMENTARY

# Financial momentum underpinned by operational excellence



“

*Operational excellence has not only resulted in improved profitability wherein the EBITDA margins improved by 210 bps, it also resulted in improvement across all financial parameters of the Company.*

”

## Dear Shareholders,

We had another year of strong performance with revenues of ₹11,792 million, a growth of 16% in constant currency terms. Our profitability margins also exhibited strong momentum with EBITDA margin showing an increase of 210 bps. The fact that we managed to achieve the guidance we set for ourselves against several headwinds, including currency volatility, extreme weather conditions as well as, the Brexit uncertainty in Europe and finally the COVID-19 pandemic speaks a lot about the well diversified business model and financial discipline that SeQuent has put in place.

Our revenues were driven primarily by API, which grew 21% while Formulations business recovered from a slow start and grew 14% for the year. Our well diversified geographic presence ensured that while we faced some headwinds in Europe and the Emerging markets, Turkey and LATAM more than made up for that with growth of 67% and 26%. We feel confident of the growth from these geographies with Europe also recovering smartly in the second half of the fiscal.

Operational excellence has not only resulted in improved profitability wherein the EBITDA margins improved to 14.9%, it also resulted in improvement across all financial parameters of the Company.

A healthy cashflow from Operations of ₹1,272 million not only demonstrates a high EBITDA to

cash conversion but also reiterates our focus on efficient working capital management, which has remained stable despite growth across segments. It also reflects that all our Debt Servicing and some part of Capex is funded through internal accruals.

Our Return on Capital Employed (ROCE) is now at 14.9% compared to 4.0% in FY17, a 3.7x jump in four years and shall continue to improve further as operational excellence plays out. Our Net Debt/EBITDA is at a comfortable 1.23x compared to 3.75x in FY17; Net Debt/Equity is at 0.29 and if we consider our long-term investments in Strides and Solara, this ratio is at a comfortable 0.11.

FY20 was a year of high volatility resulting in fluctuating currencies across geographies. While in India we are naturally hedged and a depreciating rupee only helps us, we are guided by the Board approved hedging policy of keeping at least 30% of our net exposure hedged at any given point of time. In the geographies which are subject to very volatile currency fluctuation, we have pegged our product prices to USD, thereby having minimal impact on the P&L. We nevertheless, continue to work towards reducing dollar exposure in these geographies.

Improved performance brings improved relationship. While we are thankful to all our bankers who supported us during our growth phase, we are happy to enhance our relationships with new bankers viz IICI Bank and HDFC Bank.

## 14.9%

EBITDA margin in FY20

## ₹1,272 MN

Cashflow from operations in FY20

We now also have Citibank as our global banker, which helps us consolidate our exposures in few countries.

The Carlyle Group entering into a definitive agreement with the existing promoters of SeQuent to acquire a majority stake and up to 74% in the Company, including upto 26% equity shares from public shareholders, is a positive corporate action. I believe Carlyle's experience in investing in the healthcare sector as well as their partnerships and presence in various geographies will propel Sequent to the next Orbit.

We will continue to step up our financial rigour with eyes on liquidity, leverage and operational excellence to create enduring value for all our stakeholders.

*Warm regards,*  
**Tushar**



RESEARCH AND DEVELOPMENT

# Our imagination explores new frontiers

Innovation is what fuels our growth and sustains our performance momentum. Our R&D investment is focused on projects that target novel product introductions, as well as new indications, presentations, combinations and research expansion across multiple species.

Our five world-class R&D centres drive innovation by integrating global requirements, clinical knowledge and smart cost-effective developments.

Our API R&D centre at Vizag focuses primarily on developing new products, improving existing products and expanding product applications. We continue to develop and enhance our product portfolio on the strength of our technology and R&D expertise.

Our formulations R&D centres based in Mumbai and Barcelona cater to the EU, the US and other regulated markets, with satellite development centres located in Istanbul (Turkey) and Campinas (Brazil), which support development of their respective local regions.

**New state-of-the-art R&D Centre**

During the year, we commissioned our new state-of-the-art, dedicated animal health R&D centre in Mumbai. This unique centre with strong injectable focus has capabilities to develop products of 8 different dosage forms, including injectable solutions and suspensions, tablets, oral solutions and suspensions, granules, powders and premixes. Equipped with the best laboratory to pilot infrastructure, a team of

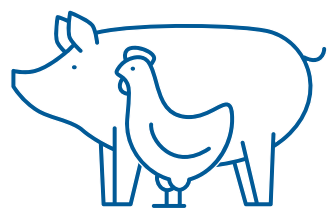
20+ research professionals with 100+ years of experience, the centre is working on several differentiated products to cater to our global market requirements. In addition to product development, the team has developed capabilities to handle complex radio-labelled ecotoxicity studies and in-vitro palatability, tissue residue, bio-equivalence studies across a spectrum of livestock and companion animals.



R&D centre, Mumbai, India



R&D centre, Mumbai, India

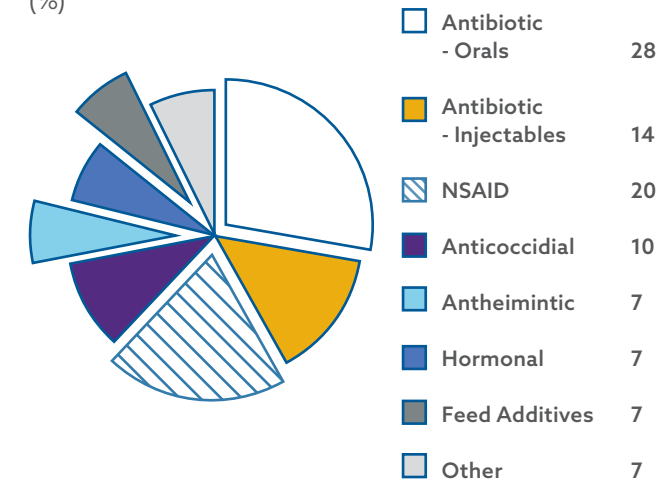


**FORMULATIONS PIPELINE**

**Break-up of formulations pipeline (Number of products)**

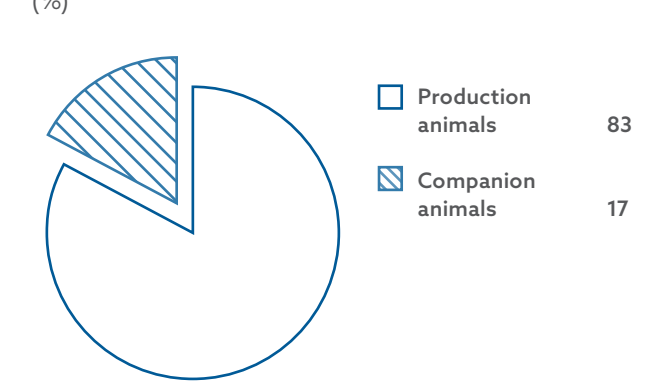
**Therapy**

(%)



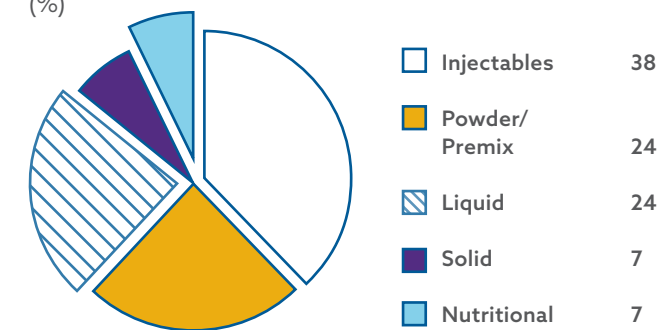
**Species**

(%)



**Dosage form**

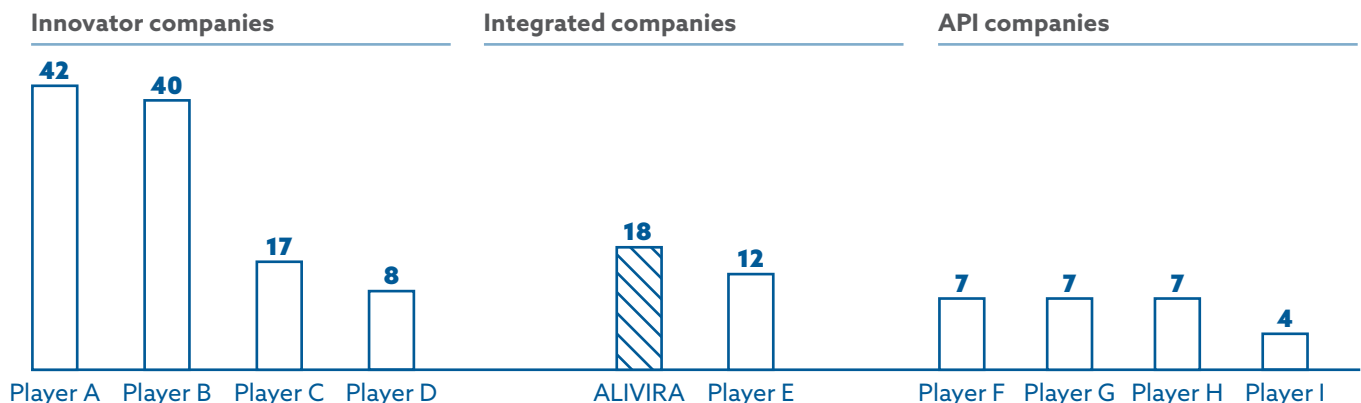
(%)



**API PIPELINE**

We have emerged among the 'Top 3' USFDA Veterinary Master File (VMF) filers with 18 filings. We have a pipeline of 14+ products. **Our strategic product selection has enabled us to have 6 products where we are the sole VMF holders.**

**US Veterinary Master File (Number of VMF filings)**



SUSTAINABLE PRACTICES

# Committed to responsible progress for a better tomorrow

*Preserving the environment and promoting community well-being are crucial business responsibilities that we uphold at every stage of our actions. We design and operate facilities in a way that can minimise adverse ecological impact and have implemented programmes which contribute to our larger goal of sustainable development.*

**Environment**

We recognise deeply the ramifications of climate change and work to maximise effective use of resources. We adopted the 'reduce, reuse and recycle' objective for natural resources and have developed adequate infrastructure to treat and reuse wastewater.

One of our ongoing focus areas remain conserving freshwater and wastewater, while regulating solid waste generation. We seek to increase our production quantities, improve efficiencies within end-of-pipe treatments and reuse waste wherever possible.

Some of our major environment consumption measures include the following:

**Sustainable technology**

- Reused ETP-RO treated water
- Adopted Zero Liquid Discharge (ZLD) technology for wastewater treatment
- Upgraded ETP to perform beyond compliance mandates
- Developed processes to reduce water consumption and recycle solvents


**Energy efficiency**

- Transitioned to LED lights across sites
- Replaced oil lubricated pumps with dry vacuum pumps
- Installed steam condensate recovery system
- Automated cooling tower operations to reduce power consumption


**Clean energy**

- Utilised hazardous waste as fuel at coprocessing cement plant
- Replaced fossil fuel with Biofuel

**Key achievements**

**~80%**   
ETP-RO water reused at process cooling towers

**~40%**   
Effluent reduction and consumption of freshwater per batch of Albendazole (anthelmintic)

**2/3RD**   
Reduction in purified water consumption resulting in 2/3rd reduction in effluent and freshwater per batch of Ricobendazole (anthelmintic)

**1/4TH**   
Solid waste generation reduced in the production of Carprofen

**Social**

As a responsible corporate citizen, we undertake myriad initiatives to drive positive transformation within the communities where we operate.

**Education and employability**

We contributed to the Skill Development Program by ASMACS Skill Development Limited (ASDL) in Visakhapatnam. High school graduates from Vizag, Vizianagaram and Srikakulam (Andhra Pradesh) were enrolled in the full time, non-residential vocational course in the trade of Multi Skill Technician - Electrical. The module was a combination of theory, practical, behavioural and IT skill training. Upon completion, 76% of the students were placed in companies as technicians while the remaining chose to remain self-employed.

**30**   
High school graduates in participation

**45**   
Days of intensive training



ASMACS Skill Development, Vizag, India



ASMACS Skill Development, Vizag, India



ASMACS Skill Development, Vizag, India

**Conserving biodiversity**

We initiated tree plantation drives close to one of our manufacturing sites in collaboration with an NGO. Currently we are engaged in post plantation care and maintenance, which is expected to continue over the next three years. This event marked the beginning of fulfilling our pledge to give back more than we take from the environment.

 **822**  
Saplings planted

**Disaster relief**

During the year, devastating floods deluged the state of Odisha and we supported the victims by extending funds for immediate relief and as part of life and livelihood restoration of the people in the state. The funds were deposited to the Chief Minister's Relief Fund, Government of Odisha.



GROWTH CATALYST

# Geared for next-orbit growth

*In last 6 years, our corporate evolution has been adorned with several milestones. We have now reached an inflection point in the Company's journey, and look forward to a new phase of development where together with Carlyle we will work to grow the company into one of the top global animal healthcare companies.*

**Onboarding Carlyle**

The Carlyle Group – one of the world's largest and most diversified global investment firms, with US\$217 billion of assets under management across four core business segments and 392 investment vehicles – have entered into a definitive agreement with existing promoters of SeQuent Scientific to acquire a majority stake and up to 74% in the Company, including up to 26% equity shares from public shareholders.

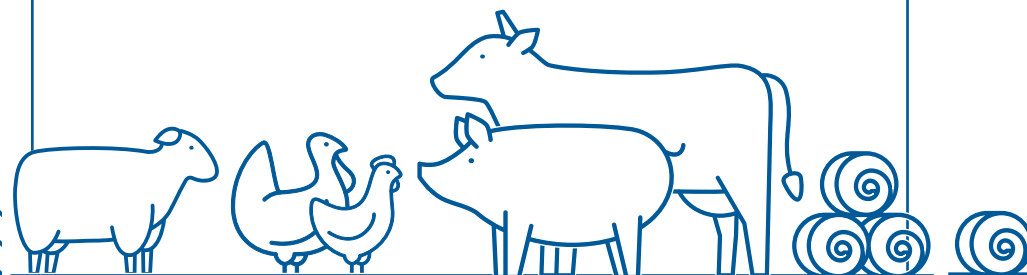
Carlyle is no stranger to the Indian healthcare market, with a history of investing in the healthcare sector, both in India and worldwide, driven by deep understanding of the market; and an ability to create value through its operational expertise and close partnership with management. This transaction is their largest control deal in India and is representative of their confidence, both on the sector, as well as in our business model.



*SeQuent is led by an experienced management team, and has built strong API and formulation businesses that are poised for continued growth in the evolving animal health industry. We will draw on our global network, industry knowledge and operating expertise in healthcare to advise SeQuent on its business expansion strategy, enhance its operations, and help the company drive sales and product innovation. We see strong growth potential in the global animal health industry, including the livestock segment where SeQuent is operating, thanks to increasing demand for animal protein, rising awareness of food safety, and growing disposable income.*



**Neeraj Bharadwaj**  
Managing Director of the Carlyle Asia Partners



THE CARLYLE GROUP

The Carlyle Group has an established legacy of investing in the healthcare sector, both in India and globally, fuelled by a deep understanding of the market and an ability to create value through its operational expertise and close partnerships with management. Its investments in the Indian healthcare sector include Medanta Medicity Hospital, a leading healthcare facility in the National Capital Region of Delhi, and Metropolis Healthcare, which operates a chain of diagnostic centres and laboratories.

The Carlyle Group is a long-standing global investment firm in India, operational since 2000. With global resources, deep industry expertise and strong local knowledge, Carlyle has invested more than US\$2.5 billion in India as of March 31, 2020. Its other notable investments include SBI Life, SBI Card, HDFC, India Infoline, Delhivery and PNB Housing Finance, as well as the recently announced Piramal Pharma Limited and Nxtra Data Limited.



**Open Offer details**

Carlyle Group entered into a sale and purchase agreement (SPA) dated May 8, 2020, pursuant to which they have agreed to purchase upto 111,572,710 equity shares of Sequent at a price of ₹86 from the existing promoters (Sellers), which comprises 44.9% of the voting share capital.

The proposed transaction has triggered an open offer under the SEBI Takeover Regulations for acquisition of upto 64,576,459 equity shares, which comprises 26% of the voting share capital, from the public shareholders of SSL at a price of ₹86 each.

The open offer is expected to be completed by Q2 FY21.





## INDUSTRY SCENARIO

# Significant headroom to drive impact

Global animal health market size stood at US\$33 billion in CY19 and is projected to grow at a CAGR of 4.9% to reach US\$46.1 billion by CY26. The production animal segment accounts for a larger pie of 60% and the balance 40% is companion animals. We, at SeQuent, have strong capabilities to capitalise on these emerging opportunities.

### Production animal

World population is projected to reach 9.8 billion people by 2050 (a staggering jump from today's 7.6 billion). Rising need for protein along with population growth, coupled with changes in dietary preference and rising income levels are the future. The pressure on farmers to feed more people, with less water and land available, in an environmentally sustainable way, will be paramount. Livestock production, while increasing, still faces barriers in infectious and parasitic diseases. Hence, there is a significant need for proper diagnosis and right medication.

#### Key trends in production animal health

**1/3 ANIMALS**  
Get improper nutrition

**20%**  
Die every year due to disease

**~74%**  
Increase in protein demand by 2050

Production animal health market size stood at US\$20.5 billion in CY19 and is projected to grow at a CAGR of 8.2% between 2019 and 2025.

### Companion animal

Pet ownership is increasing globally. Driven by factors like changes in lifestyles, increased urbanisation, nuclear families, single status, few or no children, and employment stresses are creating significant need for emotional support. With more people having to stay indoors for safety the need for companion animals will grow. However, growing incidence of zoonotic diseases is a concern, driving the demand for companion animal healthcare market.

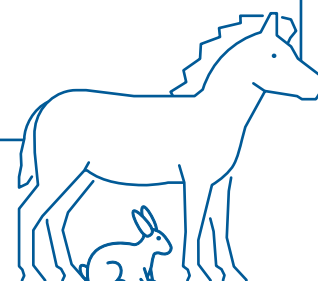
#### Key trends in companion animal health

**INCREASING**  
Pet ownership

**20% LONGER**  
Lifespan among pets

**Growing pet spend**  
Increasing demand for animal nutrition

Companion animal health market size stood at US\$12.54 billion in CY19 and is projected to grow at a CAGR of 6.2% by CY24.



## MARKET-WISE OPPORTUNITY



### NORTH AMERICA

- Most attractive animal health market with high entry barriers on account of regulatory framework
- Dominant market due to high penetration of animal healthcare products
- Companion animals account for 55% of the market and is dominated by big pharma companies
- Production animals account for balance 45% and is characterised by presence of both big pharma companies and few successful generic companies



### EUROPE

- Most evolved animal health market due to high awareness and conservative treatment approach
- Production animal accounts for 58% of the market
- Highly complex market due to multiplicity of practices around countries
- More crowded market in terms of number of local players



### LATIN AMERICA

- Large animal health market with significant produce feeding the world
- Production animals account for 67% of the market and are influenced by global trends due to focus on exports
- Key markets include Brazil, Mexico and Argentina



### ASIA PACIFIC (APAC)

- Significant market for production animals due to large population and significant land mass
- Increasing population and affluence is accelerating faster growth vis-à-vis the global industry



# Board of Directors



**Dr. Gopakumar G Nair**

*Chairman and Independent Director*

Dr. Nair is the Chairman and Independent Director on the Board. He has over 41 years of experience and knowledge in pharmaceutical and chemical industry at different levels and positions like Director, Chairman and Managing Director. He was also the former President of Indian Drug Manufacturers' Association. Dr. Nair is familiarised with GATT, WTO, TRIPs and other IP laws. With a wealth of experience in the field, he started IP/patent practice under the name Gopakumar Nair Associates.



**Manish Gupta**

*Managing Director*

Mr. Gupta joined the Company as Chief Executive Officer and was welcomed to the Board as Managing Director on November 12, 2014. He has over 23 years of experience in leading and managing businesses across the US, Europe and India to enhance performance. Before joining SeQuent Scientific, he was the CEO of Strides Pharma Science Ltd, where he spearheaded the pharma operations.



**Sharat Narasapur**

*Joint Managing Director*

Mr. Narasapur has over 29 years of experience in chemical, agrochemical and pharmaceutical industries in various roles, starting from design and development to managing business operations. He has vast knowledge in techno-commercial operations involving management of large multilocation chemical/API manufacturing operations and global project/programme management. Mr. Narasapur has worked with companies like Dr. Reddy's, Gharda Chemicals.



**Dr. Kausalya Santhanam**

*Independent Director*

Dr. Santhanam is a registered patent agent in the United States Patent and Trademark Office (USPTO) and India. After eight years of research experience in India and the US, she joined the Intellectual Property Department of CuraGen Corporation, a biopharmaceutical company in the US. She has considerable experience in designing patent strategies. She is currently an IP consultant to biotechnology and biopharmaceutical corporates in India and the US.



**Narendra Mairpady**

*Independent Director*

Mr. Mairpady is a certified member of the Indian Institute of Bankers. Mr. Mairpady started his banking career as a Trainee Officer in Corporation Bank in January 1975. In there, he was recognised as a member of Chairman's Club for 18 years, including eight years in a row. He joined Bank of India as an Executive Director in November 2008. Subsequently, he joined Indian Overseas Bank (IOB) as the Chairman and Managing Director on November 1, 2010. Mr. Narendra Mairpady's term as Independent Director ends on July 31, 2020.



**KEC Raja Kumar**

*Non-executive Director*

Mr. Kumar is the Founder and CEO of Ascent Capital Advisors, an India-focused, private equity firm. He has over 16 years of experience in India's investment sector spanning venture capital and private/public equity. Previously, he served as a Senior Officer of the Indian Civil Services, as Commissioner of Income Tax and as Regional Director of Securities and Exchange Board of India (SEBI). Besides, he was an Executive Director of UTI Mutual Fund and has also served as a Director of five Indian stock exchanges.



**Dr. S Devendra Kumar**

*Non-executive Director*

Dr. Kumar has a bachelor's degree in Medicine and is one of the key architects in developing Shasun Pharmaceuticals Limited (Shasun). He was instrumental in transforming Shasun from a domestic seller to an export-oriented organisation. He is globally renowned for his knowledge in marketing, customer relations, global competition and strategic thinking. He has been consistently mentoring and developing the marketing team at Shasun.



# Leadership team



**Manish Gupta**  
*Managing Director*  
 Joined: 2014  
 Experience: 25+ years  
 Capabilities: Leading and managing businesses across US, Europe and India



**Sharat Narasapur**  
*Technical Operations*  
 Joined: 2015  
 Experience: 25+ years  
 Capabilities: Expertise in techno-commercial operations involving multilocation manufacturing and global R&D programme



**Tushar Mistry**  
*Chief Financial Officer*  
 Joined: 2014  
 Experience: 20+ years  
 Capabilities: Chartered accountant with extensive experience in various domains of Finance



**Alan Kelly**  
*United States*  
 Joined: 2019  
 Experience: 30+ years  
 Capabilities: Has 15 years' experience in successfully expanding a generic animal health pharmaceutical business by leading business development and commercial teams in the USA



**Ramon Vila**  
*Europe*  
 Joined: 2016  
 Experience: 20+ years  
 Capabilities: Running own veterinary business, Karizoo. expertise in managing business, development and registrations of veterinary products in Europe



**Jose Nunes Filho**  
*LATAM*  
 Joined: 2016  
 Experience: 40+ years  
 Capabilities: Highly respected business executive with experience of establishing and managing animal health businesses in Brazil



**Shrikant Makode**  
*API*  
 Joined: 1999  
 Experience: 20+ years  
 Capabilities: Started career in the veterinary API industry, specialised in veterinary API business development and marketing, key account management expertise



**Ashish Kakabalia**  
*BD and R&D*  
 Joined: 2015  
 Experience: 20+ years  
 Capabilities: Strategic and business planning, R&D, portfolio management, M&A, licencing and new business initiatives



**Sirjiwan Singh**  
*Technical Operations*  
 Joined: 2019  
 Experience: 40+ years  
 Capabilities: Running large injectable business in UK for 15+ years as MD. Strong skills in business management and technical operations, especially injectables



**Dr. Huseyin Aydin**  
*Turkey*  
 Joined: 2015  
 Experience: 30+ years  
 Capabilities: Founder of Provet, he has a doctorate in animal metabolism



**Murat Mentes**  
*Turkey*  
 Joined: 2020  
 Experience: 30 years  
 Capabilities: Specialist in M&A, business strategy and execution with 7 years in animal health industry



**Yawar Abbas**  
*Emerging Markets*  
 Joined: 2018  
 Experience: 25+ years  
 Capabilities: Successfully built emerging market business for European companies in Africa, Asia and Middle East. Specialising in global branding, marketing and key account management of veterinary pharmaceuticals

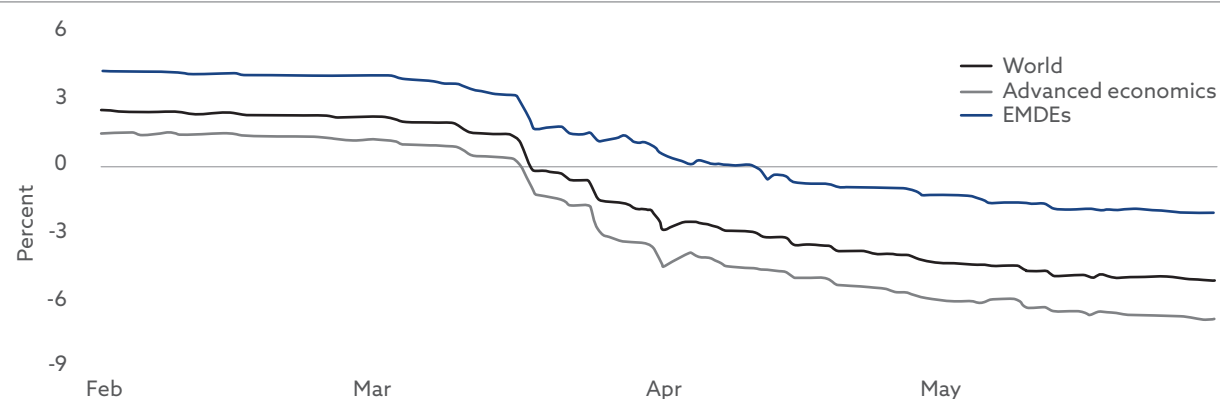


## MANAGEMENT DISCUSSION AND ANALYSIS

### Macro-Economic Scenario

The global economy experienced a major slowdown in CY2019 with growth at 2.4% as compared to 3.5% in CY2018. World Bank projected a marginal increase in global economic growth to 2.5% for CY2020. However, a new downside risk emerged in the form of the COVID-19 crisis starting from China and spreading across the world. Restriction on movement of people, goods and services, and containment measures such as factory closures resulted in a simultaneous demand-cum-supply shock to all the countries gripped by the virus. Due to rising concerns over global growth, central banks across the globe cut interest rates to shore up their economies. This resulted in World Bank cutting its CY2020 global growth forecast to a decrease by 5.2%. However, World Bank expects that during CY2021 the global economy will grow by 4.2% assuming pandemic fades in the second half of 2020 and economic activity normalises with the help of policy support.

### Consensus forecasts of GDP growth for 2020, February-June 2020



Source: Consensus Economics, World Bank

The US economy is expected to move at a slow pace this year since it has seen the highest number of COVID-19 cases. U.S. GDP growth will contract by 6.1% in CY2020, a decrease from 2.3% in CY2019. World Bank expects it to recover to 4.0% in CY2021. The U.S. Government has also provided fiscal support approaching US\$ 3 trillion, including over \$1 trillion in loans to firms and to state and local governments.

In CY2020, Europe Union is expected to decline by 9.1%. It is estimated that Europe may bounce back in CY2021 with a growth rate of 4.5%.

China's annual economic growth rate for 2020 is expected to be 1%. However, as it was the first to recover from the pandemic, it is expected to clock 6.9% growth thereby becoming among the fastest growing economies in CY2021.

### Animal Healthcare

Over the last few years, animal healthcare has emerged as a market of prime importance across the world. The primary livestock species are cattle (both beef and dairy), swine, poultry, fish and sheep.

The primary reason behind the rise in demand of animal healthcare products and services has been the outbreak of new animal diseases over the recent times.

The animal healthcare market has also seen an upward growth thanks to the changes in farming practices for bulk production that require good quality animal feed additives, hygiene management products, vaccines, etc.. With the growing animal population and increasing in infections, there has been a demand for preventive medicines to curb viruses in animals.

The global animal healthcare market was estimated at US\$ 33 Billion in 2019 and is expected to grow at a CAGR of 4.90% to reach US\$ 46.1 billion by 2026. The market is primarily divided into two categories that includes traditional medicines such as medicines, vaccines, parasiticides and medicated feed additives, and smaller but fast-growing areas such as diagnostics, BioDevices, genetics and precision livestock farming. The global animal healthcare market is driven by veterinary technological advancement, which are expected to propel future growth for the sector.

North America has the largest market in the geographical segment given its large animal population including milch and meat cattle, rising demand for protein rich diet and rising incidences of animal disease. Asia-Pacific is expected to be the fastest growing market chiefly due to factors such as rising prevalence of zoonotic diseases, presence of major market players involved in the manufacture of animal healthcare products mandatory

immunisation of animals by the regulatory agencies and higher disposable income to keep companion animals.

### Animal health industry is characterised by the following industry dynamics:

#### a) Favourable pricing environment

Unlike the pricing landscape of human prescription medicines, where pricing pressure and price control have been the regulator's and government's major weapon to control burgeoning healthcare costs, the animal health market has seen little direct government involvement.

Unlike human pharmaceuticals industry where eventual buyers are insurance companies or government; in animal health industry, buyers are pet owners and animal farm owners. This gives the government very little incentive to get involved in fixing prices.

#### b) Higher R&D productivity

Unlike human health, the animal health industry is characterised by higher R&D productivity and shorter development time, as well as lower costs and risks. Animal health products generally show faster R&D timelines in all stages ranging from research to the regulatory review process.

Hence, in aggregate total development timelines are typically 3 to 5 years faster than in human drug development.

#### c) Limited competitive intensity

Competition is lower in animal health industry. There is extremely limited overlap in product portfolio of Top-10 companies. Market is dominated by Big US and a few European players.

d) The global population is growing at 0.75% p.a., which is expected to increase from 7.7 billion today to over 9.7 billion by 2050. This increased population cannot be fed by agriculture alone. Livestock farming automatically becomes a secondary yet important source of living. Second, population growth leads to increased demand for land, hence animal farms necessarily have to have enhanced productivity.

(Source: www.oie.int)

### Growth drivers for Animal Healthcare Industry

#### a) Growing animal husbandry around the world

Animal husbandry significantly contributes to the GDP of emerging nations around the world. Animals have been domesticated since 13,000 years. Even today, cattle such as cows, buffaloes, goats, sheep that provide milk and meat are the primary source of income in rural areas. Animal husbandry has become technology driven with rising demand on quality of animal products. Like all major industries, it has seen corporatisation resulting in attachment of control on animal infection outbreaks. This in turn has resulted in the growth of the animal healthcare market.

#### b) Increase in pet adoption and growing technology

In the past few decades, there has been a significant expansion in pet adoption, especially amongst the elderly population. The increase in disposable income and increasing acceptability of animals as social companions has led to increase in pet ownership. Amongst some lonely elderly people, certain animal categories like dogs and parrots are seen as an alternative to human children, given their ability to respond to human emotions and signals. The growing number of pets will also boost the overall demand from the animal healthcare industry.

#### c) Protein consumption

It is estimated that by 2030, to feed the global population, animal protein production will have to increase by 30 percent from its current volume. Without effective disease prevention and health management strategies, this could impact the meat and dairy industries in a big way.

Post consideration of the increased interest in plant-based or lab-based meats and other protein alternatives, animal-based proteins will remain critical in meeting the demand of the world's growing population.

#### d) Human population growth

The global population is growing at 0.75% p.a., which is expected to increase from 7.7 billion today to over 9.7 billion by 2050. This increased population cannot be fed by agriculture alone hence livestock farming is also simultaneously required. Second, population growth leads to increased natural resource constraints driving a need for enhanced productivity.

#### e) Improved living standards

There is increased focus on food quality and safety as standards of living improve, leading to higher demand for quality non-vegetarian food.

### Farm Animal healthcare

The farm animal healthcare accounts for ~62% share in the entire veterinary healthcare market. Continued efforts are being made by the government with initiatives that help modernise agriculture through technology and continued scale consolidation. With that, stricter food safety/ quality improvements and environmental regulations have formed which are useful as well as easily adopted in many developing countries. Governments globally have taken several steps for the development of farm healthcare animals. These include zero environmental impact of agricultural residues, over the course of the last five years by the Chinese government. Other Governments have enacted notably stringent environmental protection laws. Additionally, there are several efforts to educate farmers and collaborate with domestic firms to develop better channels of distribution of healthcare products for farm animals, and connect with ecological and social values, thus driving the demand of farm animal healthcare market. Cattle, swine, poultry and fish are the major farm animals.

The global farm animal healthcare market size was US\$ 20.5 billion in CY2019. It is expected to grow at a CAGR of 8.2% between 2019-2025 with North America being the largest market and Asia Pacific being the fastest growing market.

**Companion Animal Healthcare**

The global companion animal market size in 2019 was worth US\$ 12.54 billion and expected to reach US\$ 19.18 billion by 2024 with a growth rate at a CAGR of 6.26%.

The increase in the number of pets and importance of emphasis on animal healthcare and vaccination has led to an increase in the demand of animal healthcare product. Since pet owners realise that their animal companions are part of their own family, the level of care provided to these animals has significantly improved, thereby driving the growth of this market. Rise in the income levels of individuals leveraging to the recent trends is leading to the increase in the number of pet (companion animal) adoption which ultimately leads to increase in the demand of companion animal healthcare. Additionally, advances in animal health medicines and vaccines, increased types of medical treatment are fostering the market growth of companion animal healthcare market.

The companion animal healthcare market is extremely competitive with major players accounting for about 3/4th of the market. Given its highly competitive nature, several companies are focusing more on research and development to produce better pharmaceuticals and vaccine products for the existing and newly diagnosed diseases.

**Impact of COVID-19 on the Animal Health Industry**

The COVID-19 pandemic is expected to enhance focus on the health care market including animal health. The European Union has already committed US\$3.3 billion for directly supporting the healthcare systems of the EU countries, matched with US\$3.3 billion from the Member States. It is expected that a significant chunk of this will be channelled into animal healthcare.

(Source: European Commission)

All countries have classified veterinary medicines and other animal healthcare products as 'essential goods'. This has ensured that their supply can continue to cross borders even under current restrictions or closures. This strengthens the global food system as livestock animals are crucial for feeding the human population during long periods of self-isolation. The European Medicines Agency and the US FDA did not report any shortages in veterinary medicines during the pandemic. As per The Animal Health Institute - the industry body in the USA, the Member companies were in constant contact with the US FDA's Center for Veterinary Medicine to keep the agency informed of any shortages or delays in production. Till April end 2020, no Member companies had reported significant disruptions or shortages related to COVID-19.

Many developed countries pharmaceutical companies rely on China for active pharmaceutical ingredients (APIs). In the given circumstances, this is expected to shift from China to other manufacturing bases including India and local manufacturing in Europe and USA.

The pandemic forced China to a mass culling of pork, poultry and beef stock, leading to demand-supply gap, thereby increase in prices. In recent months, China saw significant rise in imports from the US and Brazil. Given that China will have to feed their population with these imports while balancing its internal sources of livestock, the overall livestock species of the country will return growth by 2021. It is expected that leading livestock nations including Brazil, the US and the EU, will export pork, poultry and beef to China in 2021.

**Animal wise impact**

**Poultry**

Poultry had a short term hit due to the move from the large trend of 50:50 dine in, dine out to 90:10 dine in scenario. This has resulted in near-term supply chain realignment from box packaging to add-supermarket consumption.

In a recession, consumers generally trade down a little bit on protein, resulting in slightly lesser meat consumption. However, the same still is expected to grow 1-2% as per past historical trends. It is expected that the same will be normalised in the coming months.

**Pork**

China has a huge demand for pork, which is imported from USA, Brazil and other geographies. China will need to significantly ramp up protein imports during the next several years from the rest of world given the ASF disease that decimated Chinese hog production in 2019 and materially reduced protein availability within the country. Pork demand has remained stable thus far.

Source: Fitchratings.com

**Cattle**

It is expected that the cattle population will be maintained for the dairy industry. Beef demand has shifted from restaurants' to home dine in due to the former's closure. As a result, a marginal decline has been noted so far and it is expected that the same trend will gradually become normal in the second half of 2020 with the recent re-opening of restaurants in developed countries. Further, cattle breeding and rearing is expected to remain constant since livestock owners know that it takes around 2 years to fully breed a cattle. The Standard & Poor (S&P) GSCI Livestock commodity gained 5.4% in May 2020 with the S&P GSCI Live Cattle index surging 10.1% in May 2020 as compared to the previous month reflecting renewed interest in livestock and cattle.\*

\*Source: spglobal.com

**Our focus markets and opportunity**

At SeQuent, we are focused on addressing the global animal health challenges to ensure food security for an ever-increasing world population. We are striving to emerge as one of the global leaders in the animal health industry. Towards this objective, we have carefully chosen markets wherein we foresee opportunities for progress and growing awareness about safe and healthy animal environment.



**India**

**Market statistics**

- Second fastest growing market for animal healthcare
- Government mandated compulsory vaccination
- The healthcare market for production animals is expected to grow from an estimated US\$800 million in 2019 to US\$1.17 billion in 2024 at a CAGR of 8.0%

**Our presence today**

- Established presence across cattle and poultry with brands older than two decades.

**50+**

Brands

**150+**

Field force

**Growth drivers**

- Driving the cattle business with focused approach on select therapies of mastitis, infertility and probiotics
- Catalysing poultry business due to strengths in nutritional products like enzymes, toxin binders and acidifiers.



**Europe**

**Market statistics**

- Second largest animal health market in the world
- Total market size of US\$9 billion in 2018
- Anticipated to grow at 4.4% to US\$12 billion in 2025

**Our presence today**

- Front end team of 35+ with presence in 7 of the top 10 EU countries (ES, NL, BE, SE, DE, IT and FR) and 15 other EU markets through distributors
- Manufacturing base at Spain and Germany, R&D base at Barcelona

**250+**

product registrations with last mile channel partnership for 27 EU companies

**Growth drivers**

- Leverage injectable manufacturing capabilities in Germany
- Establish Alivira front-end presence across top 10 markets
- Expand distribution reach across key EU countries



**Turkey**

**Market statistics**

- US\$450 million veterinary market, which is growing at around 8% year on year, faster than the global industry growth
- Turkey is among the top 10 ruminant market and overall the 16th largest veterinary market in the world

**Our presence today**

- Third large animal health company in Turkey (~10% market share)
- Largest producer of veterinary pharmaceuticals
- Robust manufacturing capabilities

**120+**

Products

**40+**

Field force

**Growth drivers**

- Comprehensive manufacturing capabilities for larger share in Turkey and MENA
- Enhanced presence in cattle and sheep segment
- Expertise in injectable products especially penicillin and cephalosporins, among others



## Latin America

<b>Market statistics</b> <ul style="list-style-type: none"> <li>Latin America largely dominated by the markets of Brazil and Mexico accounting for 6.7% of the global animal health business</li> <li>LATAM is anticipated to grow at 5.5% to US\$5 billion in 2025</li> </ul>	<b>Our presence today</b>		<b>Growth drivers</b> <ul style="list-style-type: none"> <li>Additional of therapeutic products across nutritional additives and supplements</li> <li>Cross leverage of group portfolio</li> <li>Capitalise EU relationships for in-licence products</li> <li>Expand into other LATAM markets</li> <li>New contract/Traders won</li> </ul>
	Brazil		
	25+ Registered products	11+ Field force	
	Mexico		
	37+ Registered products	7+ Field force	



## Emerging Markets

<b>Market statistics</b> <ul style="list-style-type: none"> <li>Emerging markets account for 1/4th of the global animal health market and is estimated to grow at a CAGR of 6.5%</li> </ul>	<b>Our presence today</b>		<b>Growth drivers</b> <ul style="list-style-type: none"> <li>Established front end presence in parts of East Africa and Southeast Asia</li> <li>Enter new markets: Egypt, Saudi Arabia, Thailand, Tanzania, CIS and Qatar</li> <li>Focus on innovative, non-antibiotic product portfolio</li> <li>Consolidated EM portfolio under single leadership</li> </ul>
	Africa -	MENA -	
	9 key countries, 80+ approved products 14 field force (direct and indirect)	10 countries, 12 indirect field force, 75+ registrations	
	South East Asia-	Russia and CIS -	
	11 countries, 11 indirect field force, 130+ approved products	4 countries; 24 registrations	

### Strategic initiatives and performance in FY 2019-20

We continued to deliver on our FY2019 performance, with an all-round revenue and EBITDA growth by 13.5% and 32.5%. PAT too reported a growth of 43.7% due to our continued focus on profitable operations. In line with our targets, the EBITDA margins increased by 210bps on account of stellar growth in both API and formulations business.

More than a third of our products cater to the global top 10 players in the animal health industry. Growth in the API segment continues to be driven by the top 5 customers who constitute 42% of our API sales while the top 10 customers contribute 55%.

This growth was achieved despite the headwind of COVID-19 in the last quarter of FY2020. Our team's global response to the COVID-19 pandemic has been remarkable by adapting to the new-normal while remaining committed to our employees and customers. We have seamlessly

transitioned to a remote workplace while ensuring critical products reach to our customers.

We established a new formulations R&D facility in Mumbai for our injectables business. This has world class facilities and a multi-dosage capability for regulated-markets. This is an integrated facility from lab to pilot helmed by a team of 20 scientists with 100+ years of cumulative experience. We are proud to inform you that this new facility has already started delivering with the world's largest injectable already filed for EU in FY2020.

Animal health industry is characterised by strong cash flows and our recent performance is reflective of the same and we have delivered stronger operating cash flows over the past three years.

Given the COVID-19 first originated in animals, we expect greater attention to animal healthcare in the coming years which, in turn, would enable greater growth in the coming years.

We have shown a consistent EBITDA growth of 44.6% CAGR over the past 3 years.

Given the COVID-19 outbreak first happened in animals, we expect greater attention to animal healthcare in the coming years which in turn would enable greater revenue in the coming years.

### Business performance review

#### API

##### Key highlights:

- Enhanced production:**  
 We enhanced production capacity of Albendazole at our Mahad facility which enabled us to meet the increased demand of Albendazole. We now have 27 commercialised APIs.
- Filings:**  
 We achieved 19 US fillings and 11 CEP filling with another 14 products in the pipeline. We filed Mavacoxib and Robenacoxib API making Alivira the sole VMF filer in the Cox-2 inhibitors range. In the last three years, Alivira has filed eighteen VMFs, with sole filing for six molecules other than the innovator. For further six filings, there are less than three competitors thereby establishing our dominant position in API filings and making our products a moat as compared to our competitors. We are also proud to state that we are the #1 generic animal health USVMF filer and #3 global animal health USVMF filer.
- WHO approval:**  
 In March 2020, we received WHO Geneva approval in anthelmintics (for Praziquantel) under the prequalification program for our API facility at Vizag. Alivira's Vizag site is India's only US FDA-authorized and EU GMP-compliant facility focused on production of active pharmaceutical ingredients (APIs) for the animal health sector.

The Vizag site is a multipurpose manufacturing facility equipped with reactor capacity of 225KL and six clean rooms.

The site began commercial production in 2015 and has been successfully inspected by USFDA during 2016 and 2018.

This approval further emphasises our focus on compliance standards and opens up additional business opportunities in the coming years.

#### API future growth drivers:

Expansion of Vizag capacity: We currently have a capacity of 225 KL at Vizag and are in the process of expanding the same to 350 KL. This will enable us to ramp up production volumes significantly in 2021.

We continue to expand margins through focus on regulated markets and/or customers along with high value products.

We follow a two-pronged strategy for the API market. Fundamentally, our API model is independent of our own formulation strategy. So API development is driven by where we believe there is a market opportunity. Having said that, on such unique products which are (A) under patent; and (B) do not have easy API availability, we do look for developing our own formulation as well.

#### Formulations

We have grown faster than the industry growth rate of 4%.

- Global Filings:**  
**US:** We are on a strong footing with 10+ new filings in the US in next three years with a market size of over US\$500 mn+.

**EU:** We filed for the first and world's largest livestock injectable developed at this location for the EU market with an addressable global market of US\$350 million. We plan to file a further three filings from this new Mumbai R&D facility in both the injectable and tablet segment in FY 2021.

**UK:** We filed for the said livestock injectable separately for the UK market post Brexit.

- Local manufacturing:**  
 All governments are increasingly supporting local manufacturing. Local manufacturing enables us faster access to local and adjacent markets, fine-tuning products and volumes as per country-specific need and put in place a supply chain for faster and cheaper procurement.

- Inauguration of new research and development facility:**  
 The year was marked with an important milestone, that of the inauguration of a new state-of-the-art multifaceted and dedicated Animal Health R&D centre at Ambarnath in Mumbai. Spanning 3,200 square feet, this unique centre with strong injectable focus has capabilities to develop products of eight different dosage forms including injectable solutions & suspensions, tablets, oral solutions & suspensions, granules, powders and pre-mixes. Equipped with the best lab to pilot infrastructure, a team of 20+ research professionals with over 100+ years of experience, the centre is working on several differentiated products to cater to Alivira's Global market needs. In addition to product development, the team has developed capabilities to handle complex radio-labelled ecotoxicity studies and in-vitro palatability, tissue residue, bio-equivalence studies across a spectrum of livestock and companion animals. This has enabled 30% cost reductions on the product side.

- Expansion of research and development team:**  
 We have expanded our R&D team to address the huge opportunity in front of us as we prepare ourselves for our first US filing soon and commercialisation in FY2022.



**e) Appointment of US Business sales team:**  
We appointed our USA Business Head in FY2020 to enable us to better serve our USA business in future.

**f) Global reach:**  
We have a marketing presence in 80+ countries through a combination of own sales force and distributors. Further, 50% of our sales are to regulated markets enabling us to command pricing power.

**Formulation future growth drivers:**

**a) German facility filing:**  
We currently have the capacity to do one validation of an injectable every quarter from our German facility. In view of the Covid situation, we are deferring the capacity expansion plan of later half of FY21.

**b) Filings:**  
We expect to derive a competitive advantage through early filings of both our current as well future filings as the animal healthcare are limited as compared to human healthcare filings. Further, based on our market perception, the price erosion in animal healthcare is limited as compared to human healthcare.

**Analytical services**

Our wholly owned subsidiary SeQuent Research Limited (SRL) has two USFDA approved state-of-the-art GLP compliant Analytical laboratories based in Mangalore and Bangalore. Both the centres are equipped with comprehensive capability in instrumental analysis, wet laboratory testing & trace element analysis and have LIMS conforming to 21 CFR with a strength of nearly 100 scientists. With both the facilities now being USFDA compliant, we are on track to deliver customised therapies to USA, the world's largest healthcare and FMCG market.

**Our response to COVID-19**

In the COVID-19 pandemic, health item and animal health items have been listed as critical items. Within the animal health industry, we cater to the animal production segment, which is not a discretionary spend and hence lock-downs or economic slowdowns have little influence on this business. This has ensured smooth flow of our products.

**Business Continuity Plan (BCP)**

We have implemented a Business Continuity Plan (BCP) to deal with the crisis as a response owing to the Covid-19 pandemic. As part of the program, manufacturing operations in locations across the world operated with decreased staff as all non-operational workers started to operate remotely. The sales and operations teams have continued to collaborate with customers on mutual business continuity strategies to respond further to the continually changing situation.

We streamlined our workload and coordinated alternate logistics across all factories to ensure sustained emphasis and dedication to our customers and target geographies.

the leadership team helped manage the situation along with day-to-day activities to keep operations running smoothly.

**Business Operations**

The rapid implementation of BCP program has ensured that our operations have undergone minimal disruptions. Around the start of the lockdown, our API factories in India saw minor disruption in the availability of manpower, but the situation improved afterwards. We intend to continue this situation in the medium term and there are appropriate measures in place to maintain the BCP for the remainder of the COVID-19 crisis.

Factories run at usual scales in Spain, Turkey, Germany and Brazil while all non-manufacturing-related employees are working from home.

Our on-going expansion at Vizag was also adequately moderated to minimise human presence at the site, without affecting prospects for development.

In the supply chain side, we are completely secure both for our API and formulating systems for all main products and the only issue we face is logistics disruption.

We are constantly and proactively engaged with the appropriate authorities who support us in keeping the operations running to the best of their capacity.

**Business Outlook**

The Company has ended FY 2020 on a strong note, largely achieving both the strategic and operational objectives for the year and continues to move ahead with its organic and inorganic business strategy for its identified core markets of US, EU and Australia. The certainty around Brexit now allows to have a strategic perspective around UK which we are aggressively pursuing. This includes establishing front-end organisation either organically or through acquisition as also undertaking aggressive new product filings. We continue to be on track for new product pipeline of 35+ products, which are at various stages of development. The company has recently made significant progress in establishing distribution partnership with a leading global animal health company for India and has initiated CDMO business model for APIs with another animal health major. These recent initiatives shall further add growth engines for the company.

The company is also pursuing consolidation of minority interest across its subsidiaries. The management continues to actively identify and pursue new opportunities with new and existing clients to significantly boost volumes and profitability.

**Business resources**

**Manufacturing**

We have eight world-class manufacturing facilities in operation, both in India and internationally. Further, we have instituted supply chain arrangements for critical products to ensure seamless supplies at stated delivery milestones. Our facilities are detailed below:

Business vertical	Facility name, location	Key features
Animal Health API's	Vizag, India	Approvals: USFDA, WHO-Geneva and EU GMP Capabilities: API facility with reactor capacity of 225 KL with six clean rooms
	Mahad, India	Approvals: EU GMP, COFEPRIS Mexico and WHO Capabilities: 23 reactors having cumulative capacity of 76KL
API Intermediates	Tarapur, India	Approvals: cGMP Capabilities: API intermediates facility with reactor capacity of 64 KL with two clean rooms
Animal Health Formulations	Ambernath, India	Approvals: India, Uganda, Ethiopia and Kenya Capabilities: Granules for injections and oral liquids
	Polatli, Turkey	Approvals: EU GMP and Turkish GMP Capabilities: 12 dosage forms including Beta-lactam and non-beta lactam injectable solutions/ suspensions, intra-mammaries, oral solutions/suspensions, aerosol and pour-on, spot-on
	Barcelona, Spain	Approvals: EU GMP Capabilities: Liquids - oral solutions/suspension and solids (powders) - beta-lactam and non-beta lactam antibiotics. Specialises in nutrition products - veterinary premixes
	Campinas, Brazil	Approvals: MAPA (Ministry of Agriculture, Livestock and Supply) Capabilities: Oral solutions, oral powders and drug premixes
	Warburg, Germany	Approvals: EU GMP Capabilities: Sterile injectable including beta-lactam and hormones, oral liquids and oral powders acquired in April 2018

**Research and development (R&D)**

We believe that our research and development equips us to provide our customers cutting-edge products to drive further growth. New product innovation is a core of our business strategy. Our R&D investment is focused on projects that target novel product introductions, as well as new indications, presentations, combinations and species expansion. To this end, we inaugurated our new Ambernath, Mumbai research and development facility in FY2020 in addition to our Mahad facility to drive research in new products.

**Quality**

We have implemented stringent quality standards and benchmarks both internally as well across our supply chain to ensure effective manufacturing and consistent delivery of products.

**Intellectual property rights**

We have a qualified team of professionals who file patents across all geographies. In FY2020 we completed a total of 19 US filings / approvals and completed a total of 11 CEP filings, of which 10 are approved. Pursuant to this, we launched 21 formulations in regulated markets.

**Employees**

We believe employees are the corner stone of our strategy and continuously foster better HR practices to help them achieve their goals. We have 1,700+ employees.

**Environment, health and safety**

We have accorded the highest level of priority to safety; hence we have various systems to enable the same. Further, we have instituted safety awards to channelise the same in our employees.

**Global presence and marketing**

Our sales organisation includes sales representatives and technical and veterinary operations specialists. We have a local sales force in several key markets including Europe. We have recently appointed our US business head and the requisite sales team. In order to expand our reach, we generally contract with distributors that provide logistics and sales and marketing support for our products.

## Financial review

Particulars	(In ₹ Million)		
	FY 2019-20	FY 2018-19	Movement
<b>Assets</b>			
<b>1. Non-current asset</b>			
a) Property, plant and equipment	3,449.07	2,270.30	1,178.77
b) Capital work-in-progress	110.65	172.00	(61.35)
c) Goodwill	2,379.74	2,209.72	170.02
d) Other intangible assets	493.45	501.39	(7.94)
e) Intangible assets under development	23.59	54.15	(30.56)
f) Financial assets			
i. Investments	1,312.88	1,796.50	(483.62)
ii. Other financial assets	68.03	49.77	18.26
a) Deferred tax assets (net)	232.40	142.56	89.84
b) Income tax assets (net)	56.81	45.81	11.00
c) Other non-current assets	15.03	636.70	(621.67)
<b>Total non-current assets</b>	<b>8,141.65</b>	<b>7,878.90</b>	<b>262.75</b>
<b>2. Current assets</b>			
a) Inventories	2,194.17	2,001.03	193.14
b) Financial assets			
i. Investment	401.79	4.70	397.09
ii. Trade Receivable	3,187.64	2,782.54	405.10
iii. Cash and cash equivalents	680.96	677.89	3.07
iv. Bank balances other than (iii) above	77.29	42.50	34.79
v. Loans	3.48	6.07	(2.59)
vi. Other financial assets	101.53	25.04	76.49
a) Other current assets	394.51	460.10	(65.59)
<b>Total current assets</b>	<b>7,041.37</b>	<b>5,999.87</b>	<b>1,041.50</b>
<b>Total assets</b>	<b>15,183.02</b>	<b>13,878.77</b>	<b>1,304.25</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
a) Equity share capital	496.74	493.74	3.00
b) Other Equity	6,930.86	6,573.18	357.68
<b>Equity attributable to owners of the Company</b>	<b>7,427.60</b>	<b>7,066.92</b>	<b>360.68</b>
c) Non-controlling interest	447.37	402.51	44.86
<b>Total equity</b>	<b>7,874.97</b>	<b>7,469.43</b>	<b>405.54</b>
<b>I Liabilities</b>			
<b>1. Non-current liabilities</b>			
a) Financial liabilities			
i. Borrowings	1,500.59	1,478.46	22.13
ii. Other financial liabilities	919.43	380.33	539.10
a) Provisions	95.69	81.53	14.16
b) Deferred tax liabilities (net)	83.22	103.26	(20.04)
c) Other non-current liabilities	13.13	22.96	(9.83)
<b>Total non-current liabilities</b>	<b>2,612.06</b>	<b>2,066.54</b>	<b>545.52</b>
<b>2. Current liabilities</b>			
a) Financial Liabilities			
i. Borrowings	1,343.57	1,273.62	69.95
ii. Trade payables	2,203.80	2,093.50	110.30
iii. Other financial liabilities	758.04	706.06	51.98
a) Provisions	25.49	20.46	5.03
b) Current tax liabilities (net)	196.65	77.21	119.44
c) Other current liabilities	168.44	171.95	(3.51)
<b>Total current liabilities</b>	<b>4,695.99</b>	<b>4,342.80</b>	<b>353.19</b>
<b>Total liabilities</b>	<b>7,308.05</b>	<b>6,409.34</b>	<b>898.71</b>
<b>Total equity and liabilities</b>	<b>15,183.02</b>	<b>13,878.77</b>	<b>1,304.25</b>

## Non-current assets

### Property, plants and equipment (PPE)

PPE increased from ₹2,270.30 million in FY 2018-19 to ₹3,449.07 million in FY 2019-20 mainly due to capex in Spain and Vizag along with capitalisation of leased asset as per IND AS 116 - Leases.

### Capital Work in progress (CWIP)

The CWIP decreased from ₹172 million in FY 2018-19 to ₹110.65 million in FY 2019-20 due to capitalisation of PPE.

### Goodwill

Goodwill increased from ₹2,209.72 million in FY 2018-19 to ₹2,379.74 million in FY 2019-20 is resultant of restatement of goodwill due to foreign exchange rate fluctuation.

### Other intangible assets

Other intangible assets decreased from ₹501.39 million in FY 2018-19 to ₹493.45 million in FY 2019-20 as amortisation and foreign exchange rate fluctuation is netted off against purchase of product licence by one of the subsidiary company.

### Intangible asset under development

The decrease in intangible asset under development from ₹54.15 million FY 2018-19 in to ₹23.59 million FY 2019-20 is resultant of capitalisation of development expenditure in few subsidiaries.

### Non-current investment

The decrease in non-current investments from ₹1,796.50 million in FY 2018-19 to ₹1,312.88 million in FY 2019-20 is resultant of mark to market loss on investment in Strides Pharma Sciences Limited.

### Other non-current financial assets

The increase in non-current financial assets from ₹49.77 million in FY 2018-19 to ₹68.03 million in FY 2019-20 is resultant of increase in margin money deposit.

### Deferred tax assets (net)

The increase in deferred tax assets (net) from ₹142.56 million in FY 2018-19 to ₹232.40 million in FY 2019-20 is resultant of recognition of deferred tax assets on brought forward losses and lease assets.

### Other non-current assets

The decrease in other non-current assets from ₹636.70 million in FY 2018-19 to ₹15.03 million in FY 2019-20 is resultant of recognition of leased assets in PPE as per IND AS 116.

## Current assets

### Current investment

The increase in current investments from ₹4.70 million in FY 2018-19 to ₹401.79 in FY 2019-20 is resultant of investment in mutual fund units by parent and subsidiary companies.

### Trade Receivables

The increase in current loans from ₹2,782.54 million in FY 2018-19 to ₹3,187.64 million in FY 2019-20 is in line with business growth.

## Other current financial assets

The increase in other current financial assets from ₹25.04 in FY 2018-19 to ₹101.53 million in FY 2019-20 is resultant of recognition of claim receivable on certainty of receipt.

### Other current assets

The other current assets have decreased from ₹460.10 million in FY 2018-19 to ₹394.51 million in FY 2019-20 as a result of expensing of past indirect input credits due to uncertainty on realisation of the same.

## Equity

### Equity share capital

The Company's share capital increased from ₹493.74 million in FY 2018-19 to ₹496.74 million in FY 2019-20 due to issue of shares to ESOP Trust.

### Other Equity

The other equity has increased from ₹6,573.18 million in FY 2018-19 to ₹6,930.86 million in FY 2019-20 mainly due to better performance of the Group.

### Non-controlling interest

The non-controlling interest has increased from ₹402.51 million in FY 2018-19 to ₹447.37 million in FY 2019-20. The increase in minority is a result of increased performance of subsidiaries having minority interest.

## Non-current liabilities

### Long-term borrowings

The marginal increase in long-term borrowings from ₹1,478.46 million in FY 2018-19 to ₹1,500.59 million in FY 2019-20 is net result of repayment of borrowings in India and some additional borrowings for expansion in other geographies.

### Other financial liabilities

The increase in other financial liabilities from ₹380.33 million in FY 2018-19 to ₹919.43 FY 2019-20 million is resultant of recognition of lease liabilities as per IND AS 116 - Leases.

### Deferred tax liabilities (net)

The decrease in provision from ₹103.26 million in FY 2018-19 to ₹83.22 million in FY 2019-20 is resultant of recognition of deferred tax assets on lease assets.

## Current liabilities

### Current borrowings

The marginal increase in current borrowings from ₹1,273.62 million in FY 2018-19 to ₹1,343.57 million in FY 2019-20 is in line with expanded business scale.

### Trade payables

The increase in trade payables from ₹2,093.50 million in FY 2018-19 to ₹2,203.80 million in FY 2019-20 is in line with expanded business scale.

### Other financial liabilities

The increase in other current liabilities from ₹706.06 million in FY 2018-19 to ₹758.04 million in FY 2019-20 is resultant of recognition of lease liabilities as per IND AS 116 - Leases.



### Consolidated statement of profit and loss for the year ended March 31, 2020

Particulars	(In ₹ Million)		
	FY 2019-20	FY 2018-19	% change
<b>Revenue from operations</b>	<b>11,792.44</b>	<b>10,393.07</b>	<b>13%</b>
Other Income	100.89	86.72	16%
<b>Total Income</b>	<b>11,893.33</b>	<b>10,479.79</b>	<b>13%</b>
<b>Expenses</b>			
Cost of materials consumed	5,086.92	4,538.71	12%
Purchases of stock-in-trade	888.90	1,166.44	-24%
Changes in inventories of finished goods, stock-in-trade and work-in-progress	74.69	(275.03)	-127%
Employee benefit expenses	1,650.59	1,459.49	13%
Finance costs	357.14	328.02	9%
Depreciation and amortisation expenses	506.22	419.20	21%
Other expenses	2,388.12	2,254.12	6%
<b>Total expenses</b>	<b>10,952.58</b>	<b>9,890.95</b>	<b>11%</b>
<b>Profit before tax</b>	<b>940.75</b>	<b>588.84</b>	<b>60%</b>
Tax expenses	120.29	20.07	499%
<b>Profit after tax</b>	<b>820.46</b>	<b>568.77</b>	<b>44%</b>
<b>Profit After Tax for the year attributable to:</b>			
- Owners of the Company	699.05	486.60	
- Non-controlling interest	121.41	82.17	

#### Revenue from Operations

The revenue from operations increased from ₹10,393.07 million in FY 2018-19 to ₹11,792.44 million in FY 2019-20. This increase is commensurate with further expansion in Animal Health operations.

#### Cost of materials consumed

The cost of material consumed, as a percentage to net sales remain in line with previous year.

#### Employee benefit expenses

The employee benefit expenses have increased by 13% on account of the following:

- Average annual salary increase of 8%
- Proportionate increase in staff welfare expenses
- Increase in overall number of employees in the Group

#### Finance costs

The increase in finance cost from ₹328.02 million in FY 2018-19 to ₹357.14 million in FY 2019-20 in line with business growth.

#### Depreciation and amortisation expenses

There is an increase in depreciation and amortisation expenses from ₹419.20 million in FY 2018-19 to ₹506.22 million in FY 2019-20 is resultant of depreciation on leases capitalised as per IND AS 116.

#### Tax expenses

There is increase in tax expenses from ₹20.07 million in FY 2018-19 to ₹120.29 million in FY 2019-20 due to business growth.

#### Risk Management and Internal Control

The Company is responsible for establishing and maintaining adequate and effective internal financial controls and the preparation and presentation of the financial statements. The assertions on the internal financial controls is in accordance with broader criteria established by the Company.

Due of the inherent limitations of internal financial controls, including the possibility of collusion or improper management and override of controls, material misstatements in financial reporting due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls are subject to the risk that the internal financial control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A robust, comprehensive internal control system is a prerequisite for an organisation to function ethically and in commensuration with its abilities and objectives. We have established a strong internal control system for the Company and its subsidiaries. This control system is aimed at providing assurance on the effectiveness and efficiency of operations, compliance with laws and regulations, safeguarding of assets and reliability of

financial and management reporting. The Company is staffed with experienced and qualified people who play an important role in designing, implementing, maintaining and monitoring the internal control environment.

Additionally, an independent body of Chartered Accountants performs periodic internal audits to provide reasonable assurance over internal control effectiveness and advises on industry-wide best practices. The Audit Committee consisting of Independent Directors review important issues raised by the Internal and Statutory Auditors, thereby ensuring that the risk is mitigated appropriately with necessary rectification measures on a periodic basis.

### Key Ratios

Particulars	Consolidated	
	FY 2019-20	FY 2018-19
Debtors turnover ratio	3.70	3.74
Inventory turnover ratio	5.37	5.20
Interest coverage ratio (*)	3.63	2.80
Current ratio	1.50	1.38
Debt equity ratio	0.29	0.36
Operating margin ratio	14.91%	12.77%
Net profit margin (*)	6.90%	5.43%
Return on net worth (RONW) (*)	10.57%	9.08%

(\*) significant change in interest coverage ratio, net profit margin and RONW is due to improvement in operational efficiency

## GLOSSARY OF FEW TERMS USED ACROSS THIS REPORT

- **API:** Active Pharmaceutical Ingredient means the active ingredient contained in medicine
- **Formulations:** Formulation is defined as a mixture that is prepared according to a specific procedure (called a 'formula'). Formulations are made for particular applications and are normally more effective than their individual components when used singly.
- **cGMP:** Current good manufacturing practices are defined by the FDA as systems to assure proper design, monitoring, and control over manufacturing processes and facilities in pharma and other FDA-regulated industries
- **EUGMP:** The highest recognition available by companies in the pharmaceutical space in the European Union
- **Betalactam:** Any of the large class of natural and semisynthetic antibiotics (as the penicillins and cephalosporins) with a lactam ring
- **Swine:** Pig
- **Livestock:** Animals kept on a farm
- **Companion animal:** Pet or other domestic animal
- **Production animal:** An animal which provides output of sale value other than its progeny
- **Animal husbandry:** A branch of agriculture concerned with animals that are raised for meat, fiber, milk, eggs, or other products
- **Poultry:** Live or slaughtered domesticated bird
- **Poultry products:** Poultry which has been slaughtered for human food
- **Animal protein:** Nitrogenous material found in animals
- **Feed supplements:** Animal feeding product that contains added protein or urea or both; designed to be used in conjunction with other animal feeding items
- **Feed additives:** Products used in animal nutrition for purposes of improving the quality of feed and the quality of food from animal origin, or to improve the animals' performance and health
- **Antibiotics:** Medicine that inhibits the growth of or destroys microorganism
- **Disinfectants:** Chemical agents designed to deactivate or destroy microorganisms on inert surfaces
- **Antibacterial:** Anything that destroys bacteria or suppresses their growth or their ability to reproduce
- **Anthelmintic:** Medicines used to destroy parasitic worms
- **Ruminant:** Mammals that are able to acquire nutrients from plant-based food by fermenting it in a specialised stomach prior to digestion, principally through microbial actions
- **Bioequivalence:** Property wherein two drugs with identical active ingredients or two different dosage forms of the same drug possess similar bioavailability and similar effect at the site of physiological activity
- **Nutritional feed-add:** Extra nutrients or drugs for acceleration of the growth of livestock
- **Parasitic:** An animal or plant that lives on or in as well as feeds on another animal or plant of a different type
- **Mastitis:** Inflammation of breast tissue that sometimes involves an infection
- **Infertility:** Disease of the reproductive system due to which person or animal is not able to have babies or produce offsprings
- **Probiotics:** A microorganism introduced into the body for its beneficial qualities
- **Enzymes:** Substance produced by a living organism which acts as a catalyst to bring about a specific biochemical reaction
- **Toxin binders:** A substance that is added to animal feed in small quantities in order to trap mycotoxins, preventing them from entering the blood stream where they can cause serious harm to your animals
- **Acidifier:** Inorganic chemicals put into a body, which either produce or become acid. These chemicals increase the level of gastric acid in the stomach when ingested
- **CEP filing:** Certificate of Suitability (CEP) is to certify the compliance of a material with the requirements laid down in the relevant monograph of the European Pharmacopoeia
- **Albendazole:** Medication used for the treatment of a variety of parasitic worm infestations
- **Ricobendazole:** Antiparasitic active ingredient used in veterinary medicine mainly in livestock against internal parasites
- **Praziquantel:** Synthetic anthelmintic drug used in the treatment of schistosomiasis and other infestations of humans and animals with parasitic trematodes or cestodes
- **USVMF:** The USA Veterinary Master File
- **MAPA:** Ministry of Agriculture, Livestock and Supply, Brazil

## BUSINESS RESPONSIBILITY REPORT

### Section A: General Information about the Company

No.	Particulars	Company Information
1	Corporate Identity Number (CIN) of the Company	L99999MH1985PLC036685
2	Name of the Company	Sequent Scientific Limited
3	Registered Address	301, 3 <sup>rd</sup> Floor, Dosti Pinnacle, Plot No. E7, Road No. 22, Wagle Industrial Estate, Thane West, Thane - 400 604. Maharashtra. India,
4	Website	www.sequent.in
5	E-mail id	investorrelations@sequent.in
6	Financial Year reported	April 01, 2019 to March 31, 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pharmaceuticals - NIC code: 21005
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Albendazole Triclabendazole Fenbendazole
9.	Total number of locations where business activity is undertaken by the Company/ Subsidiaries:	
9.1	Number of International Locations	International Locations: Turkey, Sweden, Belgium, Netherlands, Spain, Mexico, Germany, Italy, USA and Brazil Manufacturing Facilities - Spain, Turkey, Germany and Brazil R&D Centres - Spain, Turkey and Brazil
9.2	Number of National Locations	Registered Office: Thane, Maharashtra Manufacturing Facilities: Vizag, Ambarnath, Tarapur, Mahad R&D Centres: Ambarnath & Vizag Analytical Facilities: Bangalore & Mangalore, Karnataka
10	Markets served by the Company Local/State/National/International	National and International - The Company has a commercial footprint across 100 countries.

### Section B: Financial Details of the Company

No.	Particulars	Company Information
1	Paid up Capital (₹)	497 Million
2	Total Income (₹)	11,893 Million (Consolidated)
3	Total profit after taxes (₹)	820 Million (Consolidated)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company has spent ₹0.37 million during the financial year 2019-20, which is more than 2% of the average standalone net profit of the Company during the last three years
5	List of activities in which expenditure in 4 above has been incurred	Areas in which the Company has spent under CSR: (a) Education and Livelihood (b) Disaster relief

### Section C: Other Details

- Does the Company have any Subsidiary Company/ Companies?**  
Yes. Details of subsidiaries forms part of the Board's Report.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**  
The Business Responsibility initiatives of the parent Company apply to few of its Subsidiaries.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**  
The company has not mandated any entities e.g. suppliers, distributors etc. of the Company for participating in the BR initiatives of the Company.



**Section D: Business Responsibility (BR) Information**

**1. Details of Director/Directors responsible for BR**

**a. Details of the Director/Directors responsible for implementation of the BR policy/policies:**

No.	Particulars	Company Information
1	DIN Number	02808651
2	Name	Sharat Narasapur
3	Designation	Joint Managing Director

**b. Details of BR Head:**

No.	Particulars	Company Information
1	DIN Number	02808651
2	Name	Sharat Narasapur
3	Designation	Joint Managing Director
4	Telephone number	+91 22 41114777
5	e-mail id	investorrelations@sequent.in

**2. Principle-wise (as per National Voluntary Guidelines (NVGs) Business Responsibility Policy/policies**

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

- Principle 1: Ethics, Transparency and Accountability [P1]
- Principle 2: Products Lifecycle Sustainability [P2]
- Principle 3: Employees' Well-being [P3]
- Principle 4: Stakeholder Engagement [P4]
- Principle 5: Human Rights [P5]
- Principle 6: Environment [P6]
- Principle 7: Policy Advocacy [P7]
- Principle 8: Inclusive Growth [P8]
- Principle 9: Customer Value [P9]

**a. The response regarding the above 9 principles (P1 to P9) is given below**

Sr.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
1	Do you have a policy/ policies for.....	Y	Y	Y	Y	Y	Y	N <sup>®</sup>	Y	N <sup>#</sup>	
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	NA	
3	Does the policy conform to any national / international standards? If yes, specify?	The Policies are broadly based on the National Voluntary Guidelines on social, environment and economical responsibilities of business issued by the Ministry of Corporate Affairs.									
4	Has the policy being approved by the Board?	The policies are approved by the functional heads and few of them have been adopted by the Board.									
	Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	NA	
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	While few of the policies mandate requirement of a Board Committee, the rest of them are monitored by the management.									
6	Indicate the link for the policy to be viewed online?	The policies are made available in the internal portal of the Company									
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. All the policies are communicated to internal stakeholders and are available on the internal network. Policies applicable to external stakeholders are available on the Company's website.									
8	Does the company have in-house structure to implement the policy/policies	Yes. There is an in-house structure with clearly defined roles and responsibilities that are periodically reviewed.									
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	NA	
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Few of the policies are subject to internal/external audit by statutory/regulatory authorities.									

<sup>®</sup> The Company is member of various professional/ trade bodies etc. through which areas of concern or importance are articulated for taking at appropriate forum.

<sup>#</sup> The Company, in its operations, ensures the Customers value through its product design and labelling, etc. However, no need has been felt to formulate a specific policy

**3. Governance related to Business Responsibility (BR):**

Sr. No.	Questions	Information
1	Frequency of review, by the Board of Directors, Committee of the Board or CEO to assess the BR performance. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This report shall be published annually as a part of the Annual Report which will be available on the Company's website as well.

**Section E: Principle-Wise Performance**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

SeQuent Scientific Limited is a global pharmaceutical Company headquartered at Thane, India. As at the date of the report, the Company has eight manufacturing facilities located in India, Germany, Brazil, Spain and Turkey. The Company has five dedicated R&D facilities in India, Spain, Turkey & Brazil with global development and filing capabilities. SeQuent's products are commercially sold across 100 countries.

At SeQuent Scientific, we have always traversed the ethical growth path under the guidance of independent and eminent board of directors, supported by robust governance and control mechanisms. This has helped us boost shareholder trust, gain competitive advantage as well as remain responsible towards our employees, community, and the environment.

The values which defines our business ethics are:



These values evoke trust among our stakeholders and conforms to standards of corporate governance. It helps us in developing long term sustainable relationships with our stakeholders and establish transparency, integrity, accountability, and corporate social responsibility in all our dealings.

These principles are translated into consistent practice with the following enablers, ensuring high standards of business conduct.

**a. SeQuent Whistle Blower Policy** - The Company has a strong and effective Whistle Blower Policy since three years which aims 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 establishing a framework for any stakeholder to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This policy also provides adequate safeguards against victimisation of personnel who has reported any concerns under this policy.

**b. Policy for Disclosure of Material Events and Information** - the objective of this Policy is to ensure disclosure to the Stock Exchanges of all events which are material and all information which are price sensitive or have bearing on performance or operation of the Company in terms of Regulation 30 of the SEBI (LODR) Regulations, 2015 ("SEBI Regulations").

The Managing Director, Chief Financial Officer and Company Secretary of the Company are authorised severally to make disclosures of all material events and information to Stock Exchanges under the SEBI Regulations.

**Company's Code of Conduct and Code of Ethics** - The Company's policymakers and the Directors set the standard of conduct for all Directors, Senior Management and Employees of SeQuent and its subsidiaries. However, the guidelines are communicated to most of our key associates like vendors, suppliers and it is expected that they will follow it when they interact with Sequent.

The Code of Conduct & Code of Ethics provides guidelines on ethics, anti-bribery and anti-corruption further strengthened through Whistle Blower Policy and Policy on Sexual Harassment. All Directors, Senior Management and Employees should be loyal to the Company and act in good faith. Directors are expected to dedicate their best efforts to advancing the Company's interests and to make decisions that affect the Company based on the Company's best interests and independent of outside influences. The core areas of governance are overseen by dedicated board committees as below:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee

The Company recognises that it has a responsibility for all the actions of its employees in connection with the activities of the organisation. In view of this, the Company believes that the ethics demonstrated by our employees should give all customers, shareholders, suppliers, colleagues, business partners and regulators confidence that the Company operates in a way that avoids any suggestion of improper or personal motives or actions.

**c. Company's Code of Conduct to regulate, monitor and report trading of SeQuent Equity Shares by designated persons and their immediate relatives** - In order to protect the interest of the stakeholders, the Company has framed a policy to regulate, monitor and report trading of SeQuent Equity Shares by designated persons and their immediate relatives. The Company also has in place adequate and effective system of internal control to comply with the SEBI Regulations as amended from time to time.

**Policy on Data Integrity** - The Policy on Data Integrity is to outline the key elements necessary to ensure reliability and integrity in the organisation and encourages ethical conduct individually and collectively. The policy ensures that the data meets the ALCOA- Attributable, Legible, Contemporaneous, Original and Accurate criteria which indicates the data to be complete, consistent, enduring and available.

We have not received any grievances from our stakeholders during the last financial year.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

Being a Global Animal Health Company contributing to the worldwide economic progress and social well-being, we strive hard to provide best-in-class veterinary solutions to our customers.

Across our various manufacturing sites, we have put in place quality systems that cover all areas of our business processes from supply chain to product delivery to ensure consistent quality, efficacy, and safety of

products. Regular audit programs validate our attempts to deliver consistent quality. Some of the certifications that give testimony to our quality commitments are approvals from global regulatory authorities like USFDA, EUGMP, TGA, Health Canada and other developing nations. Environment, Health and Safety performance is reviewed periodically at multiple levels including the senior management.

Our in-house research and development capabilities represent the cornerstone of our operations and continued growth. We have created a robust R&D portfolio and capability over the years both on the API and formulation front.

Our API R&D facility at Vizag primarily focuses on developing new products, improving existing processes and product quality through statistical analysis. The team has expertise in delivering 50+ projects involving complex chemical synthesis. This has been achieved through advanced technological capabilities helping to create more efficient operations.

Our formulation scientists are developing various dosage forms and therapies catering to both companion and production animals. We have 35+ formulations under development with addressable market size of US\$ 1 Billion consisting injectables to be half of our portfolio.

We are dedicated to manufacture products which contribute to the well-being of the ecosystem - the society and the environment. We not only make our products more affordable and accessible but also take steps to serve the community and minimise our impact on the environment. Some of our recent initiatives where social and environmental designs are incorporated are:

**Albendazole** - ~40% effluent reduction and consumption of fresh water per batch.

**Ricobendazole** - ~67% reduction in purified water consumption resulting in 2/3rd reduction in effluent as well as fresh water per batch.

**Carprofen** - ~1/4th Solid waste generation reduced

**Sustainable Sourcing**

The Company has a well-established standard operating procedure for identifying and approving vendors. Materials are procured from approved vendors placed both locally and internationally. The Company's quality assurance team conducts periodic audits and due diligence of vendors, especially those who supply key materials.

**Empowering Communities**

The Company procures goods and avail services from around 130+ local and small vendors, particularly those located around its manufacturing locations. This not only provides them a bigger opportunity but also helps us in reducing carbon footprints. We provide technical support and guidance to vendors in developing products. The Company is actively engaged in consistently upgrading the job workers by providing technical knowledge and also assisting in developing capabilities.

**Product Recycle & Waste Management**

The company follows a mechanism for recycling and reuse of material including waste & solvent and it continually promotes the concept of recovery, reuse and recycle.

- 1) About 80% of ETP-RO water is reused at process cooling towers. Steam condensation is recovered and reused which has resulted in reduction in use of fresh water.
- 2) Solvent recovery plants are installed at Mahad & Vizag facility to recover the solvent. All of the solvents are recycled and reused.
- 3) At the Vizag plant, organic wastes generated are sent to pre-processing plants and cement plant to use as axillary fuel known as coprocessing of wastes.
- 4) Mahad plant uses Briquette as the only fuel for boiler; thereby eliminating dependency on fossil fuels.

**Principle 3: Businesses should promote Well-Being of all Employees**

Employees are the invaluable and intangible asset for our organisation and their wellbeing is of utmost importance to the organisation. Our Employees form the foundation to a strong organisation by providing them a safe workplace across our plants and offices, growth opportunities and an equitable and fair environment.

The total number of employees is 1,700+ as on March 31, 2020. The total number of permanent women employees is 200+. The total number of permanent employees with disabilities are none.

No.	Employee Categories	% trained on Safety & Skill up-gradation
a	Permanent employees	93%
b	Permanent women employees	100%
c	Contract employees	99%
d	Employees with disabilities	NA

**Safe Workplace**

Health and Safety of employees is a critical element that makes our organisation sustainable for business. The safety for us is not only for meeting the statutory requirements, it is in the organisation's DNA and is taken very seriously. The continuous safety trainings ensure that all the employees always are updated regarding the safety and do's and don'ts during an emergency.

Safe work practices especially at plant are endorsed and usage of unsafe equipment is disallowed. We encourage reporting of accidents and injuries to be better prepared for the future.

Our safety approach comprises:

- Use of Personal Protective Equipment (PPE)
- Chemical Storage as per compatibility
- Emergency Preparedness
- Occupational Health Centres
- Safety Inspections and Audits

Some of the other employee benefits include provident fund, gratuity fund, mediclaim insurance policy, long service awards, group accident policy, maternity leaves and compensated absences.

The company does not support any discrimination in nationality, sex, religion, marital status, caste and creed. The company has formed Internal Complaints Committee (ICC) for Prevention of Sexual Harassment (POSH) at workplace. ICC is constituted at all offices or administrative units located at different places.

**Employee Engagement**

An important enabler for ensuring employee well-being is Employee Engagement. Employee engagement is extremely crucial to keep the employees fully motivated and energised. The company uses below ways to engage with employees.

**LinkedIn at Workplace**

- Two Way Communication Collaborative Platform
- Company news, information and events shared to keep employees updated

**Engagement Activities**

- Mix of inhouse and outbound engagement activities like sport events and competitions which boost team building
- At corporate level, there is a Book Club where the employees read the book and share their learnings with all employees

**Employee Feedback**

- Continuous and timely feedback on trainings and engagement activities
- Open house meetings at plants and corporate



**Continuous Improvement**

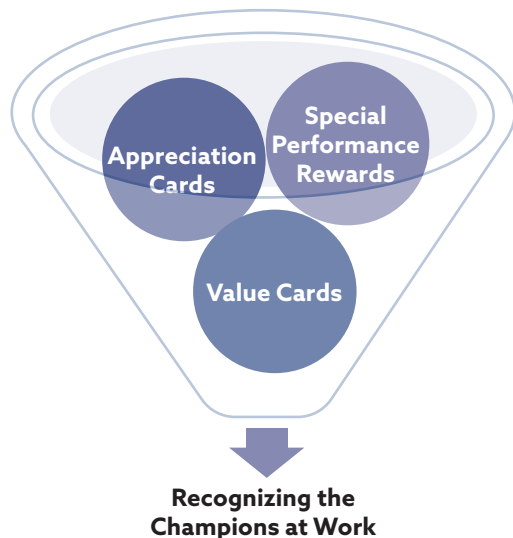
One of our core values is Continuous Improvement and we strive to achieve that in every subject. Learning and development programs are worked upon continuously and regularly monitored as well. We have categorised trainings as:



To compliment the training programs, we have also embarked on a journey of identifying the high potential or critical employees and create a separate learning & development program for them which is based on their specific competencies.

**Rewards & Recognition**

Rewards and recognitions go a long way in appreciating the contributions an employee has made towards the growth of the Organisation. We value the efforts of our employees and reward the hard work put in by them. Rewards & Recognition is a key employee motivation driver for us, especially at the plants. Adaptability is our core value and we ensure that the employees who adapt to different situation as demanded by the work are recognised for their efforts



At Plant & Corporate level we recognise the champions at work and the same is acknowledged by Department Heads. Till date, ~250 appreciation cards and ~50 Value cards have been distributed at manufacturing plant.

The sales recognition programme occurs in the annual sales meeting which is applicable across all locations and levels. The programme is aimed at motivating and imparting employee enrichment while building a high-performance culture.



There have been no complaints relating to child labour, forced labour, involuntary labour, or sexual harassment in the last financial year and pending, as on the end of the financial year.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

The Company believes in greater engagement with its stakeholders and being sensitive towards their needs and expectations. The Company emphasises on being responsive to stakeholders' needs, being proactive and transparent. A continuous communication over a period helps the company in decision making, strengthens relationship, trust and understanding with the stakeholders.

The company has mapped its internal and external stakeholders who directly or indirectly influence the business operations. Our major stakeholders are



Accountability is one of the core values of the Company. The company feels accountable to Stakeholders concerns and it is its constant endeavour to provide best of the services and information to its valuable stakeholders and maintain highest level of corporate governance in the Company.

The Company follows various mechanisms to engage with its stakeholders. Some of the platforms which the company uses for a meaningful communication and fruitful collaboration are as follows:

1. Annual Reports
2. Quarterly Reports
3. Investor Presentations
4. Press Releases
5. Corporate Website
6. Participation in Exhibitions and Conferences
7. Customer Feedback Sessions
8. Social Media

We also have Stakeholders Relationship Committee as constituted in terms of the provisions of SEBI Listing Regulations to specifically investigate the redressal of shareholder and investors complaints like transfer of shares, non-receipt of annual reports, non-receipt of declared dividends, etc.

The Company's 'Whistle Blower Policy' encourages stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct. It also provides adequate safeguards against the victimisation of employees who avail this mechanism. The Company also has an Investor Grievance Cell where the investors can raise their concerns and get them resolved appropriately.

The Company has identified vulnerable stakeholders around its manufacturing sites and have devised and implemented various CSR programs on livelihood & skill upgradation for such type of stakeholders. Our CSR activities revolve around the disadvantaged and marginalised stakeholders like the underprivileged students. 30 high school graduates from Vizag, Vizianagaram and Srikakulam- Andhra Pradesh were trained in a 45-day full time, non-residential vocational course. A detailed report on the CSR activities are included in Principle 8 of the report.

The Company also has a mapping of its Internal and External Stakeholders and the Company communicates and deals with all the stakeholders including the promoter shareholders, institutional shareholders and retail / minority shareholders in a uniform way in compliance with the Statutory provisions. We have not identified any disadvantaged, vulnerable and marginalised shareholders.

**Principle 5: Businesses should respect and promote human rights**

As a responsible organisation, the Company respects human rights at the workplace and endeavour to adopt best international practices, which ensure the freedom of association, prohibition of child labour, protection of indigenous rights and prohibition of forced and compulsory labour.

The Company values the rights of the individuals and it is testified in our Code of Conduct for Board, Senior Management and employees. The Code of Conduct embraces a commitment to conduct our business in the most ethical manner with due regard to business needs and stakeholder interests. The Code of Conduct & Code of Ethics is further strengthened through Whistle Blower Policy and Policy on Sexual Harassment. The Company has also constituted the Internal Complaints Committee to consider and redress complaints of sexual harassment.

Human rights are fundamental rights and we adhere to this principle in the most earnest spirit.

The Company does not support any discrimination in nationality, sex, religion, marital status, caste, and creed. In the last financial year, there were no human rights violation complaints relating either to child, forced and involuntary labour, or sexual harassment /discriminatory employment, against the Company.

Various policies aimed at protecting Human rights are primarily applicable to the Company only. The Company has not received any complaints from any stakeholders in the last financial year.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

The Company's Environment, Health and Safety (EHS) initiatives are designed to create long term sustainability and value for the Company, its shareholders, and other stakeholders. It extends to all its subsidiaries, key suppliers, and contractors.

Preserving the natural environment and promoting the well-being of the community are integral aspects of the Company's Business Responsibility. The Company has also implemented the programmes which has helped contribute to the larger goal of sustainable development. The Company identifies and assesses

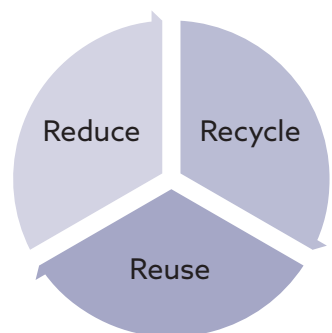
potential environmental risks in all process through internal and external mechanisms which includes environmental impact assessment, third party audits and regulatory audits. Appropriate Standard Operating Procedures (SOPs)/controls are in place for the key environmental risks.

**Green Operations**

A host of Energy Efficient, Clean technology & Renewable Energy initiatives are carried out by the company at different locations as follows:

Clean Technology	Energy Efficiency	Renewable Energy
Reuse of ETP-RO treated water	Transition to LED lights across sites	Hazardous waste being utilised as fuel at coprocessing cement plant
Adopted Zero Liquid Discharge (ZLD) technology for wastewater treatment	Replacing oil lubricated pumps with dry vacuum pumps	Fossil fuel replaced with Biofuel
Upgraded ETP to perform beyond compliance	Installed Steam Condensate Recovery System	
Developed Processes to reduce water consumption and recycle solvents	Automated Cooling Tower operations to reduce power consumption	

The Company has adopted the 'reduce, reuse and recycle' objective for natural resources, and has developed adequate infrastructure to treat and reuse wastewater. The above initiatives fulfil this objective and is helping the Company to make both environmental and economic impact.



The company has strategies & initiatives to address global environmental issues such as climate change and Global warming. We are concerned with the implications of climate change and aspire to minimise its impact on the environment and maximise the effective use of resources. We are committed to generate more green energy to reduce our dependence on fossil fuels.

The Company identifies and assesses potential environmental risks in all process through internal and external mechanisms which includes environmental impact assessment, Third party and regulatory audits. Appropriate Standard Operating Procedures (SOPs)/controls to address the key environmental risks.

**Clean Development Mechanism**

At present, we do not have any project related to Clean Development Mechanism.

**Compliance to CPCB/SPCB norms in relation to emission/waste generated by Company**

Stack emission, water analysis & ambient air quality reports are well within limits as defined by pollution control board. Online continuous monitoring system maintained at ETP outlet & same is connected to SPCB & CPCB server. All our plants always comply to CPCB/SPCB norms and there are no cases of show cause/legal notices from CPCB.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

We strive to create a positive impact and participate in making sound policy decisions to facilitate change in public policies that are beneficial to the sector. We believe a sustainable business growth can be achieved while working together with regulatory authorities, government, and trading bodies.

The Company has representation in various industry and trade associations. The trade/business associations where the Company is a member are:

1. Pharmaceuticals Export Promotion Council of India (Pharmexcil)
2. Indian Merchant Chamber of Commerce (IMC)
3. Indian Drug Manufacturers Association (IDMA)
4. Bulk Drug Manufacturing Association, Hyderabad
5. Federation of Indian Export Organisations

The Company has been involved from time to time for providing inputs to the above bodies, consistently

engaging for the overall competitive environment, and providing self-sufficiency thus empowering the society.

**Principle 8: Businesses should support inclusive growth and equitable development**

The Company supports inclusive growth and equitable development through its Corporate Social Responsibility (CSR) programmes. The Company has set-up a board approved CSR Committee which has placed framework and strategy for our CSR Policy. The Company's long-term CSR Vision is "To improve the quality of life of the local communities in and around the areas of plant operations".

All our social efforts stem from our well-articulated CSR policy and focus on some of the key priorities of the community which includes:

1. Education & Employment
2. Environment
3. Sanitation & Health

The programmes are aimed towards touching the lives of those who are socio-economically marginalised, and opportunity challenged for their welfare & sustainable development. The CSR Committee regularly reviews corporate social responsibility strategy, procedures, and commitments.

The CSR programs of the Company are undertaken either through direct spending through in house team or through verified external NGO partners/ implementing agencies. The Company has spent ₹0.37 million during the financial year, which is more than 2% of the average standalone net profit of the Company during the last three years.

Illustrated below are some of the key initiatives undertaken during FY 2019-20:

**Education & Employability**

In our efforts to educate and promote employability of youth belonging to the underprivileged section of the society, the company contributed to the Skill Development Program by ASMACS Skill Development Limited (ASDL) in Visakhapatnam.

Thirty high school graduates from Vizag, Vizianagaram and Srikakulam from Andhra Pradesh were enrolled in the forty-five-day full time, non-residential vocational course in the trade of Multi Skill Technician-Electrical. The course was a combination of theory, practical, behavioral and IT skill training. Upon completion of course, 76% of the students were placed in various companies as technicians with remaining choosing to be self-employed.

**Environment Conservation**

The company truly believes in reducing the degradation and exploitation of natural resources and contributing towards a healthy environment. In our efforts towards Environment Conservation, in FY 19, The Company had initiated tree plantation close to one of the manufacturing

sites. The company planted 822 saplings in collaboration with an NGO and currently it is engaged in post plantation care and maintenance for the next three years. The event was marked as the beginning to fulfil our pledge towards safeguarding the environment.

**Disaster Relief**

We support relief measures in emergencies. During the flood related disaster that took place in Orissa, we supported by providing funds for immediate relief and restoring lives of people in Orrisa. The entire fund raised was deposited to the Chief Minister's Relief Fund, Government of Odisha.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

All our policies and processes help in delivering quality products for customers who are our key stakeholders. Our customers are spread globally, and we believe in offering superior value to our customers through:

- Delivering quality products at affordable prices in a timely manner
- Practising stringent standards to ensure quality, safety, efficacy, and convenience of use
- Soliciting customers feedback and insights for continuous improvement

We work towards safe management of our products throughout its lifecycle and are committed to reducing risks. This is ensured by making factual disclosure of information during labelling and branding of our products. The Company is strongly connected with our customers. By understanding their needs, expectations, and priorities we are better equipped to develop products that offer great value.

We follow a standard operating procedure on providing the required information about our products to the customers. We realise the extent of influence we can have on our customers and we wish to engage with them in a responsible manner.

**Display of Product Information on Product Label**

The Company discloses detailed information about all the products which also complies with the applicable laws and regulations on product labelling. The customer is provided with relevant product information like product composition, instructions on dosage, storage and safety, cautionary notes etc.

In addition, company engages with its customers by providing scientific literature, participating in conferences and exhibitions. Customer feedback are taken periodically, and all complaints are handled in a timely manner. There are no pending customer complaints and stakeholder cases.



## BOARD'S REPORT

Dear Members,

We hereby present the Thirty Fifth Annual Report of your Company along with the Audited Financial Statements of the Company for the financial year ended March 31, 2020.

### 1. Financial Summary

The summarised financial performance (Standalone and Consolidated) of your Company for financial year 2019-20 and financial year 2018-19 is given below:

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from operations	2,273.33	1,662.60	11,792.44	10,393.07
Other income	145.61	139.56	100.89	86.72
Profit before interest, depreciation and tax	367.98	166.44	1,804.11	1,336.06
Less: Finance costs	50.35	32.20	357.14	328.02
Less: Depreciation and amortisation expenses	89.50	72.21	506.22	419.20
<b>Profit before tax</b>	<b>228.13</b>	<b>62.03</b>	<b>940.75</b>	<b>588.84</b>
Tax expenses / (credits) - Current tax	31.83	13.29	227.44	141.99
- Deferred tax	(17.11)	(13.29)	(104.83)	59.83
- Current tax of prior period reversed	-	(13.83)	(2.32)	(181.75)
<b>Profit after tax</b>	<b>213.41</b>	<b>75.86</b>	<b>820.46</b>	<b>568.77</b>
<b>Profit for the year attributable to:</b>				
Owners of the Company	213.41	75.86	699.05	486.60
Non-controlling interest	-	-	121.41	82.17

### 2. Business Performance Review

Financial year 2019-20 (FY 2019-20) was very significant year as we focused on building capabilities along with delivering strong performance. The year was full of challenges such as BREXIT, global shortage of API due to regulatory shutdown in China and COVID. Despite these challenges, we improved our margins significantly and our investments have also played out. We have significantly ramped up growth during the financial year and have delivered robust 13.5% growth in top-line.

During FY 2019-20, on consolidated basis, your Company's revenue stood at ₹11,792 million as against ₹10,393 million in the financial year 2018-19 (FY 2018-19). The Company posted an EBITDA of ₹1,758 million as against ₹1,327 million in FY 2018-19. EBITDA margin during the year stood at 14.9%, up by 210 bps over previous year.

On a standalone basis, your Company's revenues for FY 2019-20 stood at ₹2,273 million as against ₹1,663 million in FY 2018-19. The Company posted an EBITDA of ₹222 million in the FY 2019-20 as against ₹27 million in FY 2018-19. The Company made a net profit of ₹213 million.

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

#### Business Overview:

- India's only FDA approved API manufacturing facility in Vizag – received WHO-Geneva Approval.
- Completed 19 US filing from the USFDA approved facility – Key growth driver.
- Established relationship with top 10 veterinary companies with a steady customer base across US, Europe, LATAM & India.
- Filed world's largest animal injectable product in EU with an addressable global market of ~USD 350mn.
- Dedicated infrastructure of formulation R&D established in Mumbai. Strengthened R&D program and capabilities (infrastructure & team).
- Wide range of products, predominantly in Anthelmintics & emerging NSAID portfolio.
- Strong presence across key geographies Europe, LATAM, Turkey, India, Africa & South East Asia.
- Commercialised nutrition business in EU.

### 3. Dividend

The Board of Directors of your Company, in order to conserve the funds for future business growth has decided that it would be prudent, not to recommend any Dividend for the year under review.

In accordance with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), your Company has formulated a Dividend Distribution Policy which ensures a fair balance between rewarding its Shareholders and retaining enough capital for the Company's future growth. This Policy is available on the Company's website at [http://www.sequent.in/pdf/policies/Sequent\\_Dividend\\_Distribution\\_Policy.pdf](http://www.sequent.in/pdf/policies/Sequent_Dividend_Distribution_Policy.pdf)

### 4. Transfer to Reserves

During the year under review, your Company has not made any transfer to the Reserves.

### 5. Share Capital

As on date, the authorised share capital of the Company is ₹500,000,000/- divided into 250,000,000 equity shares of ₹2/- each.

The issued, subscribed and paid-up equity capital of the Company as on date is ₹496,741,990/- divided into 248,370,995 equity shares of ₹2/- each.

During the year under review, there has been no change in the authorised share capital of your Company. Your Company had allotted 1,500,000 equity shares of ₹2/- each to Sequent Scientific Employee Stock Option Plan Trust during the year.

Your Company has not issued any equity shares with differential voting rights or sweat equity shares. Further, your Company has not allotted any equity shares after the balance sheet date i.e. March 31, 2020.

### 6. Corporate Actions

#### Open Offer under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

On May 8, 2020, the Promoters of your Company have agreed to sell their entire Shareholding in the Company to CA Harbor Investments, which belongs to the group of entities doing business globally as, 'The Carlyle Group', (the 'Acquirer') who also intends to acquire control over the Company.

The proposed transaction attracted an obligation on the Acquirer to make an Open Offer as required under Regulations 3(1) and 4 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('SEBI SAST').

Pursuant to and in compliance with Regulations 3(1), 4 and other applicable Regulations of the SEBI SAST, the Acquirer together with the Person acting

in concert made an Open Offer on May 8, 2020 for acquisition of up to 64,576,459 (Sixty Four Million Five Hundred Seventy Six Thousand Four Hundred and Fifty Nine) fully paid-up equity shares of face value of ₹2 (Indian Rupees Two only) each of the Company, constituting 26% (twenty six percent) of the Expanded Voting Share Capital of the Company (as of the 10<sup>th</sup> working day from the closure of the tendering period for the Offer). The price agreed with the Promoters and offered to the Shareholders in open offer is ₹86/- per equity share.

### 7. Subsidiaries, Joint Ventures and Associate Companies

As at March 31, 2020, your Company has 22 (Twenty-Two) Subsidiaries, out of which 8 were Wholly Owned Subsidiaries and your Company does not have any Joint Ventures/ Associate Companies.

Following were the changes in Subsidiaries during the financial year ended March 31, 2020:

Sequent Antibiotics Private Limited	Struck-off w.e.f. July 26, 2019
Sequent Pharmaceuticals Private Limited	Struck-off w.e.f. July 26, 2019
Alivira UA Limited	Struck-off w.e.f. August 18, 2019
Alivira Animal Health USA LLC	Incorporated on March 25, 2020

### 8. Consolidated Financial Statements

In accordance with the provisions of the Companies Act, 2013 (hereinafter referred to as the "Act") read with the Companies (Accounts) Rules, 2014, applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India and the provisions of the Listing Regulations, the Consolidated Audited Financial Statements forms part of this Annual Report.

### 9. Accounts of Subsidiaries

In accordance with Section 129(3) of the Act read with rules made thereunder, a statement containing salient features of the financial position of Subsidiaries is given in Form AOC-1 attached as an "Annexure 1" forming integral part of this Report. As required under Section 134 of the Act, the said form also highlights performance of the subsidiaries.

Further, in accordance to the provisions of Section 136(1) of the Act, the Annual Report of the Company, containing therein Audited Standalone and Consolidated Financial Statements of the Company and also the Audited Financial Statements of each of the Subsidiary Companies have been placed on the website of the Company at [www.sequent.in](http://www.sequent.in).

### 10. Extract of Annual Return

Pursuant to Section 92(3) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 for the year ended March 31, 2020 is annexed as an "Annexure 2" and is also available on the website of

the Company at <http://www.sequent.in/pdf/annual-report/MGT-9%202019-20.pdf>. Further, pursuant to Section 134(3)(a) of the Act, a copy of Annual Return for FY 2018-19 was hosted on the website of the Company and web-link to access the same is <http://www.sequent.in/pdf/annual-report/MGT-7%202018-19.pdf>. Further, a copy of Annual Return for the year ended March 31, 2020 will be hosted on the website of the Company at [www.sequent.in](http://www.sequent.in).

### 11. Credit Rating

As on March 31, 2020, for long-term bank facilities of the Company, credit rating assigned by India Ratings & Research (Fitch Group) was "IND A-" with outlook being "Stable". The said ratings signify a high degree of safety regarding the timely servicing of financial obligations.

Further, for the Company's short-term bank facilities, India Ratings & Research (Fitch Group) assigned the rating as "IND A2+", which signifies strong safety regarding timely payment of financial obligations and carry the lowest credit risk.

### 12. Public Deposits

During the year under review, your Company has not accepted or renewed any public deposits in terms of Sections 73 and 74 of the Act read with Rules framed thereunder.

### 13. Directors & Key Managerial Personnel

As on March 31, 2020, the Board comprises of 7 Directors out of which 2 Directors are Executive, 3 Directors are Non-Executive Independent including one Woman Director and 2 Directors are Non-Executive Non-Independent. The Board is headed by Dr. Gopakumar Nair, Independent Chairman of the Company.

During the year under review, there were following changes at the Board level:

- Dr. Gopakumar Nair (DIN: 00092637) was re-appointed as a Non-Executive Independent Director of the Company for a second term of three consecutive years w.e.f. September 29, 2019
- Dr. (Mrs.) Kausalya Santhanam (DIN: 06999168) was re-appointed as a Non-Executive Independent Director of the Company for a second term of five consecutive years w.e.f. October 28, 2019
- Mr. Manish Gupta (DIN: 06805265) was re-appointed as a Managing Director of the Company for a term of five years w.e.f. November 12, 2019
- Mr. Sharat Narasapur (DIN: 02808651) was re-appointed as a Joint Managing Director of the Company for a term of five years w.e.f. January 8, 2020

All the aforesaid re-appointments of Directors were duly approved by the Members of the Company at the Annual General Meeting held on August 29, 2019.

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations and that they are not aware of any circumstances or situations, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence. In the opinion of the Board, all Independent Directors are independent of the management.

During the year under review, Mr. Krupesh Mehta resigned from the position of Company Secretary & Compliance Officer of the Company w.e.f. close of working hours of June 29, 2019. In accordance with the provisions of Section 203 of the Act, Mr. Krunal Shah was appointed as Company Secretary & Compliance Officer of the Company w.e.f. November 13, 2019 by the Board pursuant to recommendation of Nomination and Remuneration Committee (NRC).

As on March 31, 2020, Mr. Manish Gupta, Managing Director, Mr. Sharat Narasapur, Joint Managing Director, Mr. Tushar Mistry, Chief Financial Officer and Mr. Krunal Shah, Company Secretary were the Key Managerial Personnel of the Company in terms of Section 203 of the Act.

### 14. Number of Board Meetings

During the year under review, 4 (Four) Board Meetings were held on May 14, 2019, July 31, 2019, November 13, 2019 and January 28, 2020. The maximum interval between any two consecutive Board Meetings did not exceed 120 days.

### 15. Company's Policy on Appointment and Remuneration of Directors and Key Managerial Personnel

Pursuant to Section 178 of the Act, Nomination and Remuneration Committee (NRC) has formulated "Sequent's Policy on Director's Appointment and Remuneration" which deals *inter-alia* with appointment and remuneration of Directors, Key Managerial Personnel, Senior Management and other employees. The said Policy is uploaded on the website of the Company and web-link thereto is [http://www.sequent.in/pdf/policies/Nomination-Remuneration-Policy\\_2019.pdf](http://www.sequent.in/pdf/policies/Nomination-Remuneration-Policy_2019.pdf)

The salient features of the Policy are as under:

- NRC to identify persons who are qualified to become Directors and Senior Management of the Company;
- NRC to guide Board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior Management of the Company;
- NRC to evaluate the performance of the Members of the Board including Independent Directors to provide necessary information/ report to the Board for further evaluation;

- NRC 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.

### 16. Board Evaluation

Pursuant to provisions of Schedule IV of the Act and Rules made thereunder and provisions of Listing Regulations, the Company has formulated a policy called 'SeQuent Board Performance Evaluation Policy' (the 'Policy'). Based on this, your Company has prepared a questionnaire to carry out the evaluation of performance of every Director including the Independent Directors 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-Executive Directors, Whole-time Directors, Chairperson of the Board, Committees of the Board and the Board as a Whole. Based on the Policy, the evaluation was conducted by the Company.

### 17. Committees of the Board

The Board of Directors have the following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee

The details of the Committees along with their composition, number and dates of the Meetings and attendance at the Meetings are provided in the Corporate Governance Report.

### 18. Auditors and Auditors Report Statutory Auditors

In accordance with the provisions of Section 139 of the Act, at the Annual General Meeting held on August 29, 2019, M/s. S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E/E300003) were appointed as Statutory Auditors of the Company for a period of 5 years commencing from the conclusion of 34<sup>th</sup> Annual General Meeting (AGM) till the conclusion of 39<sup>th</sup> AGM.

The Company has received a letter from M/s. S R B C & Co. LLP, Chartered Accountants confirming that they are eligible for continuing as Statutory Auditors of the Company.

The Independent Auditors' Report on Standalone and Consolidated Financial Statements for the year ended March 31, 2020 forms integral part of this Annual Report. The Independent Auditors' Report on Standalone Financial Statements does not contain any qualifications, reservations, adverse remarks, disclaimer or emphasis of matter.

The Independent Auditors' Report on Consolidated Financial Statements contains below mentioned Audit Qualification:

"As explained in note 12(b) of the results, due to travel restrictions on account of outbreak of Covid-19, we were neither able to observe the physical count of inventory as at the year-end nor verify the inventory by other means subsequent to the year end, in respect of subsidiaries in Germany and Belgium. Further, the auditors of subsidiaries in Spain and Turkey were neither able to observe the physical count of inventory as at the year-end nor could they verify the inventory by other means subsequent to the year end.

We and the auditors of such subsidiaries were unable to determine the effect thereof on the results of operations and total equities of respective subsidiary entities and consequently we were unable to determine adjustments that may be required to closing stock of ₹12,083 lakhs included in the total inventories of ₹21,942 lakhs in the consolidated financial results as at March 31, 2020."

The Management response on the above-mentioned Audit Qualification on Consolidated Financial Statements is given below:

Out of total inventory, around 55% has been covered through physical verification of inventory by respective auditors and no material differences have been observed. For the balance 45% inventory, though the respective auditors have not been able to conduct physical verification, the management has conducted the physical count and no material differences have been observed. Further, being part of pharmaceutical Industry, the inventory management is also part of review by the respective regulatory authorities. Hence the Management believes that there was no impact on the financial results for the year ended March 31, 2020.

The Statutory Auditors of the Company have not reported any fraud under Section 143(12) of the Act.

### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act, read with Rules thereunder, the Board has appointed M/s. Nilesh Shah & Associates (Certificate of Practice No: 2631), Practising Company Secretaries to conduct Secretarial Audit of the Company for the year ended March 31, 2020. The Secretarial Audit Report issued by them in Form No. MR-3 is provided



as an "Annexure 3" to this Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remark.

#### Cost Auditors

Pursuant to Section 148(1) of the Act, your Company needs to maintain cost records and accordingly your Company has maintained Cost Audit Records.

Pursuant to Section 148(3) of the Act read with Companies (Cost Records and Audit) Rules, 2014, M/s. Kirit Mehta & Co., Practicing Cost Accountants, were appointed as the Cost Auditors of the Company for the financial year 2019-20. The Cost Audit Report for the financial year ended March 31, 2020 would be filed within the due date prescribed by law.

The remuneration proposed to be paid to the Cost Auditors for the financial year 2020-21, forms part of the Notice of the ensuing AGM for approval of the Shareholders.

#### 19. Segment

Your Company operates only in a single segment i.e. Pharmaceuticals Segment.

#### 20. Particulars of Employees and Related Disclosures

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided as an 'Annexure 4' forming part of 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 Act, 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.

#### 21. Vigil Mechanism / Whistle Blower Policy

Pursuant to the provisions of Section 177(9) of the Act and Listing Regulations, the Company has established Whistle Blower Policy, for the directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct. It also provides adequate safeguards against the victimisation of employees who avail this mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Whistle-blower Policy is hosted on the Company's website and can be accessed at [http://www.sequent.in/pdf/policies/Sequent\\_Whistle%20Blower%20Policy\\_2019.pdf](http://www.sequent.in/pdf/policies/Sequent_Whistle%20Blower%20Policy_2019.pdf)

#### 22. Particulars of Loans given, Investments made, Guarantees given and Securities provided

Particulars of loans given, investments made, guarantees given and securities provided along

with the purpose for which the loan or guarantee or security is proposed to be utilised by the Company are provided in Note nos. 5, 6, 12, 16 and 44 to the Standalone Financial Statements in the Annual Report.

#### 23. Related Party Transactions

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

Further, there were no materially significant related party transactions with its promoters, the directors or 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) of the Act, as prescribed in Form No. AOC-2 of the Rule 8(2) of Companies (Accounts) Rules, 2014 is given as an 'Annexure 5' forming part of this report.

All transactions with the Related Parties are disclosed in Note No. 44 to the Standalone Financial Statements in the Annual Report.

#### 24. Corporate Social Responsibility

As per Section 135(1) of the Act, your Company has constituted a Corporate Social Responsibility Committee comprising of Dr. Gopakumar G Nair, Mr. Manish Gupta, and Dr. (Mrs.) Kausalya Santhanam as its Members. Your Company has adopted a policy on Corporate Social Responsibility.

The disclosure as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out in 'Annexure 6' forming part of this report.

#### 25. Risk Management

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

#### 26. Internal Financial Controls

Your Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operations were observed.

Internal Financial Controls have been designed to provide reasonable assurance with regards to the recording and providing reliable financial and operational information complying with applicable Accounting Standards.

Your Company has adopted accounting policies which are in line with the Indian Accounting Standards notified under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015.

#### 27. Significant and Material Orders passed by the Regulators or Courts or Tribunals

There were no significant or material orders passed by the Regulators, Courts or Tribunals during the year under review which would impact the going concern status of your Company and its future operations.

#### 28. Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) and 134(5) of the Act, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, state and confirm that:

- In the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- Such accounting policies as mentioned in the notes to the Financial Statements for the year ended March 31, 2020 have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual financial statements for the year ended March 31, 2020 have been prepared on a going concern basis;
- Internal financial controls to be followed by the Company have been laid down and that the said financial controls were adequate and were operating effectively;
- Proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

#### 29. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings/ Outgo and Expenditure on Research & Development

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

#### 30. Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace

Your Company always endeavours and provide conducive work environment that is free from discrimination and harassment including sexual harassment. Your Company has zero tolerance towards sexual harassment at workplace and has adopted a policy for prevention of Sexual Harassment of Women at workplace. The Company has set up an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to look into complaints relating to sexual harassment at workplace of woman employee.

During the year under review, no complaints pertaining to sexual harassment were received and no complaint was pending as on March 31, 2020.

#### 31. Corporate Governance Report

As per Regulation 34(3) read with Schedule V of the Listing Regulations, your Company has complied with the requirements of Corporate Governance. A Corporate Governance Report along with Statutory Auditors' Certificate confirming compliance of Corporate Governance for the year ended March 31, 2020 is provided separately and forms integral part of this Annual Report.

#### 32. Management Discussion and Analysis

Pursuant to Regulation 34 of the Listing Regulations, Management Discussion and Analysis containing information *inter-alia* on industry trends, your Company's performance, future outlook, opportunities and threats for the year ended March 31, 2020, is provided in a separate section forming integral part of this Annual Report.

#### 33. Secretarial Standards

During the year under review, your Company has complied with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India. The same has also been confirmed by Secretarial Auditors of the Company.

#### 34. Material changes and commitments affecting the financial position of the Company

There were no material changes and commitments affecting the financial position of your Company between the end of the FY 2019-20 and date of this report.

#### 35. Employee Stock Option Scheme

Your Company has formulated an Employee Stock Option Plan titled "SSL ESOP Scheme 2010" (the "ESOP 2010") in accordance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the "SEBI ESOP Guidelines") and the scheme is administered through a Trust. During the year under review,

NRC has granted 11,35,000 options to identified employees and 9,02,250 options were lapsed due to resignation of employees. As at March 31, 2020, 41,38,500 Stock options are outstanding.

The ESOP Scheme of the Company is in compliance with the SEBI ESOP Guidelines.

Further disclosure under Section 62 of the Act read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and SEBI ESOP Guidelines, is enclosed as an 'Annexure 8' forming part of this report.

### 36. Transfer of Equity Shares of the Company to the Investor Education and Protection Fund (IEPF) Account

During the year under review, there were no amounts which were required to be transferred to the IEPF account by the Company pursuant to the provisions of Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

### 37. Appreciation

Your Directors place on record their sincere gratitude and appreciation for all the employees at all levels for their staunch dedication and highly motivated performance across the globe which contributed greatly for persistent performance of the Company.

Your Directors also sincerely thank all the stakeholders, medical professionals, business partners, government & other statutory bodies, banks, financial institutions, analysts and shareholders for their continued assistance, cooperation and support.

For and on behalf of the Board of Directors of  
**SeQuent Scientific Limited**

Place: Thane  
Date: May 12, 2020

**Dr. Gopakumar G Nair**  
Chairman

## Form AOC 1

(Pursuant to first proviso to sub section (3) of Section 129 of the Companies Act, 2013 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 March 31, 2020

## ANNEXURE 1

Sl No.	Name of the Subsidiary	The date since when subsidiary was acquired/ incorporated	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
1	Alivira Animal Health Limited, India	September 30, 2013	India	NA	INR	-	477.76	4,169.79	7,718.14	3,070.59	3,713.96	3,909.12	316.92	(2.67)	319.59	-	100.00%
2	Alivira Animal Health Limited, Ireland	September 1, 2014	Ireland	NA	USD	75.39	1,808.87	1,930.15	4,486.77	747.74	3,284.10	292.88	(12.20)	-	(12.20)	-	100.00%
3	Provet Veteriner Ürünleri San. Ve Tic. A. Ş.	September 9, 2014	Turkey	NA	TRY	11.40	22.80	316.21	1,143.04	804.03	172.18	967.52	118.60	25.20	93.40	-	60.00%
4	Topkim Topkapıllaş premiks Sanayi Ve Ticaret A.Ş.	December 11, 2015	Turkey	NA	TRY	11.40	11.40	367.29	690.51	311.82	44.11	789.39	147.72	32.50	115.22	-	60.00%
5	SeQuent Research Limited	April 13, 2007	India	NA	INR	-	44.10	34.66	213.07	134.32	-	178.14	18.53	5.40	13.13	-	100.00%
6	Fendigo SA	December 3, 2015	Belgium	NA	Euro	83.05	12.87	157.69	331.90	161.34	-	718.35	90.35	23.66	66.69	-	92.50%
7	Fendigo BV	December 3, 2015	Netherlands	NA	Euro	83.05	2.49	28.14	44.59	13.96	-	126.13	11.58	2.12	9.47	-	85.00%
8	N-Vet AB	December 3, 2015	Sweden	NA	SEK	7.61	4.56	93.94	156.55	58.06	-	154.41	(1.70)	-	(1.70)	-	96.10%
9	Alivira Saude Brasil Participacoes Ltda	June 10, 2016	Brazil	NA	BRL	14.49	14.24	(174.23)	173.73	333.72	167.05	-	(119.21)	(7.53)	(111.68)	-	100.00%
10	Interchange Veterinária Indústria E Comércio Ltda.	August 1, 2016	Brazil	NA	BRL	14.49	188.69	(296.39)	391.35	499.04	-	769.43	16.27	(3.68)	19.95	-	70.00%
11	Evance Saude Animal Ltda.	December 26, 2018	Brazil	NA	BRL	14.49	-	3.41	56.20	52.80	-	186.08	(2.85)	(1.18)	(1.67)	-	70.00%
12	Vila Viña Participaciones S.L.	July 1, 2016	Spain	NA	EURO	83.05	177.02	107.18	291.48	7.28	251.62	17.45	49.84	0.84	49.00	-	60.00%
13	Laboratorios Karizoo, S.A.	July 1, 2016	Spain	NA	EURO	83.05	29.63	562.35	2,127.63	1,535.65	19.84	2,805.27	103.19	22.63	80.56	-	60.00%
14	Laboratorios Karizoo, S.A. DE C.V. (Mexico)	July 1, 2016	Mexico	NA	PESO	3.19	19.49	5.01	122.87	98.37	-	246.57	(1.93)	3.66	(5.59)	-	60.00%



Sl No.	Name of the Subsidiary	The date since when subsidiary was acquired/ incorporated	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
15	Comercial Vila Veterinaria De Lleida S.L.	July 1, 2016	Spain	NA	EURO	83.05	0.75	62.21	144.30	81.36	0.03	384.62	17.37	4.18	13.19	-	60.00%
16	Phytotherapeutic Solutions S.L.	July 1, 2016	Spain	NA	EURO	83.05	2.49	120.58	161.47	38.40	-	202.20	43.41	10.46	32.95	-	60.00%
17	Bremer-Pharma GmbH	April 17, 2018	Germany	NA	EURO	83.05	39.86	(29.86)	350.63	340.62	-	495.21	(60.79)	(0.01)	(60.78)	-	100.00%
18	Alivira France	February 2, 2018	France	NA	EURO	83.05	124.57	(59.93)	76.16	11.51	-	11.18	(40.42)	-	(40.42)	-	75.00%
19	Alivira Italia S.R.L.	January 21, 2019	Italy	NA	EURO	83.05	8.30	(10.23)	13.64	15.56	-	12.49	(9.71)	-	(9.71)	-	100.00%
20	Elysian Life Sciences Private Limited	March 2, 2010	India	NA	INR	-	0.10	(112.51)	0.04	112.44	-	-	(0.04)	-	(0.04)	-	100.00%
21	Alivira Animal Health Australia Pty Limited	July 24, 2015	Australia	NA	AUD	46.26	-	-	-	-	-	-	-	-	-	-	100.00%
22	Alivira UA Limited, Ireland	September 3, 2016	Ireland	NA	EURO	83.05	-	-	-	-	-	-	-	-	-	-	70.00%
23	Sequent Antibiotics Private Limited	May 4, 2010	India	NA	INR	-	-	-	-	-	-	-	-	-	-	-	100.00%
24	SeQuent Pharmaceuticals Private Limited	May 11, 2010	India	NA	INR	-	-	-	-	-	-	-	-	-	-	-	99.99%

**1 Names of subsidiaries which are yet to commence operations:**

a) Alivira Animal Health Australia Pty Limited, Australia

**2 Names of subsidiaries which have been struck off from register of Registrar of Companies**

a) Sequent Antibiotics Private Limited w.e.f. July 26, 2019

b) Sequent Pharmaceuticals Private Limited w.e.f. July 26, 2019

c) Alivira UA Limited, Ireland w.e.f. August 18, 2019

The Company did not have any Associates and Joint Ventures as on March 31, 2020.

For and on behalf of the Board of Directors

Date: May 12, 2020  
Place: Thane

**Manish Gupta**  
Managing Director

**Sharat Narasapur**  
Joint Managing Director

**Tushar Mistry**  
Chief Financial Officer

**Krunal Shah**  
Company Secretary

## ANNEXURE 2

### Form No. MGT-9

#### Extract of Annual Return

#### As on the financial year ended on March 31, 2020

[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	June 28, 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, 3 <sup>rd</sup> Floor, Dosti Pinnacle, Plot No. E7, Road No. 22, Wagle Industrial Estate, Thane West - 400 604, Maharashtra, India. Tel No: +91 22 4111 4777
6. Whether Listed Company	Yes
7. Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. KFin Technologies Private Limited Unit: Sequent Scientific Limited Selenium Building, Tower B, Plot No-31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana , India. Contact: 040 3321 5570 Fax: 040 3321 5580 Email: einward.ris@kfintech.com

### II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No	Name and Description of main products/ services	NIC Code of the product/ services	% to total turnover of the Company
1.	Pharmaceuticals	21005	100%

### III. Particulars of Holding, Subsidiary and Associate

Sl. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	<b>Alivira Animal Health Limited</b> 301, 3 <sup>rd</sup> Floor, Dosti Pinnacle, Plot No. E7, Road No.22, Wagle Industrial Estate, Thane West - 400 604, Maharashtra, India	U74120MH2013PLC248708	Subsidiary	100	Section 2(87)
2.	<b>Sequent Research Limited</b> 120/A & B, Industrial Area Baikampady, Mangalore - 575 001, Karnataka, India	U24232KA2007PLC042483	Subsidiary	100	Section 2(87)
3.	<b>Elysian Life Sciences Private Limited</b> Star II, Opp. IIM, Bilekahalli, Bannerghatta Road, Bangalore - 560 076, Karnataka, India	U24232KA2010PTC052742	Subsidiary	100	Section 2(87)
4.	<b>Alivira Animal Health Limited</b> 16, Glenoaks Close, Glenconner, Clonmel Co. Tipperary, E91T8Y6	NA	Subsidiary	100	Section 2(87)

Sl. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5.	<b>Provet Veteriner Ürünleri San. Ve Tic. A. Ş.</b> Çavuşoğlu Mah, Samanyolu Cad. No.28, Kartal, İstanbul, Turkey	NA	Subsidiary	60	Section 2(87)
6.	<b>Topkim İlaç Premiks San. Ve Tic. A. Ş</b> Rüzgarlıbahçe Mah. Yeni Parseller Mekkii YESA İş Merkezi Blok 1 Kat:4 Kavacık 34805, İstanbul, Turkey	NA	Subsidiary	60	Section 2(87)
7.	<b>Alivira Animal Health Australia Pty Limited</b> Level 18, 530 Collins Street, Melbourne, VIC 3000	NA	Subsidiary	100	Section 2(87)
8.	<b>N-Vet AB</b> Uppsala Science Park, 751 83, Sweden	NA	Subsidiary	96.10	Section 2(87)
9.	<b>Fendigo BV</b> Acacia 38, (5708 DJ) Helmond, Netherlands	NA	Subsidiary	85	Section 2(87)
10.	<b>Fendigo SA</b> Avenue Herrmann-Debroux 17 1160 Auderghem, Belgium	NA	Subsidiary	92.50	Section 2(87)
11.	<b>Interchange Veterinária Indústria E Comércio Ltda.</b> Rua Angelo Esteves, 51 Jardim Miriam na Cidade de Campinas SP Cep 13.098-416	NA	Subsidiary	70	Section 2(87)
12.	<b>Alivira Saude Animal Brasil Participacoes Ltda.</b> Rua Bela Cintra, n° 904, 6° andar, na Cidade de São Paulo, Estado de São Paulo, CEP 01415-000, República Federativa do Brasil.	NA	Subsidiary	100	Section 2(87)
13.	<b>Vila Viña Participacions S.L.</b> Polg. Industrial La Borda LG Mas D'en Pujadas, Nave 11, Pol. Ind La Bordacaldes De Montbui 08140	NA	Subsidiary	60	Section 2(87)
14.	<b>Laboratorios Karizoo, S.A.</b> Polig. Industrial La Borda C/Mas Pujadas, 11-12 08140 Caldes de Montbui Barcelona, Spain	NA	Subsidiary	60	Section 2(87)
15.	<b>Laboratorios Karizoo, S.A. DE C.V. (Mexico)</b> Avda. de las Fuentes, 70, Int. Carcova, Bodega 5, Col. Parque Industrial Finsa - CP. 76246, El Marques, Queretaro	NA	Subsidiary	60	Section 2(87)
16.	<b>Comercial Vila Veterinaria De Lleida S.L.</b> Calle Gran, numero 37, Partida de Llivia, Lleida, 25195	NA	Subsidiary	60	Section 2(87)
17.	<b>Phytherapeutic Solutions S.L.</b> RB Guipuzcoa Num.8 P.SA PTA.1Barcelona	NA	Subsidiary	60	Section 2(87)
18.	<b>Alivira France S.A.S.</b> 14 Rue Scandicci Tour Essor, 93500 Pantin	NA	Subsidiary	75	Section 2(87)
19.	<b>Bremer Pharma GmbH</b> Werkstr. 42 34414 Warburg Germany	NA	Subsidiary	100	Section 2(87)
20.	<b>Alivira Italia S.R.L</b> Ferrara (FE), Vias Giorgio Rizzi, 12 Cap 44123 Italy	NA	Subsidiary	100	Section 2(87)
21.	<b>E Vance Saude Animal Ltda.</b> Rua Joao Baptista, Jardim Myrian Moreira DA, Costa, Campinas SP Cep 13.098-416	NA	Subsidiary	70	Section 2(87)
22.	<b>Alivira Animal Health USA LLC</b> 919 North Market Street, Suite 950, Wilmington, 19801	NA	Subsidiary	100	Section 2(87)

#### IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. April 1, 2019				No. of Shares held at the end of the year i.e. March 31, 2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	55,719,705	-	55,719,705	22.57	55,719,705	-	55,719,705	22.43	(0.14)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	83,752,935	-	83,752,935	33.93	8,375,932	-	83,752,932	33.72	(0.21)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1):-</b>	<b>139,472,640</b>	<b>-</b>	<b>139,472,640</b>	<b>56.50</b>	<b>139,472,637</b>	<b>-</b>	<b>139,472,637</b>	<b>56.15</b>	<b>(0.35)</b>
<b>2) Foreign</b>									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>139,472,640</b>	<b>-</b>	<b>139,472,640</b>	<b>56.50</b>	<b>139,472,637</b>	<b>-</b>	<b>139,472,637</b>	<b>56.15</b>	<b>(0.35)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	9,422,019	-	9,422,019	3.82	9,422,019	-	9,422,019	3.79	(0.03)
b) Banks / FI	460,506	-	460,506	0.19	513,518	-	513,518	0.21	0.02
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Fills/FPIs	23,458,240	-	23,458,240	9.50	21,240,795	-	21,240,795	8.55	(0.95)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>33,340,765</b>	<b>-</b>	<b>33,340,765</b>	<b>13.51</b>	<b>31,176,332</b>	<b>-</b>	<b>31,176,332</b>	<b>12.55</b>	<b>(0.96)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	27,926,788	-	27,926,788	11.31	28,023,798	-	28,023,798	11.28	(0.03)
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	15,206,765	50,030	15,256,795	6.18	15,563,774	37,530	15,601,304	6.28	0.10
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	16,374,196	-	16,374,196	6.63	18,298,652	-	18,298,652	7.37	0.74
c) Others (Specify)									
NRI	8,039,959	-	8,039,959	3.26	8,457,403	-	8,457,403	3.41	0.15
DIRECTORS	778,120	-	778,120	0.32	1,012,240	-	1,012,240	0.41	0.09
CLEARING MEMBERS	185,791	-	185,791	0.08	306,411	-	306,411	0.12	0.04
I E P F	22,900	-	22,900	0.01	22,900	-	22,900	0.01	-
TRUSTS	9,001	-	9,001	0.00	31,584	-	31,584	0.01	0.01
HUF	1,228,820	-	1,228,820	0.50	1,032,984	-	1,032,984	0.42	(0.08)
TRUST (ESOP)	4,081,620	-	4,081,620	1.65	4,934,750	-	4,934,750	1.99	0.34
NBFC	153600	-	153600	0.06	-	-	-	-	(0.06)
<b>Sub-total (B)(2)</b>	<b>74,007,560</b>	<b>50,030</b>	<b>74,057,590</b>	<b>30.00</b>	<b>77,684,496</b>	<b>37,530</b>	<b>77,722,026</b>	<b>31.29</b>	<b>1.29</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>107,348,325</b>	<b>50,030</b>	<b>107,398,355</b>	<b>43.50</b>	<b>108,860,828</b>	<b>37,530</b>	<b>108,898,358</b>	<b>43.85</b>	<b>0.35</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>246,820,965</b>	<b>50,030</b>	<b>246,870,995</b>	<b>100.00</b>	<b>248,333,465</b>	<b>37,530</b>	<b>248,370,995</b>	<b>100.00</b>	<b>-</b>



## ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year i.e. April 1, 2019			No. of Shares held at the end of the year i.e. March 31, 2020			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Arunkumar Pillai	23,499,965	9.52	42.98	23,499,965	9.46	9.30	(0.06)
2	K R Ravishankar	27,899,930	11.30	0.00	27,899,930	11.23	0.00	(0.07)
3	Aditya Arun Kumar	500,000	0.20	0.00	500,000	0.20	0.00	0.00
4	Deepa Arun Kumar	500,000	0.20	0.00	500,000	0.20	0.20	0.00
5	Tarini Arun Kumar	500,000	0.20	0.00	500,000	0.20	0.00	0.00
6	Yalavarthy Usha Rani	150,000	0.06	0.00	150,000	0.06	0.00	0.00
7	Krishna Kumar Nair	500,000	0.20	0.00	500,000	0.20	0.00	0.00
8	Padmakumar Karunakaran Pillai	5,000	0.00	0.00	5,000	0.00	0.00	0.00
9	Sajitha Pillai	575,000	0.23	0.00	575,000	0.23	0.00	0.00
10	Hemalatha Pillai	514,810	0.21	0.00	514,810	0.21	0.00	0.00
11	Vineetha Mohanakumar Pillai	500,000	0.20	0.00	500,000	0.20	0.00	0.00
12	Rajitha Gopalakrishnan	575,000	0.23	0.00	575,000	0.23	0.00	0.00
13	Chayadeep Ventures LLP	25,125,000	10.18	29.13	25,124,997	10.12	9.87	(0.06)
14	Agnus Holdings Pvt Ltd	1,301,150	0.53	69.17	1,301,150	0.52	0.40	0.00
15	Chayadeep Properties Pvt Ltd	5,380,555	2.18	96.51	5,380,555	2.17	2.09	(0.01)
16	Agnus Capital LLP	21,157,560	8.57	60.88	21,157,560	8.52	6.43	(0.05)
17	Devicam Capital LLP	3,788,670	1.53	0.00	3,788,670	1.52	1.19	(0.01)
18	Pronomz Ventures LLP	27,000,000	10.94	0.00	27,000,000	10.87	10.61	(0.07)
		<b>139,472,640</b>	<b>56.50</b>	<b>24.33</b>	<b>139,472,637</b>	<b>56.15</b>	<b>40.10</b>	<b>(0.35)</b>

## iii. Change in Promoters Shareholding

Sr. No.	Particulars	Name of the Promoter	As on Date	Shareholding		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	KRISHNA KUMAR NAIR	April 1, 2019	500,000	0.20	500,000	0.20
	At the End of the year		March 31, 2020			500,000	0.20
2	At the beginning of the year	CHAYADEEP PROPERTIES PVT LTD	April 1, 2019	5,380,555	2.18	5,380,555	2.18
	At the End of the year		March 31, 2020			5,380,555	2.17
3	At the beginning of the year	CHAYADEEP VENTURES LLP	April 1, 2019	25,125,000	10.18	25,125,000	10.18
	Less: Sale of shares			-3	0.00	25,124,997	10.12
	At the End of the year		March 31, 2020			25,124,997	10.12
4	At the beginning of the year	AGNUS HOLDINGS PVT LTD	April 1, 2019	1,301,150	0.53	1,301,150	0.53
	At the End of the year		March 31, 2020			1,301,150	0.52
5	At the beginning of the year	DEVICAM CAPITAL LLP	April 1, 2019	3,788,670	1.53	3,788,670	1.53
	At the End of the year		March 31, 2020			3,788,670	1.52
6	At the beginning of the year	YALAVARTHY USHA RANI	April 1, 2019	150,000	0.06	150,000	0.06
	At the End of the year		March 31, 2020			150,000	0.06
7	At the beginning of the year	PRONOMZ VENTURES LLP	April 1, 2019	27,000,000	10.94	27,000,000	10.94
	At the End of the year		March 31, 2020			27,000,000	10.87
8	At the beginning of the year	SAJITHA PILLAI	April 1, 2019	575,000	0.23	575,000	0.23
	At the End of the year		March 31, 2020			575,000	0.23

Sr. No.	Particulars	Name of the Promoter	As on Date	Shareholding		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
9	At the beginning of the year	AGNUS CAPITAL LLP	April 1, 2019	21,157,560	8.57	21,157,560	8.57
	At the End of the year		March 31, 2020			21,157,560	8.52
10	At the beginning of the year	K R RAVISHANKAR	April 1, 2019	27,899,930	11.30	27,899,930	11.30
	At the End of the year		March 31, 2020			27,899,930	11.23
11	At the beginning of the year	RAJITHA GOPALAKRISHNAN	April 1, 2019	575,000	0.23	575,000	0.23
	At the End of the year		March 31, 2020			575,000	0.23
12	At the beginning of the year	PADMAKUMAR KARUNAKARAN PILLAI	April 1, 2019	5,000	0.00	5,000	0.00
	At the End of the year		March 31, 2020			5,000	0.00
13	At the beginning of the year	VINEETHA MOHANAKUMAR PILLAI	April 1, 2019	500,000	0.20	500,000	0.20
	At the End of the year		March 31, 2020			500,000	0.20
14	At the beginning of the year	ARUNKUMAR PILLAI	April 1, 2019	23,499,965	9.52	23,499,965	9.52
	At the End of the year		March 31, 2020			23,499,965	9.46
15	At the beginning of the year	DEEPA ARUN KUMAR	April 1, 2019	500,000	0.20	500,000	0.20
	At the End of the year		March 31, 2020			500,000	0.20
16	At the beginning of the year	HEMALATHA PILLAI	April 1, 2019	500,000	0.20	500,000	0.20
	At the End of the year		March 31, 2020			500,000	0.20
17	At the beginning of the year	ADITYA ARUN KUMAR	April 1, 2019	500,000	0.20	500,000	0.20
	At the End of the year		March 31, 2020			500,000	0.20
18	At the beginning of the year	TARINI ARUN KUMAR	April 1, 2019	500,000	0.20	500,000	0.20
	At the End of the year		March 31, 2020			500,000	0.20

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

Sr. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the year		
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	At the beginning of the year	Unit Trust of India Investment Advisory Services Limited A/C Ascent India Fund III	14,138,395	5.72	14,138,395	5.72
	At the End of the year				14,138,395	5.69
2	At the beginning of the year	TIMF Holdings	15,330,795	6.21	15,330,795	6.21
	Less: Sale of shares		4,300,590	1.77	11,030,205	4.44
	At the End of the year				11,030,205	4.44
3	At the beginning of the year	SBI Healthcare Opportunities Fund	-	-	-	-
	Add: Purchase of shares		9,422,019	3.79	9,422,019	3.79
	At the End of the year				9,422,019	3.79
4	At the beginning of the year	Satpal Khattar	6,122,210	2.48	6,122,210	2.48
	At the End of the year				6,122,210	2.46
5	At the beginning of the year	Sequent Scientific Employee Stock Option Plan Trust	4,081,620	1.65	4,081,620	1.65
	Add: Allotment of shares		1,500,000		5,581,620	
	Less: Transfer of shares		646,870		4,934,750	1.99
	At the End of the year				4,934,750	1.99
6	At the beginning of the year	BNP Paribas Arbitrage - ODI	1,422,291	0.58	1,422,291	0.58
	Add: Purchase of shares		1,974,916	0.80	3,397,207	1.37
	At the End of the year				3,397,207	1.37

Sr. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the year		
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company	
7	At the beginning of the year	Mukul Agrawal	2,100,000	0.85	2,100,000	0.85
	Add: Purchase of shares		500,000	0.20	2,600,000	1.05
	At the End of the year				2,600,000	1.05
8	At the beginning of the year	Raptakos Brett and Co. Ltd.	2,210,895	0.90	2,210,895	0.90
	Add: Purchase of shares		325,910	0.12	2,536,805	1.02
	At the End of the year				2,536,805	1.02
9	At the beginning of the year	CVR Enterprise LLP	583,500	0.24	583,500	0.24
	Add: Purchase of shares		1,935,741	0.78	2,519,241	1.01
	At the End of the year				2,519,241	1.01
10	At the beginning of the year	Bombay Oxygen Investments Limited	2,145,297	0.87	2,145,297	0.87
	At the End of the year				2,145,297	0.86

#### v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Particulars	Date	Shareholding		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Gopakumar G Nair					
	At the beginning of the year	April 1, 2019	116,740	0.05	116,740	0.05
	At the end of the year	March 31, 2020	116,740	0.05	116,740	0.05
2	Manish Gupta					
	At the beginning of the year	April 1, 2019	587,380	0.24	587,380	0.24
	Add: ESOP allotment		171,620	0.07	759,000	0.31
3	Kausalya Sathanam					
	At the beginning of the year	April 1, 2019	-	-	-	-
	At the end of the year	March 31, 2020	-	-	-	-
4	Narendra Mairpady					
	At the beginning of the year	April 1, 2019	-	-	-	-
	At the end of the year	March 31, 2020	-	-	-	-
5	S. Devendra					
	At the beginning of the year	April 1, 2019	-	-	-	-
	At the end of the year	March 31, 2020	-	-	-	-
6	K E C Rajakumar					
	At the beginning of the year	April 1, 2019	-	-	-	-
	At the end of the year	March 31, 2020	-	-	-	-
7	Sharat Narasapur					
	At the beginning of the year	April 1, 2019	74,000	0.03	74,000	0.03
	Add: ESOP allotment		62,500	0.03	136,500	0.05
8	Tushar Mistry					
	At the beginning of the year	April 1, 2019	1000	0.00	1000	0.00
	Add: ESOP allotment		62,500	0.03	63,500	0.03
9	Krupesh Mehta					
	At the beginning of the year	April 1, 2019	50	0.00	50	0.00
	At the end of the year	March 31, 2020	50	0.00	50	0.00
10	Krunal Shah					
	At the beginning of the year	April 1, 2019	-	-	-	-
	At the end of the year	March 31, 2020	-	-	-	-

#### V. Indebtedness

Indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
				Indebtedness
(₹ in Millions)				
<b>Indebtedness at the beginning of the financial year i.e., April 1, 2019</b>				
i) Principal amount	440.45	-	-	<b>440.45</b>
ii) Interest due but not paid	-	-	-	-
iii) interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>440.45</b>	-	-	<b>440.45</b>
Change in indebtedness during the financial year				
Addition	236.17	-	-	<b>236.17</b>
Reduction	(325.90)	-	-	<b>(325.90)</b>
<b>Net change</b>	<b>(89.73)</b>	-	-	<b>(89.73)</b>
<b>Indebtedness at the end of the financial year i.e., March 31, 2020</b>				
i) Principal amount	350.72	-	-	<b>350.72</b>
ii) Interest due but not paid	-	-	-	-
iii) interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>350.72</b>	-	-	<b>350.72</b>

#### VI. Remuneration of Directors and Key Managerial Personnel

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

Sr. No.	Particulars of Remuneration	Total Amount	
		Manish Gupta, Managing Director	Total
(₹ in Millions)			
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	10.12	10.12
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	11.53	11.53
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Options granted during the financial year 2019-20	-	-
3	Sweat Equity granted during the financial year 2019-20	-	-
4	Commission		
	- as % of Profit	-	-
	- Others, specify	-	-
5	Others		
	Variable Pay accrued for the financial year 2019-20	2.37	2.37
	<b>Total (A)</b>	<b>24.02</b>	<b>24.02</b>
	Ceiling as per the Act	Total remuneration as per schedule V of Companies Act, 2013	

##### B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors					Total
		Gopakumar G Nair	Kausalya Santhanam	Narendra Mairpady	S. Devendra Kumar	K E C Rajakumar	
(₹ in Millions)							
1	Independent Directors						
	- Fee for attending Board/ Committee Meetings	0.48	0.48	0.48	NIL	NIL	<b>1.44</b>
	- Commission						
	- Others, please specify						
	<b>Total (1)</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	<b>NIL</b>	<b>NIL</b>	<b>1.44</b>
2	Other Non-Executive Directors						
	- Fee for attending Board/ Committee meetings	NIL	NIL	NIL	0.40	0.30	<b>0.70</b>
	- Commission						
	- Others, please specify						
	<b>Total (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.40</b>	<b>0.30</b>	<b>0.70</b>
	<b>Total (B) = (1+2)</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	<b>0.40</b>	<b>0.30</b>	<b>2.14</b>
	<b>Total Managerial Remuneration (A+B)</b>	<b>26.16</b>					
	Overall Ceiling as per the Act	1% of net profit and sitting fee of ₹0.1 Million per Director per meeting					



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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Tushar Mistry, Chief Financial Officer	Krupesh Mehta, Company Secretary (upto June 29, 2019)	Krunal Shah, Company Secretary (w.e.f. November 13, 2019)	
1.	Gross Salary				
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	6.05	0.37	0.70	7.12
(b)	Value of perquisites under Section 17(2) of the Income Tax Act, 1961	1.56	-	-	1.56
(c)	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Options granted during the year 2019-20	-	-	-	-
3.	Sweat Equity granted during the year 2019-20	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- Others, specify	-	-	-	-
5.	Others, Variable Pay for the year 2019-20	1.40	0.02	0.08	1.50
	<b>Total</b>	<b>9.01</b>	<b>0.39</b>	<b>0.78</b>	<b>10.18</b>

### VII. Penalties/ Punishment/ Compounding of Offences under the Companies Act, 2013: None

For and on behalf of the Board of Directors of  
**SeQuent Scientific Limited**

**Dr. Gopakumar G Nair**  
Chairman

Place: Thane  
Date: May 12, 2020

## ANNEXURE 3

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

To  
The Members,  
**Sequent Scientific Limited**  
301, 3<sup>rd</sup> Floor, Dosti Pinnacle,  
Plot No. E7, Road No. 22,  
Wagle Industrial Estate,  
Thane west - 400 604

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice 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 limited verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed with regulatory authorities 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 financial year ended March 31, 2020, 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 further report that maintenance of proper and updated Books, Papers, Minutes books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our Responsibility is to verify the content of the documents and returns produce before us, make objective evaluation of the content in respect of compliance and report thereon.

We have examined on test basis, the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and produced before us for the financial year ended March 31, 2020, according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent the same was applicable to the Company;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - 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, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (to the extent applicable);
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. 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;
  - f. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

g. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) Considering activities, the Company is also subject to compliance of the following laws specifically applicable to the Company:

- The Drugs & Cosmetics Act, 1940;
- The Drug (Price Control) Order, 2013;
- The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954 and the rules made there under;
- The Narcotic Drugs and Psychotropic Substances Rules, 1985.

We have verified systems and mechanism which are in place and followed by the Company to ensure Compliance of these specifically applicable Laws as mentioned in (vi) above, in addition to the above mentioned Laws (i to v) applicable to the Company and we have also relied on the representation made by the Company and its Officers in respect of systems and mechanism formed / followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the same.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013;

We further Report that, during the year, either there was no event attracting the below mentioned provisions or it was not mandatory on the part of the Company to comply with the following Provisions, Regulations / Guidelines:

- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

Based on the above said information provided by the Company, we report that during the financial year, the Company has complied with the provisions of the above mentioned Act/s including the applicable provisions

of the Companies Act, 2013 and Rules, Regulations, Guidelines, Standards, etc. mentioned above and we have no material observation of instances of non Compliance in respect of the same.

**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 composition of Board has remained unaffected during the year. The re-appointment of Managing Director and Joint Managing Director and Independent Directors was done in compliance with the provisions of the Act and Rules made thereunder.

We also report that adequate notice/s were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (unless agreed by members of Board), and a reasonable system exists for Board Members for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the representation made by the Company and its Officers, we herewith report that majority decisions are carried through and proper system is in place which facilitates / ensure to capture and record, the dissenting member's views, if any, as part of the minutes.

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of other Acts, Laws and Regulations applicable to the Company, we 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 under review, there were no specific event / action that can have a major bearing on the Company's affairs.

Date: 12.05.2020      Name:- **Nilesh Shah (Partner)**  
Place: Mumbai      For:- **Nilesh Shah & Associates**  
UDIN: F004554B000232091      FCS : 4554  
C.P. : 2631

Note : This Report has to be read with "Annexure - A"

## ANNEXURE A

To,  
The Members,  
**Sequent Scientific Limited**  
301, 3<sup>rd</sup> Floor, Dosti Pinnacle,  
Plot No. E7, Road No. 22,  
Wagle Industrial Estate,  
Thane West - 400 604

- 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.
- 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 (by verifying records made available to us) 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.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and occurrence of events.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
- Due to COVID-19 outbreak and Lockdown situation, in respect of the Audit, we have relied on the information, details, data, documents and explanation as provided by the Company and its officers and agents in electronic form without physically verifying at their office.
- 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.

Date: 12.05.2020  
Place: Mumbai  
UDIN: F004554B000232091

Name:- **Nilesh Shah**  
For:- **Nilesh Shah & Associates**  
FCS : **4554**  
C.P. : **2631**



## ANNEXURE 4

### Details pursuant to Section 197 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 March 31, 2020:	<p>As on date of this Report, the Board comprises of 7 Directors consisting of 2 Executive Directors, 3 Independent Directors and 2 Non-Executive Directors. The Non-Executive / Independent Directors receive sitting fees of ₹100,000 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 each Executive Directors to the median remuneration of the employees of the Company for the financial year ended March 31, 2020:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Director</th> <th style="text-align: right;">Ratio</th> </tr> </thead> <tbody> <tr> <td>Mr. Manish Gupta</td> <td style="text-align: right;">84.72</td> </tr> <tr> <td>Mr. Sharat Narasapur</td> <td style="text-align: right;">(Refer note 1)</td> </tr> </tbody> </table> <p>The median remuneration for the period under review is approximately ₹129,683/-.</p>	Director	Ratio	Mr. Manish Gupta	84.72	Mr. Sharat Narasapur	(Refer note 1)
Director	Ratio							
Mr. Manish Gupta	84.72							
Mr. Sharat Narasapur	(Refer note 1)							
B	The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year ended March 31, 2020:							
	Sr. No. Particulars	% Increase						
	1 Manish Gupta, Managing Director	10.04%						
	2 Sharat Narasapur, Joint Managing Director	(Refer note 1)						
	3 Tushar Mistry, Chief Financial Officer	13.42%						
	4 Krupesh Mehta, Company Secretary (ceased w.e.f. June 30, 2019)	N.A.						
	5 Krunal Shah, Company Secretary (appointed w.e.f. November 13, 2019)	N.A.						
C	The percentage increase / (decrease) in the median remuneration of employees in the financial year ended March 31, 2020.	(34.64%)						
D	The number of permanent employees on the rolls of the Company as at March 31, 2020.	480						
E	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.	Average percentage increase in salaries of employees (other than managerial personnel) was 7.60% and for managerial personnel was 5.20%.						

#### Note:

- Mr. Sharat Narasapur is not drawing any remuneration from the Company during the year under review as he is holding position of Joint Managing Director of Alivira Animal Health Limited (Wholly-owned subsidiary) and drawing remuneration from Alivira Animal Health Limited.
- The remuneration of Independent and Non-Executive Directors of the Company comprises of sitting fees for attending Board and Committee Meetings. Hence, calculation of percentage increase in remuneration is not applicable.

We affirm that the remuneration paid during the financial year 2019-20 is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Place: Thane  
Date: May 12, 2020

**Dr. Gopakumar G Nair**  
Chairman

- the expression "median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one;
- if there is an even number of observations, the median shall be the average of the two middle values.

## ANNEXURE 5

### 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)

- 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 March 31, 2020 which were not at arm's length basis:

- Details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2020 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 (Rupees in Million)	Date(s) of approval by the Board	Amount paid as advances, if any
i)	Alivira Animal Health Limited, Wholly Owned Subsidiary of the Company	Sale of goods	Ongoing transaction (continuous)	The Company supplied Active Pharmaceuticals Ingredient (API) and Intermediates to Alivira Animal Health Limited on arm's length basis.	1,232.98	May 14, 2019	Nil

For and on behalf of the Board of Directors

Place: Thane  
Date: May 12, 2020

**Dr. Gopakumar G Nair**  
Chairman

## ANNEXURE 6

### Annual Report on CSR Activities

#### 1. Brief outline of the Company's CSR policy

The Company undertakes its corporate social responsibility in a strategic manner. The Company will leverage its strategic, financial, human resources, marketing, research and business skills to create maximum impact for its beneficiaries both internal and external.

##### Vision

Your Company's long-term CSR Vision is "To improve the quality of life of the communities we serve through long term value creation for all stakeholders" in the areas of Education, Environment, Sanitation & Health, which is aligned with the Company's Core Values.

##### Mission

To innovate for our society, deliver high quality services and impactful interventions over a long period of time and ensure sustained relations with the society.

##### Objectives

Your Company believes that growth of the community should go hand-in-hand with the growth of the Company. Hence, the Company prioritises to;

- Uplift the communities around its areas of operation, there by create a positive impact in the community.
- Identify interventions to ensure sustainable social development after considering the immediate and long-term socio environmental consequences.
- Setting high standards of quality in providing interventions and support to meet the needs of the community.

Some of the areas that the Company proposes to invest through CSR include Health & Sanitation, Education, Environment, Livelihood etc.

The corporate social responsibility strategy, procedures and commitments will be regularly reviewed by the Corporate Social Responsibility Committee of the Company.

For more information please refer our CSR Policy at: [www.sequent.in](http://www.sequent.in)

#### 2. Composition of the CSR Committee

The CSR Committee consists of the following Members:

- Dr. Gopakumar G Nair, Chairman
- Mr. Manish Gupta
- Dr. (Mrs.) Kausalya Santhanam

#### 3. Average net profit of the Company for last three financial years: ₹8.37 Million

#### 4. Prescribed CSR Expenditure (two per cent of the amount mentioned in item 3): ₹0.17 Million

#### 5. Details of CSR spent during the financial year:

- (a) Total amount spent during the year: ₹0.37 Million  
(b) Amount unspent, if any: NIL

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
1	Providing vocational training to youth, school students and women in Multi Skill Technician-Electrical	Skill Development/ Livelihood	Vizag	0.35 million	0.35 million	0.35 million	Through ASMACS Skill Development Limited
2	Contribution towards Relief Funds for floods in Orissa	Flood/ Disaster Relief	Orissa	0.02 million	0.02 million	0.02 million	Through Chief Minister's Relief Fund Odisha

**6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:** Not applicable

#### 7. Responsibility statement

We hereby confirm that the implementation of the Policy and monitoring of the CSR projects and activities are in Compliance with the CSR objectives and CSR Policy of the Company.

**For and on behalf of CSR Committee and Board of Directors of Sequent Scientific Limited**

Place: Thane  
Date: May 12, 2020

**Manish Gupta**  
Managing Director



## 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

Going green is a step taken towards sustainable development. We are proactively taking the green approach to make API manufacturing environmentally sound.

Our efforts to make our processes Green are focused on reduction of solvent usage, eliminating unit operations, recovery of unspent raw material, reducing quantity of raw material used and reduction in effluent generated.

A cross functional team approach, with participation from R&D, TSD and Production has demonstrated encouraging results. We must reckon that these approaches are not straightforward, they are complex, yet we undertake it for a positive impact on the environment.

#### i) Steps taken or impact on conservation of energy

##### Mahad

- Improved efficiency of wastewater treatment facility (end-of-pipe) ensures that wastewater discharge has reduced load of chemical pollutants, much lower than the regulatory requirement to minimize ecological impact.
- COD reduction: Earlier COD of wastewater at outlet of treatment facility (inlet to RO facility) was in the range of 300mg/litre-400mg/litre and now COD is in the range of 40mg/litre-80mg/litre.
- MEE feed reduction from 16m<sup>3</sup>/day to 4.5m<sup>3</sup>/day; with a potential of saving 4,200 tons steam per year.
- Interlocking for temperature control in exothermic process in Albendazole.
- Reduced steam loss by providing temperature control loop in hot water system.
- Reuse of RO-Sanitisation water for gardening - Weekly 2000 litre x 4 = 8000 litre water reused per month.

##### Vizag

- 73% waste from one product stream recovered & reused.
- 21% plastic waste reduced in one product.
- Recovered & reused 5.5 tons waste in two campaigns during last 12 months.
- Usage of waste as supplemental fuel: 208 tons per year.
- Potential Plastic elimination: 1.7 tons per year.
- VFD drives arranged for SRS cooling tower induced draught fan.
- Temperature sensors arranged to trip cooling tower induced draught fans.
- VFD drives arranged for cooling tower circulation pumps.
- Energy conservation by placing sensors to lower illumination of lights during absence of human.
- Timer placed for General vacuum pumps to trip automatically after set time interval.
- Recovered Steam condensate used in boiler up to 75% to reduce coal consumption.
- Process Reactor Vision Lamps auto-trip with certain time intervals.
- LED lamps arranged in place of CF lamp all over the site.

##### Tarapur

Water saving upto 3023 KL/Annum and hazardous solid wastage reduction by 36MT/Annum.

#### (ii) Steps taken by the Company for utilizing alternate sources of energy

##### Mahad

Solar power discussion initiated - Primary study completed, work ongoing on site feasibility / infra availability

##### Vizag

- Procure Solar and Wind energy through Power Purchase Agreement with third party suppliers.
- Proposal passed for solar panels in vacant areas and car shed areas in agreement with third party.
- 208 MT/Annum, safe disposal of hazardous waste as supplemental fuel to cement industry.

#### (iii) Capital investment on energy conservation equipment

##### Mahad

- LED lamps have been introduced for all new procurements.
- Old Light: 70-watt X 12 light replaced by New LEDs: 30 watt X 12. 480 watt energy saved everyday (In SRU, MEE Plant/New micronizer room/production plant).
- Installed solar streetlight at Ambernath & Mahad - Energy saving 45-watt X 12 hrs = 540 watt saving everyday.
- Installed LED light at new R & D centre - 20% power saving against normal tube light.
- Replace all Steam ejector with dry vacuum pump - Save steam @ 250Kg/hr X 3 Ejector = 750X 24 hr =18000 kg/hr steam saving which reduces 14 to 15 KL condensate water load on ETP.
- Provided Thermic fluid - hot & cold system for Diamine distillation - against earlier Cooling water system - Purely safety operation.
- As part of energy conservation and operational safety, we have implemented solvent transfer system for main solvents - Acetone / Methanol - Also reduces risk by lesser manpower / handling.

#### (B) Technology Absorption

##### (i) Efforts made towards technology absorption & benefits derived:

- Developing scalable process by using the engineering principles, modelling and simulation of process parameters and equipment with the help of Process chemists and Chemical engineers and optimize the process using QbD (Quality by Design) concept.
- Development of process for APIs from Lab, Kilo Lab and Pilot Plant Scale and at plant level for DMF filing and for commercial production with quality of API meeting as per ICH requirements.
- We believe in continuous improvement for commercialized processes in all divisions with the objective of increasing throughput, reducing the steps, recovering and recycling of solvents, minimizing effluent generation and reducing cycle time by using an appropriate scientific approach and design principles.

- We are having cross functional teams to identify the root cause, preparation of investigation reports based on laboratory experiments support and then manufacturing & QA teams to implement the suggested changes.

##### (ii) The expenditure incurred on Research and Development

During the financial year SeQuent has not undertaken Research and Development (R&D) activities. However, the Company carries out R&D activities through its subsidiaries. The expenditure on R&D activities during the financial year 2019-20 is Nil.

##### (C) Foreign Exchange Earnings and Outgo

Particulars	FY 2019-20
Foreign Currency earned	315.79
Foreign Currency used	130.33

For and on Behalf of the Board of Directors

Place: Thane  
Date: May 12, 2020

**Dr. Gopakumar G Nair**  
Chairman

## 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 Board's Report for the year ended March 31, 2020

#### A. Details related to Employee Stock Option Scheme

In the Extraordinary General Meeting held on March 8, 2008, the shareholders 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 February 25, 2010.

In the Board Meeting dated March 29, 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. On March 26, 2019, Company has allotted 3,134,800 equity shares to the ESOP Trust with a Face value of ₹2 per share at a premium of ₹42.64 per share. On December 16, 2019, the Company has allotted 1,500,000 equity shares to the ESOP Trust with a face value of ₹2 per share at a premium of ₹57.97. As at March 31, 2020, 4,934,750 equity shares (March 31, 2019 - 4,081,620 equity

shares) of ₹2 each are reserved towards outstanding Employee Stock Options granted / available for grant.

As per the Scheme, the Nomination & Remuneration Committee grants the options to the eligible employees. The exercise price and vesting period of each option shall be as decided by the Nomination & Remuneration 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 Nomination & Remuneration Committee in its Meeting held on July 3, 2019 has granted 11,35,000 options under SSL ESOP Scheme 2010 ("Sequent ESOP 2010") to certain eligible employees of the Company. The options allotted under this plan is convertible into equal number of equity shares.

#### Option movement during the year 2019-20

Particulars	Sequent ESOP 2010
Number of options outstanding as at April 1, 2019	4,552,620
Number of options granted during the year	1,135,000
Number of options forfeited / lapsed during the year	475,000
Number of options cancelled during the year	427,250
Number of options vested during the year	613,750
Number of options exercised during the year	646,870
Number of shares arising as a result of exercise of options	646,870
Loan repaid by the Trust during the year from exercise price received (Money realised by exercise of options during the year)	20,976,200
Options outstanding as at March 31, 2020	4,138,500
Options exercisable as at March 31, 2020	1,368,500
Variation of terms of options	Nil
Weighted average exercise price of options	31.97
Weighted average fair values of options	46.33
Range of exercise price for options outstanding at the end of the year	₹10 to 40 per option

#### B. Employee-wise details of options granted during the year

Sr. No.	Name of employee	Designation	No. of options granted during the year	Exercise price
<b>a. Key managerial personnel/ Senior managerial personnel</b>				
1.	Mr. Manish Gupta	Managing Director	500,000	₹40 per option
<b>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</b>				
Not Applicable				
<b>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</b>				
Nil				

#### Details related to Trust

Sr. No.	Particulars	Details
1	Name of the Trust	Sequent Scientific Employee Stock Option Plan Trust
2	Details of the Trustees	Mr. Ravi Kumar Aray and Mr. Prasad Lad
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	₹234,715,653
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

#### Brief details of transactions in shares by the Trust

Sr. No.	Particulars	Details
(a)	Number of shares held as at April 1, 2019	4,081,620
(b)	Number of shares acquired during the year through	
(i)	primary issuance	1,500,000
	'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	646,870
(d)	Number of shares held as at March 31, 2020	4,934,750

#### Description of ESOP that existed during the year

1.	Date of Shareholders Approval	September 24, 2015
2.	Total no. of options approved under ESOP	7% of paid up capital
3.	Vesting Requirement	Year % of option vested
		1 25
		2 25
		3 25
		4 25
4.	Exercise price or pricing formula	Closing Market prices of Company's equity shares on the stock exchange which has highest trading volume on a day prior to grant of option
5.	Maximum term of options granted	4 years from the date to grant of option
6.	Source of shares	Primary
7.	Variation in terms of options	Nil
8.	Method used to account for ESOP (Intrinsic or Fair value)	Fair Value
9.	Where the company opts for expensing of the options using the intrinsic value of the option	NA



## CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per the format prescribed by Securities and Exchange Board of India under Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is set out below:

### 1. Company's philosophy on code of Governance

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

All decisions are taken in the interest of the Shareholders. The Board and the Management are aware and conscious of minority shareholder's interest and everything is done to enhance Shareholders' value. Hence, considerable emphasis is placed on accountability in decision-making and ethics in implementing them.

Adequate and timely information is critical to accountability. The Company believes to act in the spirit of law and not just the letter of law. We aim at providing complete transparency in our operations.

### 2. Board of Directors Composition of Board

The composition of Board of Directors of the Company is an appropriate combination of Executive and Non-Executive Directors.

As on date, the Board comprises of 7 Directors out of which 2 Directors are Executive, 3 Directors are Non-Executive Independent including one Woman Director and 2 Directors are Non-Executive Non-Independent. The composition of the Board is in conformity with the requirements of Regulation 17 of the Listing Regulations. All Directors are competent and experienced personalities in their respective fields. The Board is headed by Dr. Gopakumar Nair, Non-Executive Independent Director & Chairman of the Company.

During the year under review, there were changes at the Board level as under:

- Dr. Gopakumar Nair (DIN: 00092637) was re-appointed as a Non-Executive Independent Director of the Company for a second term of three consecutive years w.e.f. September 29, 2019.

- Dr. (Mrs.) Kausalya Santhanam (DIN: 06999168) was re-appointed as a Non-Executive Independent Director of the Company for a second term of five consecutive years w.e.f. October 28, 2019.
- Mr. Manish Gupta (DIN: 06805265) was re-appointed as a Managing Director of the Company for a term of five years w.e.f. November 12, 2019.
- Mr. Sharat Narasapur (DIN: 02808651) was re-appointed as a Joint Managing Director of the Company for a term of five years w.e.f. January 8, 2020.

All the aforesaid appointments of Directors were duly approved by the Members of the Company at the Annual General Meeting held on August 29, 2019.

During the year under review, all Independent Directors of the Company fulfilled the criteria of independence as specified in Section 149(6) of the Companies Act, 2013 (the "Act") and Rules framed thereunder and Regulation 16(1) of the Listing Regulations and have furnished declaration of independence pursuant to Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations. The said declaration of independence were reviewed and taken on record by the Board and in the opinion of the Board, all Independent Directors of the Company fulfil the criteria of independence and all conditions specified in the Listing Regulations and are independent of the management.

A formal letter of appointment as provided in the Act and Listing Regulations has been issued to Independent Directors of the Company. Terms and Conditions of appointment of Independent Directors are disclosed on the website of the Company i.e. <http://www.sequent.in/pdf/independent-director/Terms%20&%20Conditions%20of%20Independent%20Directors.pdf>

#### Board Meetings held during the year

During the year ended March 31, 2020, 4 (Four) Board Meetings were held. These Meetings were held on May 14, 2019, July 31, 2019, November 13, 2019 and January 28, 2020.

In case of special and urgent business needs, the Board's approval is taken by passing resolutions through circulation, as permitted by law, which is confirmed in the subsequent Board Meeting.

### Composition of the Board and Directorships held as at March 31, 2020:

Name of the Director	DIN	Category	Number of Directorships held in other public companies	Number of memberships held in Board Committees	Chairmanships in Board Committees	Directorships held in other listed companies along with nature of Directorship
Dr. Gopakumar Nair	00092637	C & NEID	2	2	1	Fermenta Biotech Limited - NEID
Dr. (Mrs.) Kausalya Santhanam	06999168	NEID	2	3	1	Solara Active Pharma Sciences Limited - NEID Strides Pharma Science Limited - NEID
Mr. Narendra Mairpady	00536905	NEID	4	3	1	Adani Enterprises Limited - NEID
Mr. Manish Gupta	06805265	ED	2	-	-	-
Mr. Sharat Narasapur	02808651	ED	2	-	-	-
Dr. S. Devendra	00050440	NENID	1	-	-	-
Mr. KEC Rajakumar	00044539	NENID	-	-	-	-

Abbreviations:

C = Chairman ED = Executive Director NENID = Non-Executive Non-Independent Director NEID = Non-Executive Independent Director

#### Notes:

1. Number of Directorships held in other public companies excludes Directorship of Sequent Scientific Limited, Directorships in private companies, deemed public companies, foreign companies and companies under Section 8 of the Companies Act, 2013
2. Only Membership / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of listed and unlisted public limited companies including Sequent Scientific Limited are considered.

Memberships or Chairmanships of the stipulated Board Committees held by all Directors are within the limit specified under Regulation 26(1) of the Listing Regulations. Further, none of the Directors hold Directorships in more than 20 Companies including 10 Public Companies pursuant to the provisions of Section 165 of the Act. Further, the other directorships held by all Directors including Independent Directors are within the limit prescribed under Listing Regulations.

#### Inter-se relationship among Directors

There is no inter-se relationship amongst any of the Directors of the Company during the year under review.

#### Separate Meeting of Independent Directors

In terms of provisions of the Act and Regulation 25 of the Listing Regulations, the Independent Directors met on May 13, 2019 in the year 2019-20 without the presence of Non-Independent Directors or Senior Management of the Company.

The Independent Directors in the Meeting inter-alia:

- i. reviewed the performance of Non-Independent Directors and the Board as a whole;
- ii. reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

- iii. assessed the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### Familiarisation programme for Independent Directors / Non-Executive Directors

The Board Members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with Company's procedures and practices. Periodic presentations are made at the Board Meetings on regulatory updates, roles and responsibilities as a Director of the Company, updates on industry in which the Company operates and business model of the Company.

The details on familiarisation programme is disclosed on the website of the Company at [http://www.sequent.in/pdf/independent-director/Familiarization\\_Programme\\_2019-2020.pdf](http://www.sequent.in/pdf/independent-director/Familiarization_Programme_2019-2020.pdf).

#### Skills / Expertise / Competencies of the Board of Directors

Pursuant to Listing Regulations, the Company has set out below the chart / matrix setting out the skills / expertise/ competence of the Board of Directors of the Company along with names of Directors who possesses such skills / expertise / competence.

**Part A: Relating to industry knowledge experience**

- Pharmaceutical Industry Experience
- Global Regulatory Requirements
- Knowledge about Peer Companies
- Entrepreneurship
- Environment/ Sustainability/ Corporate Responsibility

**Part B: Relating to technical skills**

- Strategy & Business Development
- Quality Assurance
- Finance, Accounting & Taxation
- Statutory / Regulatory Compliance
- Human Resources / Industrial Relations
- Risk Management & Mitigation
- Stakeholder Communication/ Investor Relations

**Mapping of above skills with the Directors**

Sr. No.	Skillset	Mr. Manish Gupta	Mr. Sharat Narasapur	Dr. Gopakumar Nair	Mr. KEC Rajakumar	Dr. S. Devendra	Dr. (Mrs.) Kausalya Santhanam	Mr. Narendra Mairpady
1.	Pharmaceutical Industry Experience	✓	✓	✓		✓	✓	✓
2.	Global Regulatory Requirements	✓	✓		✓	✓	✓	✓
3.	Knowledge about Peer Companies	✓	✓	✓	✓	✓	✓	✓
4.	Entrepreneurship	✓	✓	✓	✓	✓	✓	✓
5.	Environment/ Sustainability/ Corporate Responsibility	✓	✓	✓	✓	✓	✓	✓
6.	Strategy & Business Development	✓	✓	✓	✓	✓	✓	✓
7.	Quality Assurance		✓			✓	✓	✓
8.	Finance, Accounting & Taxation	✓	✓	✓	✓	✓	✓	✓
9.	Statutory / Regulatory Compliance	✓	✓	✓	✓	✓	✓	✓
10.	Human Resources / Industrial Relations	✓	✓	✓		✓		✓
11.	Risk Management & Mitigation	✓	✓	✓	✓	✓	✓	✓
12.	Stakeholder Communication/ Investor Relations	✓	✓		✓	✓	✓	✓

**Attendance at Board Meetings and last Annual General Meeting (AGM)**

The attendance of each Director at Board Meeting held during the year and the last AGM:

Name of the Director	No. of Board Meetings held during the financial year 2019-20	Attendance at the Board Meetings	Attendance at the last AGM
Dr. Gopakumar Nair	4	4	Present
Dr. (Mrs.) Kausalya Santhanam	4	4	Present
Mr. Narendra Mairpady	4	4	Present
Mr. Manish Gupta	4	4	Present
Mr. Sharat Narasapur	4	4	Present
Dr. S. Devendra	4	4	Present
Mr. KEC Rajakumar	4	3	Absent

**Audit Committee**

The Company has set up an Audit Committee in accordance with Section 177 of the Act and Regulation 18 of the Listing Regulations.

**Terms of Reference**

The composition, procedures, powers and role/ functions of the Audit Committee, constituted by the Company, comply with requirements of the Act and the Listing Regulations.

The Audit Committee has the following responsibilities/ powers:

1. To investigate any activity within its terms of reference.

2. To seek information from any employee.

3. To obtain outside legal or other professional advice.

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

**Role of Audit Committee**

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to;
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of Section 134 of the Act
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Modified opinions in the draft audit report

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of Section 134 of the Act

- b. Changes, if any, in accounting policies and practices and reasons for the same

- c. Major accounting entries involving estimates based on the exercise of judgment by management

- d. Significant adjustments made in the financial statements arising out of audit findings

- e. Compliance with listing and other legal requirements relating to financial statements

- f. Disclosure of any related party transactions

- g. Modified opinions in the draft audit report

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the company with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;

20. To review the financials of unlisted subsidiaries, in particular the investment made by unlisted subsidiaries;

21. Reviewing the statement of deviations:
  - a. Quarterly statement of deviations including report of monitoring agency, if applicable, submitted to stock exchange in terms of the Regulation 32(1) of Listing Regulations.
  - b. Annual Statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.



22. To review the utilisation of loans and/ or advances from/ investment by the holding Company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances / investments existing as on the date of coming into force of this provision.
23. To review management discussion and analysis of financial condition and results of operations;
24. To review statement of significant related party transactions (as defined by the audit committee), submitted by management;
25. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
26. To review internal audit reports relating to internal control weaknesses;
27. Appointment, removal and terms of remuneration of the chief internal auditor;
28. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

#### Composition of Audit Committee, Meetings held and attendance during the year

As on date, the Audit Committee comprises of Dr. Gopakumar G. Nair as Chairperson, Dr. (Mrs.) Kausalya Santhanam and Mr. Narendra Mairpady as Members. During the year ended March 31, 2020, 4 (Four) Audit Committee Meetings were held. These Meetings were held on May 14, 2019, July 31, 2019, November 13, 2019 and January 28, 2020 and all the Members attended these Meetings. Mr. Krunal Shah, Company Secretary & Compliance Officer of the Company also acts as the Secretary to this Committee.

#### 4. Nomination and Remuneration Committee

Nomination and Remuneration Committee has been constituted in terms of Section 178 of the Act and Regulation 19 of the Listing Regulations.

##### Terms of reference

The role of the Nomination and Remuneration Committee includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;

4. Identifying persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
5. Discussing and deciding on whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors;
6. To recommend to the Board, all remuneration, in whatever form, payable to senior management.

#### Composition of Nomination and Remuneration Committee, Meetings held and attendance during the year

As on date, the Nomination and Remuneration Committee comprises of Dr. (Mrs.) Kausalya Santhanam as Chairperson, Dr. Gopakumar G. Nair and Mr. Narendra Mairpady as Members. During the year ended March 31, 2020, 3 (Three) Meetings were held. These Meetings were held on May 14, 2019, July 31, 2019 and November 13, 2019 and all the Members attended these Meetings. Mr. Krunal Shah, Company Secretary & Compliance Officer of the Company also acts as the Secretary to this Committee.

#### Remuneration Policy

The Committee recommends the compensation package to the executive directors of the Company. The remuneration includes salary, perquisite, allowances and commission. The remuneration policy is directed towards rewarding performance based on review of achievements. It is aimed at attracting and retaining high calibre talent. The Policy is available at the following link: [http://www.sequent.in/pdf/policies/Nomination-Remuneration-Policy\\_2019.pdf](http://www.sequent.in/pdf/policies/Nomination-Remuneration-Policy_2019.pdf)

#### Performance evaluation criteria for independent Directors

Pursuant to provisions of the Act and the Listing Regulations, 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 on an annual basis.

The questionnaire is structured to embed various parameters based on which the performance of Board can be evaluated. Customised questionnaires are formulated for evaluating Independent Directors, Non-Executive Directors, Whole-time Directors, Chairperson of the Board, Committees of the Board and the Board as a whole.

Based on the Policy, the evaluation was conducted by the Company. The entire Board evaluated the performance of Independent Directors excluding the director being evaluated as per the Policy. Based on the report of performance evaluation, the Company determines whether to extend or continue the term of appointment of the Independent Directors.

#### Remuneration paid to Directors

Name of the Director							₹ In million	
	Salary	Benefits	Bonus	Sitting Fees	Pension	Variable Pay	Total	
Mr. Manish Gupta (Managing Director)	10.12	-	-	-	-	1.49	11.61	
Dr. Gopakumar Nair (Independent Director)	-	-	-	0.48	-	-	0.48	
Mr. Sharat Narasapur (Joint Managing Director)	-	-	-	-	-	-	-	
Dr. (Mrs.) Kausalya Santhanam (Independent Director)	-	-	-	0.48	-	-	0.48	
Mr. Narendra Mairpady (Independent Director)	-	-	-	0.48	-	-	0.48	
Dr. S. Devendra (Non-Executive Director)	-	-	-	0.40	-	-	0.40	
Mr. KEC Rajakumar (Non-Executive Director)	-	-	-	0.30	-	-	0.30	

Note: Total remuneration of Mr. Manish Gupta excludes Company's contribution to Provident Fund of ₹0.87 million. Mr. Manish Gupta also received remuneration of ₹12.01 million from Alivira Animal Health Limited, a Wholly-Owned Subsidiary of the Company for the financial year 2019-20. Mr. Sharat Narasapur received remuneration of ₹9.73 million from Alivira Animal Health Limited, a Wholly-Owned Subsidiary of the Company for the financial year 2019-20.

As per the policy of the Company, a notice period of 3 months is applicable to Managing Directors/Whole-time Directors of the Company and no severance fee is paid to any Managing Directors / Whole-time Directors.

During the financial year 2019-20, the Non-Executive Directors did not have any pecuniary relationship or transactions with the Company apart from receiving sitting fees for attending the Meetings of Board and Audit Committee of the Company.

The Company does not pay any remuneration to Non-Executive Directors apart from sitting fees for attending the Meetings of Board and Audit Committee of the Company. The Company paid ₹100,000/- for a Meeting of Board of Directors per director and ₹20,000/- for a Meeting of Audit Committee per Member of the Committee.

The Managing Director and the Joint Managing Director are eligible for variable pay against the performance criteria as set by the Company. Further, their contract is governed by service period applicable as per the internal policies of the Company.

#### Stock options

As on March 31, 2020, the Company has granted 2,500,000 Stock Options to Mr. Manish Gupta, out of which 2,000,000 stock options have vested and 750,000 Stock Options have been exercised.

The Company has also granted 250,000 Stock Options to Mr. Sharat Narasapur out of which 250,000 Stock Options have vested of which 62,500 Stock Options have been exercised and balance options have been cancelled. He was granted additional 250,000 Stock Options in November 2018 out of which 62,500 have been vested and exercised.

#### 5. Stakeholders Relationship Committee

The Stakeholders Relationship Committee (SRC) has been constituted in terms of the provisions related thereto in the Act and Regulation 20 of the Listing Regulations.

##### Terms of Reference:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
2. To review measures taken for effective exercise of voting rights by the shareholders;
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

#### Composition of Stakeholders Relationship Committee, Meetings held and attendance during the year

As on date, the SRC comprises of Dr. (Mrs.) Kausalya Santhanam as Chairperson, Dr. Gopakumar G. Nair and Mr. Narendra Mairpady as Members. During the year ended March 31, 2020, 4 (Four) Meetings were held. These Meetings were held on May 14, 2019, July 31, 2019, November 13, 2019 and January 28, 2020 and all the Members attended these Meetings.

Mr. Krunal Shah, Company Secretary & Compliance Officer of the Company also acts as the Secretary to this Committee.

The Committee has delegated the power of Share Transfer to the Compliance Officer of the Company. The delegated authority will attend for the matter of share transfer formalities on a regular basis.

#### Shareholders Complaint details:

No complaint received from Shareholders of the Company during the year ended March 31, 2020. There were no complaints pending as on March 31, 2020.

The designated email address for shareholders complaints is [investorrelations@sequent.in](mailto:investorrelations@sequent.in)

### 6. Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee has been constituted under Section 135 of the Act and comprises of Dr. Gopakumar G. Nair as Chairperson, Mr. Manish Gupta and Dr. (Mrs.) Kausalya Santhanam as Members. Mr. Krunal Shah, Company Secretary & Compliance Officer of the Company also acts as the Secretary to this Committee.

### 7. General Body Meetings:

Details of the last three Annual General Meetings of the Company and Special Resolutions passed in that Meeting are as below:

Financial Year	Date and Time	Venue	Special Resolutions
2016-17	Tuesday, September 26, 2017 11:30 A.M.	Hotel Satkar Residency, Pokhran Road No. 01, Next to Cadbury, Opp. Singhania High School, Thane (W), Maharashtra - 400 606	<ul style="list-style-type: none"> <li>Approval of the related party transactions of the Company</li> <li>Appointment of Mr. Sharat Narasapur as Joint Managing Director of the Company</li> </ul>
2017-18	Thursday, September 27, 2018 11:30 A.M.	Hotel Satkar Residency, Pokhran Road No. 01, Next to Cadbury, Opp. Singhania High School, Thane (W), Maharashtra - 400 606	<ul style="list-style-type: none"> <li>Continuation of the current term of Dr. Gopakumar Nair as an Independent Director of the Company</li> </ul>
2018-19	Thursday, August 29, 2019 11:30 A.M.	Hotel Satkar Residency, Pokhran Road No. 1, Next to Cadbury, Opp. Singhania High School, Thane (W), Maharashtra - 400 606	<ul style="list-style-type: none"> <li>Re-appointment of Dr. (Mrs.) Kausalya Santhanam as an Independent Director of the Company</li> <li>Re-appointment of Dr. Gopakumar Nair as an Independent Director of the Company</li> <li>Continuation of Directorship of Dr. Gopakumar Nair as an Independent Director of the Company</li> <li>Re-appointment of Mr. Manish Gupta as a Managing Director of the Company</li> <li>Re-appointment of Mr. Sharat Narasapur as a Joint Managing Director of the Company</li> </ul>

No Extra-Ordinary General Meeting was held during the year under review.

#### Details of resolutions passed through Postal Ballot:

No Resolutions through Postal Ballot were passed during the year under review. No Special Resolution is proposed to be passed through postal ballot.

During the year ended March 31, 2020, 3 (Three) CSR Committee Meetings were held. These Meetings were held on May 14, 2019, July 31, 2019 and January 28, 2020 and all the Members attended these Meetings.

The CSR Committee is constituted by the Board in accordance with the Act to:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

A Report on CSR Activities carried out by the Company during FY 2019-20 is provided as an Annexure 6 to the Board's Report.

### 8. Means of Communication

- The quarterly results are forthwith communicated to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") as soon as they are approved and taken on record.
- The results are generally published in Free Press Journal (English), Nav-Shakti (Marathi) and Business Standard (English) newspapers.
- The results and shareholding pattern of the Company are displayed on the website of the Company i.e. [www.sequent.in](http://www.sequent.in).
- The official news releases are intimated to Stock Exchanges (BSE & NSE) and also displayed on the website of the Company i.e. [www.sequent.in](http://www.sequent.in).
- The presentations made to analysts and investors are displayed on the website of the Company i.e. [www.sequent.in](http://www.sequent.in).
- The Company conducts an earnings call to interact with Investors / Analysts every quarter after the financial results are declared. The invite for the earnings call is notified in advance to the Stock Exchanges.

### 9. Disclosures:

- The Company has not entered into any transaction of a material nature with the Promoters, Directors or Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in Note No. 44 to the standalone financial statements in the Annual Report.

The Company has formulated policy for Related Party Transactions, Materiality of Related Party Transactions, Dealing with Related Party Transactions & Determination of Material Subsidiaries called as SeQuent Scientific Limited - Policy on Related Party Transactions and the same is displayed on the website of the Company at [http://www.sequent.in/pdf/policies/Sequent\\_Policy%20on%20RPT%20&%20Material%20Subsidiary\\_2019.pdf](http://www.sequent.in/pdf/policies/Sequent_Policy%20on%20RPT%20&%20Material%20Subsidiary_2019.pdf)

- The Company has complied with the requirements of the Stock Exchanges, Securities and Exchange Board of India ("SEBI") and other statutory authorities on matters relating to capital markets during the last 3 years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities relating to the above.
- Company is in compliance with all mandatory requirements of Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Regulations.

- The Company had appointed M/s. Price Waterhouse Coopers Services LLP, Chartered Accountants as an Internal Auditors of the Company for the financial year 2019-20. The reports of Internal Auditors are placed before the Audit Committee on a quarterly basis and the risk assessment and mitigation recommendations forms part of their presentation to the Audit Committee.

- Pursuant to the provisions of Section 177(9) of the Act and Listing Regulations, the Company has established the Vigil Mechanism, as part of the Whistle Blower Policy, for the Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct.

It also provides adequate safeguards against the victimisation of employees who avail this mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Board confirms that no personnel have been denied access to the Audit Committee.

Details of Vigil Mechanism (Whistle Blower Mechanism) are provided in the Board's Report.

- During the year ended March 31, 2020, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters forward contracts for hedging foreign exchange exposures against exports and imports. The Company has no commodity price risk and commodity hedging activities.

- In addition to the same, your Company also strives to adhere and comply with the discretionary requirements specified under Regulation 27(1) and Part E of the Schedule II of the Listing Regulations, to the extent applicable.

- The Company has appointed separate persons for the post of Chairman and Managing Director.

- The Company already has a regime of un-qualified financial statements. However, for the financial year ended March 31, 2020, due to the COVID-19 pandemic and consequent travel restrictions, the Auditors were neither able to observe the physical count of inventory as at the year end nor verify the inventory by other means subsequent to the year in respect of few overseas subsidiaries and hence have provided a qualified opinion on consolidated financials. Further, the Management had carried out physical count of inventory in these overseas subsidiaries and no differences were observed.



c. The Internal Auditor is appointed by the Audit Committee and makes a presentation of their findings to the Audit Committee.

viii. The disclosure pertaining to Sexual Harassment of Women at workplace is disclosed in the Board's Report. During the year under review, no complaints pertaining to sexual harassment were received and no complaint was pending as on March 31, 2020.

### 10. Details of Shareholding of Non-Executive Directors:

Name	No. of shares held as at March 31, 2020
Dr. Gopakumar G Nair	116,740
Dr. (Mrs.) Kausalya Santhanam	NIL
Mr. Narendra Mairpady	NIL
Dr. S. Devendra Kumar	NIL
Mr. KEC Raja Kumar	NIL

### 11. General shareholder information

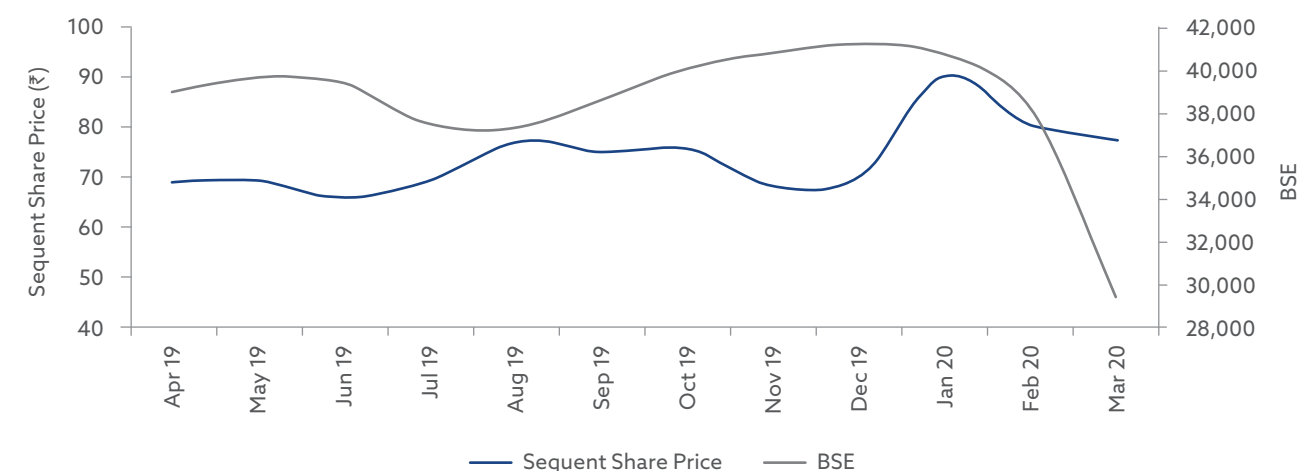
AGM: Date, Time and Venue	Tuesday, August 25, 2020 at 11:00 a.m. through Video Conferencing / Other Audio Visual Means as set out in the Notice convening the Annual General Meeting.
Financial Year	April 1, 2019 to March 31, 2020
First Quarter Results	By end of July, 2020
Second Quarter Results	By second week of November, 2020
Third Quarter Results	By second week of February, 2021
Fourth Quarter Results	By end of May, 2021
Listing on Stock Exchanges	<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Stock Code: 512529 <b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Symbol: SEQUENT Bloomberg: SEQ:IN ISIN: INE807F01027 The Company has paid listing fees for the financial year 2020-21 to the Stock Exchanges
Registrar & Transfer Agents	<b>KFin Technologies Private Limited</b> Selenium Building, Tower B, Plot No-31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana, India.
Share transfer system	The Shares of the Company are tradable compulsorily in demat mode.
Address for Correspondence	Mr. Krunal Shah Company Secretary & Compliance Officer SeQuent Scientific Limited 301, 'Dosti Pinnacle', Plot No. E7, Road No.22, Wagle Industrial Estate, Thane (West) - 400 604 Email: <a href="mailto:investorrelations@sequent.in">investorrelations@sequent.in</a>

### Market Price Data (High, Low during each month in financial year 2019-20)

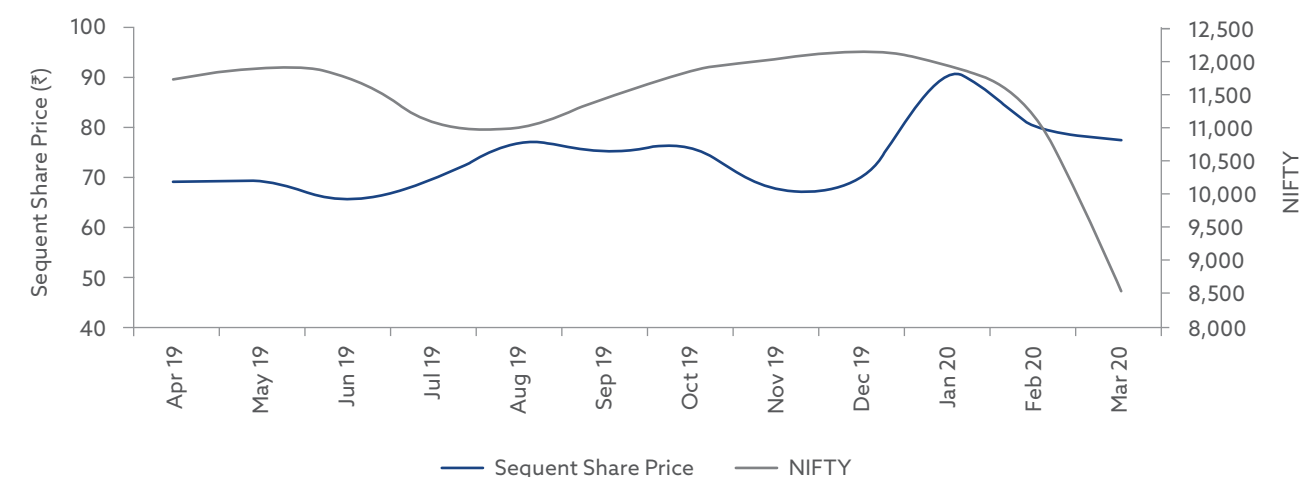
Month	(Amount in ₹)			
	BSE		NSE	
	High	Low	High	Low
April 2019	74.50	68.70	74.50	68.70
May 2019	73.50	65.00	73.40	65.30
June 2019	72.50	62.90	72.70	62.80
July 2019	72.05	63.95	72.20	63.90
August 2019	80.45	65.40	80.45	65.10
September 2019	89.10	67.35	89.40	67.25
October 2019	79.55	68.65	79.70	68.00
November 2019	78.90	63.80	78.80	63.55
December 2019	74.65	63.10	74.75	63.00
January 2020	93.50	70.20	93.40	70.15
February 2020	99.35	79.80	99.25	79.00
March 2020	88.50	52.00	88.50	51.70

### Performance in Share comparison to BSE and NSE Indices

#### SEQUENT vs BSE



#### SEQUENT vs NIFTY



### Distribution Schedule as at March 31, 2020:

Range	No. of Shareholders	% to total number of Shareholders	Total No. of Shares	Amount (in ₹)	% of Total Paid Up Capital
1 - 500	11,369	71.81	1,750,850	3,501,700	0.70
501 - 1000	1,594	10.07	1,361,571	2,723,142	0.55
1001 - 2000	1,030	6.50	1,611,850	3,223,700	0.65
2001 - 3000	448	2.83	1,150,254	2,300,508	0.46
3001 - 4000	235	1.48	852,941	1,705,882	0.34
4001 - 5000	225	1.42	1,081,065	2,162,130	0.44
5001 - 10000	399	2.52	3,056,545	6,113,090	1.23
10001 & Above	534	3.37	237,505,919	475,011,838	95.63
<b>Total</b>	<b>15,834</b>	<b>100.00</b>	<b>248,370,995</b>	<b>496,741,990</b>	<b>100.00</b>

**Bifurcation of shares held in physical and demat as at March 31, 2020**

Particulars of Equity Shares	Equity Shares of ₹2 each	
	Number	% of Total
NSDL	226,007,687	91.00
CDSL	22,325,778	8.99
<b>Sub-Total</b>	<b>248,333,465</b>	<b>99.99</b>
Physical	37,530	0.01
<b>Total</b>	<b>248,370,995</b>	<b>100.00</b>

**Shareholding pattern of Equity Shares as at March 31, 2020**

Category	Number of Shareholders	Number of Shares held	% to total paid up
Promoters & Promoter Group Companies	18	139,472,637	56.15
Bodies Corporate	262	28,023,798	11.28
Banks / Mutual Funds/ Financial Institutions (FIs)	2	9,935,537	4.00
Foreign Institutional Investors (FIIs)/ Foreign Portfolio Investors [FPIs]	32	21,240,795	8.55
Non-Resident Individuals (NRIs)/Foreign Corporate Bodies/ Overseas Corporate Bodies (OCBs)/ Foreign Banks	314	8,457,403	3.41
Resident Individuals	14,483	33,295,767	13.41
Directors (Excluding promoter directors) & their relatives	3	1,012,240	0.41
Trusts	3	31,584	0.01
Others (Employees/HUF/IEPF/ESOP Trust/ Clearing Members)	717	6,901,234	2.78
<b>Total</b>	<b>15,834</b>	<b>248,370,995</b>	<b>100.00</b>

**Dematerialisation of shares and liquidity:**

The Company's shares are tradable compulsorily in dematerialised form. The Company has established connectivity with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through Registrar and Share Transfer Agent. As on March 31, 2020, 248,333,465 shares representing 99.99% of the paid-up share capital of the Company were held in dematerialised mode.

**Framework for Monitoring Subsidiary Companies**

Pursuant to Regulation 24(1) of Listing Regulations, appointment of one of the Independent Directors of the Company on the Board of Material Subsidiaries were applicable only to following subsidiaries:

1. Alivira Animal Health Limited, India (AAHL India)
2. Alivira Animal Health Limited, Ireland (AAHL Ireland)
3. Laboratorios Karizoo, S.A., Spain (Karizoo)

Dr. Gopakumar Nair, Independent Director of the Company also acts as an Independent Director of AAHL India and Dr. (Mrs.) Kausalya Santhanam, Independent Director of the Company also acts as a Director of AAHL Ireland and Karizoo.

**Change in Registrar and Share Transfer Agent**

No Change during the year under review.

**Outstanding ADRs/GDRs/warrants/ other convertible instruments:**

The Company has no outstanding ADRs/GDRs/ Warrants or any convertible instruments, as of date.

**ESOPs:**

Your Company has formulated an Employee Stock Option Plan titled "SSL ESOP Scheme 2010" (the "ESOP Scheme") in accordance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the "SEBI ESOP Guidelines") as amended from time to time, pursuant to a Special Resolution passed by the Shareholders of the Company on March 25, 2008 and further modified by the Members on May 24, 2010, August 2, 2014 and September 24, 2015.

The purpose of ESOP Scheme is to provide the employees with an additional incentive in the form of options to receive the equity shares of the Company at a future date. The ESOP Scheme is aimed to reward employees of our Company for their continuous hard work, dedication and support. The main objective of the ESOP Scheme is to recognise employees who are performing well, and provide them a minimum opportunity to gain from our Company's performance thereby acting as a retention tool and to attract best talent available in the market.

Under ESOP Scheme, your Company has initially issued and allotted 700,000 Equity Shares of INR 10 each at a price of ₹113 per Equity Share (prior to sub-division of 1 equity share of ₹10/- each to 5 equity shares of ₹2/- each) to SeQuent Scientific Employee Stock Option Plan Trust, an independent ESOP Trust. On exercise of the options by the option grantee, the trust transfers the Equity Shares to the eligible employee, in accordance with

directions and recommendations of the Nomination & Remuneration Committee.

On March 26, 2019, Company has allotted 3,134,800 equity shares to the ESOP trust with a face value of ₹2/- per share at a premium of ₹42.64/- per share.

During the year, the Company further allotted 1,500,000 equity shares to ESOP Trust with face value of ₹2/- each at a premium of ₹57.97/- per equity share.

Details with respect to Employee Stock Options under the ESOP Scheme as at March 31, 2020 are provided in the table below

Sr. No.	Particulars	Number of Equity Shares/ Options (after considering the sub-division of equity shares)
1	Total number of options outstanding at the beginning of the year	4,552,620
2	Total number of options granted under ESOP Scheme during the Year	1,135,000
3	Options vested during the year	613,750
4	Options exercised during the year	646,870
5	Options lapsed or forfeited during the year	475,000
6	Options cancelled during the year	427,250
7	Total number of options outstanding at the end of the year	4,138,500

A certificate from M/s. S R B C & CO LLP, Chartered Accountants, Statutory Auditors of the Company, with respect to the implementation of the Company's Employee Stock Option Scheme(s), will be available for inspection by the Members electronically during the Thirty Fifth AGM. Members seeking to inspect such documents can send an email to [investorrelations@sequent.in](mailto:investorrelations@sequent.in).

**Recommendations of the committees**

During the year under review, the Board has accepted all recommendations made by the Audit Committee and Nomination and Remuneration Committee.

**Fees paid to Auditors**

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditors is a part: ₹7.24 Million.

Particulars	₹ In million
For Statutory Audit	5.00
For any other services including reimbursement of expenses	2.24

**Succession Plan for Directors**

The Nomination and Remuneration Committee (NRC) assist the Board in identifying and selecting new directors in the event of an anticipated or an unanticipated vacancy on 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 opening exists by reason of an anticipated retirement, an unanticipated departure, the expansion of the size of the Board, or otherwise.

**Credit Rating**

As on March 31, 2020, for long-term bank facilities of the Company, credit rating assigned by India Ratings & Research (Fitch Group) was "IND A-" with outlook being "Stable". The said ratings signify a high degree of safety regarding the timely servicing of financial obligations.

Further, for the Company's short-term bank facilities, India Ratings & Research (Fitch Group) assigned the rating as "IND A2+", which signifies strong safety regarding timely payment of financial obligations and carry the lowest credit risk.

**Plant Locations**

Interchange, Brazil Rua João Baptista de Queiroz Júnior, 447 Jd. Myriam ZIP 13.098-415 Campinas-SP	Karizoo, Spain Polig. Industrial La Borda Mas Pujades, 11-12 08140 Caldes de Montbui (Barcelona) Spain	Provet Veteriner Ürünleri San. ve Tic. A. S., Turkey: Polatlı Organize Sanayi Bölgesi 210., Cad de no:7 Polatlı/ Ankara, Turkey
Alivira Animal Health Limited Plot No- 104 to 109 & Part of 112 & 113, Ramky Pharma City SEZ JNPC, Parawada Mandal, Visakhapatnam - 531019, Andhra Pradesh, India	Alivira Animal Health Limited Plot Nos. A-68/69, Additional Ambernath, MIDC Indl. Area, Ambernath (East) Dist. Thane - 421503, Maharashtra, India	SeQuent Scientific Limited Plot Nos. 136, 137, 138, 139, 140, 141, 150, 151 & 152, MIDC, Tarapur, Boisar Dist. Thane - 401506, Maharashtra, India
SeQuent Scientific Limited Plot Nos. B-32, G-2, G-3, MIDC, Mahad, Dist. Raigad - 402305, Maharashtra, India	Bremer Pharma GmbH Werkstr. 42 34414 Warburg, Deutschland	



### No disqualification Certificate from Company Secretary in Practice

The Company has obtained a certificate from M/s. Nilesh Shah & Associates, Practising Company Secretaries, as required under Listing Regulations confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the SEBI/Ministry of Corporate Affairs or any such Statutory Authority as stipulated under Regulation 34(3) of the Listing Regulations. The same is appended to this report as an 'Annexure A'.

### CEO & CFO Certification

The Managing Director (MD) and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations, copy of which is appended to this report as an 'Annexure B'. The MD and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

### Compliance Certificate of the Auditors

Certificate from the Company's Statutory Auditors, M/s. S R B C & CO LLP, Chartered Accountants, confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 of the Listing Regulations, is appended to this Report as an 'Annexure C'.

### Annual Secretarial Compliance Report

Pursuant to the SEBI Circular No. CIR/CFD/ CMD1/27/2019 dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from M/s. Nilesh Shah & Associates, Practising Company Secretaries confirming compliance of SEBI Regulations / Circulars / Guidelines issued thereunder and applicable to the Company. There were no observations or adverse remarks in the said report. The same is appended to this report as an 'Annexure D'.

## 12. Code of Conduct

The Board has prescribed Code of Conduct ("Code") for all Board Members and Senior Management of the Company.

The Code of Conduct is also posted on the website of the Company. All Board Members and Senior Management Personnel have confirmed compliance with the Code for the financial year 2019-20.

A declaration to this effect signed by Mr. Manish Gupta, Managing Director is reproduced below:

In accordance with Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that; all the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct and Ethics for the Members of the Board and the Senior Management, as applicable to them, in respect of the financial year 2019-20.

Note: The information given herein above is as of March 31, 2020, unless otherwise stated.

For and on behalf of the Board of Directors

Place: Thane  
Date: May 12, 2020

**Dr. Gopakumar G. Nair**  
Chairman

## ANNEXURE A

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
**Sequent Scientific Limited**  
301, 3<sup>rd</sup> Floor, Dosti Pinnacle,  
Plot No.E7, Road No.22,  
Wagle Industrial Estate,  
Thane West - 400 604

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Sequent Scientific Limited**, having **CIN: L99999MH1985PLC036685** and having registered office situated at 301, 3<sup>rd</sup> Floor, Dosti Pinnacle, Plot No.E7, Road No.22, Wagle Industrial Estate, Thane West - 400 604 (hereinafter referred to as '**the Company**'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and carried by us and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2020** have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authorities:

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1.	Mr. Manish Gupta	06805265	November 12, 2014
2.	Mr. Sharat Narasapur	02808651	January 08, 2017
3.	Dr. Gopakumar Nair	00092637	June 20, 2006
4.	Dr. (Mrs.) Kausalya Santhanam	06999168	October 28, 2014
5.	Mr. Narendra Mairpady	00536905	August 01, 2015
6.	Dr. S. Devendra	00050440	October 29, 2015
7.	Mr. KEC Rajakumar	00044539	February 11, 2016

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 12.05.2020  
Place: Mumbai  
UDIN: F004554B000232133

Name:- **Nilesh Shah**  
For:- **Nilesh Shah & Associates**  
**FCS : 4554**  
**C.P. : 2631**

## ANNEXURE B

### CEO / CFO Certificate

May 12, 2020

To,

**The Board of Directors**  
Sequent Scientific Limited

**Reg: Certification in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") for the financial year 2019-20**

Dear Sir/ Madam,

In terms of Regulation 17(8) of the Regulations, we hereby certify to the Board of Directors of the Company, that:

- a) we have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2020 and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- d) we have indicated to the auditors and the Audit Committee that:
  - i. there are no significant changes in internal control over financial reporting during the year;
  - ii. there are no significant changes in accounting policies during the year; and
  - iii. there are no instances of significant fraud of which we have become aware.

For **Sequent Scientific Limited**

**Manish Gupta**  
Managing Director

**Tushar Mistry**  
Chief Financial Officer

## ANNEXURE C

**Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

The Members of SeQuent Scientific Limited

1. The Corporate Governance Report prepared by SeQuent Scientific Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub - regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

### Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

- i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
- ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
- iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that at least one independent woman director was on the Board of Directors throughout the year;
- iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2019 to March 31, 2020:
  - (a) Board of Directors;
  - (b) Audit Committee;
  - (c) Annual General Meeting (AGM);
  - (d) Nomination and Remuneration Committee;
  - (e) Stakeholders Relationship Committee;
  - (f) Corporate Social Responsibility Committee.
- v. Obtained necessary declarations from the directors of the Company.
- vi. Obtained and read the policy adopted by the Company for related party transactions.
- vii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
- viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.



8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

#### Opinion

9. Based on the procedures performed by us, as referred in paragraphs 7 & 8 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

#### Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **SRBC & COLLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E / E300003

per **Vikas Kumar Pansari**  
Partner  
Membership Number: 093649  
UDIN: 20093649AAAAAZ5370  
Place of Signature: Mumbai  
Date: May 12, 2020

## ANNEXURE D

### ANNUAL SECRETARIAL COMPLIANCE REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Board of Directors,  
**Sequent Scientific Limited**  
301, 3<sup>rd</sup> Floor, Dosti Pinnacle,  
Plot No. E7, Road No. 22,  
Wagle Industrial Estate,  
Thane West - 400 604

Dear Sir / Madam,  
We, Nilesh Shah & Associates, Company Secretaries in Practice have examined:

- (a) all the documents and records made available to us and explanation provided by **Sequent Scientific Limited** (hereinafter called "**the Company**");
- (b) the filings/ submissions made by the listed entity to the stock exchanges;
- (c) website of the listed entity; and
- (d) other document/ filing, as may be relevant, which has been relied upon to make this certification;

for the financial year ended **March 31, 2020** in respect of compliance with the provisions of the:

- (a) Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, which includes the:

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (to the extent applicable);
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
- (f) Securities and Exchange Board of India (Depository and Participant) Regulations, 1996 / Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (g) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

and circulars/ guidelines issued thereunder and based on the above examination, we hereby report that, during the financial year ended **March 31, 2020**:

- (a) The Company has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder;
- (b) The Company has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records;
- (c) No actions were taken against the Company/ its Promoters/ Directors/ Material Subsidiaries, if any either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder;
- (d) The Company has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31.03.2019	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1	One instance of delay in filing intimation for acquisition of shares by Promoter under Regulation 7(2)(a) of Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015 in spite of becoming aware of such information on trading by Promoter.	The Company has delayed filing of intimation as required under Regulation 7(2)(b) of Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015 in respect of acquisition of Shares by the Promoter.	The Company has filed the said intimation with the Stock Exchange. There was a delay in filing the said intimation.	The Company has complied with the same by delayed filing.

Date: 12.05.2020  
Place: Mumbai  
UDIN: F004554B000232111

Name:- **Nilesh Shah (Partner)**  
For:- **Nilesh Shah & Associates**  
FCS : 4554  
C.P. : 2631

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Sequent Scientific Limited

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Qualified Opinion

We have audited the accompanying consolidated Ind AS financial statements of Sequent Scientific Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of our report, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

As explained in note 52 of the consolidated Ind AS financial statements, due to travel restrictions on account of outbreak of Covid-19, we were neither able to observe the physical count of inventory as at the year-end nor verify the inventory by other means subsequent to the year end, in respect of subsidiaries in Germany and Belgium. Further, the auditors of subsidiaries in Spain and Turkey were neither able to observe the physical count of inventory as at the year-end nor could they verify the inventory by other means subsequent to the year end.

We and the auditors of such subsidiaries were unable to determine the effect thereof on the results of operations and total equities of respective subsidiary entities and

consequently we were unable to determine adjustments that may be required to closing stock of ₹1,208 million included in the total inventories of ₹2,194 million in the consolidated financial statements as at March 31, 2020.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Basis for Qualified Opinion' section we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.



## INDEPENDENT AUDITOR'S REPORT

Key audit matters	How our audit addressed the key audit matter
<p><b>Impairment assessment of Goodwill including intangible assets</b></p> <p>As disclosed in note 4 &amp; 5, the Group has goodwill of INR 2,380 million and other intangible assets of INR 493 million respectively as at March 31, 2020 which represents goodwill/intangible assets acquired through various business combinations and allocated to cash generating units of the Group.</p> <p>- A cash generating unit to which goodwill has been allocated and to which intangible assets belong to is tested for impairment annually when there is an indication that the unit may be impaired. As disclosed in note 4 &amp; 5, impairment of goodwill and intangible assets is determined by assessing the recoverable amount of each cash generating unit to which these assets relate</p> <p>- The recoverable amount of the cash generating unit as at March 31, 2020 has been determined based on valuation techniques such as projected future cash inflows, etc.</p> <p>- Significant judgements are used to estimate the recoverable amount of these intangible assets and goodwill. The determination of recoverable amounts involves use of several key assumptions, including estimates of future sales volume, and prices, operating costs, terminal value growth rates and the weighted average cost of capital (discount rate)</p> <p>- We focused this area because of the judgmental factors and assumptions involved in impairment assessment and the significant carrying value of these assets.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Tested design, implementation and operating effectiveness of key controls over the impairment review process including the review and approval of forecasts and review of valuation models.</li> <li>• Obtained an understanding of the process followed by the management in determining the Cash Generating Units (CGUs) to which goodwill/intangible assets are allocated.</li> <li>• Obtained an understanding of the process followed by the management to determine the recoverable amounts of CGUs to which the goodwill and intangible assets pertain to.</li> <li>• Evaluated the assumptions applied to key inputs such as future sales volume, and prices, operating costs, terminal value growth rates, which are included comparing these inputs with assumptions made by the management in prior years.</li> <li>• Tested the arithmetical accuracy of the computation of recoverable amounts of cash generating units.</li> <li>• Involved valuation expert to assist in evaluating the key assumptions of the valuations.</li> <li>• Assessed the disclosures provided by the Group in relation to its annual impairment test in note 4 to the financial statements.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

### Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements

of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## INDEPENDENT AUDITOR'S REPORT

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and,

based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended

## INDEPENDENT AUDITOR'S REPORT

March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of thirteen (13) subsidiaries whose Ind AS financial statements include total assets of ₹9,817 million as at March 31, 2020, and total revenues of ₹6,942 million and net cash outflows of ₹15 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.
- (b) The consolidated Ind AS financial statements of the Company for the year ended March 31, 2019, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 14, 2019.
- (c) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of seven (7) subsidiaries whose financial statements and other financial information reflect total assets of ₹264 million as at March 31, 2020, and total revenues of ₹24 million and net cash outflows of ₹45 million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

## INDEPENDENT AUDITOR'S REPORT

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements;
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2020.

For **SRBC & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E / E300003

per **Vikas Kumar Pansari**  
Partner  
Membership Number: 093649  
UDIN: 20093649AAAABB9071  
Place of Signature: Mumbai  
Date: May 12, 2020



## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF SEQUENT SCIENTIFIC LIMITED

### Report on the Internal Financial Controls under Clause (j) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SeQuent Scientific Limited ("the Holding Company") as of March 31, 2020 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Holding Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial

reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

A Holding Company's internal financial control over financial reporting with reference to these Ind AS consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Holding Company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorisations of management and directors of the Holding Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Holding Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF SEQUENT SCIENTIFIC LIMITED

reporting with reference to these Consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components

of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### For SRBC & CO LLP

Chartered Accountants  
ICAI Firm Registration Number: 324982E / E300003

### per Vikas Kumar Pansari

Partner  
Membership Number: 093649  
UDIN: 20093649AAAABB9071  
Place of Signature: Mumbai  
Date: May 12, 2020

## CONSOLIDATED BALANCE SHEET

as at 31 March 2020

All amounts are in ₹ million unless otherwise stated

	Notes	As at 31 March 2020	As at 31 March 2019
<b>A ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	3	3,449.07	2,270.30
(b) Capital work-in-progress	3	110.65	172.00
(c) Goodwill	4	2,379.74	2,209.72
(d) Other intangible assets	5	493.45	501.39
(e) Intangible assets under development	5	23.59	54.15
(f) Financial assets			
(i) Investments	6	1,312.88	1,796.50
(ii) Other financial assets	7	68.03	49.77
(g) Deferred tax assets (net)	24	232.40	142.56
(h) Income tax assets (net)	8	56.81	45.81
(i) Other non-current assets	9	15.03	636.70
<b>Total non-current assets</b>		<b>8,141.65</b>	<b>7,878.90</b>
<b>2. Current assets</b>			
(a) Inventories	10	2,194.17	2,001.03
(b) Financial assets			
(i) Investments	11	401.79	4.70
(ii) Trade receivables	12	3,187.64	2,782.54
(iii) Cash and cash equivalents	13	680.96	677.89
(iv) Bank balances other than (iii) above	14	77.29	42.50
(v) Loans	15	3.48	6.07
(vi) Other financial assets	16	101.53	25.04
(c) Other current assets	17	394.51	460.10
<b>Total current assets</b>		<b>7,041.37</b>	<b>5,999.87</b>
<b>Total assets</b>		<b>15,183.02</b>	<b>13,878.77</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	18	496.74	493.74
(b) Other equity	19	6,930.86	6,573.18
<b>Equity attributable to owners of the Company</b>		<b>7,427.60</b>	<b>7,066.92</b>
(c) Non-controlling interest	20	447.37	402.51
<b>Total equity</b>		<b>7,874.97</b>	<b>7,469.43</b>
<b>II Liabilities</b>			
<b>1. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	1,500.59	1,478.46
(ii) Other financial liabilities	22	919.43	380.33
(b) Provisions	23	95.69	81.53
(c) Deferred tax liabilities (net)	24	83.22	103.26
(d) Other non-current liabilities	25	13.13	22.96
<b>Total non-current liabilities</b>		<b>2,612.06</b>	<b>2,066.54</b>
<b>2. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	26	1,343.57	1,273.62
(ii) Trade payables	27	2,203.80	2,093.50
(iii) Other financial liabilities	28	758.04	706.06
(b) Provisions	29	25.49	20.46
(c) Current tax liabilities (net)	30	196.65	77.21
(d) Other current liabilities	31	168.44	171.95
<b>Total current liabilities</b>		<b>4,695.99</b>	<b>4,342.80</b>
<b>Total liabilities</b>		<b>7,308.05</b>	<b>6,409.34</b>
<b>Total equity and liabilities</b>		<b>15,183.02</b>	<b>13,878.77</b>

The accompanying notes are integral part of these consolidated financial statements

As per our report of even date

For and on Behalf of the Board of Directors

For **SRBC & CO LLP**

Chartered Accountants

ICAI firm registration number- 324982E / E300003

Per **Vikas Kumar Pansari**

Partner

Membership No: 093649

**Manish Gupta**Managing Director &  
Chief Executive Officer  
DIN:06805265**Tushar Mistry**

Chief Financial Officer

Mumbai, 12 May 2020

**Sharat Narasapur**Joint Managing Director  
DIN:02808651**Krunal Shah**Company Secretary  
Membership No: 26087

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated except for earnings per share information

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
<b>I</b> Revenue from operations	32	11,792.44	10,393.07
<b>II</b> Other income	33	100.89	86.72
<b>III Total income (I+II)</b>		<b>11,893.33</b>	<b>10,479.79</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	34.a	5,086.92	4,538.71
(b) Purchases of stock-in-trade	34.b	888.90	1,166.44
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	34.c	74.69	(275.03)
(d) Employee benefits expense	35	1,650.59	1,459.49
(e) Finance costs	36	357.14	328.02
(f) Depreciation and amortisation expenses	37	506.22	419.20
(g) Other expenses	38	2,388.12	2,254.12
<b>Total expenses (IV)</b>		<b>10,952.58</b>	<b>9,890.95</b>
<b>V Profit before tax (III-IV)</b>		<b>940.75</b>	<b>588.84</b>
<b>VI Tax expense / (credits)</b>	39		
(a) Current tax		227.44	141.99
(b) Deferred tax		(104.83)	59.83
(c) Current tax of prior period reversed		(2.32)	(181.75)
<b>Total tax expenses</b>		<b>120.29</b>	<b>20.07</b>
<b>VII Profit after tax (V-VI)</b>		<b>820.46</b>	<b>568.77</b>
<b>VIII Other comprehensive income / (expenses)</b>	19		
<b>A. Items that will not be reclassified to profit or loss</b>			
(a) Remeasurement gain / (loss) on defined benefit plans		(7.10)	(4.33)
(b) Fair value gain / (loss) from investment in equity instruments		(483.68)	(421.75)
(c) Income tax relating to items that will not be reclassified to profit or loss		1.26	-
<b>B. Items that will be reclassified to profit or loss</b>			
(a) Exchange differences on translation of foreign operations		273.96	54.65
(b) Exchange differences on net investment in foreign operations		(102.30)	(165.11)
(c) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total other comprehensive expenses (net of tax)</b>		<b>(317.86)</b>	<b>(536.54)</b>
<b>IX Total comprehensive income for the year, net of tax (VII+VIII)</b>		<b>502.60</b>	<b>32.23</b>
<b>Profit for the year attributable to:</b>			
- Owners of the Company		699.05	486.60
- Non-controlling interest		121.41	82.17
		<b>820.46</b>	<b>568.77</b>
<b>Other comprehensive income / (expenses) for the year attributable to:</b>			
- Owners of the Company		(319.75)	(507.16)
- Non-controlling interest		1.89	(29.38)
		<b>(317.86)</b>	<b>(536.54)</b>
<b>Total comprehensive income for the year attributable to:</b>			
- Owners of the Company		379.30	(20.56)
- Non-controlling interest		123.30	52.79
		<b>502.60</b>	<b>32.23</b>
<b>Earnings per equity share</b>	41		
(1) Basic (in ₹)		2.87	2.00
(2) Diluted (in ₹)		2.85	1.99

The accompanying notes are integral part of these consolidated financial statements

As per our report of even date

For and on Behalf of the Board of Directors

For **SRBC & CO LLP**

Chartered Accountants

ICAI firm registration number- 324982E / E300003

Per **Vikas Kumar Pansari**

Partner

Membership No: 093649

**Manish Gupta**Managing Director &  
Chief Executive Officer  
DIN:06805265**Tushar Mistry**

Chief Financial Officer

Mumbai, 12 May 2020

**Sharat Narasapur**Joint Managing Director  
DIN:02808651**Krunal Shah**Company Secretary  
Membership No: 26087



## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Cash flow from operating activities</b>		
<b>Net Profit before tax</b>	940.75	588.84
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	506.22	419.20
Unrealised forex loss (net)	54.88	77.40
Bad trade receivables written off	24.16	2.43
Bad loans and advances written off	-	1.98
Allowance for doubtful trade receivables	1.54	13.17
Allowances for doubtful loans and advances	-	0.06
Finance costs	357.14	328.02
Dividend income	(52.64)	(7.90)
Interest income	(15.03)	(13.45)
Profit on sale of property, plant and equipment (net)	(1.14)	(4.79)
Profit on sale of investment (net)	(3.65)	(1.97)
Fair value gain on financial instruments at fair value through profit or loss	(4.09)	(0.41)
Share-based payment to employees	46.67	30.93
<b>Operating profit before working capital changes</b>	<b>1,854.81</b>	<b>1,433.51</b>
<b>Changes in working capital</b>		
(Increase) / decrease in trade receivables, loans and advances and other assets	(508.17)	(9.71)
(Increase) / decrease in inventories	(193.14)	(196.72)
(Increase) / decrease in margin money and unpaid dividend accounts	(34.79)	(13.46)
Increase / (decrease) in trade payables, other payables and provisions	153.13	(59.61)
<b>Net change in working capital</b>	<b>(582.97)</b>	<b>(279.50)</b>
<b>Cash generated from operations</b>	<b>1,271.84</b>	<b>1,154.01</b>
Direct taxes (paid) / refund (net)	(118.54)	6.23
<b>Net cash generated from operating activities</b>	<b>1,153.30</b>	<b>1,160.24</b>
	A	
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(407.22)	(254.45)
Proceeds from disposal of property, plant and equipment and intangible assets	7.23	19.32
Proceeds from sale of long term investments	0.37	0.09
(Purchase) / sale of current investments (net)	(390.07)	161.77
Interest received	14.35	14.36
Dividend received	52.64	7.90
Consideration paid on acquisition of subsidiaries	-	(181.59)
Consideration paid on acquisition of Mahad facility	-	(464.00)
Consideration paid on acquisition of additional share from NCI	-	(44.97)
Cash & cash equivalents pursuant to acquisition of subsidiaries	-	64.62
<b>Net cash used in investing activities</b>	<b>(722.70)</b>	<b>(676.95)</b>
	B	

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares (including proceeds from stock options exercised by employees)	20.99	6.74
Proceeds from long-term borrowings	781.33	1,091.82
Repayment of long-term borrowings	(849.05)	(644.78)
Proceeds / (repayment) from / of short-term borrowings	27.52	(384.77)
Interest and other borrowing cost paid	(330.52)	(264.35)
Dividend distribution to NCI	(19.96)	(20.07)
Equity contribution by NCI	0.42	14.57
Dividends paid	(48.56)	-
Dividend distribution tax paid	(9.70)	-
<b>Net cash used in financing activities</b>	<b>(427.53)</b>	<b>(200.84)</b>
	C	
<b>Net increase in cash and cash equivalents during the year</b>	<b>3.07</b>	<b>282.45</b>
	(A+B+C)	
<b>Cash and cash equivalents at beginning of the year (refer note 13)</b>	<b>677.89</b>	<b>395.44</b>
<b>Cash and cash equivalents at end of the year (refer note 13)</b>	<b>680.96</b>	<b>677.89</b>

**Note:** The consolidated statement of cash flows has been prepared under the indirect method, as set out in Ind AS 7 'Statement of Cash Flows', whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

The accompanying notes are integral part of these consolidated financial statements

As per our report of even date

For and on Behalf of the Board of Directors

For **SRBC & CO LLP**

Chartered Accountants

ICAI firm registration number- 324982E / E300003

Per **Vikas Kumar Pansari**

Partner

Membership No: 093649

**Manish Gupta**

Managing Director &

Chief Executive Officer

DIN:06805265

**Sharat Narasapur**

Joint Managing Director

DIN:02808651

**Tushar Mistry**

Chief Financial Officer

**Krunal Shah**

Company Secretary

Membership No: 26087

Mumbai, 12 May 2020

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)**

for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

**(a) Equity share capital**

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	246,870,995	493.74	243,736,195	487.47
Issued during the year	1,500,000	3.00	3,134,800	6.27
Balance at the end of the year	<b>248,370,995</b>	<b>496.74</b>	<b>246,870,995</b>	<b>493.74</b>

**(b) Other equity**

	Reserves & surplus (note 19)							Non-controlling interest (note 20)	Total Equity	
	Attributable to equity shareholders									
	Capital reserve	Securities premium account	Employees stock options outstanding	General reserve	Treasury reserve	Translation reserve	Gross obligation to non-controlling interest under put options	Retained earnings	Reserve for equity instruments through other comprehensive income	Total
<b>Balance as at 01 April 2018</b>	12.16	8,345.14	175.76	150.77	(32.66)	52.45	(744.32)	(1,136.27)	1,054.59	5,988.30
Profit for the year	-	-	-	-	-	(82.75)	-	486.60	(421.75)	486.60
Other comprehensive expenses for the year, net of income tax	-	-	-	-	-	-	-	(2.66)	-	(29.38)
<b>Total comprehensive income / (expenses) for the year</b>	-	-	-	-	-	(82.75)	-	483.94	(421.75)	(20.56)
Recognition of share-based payments	-	-	13.09	-	-	-	-	-	-	13.09
Employee stock options issued during the year	-	-	-	-	11.26	-	-	-	-	11.26
Non-controlling interest holding put options derecognised	-	-	-	-	-	-	-	-	-	-
Movement in translation reserve during the year	(8.60)	-	-	-	-	-	-	-	-	46.15
Reinstatement of opening non-controlling interest on acquisition	-	-	-	-	-	-	-	-	-	(8.60)
Recognition of put option liability during the year	-	-	-	-	-	-	584.62	-	-	(39.00)
Additions on account of business combination (refer note 50)	21.24	-	-	-	-	-	-	-	-	584.62
Transfer to retained earnings on sales of quoted equity investments carried at FVTOCI	-	-	-	-	-	-	-	2.74	(2.74)	-
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	(23.20)
Premium on exercise of employee stock options	-	11.55	-	-	-	-	-	-	-	(23.20)
Shares issued during the year to ESOP trust	-	133.67	-	(139.94)	-	-	-	-	-	11.55
Vested ESOP lapsed during the year	-	-	-	1.75	-	-	-	-	-	(6.27)
Equity contribution by NCI shareholders	-	-	-	-	-	-	-	-	-	1.75
Dividends paid	-	-	-	-	-	-	-	-	-	14.57
<b>Balance as at 31 March 2019</b>	24.80	8,490.36	188.85	152.52	(161.34)	(30.30)	(159.70)	(1,159.47)	630.10	6,573.18
<b>Opening balance as on 01 April 2019</b>	24.80	8,490.36	188.85	152.52	(161.34)	(30.30)	(159.70)	(1,159.47)	630.10	6,573.18
Transition impact of Ind AS 116 [refer note 2(viii)]	-	-	-	-	-	-	-	(24.62)	-	(24.62)
<b>Restated as at 01 April 2019</b>	24.80	8,490.36	188.85	152.52	(161.34)	(30.30)	(159.70)	(1,159.47)	630.10	6,548.56
Profit for the year	-	-	-	-	-	168.61	-	699.05	(483.68)	699.05
Other comprehensive income / (expenses) for the year, net of income tax	-	-	-	-	-	-	-	(4.68)	-	(319.75)
<b>Total comprehensive income / (expenses) for the year</b>	-	-	-	-	-	168.61	-	694.37	(483.68)	379.30

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)**

for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

	Reserves & surplus (note 19)							Non-controlling interest (note 20)	Total Equity	
	Attributable to equity shareholders									
	Capital reserve	Securities premium account	Employees stock options outstanding	General reserve	Treasury reserve	Translation reserve	Gross obligation to non-controlling interest under put options	Retained earnings	Reserve for equity instruments through other comprehensive income	Total
Recognition of share-based payments	-	-	(47.95)	-	-	-	-	-	-	(47.95)
Employee stock options issued during the year	-	-	-	-	14.63	-	-	-	-	14.63
Non-controlling interest holding put options derecognised	-	-	-	-	-	-	-	-	-	(63.39)
Reinstatement of opening non-controlling interest on acquisition	-	-	-	-	-	-	-	-	-	8.56
Recognition of put option liability during the year	-	-	-	-	-	-	(3.38)	-	-	(3.38)
Premium on exercise of employee stock options	-	26.50	-	-	-	-	-	-	-	26.50
Shares issued during the year to ESOP trust	-	86.96	-	(89.96)	-	-	-	-	-	(3.00)
Vested ESOP lapsed during the year	-	-	-	74.46	-	-	-	-	-	74.46
Equity contribution by NCI shareholders	-	-	-	-	-	-	-	(48.56)	-	0.42
Dividends paid	-	-	-	-	-	-	-	(9.70)	-	(48.56)
Dividend distribution tax	-	-	-	-	-	-	-	(9.70)	-	(9.70)
<b>Balance as at 31 March 2020</b>	24.80	8,603.82	140.90	226.98	(236.67)	138.31	(163.08)	(1,159.47)	146.42	6,930.86

The accompanying notes are integral part of these consolidated financial statements

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI firm registration number- 324982E / E300003

Per **Vikas Kumar Pansari**

Partner

Membership No: 093649

Mumbai, 12 May 2020

For and on Behalf of the Board of Directors

**Manish Gupta**

Managing Director &amp;

Chief Executive Officer

DIN:06805265

**Tushar Mistry**

Chief Financial Officer

**Sharat Narasapur**

Joint Managing Director

DIN:02808651

**Krunal Shah**

Company Secretary

Membership No: 26087



## NOTES

to the consolidated financial statements for the year ended 31 March 2020

### 1. Corporate Information

SeQuent Scientific Limited (the "Company") is a Company incorporated and domiciled in India and has its registered office located at 301, 3rd Floor, Dosti Pinnacle, Plot No. E7 Road No. 22, Wagle Industrial Estate, Thane (W), Maharashtra - 400604, India. The shares of the Company are publicly traded on the National Stock Exchange of India Limited and BSE Limited. The Company is a leading integrated pharmaceutical company with a global footprint, operating in the domains of Animal Health (APIs and finished dosage formulations) and analytical services.

The Company is headquartered in Thane, India, with eight manufacturing facilities, based in India, Turkey, Brazil, Spain and Germany. The Company together with its subsidiaries is herein after referred to as 'Group'.

### 2. Significant Accounting Policies

#### (i) Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

#### (ii) Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for:

- Share-based payments transaction as defined in Ind AS 102 - Share-based payments.
- Leasing transaction as defined in Ind AS 116 - Leases.
- Measurement that have some similarities to fair value but are not fair value, such as 'Net Realisable Value' as defined in Ind AS 2 - Inventories and value in use as defined in Ind AS 36 - Impairment of assets.

The consolidated financial statements have been prepared on accrual and going concern basis. The

accounting policies are applied consistently to all the periods presented in the consolidated financial statements. All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

#### (iii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (₹). All financial information presented in ₹ has been rounded to the nearest million (up to two decimals).

#### (iv) Basis of consolidation

These consolidated financial statements include financial statements of the Company and all its subsidiaries drawn up to the dates specified in note 46. Subsidiaries are all entities over which the Parent has control. The parent controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date the Parent acquires control until the date the control ceases.

Inter-company transactions, balances and unrealised gains and losses on inter-company transactions between group companies are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment losses from the Group perspective. Amounts reported in separate financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Non-controlling interest are presented in the consolidated statement of financial position within equity, separately from the equity of the shareholders of the Group.

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

### (v) Business combination

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103 - Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is accounted for at carrying value.

Transaction costs that the Group incurred in connection with a business combination are expensed as incurred.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of each reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The Group applies the anticipated acquisition method where it has the right and the obligation to purchase any remaining non-controlling interest (so-called put / call arrangements). Under the anticipated

acquisition method, the interests of the non-controlling shareholder are derecognised when the Group's liability relating to the purchase of its shares is recognised. The recognition of the financial liability implies that the interests subject to the purchase are deemed to have been acquired already. Therefore, the corresponding interests are presented as already owned by the Group even though legally they are still non-controlling interest.

#### Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interest in the acquiree, over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If the excess is a negative, a bargain purchase gain is recognised in capital reserve.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

#### (vi) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

Non-current assets are reclassified from held-for-sale to held-for-use if they no longer meet the criteria to be classified as held-for-sale. On reclassification as held-for-use, a non-current asset is remeasured at the lower of its recoverable amount and the carrying amount that would have been recognised had the asset never been classified as held-for-sale or held-for-distribution.

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### (vii) Revenue recognition

The Group presents revenue net of indirect taxes in its consolidated statement of profit and loss.

#### Sale of goods

Revenue from sale of products is presented in the income statement within revenue from operations. The Group presents revenue net of indirect taxes in its consolidated statement of profit and loss. Sale of products comprise revenue from sales of products, net of sales returns, expiry, rebates, incentives and of customer discounts.

Revenue is recognised when it is probable that future economic benefits will flow to the Company and these benefits can be measured reliably. Further, revenue recognition requires that all significant risks and rewards of ownership of the goods included in the transaction have been transferred to the buyer, and that Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Performance obligations are satisfied at one point in time, typically on delivery. Revenue is recognised when the Company transfers control over the product to the customers; control of a product refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, that asset. The majority of revenue earned by the Company is derived from the satisfaction of a single performance obligation for each contract which is the sale of products.

Sales are measured at the fair value of consideration received or receivable. The amounts of rebates / incentives are estimated and accrued on each of the underlying sales transactions recognised. Returns and customer discounts are recognised in the period in which the underlying sales are recognised based on an estimate basis. The amount of sales returns is calculated on the basis of management's best estimate of the amount of product that will ultimately be returned by customers.

#### Services

Income from technical service, support services and other management fees is recognised when the services are completed as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

Income from analytical service is recognised when the services are completed as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists. Revenue is recognised net of taxes and discounts.

### Export entitlements

Export entitlements from Government authorities are recognised in the consolidated statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

### Interest and dividend income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the right to receive payment has been established.

### (viii) Leases

Ind AS 116 supersedes Ind AS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

### Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Right of Use asset are depreciated on a straight-line basis over the lease term.

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The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics,
- Relied on its assessment of whether leases are onerous immediately before the date of initial application,
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application,
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application,
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 01 April 2019:

- Right-of-use assets of ₹1,130.56 million were recognised and presented separately in the balance sheet.
- Additional lease liabilities of ₹549.91 million were recognised.
- Prepayments of ₹627.68 million and trade and other payables of ₹8.18 million related to previous operating leases were derecognised.
- Deferred tax asset increased by ₹10.15 million because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to retained earnings (₹24.63 million) and non-controlling interests (₹4.07 million).

### Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income arising is accounted for on straight-line basis over the lease terms. Initial direct costs incurred in negotiation and arranging an operating lease are added to the carrying amount of the lease assets and recognised over the lease term on the same basis as rental income.

### (ix) Foreign currency transactions and translation

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit and loss in the year in which it arises except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the consolidated statement of profit and loss on disposal of net investment.

The assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interest as appropriate).

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange difference on capital expenditure are not capitalised but charged to the consolidated statement of profit and loss.

### (x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or erection of qualifying

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assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of profit and loss in the period in which they are incurred.

### (xi) Employee benefits

#### a) Defined Contribution Plans

The Company has defined contribution plans for post-employment benefits in the form of provident fund which is administered through Government of India. Provident fund is classified as defined contribution plans as the Group has no further obligation beyond making the contributions. The Group's contributions to defined contribution plans are charged to the consolidated statement of profit and loss as and when employee renders related service.

#### b) Defined benefit plans

Payments to defined benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's gratuity scheme and termination benefits are in the nature of defined benefit plans.

The gratuity scheme is funded by the Group with Life Insurance Corporation of India.

For defined benefit plans, the cost of providing benefit is determined using projected unit credit method, with actuarial valuation being carried out at the end of each financial year. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the consolidated statement of profit and loss. Past service cost is recognised in

the consolidated statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement gain / (loss).

The Group presents the first two components of defined benefit costs in the consolidated statement of profit and loss in the line item 'Employee benefits expense' and 'finance costs' respectively. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognise any related restructuring costs

#### c) Short-term employee benefits

A liability is recognised for short-term employee benefit in respect of wages and salaries, annual leave, medical and leave travel in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

#### d) Other employee benefits

Other employee benefits comprise of leave encashment, which is provided for, based on the actuarial valuation carried out as at the end of the year. Liabilities recognised in respect of other employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### (xii) Share-based compensation

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on

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a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the consolidated statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

### (xiii) Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of profit and loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

#### a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Minimum alternative tax ('MAT') paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability. MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Group and asset can be measured reliably.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions. The Appendix did not have any significant impact on the consolidated financial statements of the Company.

#### b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets

are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax relating to items recognised outside the consolidated statement of profit and loss is recognised either in other comprehensive income or in equity.

### (xiv) Property, plant and equipment

#### Recognition and measurement

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.



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When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are recognised and depreciated separately.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values, using the straight-line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.

Nature of the Assets	Useful life in years
Factory buildings	10-30
Plant and machinery	2-16
Furniture and fixtures	10-16

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates are accounted for on a prospective basis.

Depreciation on additions / deletions to property, plant and equipments is provided prorata from the month of addition / till the month of deletion.

### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the consolidated statement of profit and loss as incurred.

### Derecognition of property, plant & equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit and loss.

### (xv) Intangible assets

#### a) Intangible assets acquired separately

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Cost includes any directly attributable incidental expenses necessary to make the assets ready for use.

#### b) Internally generated intangible asset- research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally generated intangible asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the consolidated statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated

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impairment losses, on the same basis as intangible assets that are acquired separately.

#### c) Subsequent costs

Subsequent costs is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated intangibles, are recognised in the consolidated statement of profit and loss as incurred.

#### d) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination which are recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

#### e) Useful lives of intangible assets

Estimate useful lives of the intangible assets are as follow:

Nature of the assets	Useful life in years
Product / process development	5
Marketing rights	5
Software	3-5
Brand	5-20
Customer relationship	5
Registration fees	2-10

#### f) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statement of profit and loss when the asset is derecognised.

#### (xvi) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs includes cost of purchase and other costs incurred in bringing the inventories to their present

location and condition. Costs are determined on First In First Out (FIFO) Basis as follows:

- Raw materials, packing materials, fuel and consumables: At actual purchase cost including other cost incurred in bringing materials / consumables to their present location and condition.
- Work-in-progress and Intermediates: At material cost, conversion costs and appropriate share of production overheads based on normal capacity.
- Finished goods: At material cost, conversion costs and an appropriate share of production overheads based on normal capacity.
- Stock-in-trade: At purchase and other costs incurred in bringing the inventories to their present location and condition.

However, materials and other items held for use in production of inventory are not written down below cost, if the finished product in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### (xvii) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised but are disclosed in the notes to consolidated financial statements. Contingent assets are not recognised but are disclosed in the notes to consolidated financial statements when economic inflow is probable.

### (xviii) Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. Loans and borrowings and payable are recognised net of directly attributable transactions costs.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date.

For the purpose of subsequent measurement, financial instruments of the Group are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL), non-derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

### a) Non-derivative financial assets

#### (i) Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest rate ('EIR') method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

#### (ii) Equity instruments at fair value through other comprehensive income (FVTOCI)

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss (FVTPL). For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in OCI. The Group makes such election on an instrument-by-instrument basis.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI. There is no recycling of the amount from OCI to the consolidated statement of profit and loss, even on sale of the instrument. However, the Group may transfer the cumulative gain or loss within the equity.

#### (iii) Financial assets at fair value through profit and loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Group may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

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Financial assets included within the FVTPL category are measured at fair values with all changes in the consolidated statement of profit and loss.

#### (iv) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or the financial assets is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new assets obtained less any new liability assumed) shall be recognised in the consolidated statement of profit and loss except for debt and equity instruments carried through FVTOCI which shall be recognised in OCI.

### b) Non-derivative financial liabilities

#### (i) Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

#### (ii) Financial liabilities at FVTPL

Financial liabilities at FVTPL are measured at fair value with all changes recognised in the consolidated statement of profit and loss.

#### (iii) Derecognition of financial liabilities

The Group derecognises financial liabilities only when, the obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit and loss.

### c) Derivative financial instruments

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities. Derivatives are recognised and measured at fair value. Attributable transaction costs are recognised in the consolidated statement of profit and loss.

### d) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at higher of:

- The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 – Financial Instruments and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 – Revenue from contract with customers.

### e) Foreign exchange gains and losses on financial assets and financial liabilities

- The fair value of financial assets / liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.
- For foreign currency denominated financial assets / liabilities measured at amortised cost and FVTPL, the exchange differences are recognised in the consolidated statement of profit and loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the consolidated statement of profit and loss.
- For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the consolidated statement of profit and loss.

### (xix) Impairment

#### a) Financial assets

In accordance with Ind AS 109 - Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

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The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at the end of each reporting period, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the consolidated statement of profit and loss. This amount is reflected under the head other expenses in the consolidated statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivable:

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

### b) Non-financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash-generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU prorata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the consolidated statement of profit and loss and is not reversed in the subsequent period.

### (xx) Earnings per share

Basic EPS is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period,

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unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

### (xxi) Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

### (xxii) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### (xxiii) Segment

Segments have been identified taking into account the nature of business, the differing risks and returns, the organisational structure and the internal reporting system.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the geographic segment of its business separately for the purpose of making decisions about resource allocation and performance assessment. The Group is mainly engaged in the business of pharmaceuticals. Considering the nature of business and financial reporting of the Group, the Group has only one business segment viz; pharmaceuticals as primary reportable segment.

### (xxiv) Cash dividend

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### (xxv) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### (xxvi) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,



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to the consolidated financial statements for the year ended 31 March 2020

- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

### 2A. Use of estimates and management judgements

In application of the accounting policies, which are described in note 2A, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

#### (i) Useful life of property, plant and equipment and intangible assets

The useful life of the assets are determined in accordance with Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that or is not prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance.

#### (ii) Impairment

An impairment loss is recognised for the amount by which an asset's / investment's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.

#### (iii) Deferred tax

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

#### (iv) Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

#### (v) Post-retirement benefit plans

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of each reporting period on the government bonds.

#### (vi) Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

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All amounts are in ₹ million unless otherwise stated

### 3 Property, plant and equipment and capital work-in-progress

	As at 31 March 2020	As at 31 March 2019
<b>Carrying amount of</b>		
Freehold land	89.19	84.88
Lease hold improvement	0.91	1.17
Buildings	940.76	914.08
Furniture and fixtures	30.78	22.64
Office equipments	15.06	8.36
Computers	19.75	15.61
Plant and machinery	1,200.01	1,161.15
Vehicles	57.07	62.41
<b>Right-of-use assets (ROU)</b>		
Land	664.71	-
Building	376.60	-
Computer	6.68	-
Vehicles	13.48	-
Plant and machinery	34.07	-
Capital work-in-progress	<b>3,449.07</b>	<b>2,270.30</b>
	<b>110.65</b>	<b>172.00</b>

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Cost	Freehold land	Lease hold improvement	Buildings	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Vehicles	ROU - Land	ROU - Building	ROU - Computer	ROU - Vehicles	ROU - Plant and machinery	Total
<b>Balance as on 01 April 2018</b>	<b>83.29</b>	<b>1.49</b>	<b>905.96</b>	<b>37.80</b>	<b>21.11</b>	<b>30.48</b>	<b>1,678.52</b>	<b>116.61</b>	-	-	-	-	-	<b>2,875.26</b>
Additions	-	-	48.11	1.66	1.30	10.55	89.30	30.20	-	-	-	-	-	181.12
Effect of foreign currency exchange differences	(5.43)	(0.15)	(37.12)	(2.83)	(0.69)	(0.98)	(58.18)	(18.42)	-	-	-	-	-	(123.80)
Assets acquired on business combination (refer note 50.2)	7.02	-	143.57	2.66	2.09	0.42	200.52	0.26	-	-	-	-	-	356.54
Deletions	-	-	-	0.04	-	0.80	10.65	16.31	-	-	-	-	-	27.80
<b>Balance as on 31 March 2019</b>	<b>84.88</b>	<b>1.34</b>	<b>1,060.52</b>	<b>39.25</b>	<b>23.81</b>	<b>39.67</b>	<b>1,899.51</b>	<b>112.34</b>	<b>673.59</b>	<b>413.88</b>	<b>10.81</b>	<b>13.53</b>	<b>18.75</b>	<b>3,261.32</b>
Transition impact of Ind AS 116 [refer note 2(viii)]	-	-	-	-	-	-	-	-	-	-	-	-	-	1,130.56
<b>Restated balance at 01 April 2019</b>	<b>84.88</b>	<b>1.34</b>	<b>1,060.52</b>	<b>39.25</b>	<b>23.81</b>	<b>39.67</b>	<b>1,899.51</b>	<b>112.34</b>	<b>673.59</b>	<b>413.88</b>	<b>10.81</b>	<b>13.53</b>	<b>18.75</b>	<b>4,391.88</b>
Additions	-	-	84.47	12.39	11.01	13.14	263.56	21.31	-	-	-	7.99	22.64	436.51
Effect of foreign currency exchange differences	4.31	(0.24)	(4.35)	(0.32)	(0.08)	(0.11)	1.73	(3.98)	-	2.61	(0.15)	0.71	0.55	0.68
Deletions	-	-	0.39	0.47	0.02	2.06	12.06	11.25	-	-	-	-	-	26.25
<b>Balance as on 31 March 2020</b>	<b>89.19</b>	<b>1.10</b>	<b>1,140.25</b>	<b>50.85</b>	<b>34.72</b>	<b>50.64</b>	<b>2,152.74</b>	<b>118.42</b>	<b>673.59</b>	<b>416.49</b>	<b>10.66</b>	<b>22.23</b>	<b>41.94</b>	<b>4,802.82</b>
<b>Accumulated depreciation</b>	<b>Freehold land</b>	<b>Lease hold improvement</b>	<b>Buildings</b>	<b>Furniture and fixtures</b>	<b>Office equipments</b>	<b>Computers</b>	<b>Plant and machinery</b>	<b>Vehicles</b>	<b>ROU - Land</b>	<b>ROU - Building</b>	<b>ROU - Computer</b>	<b>ROU - Vehicles</b>	<b>ROU - Plant and machinery</b>	<b>Total</b>
<b>Balance as on 01 April 2018</b>	-	<b>0.13</b>	<b>136.22</b>	<b>10.12</b>	<b>11.21</b>	<b>17.44</b>	<b>529.85</b>	<b>35.15</b>	-	-	-	-	-	<b>740.12</b>
Depreciation expenses for the year (refer note 37)	-	0.06	20.75	7.91	4.65	7.65	233.84	31.07	-	-	-	-	-	305.93
Effect of foreign currency exchange differences	-	(0.02)	(10.53)	(1.38)	(0.41)	(0.63)	(21.61)	(5.82)	-	-	-	-	-	(40.40)
Deletions	-	-	-	0.04	-	0.40	3.72	10.47	-	-	-	-	-	14.63
<b>Balance as on 31 March 2019</b>	-	<b>0.17</b>	<b>146.44</b>	<b>16.61</b>	<b>15.45</b>	<b>24.06</b>	<b>738.36</b>	<b>49.93</b>	-	-	-	-	-	<b>991.02</b>
Depreciation expenses for the year (refer note 37)	-	0.06	54.08	4.42	4.27	8.84	226.45	20.98	8.88	39.89	4.03	8.54	7.66	388.10
Effect of foreign currency exchange differences	-	(0.04)	(0.66)	(0.49)	(0.05)	0.01	(2.86)	(1.43)	-	-	(0.05)	0.21	0.21	(5.15)
Deletions	-	-	0.37	0.47	0.01	2.02	9.22	8.13	-	-	-	-	-	20.22
<b>Balance as on 31 March 2020</b>	-	<b>0.19</b>	<b>199.49</b>	<b>20.07</b>	<b>19.66</b>	<b>30.89</b>	<b>952.73</b>	<b>61.35</b>	<b>8.88</b>	<b>39.89</b>	<b>3.98</b>	<b>8.75</b>	<b>7.87</b>	<b>1,353.75</b>
<b>Carrying amount</b>	<b>Freehold land</b>	<b>Lease hold improvement</b>	<b>Buildings</b>	<b>Furniture and fixtures</b>	<b>Office equipments</b>	<b>Computers</b>	<b>Plant and machinery</b>	<b>Vehicles</b>	<b>ROU - Land</b>	<b>ROU - Building</b>	<b>ROU - Computer</b>	<b>ROU - Vehicles</b>	<b>ROU - Plant and machinery</b>	<b>Total</b>
<b>Balance as on 31 March 2019</b>	<b>84.88</b>	<b>1.17</b>	<b>914.08</b>	<b>22.64</b>	<b>8.36</b>	<b>15.61</b>	<b>1,161.15</b>	<b>62.41</b>	-	-	-	-	-	<b>2,270.30</b>
<b>Balance as on 31 March 2020</b>	<b>89.19</b>	<b>0.91</b>	<b>940.76</b>	<b>30.78</b>	<b>15.06</b>	<b>19.75</b>	<b>1,200.01</b>	<b>57.07</b>	<b>664.71</b>	<b>376.60</b>	<b>6.68</b>	<b>13.48</b>	<b>34.07</b>	<b>3,449.07</b>

**Note:** - Refer note 21 for charge created on the assets.

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All amounts are in ₹ million unless otherwise stated

## 4 Goodwill

Carrying amount of:	As at 31 March 2020	As at 31 March 2019
Goodwill	2,379.74	2,209.72
	<b>2,379.74</b>	<b>2,209.72</b>
Cost	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	2,209.72	2,021.93
Effect of foreign currency exchange differences	170.02	187.79
<b>Balance at the end of the year</b>	<b>2,379.74</b>	<b>2,209.72</b>

## 4.1 Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units. The carrying amount of goodwill allocated to cash-generating units is as follows:

	As at 31 March 2020	As at 31 March 2019
Turkey group	996.48	892.38
Spain group	694.52	629.70
Fendigo group	272.00	248.80
Interchange	166.66	203.27
N-Vet AB	121.70	107.19
SeQuant Research Limited	94.53	94.53
Others	33.85	33.85
<b>Total</b>	<b>2,379.74</b>	<b>2,209.72</b>

Goodwill is monitored by the Group at each cash-generating unit (CGU) level. The Group tests goodwill for impairment on an annual basis. The recoverable amount has been determined based on value in use calculations which uses cash flow projections based on financial budgets covering a period of five years. The planning horizon reflects the assumptions for short to mid-term market developments. The key assumptions used for the calculations were as follows:

	As at 31 March 2020	As at 31 March 2019
Discount rate	8% - 20%	13% - 19%
Long term growth rate	2% - 5%	2% - 5%

The management of the respective companies believe that any reasonably possible change in the key assumption on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The goodwill is tested for impairment and accordingly no impairment charges were identified for year ended 31 March 2020 (31 March 2019 : ₹ Nil).

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to the consolidated financial statements for the year ended 31 March 2020

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### 5 Other intangible assets

	As at 31 March 2020	As at 31 March 2019
<b>Carrying amounts of</b>		
Product / process development	46.60	7.66
Software	47.24	58.92
Brands, marketing rights and trade mark	315.86	383.57
Customer relationship	19.25	42.26
Registration fees	64.50	8.98
	<b>493.45</b>	<b>501.39</b>
Intangible assets under development	23.59	54.15

Cost	Product / process development	Software	Brands, marketing rights and trade mark	Customer relationship	Registration fees	Total
<b>Balance as on 01 April 2018</b>	<b>43.39</b>	<b>88.86</b>	<b>688.06</b>	<b>98.25</b>	<b>1.66</b>	<b>920.22</b>
Additions	8.27	11.67	-	-	0.37	20.31
Deletions	-	1.44	-	-	-	1.44
Effect of foreign currency exchange differences	-	(0.65)	(49.89)	(9.87)	(0.35)	(60.76)
Assets acquired on business combination (refer note 50.2)	-	6.38	14.52	-	10.29	31.19
<b>Balance as on 31 March 2019</b>	<b>51.66</b>	<b>104.82</b>	<b>652.69</b>	<b>88.38</b>	<b>11.97</b>	<b>909.52</b>
Additions	46.23	9.30	-	-	62.88	118.41
Deletions	-	2.47	-	-	-	2.47
Effect of foreign currency exchange differences	-	0.11	(11.84)	(15.92)	0.82	(26.83)
<b>Balance as on 31 March 2020</b>	<b>97.89</b>	<b>111.76</b>	<b>640.85</b>	<b>72.46</b>	<b>75.67</b>	<b>998.63</b>

Accumulated amortisation	Product / process development	Software	Brands, marketing rights and trade mark	Customer relationship	Registration fees	Total
<b>Balance as on 01 April 2018</b>	<b>35.87</b>	<b>26.26</b>	<b>223.38</b>	<b>30.40</b>	<b>1.66</b>	<b>317.57</b>
Amortisation expense for the year (refer note 37)	8.13	19.91	64.22	19.57	1.44	113.27
Deletions	-	0.07	-	-	-	0.07
Effect of foreign currency exchange differences	-	(0.20)	(18.48)	(3.85)	(0.11)	(22.64)
<b>Balance as on 31 March 2019</b>	<b>44.00</b>	<b>45.90</b>	<b>269.12</b>	<b>46.12</b>	<b>2.99</b>	<b>408.13</b>
Amortisation expense for the year (refer note 37)	7.66	21.08	63.10	18.71	7.57	118.12
Deletions	-	2.41	-	-	-	2.41
Effect of foreign currency exchange differences	(0.37)	(0.05)	(7.23)	(11.62)	0.61	(18.66)
<b>Balance as on 31 March 2020</b>	<b>51.29</b>	<b>64.52</b>	<b>324.99</b>	<b>53.21</b>	<b>11.17</b>	<b>505.18</b>

Carrying amount	Product / process development	Software	Brands, marketing rights and trade mark	Customer relationship	Registration fees	Total
<b>Balance as on 31 March 2019</b>	<b>7.66</b>	<b>58.92</b>	<b>383.57</b>	<b>42.26</b>	<b>8.98</b>	<b>501.39</b>
<b>Balance as on 31 March 2020</b>	<b>46.60</b>	<b>47.24</b>	<b>315.86</b>	<b>19.25</b>	<b>64.50</b>	<b>493.45</b>

## NOTES

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All amounts are in ₹ million unless otherwise stated

### 6 Non-current investments

	Face Value	No. of shares	As at 31 March 2020	No. of shares	As at 31 March 2019
<b>A Quoted equity instruments (fully paid-up) carried at fair value through other comprehensive income</b>					
i) Strides Pharma Science Limited	₹10.00	3,312,500	1,067.12	3,312,500	1,564.82
ii) Solara Active Pharma Science Limited	₹10.00	552,083	245.43	552,083	231.02
iii) Accions Banc Sabadell	€ 0.13	2,800	0.12	2,800	0.31
iv) Accions Caixabank	€ 1.00	440	0.06	440	0.10
v) Accions Endesa	€ 1.20	-	-	98	0.10
vi) Accions Bantierra	€ 60.11	5	0.02	5	0.02
<b>Total (A)</b>			<b>1,312.75</b>		<b>1,796.37</b>
<b>B Unquoted equity instruments</b>					
i) Ambarnath Chemical Manufacturers Association	₹10.00	1,000	0.01	1,000	0.01
ii) Tarapur Industrial Manufacturers Association	₹10.00	2,000	0.04	2,000	0.04
<b>Total (B)</b>			<b>0.05</b>		<b>0.05</b>
<b>C Investment in government securities carried at amortised cost</b>					
i) National Saving Certificate	-	-	0.02	-	0.02
ii) NSC VIII Issue	-	-	0.06	-	0.06
<b>Total (C)</b>			<b>0.08</b>		<b>0.08</b>
<b>Total (A + B + C)</b>			<b>1,312.88</b>		<b>1,796.50</b>
Aggregate carrying value of unquoted investments			0.13		0.13
Aggregate market value of quoted investments			1,312.75		1,796.37

### 7 Other non-current financial assets

	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Security deposits	44.58	41.62
Margin money deposits	23.45	8.15
<b>Total</b>	<b>68.03</b>	<b>49.77</b>

### 8 Income tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Advance income tax (net of provision : ₹35.95) (31 March 2019 : ₹223.51)	56.81	45.81
<b>Total</b>	<b>56.81</b>	<b>45.81</b>

### 9 Other non-current assets

	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Capital advances	5.23	11.12
Deposit with government authorities	1.41	0.64
Prepaid expenses	8.39	624.94
<b>Total</b>	<b>15.03</b>	<b>636.70</b>

#### Notes:

- Prepaid expense include leasehold land amounting to ₹ Nil for Vizag, Mahad, Tarapur and Ambarnath plants (31 March 2019 : ₹619.30).
- Refer note 43 for lease regrouped as per Ind AS 116.



## NOTES

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All amounts are in ₹ million unless otherwise stated

### 10 Inventories

	As at 31 March 2020	As at 31 March 2019
Raw materials and packing materials	789.76	644.72
Goods-in-transit	104.64	0.96
	<b>894.40</b>	<b>645.68</b>
Work-in-progress and intermediates	388.32	365.61
Finished goods	386.78	449.63
Stock-in-trade	508.22	523.22
Goods-in-transit	12.69	13.39
Fuel	3.28	2.46
Consumable	0.48	1.04
<b>Total</b>	<b>2,194.17</b>	<b>2,001.03</b>

#### Note:

During the year ended 31 March 2020, ₹35.29 (31 March 2019 : ₹37.74) was recognised as an expense towards provision for slow moving, expired and near expiry inventories.

### 11 Current investments

	Face value	No. of shares / units	As at 31 March 2020	No. of shares / units	As at 31 March 2019
<b>A Quoted equity instruments (fully paid-up) carried at fair value through other comprehensive income</b>					
i) Transchem Limited	₹10.00	26,077	0.42	26,077	0.62
ii) Techindia Nirman Limited	₹10.00	2,280	- *	2,280	0.01
iii) Agritech (India) Limited	₹10.00	6,300	0.13	6,300	0.32
<b>Total (A)</b>			<b>0.55</b>		<b>0.95</b>
<b>B Other unquoted equity instruments (fully paid-up)</b>					
i) Agrodutch Industries Limited	₹10.00	36,250	- *	36,250	- *
ii) Aditya Investment & Communication Limited	₹10.00	58,800	- *	58,800	- *
<b>Total (B)</b>			<b>-</b>		<b>-</b>
<b>C Unquoted mutual funds - carried at fair value through profit or loss</b>					
i) Axis Treasury Advantage Fund - Regular Plan (Growth)	₹1,000.00	3,633	30.75	-	-
ii) Aditya Birla Sun Life Money Manager - Regular Plan (Growth)	₹100.00	76,196	20.51	-	-
iii) Aditya Birla Sun Life Saving Fund - Regular Plan (Growth)	₹100.00	22,980	9.14	-	-
iv) Aditya Birla Sun Life Liquid Fund - Regular Plan (Growth)	₹100.00	253,825	80.65	-	-
v) IDFC Low Duration Fund - Regular Plan (Growth)	₹10.00	891,711	25.47	-	-
vi) ICICI Prudential Money Market Fund - Regular Plan (Growth)	₹100.00	73,756	20.47	-	-
vii) Kotak Saving Fund - Regular Plan (Growth)	₹10.00	3,156,715	101.31	-	-
viii) Kotak Liquid Fund - Regular Plan (Growth)	₹1,000.00	12,503	50.02	-	-
ix) Halk Bank		80,648,006	55.76	5,619,008	3.62
x) Garanti Bank		28,778,512	7.16	550,620	0.13
<b>Total (C)</b>			<b>401.24</b>		<b>3.75</b>
<b>Total (A + B + C)</b>			<b>401.79</b>		<b>4.70</b>
Aggregate market value of quoted investments			0.55		0.95
Aggregate carrying value of unquoted investments			- *		- *
Aggregate net asset value of investment in mutual funds			401.24		3.75

\* Not reported due to round off.

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All amounts are in ₹ million unless otherwise stated

### 12 Trade receivables

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	3,187.64	2,782.54
Unsecured, considered doubtful	80.74	81.10
	<b>3,268.38</b>	<b>2,863.64</b>
Less: Allowance for doubtful trade receivables	80.74	81.10
<b>Total</b>	<b>3,187.64</b>	<b>2,782.54</b>

#### Notes:

- During the year, the Group discounted trade receivables with an aggregate carrying amount of ₹ NIL (31 March 2019 : ₹73.54) to a bank. If trade receivables are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as financial liability under note 26 - Current borrowing.
- No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member except disclosed in note 45.3.
- Refer note 49.3 for term and other details.

### 13 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- In current accounts	569.46	543.23
- In deposit accounts	110.87	133.54
Cash on hand	0.63	1.12
<b>Total</b>	<b>680.96</b>	<b>677.89</b>
<b>Cash and cash equivalents as defined in Ind AS 7 - Statements of Cash Flows</b>	<b>680.96</b>	<b>677.89</b>

### 14 Bank balances other than (note 13) above

	As at 31 March 2020	As at 31 March 2019
In earmarked accounts		
- Unpaid dividend accounts	0.15	0.06
- Margin money deposits (refer note below)	77.14	42.44
<b>Total</b>	<b>77.29</b>	<b>42.50</b>

Note: Balances in margin money deposits are held as security against borrowings, guarantees and other commitments.

### 15 Current loans

	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Loan to employees	2.49	5.12
Loan to other parties	0.99	0.95
	<b>3.48</b>	<b>6.07</b>
<b>Unsecured, considered doubtful</b>		
Loan to other parties	-	9.62
Less: Allowance for doubtful loans	-	9.62
	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3.48</b>	<b>6.07</b>

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### 16 Other current financial assets

	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Claims receivable	94.72	23.51
Foreign exchange forward contracts at FVTPL	5.51	0.91
Interest accrued on fixed deposits	1.30	0.62
<b>Total</b>	<b>101.53</b>	<b>25.04</b>

### 17 Other current assets

	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Advance to suppliers	38.28	43.72
Balances with government authorities	302.62	356.37
Prepaid expenses	40.03	45.17
Others	13.58	14.84
<b>Total</b>	<b>394.51</b>	<b>460.10</b>

#### Notes:

- Prepaid expense include leasehold land amounting to ₹ Nil for Vizag, Mahad, Tarapur and Ambernath plants (31 March 2019 : ₹8.39).
- Refer note 43 for lease regrouped as per Ind AS 116.

### 18 Share capital

	No. of shares	As at 31 March 2020	No. of shares	As at 31 March 2019
<b>(a) Authorised</b>				
Equity shares of ₹2 each	250,000,000	500.00	250,000,000	500.00
<b>(b) Issued, subscribed and fully paid-up</b>				
Equity shares of ₹2 each	248,370,995	496.74	246,870,995	493.74
<b>Total</b>		<b>496.74</b>		<b>493.74</b>

#### Notes:

#### (i) Reconciliation of the number of shares and amount outstanding:

	No. of shares	Share capital
<b>Fully paid equity shares</b>		
<b>Balance at 01 April 2018</b>	<b>243,736,195</b>	<b>487.47</b>
Shares issued during the year	3,134,800	6.27
<b>Balance as at 31 March 2019</b>	<b>246,870,995</b>	<b>493.74</b>
Shares issued during the year	1,500,000	3.00
<b>Balance as at 31 March 2020</b>	<b>248,370,995</b>	<b>496.74</b>

#### (ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. Each equity shareholder is entitled to dividend in the Company. The dividend proposed by board of directors is subject to approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### (iii) Details of shares held by each shareholder holding more than 5% shares

Name of the shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of shares held	% of holding	No. of shares held	% of holding
K R Ravishankar	27,899,930	11.23%	27,899,930	11.30%
Chayadeep Ventures LLP	25,124,997	10.12%	25,125,000	10.18%
Agnus Capital LLP	21,157,560	8.52%	21,157,560	8.57%
Arun Kumar Pillai	23,499,965	9.46%	23,499,965	9.52%
Pronomz Ventures LLP	27,000,000	10.87%	27,000,000	10.94%
Unit Trust of India Investment Advisory Services Limited	14,138,395	5.69%	14,138,395	5.73%
A/C Ascent India Fund III				
TIMF Holdings	11,030,205	4.44%	15,330,795	6.21%

(iv) 4,934,750 shares of ₹2 each (31 March 2019 : 4,081,620 shares) are reserved towards outstanding employee stock options granted / available for grant.

(v) Aggregate number of shares allotted as fully paid pursuant to contract without payment of cash for a period of 5 years immediately preceding the balance sheet date:

	As at 31 March 2020	As at 31 March 2019
Equity shares	17,927,065	17,927,065

### (vi) Dividend paid and proposed

Particulars	31 March 2020	31 March 2019
<b>Dividends on equity shares declared and paid:</b>		
Final dividend for the year ended on 31 March 2019 : ₹0.20 per share (31 March 2018 : ₹ NIL per share)	48.56	-
Dividend Distribution Tax on final dividend	9.70	-
	<b>58.26</b>	-
<b>Proposed dividends on Equity shares:</b>		
Final dividend for the year ended on 31 March 2020 : ₹ NIL per share (31 March 2019 : ₹0.20 per share)	-	48.56
Dividend Distribution Tax on proposed dividend	-	9.70
	<b>-</b>	<b>58.26</b>

### 19 Other equity

	As at 31 March 2020	As at 31 March 2019
Capital reserve	24.80	24.80
Securities premium account	8,603.82	8,490.36
Share options outstanding account	140.90	188.85
General reserve	226.98	152.52
Retained earnings	(791.15)	(1,402.64)
Reserve for equity instruments through other comprehensive income	146.42	630.10
Treasury reserve	(236.67)	(161.34)
Translation reserve	138.31	(30.30)
Gross obligation to non-controlling interest under put options	(163.08)	(159.70)
Other reserves	(1,159.47)	(1,159.47)
<b>Total</b>	<b>6,930.86</b>	<b>6,573.18</b>

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

	As at 31 March 2020	As at 31 March 2019
<b>(a) Capital reserve</b>		
Balance at the beginning of the year	24.80	12.16
Add: Addition on account of business combination (refer note 50.1)	-	21.24
Less: Effect of foreign currency exchange difference	-	(8.60)
<b>Balance at the end of the year</b>	<b>24.80</b>	<b>24.80</b>
<b>(b) Securities premium account</b>		
Balance at the beginning of the year	8,490.36	8,345.14
Add: Premium on exercise of options - proceeds received	26.50	11.55
Add: Premium on issue of share to ESOP trust	86.96	133.67
<b>Balance at the end of the year</b>	<b>8,603.82</b>	<b>8,490.36</b>
<b>(c) Share options outstanding account</b>		
Balance at the beginning of the year	188.85	175.76
Add: Employee stock option expenses	53.01	26.39
Less: Transferred to securities premium account on exercise	(26.50)	(11.55)
Less: Transferred to general reserve on vested ESOP lapsed during the year	(74.46)	(1.75)
<b>Balance at the end of the year</b>	<b>140.90</b>	<b>188.85</b>
<b>(d) General reserve</b>		
Balance at the beginning of the year	152.52	150.77
Add: Vested ESOP lapsed during the year	74.46	1.75
<b>Balance at the end of the year</b>	<b>226.98</b>	<b>152.52</b>
<b>(e) Retained earnings</b>		
Balance at the beginning of the year	(1,402.64)	(1,889.32)
Less: Transition impact of Ind AS 116 [refer note 2(viii)]	(24.62)	-
Add: Profit for the year	699.05	486.60
Less: Other comprehensive expenses arising from remeasurement of defined benefit obligations, net of income tax	(4.68)	(2.66)
Less: Dividend distributed to equity shareholders (including tax on dividend)	(58.26)	-
Add: Transfer from reserve for equity instruments through other comprehensive income	-	2.74
<b>Balance at the end of the year</b>	<b>(791.15)</b>	<b>(1,402.64)</b>
Note: The Board of Directors in their meeting held on 14 May 2019 recommended dividend of 10%, i.e. ₹0.20 per equity share of ₹2/- each.		
<b>(f) Reserve for equity instruments through other comprehensive income</b>		
Balance at the beginning of the year	630.10	1,054.59
Less: Net fair value loss on investment in equity instruments at FVTOCI	(483.68)	(421.75)
Less: Transfer to retained earnings on sales of quoted equity investments carried at FVTOCI	-	(2.74)
<b>Balance at the end of the year</b>	<b>146.42</b>	<b>630.10</b>
<b>(g) Treasury reserve</b>		
Balance at the beginning of the year	(161.34)	(32.66)
Add: Employee stock options issued during the year	14.63	11.26
Less: Shares issued during the year to ESOP trust	(89.96)	(139.94)
<b>Balance at the end of the year</b>	<b>(236.67)</b>	<b>(161.34)</b>
<b>(h) Translation reserve</b>		
Balance at the beginning of the year	(30.30)	52.45
Add / (less): Movement during the year	171.66	(110.46)
Add / (less): Transfer to non-controlling interest	(3.05)	27.71
<b>Balance at the end of the year</b>	<b>138.31</b>	<b>(30.30)</b>
<b>(i) Gross obligation to NCI under put options</b>		
Balance at the beginning of the year	(159.70)	(744.32)
Add: Movement during the year	(3.38)	584.62
<b>Balance at the end of the year</b>	<b>(163.08)</b>	<b>(159.70)</b>
<b>(j) Other reserves</b>		
Balance at the beginning of the year	(1,159.47)	(1,136.27)
Less: Acquisition of minority interest	-	(23.20)
<b>Balance at the end of the year</b>	<b>(1,159.47)</b>	<b>(1,159.47)</b>

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### Nature and purpose of Reserves

#### (a) Capital reserve

Capital reserves pertains to amalgamation of subsidiary company and the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

#### (b) Securities premium account

##### Securities premium includes:

- i) The difference between the face value of the equity shares and the consideration received in respect of shares issued.
- ii) The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

#### (c) Share options outstanding account

This relate to shares granted to the employees of the Group.

#### (d) General reserve

The Group has transferred a portion of the net profit of the Group before declaring dividend to general reserve. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the consolidated statement of profit and loss.

#### (e) Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve and dividends or other distributions paid to shareholders.

#### (f) Reserve for equity instruments through other comprehensive income

Reserve for equity instruments through other comprehensive income represents the cumulative gains (net of losses) arising on revaluation of equity instruments measured at fair value through other comprehensive income, net of amount reclassified, if any, to retained earnings when those instruments are disposed off.

#### (g) Treasury reserve

Treasury reserve represents the shares of the Company held by ESOP Trust.

#### (h) Translation reserve

These comprise of all exchange differences arising from translation of financial statements of foreign subsidiaries.

#### (i) Gross obligation to NCI under put options

This reserve represent premium payable on acquisition of minority stake.

#### (j) Other reserves

Other reserves represents premium on acquisition of the additional stake after obtaining control in Alivira Animal Health Limited, India, Fendigo SA and N-Vet AB.

### 20 Non-controlling interest (NCI)

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	402.51	369.85
Share of profit for the year	121.41	82.17
Share of other comprehensive income / (expenses) for the year	1.89	(29.38)
Dividend outflow	(19.96)	(20.07)
Put option derecognised (net)	(63.39)	46.15
Dilution of minority interest	-	(21.78)
Equity contribution by NCI shareholders	0.42	14.57
Transition impact of Ind AS 116 Leases [refer note 2(viii)]	(4.07)	-
Effect of foreign currency exchange difference on opening NCI	8.56	(39.00)
<b>Balance at the end of the year</b>	<b>447.37</b>	<b>402.51</b>

### 21 Non-current borrowings

	As at 31 March 2020	As at 31 March 2019
<b>Secured term loan - at amortised cost</b>		
From bank	579.19	552.23
From other parties	500.55	717.22
<b>Unsecured term loan - at amortised cost</b>		
From bank	284.08	70.62
From other parties	136.77	138.39
<b>Total</b>	<b>1,500.59</b>	<b>1,478.46</b>



**NOTES**

to the consolidated financial statements for the year ended 31 March 2020

Particulars	Security	Terms of repayment	As at 31 March 2020	As at 31 March 2019
<b>(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings:</b> All amounts are in ₹ million unless otherwise stated				
<b>Secured term loan from banks:</b>				
RBL Bank Limited	Exclusive charge on the entire movable and immovable fixed assets, both present and future, located at Mahad Plant. Exclusive charge on the current assets of the Company, both present and future.	Repayable in 18 quarterly equal instalments, commencing from July 2019. Repaid fully on 05 October 2019.	-	206.08
ICICI Bank Limited	Exclusive charge on the entire movable and immovable fixed assets, both present and future, located at Mahad Plant. Exclusive charge on the current assets of the Company, both present and future and unconditional & irrevocable guarantee from subsidiary Alivira Animal Health Limited, India.	Repayable in 17 quarterly equal instalments, commencing from November 2019. Repayable fully by November 2023.	152.85	-
IndusInd Bank Limited	Exclusive mortgage on land, building and machinery situated at Tarapur Plant, land and building situated at Ambernath Plant and office premises at Dosti pinnacle, Thane of Parent Company.	Repayable in 24 quarterly instalments, commencing from September 2019.	304.47	336.56
IndusInd Bank Limited	Exclusive mortgage on land, building and machinery situated at Tarapur Plant, land and building situated at Ambernath Plant and office premises at Dosti pinnacle, Thane of Parent Company.	Repayable in 23 quarterly instalments, commencing from December 2019.	106.78	-
Türkiye Halk Bankası A.Ş.	Hypothecation of vehicles	Repayable in 24 monthly instalments, commencing from April 2020. Repayable fully on March 2022.	5.98	-
Banc Sabadell	First pari-passu charge on fixed assets of the Karizoo Spain K4 building.	Repayable in 180 monthly instalments, commencing from March 2013. Repayable fully on February 2028.	2.59	2.72
Banc Sabadell	First pari-passu charge on fixed assets of the Karizoo Spain K4 building.	Repayable in 180 monthly instalments, commencing from March 2013. Repayable fully on February 2028.	6.52	6.87
			<b>579.19</b>	<b>552.23</b>
<b>Unsecured term loan from banks:</b>				
B.B.V.A.		Repayable in 60 monthly instalments, commencing from June 2015. Repayable fully by May 2020.	-	0.17
B.B.V.A.		Repayable in 20 quarterly instalments, commencing from October 2019. Repayable fully by July 2024.	90.52	-
Bankinter		Repayable in 36 monthly instalments, commencing from March 2017. Repayable fully by April 2020.	-	0.66
Bankia		Repayable in 60 monthly instalments, commencing from April 2017. Repayable fully by March 2022.	21.16	39.22

**NOTES**

to the consolidated financial statements for the year ended 31 March 2020

Particulars	Security	Terms of repayment	As at 31 March 2020	As at 31 March 2019
<b>(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the unsecured long-term borrowings:</b> All amounts are in ₹ million unless otherwise stated				
<b>Unsecured term loan from other parties:</b>				
B.B.V.A.		Repayable in 60 monthly instalments, commencing from May 2018. Repayable fully by April 2023.	2.44	3.37
La Caixa		Repayable in 36 monthly instalments, commencing from August 2018. Repayable fully by July 2021.	0.94	3.48
Bank Popular		Repayable in 60 monthly instalments, commencing from December 2018. Repayable fully by November 2023.	6.71	8.60
B.S.C.H.		Repayable in 60 monthly instalments, commencing from December 2018. Repayable fully by November 2023.	6.71	8.60
Bankinter		Repayable in 36 monthly instalments, commencing from April 2019. Repayable fully by March 2022.	3.52	6.52
Bankia		Repayable in 60 monthly instalments, commencing from June 2019. Repayable fully by May 2024.	33.11	-
B.S.C.H.		Repayable in 20 quarterly instalments, commencing from October 2019. Repayable fully by July 2024.	44.12	-
B.S.C.H.		Repayable in 20 quarterly instalments, commencing from October 2019. Repayable fully by July 2024.	44.12	-
Banc Sabadell		Repayable in 60 monthly instalments, commencing from December 2019. Repayable fully by November 2024.	30.73	-
			<b>284.08</b>	<b>70.62</b>
<b>Secured term loan from other parties:</b>				
Export and Import Bank of India	First charge on the entire fixed assets of the Alivira Animal Health Limited, India including immovable properties both present and future, second charge over current assets of the subsidiary company both present and future, unconditional and irrevocable corporate guarantee of Parent Company to the extent of the shareholding in the subsidiary company. Personal guarantee of Mr. Arun Kumar Pillai, promoter of Parent Company, to the extent of ₹50 Crores. First charge / assignment on all intangibles assets of the Company.	Repayable in 26 equal quarterly instalments, commencing from August 2016.	320.44	502.78

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All amounts are in ₹ million unless otherwise stated

Particulars	Security	Terms of repayment	As at 31 March 2020	As at 31 March 2019
Export and Import Bank of India	"First pari passu charge on the entire movable and immovable fixed assets of Alivira Animal Health Limited, India plant, at Vizag and Ambarnath, both present and future, second pari passu charge over current assets of the subsidiary company both present and future, unconditional and irrevocable corporate guarantee of Parent Company. Personal guarantee of Mr. Arun Kumar Pillai, promoter of Parent Company, to the extent of ₹30 Crores. Negative lien on the shares of Bremer, held by Alivira Animal Health Limited, Ireland."	Repayable in 22 equal quarterly instalments, commencing from 02 September 2019.	178.82	212.45
Toyota Financial Services India Limited	Hypothecation of assets (vehicle).	"Repayable in 60 equal monthly instalments, commencing from October 2017."	0.56	0.89
Toyota Financial Services India Limited	Hypothecation of assets (vehicle).	"Repayable in 60 equal monthly instalments, commencing from January 2018."	0.73	1.10
<b>Unsecured term loan from other parties:</b>			<b>500.55</b>	<b>717.22</b>
ICF		Repayable in 28 quarterly instalments, commencing from October 2015. Repayable fully by July 2022.	5.41	8.33
BMW Finance		Repayable in 48 monthly instalments, commencing from November 2019. Repayable fully by October 2023.	2.08	-
Dell Bank International		Repayable in 36 monthly instalments, commencing from July 2019. Repayable fully by June 2022.	6.94	-
BMW Finance		Repayable in 48 monthly instalments, commencing from July 2019. Repayable fully by June 2023.	2.20	-
Volkswagen Bank		Repayable in 48 monthly instalments, commencing from October 2019. Repayable fully by September 2024.	4.76	-
Fitch Participacoes Ltda		Repayable in 163 monthly instalments, commencing from January 2020. Repayable fully by October 2033	59.56	62.10
Judiciary		The loan is repayable in half yearly 18 unequal instalments, commencing from November 2016. Repayable fully by May 2025.	55.82	67.96
<b>Total</b>			<b>136.77</b>	<b>138.39</b>
			<b>1,500.59</b>	<b>1,478.46</b>

The interest on above term loan from Bank and other parties (other than loan from Banco popular, Bankia, Bankinter, Volkswagen Finance, BMW Finance, ICF, Fitch Participacoes Ltda and Halk Bankasi A.S. Turkey) are linked to the respective lender's base rates which are floating in nature. During the year ended 31 March 2020, the interest rates ranges from 0.90% to 11.55% per annum.

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All amounts are in ₹ million unless otherwise stated

(ii) Details of long-term borrowings guaranteed by some of the directors or others:

Particulars	As at 31 March 2020	As at 31 March 2019
Term loan from banks	-	-
Term loan from other parties	499.26	715.23

(iii) For the current maturities of long-term borrowings, refer note 28 in other current liabilities.

### 22 Other non-current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Put option liability	385.14	322.70
Interest accrued but not due	-	12.91
Lease liabilities	534.29	44.72
<b>Total</b>	<b>919.43</b>	<b>380.33</b>

### 23 Non-current provisions

	As at 31 March 2020	As at 31 March 2019
<b>Provision for employee benefits</b>		
Gratuity and termination benefits (refer note 47)	57.93	43.12
Compensated absences (refer note below)	37.76	38.41
<b>Total</b>	<b>95.69</b>	<b>81.53</b>

#### Note:

The provision for compensated absences includes annual leave and vested long service leave entitlement accrued.

### 24 Deferred tax liabilities / assets (refer note 39)

	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax liabilities</b>		
- Temporary differences on account of depreciation	79.90	100.06
- Temporary differences on account of right-of-use assets	(2.87)	-
- Others	6.19	3.20
<b>Total</b>	<b>83.22</b>	<b>103.26</b>
<b>Deferred tax assets</b>		
- Temporary differences on account of depreciation	(38.27)	(123.78)
- Expenses allowable on payment basis	54.82	33.78
- Unabsorbed depreciation and carried forward of losses	77.18	162.16
- Temporary differences on account of right-of-use assets	9.88	-
- Others	(18.36)	(19.98)
- MAT credit entitlement	147.15	90.38
<b>Total</b>	<b>232.40</b>	<b>142.56</b>

### 25 Other non-current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory remittances	10.14	14.78
Rent equalisation liability	-	8.18
Others	2.99	-
<b>Total</b>	<b>13.13</b>	<b>22.96</b>

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All amounts are in ₹ million unless otherwise stated

### 26 Current borrowings

	As at 31 March 2020	As at 31 March 2019
<b>Loans repayable on demand</b>		
<b>Secured loan</b>		
From banks (refer note (i) to (iv) below)	755.48	799.94
<b>Unsecured loan</b>		
From banks	400.78	320.84
From other parties	187.31	152.84
<b>Total</b>	<b>1,343.57</b>	<b>1,273.62</b>

#### Notes:

- (i) Loan repayable on demand from banks by the Company are secured by a exclusive charge on current assets of the Company and exclusive charge on the entire movable and immoveable fixed assets of the Company, both present and future. Also secured by unconditional & irrevocable guarantee from subsidiary Alivira Animal Health Limited, India.
- (ii) Loan repayable on demand from banks in subsidiary Alivira Animal Health Limited, India, are secured by a first pari-passu charge on current assets of the subsidiary company, both present and future, a second pari-passu charge on fixed assets of the subsidiary company and unconditional irrevocable corporate guarantee of the Parent Company, shortfall undertaking from Parent Company.
- (iii) Loan repayable on demand from banks availed by the subsidiary Fendigo SA, Belgium has first pledge of the business of the Fendigo SA including tangible and intangible assets which forms part of the business and the goods in stock for up to 50% of its value and irrevocable guarantee by its Director.
- (iv) Loan repayable on demand from banks availed by the subsidiary Interchange Veterinária Indústria E Comércio Ltda, Brazil are secured against the current assets of the subsidiary company and personal guarantee by minority shareholders of the subsidiary company in their personal capacities.
- (v) The interest on above loans are in ranges from 0.85% to 16.80% per annum.

### 27 Trade payables

	As at 31 March 2020	As at 31 March 2019
Trade payables	2,203.80	2,093.50
<b>Total</b>	<b>2,203.80</b>	<b>2,093.50</b>

#### Notes:

- (i) Trade payables (other than due to micro and small enterprises) are non-interest bearing and are normally settled on 90 to 120 days.
- (ii) The Group's exposure to currency and liquidity risk related to trade payable is disclosed in note 49.
- (iii) Refer note 45.3 for dues payable to related parties.

### 28 Other current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings *	462.32	498.58
Interest accrued and due on borrowings	7.54	12.45
Payables on purchase of property, plant and equipments	40.97	32.91
Unclaimed dividends	0.15	0.06
Judicial recovery	8.29	6.67
Foreign exchange forward contracts at FVTPL	24.02	-
Lease liabilities	72.93	15.55
Other current liabilities	141.82	139.84
<b>Total</b>	<b>758.04</b>	<b>706.06</b>

\* The details of interest rates, repayment and other terms are disclosed under note 21. Details of current maturities of long-term debt are mentioned below.

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All amounts are in ₹ million unless otherwise stated

	As at 31 March 2020	As at 31 March 2019
<b>Secured term loan from banks</b>		
RBL Bank Limited	-	41.70
ICICI Bank Limited	55.18	-
IndusInd Bank Limited	44.14	10.50
Türkiye Halk Bankası A.Ş.	5.42	8.58
B.B.V.A.	25.53	-
Banco Popular	10.60	12.86
Bankinter	4.17	11.09
Bankia	20.76	19.06
La Caixa	2.79	2.58
B.S.C.H	32.06	2.30
Others	14.44	7.86
<b>Secured loan from other parties</b>		
Export and Import Bank of India	243.54	367.13
Toyota Financial Services India Limited	0.71	0.60
ICF	-	3.19
Others	-	0.52
<b>Unsecured loan from other parties</b>		
Fitch Participacoes Ltda	2.98	10.61
<b>Total</b>	<b>462.32</b>	<b>498.58</b>

### 29 Current provisions

	As at 31 March 2020	As at 31 March 2019
<b>Provision for employee benefits</b>		
Gratuity and termination benefits (refer note 47)	5.33	4.45
Compensated absences	20.16	16.01
<b>Total</b>	<b>25.49</b>	<b>20.46</b>

### 30 Current tax liabilities

	As at 31 March 2020	As at 31 March 2019
Income tax payable (net of advance tax : ₹199.74) (31 March 2019 : ₹61.30)	196.65	77.21
<b>Total</b>	<b>196.65</b>	<b>77.21</b>

### 31 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory remittances	79.31	75.81
Advance from customers	65.23	69.67
Other current liabilities	23.90	26.47
<b>Total</b>	<b>168.44</b>	<b>171.95</b>



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to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### 32 Revenue from operations

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products	11,455.38	10,061.77
Sale of services	149.75	143.52
Other operating revenues		
Sale of scrap	5.16	4.15
Duty drawback and other export incentives	171.33	159.13
Commission income (refer note 45.2)	-	1.30
Fees for managing the Mahad facility (refer note 45.2)	-	10.00
Other miscellaneous income	10.82	13.20
<b>Total</b>	<b>11,792.44</b>	<b>10,393.07</b>

#### Disaggregated revenue disclosures

The Group disaggregate the revenue based on geographic locations and it is disclosed under note 40 - Segment reporting.

Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

#### Trade receivables and contract balances

The Group classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for revenue contracts are recognised at a point in time when the Group transfers control over the product to the customer.

#### Reconciliation of revenue from sale of products and services with the contracted price:

	Year ended 31 March 2020	Year ended 31 March 2019
Contracted price	11,858.31	10,396.12
Less: trade discounts, sales and expiry return	253.18	190.83
<b>Sale of products and services</b>	<b>11,605.13</b>	<b>10,205.29</b>

### 33 Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income (refer note (i) below)	15.03	13.45
Net gain on sale of current investments	3.65	1.97
Dividend income	52.64	7.90
Fair value gain on financial instrument at fair value through profit or loss	4.09	0.41
Profit on sale of property, plant and equipment	1.14	4.79
Insurance claim received	0.03	0.34
Liabilities / provisions no longer required written back	-	17.24
Miscellaneous income	24.31	40.62
<b>Total</b>	<b>100.89</b>	<b>86.72</b>
<b>(i) Interest income comprises:</b>		
Interest on:		
Bank deposits	9.04	10.07
Interest on income tax refund	2.03	-
Other interest	3.96	3.38
<b>Total</b>	<b>15.03</b>	<b>13.45</b>

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to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### 34. a Cost of materials consumed

	Year ended 31 March 2020	Year ended 31 March 2019
Opening stock	645.68	549.49
Effect of foreign currency exchange differences	(6.24)	(51.95)
Add: Purchases	5,341.88	4,558.15
Add: Transfer on account of business combination (refer note 50)	-	128.70
Less: Closing stock	894.40	645.68
<b>Cost of materials consumed</b>	<b>5,086.92</b>	<b>4,538.71</b>

### 34. b Purchases of stock-in-trade

	Year ended 31 March 2020	Year ended 31 March 2019
Purchases of stock-in-trade	888.90	1,166.44
<b>Total</b>	<b>888.90</b>	<b>1,166.44</b>

### 34.c Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening stock</b>		
Work-in-progress and intermediates	365.61	323.38
Finished goods (including stock-in-trade)	986.24	709.38
	<b>1,351.85</b>	<b>1,032.76</b>
<b>Transfer on account of business combination (refer note 50)</b>		
Work-in-progress and intermediates	-	46.80
Finished goods (including stock-in-trade)	-	45.11
	<b>-</b>	<b>91.91</b>
<b>Effect of foreign currency exchange differences</b>		
Work-in-progress and intermediates	0.82	(1.91)
Finished goods (including stock-in-trade)	18.03	(45.94)
	<b>18.85</b>	<b>(47.85)</b>
<b>Closing stock</b>		
Work-in-progress and intermediates	388.32	365.61
Finished goods (including stock-in-trade)	907.69	986.24
	<b>1,296.01</b>	<b>1,351.85</b>
<b>Net (increase) / decrease</b>	<b>74.69</b>	<b>(275.03)</b>

### 35 Employee benefit expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	1,324.33	1,182.31
Contributions to provident fund, gratuity and other funds (refer note 47)	218.04	192.15
Share-based payment to employees (refer note 48)	46.67	30.93
Staff welfare expenses	61.55	54.10
<b>Total</b>	<b>1,650.59</b>	<b>1,459.49</b>

### 36 Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense on borrowings	292.07	287.50
Other borrowing costs	30.12	40.52
Interest expense on lease liabilities	34.95	-
<b>Total</b>	<b>357.14</b>	<b>328.02</b>

## NOTES

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### 37 Depreciation and amortisation expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment and ROU assets (refer note 3)	388.10	305.93
Amortisation on intangible assets (refer note 5)	118.12	113.27
<b>Total</b>	<b>506.22</b>	<b>419.20</b>

### 38 Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Power, water and fuel	247.30	230.60
Consumables	86.32	83.64
Conversion and processing charges	449.22	416.85
Contract labour charges	46.27	57.25
Freight and forwarding	213.79	221.60
Rent	6.85	99.39
Rates and taxes	68.96	54.17
Communication expenses	22.90	23.07
Repairs and maintenance		
Building	14.83	15.40
Machinery	91.54	62.47
Others	69.89	79.45
Insurance	43.97	35.66
Travelling and conveyance	107.38	118.85
Advertisement and selling expenses	178.47	89.01
Commission on sales	59.32	52.33
Legal and professional fees	306.37	240.11
Payment to auditors	7.24	12.25
Analytical charges	74.33	62.24
Bad trade receivables written off	24.16	2.43
Bad loans and advances written off	-	1.98
Allowances for doubtful trade receivables	1.54	13.17
Allowances for doubtful loans and advances	-	0.06
Property, plant and equipment written off	0.41	-
Net loss on foreign currency transactions and translation	54.88	77.40
Miscellaneous expenses	212.18	204.74
<b>Total</b>	<b>2,388.12</b>	<b>2,254.12</b>

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to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### 39 Reconciliations of tax expenses and details of deferred tax balances

#### A) Income tax expense recognised in the consolidated statement of profit and loss

	Year ended 31 March 2020	Year ended 31 March 2019
<b>i) Income tax expense recognised in the consolidated statement of profit and loss</b>		
Current tax	227.44	141.99
<b>Total (I)</b>	<b>227.44</b>	<b>141.99</b>
<b>Deferred tax charge</b>		
Origination and reversal of temporary differences	(48.06)	96.47
MAT credit entitlement	(88.22)	(36.64)
MAT credit entitlement written off	31.45	-
<b>Total (II)</b>	<b>(104.83)</b>	<b>59.83</b>
<b>Provision for tax of earlier years written back (IV)</b>	<b>(2.32)</b>	<b>(181.75)</b>
<b>Total (V = I+II+III+IV)</b>	<b>120.29</b>	<b>20.07</b>
<b>ii) Tax on other comprehensive income</b>		
Re-measurement (gains) / losses on defined benefit plans	(1.26)	-
<b>Total (VI)</b>	<b>(1.26)</b>	<b>-</b>
<b>Total (V+VI)</b>	<b>119.03</b>	<b>20.07</b>

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

#### B) Reconciliation of effective tax rate

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Group is as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Profit before tax</b>	<b>940.75</b>	<b>588.84</b>
Statutory income tax rate	29.12%	27.82%
<b>Tax as per applicable tax rate</b>	<b>273.95</b>	<b>163.82</b>
<b>Differences due to:</b>		
- Exempted income	(26.90)	(13.82)
- Disallowed expenses	1.14	18.78
- Effect of additional allowance net of MAT Credit	(128.35)	(47.03)
- Effect of deferred tax on brought forward business losses	(28.34)	92.03
- Effect of change in tax rate	0.89	-
- Different tax rate in subsidiary companies	37.39	(19.04)
- Provision for tax of earlier years written back	(2.32)	(181.75)
- Others	(7.17)	7.08
<b>Income tax expenses charged to the consolidated statement of profit and loss</b>	<b>120.29</b>	<b>20.07</b>
Effective tax rate	<b>12.79%</b>	<b>3.41%</b>

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### C) Movement in deferred tax assets and liabilities

	As at 01 April 2019	Credit / (charge) in the statement of profit and loss	Credit / (charge) in other comprehensive income	As at 31 March 2020
- Temporary differences on account of depreciation	(223.84)	105.67	-	(118.17)
- Expenses allowable on payment basis	33.78	19.78	1.26	54.82
- Right-of-use assets*	10.15	2.60	-	12.75
- Other	(23.18)	(1.37)	-	(24.55)
<b>Tax assets / (liabilities)</b>	<b>(203.09)</b>	<b>126.68</b>	<b>1.26</b>	<b>(75.15)</b>
- Unabsorbed depreciation and carried forward of losses	162.16	(84.98)	-	77.18
<b>Net tax assets / (liabilities)</b>	<b>(40.93)</b>	<b>41.70</b>	<b>1.26</b>	<b>2.03</b>
- MAT credit entitlement	90.38	56.77	-	147.15
<b>Total</b>	<b>49.45</b>	<b>98.47</b>	<b>1.26</b>	<b>149.18</b>

	As at 01 April 2018	Credit / (charge) in the statement of profit and loss	Credit / (charge) in other comprehensive income	As at 31 March 2019
- Temporary differences on account of depreciation	(274.87)	51.03	-	(223.84)
- Expenses allowable on payment basis	26.34	7.44	-	33.78
- Other	97.34	(120.52)	-	(23.18)
<b>Tax assets / (liabilities)</b>	<b>(151.19)</b>	<b>(62.05)</b>	-	<b>(213.24)</b>
- Unabsorbed depreciation and carried forward of losses	201.25	(39.09)	-	162.16
<b>Net tax assets / (liabilities)</b>	<b>50.06</b>	<b>(101.14)</b>	-	<b>(51.08)</b>
- MAT credit entitlement	53.74	36.64	-	90.38
<b>Total</b>	<b>103.80</b>	<b>(64.50)</b>	-	<b>39.30</b>

\* Opening balances is on account of transition impact of Ind AS 116.

## 40 Segment Reporting

### A. Primary segment (Business segment)

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the geographic segment of its business separately for the purpose of making decisions about resource allocation and performance assessment.

The Group is mainly engaged in the business of pharmaceuticals. Considering the nature of business and financial reporting of the Group, the Group has only one business segment viz; pharmaceuticals as primary reportable segment.

### B. Secondary segment (Geographical segment)

The Group operates in three principal geographic location.

- Europe
- Asia
- Rest of the world

	Year ended 31 March 2020	Year ended 31 March 2019
<b>I Revenue from operations</b>		
Europe	5,191.20	4,902.77
Asia	3,824.79	3,088.11
Rest of the world	2,776.45	2,402.19
<b>Total</b>	<b>11,792.44</b>	<b>10,393.07</b>

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	Year ended 31 March 2020	Year ended 31 March 2019
<b>II Total assets</b>		
Europe	4,969.01	3,904.50
Asia	7,402.46	6,847.64
Rest of the world	1,198.71	1,130.28
Total segment assets	13,570.18	11,882.42
Unallocated*	1,612.84	1,996.35
<b>Total</b>	<b>15,183.02</b>	<b>13,878.77</b>
<b>III Cost incurred during the year to acquire segment assets</b>		
Europe	239.48	133.97
Asia	168.38	121.88
Rest of the world	43.94	5.43
<b>Total</b>	<b>451.80</b>	<b>261.28</b>

### Information about major customer

For information about major customer, refer note 49.3

**Note:** In presenting geographical segment information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

\* Unallocable assets comprises of non current investments, loans, deferred tax assets (net) and income tax assets (net).

## 41 Earnings Per Share

	Year ended 31 March 2020	Year ended 31 March 2019
Basic earnings per share (in ₹)	2.87	2.00
Diluted earnings per share (in ₹)	2.85	1.99

	Year ended 31 March 2020	Year ended 31 March 2019
Profit attributable to equity shareholders		
Profit for the year attributable to equity holders	699.05	486.60
<b>Profit attributable to equity shareholders for basic and diluted earnings</b>	<b>699.05</b>	<b>486.60</b>

	Year ended 31 March 2020	Year ended 31 March 2019
Weighted average number of equity shares		
Equity shares at beginning of the year	246,870,995	243,736,195
Weighted average no. of shares issued during the year	434,426	51,531
Weighted average effect of treasury shares	(3,869,176)	(998,351)
<b>Weighted average number of equity shares at end of the year for basic EPS</b>	<b>243,436,245</b>	<b>242,789,375</b>
Share options	1,873,380	1,196,735
<b>Weighted average number of equity shares at end of the year for diluted EPS</b>	<b>245,309,625</b>	<b>243,986,110</b>

## 42 Contingent liabilities and commitments (to the extent not provided for)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Contingent liabilities</b>		
a. Claims against the Group not acknowledged as debts *		
- Income tax	-	2.60
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Tangible and Intangible assets	25.91	92.78

\* Outflow, if any, arising out of the said claim including interest, if any, would depend on the outcome of the decision of the appellate authority and the Group's right for future appeal before the judiciary.



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### 43 Leases

The effect of adoption of Ind AS 116 is as follows;

Impact on consolidated balance sheet - increase / (decrease)

Particulars	As at 01 April 2019
<b>A Assets</b>	
Right-of-use assets	1,130.56
Deferred tax asset	10.15
Prepayments	(627.69)
<b>Total assets</b>	<b>513.02</b>
<b>B Equity and Liabilities</b>	
<b>Other equity</b>	
Retained earnings	(24.62)
<b>Equity attributable to owners of the Company</b>	<b>(24.62)</b>
Non-controlling interests	(4.07)
<b>Total equity</b>	<b>(28.69)</b>
<b>Liabilities</b>	
Interest-bearing loans and borrowings	549.89
Trade and other payables	(8.18)
<b>Total liabilities</b>	<b>541.71</b>
<b>Total equity and liabilities</b>	<b>513.02</b>

### Impact on consolidated statement of profit and loss - increase / (decrease) in profit for the year

Particulars	Year ended 31 March 2020
Depreciation and amortisation expenses	(68.99)
Other expenses	90.51
Finance cost	(34.95)
Income tax expense	2.55
<b>Net decrease in profit for the year</b>	<b>(10.88)</b>

### Impact on consolidated statement of cash flows - increase / (decrease)

Particulars	Year ended 31 March 2020
Payment of principal portion of lease liabilities	(50.57)
Payment of interest portion of lease liabilities	(33.52)
<b>Net cash flows used in financing activities</b>	<b>(84.09)</b>

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 01 April 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

There is no material impact on consolidated statement of profit and loss and the basic and diluted earnings per share.

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

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### 44 Additional information as required by Paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013.

Name of the entity in the Group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of other comprehensive income	Amount	As % of Total comprehensive income	Amount
<b>Parent</b>								
SeQuent Scientific Limited	112.54%	8,862.17	26.01%	213.41	152.84%	(485.82)	(54.20%)	(272.41)
<b>Indian Subsidiaries</b>								
Alivira Animal Health Limited	59.02%	4,647.55	38.95%	319.59	0.25%	(0.81)	63.43%	318.78
SeQuent Research Limited	1.00%	78.76	1.60%	13.13	(0.01%)	0.03	2.62%	13.16
Elysian Life Sciences Private Limited	(1.43%)	(112.41)	-	(0.04)	-	-	(0.01%)	(0.04)
SeQuent Antibiotics Private Limited	-	-	-	-	-	-	-	-
SeQuent Pharmaceuticals Private Limited	-	-	-	-	-	-	-	-
<b>Foreign Subsidiaries</b>								
Alivira Animal Health Limited, Ireland	47.48%	3,739.02	(1.49%)	(12.20)	-	-	(2.43%)	(12.20)
Provet Veteriner Ürünleri San. Ve Tic. A. Ş.	4.30%	339.01	11.38%	93.40	0.51%	(1.63)	18.26%	91.77
Topkim Topkapi İlaç Premiks Sanayi Ve Ticaret A.Ş.	4.81%	378.69	14.04%	115.22	0.40%	(1.28)	22.67%	113.94
Vila Viña Participacions S.L.	3.61%	284.20	5.97%	49.00	-	-	9.75%	49.00
Laboratorios Karizoo, S.A.	7.52%	591.97	9.82%	80.56	-	-	16.03%	80.56
Laboratorios Karizoo, S.A. DE C.V. (Mexico)	0.31%	24.50	(0.68%)	(5.59)	-	-	(1.11%)	(5.59)
Comercial Vila Veterinaria De Lleida S.L.	0.80%	62.96	1.61%	13.19	-	-	2.62%	13.19
Phytotherapeutic Solutions S.L.	1.56%	123.07	4.02%	32.95	-	-	6.56%	32.95
Bremer Pharma GmbH	0.13%	10.01	(7.41%)	(60.78)	-	-	(12.09%)	(60.78)
Fendigo SA	2.17%	170.56	8.13%	66.69	-	-	13.27%	66.69
Fendigo BV	0.39%	30.63	1.15%	9.47	-	-	1.88%	9.47
N-Vet AB	1.25%	98.50	(0.21%)	(1.70)	-	-	(0.34%)	(1.70)
Alivira Saude Animal Brasil Participacoes Ltda	(2.03%)	(159.99)	(13.61%)	(111.68)	-	-	(22.22%)	(111.68)
E Vance Saude Animal Ltda	0.04%	3.41	(0.20%)	(1.67)	-	-	(0.33%)	(1.67)
Interchange Veterinária Indústria E Comércio Ltda	(1.37%)	(107.69)	2.43%	19.95	-	-	3.97%	19.95
Alivira Italia S.R.L.	(0.02%)	(1.93)	(1.18%)	(9.71)	-	-	(1.93%)	(9.71)
Alivira France	0.82%	64.65	(4.93%)	(40.42)	-	-	(8.04%)	(40.42)
Alivira UA Limited	-	-	-	-	-	-	-	-
<b>Total</b>		<b>19,127.64</b>		<b>782.77</b>		<b>(489.51)</b>		<b>293.26</b>
Adjustments arising out of consolidation	(148.57%)	(11,700.04)	(10.20%)	(83.72)	(53.41%)	169.76	17.12%	86.04
Non-controlling interest in all subsidiaries	5.68%	447.37	14.80%	121.41	(0.59%)	1.89	24.53%	123.30
<b>Total</b>		<b>7,874.97</b>		<b>820.46</b>		<b>(317.86)</b>		<b>502.60</b>

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### 45 Related party transactions

#### 45.1 List of related parties with whom transactions have taken place during the year

##### a) Key management personnel (KMP)

Mr. Manish Gupta, Chief Executive Officer & Managing Director  
 Mr. Sharat Narasapur, Joint Managing Director  
 Mr. Tushar Mistry, Chief Financial Officer  
 Mr. K E C Rajakumar, Non-Executive Director  
 Dr. S Devendra Kumar, Non-Executive Director  
 Dr. Gopakumar G. Nair, Chairman and Independent Director  
 Dr. Kausalya Santhanam, Independent Director  
 Mr. Narendra Mairpady, Independent Director

##### b) Relative of KMP

Mrs. Anita M Gupta (wife of Mr. Manish Gupta)

##### c) Enterprises owned or significantly influenced by individuals who have control / significant influence over the Group / subsidiaries

Strides Pharma Science Limited (formerly known as Strides Shasun Limited)  
 Strides Emerging Markets Limited  
 Agnus Capital LLP  
 Atma Projects  
 Naari Pharma Private Limited  
 Tenshi Kaizen Private Limited  
 Stelis Biopharma Private Limited  
 Solara Active Pharma Sciences Limited  
 Sequent Penems Private Limited

#### Note:

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

The following table provides transactions that have been entered into with related parties for the relevant financial year:

#### 45.2 Transactions for the year

	Year ended 31 March 2020	Year ended 31 March 2019
<b>i) Transactions with KMP and their relatives</b>		
<b>Managerial remuneration (*)</b>		
Mr. Manish Gupta	36.03	42.27
Mr. Sharat Narasapur	9.73	7.48
Mr. Tushar Mistry	9.01	6.87
<b>Directors Sitting Fees</b>		
Mr. K E C Rajakumar	0.30	0.15
Dr. S Devendra Kumar	0.40	0.20
Dr. Gopakumar G. Nair	0.88	0.58
Dr. Kausalya Santhanam	0.48	0.33
Mr. Narendra Mairpady	0.48	0.33
<b>Sale of assets</b>		
Mrs. Anita M Gupta	0.50	-
<b>ii) Transaction with enterprises owned or significantly influenced by individuals who have control / significant influence over the Group / subsidiaries</b>		
<b>Sale of materials / services</b>		
Strides Pharma Science Limited	0.62	0.65
Strides Emerging Markets Limited	2.69	-
Solara Active Pharma Sciences Limited	194.42	162.45
Tenshi Kaizen Private Limited	0.06	-
Stelis Biopharma Private Limited	1.73	-
<b>Sale of assets</b>		
Solara Active Pharma Sciences Limited	-	1.45

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	Year ended 31 March 2020	Year ended 31 March 2019
<b>Interest income</b>		
Naari Pharma Private Limited	-	1.07
<b>Purchase of materials</b>		
Solara Active Pharma Sciences Limited	99.97	217.44
Strides Pharma Science Limited	-	0.79
<b>Reimbursement of expenses to</b>		
Strides Pharma Science Limited	-	1.05
<b>Reimbursement of expenses from</b>		
Naari Pharma Private Limited	-	0.28
Solara Active Pharma Science Limited	1.17	3.06
Agnus Capital LLP	7.39	-
<b>Commission expense</b>		
Solara Active Pharma Sciences Limited	0.90	-
<b>Payment towards lease obligation and finance costs (previous year - rent expenses)</b>		
Solara Active Pharma Sciences Limited	8.40	8.40
Sequent Penems Private Limited	2.36	1.80
<b>Security deposit given to</b>		
Solara Active Pharma Sciences Limited	-	4.20
<b>Loans / advances repaid by</b>		
Naari Pharma Private Limited	-	111.74
<b>Acquisition of Mahad EU-GMP API facility</b>		
Solara Active Pharma Sciences Limited	-	464.00
<b>Fees for managing the Mahad facility</b>		
Solara Active Pharma Sciences Limited	-	10.00
<b>Transactions carried out by the Group on behalf of Solara Active Pharma Sciences Limited</b>		
Sales	-	259.00
Purchase	-	259.00
Collection from end customers	-	168.00
<b>Commission income on sales made on behalf of Solara Active Pharma Sciences Limited</b>		
Solara Active Pharma Sciences Limited	-	1.30

#### 45.3 Balance as at balance sheet date

	As at 31 March 2020	As at 31 March 2019
<b>Trade Receivables / other current assets</b>		
Strides Pharma Science Limited	0.41	0.52
Strides Emerging Markets Limited	1.03	-
Naari Pharma Private Limited	-	8.93
Solara Active Pharma Sciences Limited	8.55	81.89
Tenshi Kaizen Private Limited	- <sup>^</sup>	-
Stelis Biopharma Private Limited	1.22	-
Agnus Capital LLP	7.39	-
<b>Security deposit receivable</b>		
Solara Active Pharma Sciences Limited	4.20	4.20
Sequent Penems Private Limited	2.50	2.50
<b>Trade payables</b>		
Atma Projects	-	0.20
Strides Pharma Science Limited	-	7.94
Solara Active Pharma Sciences Limited	22.26	51.75
Sequent Penems Private Limited	0.39	1.94

(\*) Expenses towards gratuity and compensated absences provisions are determined actuarially on an overall Group basis at the end of each year and accordingly have not been considered in the above information.

(<sup>^</sup>) Not reported due to roundoff.

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### 46 Subsidiaries

Details of the Company's subsidiaries at the end of each reporting year are as follows:

Name of subsidiaries	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company	
		As at 31 March 2020	As at 31 March 2019
<b>Wholly owned subsidiaries</b>			
Alivira Animal Health Limited, India	India	100.00%	100.00%
SeQuent Research Limited	India	100.00%	100.00%
SeQuent Antibiotics Private Limited (refer note 1)	India	-	100.00%
SeQuent Pharmaceuticals Private Limited (refer note 1)	India	-	99.99%
Elysian Life Sciences Private Limited	India	100.00%	100.00%
<b>Step down subsidiaries:</b>			
Alivira Animal Health Limited, Ireland	Ireland	100.00%	100.00%
Provet Veteriner Ürünleri San. Ve Tic. A. Ş.	Turkey	60.00%	60.00%
Topkim Topkapi İlaç Premiks Sanayi Ve Ticaret A.Ş.	Turkey	60.00%	60.00%
Vila Viña Participacions S.L.	Spain	60.00%	60.00%
Laboratorios Karizoo, S.A.	Spain	60.00%	60.00%
Laboratorios Karizoo, S.A. DE C.V. (Mexico)	Mexico	60.00%	60.00%
Comercial Vila Veterinaria De Lleida S.L.	Spain	60.00%	60.00%
Phytotherapeutic Solutions S.L.	Spain	60.00%	60.00%
Bremer Pharma GmbH (refer note 2)	Germany	100.00%	100.00%
Fendigo SA (refer note 4)	Belgium	92.50%	92.50%
Fendigo BV	Netherland	85.00%	85.00%
N-Vet AB (refer note 5)	Sweden	96.10%	96.10%
Alivira Saude Animal Brasil Participacoes Ltda	Brazil	100.00%	100.00%
Interchange Veterinária Indústria E Comércio Ltda	Brazil	70.00%	70.00%
Evance Saude Animal Ltda (refer note 3)	Brazil	70.00%	70.00%
Alivira Italia S.R.L. (refer note 6)	Italy	95.00%	100.00%
Alivira France	France	75.00%	75.00%
Alivira Animal Health Australia Pty Limited	Australia	100.00%	100.00%
Alivira UA Limited (refer note 7)	Ireland	-	70.00%

#### Notes:

- During the previous year, SeQuent Antibiotics Private Limited and SeQuent Pharmaceuticals Private Limited have applied for strike off their name from register of Registrar of Company - Bengaluru under fast track exit scheme of Ministry of Corporate Affairs. The Registrar of Company vide letter dated 26 July 2019 have removed their name from Register of Companies and the said companies are dissolved.
- During the previous year, the Company's step down subsidiary, Alivira Animal Health Limited, Ireland acquired 100% stake in Bremer Pharma GmbH.
- During the previous year, the Company's step down subsidiary, Alivira Saude Brasil Participacoes Ltda, Brazil incorporated Evance Saude Animal Ltda. with 70% stake in Brazil.
- During the previous year, the Company's step down subsidiary, Alivira Animal Health Limited, Ireland acquired additional 7.5% stake in Fendigo SA, Belgium.
- During the previous year, the Company's step down subsidiary, Alivira Animal Health Limited, Ireland acquired additional 11.1% stake in N-Vet AB, Sweden.
- During the previous year, the Company's step down subsidiary, Alivira Animal Health Limited, Ireland incorporated Alivira Italia S.R.L., Italy with 100% stake.
- The Companies Registration Office, Dublin (Republic of Ireland) vide letter dated 18 August 2019 has confirmed the strike off of Alivira UA Limited.

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### 47 Employee benefit plans

#### (i) Defined contribution plans:

The Group makes Provident Fund (PF) and Employee State Insurance scheme (ESIC) contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised ₹36.69 (31 March 2019 : ₹24.06) for PF contributions and ₹3.70 (31 March 2019 : ₹3.33) for ESIC contributions in the consolidated statement of profit and loss.

In respect of the foreign subsidiaries, the subsidiaries makes Social Security scheme contributions which are defined contribution plans, for all employees. Under the scheme, the subsidiaries are required to contribute a specified percentage payroll costs to fund the benefits. The Group recognised ₹164.67 (31 March 2019 : ₹150.60) for social security scheme contributions.

#### (ii) Defined benefit plans:

The Group has a defined Gratuity benefit plans for employees in India. The foreign subsidiaries have termination benefits for its employees in Turkey. Gratuity and termination benefits are payable to all eligible employees of the Company on superannuation, death and resignation. The following table summarises the components of net employee benefit expenses recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

	31 March 2020		31 March 2019	
	Gratuity	Termination benefits	Gratuity	Termination benefits
<b>Expense/ (income) recognised in the statement of profit and loss:</b>				
Current service cost	8.78	4.20	6.88	3.34
Net interest cost	2.85	1.45	2.42	1.10
Expected return on plan assets	(0.18)	-	(0.13)	-
<b>Component of defined benefit costs recognised in the statement of profit and loss</b>	<b>11.45</b>	<b>5.65</b>	<b>9.17</b>	<b>4.44</b>
Expense / (income) recognised in other comprehensive income:				
Return on plan assets (excluding amounts included in net interest cost)	0.62	-	(0.08)	-
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	2.93	3.20	0.40	(0.57)
Actuarial (gains) / losses arising from changes in experience adjustments	0.63	(0.28)	(0.12)	1.09
<b>Component of defined benefit costs recognised in the other comprehensive income</b>	<b>4.18</b>	<b>2.92</b>	<b>0.20</b>	<b>0.52</b>
<b>Total</b>	<b>15.63</b>	<b>8.57</b>	<b>9.37</b>	<b>4.96</b>
<b>Net defined benefit obligation as reflected in balance sheet:</b>				
Present value of defined benefit obligation (DBO)	51.13	14.14	40.65	9.37
Fair value of plan assets	2.01	-	2.45	-
<b>Net liability recognised in balance sheet</b>	<b>49.12</b>	<b>14.14</b>	<b>38.20</b>	<b>9.37</b>



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### A. Movements in the present value of the defined benefit obligation are as follows:

	31 March 2020		31 March 2019	
	Gratuity	Termination benefits	Gratuity	Termination benefits
Opening balance	40.65	9.37	30.60	14.08
Current service cost	8.78	4.20	6.88	3.34
Interest cost	2.85	1.45	2.42	1.10
Liability transferred in / acquisitions	-	-	4.78	-
Benefits paid	(4.71)	(2.72)	(4.31)	(9.86)
Actuarial (gains) / losses arising from changes in financial assumptions	2.93	3.20	0.40	(0.57)
Actuarial (gains) / losses arising from changes in experience adjustments	0.63	(0.28)	(0.12)	1.09
Exchange gain or loss	-	(1.08)	-	0.19
<b>Closing defined benefit obligation</b>	<b>51.13</b>	<b>14.14</b>	<b>40.65</b>	<b>9.37</b>

### B. Movements in the fair value of plan assets are as follows:

	31 March 2020		31 March 2019	
	Gratuity	Termination benefits	Gratuity	Termination benefits
Opening fair value of plan assets	2.45	-	1.79	-
Expected return on plan assets	0.18	-	0.13	-
Actual Group contributions	-	-	3.33	-
Benefits paid	-	-	(2.92)	-
<b>Remeasurement loss / (gain):</b>				
Return on plan assets (excluding amounts included in net interest cost)	(0.62)	-	0.12	-
<b>Closing fair value of plan assets</b>	<b>2.01</b>	<b>-</b>	<b>2.45</b>	<b>-</b>
<b>Estimate amount of contribution in immediate next year</b>	<b>4.13</b>	<b>-</b>	<b>4.28</b>	<b>-</b>
Actual return on plan assets is ₹ (0.44) (31 March 2019 : ₹0.12)				

#### Asset information

	31 March 2020		31 March 2019	
	Gratuity	Termination benefits	Gratuity	Termination benefits
Insurer Managed Funds (LIC) (100%)	100%	-	100%	-

#### Actuarial assumptions

The principal assumptions used for the purpose of actuarial valuations are shown in the table below. The assumptions as at the balance sheet date are used to determine the present value of defined benefit obligation at that date.

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	31 March 2020		31 March 2019	
	Gratuity	Termination benefits	Gratuity	Termination benefits
<b>Financial assumption:</b>				
Discount rate	6.51% - 6.67%	13.43%	7.40% - 7.55%	17.59%
Salary escalation rate	8.00%	12.50% - 14.50%	8.00%	15.00%
<b>Demographic assumption:</b>				
Withdrawal rate	8.00% to 12.00%	7%	8.00% to 12.00%	7%
Mortality rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Retirement age	58	58-60	58	58-60

As per para 83 of Ind As 19-Employee benefits, the rate used to discount post-employment benefit obligation (both funded and unfunded) shall be determined by reference to market yields at the end of each reporting period on government bonds.

	31 March 2020		31 March 2019	
	Gratuity	Termination benefits	Gratuity	Termination benefits
<b>Expected future cash flows</b>				
Within 1 year	4.51	2.26	4.61	1.78
2-5 years	21.27	9.38	16.94	6.97
6-10 years	24.70	7.66	21.27	5.42

#### Sensitivity Analysis

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

	Impact on the defined benefit obligation			
	Gratuity		Termination benefits	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
<b>31 March 2020</b>				
Discounting rate	(3.25)	3.70	6.53	7.83
Salary escalation rate	3.61	(3.25)	7.19	7.10
<b>31 March 2019</b>				
Discounting rate	(2.40)	2.91	(0.34)	0.24
Salary escalation rate	2.86	(2.41)	0.03	(0.03)

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### 48 Share-based payment arrangements:

#### A. Description of share-based payment arrangements

##### i. Share option programmes (equity-settled)

The Company implemented "SeQuent Scientific Employees Stock Option Plan 2010" (SeQuent ESOP 2010), as approved by the Shareholders of the Company on 24 May 2010 and it was further modified by the member on 24 September 2015.

Employees Stock Option Plan:

Grant Date	No. of Options	Vesting conditions	Contractual life of the options vesting period
30 May 2013 (*)	2,700,000	The options granted would normally vest over a maximum period of 4 years from the date of the grant in proportions specified in 'SeQuent ESOP 2010' Scheme.	5 years
12 February 2014 (*)	500,000		
28 May 2014 (*)	900,000		
12 November 2014 (*)	1,000,000		
11 January 2016 (*)	500,000		
14 May 2016	345,000		
23 May 2017	50,000		
02 November 2018	2,660,000		
03 July 2019	1,135,000		

\* Pursuant to sub-division of 1 equity share of ₹10 each into 5 equity shares of ₹2 each on 26 February 2016, the no. of options have been adjusted proportionately

The expense on Employee Stock Option plan debited to the consolidated statement of profit and loss during 2019-20 is ₹46.67 (31 March 2019 : ₹30.93). The entire amount pertains to equity-settled employee share-based payment plans. The entire amount pertains to equity-settled employee share-based payment plans. The share option outstanding as on 31 March 2020 is ₹140.90 (31 March 2019 : ₹188.85)

#### B. Measurement of fair values

##### Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is ₹40.99 (31 March 2019 : ₹28.38). Options were priced using a black scholes model. The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

Inputs into the model	31 March 2020	31 March 2019
Grant date	03 July 2019	02 November 2018
Grant date share price	66.25	51.13
Exercise price	40.00	40.00
Expected volatility	38.00%	40.16%
Option life	5 years	5 years
Dividend yield	0.00	0.00
Risk-free interest rate	7.35%	7.66%

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### C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option programmes were as follows.

	31 March 2020		31 March 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
<b>Employees stock option plan:</b>				
Option outstanding at the beginning of the year	4,552,620	36.48	2,441,000	29.00
Granted during the year	1,135,000	40.00	2,660,000	40.00
Exercised during the year	646,870	32.43	498,380	13.52
Cancelled during the year	427,250	87.00	-	-
Forfeited during the year	475,000	44.33	50,000	87.00
<b>Options outstanding at the end of the year</b>	<b>4,138,500</b>	<b>31.97</b>	<b>4,552,620</b>	<b>36.48</b>

### D. Share options exercised during the year

The following share options were exercised during the year:

Option series	Number exercised	Exercise date	Share price at exercise date
1. Granted on 28 May 2014	171,620	05 August 2019	66.80
2. Granted on 02 November 2018	366,500	12 December 2019	65.03
3. Granted on 02 November 2018	108,750	01 January 2020	70.78

### E. Share options outstanding at the end of the year

The share option outstanding at the end of the year had a weighted average exercise price of ₹31.97 (31 March 2019 : ₹36.48) and weighted average remaining contractual life of 3.49 years (31 March 2019 : 3.03 years).

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### 49 Financial instruments

The carrying value / fair value of financial instruments by categories are as follows:

Financial assets	Carrying value and fair value	
	31 March 2020	31 March 2019
<b>Measured at amortised cost</b>		
Loans	3.48	6.07
Trade receivables	3,187.64	2,782.54
Cash and cash equivalents	680.96	677.89
Other bank balances	77.29	42.50
Other financial assets	164.05	73.90
Other investments	0.13	0.13
<b>Measured at fair value through other comprehensive income (FVTOCI)</b>		
Investment in equity instruments (quoted)	1,313.30	1,797.32
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Investments in mutual fund	401.24	3.75
Foreign exchange forward contracts at FVTPL	5.51	0.91
<b>Total</b>	<b>5,833.60</b>	<b>5,385.01</b>
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
Borrowings (including current maturity of long-term borrowings)	3,314.77	3,257.33
Trade payables	2,203.80	2,093.50
Other financial liabilities	797.70	258.44
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Foreign exchange forward contracts at FVTPL	24.02	-
<b>Measured at fair value through other comprehensive income (FVTOCI)</b>		
Put option liability	385.14	322.70
<b>Total</b>	<b>6,725.43</b>	<b>5,931.97</b>

#### 49.1 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2020 and 31 March 2019:

Particulars	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value through profit or loss:</b>					
<b>Derivative financial assets (refer note 16):</b>					
Foreign currency forward contracts	31 March 2020	5.51	-	5.51	-
Foreign currency forward contracts	31 March 2019	0.91	-	0.91	-
<b>Financial liabilities measured at fair value through profit or loss:</b>					
<b>Derivative financial liabilities (refer note 28):</b>					
Foreign currency forward contracts	31 March 2020	24.02	-	24.02	-
Foreign currency forward contracts	31 March 2019	-	-	-	-

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Particulars	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets / financial liabilities designated at fair value through other comprehensive income (refer notes 6,11 and 22):</b>					
Investment in equity instruments	31 March 2020	1,313.30	1,313.30	-	-
Investment in equity instruments	31 March 2019	1,797.32	1,797.32	-	-
Put option liability	31 March 2020	385.14	-	-	385.14
Put option liability	31 March 2019	322.70	-	-	322.70
<b>Financial assets designated at fair value through profit or loss (refer note 11):</b>					
Investment in mutual funds	31 March 2020	401.24	-	401.24	-
Investment in mutual funds	31 March 2019	3.75	-	3.75	-
<b>There have been no transfers among Level 1, Level 2 and Level 3 during the year.</b>					

#### Notes:

- Refer note 2(xviii) under significant accounting policy for recognition and measurement of financial assets.
- The fair value of the investments in equity is based on the quoted price. The fair value of investments in mutual fund is based on market observable inputs. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.
- Price risk- The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

#### 49.2 Financial risk management objective and policies

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, loans, trade and other receivables, and cash and deposits that derive directly from its operations.

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

#### Risk management framework

The Group's activities makes it susceptible to various risks. The Group has taken adequate measures to address such concerns by developing adequate systems and practices. The Group's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Group's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.



## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

The Group has established Audit Committee and its constitution, quorum and scope is in line with the Companies Act, 2013, provisions of Listing Agreement as entered with the Stock Exchange / Regulations. The audit committee comprises of three non executive independent directors nominated by the Board of Directors.

The Audit Committee oversees how management ensures compliance of Internal Control Systems, compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Audit Committee also reviews the adequacy of Internal Audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced firms of Chartered Accountants.

### 49.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Group. Credit risk arises principally from trade receivables. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to customers, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group monitors the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies. The Group's trade and other receivables are actively monitored to review creditworthiness of the

customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivable spread by period of six months:

	31 March 2020	31 March 2019
Outstanding for more than 6 months	98.10	66.51
Others	3,089.54	2,716.03
<b>Total</b>	<b>3,187.64</b>	<b>2,782.54</b>

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls.

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased for export customers.

The Group's exposure to customers is diversified and no single customer contributes to more than 10% of total revenue and outstanding trade receivables as at 31 March 2020 and 31 March 2019.

### 49.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group reputation.

The Group has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

The Group's treasury department is responsible for managing the short-term and long-term liquidity requirements of the Group. Short-term liquidity situation is reviewed daily by treasury. Long-term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses

for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019:

Particulars	As at 31 March 2020			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings (including current maturity of long-term borrowings and judicial recovery)	1,814.18	471.37	1,029.22	3,314.77
Trade payables	2,203.80	-	-	2,203.80
Put option liability	-	385.14	-	385.14
Other financial liabilities	287.43	67.21	467.08	821.72

Particulars	As at 31 March 2019			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings (including current maturity of long-term borrowings and judicial recovery)	1,778.87	422.48	1,055.98	3,257.33
Trade payables	2,093.50	-	-	2,093.50
Put option liability	-	322.70	-	322.70
Other financial liabilities	258.44	-	-	258.44

### 49.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to interest rate risk arises mainly from debt. The Group is exposed to interest rate risk because the fair value of fixed rate borrowings and the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

The Group is also exposed to foreign currency risk on certain transactions that are denominated in a currency other than the Group's functional currency; hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rate on foreign currency exposures.

#### Foreign currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales.

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### a) Foreign currency risk exposure from financial instruments are given below

Foreign currency	31 March 2020		31 March 2019	
	Receivables / (payables)	Receivables / (payables) in foreign currency	Receivables / (payables)	Receivables / (payables) in foreign currency
EURO	50.98	0.61	47.75	0.61
USD	1,146.36	15.21	1,128.83	16.32
SGD	-	-	(0.01)	(0.00)
EURO	(70.59)	(0.85)	(47.37)	(0.61)
USD	(900.00)	(11.94)	(620.68)	(8.97)
CHF	-	-	(3.24)	(0.05)
JPY	-	-	(3.12)	(4.99)
AUD	0.19	0.00	0.11	0.00
GBP	(4.90)	(0.05)	0.62	0.01
<b>Net exposure</b>	<b>222.04</b>		<b>502.89</b>	

### b) Derivative financial instruments

Derivative transactions are undertaken to act as economic hedges for the Group's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments.

(i) Outstanding forward exchange contracts entered into by the Group as at 31 March 2020 and 31 March 2019:

Currency	Amount in US \$ million			
	As at 31 March 2020	As at 31 March 2019	Buy / Sell	Cross currency
USD	1.10	1.90	Sell	INR
USD	6.73	-	Buy	INR

### c) Foreign currency sensitivity analysis

The Group is mainly exposed to currency fluctuation of USD and Euro.

The following table details the Group's sensitivity to a 10% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 10% change in foreign currency rates. A positive numbers below indicates an increase in profit or equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balance below would be negative.

	Impact on profit or loss and total equity	
	31 March 2020	31 March 2019
<b>10% decrease in foreign currency</b>		
Currency of U.S.A (USD)	(24.64)	(50.82)
Currency of Europe (Euro)	1.96	(0.04)
Others	0.47	0.56
<b>10% increase in foreign currency</b>		
Currency of U.S.A (USD)	24.64	50.82
Currency of Europe (Euro)	(1.96)	0.04
Others	(0.47)	(0.56)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### d) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments are as follows:

	31 March 2020	31 March 2019
<b>Fixed-rate instruments</b>		
Financial assets		
- Margin money deposit	100.59	50.59
	<b>100.59</b>	<b>50.59</b>
Financial liabilities		
- Borrowings from bank	923.32	492.61
- Borrowings from others	273.24	94.01
	<b>1,196.56</b>	<b>586.62</b>
<b>Variable-rate instruments</b>		
Financial liabilities		
- Borrowings from bank	1,311.30	1,367.55
- Borrowings from others	806.91	1,303.16
<b>Total</b>	<b>2,118.21</b>	<b>2,670.71</b>

### Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

### Interest rate sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect	Profit or loss	
	100 bps (increase)	100 bps decrease
<b>31 March 2020</b>		
Variable-rate instruments	(21.18)	21.18
	<b>(21.18)</b>	<b>21.18</b>
<b>31 March 2019</b>		
Variable-rate instruments	(26.71)	26.71
	<b>(26.71)</b>	<b>26.71</b>

### 49.6 Capital management

For the purpose of Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity share holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings less cash and cash equivalents.

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. As at 31 March 2020, there is no breach of covenant attached to the borrowings.

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (offset by cash and bank balances) and total equity of the Group.

The Group's gearing ratio at end of each reporting year is as follows:

	31 March 2020	31 March 2019
Debt (i)	3,314.77	3,257.33
Cash and bank balances (ii)	680.96	677.89
Other bank balances (iii) (margin money)	77.14	42.44
Current investment (iv)	401.79	4.70
<b>Net debt [ (i) - { (ii)+(iii)+(iv) } ]</b>	<b>2,154.88</b>	<b>2,532.30</b>
<b>Equity attributable to owners of the Company</b>	<b>7,427.60</b>	<b>7,066.92</b>
<b>Gearing ratio</b>	<b>29.01%</b>	<b>35.83%</b>

- (i) Debt is defined as long-term (including current maturity on long-term borrowings), short-term borrowings and judicial recovery.
- (ii) Other bank balance exclude the bank balance towards unpaid dividend.
- (iii) Gearing ratio : Net debt / Equity.

## 50 Business combinations

### 50.1 Acquisition of Bremer Pharma GmbH

On 01 April 2018, the Group had acquired 100% of the interest in Bremer Pharma GmbH (Bremer), through a wholly owned subsidiary of Alivira Animal Health Limited, Ireland, a wholly owned subsidiary of Alivira Animal Health Limited, India.

The acquisition was executed through an share purchase agreement to acquire 100% of the ownership interest in Bremer. Bremer is a niche veterinary health company in Germany with focus on cattle and swine segments. Bremer manufactures, sells, and exports generic veterinary pharmaceutical products. It also provides contract manufacturing services that include manufacturing and bottling sterile solutions, emulsions, and suspensions, as well as preparing non-sterile liquids and powders. It serves customers through a network of representatives in Germany and internationally. Bremer has a portfolio of over 400+ registered products across Europe, Far East, MENA, Russia & Africa operating in vitamins, antibiotics and hormones.

The fair value of purchase consideration was ₹194.44 (including loan of ₹115.02).

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to ₹215.68. The excess of fair value of net assets acquired over the purchase consideration has been attributed towards capital reserve.

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

Component	Fair value
Property, plant and equipment	64.47
Capital work-in-progress	0.31
Intangible assets	10.53
Intangible assets - Trade Marks	14.52
Deferred tax liabilities on intangible assets	(2.53)
<b>Working capital:</b>	
Inventory	107.30
Cash and cash equivalents	65.02
Others	(43.94)
<b>Total</b>	<b>215.68</b>
Non-controlling interest	-
Capital reserve	(21.24)
<b>Total purchase price</b>	<b>194.44</b>

Total consideration	Amount
Cash	65.60
Loan	115.02
Deferred consideration	13.82
<b>Total</b>	<b>194.44</b>

Under the subscription agreement, the Group is required to pay the deferred consideration comprising of inventory benefits arising from effective date net working capital adjustment and insurance claim received on completion of activities.

The intangible assets are amortised over a period of twenty years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realised.

### 50.2 Acquisition of Mahad EU-GMP API facility

With effect from 01 August 2018 ("the Acquisition date"), the Group had acquired the EU-GMP API facility of Solara Active Pharma Solutions Limited located at Mahad, Maharashtra for a consideration of ₹464.00. The acquisition will enable to compliment the current manufacturing facility of Alivira Animal Health Limited (a wholly owned subsidiary of the Company) located at Vizag (USFDA approved) and a manufacturing facility of the Company located at Tarapur. Cash paid towards purchase consideration amounted to ₹464.00 has been allocated based on the fair value of net assets acquired on acquisition date as follows:

Component	Fair value
Property, plant and equipment	292.07
Capital work-in-progress	4.67
Intangible assets	6.14
<b>Working capital:</b>	
Inventory	113.31
Cash and cash equivalents	1.53
Others	46.28
<b>Total purchase price</b>	<b>464.00</b>



## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### 50.3 Impact on acquisition on the results of the Group :

Results for the year ended 31 March 2019 includes the following revenue and profit generated from the new acquisitions:

Entity	Revenue	Profit for the year
Bremer Pharma GmbH (Bremer)	521.44	(15.68)
Mahad EU-GMP API facility (Mahad facility)	881.13	46.91

The acquisition of Bremer was with effect from 01 April 2018. Had the Mahad facility been acquired from 01 April 2018, the proforma revenue and profit for the year ended 31 March 2019 from the Mahad facility would have been as below:

Entity	Revenue	Profit for the year
Mahad EU-GMP API facility (Mahad facility)	1,321.70	70.37

**Note:** The proforma numbers to represent an approximate measure of the performance of the acquired business on an annualised basis.

### 51 Interest of major non controlling interest in Group activities:

Summarised balance sheet	Vila Vina. Participacions, S.L.	
	31 March 2020	31 March 2019
Current assets	1,735.36	1,550.99
Current liabilities	1,263.66	1,153.95
<b>Net current assets</b>	<b>471.70</b>	<b>397.04</b>
Non-current assets	1,112.39	685.07
Non-current liabilities	497.40	136.55
<b>Net non-current assets</b>	<b>614.99</b>	<b>548.52</b>
<b>Net assets</b>	<b>1,086.69</b>	<b>945.56</b>
<b>Accumulated non-controlling interest</b>	<b>410.03</b>	<b>361.84</b>

Summarised profit and loss	Vila Vina. Participacions, S.L.	
	31 March 2020	31 March 2019
Revenue	3,656.10	3,557.37
Profit for the year	106.58	167.82
<b>Total comprehensive income</b>	<b>106.58</b>	<b>167.82</b>
Profit allocated to non-controlling interest	42.63	67.13
Dividends paid to non-controlling interest	17.64	16.67

- 52** (a) Following outbreak of COVID-19 pandemic globally and in India, the Group has adopted measures to curb the spread of infections in order to protect health of its employees and business continuity with minimal disruption. Considering that the Group is in business of Animal Health Care which is considered to be an essential service in all the countries, the Group has presence, the Group's operations do not have any significant impact as all its plants are operating and sales continuing. The Group's management, based on internal and external information available, has assessed its impact on carrying value of receivables and intangible assets. The impact of the global health pandemic may be different from that estimates as at the date of approval of these consolidated financial statement and the management will continue to closely monitor any material changes to future economic conditions.
- (b) Further due to travel restrictions, on outbreak of COVID-19, auditors of the subsidiaries in Spain, Turkey, Germany and Belgium could not observe physical count of inventory of ₹1,208.30 as at the year end and have relied upon the inventory count done by the management of these subsidiaries.

## NOTES

to the consolidated financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

- 53** Exports incentives are recognised based on certainty of receipt. During the year ended 31 March 2020, an amount of ₹49.86 of export incentive income pertaining to past invoices has been recognised as attached condition of certainty is met.

- 54** During the year ended 31 March 2020, past indirect input tax credits of ₹30.35 is expensed out due to uncertainty in realisation of the same.

- 55** The consolidated financial statement were approved for issue by the board of directors on 12 May 2020.

As per our report of even date

For **SRBC & CO LLP**

Chartered Accountants

ICAI firm registration number- 324982E / E300003

Per **Vikas Kumar Pansari**

Partner

Membership No: 093649

For and on Behalf of the Board of Directors

**Manish Gupta**

Managing Director &

Chief Executive Officer

DIN:06805265

**Tushar Mistry**

Chief Financial Officer

**Sharat Narasapur**

Joint Managing Director

DIN:02808651

**Krunal Shah**

Company Secretary

Membership No: 26087

Mumbai, 12 May 2020

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Sequent Scientific Limited

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of Sequent Scientific Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including Other Comprehensive Income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the

Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>Impairment assessment on investment in subsidiaries and amount due from subsidiaries</b> (as described in Note 5 &amp; 6 of the standalone Ind AS financial statements)</p> <p>As disclosed in note 5 &amp; 6 of standalone financial statements, the Company has investments in subsidiaries of INR 6,076.84 million and amount due from subsidiaries of INR 584.64 million as at March 31, 2020. The said investments and amount dues are carried at cost less allowance for impairment, if any.</p> <p>The Management reviews regularly whether there are any indicators of impairment of the said investments and amount due from them by reference to the requirements under Ind AS 36 and Ind AS 109. If such indicator exists, impairment loss is determined and recognised in accordance with accounting policies to the standalone financial statements.</p> <p>The Management carries out impairment assessment for each investment and amount receivables from subsidiaries with indicators of impairment and if there are any such indicators, determines the recoverable amount based on estimates of future cash flows of the businesses covered by investments</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Tested design, implementation and operating effectiveness of key controls over the impairment review process including the review and approval of forecasts and review of valuation models.</li> <li>• Assessed whether there were indications of impairment on such investments and amount due. In cases where such indicators existed, we have assessed whether management has estimated the recoverable amounts of these investments and amount due from subsidiaries, including the assumptions used by the management in making such estimates.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

Key audit matters	How our audit addressed the key audit matter
<p>As investments in and amount receivables from subsidiary companies are significant and impairment assessment involves significant assumptions and judgment, we regard this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Evaluated the methodology used by the Company for projections used for determining the recoverable amount valuations, in particular those assumptions relating to the cash flows, sales growth rate, pre-tax discount rate used.</li> <li>• Compared the historical cash flows (including for current year) against past projections of the management and gained understanding of the rationale for the changes.</li> <li>• Involved our valuation specialists to review key assumptions considered in the recoverable amount determination.</li> <li>• Compared the carrying values of the Company's investments in and amounts due from subsidiaries with their recoverable amounts and the consequent allowance for impairment if any.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for

preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

## INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

The Standalone Ind AS financial statements of the Company for the year ended March 31, 2019, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 14, 2019.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

## INDEPENDENT AUDITOR'S REPORT

- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **SRBC & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E / E300003

per **Vikas Kumar Pansari**  
Partner  
Membership Number: 093649  
UDIN: 20093649AAAABC4421  
Place of Signature: Mumbai  
Date: May 12, 2020



## ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

Re: SeQuent Scientific Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loans to two companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) As explained to us, the above loans and interest thereon, are re-payable on demand. We are informed that the loan and interest thereon were repaid as and when demanded by the Company. Hence, there has been no default on the part of the companies to whom the money has been lent.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except as below:

Name of the Statute	Nature of the Dues	Amount (₹ in )	Period to which the amount relates	Due Date	Date of Payment
Provident Fund Act	Provident fund	57,843	April-19 to Sep-19	May 15, 2019 to October 15, 2019	Payment yet to be made
Employees State Insurance Act, 1948	ESIC	150,166	April-19 to Sep-19	May 15, 2019 to October 15, 2019	

- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax and cess which have not been deposited on March 31, 2020 on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Period to which the amount relates (FY)	Forum where dispute is pending	Amount (₹ In millions)
Income Tax Act, 1961	Income Tax	AY 2006-07	Income Tax Appellate Tribunal	0.27
		AY 2016-17 and AY 2017-18	CIT	17.37

## ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company did not have any outstanding dues in respect of a financial institution, government or debentures during the year.
- (ix) In our opinion and according to information and explanations given by the management, monies raised by the company by way of term loans were applied for the purpose for which they were raised. Further, according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E / E300003

per **Vikas Kumar Pansari**

Partner

Membership Number: 093649

UDIN: 20093649AAAABC4421

Place of Signature: Mumbai

Date: May 12, 2020

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SEQUENT SCIENTIFIC LIMITED

### Report on the Internal Financial Controls under Clause (j) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SeQuent Scientific Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to

these Standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements.

### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements, including the

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SEQUENT SCIENTIFIC LIMITED

possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements were operating effectively

as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### For **S R B C & CO LLP**

Chartered Accountants  
ICAI Firm Registration Number: 324982E / E300003

### per **Vikas Kumar Pansari**

Partner  
Membership Number: 093649  
UDIN: 20093649AAAABC4421  
Place of Signature: Mumbai  
Date: May 12, 2020

## BALANCE SHEET

as at 31 March 2020

All amounts are in ₹ million unless otherwise stated

	Notes	As at 31 March 2020	As at 31 March 2019
<b>A ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	3	664.97	481.45
(b) Capital work-in-progress	3	37.17	0.32
(c) Other intangible assets	4	29.15	42.80
(d) Financial assets			
(i) Investments			
(a) Investments in subsidiaries	5	6,076.84	6,085.67
(b) Other investments	5	1,312.68	1,795.97
(ii) Loans	6	584.64	602.54
(iii) Other financial assets	7	16.38	15.26
(e) Deferred tax assets (net)	8	84.97	67.03
(f) Income tax assets (net)	9	40.27	11.75
(g) Other non-current assets	10	9.91	221.69
<b>Total non-current assets</b>		<b>8,856.98</b>	<b>9,324.48</b>
<b>2. Current assets</b>			
(a) Inventories	11	314.19	253.29
(b) Financial assets			
(i) Investments	12	187.54	0.95
(ii) Trade receivables	13	407.88	429.01
(iii) Cash and cash equivalents	14	28.73	10.66
(iv) Bank balances other than (iii) above	15	8.45	8.11
(v) Loans	16	0.28	0.07
(vi) Other financial assets	17	24.04	5.36
(c) Other current assets	18	145.61	157.00
<b>Total current assets</b>		<b>1,116.72</b>	<b>864.45</b>
<b>Total assets</b>		<b>9,973.70</b>	<b>10,188.93</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	19	496.74	493.74
(b) Other equity	20	8,365.43	8,684.17
<b>Total equity</b>		<b>8,862.17</b>	<b>9,177.91</b>
<b>II Liabilities</b>			
<b>1. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	151.65	206.08
(ii) Other financial liabilities	22	4.41	-
(b) Provisions	23	22.83	15.84
(c) Other non-current liabilities	24	3.01	-
<b>Total non-current liabilities</b>		<b>181.90</b>	<b>221.92</b>
<b>2. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	25	143.89	192.67
(ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	26	41.70	10.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	26	601.67	515.41
(iii) Other financial liabilities	27	82.51	52.98
(b) Provisions	28	1.40	0.70
(c) Current tax liabilities (Net)	29	48.01	9.54
(d) Other current liabilities	30	10.45	7.16
<b>Total current liabilities</b>		<b>929.63</b>	<b>789.10</b>
<b>Total liabilities</b>		<b>1,111.53</b>	<b>1,011.02</b>
<b>Total equity and liabilities</b>		<b>9,973.70</b>	<b>10,188.93</b>

The accompanying notes are integral part of these standalone financial statements

As per our report of even date

For and on Behalf of the Board of Directors

For **S R B C & CO LLP**

Chartered Accountants

ICAI firm registration number- 324982E / E300003

Per **Vikas Kumar Pansari**

Partner

Membership No: 093649

**Manish Gupta**

Managing Director &

Chief Executive Officer

DIN:06805265

**Tushar Mistry**

Chief Financial Officer

Mumbai, 12 May 2020

**Sharat Narasapur**

Joint Managing Director

DIN:02808651

**Krunal Shah**

Company Secretary

Membership No: 26087

## STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated except for earnings per share information

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
<b>I</b> Revenue from operations	31	2,273.33	1,662.60
<b>II</b> Other income	32	145.61	139.56
<b>III Total income (I+II)</b>		<b>2,418.94</b>	<b>1,802.16</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	33.a	1,086.91	773.39
(b) Purchases of stock-in-trade	33.b	82.43	202.32
(c) Changes in inventories of finished goods and work-in-progress	33.c	(38.92)	(29.49)
(d) Employee benefits expense	34	170.97	107.09
(e) Finance costs	35	50.35	32.20
(f) Depreciation and amortisation expenses	36	89.50	72.21
(g) Other expenses	37	749.57	582.41
<b>Total expenses (IV)</b>		<b>2,190.81</b>	<b>1,740.13</b>
<b>V Profit before tax (III-IV)</b>		<b>228.13</b>	<b>62.03</b>
<b>VI Tax expense / (credits)</b>	39		
(a) Current tax		31.83	13.29
(b) Deferred tax		(17.11)	(13.29)
(c) Current tax of prior period reversed		-	(13.83)
<b>Total tax expenses / (credits)</b>		<b>14.72</b>	<b>(13.83)</b>
<b>VII Profit after tax (V-VI)</b>		<b>213.41</b>	<b>75.86</b>
<b>VIII Other comprehensive income / (expenses)</b>			
Items that will not be reclassified to profit or loss	20		
(a) Re-measurements gain / (loss) on defined benefit plans		(2.97)	0.44
(b) Fair value gain / (loss) from investment in equity instruments		(483.68)	(421.75)
(c) Income tax relating to items that will not be reclassified to profit or loss		0.83	-
<b>IX Total other comprehensive expenses (net of tax) (VIII)</b>		<b>(485.82)</b>	<b>(421.31)</b>
<b>X Total comprehensive expenses for the year, net of tax (VII+IX)</b>		<b>(272.41)</b>	<b>(345.45)</b>
<b>Earnings per equity share</b>	38		
(1) Basic (in ₹)		0.88	0.31
(2) Diluted (in ₹)		0.87	0.31

The accompanying notes are integral part of these standalone financial statements

As per our report of even date

For and on Behalf of the Board of Directors

For **S R B C & CO LLP**

Chartered Accountants

ICAI firm registration number- 324982E / E300003

Per **Vikas Kumar Pansari**

Partner

Membership No: 093649

**Manish Gupta**

Managing Director &

Chief Executive Officer

DIN:06805265

**Tushar Mistry**

Chief Financial Officer

**Sharat Narasapur**

Joint Managing Director

DIN:02808651

**Krunal Shah**

Company Secretary

Membership No: 26087

Mumbai, 12 May 2020



## STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

	As at 31 March 2020	As at 31 March 2019
<b>Cash flows from operating activities</b>		
<b>Net profit before tax</b>	228.13	62.03
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	89.50	72.64
Bad trade receivables written off	17.45	0.01
Bad loans and advances written off	-	1.51
Allowances for doubtful trade receivables provided / (written back)	(17.45)	0.39
Allowances for other than temporary diminution in value of investments	-	1.10
Unrealised forex gain (net)	(10.82)	(4.27)
Finance costs	50.35	32.20
Dividend income	(52.64)	(7.87)
Fair value of corporate guarantee income	(1.55)	-
Interest income	(63.72)	(114.66)
Profit on sale of property, plant and equipment (net)	(0.02)	(0.02)
Share-based payments to employees	14.50	7.09
Liabilities / provisions no longer required written back	-	(5.01)
Corporate guarantee commission	(5.18)	(4.50)
Fair value gain on financial instruments measured at fair value through profit or loss	(2.99)	(0.50)
<b>Operating profit before working capital changes</b>	<b>245.56</b>	<b>40.14</b>
<b>Changes in working capital</b>		
(Increase) / decrease in trade receivables, loans and advances and other assets	(2.16)	654.02
(Increase) / decrease in inventories	(60.90)	(0.49)
(Increase) / decrease in margin money and unpaid dividend accounts	(0.34)	12.38
Increase / (decrease) in trade payables, other payables and provisions	141.75	37.32
<b>Net change in working capital</b>	<b>78.35</b>	<b>703.23</b>
<b>Cash generated by operations</b>	<b>323.91</b>	<b>743.37</b>
Income taxes paid (net)	(21.87)	(5.39)
<b>Net cash generated from operating activities (A)</b>	<b>302.04</b>	<b>737.98</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipments and intangible assets	(53.92)	(31.65)
Proceeds from disposal of property, plant & equipments	0.04	0.08
Investment in subsidiaries	-	(0.90)
Purchase of current investments	(204.00)	(181.24)
Proceeds from sale of current investments	20.00	319.58
Loan given to subsidiary company	-	(909.51)
Loans repaid by subsidiary company	73.00	-
Loans repaid by other related parties	-	112.16
Interest received	8.39	5.44
Dividend received	52.64	7.87
Cash & cash equivalents acquired pursuant to business combination	-	1.53
Consideration paid on acquisition of Mahad facility	-	(464.00)
<b>Net cash used in investing activities (B)</b>	<b>(103.85)</b>	<b>(1,140.64)</b>

## STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

	As at 31 March 2020	As at 31 March 2019
<b>Cash flows from financing activities</b>		
Proceeds / (repayment) from short-term borrowings (net)	(48.83)	181.04
Proceeds from long-term borrowings	236.17	447.78
Repayment of long-term borrowings	(281.70)	(200.00)
Proceeds from issue of shares (including proceeds from stock options exercised by employees)	20.99	6.74
Interest and other borrowing cost	(48.49)	(32.20)
Dividend paid	(48.56)	-
Dividend distribution tax paid	(9.70)	-
<b>Net cash generated from / (used in) financing activities (C)</b>	<b>(180.12)</b>	<b>403.36</b>
<b>Net increase in cash and cash equivalents during the year</b>	<b>18.07</b>	<b>0.70</b>
<b>Cash and cash equivalents at the beginning of the year (refer note 14)</b>	<b>10.66</b>	<b>9.96</b>
<b>Cash and cash equivalents at the end of the year (refer note 14)</b>	<b>28.73</b>	<b>10.66</b>

Note: The statement of cash flows has been prepared under the indirect method, as set out in Ind AS 7 'Statement of Cash Flows', whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

The accompanying notes are integral part of these standalone financial statements

As per our report of even date

For and on Behalf of the Board of Directors

For **S R B C & CO LLP**

Chartered Accountants

ICAI firm registration number- 324982E / E300003

Per **Vikas Kumar Pansari**

Partner

Membership No: 093649

**Manish Gupta**

Managing Director &

Chief Executive Officer

DIN:06805265

**Tushar Mistry**

Chief Financial Officer

**Sharat Narasapur**

Joint Managing Director

DIN:02808651

**Krunal Shah**

Company Secretary

Membership No: 26087

Mumbai, 12 May 2020

## STATEMENT OF CHANGES IN EQUITY (SOCIE)

for the year ended 31 March 2020

### (a) Equity share capital

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	246,870,995	493.74	243,736,195	487.47
Issued during the year	1,500,000	3.00	3,134,800	6.27
Balance at the end of the year	<b>248,370,995</b>	<b>496.74</b>	<b>246,870,995</b>	<b>493.74</b>

All amounts are in ₹ million unless otherwise stated

### (b) Other equity

	Reserves & surplus (note 20)				Reserve for equity instruments through other comprehensive income (note 20)	Total		
	Capital reserve	Securities premium account	Employees stock options outstanding	General reserve			Treasury reserve	Retained earnings
<b>Balance as at 01 April 2018</b>	10.65	8,345.14	175.76	150.76	(32.66)	(705.54)	1,054.59	8,998.70
Profit for the year	-	-	-	-	-	75.86	-	75.86
Other comprehensive income / (expenses) for the year, net of income tax	-	-	-	-	-	0.44	(421.75)	(421.31)
<b>Total comprehensive income / (expenses) for the year</b>	-	-	-	-	-	<b>76.30</b>	<b>(421.75)</b>	<b>(345.45)</b>
Recognition of share-based payments	-	-	25.93	-	-	-	-	25.93
Employee stock options issued during the year	-	-	-	-	11.26	-	-	11.26
Transfer to retained earnings on sales of quoted equity investments carried at FVTOCI	-	-	-	-	-	2.74	(2.74)	-
Premium on exercise of options - proceeds received	-	11.55	(11.55)	-	-	-	-	-
Shares issued during the year to ESOP trust	-	133.67	-	-	(139.94)	-	-	(6.27)
Vested ESOP lapsed during the year	-	-	(1.29)	1.29	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>10.65</b>	<b>8,490.36</b>	<b>188.85</b>	<b>152.05</b>	<b>(161.34)</b>	<b>(626.50)</b>	<b>630.10</b>	<b>8,684.17</b>
<b>Opening balance as on 01 April 2019</b>	<b>10.65</b>	<b>8,490.36</b>	<b>188.85</b>	<b>152.05</b>	<b>(161.34)</b>	<b>(626.50)</b>	<b>630.10</b>	<b>8,684.17</b>
Transition impact of Ind AS 116 Leases [note 2.4(xvi)]	-	-	-	-	-	(1.16)	-	(1.16)
<b>Restated as at 01 April 2019</b>	<b>10.65</b>	<b>8,490.36</b>	<b>188.85</b>	<b>152.05</b>	<b>(161.34)</b>	<b>(627.66)</b>	<b>630.10</b>	<b>8,683.01</b>
Profit for the year	-	-	-	-	-	213.41	-	213.41
Other comprehensive expenses for the year, net of income tax	-	-	-	-	-	(2.14)	(483.68)	(485.82)
<b>Total comprehensive income / (expenses) for the year</b>	-	-	-	-	-	<b>211.27</b>	<b>(483.68)</b>	<b>(272.41)</b>

## STATEMENT OF CHANGES IN EQUITY (SOCIE)

for the year ended 31 March 2020

	Reserves & surplus (note 20)				Reserve for equity instruments through other comprehensive income (note 20)	Total		
	Capital reserve	Securities premium account	Employees stock options outstanding	General reserve			Treasury reserve	Retained earnings
Recognition of share-based payments	-	-	1.46	-	-	-	-	1.46
Employee stock options issued during the year	-	-	-	-	14.63	-	-	14.63
Premium on exercise of options - proceeds received	-	26.50	(26.50)	-	-	-	-	-
Shares issued during the year to ESOP trust	-	86.96	-	-	(89.96)	-	-	(3.00)
Dividends distributed to equity shareholders (including tax on dividend)	-	-	-	-	-	(58.26)	-	(58.26)
Vested ESOP lapsed during the year	-	-	(22.91)	22.91	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>10.65</b>	<b>8,603.82</b>	<b>140.90</b>	<b>174.96</b>	<b>(236.67)</b>	<b>(474.65)</b>	<b>146.42</b>	<b>8,365.43</b>

All amounts are in ₹ million unless otherwise stated

The accompanying notes are integral part of these standalone financial statements

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI firm registration number- 324982E / E300003

Per **Vikas Kumar Pansari**

Partner

Membership No: 093649

For and on Behalf of the Board of Directors

**Manish Gupta**

Managing Director &

Chief Executive Officer

DIN:06805265

**Sharat Narasapur**

Joint Managing Director

DIN:02808651

**Tushar Mistry**

Chief Financial Officer

**Krunal Shah**

Company Secretary

Membership No: 26087

Mumbai, 12 May 2020

## NOTES

to the standalone financial statements for the year ended 31 March 2020

### 1. Corporate Information

SeQuent Scientific Limited (the "Company") is a Company incorporated and domiciled in India and has its registered office located at 301, 3rd Floor, Dosti Pinnacle, Plot No. E7 Road No. 22, Wagle Industrial Estate, Thane (W), Maharashtra - 400604, India. The shares of the Company are publicly traded on the National Stock Exchange of India Limited and BSE Limited. The Company is a leading integrated pharmaceutical company with a global footprint, operating in the domains of Animal Health (APIs and finished dosage formulations).

#### 2.1 Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

#### 2.2 Basis of preparation and presentation

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and /or disclosure purposes in these standalone financial statements is determined on such a basis, except for

- Share-based payment transaction as defined in Ind AS 102 – Share-based payment.
- Leasing transaction as defined in Ind AS 116 – Leases.
- Measurement that have some similarities to fair value but are not fair value, such as 'Net Realisable Value' as defined in Ind AS 2 – Inventories and value in use as defined in Ind AS 36- Impairment of Assets.

The standalone financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12

months for the purpose of current or non-current classification of assets and liabilities.

#### 2.3 Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest million (up to two decimals).

#### 2.4 Significant Accounting Policies

##### i. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

Non-current assets are reclassified from held-for-sale to held-for-use if they no longer meet the criteria to be classified as held-for-sale. On reclassification as held-for-use, a non-current asset is remeasured at the lower of its recoverable amount and the carrying amount that would have been recognised had the asset never been classified as held-for-sale or held-for-distribution.

##### ii. Revenue Recognition

###### a) Sale of products

Revenue from sale of products is presented in the income statement within revenue from operations. The Company presents revenue net of indirect taxes in its standalone statement of profit and loss. Sale of products comprise revenue from sales of products, net of sales returns, rebates, incentives and customer discounts.

Revenue is recognised when it is probable that future economic benefits will flow to

## NOTES

to the standalone financial statements for the year ended 31 March 2020

the Company and these benefits can be measured reliably. Further, revenue recognition requires that all significant risks and rewards of ownership of the goods included in the transaction have been transferred to the buyer, and that Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Performance obligations are satisfied at one point in time, typically on delivery. Revenue is recognised when the Company transfers control over the product to the customers; control of a product refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, that asset. The majority of revenue earned by the Company is derived from the satisfaction of a single performance obligation for each contract which is the sale of products.

Sales are measured at the fair value of consideration received or receivable. The amounts of rebates / incentives is estimated and accrued on each of the underlying sales transactions recognised. Returns and customer discounts are recognised in the period in which the underlying sales are recognised based on an estimate basis. The amount of sales returns is calculated on the basis of management's best estimate of the amount of product that will ultimately be returned by customers.

###### b) Services

Income is recognised when the services are completed as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

###### c) Export entitlements income

Export entitlements from Government authorities are recognised in the standalone statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

###### d) Interest and dividend income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

##### iii. Foreign currency transactions and translation

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on settlement or translation of monetary items are recognised in the standalone statement of profit and loss in the year in which it arises.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange difference on capital expenditure are not capitalised but charged to the standalone statement of profit and loss.

##### iv. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or erection of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the standalone statement of profit and loss in the period in which they are incurred.

##### v. Employee Benefits

###### a) Defined Contribution Plans

The Company has defined contribution plans for post-employment benefits in the form of provident fund which is administered through



## NOTES

to the standalone financial statements for the year ended 31 March 2020

Government of India. Provident fund is classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to defined contribution plans are charged to the standalone statement of profit and loss as and when employee renders related service.

### b) Defined benefit plans

Payments to defined benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's gratuity scheme is in the nature of defined benefit plans.

The gratuity scheme is funded by the Company with Life Insurance Corporation of India.

For defined benefit plans, the cost of providing benefit is determined using projected unit credit method, with actuarial valuation being carried out at the end of each financial year. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the standalone statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement gain/ (loss).

The Company presents the service cost of defined benefit plan in the line item 'Employee benefits expense' and the net interest expense or income in the line item 'Finance costs' of the standalone statement of profit and loss. The retirement benefit obligation recognised in the balance sheet represents the actual

deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

### c) Short-term employee benefits

A liability is recognised for short-term employee benefit in respect of wages and salaries, annual leave, medical and leave travel in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

### d) Other employee benefits

Other employee benefits comprise of leave encashment which is provided for, based on the actuarial valuation carried out as at the end of the year. Liabilities recognised in respect of other employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### vi. Share-based compensation

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 46.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a systematic basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the standalone statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

### vii. Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in the standalone statement of profit and loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

## NOTES

to the standalone financial statements for the year ended 31 March 2020

### a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Provision for current tax is made at the rate of tax as applicable for the income of the previous year as defined under Income Tax Act, 1961.

Minimum alternate tax ('MAT') paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability. MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and asset can be measured reliably.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. The Appendix did not have any significant impact on the standalone financial statements of the Company.

### b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition,

deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax relating to items recognised outside the standalone statement of profit and loss is recognised either in other comprehensive income or in equity.

### viii. Property, plant and equipment

#### a) Recognition and measurement

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are recognised and depreciated separately.

## NOTES

to the standalone financial statements for the year ended 31 March 2020

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values, using the straight-line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.

### Nature of the assets Useful life in years

Factory building	28-30
Plant and machinery	2-16
Furniture and fixtures	10-16

The estimated useful lives, residual values and depreciation method are reviewed at financial year end, with the effect of any changes in estimate are accounted for on a prospective basis.

Depreciation on additions / deletions to property, plant and equipments is provided prorata from the month of addition / till the month of deletion.

### b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the standalone statement of profit and loss as incurred.

### c) Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the standalone statement of profit and loss.

## ix. Intangible assets

### a) Intangible assets acquired separately

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation

is recognised on straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at each financial year end, with the effect of any changes in estimate being accounted for on a prospective basis. Cost includes any directly attributable incidental expenses necessary to make the assets ready for use.

### b) Internally-generated intangible asset-research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the standalone statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

### c) Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Nature of the assets Useful life in years	
Product / process development	5
Software	3-5

## NOTES

to the standalone financial statements for the year ended 31 March 2020

### d) Subsequent costs

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally-generated intangibles, are recognised in the standalone statement of profit and loss as incurred.

### e) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the standalone statement of profit and loss.

### x. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle

- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### xi. Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on First in First Out basis (FIFO) as follows:

- Raw materials, packing materials and fuel: At actual purchase cost including other cost incurred in bringing materials/consumables to their present location and condition
- Work-in-progress and intermediates: At material cost, conversion costs and appropriate share of production overheads based on normal capacity
- Finished goods: At material cost, conversion costs and an appropriate share of production overheads based on normal capacity
- Stock-in-trade: At purchase and other costs incurred in bringing the inventories to their present location and condition

However, materials and other items held for use in production of inventory are not written down below cost, if the finished product in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### xii. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each

## NOTES

to the standalone financial statements for the year ended 31 March 2020

reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are not recognised but are disclosed in the notes to standalone financial statements when economic inflow is probable.

### xiii. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

All financial instruments are initially measured at fair value. Transaction costs that are attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets recorded at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the standalone statement of profit and loss.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-

derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL), non-derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

#### a) Non-derivative financial assets

##### (i) Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ('SPPI').

Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest rate ('EIR') method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

##### (ii) Equity instruments at fair value through other comprehensive income (FVTOCI)

All equity instruments other than investment in subsidiaries are measured at fair value. Equity instruments held for trading is classified as fair value through profit or loss (FVTPL). For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

## NOTES

to the standalone financial statements for the year ended 31 March 2020

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI. There is no recycling of the amount from OCI to the standalone statement of profit and loss, even on sale of the instrument. However the Company may transfer the cumulative gain or loss within the equity.

### (iii) Financial assets at fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets included within the FVTPL category are measured at fair values with all changes in the standalone statement of profit and loss.

### (iv) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or the financial assets is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new assets obtained less any new liability assumed) shall be recognised in the standalone statement of the profit and loss except for debt and equity instruments carried through FVTOCI which shall be recognised in OCI.

#### b) Non-derivative financial liabilities

##### (i) Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the EIR method.

##### (ii) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL are measured at fair value with all changes recognised in the standalone statement of profit and loss.

### iii) Derecognition of financial liabilities

The Company derecognises financial liabilities only when, the obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the standalone statement of profit and loss.

#### c) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities. Derivatives are recognised and measured at fair value. Attributable transaction cost are recognised in the standalone statement of profit and loss.

### xiv. Impairment

#### a) Financial assets

In accordance with Ind AS 109 - Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting period, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- (i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in



## NOTES

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rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;

- (ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the statement of profit and loss. This amount is reflected under the head other expenses in the standalone statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

**Financial assets measured at amortised cost, contractual revenue receivables.** ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

### b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### xv. Earnings per share

Basic EPS is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

### xvi. Leases

Ind AS 116 supersedes Ind AS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 01 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

### Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Right of Use asset are depreciated on a straight-line basis over the lease term.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics,

## NOTES

to the standalone financial statements for the year ended 31 March 2020

- Relied on its assessment of whether leases are onerous immediately before the date of initial application,
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application,
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application,
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 01 April 2019:

- Right-of -use assets of ₹229.10 million were recognised and presented separately in the balance sheet.
- Additional lease liabilities of ₹10.37 million were recognised.
- Prepayments of ₹219.89 million related to previous operating leases were derecognised.
- The net effect of these adjustments had been adjusted to retained earnings of ₹1.16 million.

### Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised over the lease terms on the same basis as rental income.

### xvii. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### xviii. Business combination

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in

a business combination are measured initially at their fair value on the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the excess is a negative, a bargain purchase gain is recognised in capital reserve. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

### xix. Cash Dividend

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### xx. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which

## NOTES

to the standalone financial statements for the year ended 31 March 2020

sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### 2A. Use of estimates and management judgments

In application of the accounting policies, which are described in note 2.4, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements is included in the following notes:

#### i. Useful life of property, plant and equipment and intangible assets

The useful life of the assets are determined in accordance with Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that or is not prescribed in Schedule II, it is based on technical advice, taking into account amongst other things, the nature of the asset, the estimated usage of the asset, the operating conditions of the

asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance.

#### ii. Impairment

An impairment loss is recognised for the amount by which an asset's / investments or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.

#### iii. Deferred tax

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

#### iv. Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

#### v. Post-retirement benefit plans

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at each financial year end on the government bonds.

#### vi. Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

## NOTES

to the standalone financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### 3 Property, plant and equipment and capital work-in-progress

Carrying Amounts of:	As at 31 March 2020	As at 31 March 2019
Freehold land	0.36	0.36
Buildings	267.50	273.48
Furniture and fixtures	4.28	3.44
Office equipments	2.38	2.93
Computers	4.85	6.61
Plant and machinery	160.47	193.11
Vehicles	1.13	1.52
<b>Right-of-use assets (ROU)</b>		
Land	216.01	-
Server	5.64	-
Vehicles	2.35	-
	<b>664.97</b>	<b>481.45</b>
Capital work-in-progress	37.17	0.32

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Cost	Freehold land	Buildings	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Vehicles	ROU- Land	ROU- Server	ROU- Vehicles	Total
<b>Balance as on 01 April 2018</b>	0.36	146.09	4.01	6.56	7.53	118.39	0.96	-	-	-	<b>283.90</b>
Additions	-	25.48	-	0.08	5.71	19.90	1.27	-	-	-	<b>52.44</b>
Transfer on account of Business combination (refer note 50)	-	119.00	1.37	0.80	0.42	170.41	0.07	-	-	-	<b>292.07</b>
Deletions	-	-	0.04	-	0.33	2.61	-	-	-	-	<b>2.98</b>
<b>Balance as on 31 March 2019</b>	<b>0.36</b>	<b>290.57</b>	<b>5.34</b>	<b>7.44</b>	<b>13.33</b>	<b>306.09</b>	<b>2.30</b>	<b>219.89</b>	<b>9.21</b>	<b>-</b>	<b>625.43</b>
Transition impact of Ind AS 116 Leases [note 2.4(xvi)]	-	-	-	-	-	-	-	219.89	-	-	<b>229.10</b>
<b>Restated as at 01 April 2019</b>	<b>0.36</b>	<b>290.57</b>	<b>5.34</b>	<b>7.44</b>	<b>13.33</b>	<b>306.09</b>	<b>2.30</b>	<b>219.89</b>	<b>9.21</b>	<b>-</b>	<b>854.53</b>
Additions	-	4.30	1.23	0.76	0.48	20.70	-	-	-	2.62	<b>30.09</b>
Deletions	-	-	-	-	0.11	-	-	-	-	-	<b>0.11</b>
<b>Balance as on 31 March 2020</b>	<b>0.36</b>	<b>294.87</b>	<b>6.57</b>	<b>8.20</b>	<b>13.70</b>	<b>326.79</b>	<b>2.30</b>	<b>219.89</b>	<b>9.21</b>	<b>2.62</b>	<b>884.51</b>

Accumulated depreciation	Freehold land	Buildings	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Vehicles	ROU- Land	ROU- Server	ROU- Vehicles	Total
<b>Balance as on 01 April 2018</b>	-	9.43	1.60	3.13	4.78	75.40	0.49	-	-	-	<b>94.83</b>
Depreciation expense for the year (refer note 36)	-	7.66	0.34	1.38	2.21	40.19	0.29	-	-	-	<b>52.07</b>
Deletions	-	-	0.04	-	0.27	2.61	-	-	-	-	<b>2.92</b>
<b>Balance as on 31 March 2019</b>	<b>-</b>	<b>17.09</b>	<b>1.90</b>	<b>4.51</b>	<b>6.72</b>	<b>112.98</b>	<b>0.78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143.98</b>
Depreciation expense for the year (refer note 36)	-	10.28	0.39	1.31	2.22	53.34	0.39	3.88	3.57	0.27	<b>75.65</b>
Deletions	-	-	-	-	0.09	-	-	-	-	-	<b>0.09</b>
<b>Balance as on 31 March 2020</b>	<b>-</b>	<b>27.37</b>	<b>2.29</b>	<b>5.82</b>	<b>8.85</b>	<b>166.32</b>	<b>1.17</b>	<b>3.88</b>	<b>3.57</b>	<b>0.27</b>	<b>219.54</b>

Carrying amount	Freehold land	Buildings	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Vehicles	ROU- Land	ROU- Server	ROU- Vehicles	Total
Balance as on 31 March 2019	0.36	273.48	3.44	2.93	6.61	193.11	1.52	-	-	-	<b>481.45</b>
Balance as on 31 March 2020	0.36	267.50	4.28	2.38	4.85	160.47	1.13	216.01	5.64	2.35	<b>664.97</b>

**Notes:**

- i) Title deeds of all the immovable properties are held in the name of the Company.  
ii) Refer Note 21 for charge created on the assets.

**NOTES**

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All amounts are in ₹ million unless otherwise stated

**4 Other intangible assets**

Carrying amounts of:	As at 31 March 2020	As at 31 March 2019
Product / process development	1.69	4.89
Software	27.46	37.91
	<b>29.15</b>	<b>42.80</b>

Cost	Product / process development	Software	Total
<b>Balance as on 01 April 2018</b>	43.40	48.84	92.24
Additions	-	9.47	9.47
Transfer on account of Business combination (refer note 50)	-	6.14	6.14
Deletions	-	-	-
<b>Balance as on 31 March 2019</b>	<b>43.40</b>	<b>64.45</b>	<b>107.85</b>
Additions	-	0.61	0.61
Deletions	-	-	-
<b>Balance as on 31 March 2020</b>	<b>43.40</b>	<b>65.06</b>	<b>108.46</b>

Accumulated amortisation	Product / process development	Software	Total
<b>Balance as on 01 April 2018</b>	30.79	13.69	44.48
Amortisation expense for the year (refer note 36)	7.72	12.85	20.57
Deletions	-	-	-
<b>Balance as on 31 March 2019</b>	<b>38.51</b>	<b>26.54</b>	<b>65.05</b>
Amortisation expense for the year (refer note 36)	3.20	11.06	14.26
Deletions	-	-	-
<b>Balance as on 31 March 2020</b>	<b>41.71</b>	<b>37.60</b>	<b>79.31</b>

Carrying amount	Product / process development	Software	Total
Balance as on 31 March 2019	4.89	37.91	<b>42.80</b>
Balance as on 31 March 2020	1.69	27.46	<b>29.15</b>

**5 Non-current investments**

	Face Value	No. of shares	As at 31 March 2020	No. of shares	As at 31 March 2019
<b>A Investments in Subsidiaries</b>					
<b>Unquoted equity instruments (fully paid up) carried at cost less provision for other than temporary diminution in value</b>					
i) Alivira Animal Health Limited, India	₹10.00	47,776,470	5,934.75	47,776,470	5,943.58
ii) SeQuent Research Limited	₹10.00	4,410,000	142.09	4,410,000	142.09
iii) SeQuent Antibiotics Private Limited (refer note 1)	₹10.00	-	-	-	0.70
Less: Provision for other than temporary diminution in value	-	-	-	-	0.70
iv) SeQuent Pharmaceuticals Private Limited (refer note 1)	₹10.00	-	-	-	0.40
Less: Provision for other than temporary diminution in value	-	-	-	-	0.40
v) Elysian Life Sciences Private Limited	₹10.00	10,000	0.10	10,000	0.10
Less: Provision for other than temporary diminution in value	-	-	0.10	-	0.10
<b>Total (A)</b>			<b>6,076.84</b>		<b>6,085.67</b>



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All amounts are in ₹ million unless otherwise stated

	Face Value	No. of shares	As at 31 March 2020	No. of shares	As at 31 March 2019
<b>B Other Investments fully paid up</b>					
<b>a Quoted equity instruments carried at fair value through other comprehensive income</b>					
i) Strides Pharma Science Limited	₹10.00	3,312,500	1,067.12	3,312,500	1,564.82
ii) Solara Active Pharma Sciences Limited	₹10.00	552,083	245.43	552,083	231.02
			<b>1,312.55</b>		<b>1,795.84</b>
<b>b Unquoted equity instruments</b>					
i) Ambarnath Chemical Manufacturers Association	₹10.00	1,000	0.01	1,000	0.01
ii) Tarapur Industrial Manufacturers Association	₹10.00	2,000	0.04	2,000	0.04
			<b>0.05</b>		<b>0.05</b>
			<b>1,312.60</b>		<b>1,795.89</b>
<b>c Investment in government securities carried at amortised cost</b>					
i) National Saving Certificate			0.02		0.02
ii) NSC VIII Issue			0.06		0.06
			<b>0.08</b>		<b>0.08</b>
<b>Total (B)</b>			<b>1,312.68</b>		<b>1,795.97</b>
<b>Total (A+B)</b>			<b>7,389.52</b>		<b>7,881.64</b>
Aggregate carrying value of unquoted investments (gross)			6,077.07		6,087.00
Aggregate market value of quoted investments			1,312.55		1,795.84
Aggregate amount of impairment in value of investments			0.10		1.20

### Note:

- 1 During the previous year, SeQuent Antibiotics Private Limited and SeQuent Pharmaceuticals Private Limited (wholly owned subsidiaries) applied for strike off their name from register of Registrar of Companies - Bengaluru under fast track exit scheme of Ministry of Corporate Affairs. The Registrar of Companies vide letter dated 26 July 2019 have removed their name from Register of Companies and the said companies stands dissolved.

## 6 Non-current loans

	As at 31 March 2020	Maximum balance during the year	As at 31 March 2019	Maximum balance during the year
<b>Unsecured, considered good</b>				
Loan to related parties (refer note 44.3)				
-Alivira Animal Health Limited, India	575.25	575.25	523.97	1,950.00
-SeQuent Research Limited	9.39	78.57	78.57	78.57
<b>Total</b>	<b>584.64</b>	<b>653.82</b>	<b>602.54</b>	<b>2,028.57</b>

### Notes:

- (i) All the above loans and advances have been given for business purposes.
- (ii) The above said disclosure is pursuant to SEBI (Listing Obligations and Disclosure Requirements) and sec 186 (4) of the Companies Act, 2013.

## 7 Other non-current financial assets

	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Security deposits	7.98	7.88
Margin money deposits	8.40	7.38
<b>Total</b>	<b>16.38</b>	<b>15.26</b>

## NOTES

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All amounts are in ₹ million unless otherwise stated

## 8 Deferred tax assets (net) (refer note 39)

	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax liability</b>		
- Temporary differences on account of depreciation	9.86	24.54
<b>Total deferred tax liability (B)</b>	<b>9.86</b>	<b>24.54</b>
<b>Deferred tax assets</b>		
- Expenses allowable on payment basis	10.23	5.52
- Unabsorbed depreciation and carried forward of losses	17.95	19.02
- MAT credit entitlement	66.65	67.03
<b>Total deferred tax assets (A)</b>	<b>94.83</b>	<b>91.57</b>
<b>Total (A-B)</b>	<b>84.97</b>	<b>67.03</b>

## 9 Income tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Advance income tax (net of provisions: ₹18.06) (As at 31 March 2019: ₹207.15)	40.27	11.75
<b>Total</b>	<b>40.27</b>	<b>11.75</b>

## 10 Other non-current assets

	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Capital advances	2.96	2.69
Deposit with government authorities	1.41	0.64
Prepaid expenses	5.54	218.36
<b>Total</b>	<b>9.91</b>	<b>221.69</b>

### Notes:

- i) Prepaid expenses includes leasehold land amounting to ₹ Nil for Mahad, Tarapur and Ambarnath plants (31 March 2019 : ₹216.01).
- ii) Refer note 45 for lease regrouped as per INDAS 116.

## 11 Inventories

	As at 31 March 2020	As at 31 March 2019
Raw materials and packing materials	94.93	96.20
Goods-in transit	22.24	-
	<b>117.17</b>	<b>96.20</b>
Work-in-progress and intermediates (refer note (i) below)	154.01	110.01
Finished goods	40.92	46.00
Fuel	2.09	1.08
<b>Total</b>	<b>314.19</b>	<b>253.29</b>

**Note:**

(i) Details of inventory of work-in-progress and intermediates:

	As at 31 March 2020	As at 31 March 2019
Bulk drugs	154.01	110.01
<b>Total</b>	<b>154.01</b>	<b>110.01</b>

- (ii) During the year ended 31 March 2020, ₹8.83 (31 March 2019 : ₹2.20) was recognised as an expense towards provision for slow moving inventories.

## NOTES

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All amounts are in ₹ million unless otherwise stated

### 12 Current investments

	Face value	As at 31 March 2020		As at 31 March 2019	
		No. of shares / units	As at 31 March 2020	No. of shares / units	As at 31 March 2019
<b>A Quoted equity instruments (fully paid up) carried at fair value through other comprehensive income</b>					
i) Transchem Limited	₹10.00	26,077	0.42	26,077	0.62
ii) Techindia Nirman Limited	₹10.00	2,280	-	2,280	0.01
iii) Agritech (India) Limited	₹10.00	6,300	0.13	6,300	0.32
<b>Total (A)</b>			<b>0.55</b>		<b>0.95</b>
<b>B Other unquoted equity instruments (fully paid up)</b>					
i) Aditya Investment & Communication Limited	₹10.00	58,800	- *	58,800	- *
ii) Agrodutch Industries Limited	₹10.00	36,250	- *	36,250	- *
<b>Total (B)</b>			<b>-</b>		<b>-</b>
<b>C Unquoted mutual funds carried at fair value through profit or loss</b>					
i) Axis Treasury Advantage Fund - Regular Growth	₹1,000.00	13,632.72	30.75	-	-
ii) IDFC Low Duration Fund Growth (Regular Plan)	₹100.00	891,710.66	25.47	-	-
iii) Aditya Birla Sun Life Liquid Fund- Growth	₹100.00	253,825.21	80.65	-	-
iv) Aditya Birla Sun Life Money Manager Fund Growth	₹100.00	76,196.46	20.51	-	-
v) Aditya Birla Sun Life Savings Fund- Growth	₹100.00	22,980.05	9.14	-	-
vi) ICICI Prudential Money Market Fund-Growth	₹100.00	73,755.56	20.47	-	-
<b>Total (C)</b>			<b>186.99</b>		<b>-</b>
<b>Total (A + B + C)</b>			<b>187.54</b>		<b>0.95</b>
Aggregate market value of quoted investments			0.55		0.95
Aggregate carrying value of unquoted investments			- *		- *
Aggregate net asset value of investment in mutual funds			186.99		-

\* Not reported due to roundoff.

### 13 Trade receivables

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	407.88	429.01
Unsecured, considered doubtful	2.15	19.72
	<b>410.03</b>	<b>448.73</b>
Less: Allowance for doubtful trade receivables	2.15	19.72
<b>Total</b>	<b>407.88</b>	<b>429.01</b>

#### Note:

- During the year, the Company discounted trade receivables with an aggregate carrying amount of ₹ NIL (as at 31 March 2019: ₹11.63) to a bank. If the trade receivables are not paid at maturity, the bank has the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risks and rewards relating to the trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a financial liability under note 25 - Current borrowings
- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member except disclosed in note 44.3
- Refer note 48.3 for term and other details

## NOTES

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All amounts are in ₹ million unless otherwise stated

### 14 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- In current accounts	28.69	10.58
Cash on hand	0.04	0.08
<b>Total</b>	<b>28.73</b>	<b>10.66</b>
<b>Cash and cash equivalents as defined in Ind AS 7 "Statements of Cash Flows"</b>	<b>28.73</b>	<b>10.66</b>

### 15 Bank balances other than (note 14) above

	As at 31 March 2020	As at 31 March 2019
In earmarked accounts		
- Unpaid dividend accounts	0.15	0.06
- Margin money deposits (refer note (i) below)	8.30	8.05
<b>Total</b>	<b>8.45</b>	<b>8.11</b>

#### Note:

- (i) Balances in margin money deposits are held as security against borrowings, guarantees and other commitments.

### 16 Current loans

	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Loan to employees	0.28	0.07
	<b>0.28</b>	<b>0.07</b>
<b>Unsecured, considered doubtful</b>		
Loan to related parties (refer note 44.3)	112.08	112.08
Loan to others	-	9.62
	<b>112.08</b>	<b>121.70</b>
Less: Allowance for doubtful advances	112.08	121.70
<b>Total</b>	<b>0.28</b>	<b>0.07</b>

### 17 Other current financial assets

	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Claims receivable	23.54	5.10
Interest accrued on fixed deposits	0.50	0.26
<b>Total</b>	<b>24.04</b>	<b>5.36</b>

### 18 Other current assets

	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Advance to suppliers	8.00	13.35
Balances with government authorities	125.52	133.40
Prepaid expenses	12.09	10.25
<b>Total</b>	<b>145.61</b>	<b>157.00</b>

#### Notes:

- Prepaid expenses include leasehold land amounting to ₹ Nil for Mahad, Tarapur and Ambarnath plants (31 March 2019 : ₹3.88).
- Refer note 45 for lease regrouped as per INDAS 116.

**NOTES**

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All amounts are in ₹ million unless otherwise stated

**19 Share capital**

	No. of shares	As at 31 March 2020	No. of shares	As at 31 March 2019
<b>(a) Authorised</b>				
Equity shares of ₹2 each	250,000,000	500.00	250,000,000	500.00
<b>(b) Issued, subscribed and fully paid-up</b>				
Equity shares of ₹2 each	248,370,995	496.74	246,870,995	493.74
<b>Total</b>		<b>496.74</b>		<b>493.74</b>

Notes:

**(i) Reconciliation of the number of shares and amount outstanding:**

	No. of shares	Share capital
<b>Fully paid equity shares</b>		
<b>Balance as on 01 April 2018</b>	243,736,195	487.47
Shares issued during the year	3,134,800	6.27
<b>Balance as on 31 March 2019</b>	246,870,995	493.74
Shares issued during the year	1,500,000	3.00
<b>Balance as on 31 March 2020</b>	<b>248,370,995</b>	<b>496.74</b>

**(ii) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. Each equity shareholder is entitled to dividend in the Company. The dividend proposed by board of directors is subject to approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(iii) Details of shares held by each shareholder holding more than 5% shares**

Name of the shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of shares held	% of holding	No. of shares held	% of holding
K R Ravishankar	27,899,930	11.23%	27,899,930	11.30%
Chayadeep Ventures LLP	25,124,997	10.12%	25,125,000	10.18%
Agnus Capital LLP	21,157,560	8.52%	21,157,560	8.57%
Arun Kumar Pillai	23,499,965	9.46%	23,499,965	9.52%
Pronomz Ventures LLP	27,000,000	10.87%	27,000,000	10.94%
Unit Trust of India Investment Advisory Services Limited A/C Ascent India Fund III	14,138,395	5.69%	14,138,395	5.73%
TIMF Holdings	11,030,205	4.44%	15,330,795	6.21%

(iv) 4,934,750 shares of ₹2 each (as at 31 March 2019 : 4,081,620 shares) are reserved towards outstanding employee stock options granted / available for grant.

(v) Aggregate number of shares allotted as fully paid pursuant to contract without payment of cash for a period of 5 years immediately preceding the balance sheet date:

	As at 31 March 2020	As at 31 March 2019
Equity shares	17,927,065	17,927,065

**NOTES**

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(vi) Dividend paid and proposed

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Dividends on equity shares declared and paid:</b>		
Final dividend for the year ended on 31 March 2019: ₹0.20 per share (31 March 2018 : ₹ NIL per share)	48.56	-
Dividend Distribution Tax on final dividend	9.70	-
	<b>58.26</b>	-
<b>Proposed dividends on Equity shares:</b>		
Final dividend for the year ended on 31 March 2020: ₹ NIL per share (31 March 2019 : ₹0.20 per share)	-	48.56
Dividend Distribution Tax on proposed dividend	-	9.70
	<b>-</b>	<b>58.26</b>

**20 Other equity**

	As at 31 March 2020	As at 31 March 2019
Capital reserve	10.65	10.65
Securities premium account	8,603.82	8,490.36
Share options outstanding account	140.90	188.85
General reserve	174.96	152.05
Retained earnings	(474.65)	(626.50)
Reserve for equity instruments through other comprehensive income	146.42	630.10
Treasury reserve	(236.67)	(161.34)
<b>Total</b>	<b>8,365.43</b>	<b>8,684.17</b>

	As at 31 March 2020	As at 31 March 2019
<b>(a) Capital reserve</b>	<b>10.65</b>	<b>10.65</b>

**(b) Securities premium account**

Balance at the beginning of the year	8,490.36	8,345.14
Add: Premium on shares issued to ESOP trust	86.96	133.67
Add: Premium on exercise of options - proceeds received	26.50	11.55
<b>Balance at the end of the year</b>	<b>8,603.82</b>	<b>8,490.36</b>

**(c) Share options outstanding account**

Balance at the beginning of the year	188.85	175.76
Add: Employee stock option expenses	1.46	25.93
Less: Transferred to securities premium account on exercise	(26.50)	(11.55)
Less: Transferred to general reserve on vested ESOP lapsed during the year	(22.91)	(1.29)
<b>Balance at the end of the year</b>	<b>140.90</b>	<b>188.85</b>

**(d) General reserve**

Balance at the beginning of the year	152.05	150.76
Add: Vested ESOP lapsed during the year	22.91	1.29
<b>Balance at the end of the year</b>	<b>174.96</b>	<b>152.05</b>

**(e) Retained earnings**

Balance at the beginning of the year	(626.50)	(705.54)
Less: Transition impact of Ind AS 116 Leases [note 2.4 (xvi)]	(1.16)	-
Add: Profit for the year	213.41	75.86
Add / (less): Other comprehensive income/(expenses) arising from remeasurement of defined benefit obligations, net of income tax	(2.14)	0.44
Add: Transfer from Reserve for equity instruments through other comprehensive income	-	2.74
Less: Dividends distributed to equity shareholders (including tax on dividend)	(58.26)	-
<b>Balance at the end of the year</b>	<b>(474.65)</b>	<b>(626.50)</b>



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	As at 31 March 2020	As at 31 March 2019
<b>Note:</b> The Board of Directors in their meeting held on 14 May 2019 recommended dividend of 10%, i.e. ₹0.20 per equity share of ₹2/- each.		
<b>(f) Reserve for equity instruments through other comprehensive income</b>		
Balance at the beginning of the year	630.10	1,054.59
Less: Transfer to retained earnings on sales of quoted equity investments carried at FVTOCI	-	(2.74)
Less: Net fair value loss on investment in equity instruments at FVTOCI	(483.68)	(421.75)
<b>Balance at the end of the year</b>	<b>146.42</b>	<b>630.10</b>
<b>(g) Treasury reserve</b>		
Balance at the beginning of the year	(161.34)	(32.66)
Add: Employee stock options issued during the year	14.63	11.26
Less: Shares issued during the year to ESOP trust	(89.96)	(139.94)
<b>Balance at the end of the year</b>	<b>(236.67)</b>	<b>(161.34)</b>

### Nature and purpose of Reserves

#### (a) Capital reserve

Capital reserves pertains to amalgamation of subsidiary company

#### (b) Securities premium account

Securities premium includes:

- i) The difference between the face value of the equity shares and the consideration received in respect of shares issued.
- ii) The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

#### (c) Share options outstanding account

This relate to shares granted to the employees of the Company and its subsidiary.

#### (d) General reserve

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve. As the general reserve is created

by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.

#### (e) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve and dividends or other distributions paid to shareholders.

#### (f) Reserve for equity instruments through other comprehensive income

Reserve for equity instruments through other comprehensive income represents the cumulative gains (net of losses) arising on revaluation of equity instruments measured at fair value through other comprehensive income, net of amount reclassified, if any, to retained earnings when those instruments are disposed off.

#### (g) Treasury reserve

Treasury reserve represents the shares of the Company held by ESOP Trust.

### 21 Non-current borrowings

	As at 31 March 2020	As at 31 March 2019
Secured term loan - at amortised cost		
From bank	151.65	206.08
<b>Total</b>	<b>151.65</b>	<b>206.08</b>

#### Notes:

- (i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings:

## NOTES

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All amounts are in ₹ million unless otherwise stated

Particulars	Terms of repayment	As at 31 March 2020	As at 31 March 2019
<b>Term loan from banks:</b>			
<b>RBL Bank Ltd:</b> Exclusive charge on the entire movable and immoveable fixed assets, both present and future, located at Mahad Plant. Exclusive charge on the current assets of the Company, both present and future.	Repayable in 18 quarterly equal instalments, commencing from July 2019. Repaid fully on 05 October 2019.	-	206.08
<b>ICICI Bank Ltd:</b> Exclusive charge on the entire movable and immoveable fixed assets, both present and future, located at Mahad Plant. Exclusive charge on the current assets of the Company, both present and future and unconditional & irrevocable guarantee from subsidiary Alivira Animal Health Limited, India.	Repayable in 17 quarterly equal instalments, commencing from November 2019. Repayable fully by November 2023.	151.65	-
<b>Total</b>		<b>151.65</b>	<b>206.08</b>

(ii) The interest on above term loans from banks are linked to the lender's base rates which is floating in nature. During the year, interest rates ranges from 9.90% to 11.55% per annum.

(iii) For the current maturities of long-term borrowings, refer note 27 in other current financial liabilities.

### 22 Other non-current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Lease liabilities	4.41	-
<b>Total</b>	<b>4.41</b>	<b>-</b>

### 23 Non-current provisions

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Gratuity (refer note 40)	13.13	8.07
Compensated absences (refer note below)	9.70	7.77
<b>Total</b>	<b>22.83</b>	<b>15.84</b>

#### Note:

The provision for compensated absences includes annual leave and vested long service leave entitlement accrued.

### 24 Other non-current liabilities

	As at 31 March 2020	As at 31 March 2019
Corporate guarantee liability	3.01	-
<b>Total</b>	<b>3.01</b>	<b>-</b>

### 25 Current borrowings

	As at 31 March 2020	As at 31 March 2019
Loans repayable on demand		
<b>Secured loan - at amortised cost</b>		
From banks (refer notes below)	143.89	192.67
<b>Total</b>	<b>143.89</b>	<b>192.67</b>

#### Notes:

- (i) Working capital loan from banks are secured by a exclusive charge on current assets of the company and exclusive charge on the entire movable and immoveable fixed assets of the Company, both present and future, including exclusive charge on the immovable assets located at Mahad and secured by unconditional & irrevocable guarantee from subsidiary Alivira Animal Health Limited, India.
- (ii) The interest on Working Capital loans are floating in nature which ranges from 9.15% to 10.50% per annum.

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### 26 Trade payables

	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises (refer note 42)	41.70	10.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	601.67	515.41
<b>Total</b>	<b>643.37</b>	<b>526.05</b>

#### Notes:

- (i) Trade payables (other than due to micro, small and medium enterprises) are non-interest bearing and are normally settled in 90 - 120 days.
- (ii) The Company's exposures to currency and liquidity risks related to trade payables is disclosed in note 48.
- (iii) Refer note 44.3 for dues payable to related parties.

### 27 Other current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings *	55.18	41.70
Unclaimed dividends	0.15	0.06
Payables on purchase of property, plant and equipments	22.51	11.22
Lease liabilities	4.67	-
<b>Total</b>	<b>82.51</b>	<b>52.98</b>

\* The details of interest rates, repayment terms, securities, guarantees and others terms are disclosed under note 21. Details of current maturities of long-term borrowings are as below:

	As at 31 March 2020	As at 31 March 2019
Secured term loan from banks		
RBL Bank Limited	-	41.70
ICICI Bank Ltd	55.18	-
<b>Total</b>	<b>55.18</b>	<b>41.70</b>

### 28 Current provisions

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Compensated absences	1.40	0.70
<b>Total</b>	<b>1.40</b>	<b>0.70</b>

### 29 Current tax liabilities (net)

	As at 31 March 2020	As at 31 March 2019
Provision for tax (net of advance tax: ₹122.76) (as at 31 March 2019: ₹9.64)	48.01	9.54
<b>Total</b>	<b>48.01</b>	<b>9.54</b>

### 30 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory remittances	7.15	5.57
Advance from customers	0.93	1.59
Corporate guarantee liability	2.37	-
<b>Total</b>	<b>10.45</b>	<b>7.16</b>

## NOTES

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All amounts are in ₹ million unless otherwise stated

### 31 Revenue from operations

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products	2,233.31	1,613.72
<b>Other operating revenues</b>		
Sale of scrap	1.86	2.24
Duty drawback and other export incentives	27.76	30.50
Commission income (refer note 44.2)	-	1.30
Fees for managing the Mahad facility (refer note 44.2)	-	10.00
Processing and conversion charges (refer note 44.2)	10.40	-
Other miscellaneous income	-	4.84
<b>Total</b>	<b>2,273.33</b>	<b>1,662.60</b>

#### Sale of products comprises:

	Year ended 31 March 2020	Year ended 31 March 2019
<b>(a) Manufactured goods</b>		
Bulk drugs	2,131.50	1,381.38
<b>Total- Sale of manufactured goods</b>	<b>2,131.50</b>	<b>1,381.38</b>
<b>(b) Traded goods</b>		
Bulk drugs	62.84	183.60
Chemicals	38.97	48.74
<b>Total- Sale of traded goods</b>	<b>101.81</b>	<b>232.34</b>
<b>Total- Sale of products</b>	<b>2,233.31</b>	<b>1,613.72</b>

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

#### Trade receivables and Contract Balances

The Company classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for revenue contracts are recognised at a point in time when the Company transfers control over the product to the customer.

#### Reconciliation of revenue from sale of products with the contracted price:

	Year ended 31 March 2020	Year ended 31 March 2019
Contracted price	2,254.82	1,617.41
Less: trade discounts and sales returns	21.51	3.69
<b>Sale of products</b>	<b>2,233.31</b>	<b>1,613.72</b>

### 32 Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income (refer note (i) below)	63.72	114.66
Profit on sale of property ,plant and equipments (net)	0.02	0.02
Other non-operating income (refer note (ii) below)	13.93	12.20
Dividend income	52.64	7.87
Net loss / (gain) on foreign currency transactions and translation	10.76	4.31
Fair value gain on financial instrument at fair value through profit or loss	2.99	0.50
Fair value of corporate guarantee income *	1.55	-
<b>Total</b>	<b>145.61</b>	<b>139.56</b>

#### (i) Interest income comprises:

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on:		
Bank deposits	1.20	1.06
Loans to subsidiary companies (refer note 44.2)	61.21	111.30
Others	1.31	2.30
<b>Total</b>	<b>63.72</b>	<b>114.66</b>

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	Year ended 31 March 2020	Year ended 31 March 2019
<b>(ii) Other non-operating income comprises:</b>		
Insurance claim received	0.03	0.26
Liabilities / provisions no longer required written back	-	5.01
Rental income (refer note 44.2)	8.40	0.40
Guarantee commission (refer note 44.2)	5.18	4.50
Miscellaneous income	0.32	2.03
<b>Total</b>	<b>13.93</b>	<b>12.20</b>

\* Fair value of corporate guarantee represents income on guarantee provided by Alivira Animal Health Limited, India to the Company.

### 33.a Cost of materials consumed

	Year ended 31 March 2020	Year ended 31 March 2019
Opening stock	96.20	71.65
Transfer on account of business combination (refer note 50)	-	52.89
Add: Purchases	1,107.88	745.05
Less: Closing stock	117.17	96.20
<b>Total</b>	<b>1,086.91</b>	<b>773.39</b>
Materials consumed comprises:		
Solvents	230.78	203.76
Chemicals	856.13	569.63
<b>Total</b>	<b>1,086.91</b>	<b>773.39</b>

### 33.b Purchases of stock-in-trade

	Year ended 31 March 2020	Year ended 31 March 2019
Purchases of stock-in-trade	82.43	202.32
<b>Total</b>	<b>82.43</b>	<b>202.32</b>
Purchases of stock-in-trade comprises:		
Bulk drugs	47.52	154.24
Chemicals	34.91	48.08
<b>Total</b>	<b>82.43</b>	<b>202.32</b>

### 33.c Changes in inventories of finished goods and work-in-progress

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening stock</b>		
Work-in-progress and intermediates	110.01	60.85
Finished goods	46.00	5.25
	<b>156.01</b>	<b>66.10</b>
<b>Transfer on account of business combination (refer note 50)</b>		
Work-in-progress and intermediates	-	46.80
Finished goods	-	13.62
	<b>-</b>	<b>60.42</b>
<b>Closing stock</b>		
Work-in-progress and intermediates	154.01	110.01
Finished goods	40.92	46.00
	<b>194.93</b>	<b>156.01</b>
<b>Net increase</b>	<b>(38.92)</b>	<b>(29.49)</b>

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All amounts are in ₹ million unless otherwise stated

### 34 Employee benefit expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	134.99	86.83
Contributions to provident fund, gratuity and other funds (refer note 40)	14.20	7.26
Share-based payments to employees (refer note 46)	14.50	7.09
Staff welfare expenses	7.28	5.91
<b>Total</b>	<b>170.97</b>	<b>107.09</b>

### 35 Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense on borrowings	42.88	28.12
Other borrowing costs	6.44	4.08
Interest expense on leases liabilities	1.03	-
<b>Total</b>	<b>50.35</b>	<b>32.20</b>

### 36 Depreciation and amortisation expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment and ROU assets (refer note 3)	75.65	52.07
Amortisation on intangible assets (refer note 4)	14.26	20.57
Less: Cross charge to subsidiary company (refer note 44.2)	(0.41)	(0.43)
<b>Total</b>	<b>89.50</b>	<b>72.21</b>

### 37 Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Power, water and fuel	127.35	85.20
Consumables	27.48	22.39
Conversion and processing charges	405.04	318.04
Contract labour charges	28.58	27.12
Freight and forwarding	17.71	8.40
Rent	0.46	3.73
Rates and taxes	5.77	6.84
Communication expenses	3.85	4.12
Repairs and maintenance		
Building	5.77	4.97
Machinery	17.33	11.43
Others	21.39	15.33
Insurance	10.42	9.32
Travelling and conveyance	3.88	3.62
Advertisement and selling expenses	1.11	0.61
Commission on sales	2.32	1.36
Legal and professional fees	41.03	28.34
Payments to auditors (refer note (i) below)	3.58	5.23
Analytical charges	9.66	12.02
CSR expenses (refer note 51)	0.37	1.01
Bad trade receivables written off	17.45	0.01
Bad loans and advances written off	-	1.51
Allowances for doubtful trade receivables	(17.45)	0.39
Provision for other than temporary diminution in value	-	1.10
Other expenses	16.47	10.32
<b>Total</b>	<b>749.57</b>	<b>582.41</b>



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All amounts are in ₹ million unless otherwise stated

### Note:

(i) Payments to the auditors comprises (net of Goods and Services Tax):

	Year ended 31 March 2020	Year ended 31 March 2019
As auditors - statutory audit (including fees for undertaking limited reviews)	3.50	4.13
Fee for certification and other services	-	0.55
Reimbursement of expenses	0.08	0.55
	<b>3.58</b>	<b>5.23</b>

### 38 Earnings per share

	Year ended 31 March 2020	Year ended 31 March 2019
Basic earnings per share (in ₹)	0.88	0.31
Diluted earnings per share (in ₹)	0.87	0.31

### Profit attributable to equity shareholders

	Year ended 31 March 2020	Year ended 31 March 2019
Profit for the year attributable to equity holders of the Company	213.41	75.86
<b>Profit attributable to equity shareholders for basic and diluted earnings</b>	<b>213.41</b>	<b>75.86</b>

### Weighted average number of equity shares

	Year ended 31 March 2020	Year ended 31 March 2019
Equity shares at beginning of the year	246,870,995	243,736,195
Weighted average no. of shares issued during the year	434,426	51,531
Weighted average effect of treasury shares	(3,869,176)	(998,351)
<b>Weighted average number of equity shares at end of the year for basic EPS</b>	<b>243,436,245</b>	<b>242,789,375</b>
Share options	1,873,380	1,196,735
<b>Weighted average number of equity shares at end of the year for diluted EPS</b>	<b>245,309,625</b>	<b>243,986,110</b>

### 39 Reconciliations of tax expenses and details of deferred tax balances

#### A) Income tax expense recognised in the standalone statement of profit and loss

	Year ended 31 March 2020	Year ended 31 March 2019
<b>i) Income tax expense recognised in the standalone statement of profit and loss</b>		
Current tax	31.83	13.29
<b>Total (I)</b>	<b>31.83</b>	<b>13.29</b>
<b>Deferred Tax charge</b>		
Origination and reversal of temporary differences	(17.49)	-
<b>Total (II)</b>	<b>(17.49)</b>	<b>-</b>
<b>MAT</b>		
MAT credit entitlement	(31.07)	(13.29)
MAT credit entitlement written off	31.45	-
<b>Total (III)</b>	<b>0.38</b>	<b>(13.29)</b>
<b>Provision for tax of earlier years written back (IV)</b>	<b>-</b>	<b>(13.83)</b>
<b>Total (V = I+II+III+IV)</b>	<b>14.72</b>	<b>(13.83)</b>
<b>ii) Tax on other comprehensive income</b>		
Re-measurement (gains) / losses on defined benefit plans	(0.83)	-
<b>Total (VI)</b>	<b>(0.83)</b>	<b>-</b>
<b>Total (V+VI)</b>	<b>13.89</b>	<b>(13.83)</b>

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### B) Reconciliation of effective tax rate

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

	31 March 2020	31 March 2019
<b>Profit before tax</b>	<b>228.13</b>	<b>62.03</b>
Statutory income tax rate	29.12%	27.82%
<b>Tax as per applicable tax rate</b>	<b>66.43</b>	<b>17.26</b>
<b>Differences due to:</b>		
- Exempted Income	(15.27)	(2.19)
- Effect of additional allowance net of MAT credit	(18.04)	(15.28)
- Provision for tax of earlier years written back	-	(13.83)
- Effect of deferred tax on brought forward business losses	(17.95)	-
- Others	(0.45)	0.21
<b>Income tax expenses charged to the standalone statement of profit and loss</b>	<b>14.72</b>	<b>(13.83)</b>
<b>Effective tax rate</b>	<b>6.45%</b>	<b>(22.30%)</b>

During the year the Company has recognised MAT credit entitlement which is expected to be available for set-off in the future years.

### C) Movement in deferred tax assets and liabilities

	As at 01 April 2019	Credit / (charge) in the statement of profit and loss	Credit / (charge) in other comprehensive income	As at 31 March 2020
- Temporary differences on account of depreciation	(24.54)	14.68	-	(9.86)
- Expenses allowable on payment basis	5.52	3.88	0.83	10.23
- Carried forward of losses	19.02	(1.07)	-	17.95
- MAT credit entitlement	67.03	(0.38)	-	66.65
<b>Total</b>	<b>67.03</b>	<b>17.11</b>	<b>0.83</b>	<b>84.97</b>

	As at 01 April 2018	Credit / (charge) in the statement of profit and loss	Credit / (charge) in other comprehensive income	As at 31 March 2019
- Temporary differences on account of depreciation	(35.58)	11.04	-	(24.54)
- Expenses allowable on payment basis	2.30	3.22	-	5.52
- Carried forward of losses	33.28	(14.26)	-	19.02
- MAT credit entitlement	53.74	13.29	-	67.03
<b>Total</b>	<b>53.74</b>	<b>13.29</b>	<b>-</b>	<b>67.03</b>

(D) The Company continues to pay income tax under older tax regime even after introduction of Taxation Law (Amendment) Ordinance, 2019, considering the accumulated MAT credit, tax losses and other benefits under the Income Tax Act, 1961.

### 40 Employee benefit plans

#### (i) Defined contribution plans:

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹10.29 (31 March 2019 : ₹4.71) for Provident Fund contributions and ₹1.74 (31 March 2019 : ₹1.00) for Employee State Insurance Scheme contributions in the standalone statement of profit and loss. As at 31 March 2020, contribution of ₹2.68 (31 March 2019 : ₹1.60) is outstanding which is paid subsequent to the end of respective reporting periods.

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### (ii) Defined benefit plans:

The Company has a defined Gratuity benefit plan. Gratuity is payable to all eligible employees of the Company on superannuation, death and resignation. The following table summarises the components of net employee benefit expenses recognised in the standalone statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

	31 March 2020	31 March 2019
<b>Expense / (income) recognised in the statement of profit and loss:</b>		
Current service cost	2.17	1.55
Net interest cost	0.72	0.44
Expected return on plan assets	(0.13)	(0.11)
<b>Component of defined benefit costs recognised in the statement of profit and loss</b>	<b>2.76</b>	<b>1.88</b>
<b>Expense / (income) recognised in other comprehensive income:</b>		
Return on plan assets (excluding amounts included in net interest expenses)	0.09	(0.10)
Actuarial (gains) / losses arising from change in financial assumptions	1.00	(0.11)
Actuarial (gains) / losses arising from experience adjustment	1.88	(0.23)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>2.97</b>	<b>(0.44)</b>
<b>Total</b>	<b>5.73</b>	<b>1.44</b>

### Net defined benefit obligation as reflected in balance sheet:

	31 March 2020	31 March 2019
Present value of defined benefit obligation (DBO)	14.90	9.80
Fair value of plan assets	(1.77)	(1.73)
<b>Net liability recognised in balance sheet</b>	<b>13.13</b>	<b>8.07</b>

### A. Movements in the present value of the defined benefit obligation are as follows:

	31 March 2020	31 March 2019
Opening defined benefit obligation	9.80	4.27
Current service cost	2.17	1.55
Interest cost	0.72	0.44
Liability transferred in / acquisitions	-	4.78
Benefits paid	(0.67)	(0.90)
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	1.00	(0.11)
Actuarial (gains) / losses arising from changes in experience adjustment	1.88	(0.23)
<b>Closing defined benefit obligation</b>	<b>14.90</b>	<b>9.80</b>

### B. Movements in the fair value of plan assets are as follows:

	31 March 2020	31 March 2019
Opening fair value of plan assets	1.73	1.52
Expected return on plan assets	0.13	0.11
Actual contributions from the Company	-	0.65
Benefits paid	-	(0.65)
<b>Remeasurement loss / (gain):</b>		
Actuarial gain / (loss)	(0.09)	0.10
Closing fair value of plan assets	<b>1.77</b>	<b>1.73</b>
<b>Estimate amount of contribution in immediate next year</b>	<b>1.20</b>	<b>0.60</b>
Actual return on plan assets is ₹0.04 (31 March 2019 : ₹0.21).		
<b>Asset information</b>		
Insurer Managed Funds (LIC) (100%)	100%	100%

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### Actuarial assumptions

The principal assumptions used for the purpose of actuarial valuations are shown in the table below. The assumptions as at the balance sheet date are used to determine the present value of defined benefit obligation at that date.

	31 March 2020	31 March 2019
<b>Financial assumption:</b>		
Discount rate	6.67%	7.55%
Salary escalation rate	8.00%	8.00%
<b>Demographic assumption:</b>		
Withdrawal rate	8.00%	8.00%
Mortality rate	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate
Retirement Age	58 yrs	58 yrs

As per para 83 of Ind AS 19 - Employee benefits, the rate used to discount post-employment benefit obligation (both funded and unfunded) shall be determined by reference to market yields at the end of each reporting period on government bonds.

	31 March 2020	31 March 2019
<b>Expected future cash flows</b>		
Within 1 Year	1.20	0.60
2-5 years	4.66	3.74
6-10 years	7.31	4.86

Average expected future working life is 10.39 years (previous year 10.28 years).

### Sensitivity Analysis

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

	Impact on the defined benefit obligation	
<b>31 March 2020</b>	100 bps increase	100 bps decrease
Discounting rate	(1.12)	1.29
Salary escalation rate	1.27	(1.12)
<b>31 March 2019</b>	100 bps increase	100 bps decrease
Discounting rate	(0.62)	0.96
Salary escalation rate	0.95	(0.62)

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### 41 Contingent liabilities and commitments (to the extent not provided for)

	As at 31 March 2020	As at 31 March 2019
<b>Contingent liabilities</b>		
Claims against the Company not acknowledged as debts *		
- Income tax	-	2.60
* Outflow, if any, arising out of the said claim including interest, if any, would depend on the outcome of the decision of the Appellate Authority and the Company's right for future appeal before the judiciary.		
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
- Property, plant and equipment	6.44	1.92

### 42 Due to micro, small and medium enterprises (refer note 26)

	As at 31 March 2020	As at 31 March 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year	41.70	10.64
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management based on enquiries made by the Management with the creditors which have been relied upon by the auditors.

### 43 Segment Reporting

The Company has presented segment information in its Consolidated Financial Statements, which are part of the same annual report. Accordingly, in terms of provisions of Accounting Standard on Segment Reporting (Ind AS 108), no disclosure related to the segment are presented in these Standalone Financial Statements.

### 44 Related party transactions

#### 44.1 List of related parties

##### (I) Related parties where control exists

###### (a) Subsidiaries

###### Wholly-owned subsidiaries:

Alivira Animal Health Limited, India  
SeQuent Research Limited  
Elysian Life Sciences Private Limited  
SeQuent Antibiotics Private Limited (strike off w.e.f 26 July 2019)  
SeQuent Pharmaceuticals Private Limited (strike off w.e.f 26 July 2019)

###### Step down subsidiaries:

Alivira Animal Health Limited, Ireland  
Alivira Animal Health Australia Pty Limited  
Provet Veteriner Ürünleri San. Ve Tic. A. Ş.  
Topkim Topkapi İlaç premiks Sanayi Ve Ticaret A.Ş.  
Fendigo SA  
Fendigo BV  
N-Vet AB  
Alivira Saude Animal Brasil Participacoes Ltda  
Interchange Veterinária Indústria E Comércio Ltda.

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Vila Viña Participacions S.L.  
Laboratorios Karizoo, S.A.  
Laboratorios Karizoo, S.A. DE C.V. (Mexico)  
Comercial Vila Veterinaria De Lleida S.L.  
Phytotherapeutic Solutions S.L  
Alivira UA Limited (strike off w.e.f 18 August 2019)  
Alivira France  
Bremer Pharma GmbH  
Evince Saude Animal Ltda (incorporated w.e.f 26 December 2018)  
Alivira Italia S.R.L. (incorporated w.e.f 21 January 2019)

### (II) Other related parties with whom transactions have taken place during the year

#### (a) Key management personnel

Mr. Manish Gupta, Chief Executive Officer & Managing Director  
Mr. Sharat Narasapur, Joint Managing Director  
Mr. Tushar Mistry, Chief Financial Officer  
Mr. K E C Rajakumar, Non Executive Director  
Dr. S Devendra, Non-Executive Director  
Dr. Gopakumar G. Nair, Chairman & Independent Director  
Dr Kausalya Santhanam, Independent Director  
Mr. Narendra Mairpady, Independent Director

#### (b) Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company Strides Pharma Science Limited (formerly known as Strides Shasun Limited)

Atma Projects  
Agnus Capital LLP  
Pronomz Ventures LLP  
Solara Active Pharma Sciences Limited  
Naari Pharma Private Limited

#### Note:

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

The above mentioned provides the information about the Company's structure including the details of the subsidiaries. The following table provides transactions that have been entered into with related parties for the relevant financial year:

#### 44.2 Transactions for the year

	Wholly owned subsidiaries		Key management personnel		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
<b>Sale of materials / services</b>						
Alivira Animal Health Limited, India	1,232.98	848.83				
Solara Active Pharma Sciences Limited					0.13	16.76
<b>Sale of machinery / assets</b>						
Alivira Animal Health Limited, India	0.04	9.67				
SeQuent Research Limited	-	0.04				
Solara Active Pharma Sciences Limited					-	1.45
<b>Interest and other income</b>						
Alivira Animal Health Limited, India (*)	56.97	101.88				
Naari Pharma Private Limited					-	1.07
SeQuent Research Limited (*)	4.24	8.35				
<b>Purchase of material</b>						
Alivira Animal Health Limited, India	83.55	240.76				
Solara Active Pharma Sciences Limited					-	0.88



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	Wholly owned subsidiaries		Key management personnel		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
<b>Purchase of import license</b>						
Alivira Animal Health Limited, India	7.69	3.60				
<b>Purchase of machinery / assets</b>						
Alivira Animal Health Limited, India	2.14	0.80				
SeQuent Research Limited	0.01	0.59				
<b>Managerial remuneration (**)</b> <b>(excluding costs relating to post employment benefits)</b>						
<b>Mr. Manish Gupta (#)</b>						
Short-term benefits			12.48	11.77		
Share-based payments			11.54	18.70		
<b>Total</b>			<b>24.02</b>	<b>30.47</b>		
<b>Mr. Tushar Mistry</b>						
Short-term benefits			7.44	6.87		
Share-based payments			1.56	-		
<b>Total</b>			<b>9.00</b>	<b>6.87</b>		
<b>Directors Sitting Fees</b>						
Mr. K E C Rajakumar			0.30	0.15		
Mr. Narendra Mairpady			0.48	0.33		
Dr. S Devendra Kumar			0.40	0.20		
Dr. Kausalya Santhanam			0.48	0.33		
Dr. Gopakumar Nair			0.48	0.33		
<b>Reimbursement of expenses from</b>						
SeQuent Research Limited	14.00	14.17				
Naari Pharma Private Limited					-	0.28
Solara Active Pharma Sciences Limited					1.17	3.06
Agnus Capital LLP					7.39	-
<b>Reimbursement of expenses to</b>						
Strides Pharma Science Limited					-	1.05
<b>Analytical charges</b>						
SeQuent Research Limited	6.93	8.47				
<b>Processing and conversion charges received</b>						
Alivira Animal Health Limited, India	10.40	-				
<b>Investment during the year</b>						
Alivira Animal Health Limited, India	-	1,547.96				
Alivira Animal Health Limited, India (***)	(8.83)	27.87				
SeQuent Antibiotics Private Limited	-	0.60				
SeQuent Pharmaceuticals Private Limited	-	0.30				
<b>Details of balance provided / written off during the year</b>						
<b>(i) Loans</b>						
Elysian Life Sciences Private Limited	-	0.53				
<b>(ii) Investments</b>						
SeQuent Antibiotics Private Limited	-	0.70				
SeQuent Pharmaceuticals Private Limited	-	0.40				
<b>Rental income</b>						
Alivira Animal Health Limited, India	8.40	0.40				

(\*) Interest income is included in the loan receivable amount

(\*\*) Expenses towards gratuity and compensated absences provisions are determined actuarially on an overall company basis at the end of each year and accordingly have not been considered in the above information.

(\*\*\*) On account of ESOP issued and lapsed to the employees of subsidiary company and guarantee given on behalf on subsidiary company

(#) The managerial remuneration is approved by the members in the AGM

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	Wholly owned subsidiaries		Key management personnel		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
<b>Loans given by Company</b>						
Alivira Animal Health Limited, India	-	1,028.00				
Elysian Life Sciences Private Limited	-	0.04				
<b>Loans repaid to the Company</b>						
SeQuent Research Limited	73.00	-				
SeQuent Antibiotics Private Limited	-	0.51				
SeQuent Pharmaceuticals Private Limited	-	0.06				
Naari Pharma Private Limited					-	111.74
Alivira Animal Health Limited, India (refer below note)	-	1,666.46				
<b>Commission on corporate guarantee given for loan facility</b>						
Alivira Animal Health Limited, India	5.18	4.50				
<b>Commission on corporate guarantee received for loan facility</b>						
Alivira Animal Health Limited, India	0.35	-				
<b>Additional / (reduction) of guarantee given during the year (net)</b>						
Alivira Animal Health Limited, India	(167.52)	250.59				
<b>Additional guarantee received during the year</b>						
Alivira Animal Health Limited, India	483.41	-				
<b>ESOP given to employees of Subsidiary company</b>						
Alivira Animal Health Limited, India	32.17	23.84				
<b>Acquisition of Mahad EU-GMP API facility</b>						
Solara Active Pharma Sciences Limited					-	464.00
<b>Fees for managing the Mahad facility</b>						
Solara Active Pharma Sciences Limited					-	10.00
<b>Transactions carried out by the Company on behalf of Solara Active Pharma Sciences Limited</b>						
Sales					-	259.00
Purchase					-	259.00
Collection from end customers					-	168.00
<b>Commission Income on sales made on behalf of Solara Active Pharma Sciences Limited</b>						
Solara Active Pharma Sciences Limited					-	1.30

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### 44.3 Balance as at Balance Sheet date

	Wholly owned subsidiaries		Key management personnel		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
<b>Trade receivables / other current assets</b>						
SeQuent Research Limited	3.75	26.04				
Alivira Animal Health Limited, India	85.62	126.15				
Naari Pharma Private Limited					-	8.93
Solara Active Pharma Sciences Limited					0.40	2.27
Agnus Capital LLP					7.39	-
<b>Loans receivable</b>						
Elysian Life Sciences Private Limited	112.08	112.08				
Alivira Animal Health Limited, India	575.25	523.98				
SeQuent Research Limited	9.39	78.57				
<b>Provision made for loans given</b>						
Elysian Life Sciences Private Limited	112.08	112.08				
<b>Trade payable balance</b>						
Atma Projects					-	0.20
Solara Active Pharma Sciences Limited					-	0.73
Strides Pharma Science Limited					-	7.94
<b>Corporate Guarantee given to lender for loan facility</b>						
Alivira Animal Health Limited, India	1,749.70	1,917.22				
<b>Corporate Guarantee received for loan facility</b>						
Alivira Animal Health Limited, India	483.41	-				

Note: The Company has subscribed to the right issue of 6,370,196 shares at ₹243 per share of Alivira Animal Health Limited, India amounting to ₹1,547.96 on 17 October 2018. The amount payable towards this right issue has been adjusted against the sum receivable towards loan given by company to Alivira Animal Health Limited, India.

### 45 leases

The effect of adoption of Ind AS 116 is as follows:

#### Impact on balance sheet - increase / (decrease)

	01 April 2019
<b>Assets</b>	
Right-of-use assets	229.10
Prepayments	(219.89)
<b>Total assets</b>	<b>9.21</b>
<b>Equity</b>	
Retained earnings	(1.16)
Total equity	(1.16)
<b>Liabilities</b>	
Interest-bearing loans and borrowings	10.37
<b>Total liabilities</b>	<b>10.37</b>
<b>Total</b>	<b>9.21</b>

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### Impact on standalone statement of profit and loss - increase / (decrease) in profit for the year

Particulars	31 March 2020
Depreciation and amortisation expenses	(7.72)
Other expenses	8.80
Finance costs	(1.03)
<b>Net increase in profit for the year</b>	<b>0.05</b>

### Impact on these standalone statement of cash flows - increase / (decrease)

Particulars	31 March 2020
Payment of principal portion of lease liabilities	(3.90)
Payment of interest portion of lease liabilities	(1.03)
<b>Net cash flows from financing activities</b>	<b>(4.93)</b>

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 01 April 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

There is no material impact on standalone statement of profit and loss and the basic and diluted earnings per share.

### 46 Share-based payment arrangements

#### A. Description of share-based payment arrangements

##### i. Share option programmes (equity-settled)

The Company implemented "SeQuent Scientific Employees Stock Option Plan 2010" (SeQuent ESOP 2010), as approved by the Shareholders of the Company on 24 May 2010 and it was further modified by the member on 24 September 2015.

Employees Stock Option Plan:

Grant Date	No. of Options	Vesting conditions	Contractual life of the options vesting period
30 May 2013 (*)	2,700,000	The options granted would normally vest over a maximum period of 4 years from the date of the grant in proportions specified in 'SeQuent ESOP 2010' scheme.	5 years
12 February 2014 (*)	500,000		
28 May 2014 (*)	900,000		
12 November 2014 (*)	1,000,000		
11 January 2016 (*)	500,000		
14 May 2016	345,000		
23 May 2017	50,000		
02 November 2018	2,660,000		
03 July 2019	1,135,000		

\* Pursuant to sub-division of 1 equity share of ₹10 each into 5 equity shares of ₹2 each on 26 February 2016, the no. of options have been adjusted proportionately

The expense on Employee Stock Option plan debited to the standalone statement of profit and loss during 2019-20 is ₹14.50 (31 March 2019 : ₹7.09) net of recoveries of ₹32.17 (31 March 2019 : ₹23.84) from its subsidiary company towards the stock options granted to subsidiary employees, pursuant to the employee stock option schemes. The entire amount pertains to equity-settled employee share-based payment plans. The share option outstanding as on 31 March 2020 is ₹140.90 (31 March 2019 : ₹188.85).

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### B. Measurement of fair values

#### Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is ₹40.99 (31 March 2019 : ₹28.38). Options were priced using a Black-Scholes model. The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements if any, were not taken into account in measuring fair value.

	31 March 2020	31 March 2019
<b>Inputs into the model</b>		
Grant date	03 July 2019	02 November 2018
Grant date share price	66.25	51.13
Exercise price	40.00	40.00
Expected volatility	38.00%	40.16%
Option life	5 years	5 years
Dividend yield	0.00	0.00
Risk-free interest rate	7.35%	7.66%

### C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option programmes were as follows:

	31 March 2020		31 March 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Employees stock option plan:				
Option outstanding at the beginning of the year	4,552,620	36.48	2,441,000	29.00
Granted during the year	1,135,000	40.00	2,660,000	40.00
Exercised during the year	646,870	32.43	498,380	13.52
Cancelled during the year	427,250	87.00	-	-
Forfeited during the year	475,000	44.33	50,000	87.00
Options outstanding at the end of the year	<b>4,138,500</b>	<b>31.97</b>	<b>4,552,620</b>	<b>36.48</b>

### D. Share options exercised during the year

The following share options were exercised during the year:

Option series	Number exercised	Exercise date	Share price at exercise date
1. Granted on 28 May 2014	171,620	05 August 2019	66.80
2. Granted on 02 November 2018	366,500	12 December 2019	65.03
3. Granted on 02 November 2018	108,750	01 January 2020	70.78

### E. Share options outstanding at the end of the year

The share option outstanding at the end of the year had a weighted average exercise price of ₹31.97 (as at 31 March 2019 : ₹36.48) and weighted average remaining contractual life of 3.49 years (as at 31 March 2019 : 3.03 years).

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to the standalone financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### 47 Intangible assets under development

	As at 31 March 2020	As at 31 March 2019
<b>Movement of other intangible assets under development:</b>		
Opening balance	-	9.26
Less: Intangibles sold during the year	-	(9.26)
<b>Total intangible assets under development:</b>	<b>-</b>	<b>-</b>

### 48 Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

	Carrying value and fair value	
	As at 31 March 2020	As at 31 March 2019
<b>Financial assets</b>		
<b>Measured at amortised cost</b>		
Investment in subsidiaries	6,076.84	6,085.67
Other investments	0.13	0.13
Trade receivables	407.88	429.01
Cash and cash equivalents	28.73	10.66
Other bank balances	8.45	8.11
Loans	584.92	602.61
Other financial assets	40.42	20.62
<b>Measured at fair value through other comprehensive income (FVTOCI)</b>		
Investment in equity instruments (Quoted)	1,313.10	1,796.79
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Investments in mutual fund	186.99	-
<b>Total</b>	<b>8,647.46</b>	<b>8,953.60</b>
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
Borrowings (including current maturity of long-term borrowings)	350.72	440.45
Trade payables	643.37	526.05
Other financial liabilities	31.74	11.28
<b>Total</b>	<b>1,025.83</b>	<b>977.78</b>

#### 48.1 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).



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The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2020 and 31 March 2019:

Particulars	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value:</b>					
<b>Financial assets designated at fair value through other comprehensive income (note 5 and 12):</b>					
Investment in equity instruments (Quoted)	31 March 2020	1,313.10	1,313.10	-	-
Investment in equity instruments (Quoted)	31 March 2019	1,796.79	1,796.79	-	-
<b>Financial assets designated at fair value through profit or loss (note 12):</b>					
Investment in mutual funds	31 March 2020	186.99	-	186.99	-
Investment in mutual funds	31 March 2019	-	-	-	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year

Notes:

- (i) Refer note 2.4(xiii) under significant accounting policies for recognition and measurement of financial assets.
- (ii) The fair value of the investments in equity is based on the quoted price. The fair value of investments in mutual fund is based on market observable inputs. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.
- (iii) Price risk- The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

### 48.2 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and deposits that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these standalone financial statements.

#### Risk management framework

The Company's activities makes it susceptible to various risks. The Company has taken adequate measures to address such concerns by developing

adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance. The Board of Directors has overall responsibility for the establishments and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has established Audit Committee and its constitution, quorum and scope is in line with the Companies Act, 2013, provisions of Listing Agreement as entered with the Stock Exchange / Regulations. The Audit Committee comprises of three non executive independent directors nominated by the Board of Directors.

## NOTES

to the standalone financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

The Audit Committee oversees how management ensures compliance of Internal Control Systems, compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Audit Committee also reviews the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced firms of Chartered Accountants.

### 48.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from the Company's trade receivables. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivables spread by period of six months:

	31 March 2020	31 March 2019
Outstanding for more than 6 months	2.04	9.32
Others	405.84	419.69
	<b>407.88</b>	<b>429.01</b>

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls.

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased for export customers.

Information about major customer Revenue from single external customer is approximately ₹600.23 (31 March 2019 : ₹334.68) representing 27% (31 March 2019 : 21%) of Company's total revenue from business for the year ended 31 March 2020 and total exposure in receivables is 53% for the year ended 31 March 2020 (31 March 2019 : 46%). Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the company. The Company's maximum exposure in this respect is the maximum amount the Company may have to pay if the guarantee is called on. As at 31 March 2020, an amount of ₹2,950.00 (as at 31 March 2019 : ₹1,917.22) is outstanding as financial guarantee. These financial guarantees have been issued to banks and other parties with whom loan agreements have been entered by the subsidiaries.

### 48.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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to the standalone financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

The Company has an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for managing the short-term and long-term liquidity requirements of the Company. Short-term liquidity

situation is reviewed daily by treasury. Long-term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019:

Particulars	As at 31 March 2020			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings (including current maturity of long-term borrowings)	199.07	55.18	96.47	350.72
Trade payables	643.37	-	-	643.37
Other financial liabilities	27.33	3.24	1.17	31.74
Financial guarantee	-	-	-	1,749.70

Particulars	As at 31 March 2019			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings (including current maturity of long-term borrowings)	234.37	105.60	100.48	440.45
Trade payables	526.05	-	-	526.05
Other financial liabilities	11.28	-	-	11.28
Financial guarantee	-	-	-	1,917.22

### 48.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to interest rate risk arising mainly from debt. The Company is exposed to interest rate risk because the fair value of fixed rate borrowings and the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

The Company is also exposed to foreign currency risk on certain transactions that are denominated in a currency other than the Company's functional currency; hence exposures to exchange rate fluctuations arise. Considering the country and economic environment in which the Company operates, its operations are subject risks arising from fluctuations in exchange rate in those countries. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rate foreign currency exposure.

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to the standalone financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### Foreign currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales.

#### a) Foreign currency risk from financial instruments are given below:

Foreign currency	As at 31 March 2020		As at 31 March 2019	
	Receivable / (payable)	Receivable / (payable) in foreign currency	Receivable / (payable)	Receivable / (payable) in foreign currency
USD	150.10	1.99	80.67	1.17
Euro	-	-	(0.01)	(0.00)
USD	(52.40)	(0.70)	(44.59)	(0.64)
SGD	-	-	(0.00)	(0.00)
JPY	-	-	(3.12)	(4.99)
GBP	(0.06)	(0.00)	-	-
<b>Net Exposure</b>	<b>97.64</b>		<b>32.95</b>	

#### b) Derivatives instruments

Derivative transactions are undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments. As at 31 March 2020 and 31 March 2019, the Company did not have any outstanding forward exchange contracts.

#### c) Foreign currency sensitivity analysis

The Company is mainly exposed to currency fluctuation of USD and Euro.

The following table details the Company's sensitivity to a 10% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 10% change in foreign currency rates. A positive numbers below indicates an increase in profit or equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balance below would be negative.

	Impact on profit or loss and total equity	
	31 March 2020	31 March 2019
<b>10% decrease in foreign currency</b>		
Currency of U.S.A (USD)	(9.77)	(3.61)
Others	0.01	0.31
<b>10% Increase in foreign currency</b>		
Currency of U.S.A (USD)	9.77	3.61
Others	(0.01)	(0.31)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### 48.6 Financial instrument - Risk exposure and fair value

#### Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates

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to the standalone financial statements for the year ended 31 March 2020

All amounts are in ₹ million unless otherwise stated

### Interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments are as follows:

	31 March 2020	31 March 2019
<b>Fixed-rate instruments</b>		
Financial assets		
-Margin money deposit	16.70	15.43
<b>Total</b>	<b>16.70</b>	<b>15.43</b>
<b>Variable-rate instruments</b>		
Financial liabilities		
-Borrowings from bank	350.72	440.45
<b>Total</b>	<b>350.72</b>	<b>440.45</b>

### Interest rate sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect	Profit and loss	
	100 bps increase	100 bps decrease
<b>31 March 2020</b>		
Variable-rate instruments	(3.51)	3.51
	<b>(3.51)</b>	<b>3.51</b>
<b>31 March 2019</b>		
Variable-rate instruments	(4.40)	4.40
	<b>(4.40)</b>	<b>4.40</b>

## 49 Capital Management

For the purpose of Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity share holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. As at 31 March 2020, there is no breach of covenant attached to the borrowings.

The Company manages its capital to ensure that Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (offset by cash and bank balances) and total equity of the Company.

## NOTES

to the standalone financial statements for the year ended 31 March 2020

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The Company's Gearing Ratio at end of the year is as follow.

Particulars	31 March 2020	31 March 2019
Borrowings(including current maturity of long-term borrowings) (i)	350.72	440.45
Cash and cash equivalents (ii)	28.73	10.66
Other bank balance (iii) (Margin Money)	8.30	8.05
Current investment (iv)	187.54	0.95
<b>Net debt [ (i) - { (ii)+(iii)+(iv) } ]</b>	<b>126.15</b>	<b>420.79</b>
<b>Total equity</b>	<b>8,862.17</b>	<b>9,177.91</b>
<b>Gearing ratio</b>	<b>1%</b>	<b>5%</b>

(i) Debt is defined as long-term (including current maturity of long term borrowings excluding financial guarantee contracts) and short-term borrowings.

(ii) Other bank balance exclude the bank balance towards unpaid dividend.

(iii) Gearing ratio : Net debt / Equity.

## 50 Business Combination

### Acquisition of Mahad EU-GMP API facility

With effect from 01 August 2018 ("the Acquisition date"), the Company has acquired the EU-GMP API facility of Solara Active Pharma Solutions Limited located at Mahad, Maharashtra for a consideration of ₹464.00. The acquisition will enable to compliment the current manufacturing facility of Alivira Animal Health Ltd (a Wholly owned subsidiary of the company) located at Vizag (USFDA approved) and a manufacturing facility of the company located at Tarapur. Cash paid towards purchase consideration amounted to ₹464.00 has been allocated based on the fair value of net assets acquired on acquisition date as follows:

Component	Fair value
Property, plant and equipment	292.07
Capital work-in-progress	4.67
Intangible assets	6.14
Working capital:	
Inventory (refer note 33.a & 33.c)	113.31
Cash and cash equivalents	1.53
Others	46.28
<b>Total</b>	<b>464.00</b>

### Impact on acquisition on the results of the Company :

Results from continuing operations for the year ended 31 March 2019 includes the following revenue and profit generated from the new acquisition:

Revenue from operations	881.13
Profit for the year	46.91

Had these business combinations been effected at 01 April 2018, the proforma revenue and profit for the year ended 31 March 2019 from the respective business acquired would have been as below.

Revenue from operations	1,321.70
Profit for the year	70.37

**Note:** The proforma numbers to represent an approximate measure of the performance of the plant on an annualised basis.



## NOTES

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All amounts are in ₹ million unless otherwise stated

### 51 Corporate Social Responsibility Expenses (CSR)

The Company has incurred below expenses towards CSR activities as per section 135 of the Companies Act, 2013 and is included in other expenses.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Gross amount required to be spent by the Company during the year	0.17	0.33
Actual amount spent during the year (Revenue in nature)	0.37	1.01

**52** Following outbreak of COVID-19 pandemic globally and in India, the Company has adopted measures to curb the spread of infections in order to protect health of its employees and business continuity with minimal disruption. Considering that the Company is in business of Animal Health Care which is considered to be an essential service, the Company's operations do not have any significant impact as all its plants are operating and sales continuing. The Company's management, based on internal and external information available, has assessed its impact on carrying value of receivables and investments. The impact of the global health pandemic may be different from that estimates as at the date of approval of these standalone financial statement and the management will continue to closely monitor any material changes to future economic condition.

**53** Exports incentives are recognised based on certainty of receipt. During the year ended 31 March 2020, an amount of ₹10.06 of export incentive income pertaining to past invoices has been recognised as attached condition of certainty is met.

**54** The standalone financial statements were approved for issue by the board of directors on 12 May 2020.

As per our report of even date

For and on Behalf of the Board of Directors

For **SRBC & COLLP**

Chartered Accountants

ICAI firm registration number- 324982E / E300003

Per **Vikas Kumar Pansari**

Partner

Membership No: 093649

**Manish Gupta**

Managing Director &

Chief Executive Officer

DIN:06805265

**Tushar Mistry**

Chief Financial Officer

**Sharat Narasapur**

Joint Managing Director

DIN:02808651

**Krunal Shah**

Company Secretary

Membership No: 26087

Mumbai, 12 May 2020

**SeQuent Scientific Limited**

CIN: L99999MH1985PLC036685

**Regd. Office:** 301, 3<sup>rd</sup> Floor, Dosti Pinnacle, Plot No. E7, Road No. 22, Wagle Industrial Estate, Thane (West) - 400 604, Maharashtra, India.

**Tel No.:** +91 22 4111 4777

**Website:** [www.sequent.in](http://www.sequent.in) | **Email:** [investorrelations@sequent.in](mailto:investorrelations@sequent.in)

NOTICE is hereby given that the Thirty Fifth Annual General Meeting ('AGM') of the Members of SeQuent Scientific Limited (the 'Company') will be held on **Tuesday, August 25, 2020 at 11:00 a.m. (IST)** through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following businesses:

#### ORDINARY BUSINESS:

- To receive, consider and adopt:
  - the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, together with the reports of the Board of Directors and the Auditors thereon;
  - the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the Report of the Auditors thereon.

#### SPECIAL BUSINESS:

- To consider and if thought fit, to pass with or without modification(s), if any, the following Resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** Mr. KEC Rajakumar (DIN: 00044539), a Director liable to retire by rotation, who does not seek re-election, be not re-appointed as a Director of the Company.

**RESOLVED FURTHER THAT** the vacancy, so created on the Board of Directors of the Company, be not filled."

- To consider and if thought fit, to pass with or without modification(s), if any, the following Resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including statutory modifications or re-enactments thereof for the time being in force), the remuneration upto ₹0.35 million plus applicable tax and re-imbursalment of out of pocket expenses payable to M/s. Kirit Mehta & Co., Cost Accountants, (Firm Registration No. 000353), who was appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021, be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors and/or Key Managerial Personnel of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above Resolution."

- To consider and if thought fit, to pass with or without modification(s), if any, the following Resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions of Companies Act, 2013 (including statutory modifications or re-enactments thereof for the time being in force) and Rules framed thereunder, the consent of the Members of the Company be and is hereby accorded for altering the existing Article 158 of the Articles of Association of the Company and substituting the following new Article:

*"Article 158: Subject to the provisions of the Act and of these Articles, a Managing Director/Whole Time Director shall, while he continues to hold that office, be subject to retirement by rotation under the Act. He shall be subject to the provisions of (1) any contract between him and the Company and (2) provisions of the Act relating to resignation and removal as applicable to the other Directors of the Company. He shall ipso facto and immediately cease to be a Managing Director/ Whole Time Director, if he ceases to hold the office of Director for any cause.*

*Subject to the provisions of the Act and of these Articles, all the Directors of the Company, other than the Independent Directors and the Nominee Directors, as appointed from time to time, shall be liable to retire by rotation."*

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute and deliver all such necessary documents for the purpose of giving effect to the aforesaid Resolution."

**By order of the Board of Directors of**  
Sequent Scientific Limited

**Krunal Shah**

Place: Thane

Date: July 30, 2020

Company Secretary & Compliance Officer

Membership No.: ACS 26087

**NOTES:**

1. Considering the present Novel Coronavirus (COVID-19) pandemic situation, social distancing is a norm to be followed and Ministry of Corporate Affairs ('MCA') has, vide its General Circular No. 20/2020 dated May 5, 2020, read together with General Circular No. 14/2020 dated April 8, 2020 and General Circular No. 17/2020 dated April 13, 2020 (collectively referred to as 'MCA Circulars') permitted companies to conduct Annual General Meeting ('AGM') through Video Conferencing (VC) or Other Audio Visual means (OAVM), without the physical presence of the Members at a common venue.

Accordingly, in compliance with the MCA Circulars and applicable provisions of the Companies Act, 2013 ('Act') and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the AGM is being convened and conducted through VC. The deemed venue for the AGM shall be the Registered Office of the Company : 301, 3<sup>rd</sup> Floor, Dosti Pinnacle, Plot No. E7, Road No. 22, Wagle Industrial Estate, Thane (West) - 400 604, Maharashtra, India.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since the AGM is being held through VC, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Pursuant to the provisions of Section 112 and 113 of the Act read with the aforesaid MCA Circulars, Institutional / Corporate Shareholders (i.e. other than individuals, HUF, NRI, etc.) are entitled to appoint their authorized representatives to attend the AGM through VC on their behalf and participate thereat, including casting of votes by electronic means.

Institutional / Corporate Shareholders who intends to authorize their representatives to participate and vote on their behalf in the Meeting to be held through VC are requested to send, in advance, a duly certified copy of the relevant board resolution/letter of authority/power of attorney to the Company at [investorrelations@sequent.in](mailto:investorrelations@sequent.in).

4. A statement pursuant to Section 102(1) of the Act, relating to certain ordinary and special business to be transacted at the AGM is annexed hereto.
5. The following documents will be available for inspection by the Members electronically during the AGM. Members seeking to inspect such documents can send an e-mail to [investorrelations@sequent.in](mailto:investorrelations@sequent.in)

- a) Certificate from the Statutory Auditors relating to the Company's Stock Options/Restricted Stock Units Plans under SEBI (Share Based Employee Benefits) Regulations, 2014.
  - b) Register of Directors and Key Managerial Personnel and their Shareholding, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under the Act.
6. Members desirous of obtaining any information/clarification on the financial statements or any of the resolutions as detailed in the Notice are requested to write to the Company on or before August 22, 2020 through an e-mail to [investorrelations@sequent.in](mailto:investorrelations@sequent.in) specifying his/her name along with Client ID/DP ID or Folio No., as the case may be and the replies to these queries may be given by the Chairman/Managing Director during the course of AGM or subsequently via e-mail.
  7. Since the AGM will be held through VC, the route map of the venue of the Meeting is not annexed hereto.
  8. The SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Registrar and Transfer Agent of the Company.
  9. Pursuant to the provisions of Section 72 of the Act, Members holding shares in physical form and desirous of making a nomination in respect of their Shareholding in the Company are requested to submit Form SH-13 to the Registrar and Transfer Agent of the Company. Members holding shares in demat form may contact their respective Depository Participant for recording of nomination.
  10. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Accordingly, the Company / Registrar and Transfer Agent has stopped accepting any fresh lodgement of transfer of shares in physical form. Members holding shares in physical form are advised to avail the facility of dematerialisation. Members can also write to Registrar and Transfer Agent of the Company.
  11. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify to their

Depositories Participants (DPs) in respect of their electronic share accounts and to the Company's Registrar of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.

12. In line with the MCA Circulars, the notice of the AGM along with the Annual Report 2019-20 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may please note that this Notice and Annual Report 2019-20 will also be available on the Company's website at <http://www.sequent.in/investor-relations.aspx> and on the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.

**13. PROCEDURE FOR OBTAINING THE ANNUAL REPORT, AGM NOTICE AND E-VOTING INSTRUCTIONS BY THE MEMBERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES OR WITH REGISTRAR AND TRANSFER AGENT ON PHYSICAL FOLIOS:**

- a. On account of threat posed by COVID-19 and in terms of the MCA and SEBI Circulars, the Company has sent the Annual Report, Notice of AGM and e-voting instructions only in electronic form to the registered e-mail addresses of the Members. Therefore, those Members who have not yet registered their e-mail address are requested to get their e-mail address registered by following the procedure given below.
- b. Those Members who have not registered their e-mail address and mobile number including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with the Company's Registrar and Transfer Agent, KFin Technologies Private Limited in case the shares held in physical form.
- c. Members who have not registered their e-mail address and in consequence the Annual Report, Notice of AGM and e-voting notice could not be serviced, may temporarily get their e-mail address and mobile number registered with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by clicking the link: <https://ris.kfintech.com/email-registration> for sending the same. Members are requested to follow the process as guided to capture the e-mail address and mobile number for sending the soft copy of the Notice and e-voting instructions along with the User ID and

Password. In case of any queries, Members may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

- d. Members are requested to visit the website of the Company [www.sequent.in](http://www.sequent.in) or the website of the Registrar and Transfer Agent [www.kfintech.com](http://www.kfintech.com) for downloading the Annual Report and Notice of AGM.
- e. Alternatively, Member may send an e-mail request at the e-mail id, [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the signed request letter providing the e-mail address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio, for sending the Annual report, Notice of AGM and the e-voting instructions.

**14. PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:**

- a) Members will be provided with a facility to attend the AGM through VC platform provided by KFin Technologies Private Limited. Members may access the platform to attend the AGM through VC at <https://emeetings.kfintech.com> by using their remote e-voting credentials. The link for the AGM will be available in the Shareholders/ Members login where the "EVENT" and the "Name of the Company" can be selected. Please note that, the Members who have not registered their e-mail address or do not have the User ID and Password for e-voting or have forgotten the User ID and Password, may retrieve the same by following the remote e-voting instructions mentioned in this Notice.
- b) Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience. Please note that, participants connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- c) Members will be able to participate in the AGM on a first-come-first served basis, as participation through VC is restricted upto 1000 Members only. However, Members holding 2% or more shareholding (Large Shareholders), Promoters, Institutional Investors, Directors, Key Managerial Personnel (KMP), Chairpersons of the Audit, Nomination & Remuneration and Stakeholder's Relationship Committees, Auditors, etc. are allowed to attend the AGM without restriction on account of first-come-first served principle.



- d) Members who would like to express their views or ask questions during the Meeting may log into <https://emeetings.kfintech.com> and click on "Post your Questions", queries/views/questions in the window provided by mentioning the name, demat account number/folio number, e-mail id, mobile number. Please note that, the queries/views/questions of those Members will be answered, who continue to hold the shares as on the cut-off date, due to limitations of transmission and co-ordination. During the Q&A session, the Company may dispense with the aforesaid facility during the Meeting.
- e) In addition to above, Members who wish to register as speakers are requested to visit <https://emeetings.kfintech.com> and click on 'Speaker Registration' during this period. The speaker registration shall commence on August 22, 2020 at 9.00 AM (IST) and closes on August 23, 2020 at 5.00 PM (IST). Members are requested to remember the same and wait for their turn to be called by the Chairman/Company Secretary during the Q&A Session. Due to limitations of transmission and co-ordination during the AGM, the Company may have to dispense with or curtail the Speaker Session, hence Members are encouraged to send their queries/ views/questions in advance as provided in Note No. 6.
- f) Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of the AGM on first come first served basis subject to the limitations as mentioned in note (c) above.
- g) Members will be required to grant access to the web-cam to enable two-way VC.
- h) Members who may require any technical assistance or support before or during the AGM are requested to contact KFin Technologies Private Limited at toll free number 1-800-3454-001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).
15. As per the provisions under the MCA Circulars, Members attending the AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
16. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.
- 17. PROCEDURE FOR REMOTE E-VOTING AND E-VOTING AT THE AGM:**
- I) Remote e-voting:** In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by KFin Technologies Private Limited (KFinTech) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting.
- (A) In case a Member receives an e-mail from KFinTech [for Members whose e-mail IDs are registered with the Company/Depository Participant(s)], please follow the below instructions:
- Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - Enter the login credentials (i.e. User ID and Password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFinTech for e-voting, you can use your existing User ID and Password for casting your vote.
  - After entering these details appropriately, click on "LOGIN".
  - You will now reach Password change menu wherein you are required to mandatorily change your password. The new Password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc). The system will prompt you to change your Password and update your contact details like mobile number, email ID etc., on first login. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your Password confidential.
  - You need to login again with the new credentials.
  - On successful login, the system will prompt you to select the "EVENT" and click on 'SeQuent Scientific Limited'.
  - On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date of August 18, 2020 under "FOR/AGAINST" or alternatively, you may partially enter any number "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option "ABSTAIN". If the Member does not indicate either "FOR" or "AGAINST", it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x) You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted all the resolution(s).
- (B) In case of Members who have not registered their e-mail address (including Members holding shares in physical form), please follow the steps for registration of e-mail address and obtaining User ID and Password for e-voting as mentioned in para 13 of the "Notes" and para (e) under the "Other Instructions" section below.
- II) Voting at the Annual General Meeting:** Those Members who are present in the Meeting through VC and have not cast their vote on resolutions through remote e-voting, can vote through e-voting at the Meeting. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting. However, those Members are not entitled to cast their vote again at the Meeting.
- III) A Member can opt for only single mode of voting i.e. through remote e-voting or voting at the AGM. If a Member casts votes by both modes i.e. voting at AGM and remote e-voting, voting done through remote e-voting shall prevail and vote at the AGM shall be treated as invalid.**
- IV) OTHER INSTRUCTIONS:**
- In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (KFinTech Website) or contact Mr. B. V. Kishore (Unit: SeQuent Scientific Limited) of KFin Technologies Private Limited, Selenium Building, Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032 or at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) and [evoting@kfintech.com](mailto:evoting@kfintech.com) or phone no. 040-6716 2222 or call KFinTech's toll free No. 1-800-3454-001 for any further clarifications.
  - You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c) The remote e-voting period commences on Thursday, August 20, 2020 (9.00 a.m. IST) and ends on Monday, August 24, 2020 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. August 18, 2020, may cast their votes electronically as per the process detailed in this Notice. The remote e-voting module shall be disabled for voting thereafter. Once the vote on resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- d) The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. August 18, 2020.
- e) In case a person becomes a Member of the Company after dispatch of the AGM Notice but on or before the cut-off date for e-voting i.e. August 18, 2020, or has registered his/her/its e-mail address after dispatch of the AGM Notice, he/she/it may obtain the User ID and Password in the manner as mentioned below:
- If the mobile number of the Member is registered against Folio No./DP ID Client ID, the Member may send SMS: MYEPWD E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399  
Example for NSDL -MYEPWD IN12345612345678  
Example for CDSL -MYEPWD 1402345612345678  
Example for Physical -MYEPWD XXXX1234567890
  - If e-mail address or mobile number of the Member is registered against Folio No./DP ID Client ID, then on the home page of <https://evoting.karvy.com> the Member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - Member may call KFinTech toll free number 1800-3454-001 for any assistance.
  - Member may send an e-mail request to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). However, KFinTech shall endeavour to send User ID and Password to those new Members whose e-mail ids are available.
18. The Company has appointed M/s. Nilesh Shah and Associates, Company Secretaries, represented by Mr. Nilesh Shah (having Membership No. FCS 4554) or failing him, Ms. Hetal Shah (having Membership No. FCS 8063) to scrutinize the e-voting process and voting done through VC at the AGM in a fair and transparent manner.



19. The Scrutinizer will submit his report to the Chairman after the completion of scrutiny, and the result of the voting will be announced by the Chairman or any Director of the Company duly authorised, on or before Thursday, August 27, 2020 and will also be displayed on the website of the Company ([www.sequent.in](http://www.sequent.in)), besides being communicated to the Stock Exchanges, Depositories and Registrar and Transfer Agent.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

As required by Section 102(1) of the Companies Act, 2013 ('Act'), the following Explanatory Statement sets out all the material facts relating to the businesses mentioned under Item Nos. 2, 3 & 4 of the accompanying Notice:

##### Item no. 2: Cessation of Directorship of Mr. KEC Rajakumar

Mr. KEC Rajakumar (DIN: 00044539) joined the Company's Board in February 11, 2016 as a Non-Executive Director.

In terms of Section 152 of the Act and the Articles of Association of the Company, Mr. KEC Rajakumar is due to retire by rotation at this Meeting. However, he has not offered himself for reappointment, resulting in a vacancy on the Board. The Board of Directors has resolved, subject to approval of Members, that the vacancy in the Board so created shall not be filled.

Except Mr. KEC Rajakumar and his relatives, none of the Directors and/or Key Managerial Personnel of the Company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution.

The Board recommends passing of the proposed Resolution stated in Item No. 2 as an Ordinary Resolution.

##### Item no. 3: Ratification of fee payable to Cost Auditor

In accordance with the Companies (Cost Records and Audit) Rules, 2014, read with the Companies (Cost Records and Audit) (Amendment) Rules, 2016, the Company is required to conduct Cost Audit of its records and in that relation, appoint a Cost Auditor within one hundred and eighty days of the commencement of every financial year. In compliance with the same, the Board of Directors of the Company based on the recommendation of the Audit Committee, has approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants (Firm Registration No. 000353), as the Cost Auditor for the FY 2020-2021 on the same remuneration as was approved for the previous year i.e. upto ₹0.35 million plus tax and out of pocket expenses.

In terms of Section 148(3) of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration recommended by the Audit Committee for the Cost Auditor and approved by the Board of Directors is required to be ratified subsequently by the Members.

Hence, the Ordinary Resolution set out in Item No. 3 of the Notice seeks approval of the Members for the same.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution.

The Board recommends passing of the proposed Resolution stated in Item No. 3 as an Ordinary Resolution.

##### Item no. 4: Amendment to Articles of Association of the Company

The existing Article 158 of the Articles of Association of the Company provides that the Directors of the Company other than the Managing Director/Whole Time Director, Independent Director and Nominee Director shall be liable to retire by rotation.

Consequent to cessation of Directorship of Mr. KEC Rajakumar as per Item 2 of this Notice, the Company will not have enough retiring Directors as stipulated under Section 152 of the Act. Section 152 (6) of the Act *inter alia* prescribes that not less than two-thirds of the total number of Directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation.

Hence it is proposed to amend the Articles of Association of the Company to provide for retirement by rotation of all Directors excluding Independent Director and Nominee Directors.

Accordingly, it is proposed that the said Article 158 of the Articles of Association of the Company be amended as under:

*"Article 158: Subject to the provisions of the Act and of these Articles, a Managing Director/Whole Time Director shall, while he continues to hold that office, be subject to retirement by rotation under the Act. He shall be subject to the provisions of (1) any contract between him and the Company and (2) provisions of the Act relating to resignation and removal as applicable to the other Directors of the Company. He shall ipso facto and immediately cease to be a Managing Director/ Whole Time Director, if he ceases to hold the office of Director for any cause.*

*Subject to the provisions of the Act and of these Articles, all the Directors of the Company, other than the Independent Directors and the Nominee Directors, as appointed from time to time, shall be liable to retire by rotation."*

Pursuant to the provisions of Section 14 of the Act, read with the relevant Rules framed there under, amendment of Articles of Association requires approval of Members by way of Special Resolution. Accordingly, this matter has been placed before the Members for approval.

The Board therefore, submits the Resolution for your consideration and recommends it to be passed as a Special Resolution.

A copy of the existing and proposed amended Articles of Association of the Company is available for inspection by the Members through electronic mode upto the date of ensuing AGM. Members may write to the Company at [investorrelations@sequent.in](mailto:investorrelations@sequent.in), by mentioning "Request for Inspection" in the subject of the e-mail.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed Special Resolution.

The Board recommends passing of the proposed Resolution stated in Item No. 4 as a Special Resolution.

By order of the Board of Directors of  
Sequent Scientific Limited

Krunal Shah

Place: Thane

Date: July 30, 2020

Company Secretary & Compliance Officer  
Membership No.: ACS 26087

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Dr. Gopakumar G Nair**

Chairman and Independent Director

**Mr. Manish Gupta**

Managing Director

**Mr. Sharat Narasapur**

Joint Managing Director

**Dr. (Mrs.) Kausalya Santhanam**

Independent Director

**Mr. Narendra Mairpady**

Independent Director

**Dr. S Devendra**

Non-Executive Director

**Mr. K E C Rajakumar**

Non-Executive Director

### CHIEF FINANCIAL OFFICER

**Mr. Tushar Mistry**

### COMPANY SECRETARY & COMPLIANCE OFFICER

**Mr. Krunal Shah**

### REGISTERED OFFICE

301, 3<sup>rd</sup> Floor, Dosti Pinnacle,  
Plot No. E7, Road No. 22,  
Wagle Industrial Estate,  
Thane (West) - 400 604,  
Maharashtra, India

### STATUTORY AUDITORS

M/s. S R B C & CO LLP  
12<sup>th</sup> Floor, The Ruby Towers,  
29 Senapati Bapat Marg,  
Dadar West, Mumbai - 400 028,  
Maharashtra, India

### REGISTRAR & SHARE TRANSFER AGENT

KFin Technologies Private Limited  
Selenium Building, Tower B, Plot No-31 & 32,  
Financial District, Nanakramguda,  
Serilingampally, Hyderabad - 500 032,  
Telangana, India

### BANKERS

Export-Import Bank of India  
ICICI Bank Limited  
HDFC Bank Limited  
IndusInd Bank Limited

### GLOBAL FACILITIES

Provet Veteriner Urunleri San. Ve Tic. A. Ş.  
Çavuşoğlu Mah, Samanyolu Cad. No.28,  
Kartal, İstanbul, Turkey

Laboratorios Karizoo, S.A.  
Polig. Industrial La Borda  
C/Mas Pujadas, 11-12  
08140 Caldes de Montbui  
Barcelona, Spain

Interchange Veterinaria Industria E  
Comercio Ltda.  
Rua Angelo Esteves, 51 Jardim Miriam na  
Cidade de Campinas SP Cep 13.098-416

Bremer Pharma GmbH  
Werkstr. 42  
34414 Warburg  
Germany

SeQuent Scientific Limited  
Plot Nos. 136, 137, 138, 139, 140, 141, 150,  
151 & 152, MIDC,  
Tarapur, Boisar, Dist. Thane-401 506,  
Maharashtra, India

Alivira Animal Health Limited  
Plot Nos. A-68/69, Additional Ambernath,  
MIDC Indl. Area,  
Ambernath (East), Dist. Thane-421 503,  
Maharashtra, India

Alivira Animal Health Limited  
Plot No. 104 to 109 & Part of 112 & 113,  
Ramky Pharma City SEZ JNPC,  
Parawada Mandal, Visakhapatnam-531 019,  
Andhra Pradesh, India

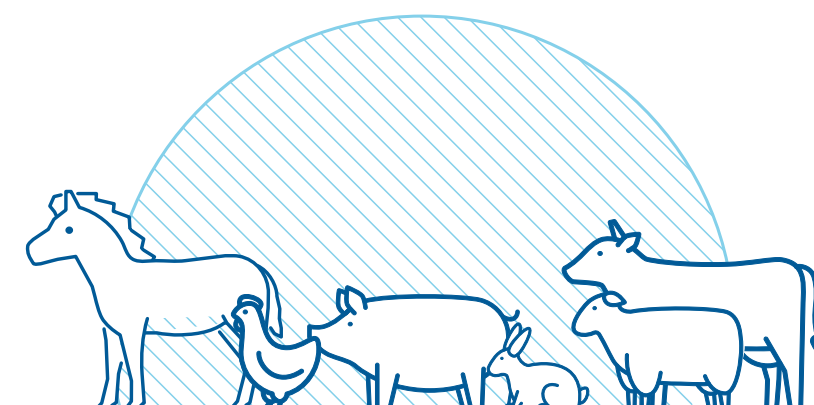
SeQuent Scientific Limited  
Plot Nos. B-32, G-2, G-3, MIDC,  
Mahad, Dist. Raigad  
Maharashtra, India

SeQuent Research Limited  
Plot Nos. 120A & B, Industrial  
Area, Baikampady, New  
Mangalore - 575 001,  
Karnataka, India

Plot No. 11, KIDAB Industrial  
Area, Phase I, Jigani, Anekal  
Tq, Bengaluru - 560 105,  
Karnataka, India

### CORPORATE IDENTIFICATION NUMBER

L99999MH1985PLC036685  
E-MAIL [investorrelations@sequent.in](mailto:investorrelations@sequent.in)  
WEBSITE [www.sequent.in](http://www.sequent.in)



#### SeQuent Scientific Limited

CIN: L99999MH1985PLC036685

#### Registered Office

301, 3<sup>rd</sup> Floor, Dosti Pinnacle, Plot No.E7, Road No. 22,  
Wagle Industrial Area, Thane (W), Mumbai - 400 604,  
Maharashtra, India.  
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Website: [www.sequent.in](http://www.sequent.in) | E-mail id: [info@sequent.in](mailto:info@sequent.in)