Perseverance

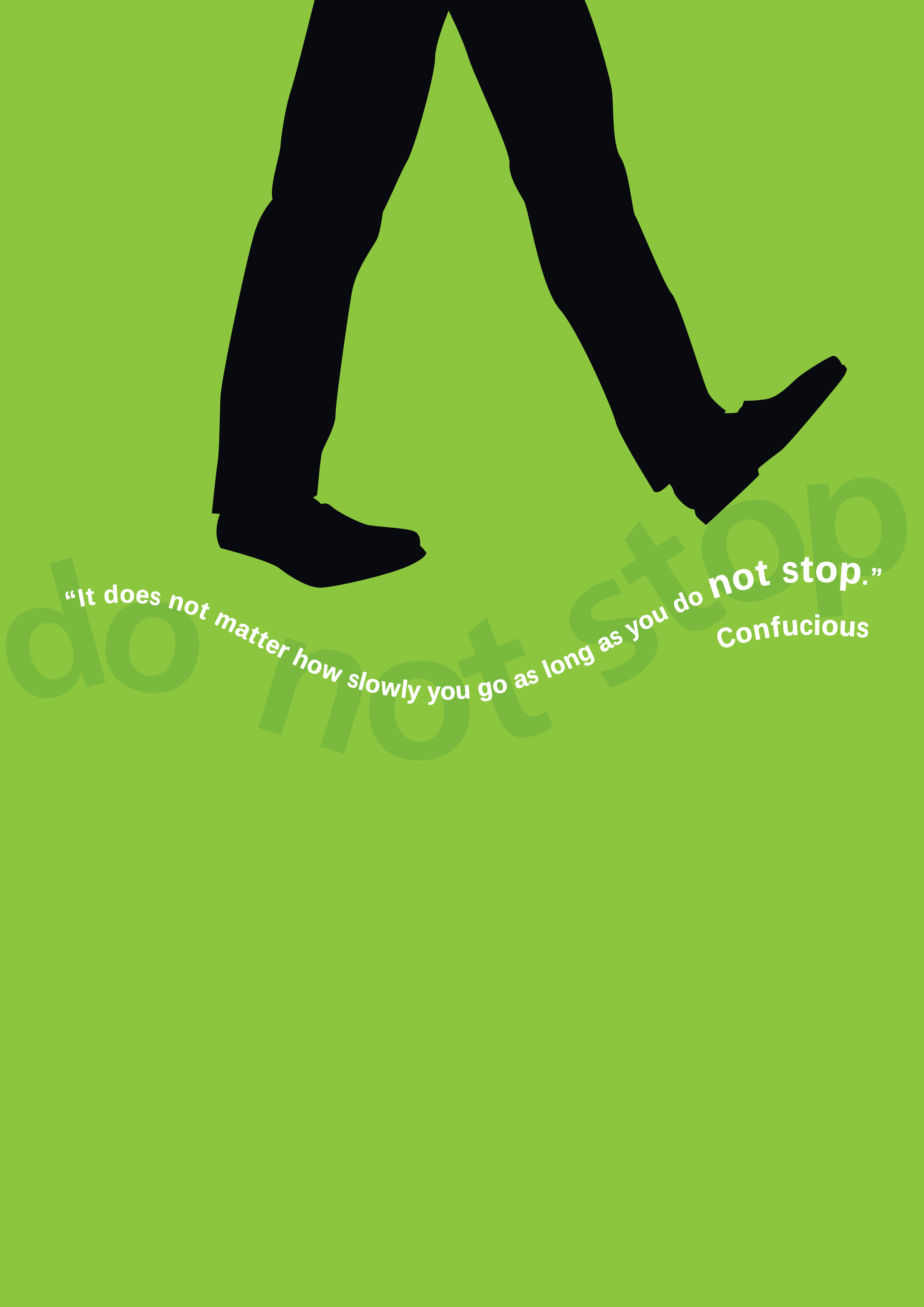
SeQuent Scientific Limited

ANNUAL REPORT 2011-12

Forward-looking Statements

The report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words like 'plans', 'expects', 'anticipates', 'believes', 'intends', 'estimates', or other similar expressions as they relate to Company or its business are intended to identity such forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. The Company undertakes no obligation or responsibility to publicly amend, update, modify or revise any forward-looking statements, on the basis of any new information, future event, subsequent development or otherwise.

The Report Path

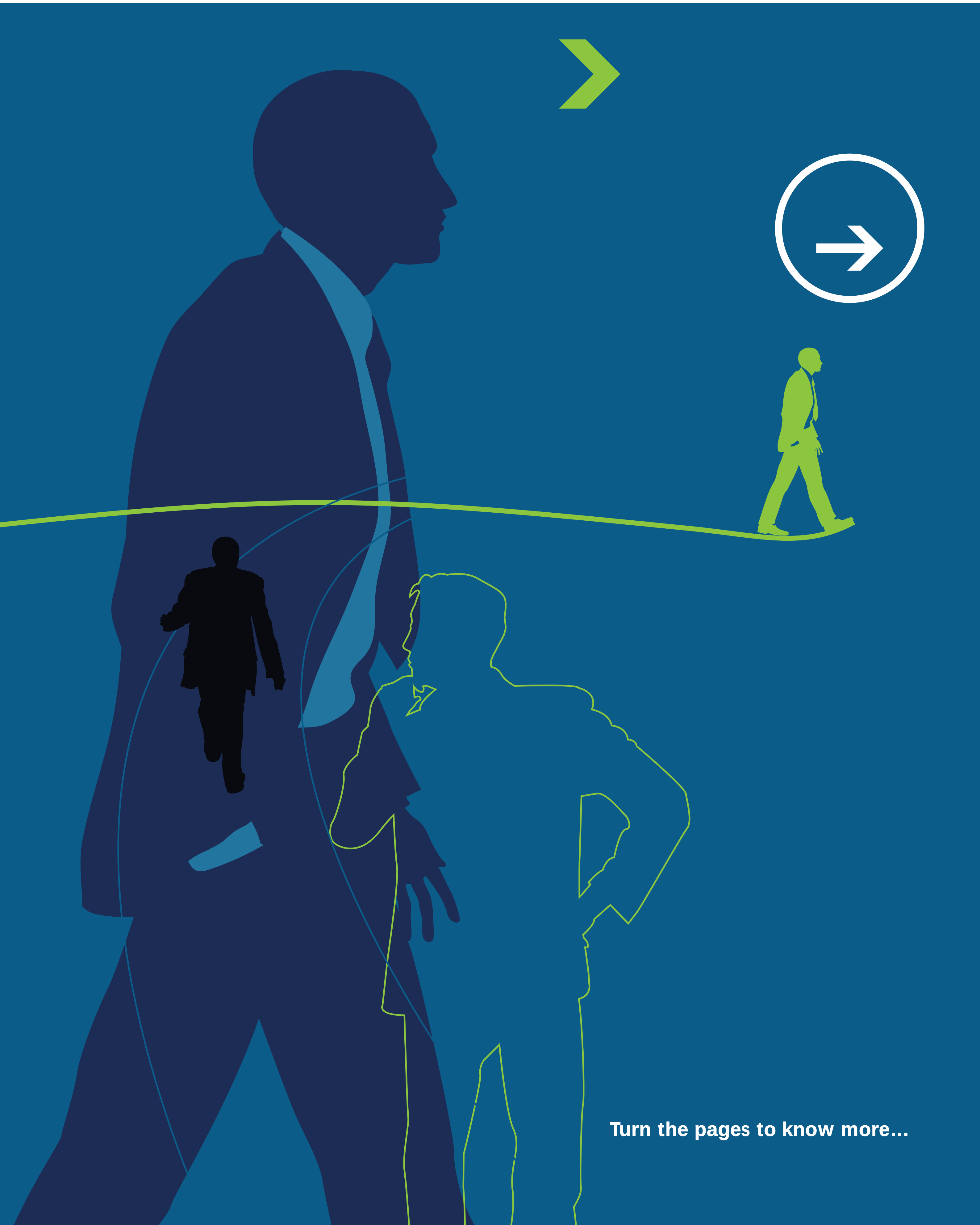

do not stop
“It does not matter how slowly you go as long as you do not stop.”
Confucius

At SeQuent, we believe that nothing toughens like the tough times. 2011-12 was a tough year as input cost continued to rise and key segments faced competitive pressures. The rupee devaluation on account of fiscal challenges in the country resulted in further pushing up the costs. Delay in regulatory approvals led to deferred timelines and low capacity build-up. In addition, at **SeQuent**, we faced few challenges of our own:

- An unfortunate accident at our Tarapur plant impaired our production during Q3 & Q4.
- We patiently continued to await the USFDA audit at our Mangalore plant

We chose not to stop, but to carry on; not be withered but to persist. We chose not to wait but to persevere.

In the wake of growing competition, we continued to develop non-infringing processes, improved product portfolio and at the same time, aimed at becoming a leaner organisation through improved capacity utilization as well as continued reduction of costs. We continued to partner new clients, offering customised high-quality products, based on our demonstrated R&D expertise. We continued to strengthen our units in terms of efficiency, expertise and intellectual capital – thereby utilizing the tough phase to further fortify our business model. In the process, we have laid a strong foundation for sustained growth in the future – through our patience, persistence and above all, perseverance.



Turn the pages to know more...

Our vision

To be a reliable source in the mature generic and niche molecule areas while building a sustainable CRAMS resource for our customer.

Our mission

To deliver quality products competitively while adhering to high quality standards and safety of our people and our environment.

Our quality policy

SeQuent Scientific Limited is engaged in development & manufacture of pharmaceuticals and specialty chemicals. Every product manufactured in our premises shall adhere to the prescribed quality norms for the product and focused efforts shall be taken towards continual improvement of the product and processes involved. We shall achieve this by ensuring excellent Quality Standards in:

Our People - Through constant training and motivation programs to imbibe the goals and objectives of the Company in their work

Our Inputs - Through strict adherence to Quality Standards prescribed for the respective inputs

Our Facilities - Through stringent in-house manufacturing & documentation standards complying to cGMP and all applicable legal and regulatory requirements

SeQuent Scientific Limited is engaged in development & manufacture of pharmaceuticals and specialty chemicals

Our identity

At a glance

- Largest producer of Anthelmintic APIs
- Diversified business model having presence in Human and Animal Health segments as well as specialty chemicals
- Sales of `3.32 billion
- Over 700 employees
- 5 manufacturing locations in 3 Indian states
- Headquartered in Thane, India
- Listed on Bombay Stock Exchange (stock code: 512529)

Origins and reputation

SeQuent Scientific

Acquired by first generation entrepreneurs in 2007

SeQuent + PI Drugs

Merged into PI Drugs in February, 2008

SeQuent Scientific Limited

Name changed post merger from PI Drugs to SeQuent

We commenced the journey in our present avatar as an Active Pharmaceutical Ingredients (API) company in 2007. Over the years, we forayed into various niche segments in the human and animal pharmaceuticals value chain.

Management team

The Company's leadership team comprise of highly motivated and experienced professionals, led by Mr. KR Ravishankar, Chairman & Managing Director and a first generation entrepreneur.

Presence

Maharashtra — ***Registered office***
Thane

Karnataka — ***Corporate office***
Bengaluru

Manufacturing plants

Karnataka
- Mangalore (cGMP facility, ISO 9001:2000 and ISO 14001 certified)

Maharashtra
- Ambernath (cGMP facility and Certificate of Suitability from EU)
- Tarapur (ISO 9001:2000 certified)
- Mahad (cGMP facility and Certificate of Suitability from EU)

Gujarat
- Panoli (ISO 9001:2000 certified)

We continued to refine

Two Business Segments; Four Business Divisions

our businesses

Sequent
Proven Ability In Life Sciences

API | Veterinary Formulations | Specialty Chemicals

Human API | Veterinary API

Pharmaceuticals division (core business)

85% of the total revenues in 2011-12

Specialty chemicals division

15% of the total revenues in 2011-12

Pharmaceuticals division

01

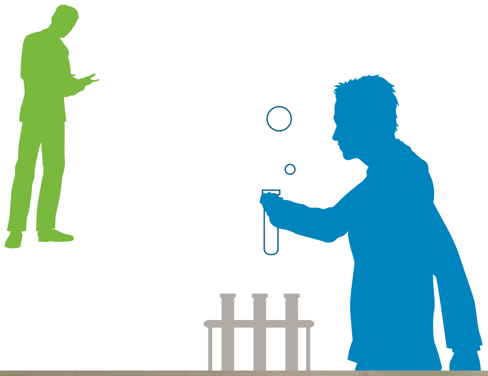
APIs (Produced In Mangalore, Ambernath, Tarapur And Mahad)

Human APIs

- 2nd largest in terms of divisional revenues
- The segment spearheaded the company's growth in 2011-12, with 91 per cent increase in divisional topline
- Offers a wide range of large volume APIs as well as Niche APIs and Drug intermediates
- Demonstrated wide range of synthetic chemistry skills coupled with capacity, higher flexibility and strict adherence to the specified quality parameters
- R&D focused model; dedicated investments has led to increased filings
- 55 APIs developed/under-development; 33 DMFs filed till date
- Focus on forging long term partnerships with innovator companies
- Currently present in semi regulated and regulated markets; awaiting USFDA approval

Veterinary APIs

- The largest segment in the company in terms of revenues
- Divisional revenues decreased by 15 per cent during 2011-12
- Has emerged as a preferred supplier to top veterinary drug manufacturers across the globe
- Leading producer of animal Anthelmintic APIs
- Focus on creating an extensive product pipeline
- Early dominance of the acquired company has been built upon to sustain growth
- The division's growth is not innovator-dependent and therefore offers huge scope across regulated and unregulated markets



Non-core businesses

02

Veterinary Formulations (Produced in Ambernath)

- Forayed into the segment as a forward integration for veterinary APIs
- Exports dominated revenues
- Divisional revenues down by 3.1 per cent in wake of higher input prices and lower realisation, largely due to devaluation of Indian Rupee against US Dollar
- One of the few companies in India in its product space
- Caters to a wide product range in the Anthelmintic category
- Products registered in various markets in Africa
- Recently also forayed into domestic formulations segment; to cater to promising Indian market

Specialty chemicals (Produced in Panoli)

- Posted an increase of 18.5 per cent during 2011-12
- Presently focused on domestic markets; to commence exports in 2012-13
- Continued thrust on R&D initiatives in the segment to drive future growth
- Completed capacity expansion in 2011-12; plans for further expansion

2011-12 was a busy year...

We continued to invest in capacities...

- Commenced construction of Greenfield Penems facility
- Completed the expansion at Mangalore facility; resulted in higher volumes of Human APIs

We continued to strengthen our product pipeline...

- 5 new DMFs filed (total 33 DMFs filed till date)
- Commenced cultivation of Artemisinin in Africa, through a dedicated subsidiary Elysian Life Sciences (Mauritius) Limited

We continued to face severe challenges...

- Capacity impaired on account of unfortunate accident in Tarapur unit
- Panoli unit remained partially non-operational for the entire fourth quarter of 2011-12 due to fire incident
- Animal Health API division faced severe cost pressures on account of cheaper imports from China
- Marked slowdown in Animal Health Formulations sales on account of political and economic instability in key West African markets

We continued to improve our cost structures...

- Reduction in outsourcing costs by de-bottlenecking thereby limiting margin erosion
- Critically examined key product processes and improved profitability by developing new manufacturing processes
- Improved solvent recovery by installing Solvent Recovery Plants across units
- Water Management System in place to reduce water and treatment costs
- Expanded Effluent Treatment Plant capacities across units; resulted in efficient and economical waste disposal process

We continued to meet global standards...

- The Mangalore facility received quality approval from TGA, Australia
- Received approval from World Health Organisation for Lumefantrine (Anti-Malarial)

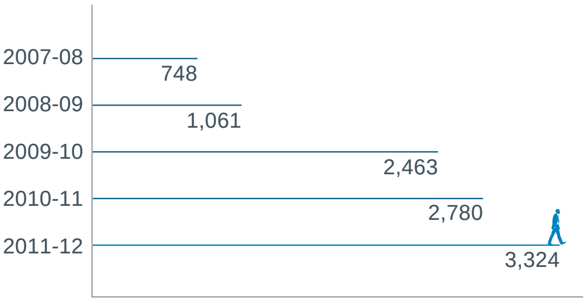
We continued to initiate our future growth plans...

- Completed fund-raising for the upcoming capacity expansion programme across three units – Mangalore, Panoli and Mahad
- Forayed into domestic market for Animal Health Formulations

And kept our morale high even in the *toughest of times*

Deciphering our Financial Performance.

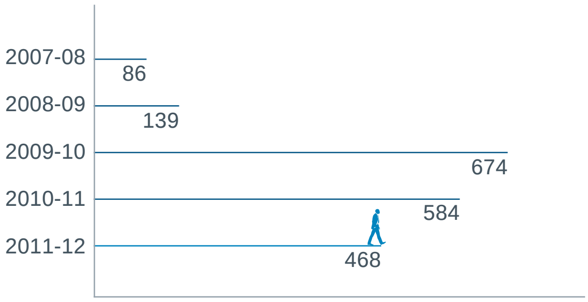
NET TURNOVER (` mn)



19.6% ↑

Driven by growth in Human APIs and Specialty Chemicals divisions, long term product partnerships and strong customer relationships.

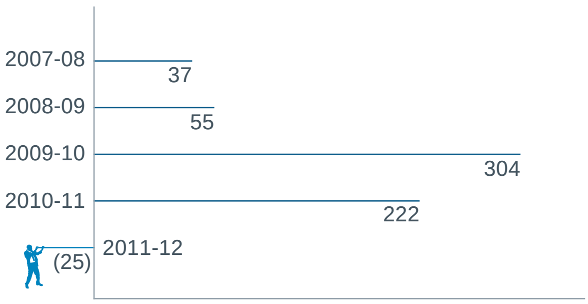
EBIDTA (` mn)



19.9% ↓

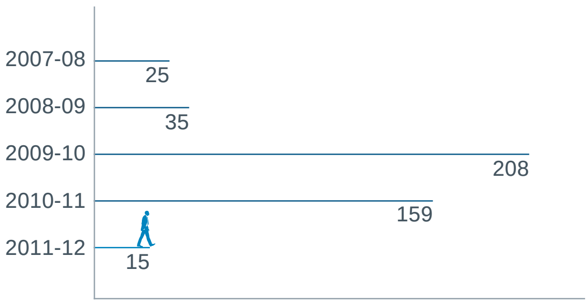
On account of unutilised capacities, rising input cost and falling realisations in key product segments

PRE-TAX PROFIT (` mn)



Recorded loss for the first year since commencement of operations; on account of higher interest cost and depreciation.

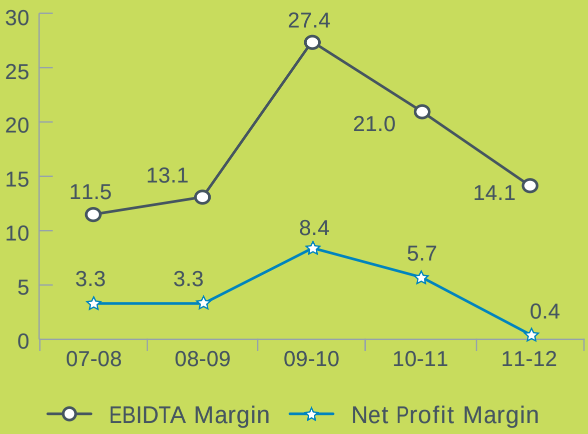
NET PROFIT (` mn)



90.5% ↓

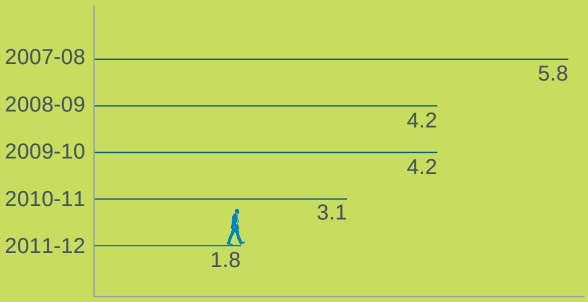
Reversal in provision for deferred taxation led to counter the impact of loss before taxation.

MARGINS (%)



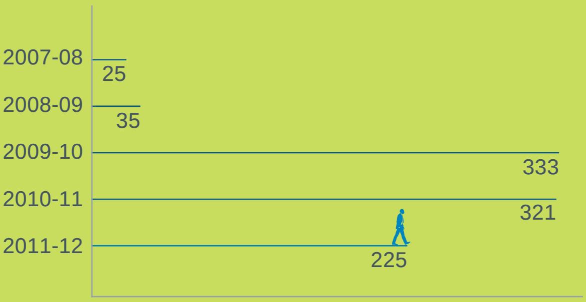
Margins reflected the pressures faced in terms of high cost of inputs, coupled with lack of operational capacities and sustained challenges in the Animal Health business.

INTEREST COVER (times)



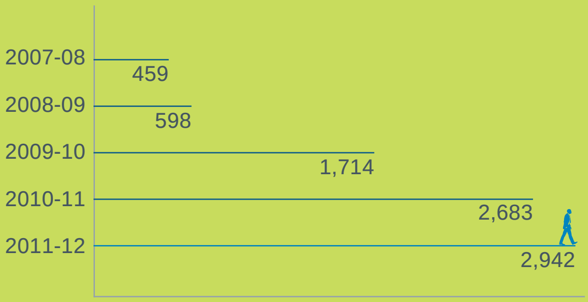
Decreased EBIT coupled with higher interest liability on account of increased long-term debts led to reduction in Interest coverage; strongly expected to improve in short to medium term.

CASH PROFIT (` mn)



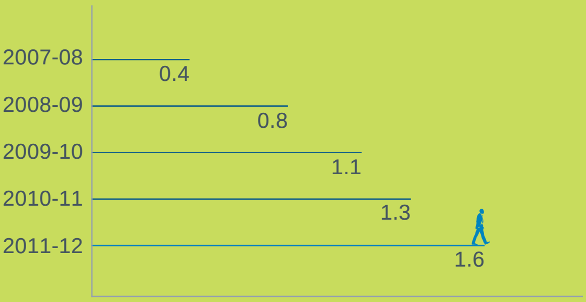
32.0% ↓ Higher depreciation on expanded capacities, resulted in strong cash profit despite higher cost of debts and inputs.

GROSS BLOCK + CWIP (` mn)



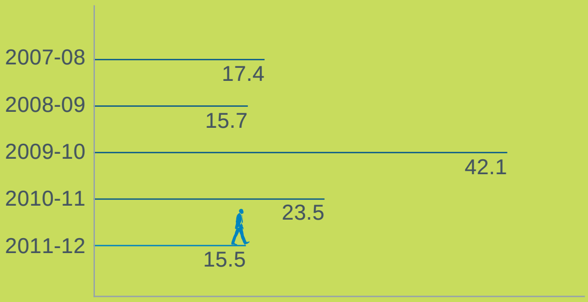
9.7% ↓ To commence a fresh of capacity expansion in Mangalore, Panoli and Ambernath facilities.

LONG TERM DEBT-EQUITY RATIO (-)



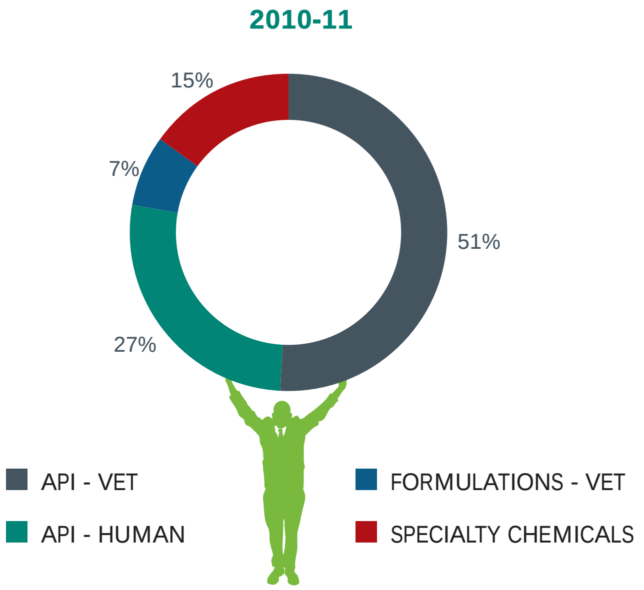
Comfortably placed; underleveraged; good potential of raising debts for future expansion.

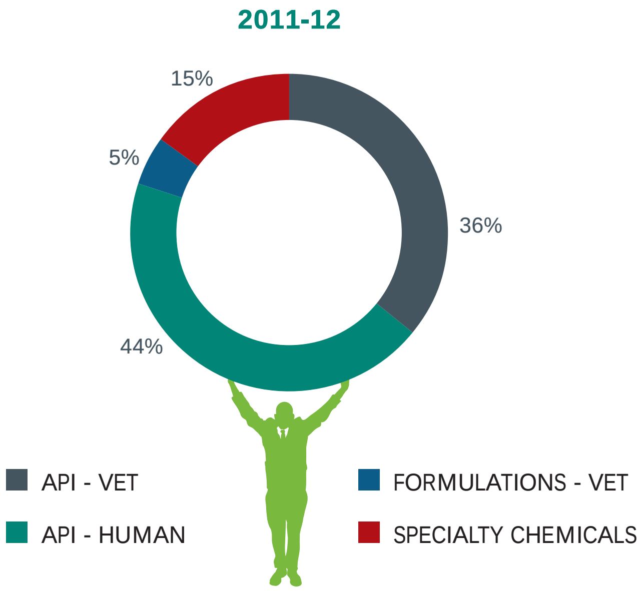
RETURN ON CAPITAL EMPLOYED (%)



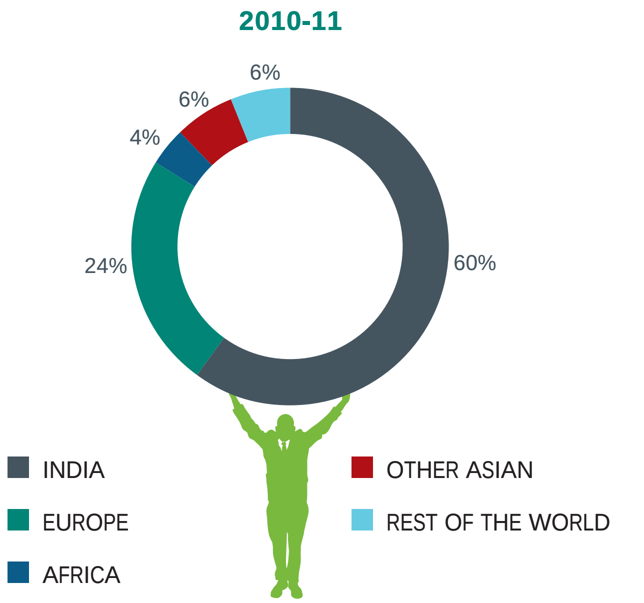
The Increase in capital employed owing to expansion program coupled with decrease in operating profits on account of higher input cost and lower realisations; expected to improve post the completion of capacity expansion project.

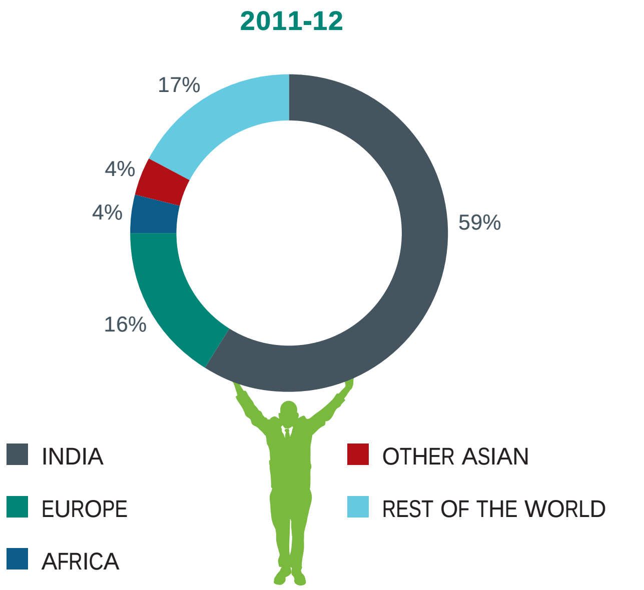
Segment-wise revenue break-up





Geography-wise revenue break-up





We continued to create a sustainable product pipeline

1	6-amyl meta cresol
2	Agomelatine
3	Atovaquone
4	Carprofen
5	Cilastatin
6	Closantel Base / Sodium BP VET
7	Dihydroartemisinin
8	Doxercalciferol
9	Ertapenem
10	Etomidate

11	Ibandronate Sodium
12	Imipenem
13	Meropenem
14	Mesna
15	Mivacurium Chloride
16	Piperaquine Phosphate
17	Ractopamine
18	Sevoflurane
19	Zoledronic Acid

The input costs continued to remain northbound, thereby impacting the operating margins. In addition, our company suffered two-way margin erosion on account of foreign currency fluctuations.

Chairman and Managing Director's review

We Kept Walking Slowly; Never Backwards

Adversity breed resilience

2011-12 STARTED AT A PROMISING NOTE FOR US AT SEQUENT. HAVING COMPLETED AN ORGANISATION-WIDE CONSOLIDATION PROGRAM, WE WERE ATTRACTIVELY POISED FOR GROWTH. HAVING BUILT UP A ROBUST FOUNDATION BASED ON OUR LARGE AND FLEXIBLE CAPACITIES, DEMONSTRATED R&D SKILLS, ABILITY TO MEET RIGID GLOBAL QUALITY STANDARDS AND A WELL-DIVERSIFIED BUSINESS MODEL WITH PRESENCE IN HUMAN AND ANIMAL HEALTH, WE WERE EXCITED ABOUT 2011-12. OUR OPTIMISM EMERGED FROM THE FOLLOWING FACTS:

- Pharmaceuticals sector globally is insulated from the global economic upheavals to a large extent
- Being in an Pharmerging market, we expected increased product partnership opportunities from global players
- We had contracts in place for four of our largest products

Sensing the huge opportunity that awaited us, we remained focused to create, nurture and deliver value through our products, processes and presence to our stakeholders. However, 2011-12 unfolded otherwise.

The input costs continued to remain northbound, thereby impacting the operating margins. In addition, our company suffered two-way margin erosion on account of foreign currency fluctuations. While majority of our raw materials are imported from China, the Chinese Yuan Renminbi appreciated against US Dollar while the Indian Rupee depreciated against the US Dollar. This impacted us both ways. While the import commitments became more expensive, higher competition resulted in falling realisations even in exports markets. As a result, the advantage of an appreciating dollar didn't translate into improved numbers. During 2011-12, we recorded a profit of `15 mn only on account of forex fluctuations.

We were also hit hard during second quarter of 2011-12, in wake of an unfortunate industrial accident at our Tarapur Plant. The incident at this plant, despite our global safety standards, led not only to the closure of the unit but also resulted in irreparable loss of four human lives. This event had a larger impact on our operations on account of capacity impairment. However, owing to our demonstrated track record of practicing global safety standards across our units, this incident didn't lead to a larger impact on any of our other units.

At times like these, we had the option to lie low and wait for the storm to pass; but we chose to persevere.

We persevered to survive, prepare and excel

Rough seas make better sailors. At SeQuent, we continued to wade through multiple challenges diligently, patiently and persistently. During 2011-12, we completed the first phase of our ambitious Penems project and also achieved operational stability across our units post completion of capacity expansion/modernisation.

Our investments made over the years into an integrated business model also stemmed the decline. Even though our largest business division (Animal Health – APIs and Formulations) witnessed a decline of 14 per cent, Human APIs registered a 91 per cent increase, followed by 18 per cent increase in Specialty Chemicals divisions. This enabled us to post a 20 per cent increase in the net sales to `3.3 bn during 2011-12.

In wake of growing competition and increased inflation, cost control emerged as the biggest challenge during 2011-12. We focused on critically analyzing each process and product to clearly identify avoidable elements in the cost structures. This enabled us to improve efficiency, process time and capacity utilisation without any compromise on the end product/process quality. On the other hand, increased in-licensing agreements, which in-turn ensured profitable utilisation of our existing capacities. Even though the company's EBIDTA declined by 21 per cent to `468 mn in 2011-12; the initiatives taken during the year are expected to translate into improved numbers in the coming years.

2011-12 was also a year of achievements and new initiatives. We continued to add new clients across all our divisions. We utilised the blend of our competitive cost structures with our global standards in R&D and synthetic chemistry skills to partner large pharma companies for long-term product development. Presently, we have forged four long-term partnerships for our products and derive 37 per cent of our total revenues from these partnerships.

Long-term growth still intact

The Emerging Markets are expected to grow at four times the growth rate of Established Market, largely on account of lower base as well as highly underpenetrated healthcare and large population. India remains attractive on both counts – being a large market and also the largest pharma hub outside US. We at SeQuent had realised this opportunity few years ago. Our strategy to improve capacities, strengthen cost structures, fortify product/process quality, expand customer base and ensure presence in diverse yet integrated verticals of the pharma value chain makes us attractively poised to capitalise upon the impending upturn. We believe that the input costs have also peaked and are only expected to go southwards in the coming months. We look forward with optimism on fructification of new developments during the current year.

Our existing unit at Mangalore is expected to conclude USFDA audit by third quarter of 2012-13. This coupled with our extensive investments in R&D centres (Bengaluru and Mangalore) and demonstrated delivery capability is expected to be a key driver of our growth in the coming years in the high-margin regulated and semi-regulated markets.

Our product pipeline comprising of more than 55 APIs under development and 33 DMFs will also propel our growth in the coming years. At the same time, our recent foray in domestic market for animal health formulations holds a huge latent potential in one of the fastest growing markets in the world.

At SeQuent, we believe that strong and respected organisations are built with a long-term vision and each adversity, obstacle and hardship plays an important role in shaping them, nurturing them and preparing them for bigger challenges to come.

Perseverance always rewards in the long run

Tough times are not controllable. However, one's reaction to the tough times is. At SeQuent, we believe that strong and respected organisations are built with a long-term vision and each adversity, obstacle and hardship plays an important role in shaping them, nurturing them and preparing them for bigger challenges to come. Being in the sixth year of our journey, we have just begun. Having built a robust base, we are striving to create a better organisation for all our stakeholders - our clients, financial partners, suppliers, shareholders, employees and communities. We would like to extend a heartfelt appreciation of your support. We will continue to persevere for greater excellence in everything we do.

K R Ravishankar,
Chairman & Managing Director

We continue

TOUGH TIMES SELDOM LAST. THE DURATION CAN DIFFER AND THE INTENSITY MAY VARY; BUT EVENTUALLY EACH DOWNTURN PAVES WAY FOR AN UPTURN. SO 2011-12, APART FROM ITS CHALLENGES, ALSO PRESENTED US WITH A CHOICE. WE COULD HAVE EITHER WAITED FOR THINGS TO LOOK UP, OR COULD HAVE UTILISED THE DOWNTURN TO LEARN, SHARPEN AND STRENGTHEN OUR BUSINESSES. WE CHOSE THE LATTER.

The focus was clear. The journey to achieve excellence is long and grueling. One has to continue learning, evolving, redefining and relearning. The process is demanding and continuous. Therefore, we continued to carefully identify and address each facet of our business segments, in order to emerge stronger, leaner and faster when the environment improves. In 2011-12, we strengthened cost structure, improved product mix; forayed into long-term partnerships with new clients; penetrated further into the semi-regulated and non-regulated markets.

Today, owing to our efforts, we are attractively poised to grow. We believe that the costs have peaked and our capacity impairment is already behind us. Our investments in capacities, products and facilities will crystallise in 2012-13 onwards. While the challenges persist; so does our zeal to excel.


to persevere

We continue to Scale

IN 2011-12, WE ALSO LAID THE FOUNDATION FOR INFUSING FRESH CAPEX.

PERSEVERANCE IS ABOUT RISING ABOVE OWN LIMITATIONS. AT SEQUENT, WE HAVE EMERGED AS THE PREFERRED MANUFACTURER OF BOTH BULK AND NICHE DRUGS TO OUR CLIENTS. IN THE PAST FIVE YEARS, WHILE OUR NET SALES HAVE INCREASED OVER THREE TIMES TO `3.34 BN IN 2011-12; OUR GROSS BLOCK HAS IMPROVED BY OVER FIVE TIMES TO `2.94 BN IN 2011-12.

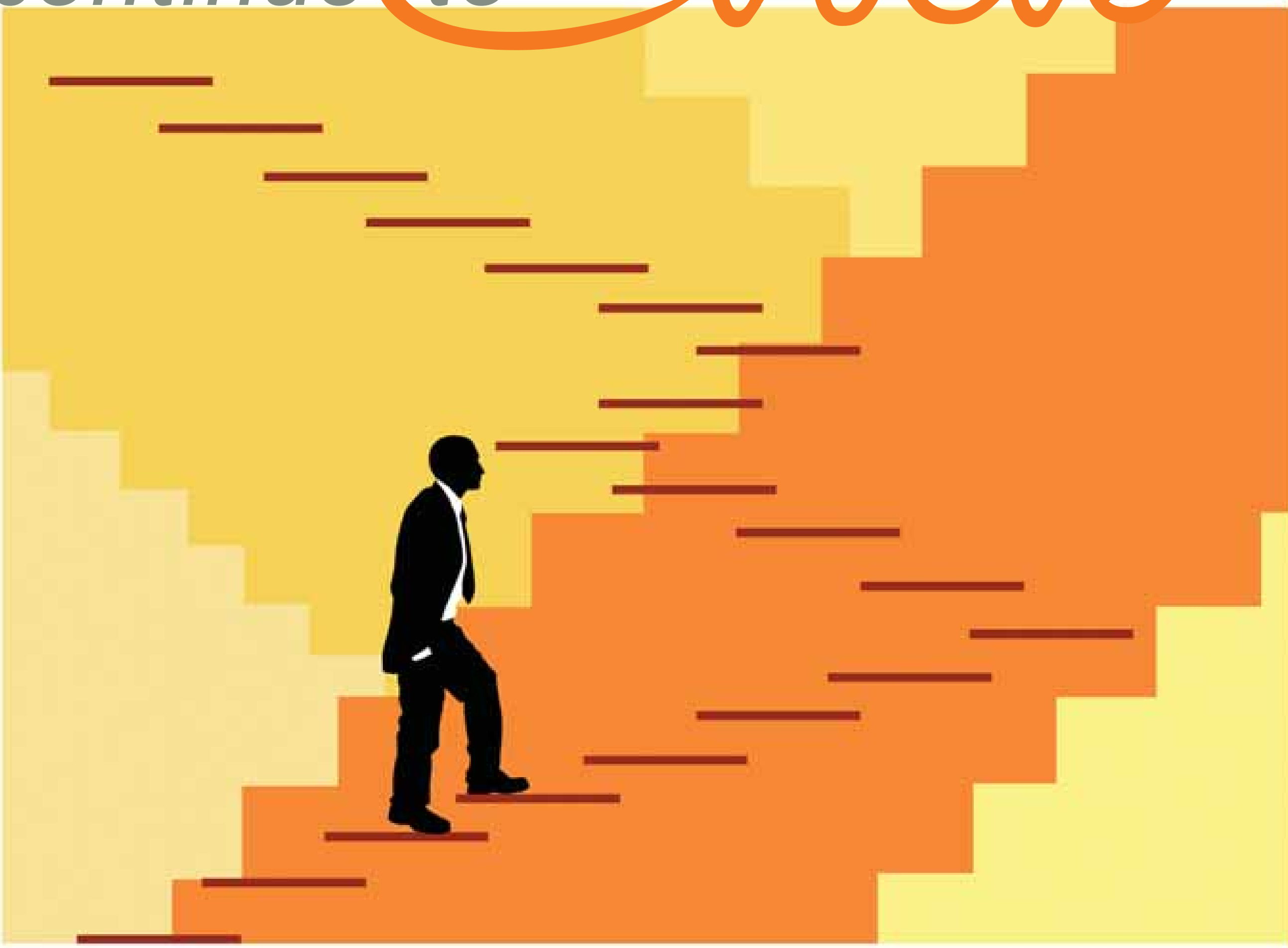
In the past five years, we have invested aggressively into expanding capacities through de-bottlenecking, modernizing and organic initiatives. We further expanded our capacities by outsourcing low value products to smaller players and concentrating on high-value added products in our own units. At the same time, we managed to limit our long-term debt equity ratio to 1.6. The initiatives led to satisfied customers, efficient capacity utilisation as well as wider product portfolio.

However, 2011-12 posed a unique challenge. Our two units – Tarapur and Panoli witnessed unfortunate incidents. While the Tarapur facility witnessed a shutdown for three months; the Panoli facility was partially non-functional for three months. We were able to mitigate the impact largely by sweating existing capacities as well as outsourcing few products.

Amidst the challenges, we also successfully completed our expansion program for Human APIs in Mangalore unit. The increased capacity in Human API division contributed to 76 per cent growth in the divisional sales and also mitigated the impact of lower animal health division sales. At the same time, we successfully completed our capacity expansion program for specialty chemicals, thereby cementing our potential to unlock growth 2012-13 onwards.

We continue to persevere. In 2011-12, we also laid the foundation for infusing fresh capex. In 2012-13, we would further infuse around `580 mn towards capacity expansion, which will enable us to deliver new products in Pharma as well as specialty chemicals divisions. At the same time, the first phase of our ambitious Greenfield Penems project is expected to conclude in 2012-13.

We continue to Evolve



OUR WORLD-CLASS R&D SKILLS COUPLED WITH FLEXIBLE CAPACITIES HAVE ENABLED US TO OFFER VARIED VOLUMES AND QUALITY OF PRODUCTS TO OUR CLIENTS.

PERSEVERANCE IS ABOUT EVOLVING TO THE NEXT LEVEL. SO WHILE SOME WOULD TAKE THE ELEVATORS, AT SEQUENT, WE CHOSE TO CLIMB THE STAIRS. THE FOCUS WAS TO ENSURE LONG-TERM GROWTH. WE CONTINUED TO TAKE SMALL STEPS.

In the initial years, we focused on looking beyond our resources constraints and achieve a respectable size. Post the acquisition of PI Drugs, we forayed into Veterinary or Animal Health APIs and formulations. To create a self-sustaining model, we aimed at cementing our core strengths - knowledge, R&D capabilities and synthetic chemistry skills across our business verticals.

Our investments in state-of-the-art R&D facilities across two locations – Mangalore and Bengaluru played a critical role in our evolution from offering commodity to customised products across our business segments. Owing to our R&D efforts, we have broadened our product development skills to offer niche molecules as well as carbohydrate chemistry and heterocyclic chemistry (Pyridines, Pyrimidines, Pyrroles, Pyrrolidine and Indoles).

Our world-class R&D skills coupled with flexible capacities have enabled us to offer varied volumes and quality of products to our clients. Our in-house team of more than 50 scientists has been instrumental in driving our research initiatives. We have till date, filed 33 DMFs and have a pipeline of 55 APIs currently under development. These, upon regulatory approvals, will prove a huge fillip towards a sustained growth in coming years.

Our R&D vertical has also played a substantial role in Animal Health business. Being among the few Indian players in this space, our knowledge of developing quality products with non-infringing processes, has enabled us to offer value-added products to our clients in both the unregulated and semi-regulated markets.

We continue to Navigate

AT SEQUENT, WE HAVE PACED OURSELVES TO CAPITALISE ON DIVERSE OPPORTUNITIES IN BOTH THE REGULATED AND NON-REGULATED MARKETS.

PERSEVERANCE IS ABOUT NAVIGATING ROUGH TIDES WITHOUT LOSING SIGHT OF THE DESTINATION. OUR DESTINATION IS TO RETAIN OUR GROWTH MOMENTUM. THE GLOBAL PHARMACEUTICALS INDUSTRY IS EXPECTED TO GROW TO US$ ONE TRILLION BY 2015.

The pharmerging market is expected to drive this growth on account of large population, under-penetration of healthcare and increasing spends. Moreover, with the patent expiries expected to dry up post 2015, most of the big pharma companies will increase their exposure in these markets, for revenue generation as well as cost optimisation. At SeQuent, we have paced ourselves to capitalise on these diverse opportunities in both the regulated and non-regulated markets.

Our Veterinary API division largely caters to regulated markets of Europe. Owing to economic slowdown, the division witnessed 15 per cent decrease in sales. We are focusing on broadening the product profile and also foraying into US market, for better margins going forward.

The year 2011-12 witnessed staggered sales in Veterinary Formulations division from West African markets on account of political and economic instability. To counter this, we decided to foray into the domestic Animal Health market from 2012-13. Our proven quality certifications and approvals should prove to be huge advantage in this emerging market. We would further expand our presence in similar markets like Russia in the coming years.

Our Human APIs division is attractively poised. The Mangalore facility is awaiting USFDA audit. Upon its approval, we can extend our presence to the largest pharma market in the world – USA. This will unleash a new level of growth for us at SeQuent. Having proven our research and chemistry skills, along with quality certifications from respected pharma companies and institutions globally, we have forged long-term partnerships with few large pharma companies to develop niche molecules and products. These dedicated product partnerships contributed close to $1/4^{th}$ of our total revenues in 2011-12. At the same time, India continues to offer a huge scope for our API business. In 2012-13, we will also commence exports from Specialty chemicals division.

We continue to Endure

THE PROCESS TO ENGINEER THE CHANGE WAS BASED UPON ANALYZING REAL-TIME INFORMATION, POWERED BY STATE-OF-THE-ART ORGANISATION-WISE ERP NETWORK.

PERSEVERANCE IS ABOUT THINKING BEYOND THE OBVIOUS. 2011-12 WITNESSED UNPRECEDENTED COST PRESSURE ACROSS BUSINESS SEGMENTS. FROM INPUT COSTS TO FINANCE COST TO FOREIGN EXCHANGE FLUCTUATION TO IDLE CAPACITIES – DIVERSE FACTORS LED TO MARGIN EROSION.

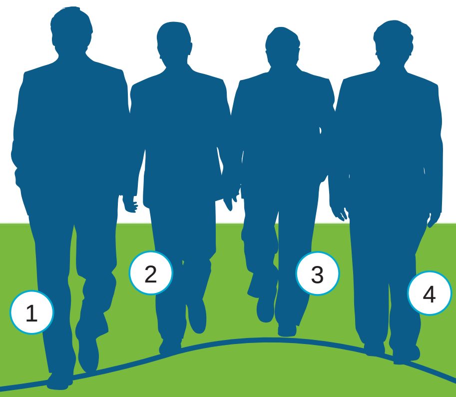
The process to engineer the change was based upon analyzing real-time information, powered by state-of-the-art organisation-wise ERP network. Using this platform, we continued to identify and segregate the controllable elements of our cost structure.

During 2011-12, we continued to streamline processes and debottleneck existing capacities, thereby optimising our outsourcing costs. At the same time, we continued to improve energy efficiency across our units. We also persisted to improve water management and solvent recoveries across our units, by installing efficient equipment, leading to cleaner and greener operations.

During 2011-12, one of our best selling products was Artemether, an antimalarial Human API. It accounted for close to one-third of the company's revenues. The key input, being Artemisinin leaf is traditionally imported from China and Vietnam. As a long-term strategy, we floated a dedicated subsidiary Elysian Life Sciences (Mauritius) Limited for the cultivation of these leaves in Africa, on account of favourable climate and economical cost. Going forward, while our supply will remain assured; our margins will also improve from this product.

However, cost reduction was never achieved at the price of quality. At SeQuent, we believe that quality is sacrosanct. During 2011-12, our units continued to be audited and approved by large global clients.

Board of Directors profiles



01

KR Ravishankar

Chairman & Managing Director

Mr. KR Ravishankar has been in the pharmaceutical business for over 20 years. He started as an entrepreneur, and then joined Strides Arcolab Ltd as co-promoter in 1991. He was Executive Director of Strides Arcolab Limited till he resigned from the executive post in Dec 2007 (he continues on the Board of Strides Arcolab Ltd). He took over as CMD of SeQuent Scientific Limited in January 2008

02

Kannan Ramanujam

Independent Director

Mr. Kannan Ramanujam, a Chartered Accountant by qualification has over 24 years of business and professional experience. He is the Promoter, CEO and Managing Director of Emerge Learning Services Ltd, a company in learning space. The company offers complete solutions in Education, Training, e-governance and Information management areas. He is an Independent Director on the Board.

03

Dr. Gopakumar G Nair

Independent Director

Dr. Gopakumar Nair is an Independent Director on the Board. With his 40 years experience and knowledge in pharmaceutical and chemical industry at different levels and positions like Director, Chairman & Managing Director, as well as Past-President of Indian Drug Manufacturers' Association, Dr. Gopakumar Nair had the opportunity to familiarise himself with GATT, WTO, TRIPs and other IP laws over the years. It is with this wealth of experience that Dr. Nair became an IP/ Patent practitioner under the name Gopakumar Nair Associates.

04

Dr. Gautam Kumar Das

Executive Director

Dr. Gautam Kumar Das is an Executive Director on the Board and has over thirty years of in depth experience in the pharmaceutical industry. Dr. Das has extensive experience in R&D, Plant Operations, Project Management, Material Management, Resource Management and Man Management. He has a proven track record in developing several cost effective processes, driving these processes from the laboratory to the plant and increasing productivity of plants. Dr. Das, a Doctorate in Synthetic Organic Chemistry from IIT Kharagpur, has authored several publications on chemical processes. In his immediate previous assignment, Dr. Das was with Orchid Chemicals & Pharmaceuticals Ltd., Chennai as President – API.

Directors Report

Dear Members,

We take pleasure in presenting the 27th Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2012.

1. FINANCIAL RESULTS

The Highlights of the Performance of the Company during the Financial Year ended March 31, 2012 are appended below:-

(` In Mn)

Particulars	2011-2012	2010-11
Revenue from operations	3,324.30	2,779.80
Other Income	113.27	114.10
Earnings before Interest, Depreciation & Tax	467.97	583.78
Less : Finance Costs	(282.65)	(200.35)
: Depreciation	(210.28)	(171.81)
Profit/(Loss) Before Tax & Exceptional Items	(24.96)	211.62
Exceptional Items	-	(10.53)
Profit/(Loss) Before Tax	(24.96)	222.15
Tax Expenses - Current Tax	0.86	36.50
- Deferred Tax	(40.50)	42.59
- MAT Credit	-	(16.26)
Profit after Tax	14.68	159.32
Add: Balance brought forward from Previous Year	370.56	296.42
Included on Amalgamation	-	(38.85)
Profit available for appropriation	385.24	416.89
Which we recommend to appropriate as follows:		
Transfer to General Reserve	-	7.97
Proposed Dividend	-	32.90
Tax on Dividend	-	5.46
Surplus carried to Balance Sheet	385.24	370.56

Note:
Previous year figures have been regrouped/restated wherever necessary to make them comparable with those of the current year.

2. BUSINESS PERFORMANCE REVIEW

On standalone basis, the company posted 18.8 per cent growth in the total revenues, from `2,893.90 mn in 2010-11 to `3,437.57 mn in 2011-12. The company posted an EBIDTA of `467.97 mn as against `583.78 mn in 2010-11. On a standalone level, the Company registered a net profit of `14.68 mn.

On consolidated basis, the company posted 11.8 per cent growth in the total revenues, from `3,185.81 mn in 2010-11 to `3,562.93 mn in 2011-12. The company posted an EBIDTA of `475.58 mn as against `521.86 mn in 2010-11. On a consolidated level, the Company made a loss of `14.59 mn.

Detailed analysis of the operational and financial performance for the year is covered under the 'Management Discussion & Analysis' as well as other sections in this Annual Report.

3. DIVIDEND

The Board of Directors of the Company has not recommended any Dividend for the financial year.

4. SHARE CAPITAL

As at March 31, 2012, the authorized capital of the Company stood at `320 mn divided into 32,000,000 equity shares of ` 10/- each.

There was no change in the Issued, subscribed and paid up equity capital which stood at ` 219.35 mn.

5. MERGER OF FRAXIS LIFE SCIENCES LIMITED WITH THE COMPANY

Fraxis Life Sciences Limited, a promoter group Company merged with the Company consequent to the scheme of amalgamation ('Scheme') approved by the Hon'ble High Court of Bombay vide its order dated August 20, 2011. Pursuant to the Scheme, the Company on November 21, 2011 allotted 14,865,000 fully paid up New Equity Shares of ` 10/- to the shareholders of Fraxis Life Sciences Limited. There would be no change in the paid up capital of the Company as in terms of the scheme, the said shares were issued against the cancellation of equivalent number of shares held by Fraxis Life Sciences Limited in the Company.

6. CONSOLIDATED ACCOUNTS

In accordance with Accounting Standard 21 on Consolidated Financial Statements, the audited Consolidated financial statements are provided in this Annual report.

In terms of the General Circular 2 of 2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, the audited Financial Statements of the Company's subsidiaries have not been attached to this Report. The Financial Statements of the subsidiaries shall be made available to the shareholders of the Company / its subsidiaries seeking such information at any point of time and such Financial Statements will also be kept for inspection by any shareholder during business hours at the registered office and the corporate office of your Company.

7. PUBLIC DEPOSIT

The Company has not accepted or renewed any public deposits under section 58A of the Companies Act, 1956.

8. DIRECTOR

Mr. Kannan Ramanujam retires by rotation at the ensuing Annual General Meeting and is proposed for re-appointment. The Board recommends his re-appointment at the ensuing Annual General Meeting.

Further during the financial year Mr. K R N Moorthy, Dy. Managing Director and Mr. Joe Thomas Director of the Company, has resigned from the directorship of the company.

9. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the act, as amended by the Companies (Amendment) Act, 2000, the director confirms that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation related to the material departures.

2. Appropriate Accounting Policies have been selected and applied consistently and have made adjustments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2012 and profit of the Company for the year ended March 31, 2012.

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. The Annual Accounts have been prepared on a going concern basis.

10. AUDITORS

M/s Deloitte Haskins & Sells retire as Statutory Auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

The particulars as prescribed under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure to the Directors' Report.

12. CORPORATE GOVERNANCE

The Company has complied with all the mandatory requirements of Corporate Governance specified by the Securities and Exchange Board of India through clause 49 of the Listing Agreement. As required by the said clause, a separate Report on Corporate Governance forms part of the Annual Report of the Company. A certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance also forms part of this Report.

13. MANAGEMENT DISCUSSION AND ANALYSIS

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

14. RESEARCH AND DEVELOPMENT

Detailed write-up on Research and Development activity forms part of the annexure to the Directors' Report.

15. EMPLOYEE STOCK OPTION SCHEME

The Company has formulated a Employee Stock Option Plan titled 'SSL ESOP Scheme 2010 'and the scheme is administered through a trust. As on date, 700,000 shares have been issued to the trust. Details of the ESOPs issued are provided in the corporate governance report.

Further, Statement giving additional information in terms of Regulation 12 of Securities and Exchange Board of India (Employee Stock Guidelines, 1999 is annexed to this Directors' Report.

16. PARTICULARS FOR EMPLOYEES U/S 217 OF THE COMPANIES ACT, 1956

Any shareholder interested in obtaining a copy of the statement of particulars of employees referred to in section 217 (2A) of the Companies Act, 1956, may write to the Company Secretary at the Registered Office of the Company.

17. APPRECIATION

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

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

For and on behalf of the Board of Directors

KR Ravishankar

Chairman & Managing Director

Place: Bengaluru

Date: August 14, 2012

Annexures to Directors Report

Particulars required by the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 forming part of the Directors report for the year ended March 31, 2012

RESEARCH AND DEVELOPMENT:

Core areas of R&D

Process chemistry aspects of API and intermediates which includes

a. Development of processes using green technology to minimize wastage and to achieve eco friendliness

b. Reverse engineering of the process to have cost advantages through improvement in quality of throughput

Benefits derived as a result of R&D

a. Tapping potential market through new filing of DMF's using non-infringing processes

b. Resolve complex processes/ chemistry, challenges to produce difficult product to have market advantages

c. Developing intellectual property to protect product market potential

Future plan of Action

a. In the animal health segment, the company will continue to focus on therapeutic segments of anthelmentic and anti parasiticide

b. New Research activity on Phyto-Pharmaceuticals Penems and Penicillin

c. Focus on new projects for contract research

d. Continued focus on new cost effective process for existing products

Foreign exchange earnings and outgo:

(` In Mn)

	2011-12	2010-11
Earnings	1,381.65	1,147.84
Outgo	1,042.96	468.10

Expenditure on R&D:

(` In Mn)

	2011-12	2010-11
Capital	19.57	4.58
Recurring	56.76	52.32
Total	**76.33**	**56.90**

Form A

Form for Disclosure of Particulars with respect to Conservation of Energy.

(` In Mn)

				2011-12	2010-11
A.	**POWER & FUEL CONSUMPTION :**				
	1	**ELECTRICITY :**			
		(a)	Purchased	19,318,280	15,122,375
			Total amount (` in mn)	115.57	83.10
			Rate / Unit (`)	5.98	5.50
		(b)	Own Generation - through Diesel		
			Generator Set :		
			Unit	823,553	837,963
			Units per-litre of diesel oil	3.20	3.24
			Cost / Unit (`)	12.87	12.06
	2	**COAL :**			
		Quantity (tonnes)		NIL	NIL
		Total Cost (` in mn)		NIL	NIL
		Average rate (`)		NIL	NIL
	3	**FURNACE OIL / LIGHT DIESEL OIL:**			
		(a)	Light Diesel Oil:		
			Quantity (litres)	135,356	460,787
			Total amount (` in mn)	7.29	18.90
			Rate / Litre (`)	53.83	41.02
		(b)	Furnace Oil :		
			Quantity (litres)	1,053,327	832,939
			Total amount (` in mn)	38.84	20.77
			Rate / Litre (`)	36.87	24.94
	4	**OTHERS / INTERNAL GENERATION :**			
		(a)	Natural Gas		
			Quantity (scm)	828,508	683,501
			Total Cost (` in mn)	17.71	11.95
			Rate / Unit (`)	21.37	17.48
		(b)	Briquettes		
			Quantity (Kg)	2,157,577	1,486,493
			Total Cost (` in mn)	10.50	7.39
			Rate / Unit (`)	4.87	4.97

Form B

Form for Disclosure of Particulars with respect to Absorption.

In continuation with our focus on saving / conserving Electrical Energy, Fuel & Water, a number of measures have been implemented across all our sites during year 2011 – 12 also resulting in a cumulative saving of approximately 571,000 units of Electrical Energy per year besides saving Fuel & Water. Important ones are:

MEASURES TAKEN DURING THE PERIOD FOR CONSERVETION OF ENERGY

1. Replacement of Incandescent lamps & Mercury vapour bulbs is being done in a phased manner across all sites. At Mangalore, where already 80 per cent of these lamps have been replaced by CFL lamps, an estimated saving of 217,000 units per annum of electrical energy has already been achieved. At Tarapur, similar replacement has resulted in an annual saving of 3,600 units of electrical energy.
2. Rationalization / optimization of HVAC (Heating Ventilation and Air Conditioning) system at Mangalore by interconnecting AHUs (Air Handling Unit) in Powder processing zone in Plant 2 is estimated to lead to a saving of 30,000 units of electrical energy per annum.
3. At Mangalore, the old inefficient cooling tower having 10 HP fan motor used for Brine & Chilling units has been replaced by a new Induced draft cooling tower which has a 5 HP fan motor. This would result in an annual saving of approximately 31,000 units of electrical energy.
4. By use of rain water for Cooling tanks, Flushing / cleaning etc. during the monsoon period of approximately 4 month at Mangalore, an estimated 8000 KL of water has been saved.
5. After installation of a new SRU (Solvent Requivery Unit) at Mahad, we have started using the entire condensate coming out of system as a part of Boiler feed water. This has resulted in a saving of 210 kg of Briquettes per day amounting to an approximate annual saving of 75 tons of Briquette. Additionally, this has also resulted in a monthly saving of 420 KL fresh water for Boiler.
6. Installed an energy efficient modern Brine chilling unit in place of old one resulting in an annual saving of approx 130,000 units of electrical energy.
7. After carrying out ETP up gradation at Mahad by installing an RO system, we have started using the entire permeate (approx 15 KL / day) as make up water for cooling tower. This has resulted in an monthly saving of approximately 450 KL of water.
8. At our Ambernath site, we have recently installed a new energy efficient modern MICRONISER. This is designed to consume approximately 930 units of electrical energy per ton of micronisation as against approximately 1860 units consumed by old set up. This is estimated to result in an annual saving of approximately 110,000 units based on 10Tons micronisation per month.
9. At Tarapur, we have installed a new 1500 Kg / Hr FO fired boiler in place of old 3 Nos. 600 Kg / hr LDO fired boilers. This has not only resulted in a reduction of almost 100,000 Kcal of energy consumed per ton of steam earlier but also given an estimated electrical energy saving of approximately 50,000 units per annum.
10. By providing adequate capacitor banks near load centres at Mahad & Mangalore it has been possible to maintain Power Factor < 0.985 thereby reducing transmission losses within the premises.

PLANS FOR ENERGY CONSERVATION IN FUTURE

1. A Project is already under execution at Mangalore to significantly reduce Energy consumption at our R & D centre by completely revamping the existing Air conditioning system and by selectively providing split ACs or fans wherever required. This step alone is estimated to save substantial electrical energy now being consumed at R & D centre.
2. Replacement of starters of AHUs (Air Handling Unit) & Ventilation system at Mangalore by suitable VFDs (Veriable Frequency Drive).
3. By providing additional Capacitor Banks wherever required efforts are being made to improve Power Factor to a level of ≥ 0.995 at all our sites.
4. Replacement of existing FO fired boiler at Mangalore by Briquette fired one. This would not only reduce our steam cost but also substantially reduce our carbon foot print.
5. Explore the possibility of replacing all electrically operated Process cooling / chilling system by Vapour Absorption Machines (VAM) as and when adequate steam becomes available. This would also result in reducing our carbon foot print by avoiding the use of non – eco friendly refrigerants.
6. Application of special coating internally to 4 pumps used for operation of cooling towers & effluent disposal at Panoli is estimated to save approximately 680 units of energy per month.
7. Installation of Energy saving Transformer & Panel to reduce power consumption in lighting load at Panoli. This is estimated to save 2500 units of energy per month.
8. There is also a proposal to replace vessel lamps by LED lamps wherever possible to reduce energy consumption.
9. We propose to collect the entire rain water from the roof top of the new warehouse at Mahad and thus bring about further reduction in use of fresh water.
10. Plans are afoot to expedite the process of replacing old conventional lighting system at all our sites by energy efficient CFL lamps.
11. A project has already been initiated at Tarapur to install an energy efficient higher capacity Brine unit to replace existing old one which is estimated to result in substantial energy saving.
12. Possibility is being explored to reuse a part of treated water at Panoli to reduce consumption of fresh water.

Details as per SEBI (Employees Stock Options Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 forming part of the Directors' Report for the year ended March 31, 2012.

S.No	Description	SSL ESOP Scheme 2010
A	Options granted as on March 31, 2012	None
B	The pricing formula	Decided by the Compensation Committee from timeto time
C	Options vested	None
D	Options exercised	None
E	The total number of shares arising as a result of exercise of options	None
F	Options lapsed/surrendered	100,000
G	Variation of terms of options	None
H	Money realised by exercise of options (`)	None
I	Total number of options in force at the end of the year	None
J	Employee-wise details of options granted during the year	
	i) Senior managerial personnel	None
	ii) Other identified employees	None
	iii) Any other employees who received a grant in any one year of option amount to 5 per cent or more of options granted during that year	None
	iv) Identified employees who were granted option, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant	None
K	Diluted Earnings Per Share (DEPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20 'Earnings Per Share'	Not Applicable
L	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of the difference on profits and EPS of the Company shall be disclosed	Not Applicable
M	Weighted average exercise prices of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable
N	Weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable
O	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information:	
	i) risk free interest rate	-
	ii) expected life	-
	iii) expected annual volatility of shares	-
	iv) expected dividend/yield	-
	v) the price of the underlying share in market at the time of option grant	-

Managment discussion and Analysis

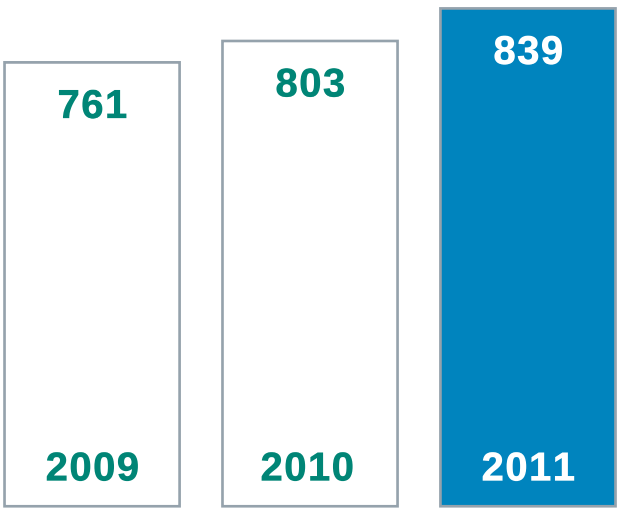
INDUSTRY OVERVIEW

Global overview

The global pharmaceutical market registered a growth of 4.5 per cent to US$ 839 bn, largely driven by a double digit (12 per cent) growth in Emerging markets. Average revenue growth in Established Markets was 2.8 per cent while that in Emerging Markets was over four times higher at 12 per cent. The top five pharmaceutical markets in the world remained the US, Japan, Germany, France and China, with the US representing 38.1 per cent of global prescription pharmaceutical sales (2010: 38.5 per cent)

WORLD PHARMACEUTICAL MARKET

World Sales (US$ bn)



Growth in 2011

4.5%

Market value in 2011

100%

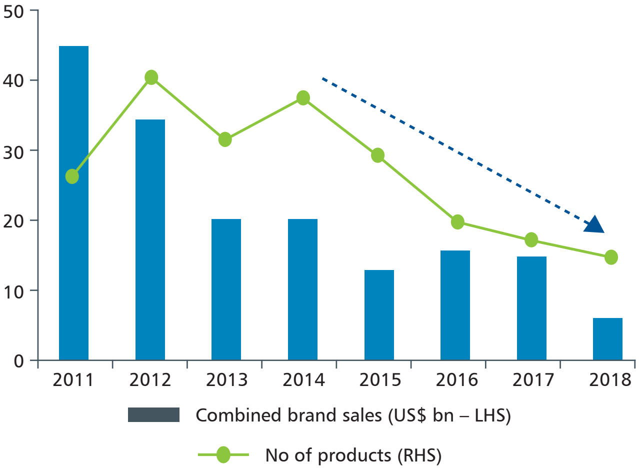
The world population is estimated to have passed seven billion in 2011, increasing from six billion in 1998, and is expected to reach nine billion by 2050. In addition, the number of people who can access healthcare continues to increase, particularly among the elderly. Globally, it is estimated that the number of people over 65 will be almost one billion by 2030, double of what it was in 2005. Emerging markets is the key growth avenue for global pharma companies, owing to the large population (emerging markets account for 85 per cent of the global population), under-penetration of medical infrastructure resulting in greater government spending on healthcare.

In addition, the prevalence of chronic disease is increasing in middle-income countries and is also beginning to have an impact in low-income countries. It is estimated that nearly 33 per cent of the world's diabetes patients will come from India and China by 2030, by which date its prevalence in Brazil is expected to have increased by two-thirds.

US MARKET – A DRYING PATENT EXPIRATION PIPELINE IMPLIES FEWER GROWTH AVENUES

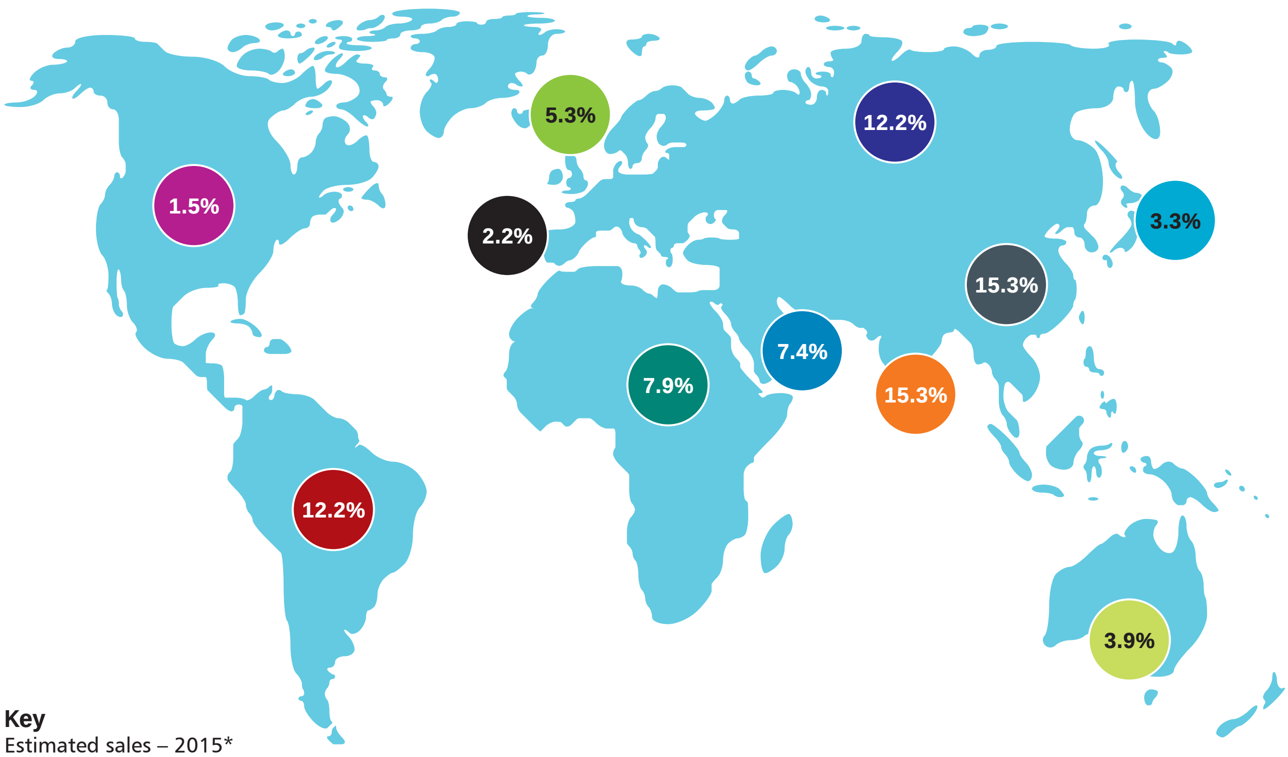
According to Reuters estimates, patent expiries in the US are likely to peak by 2014 and start declining from 2015.

Patent expiries in US to slow from 2015



Source: *Thomson Reuters estimates, Company, IDFC Securities Research*

ESTIMATED PHARMACEUTICAL MARKET GROWTH 2010-2015



Key

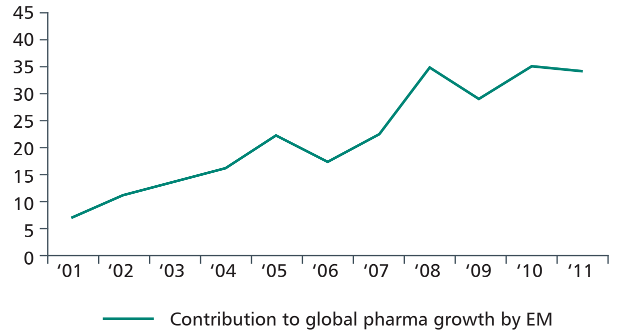
Estimated sales – 2015*

Estimated growth – 2010-2015 CAGR

North America Sales $357.4bn Growth **1.5 per cent**	**Latin America Sales $100.9bn Growth 12.2 per cent**	**Africa Sales $25.0bn** Growth **7.9 per cent**
Europe (EU countries) Sales $237.4bn Growth **2.2 per cent**	**CIS Sales $33.5bn Growth 12.2 per cent**	**Oceania Sales $16.7bn** Growth **3.9 per cent**
South East & East Asia Sales $147.1bn Growth **15.3 per cent**	**Indian Subcontinent Sales $32.1bn Growth 15.3 per cent**	**Middle East Sales $15.4bn** Growth **7.4 per cent**
Japan Sales $120.6bn Growth **3.3 per cent**	**Europe (Non EU countries) Sales $27.6bn Growth 5.3 per cent**	

Emerging markets are a strong growth opportunity for the global pharma sector. These markets are estimated to be worth about US$ 150 bn combined, growing 15 per cent annually.

EM's the main driver of global pharma growth



List of Pharmerging Countries

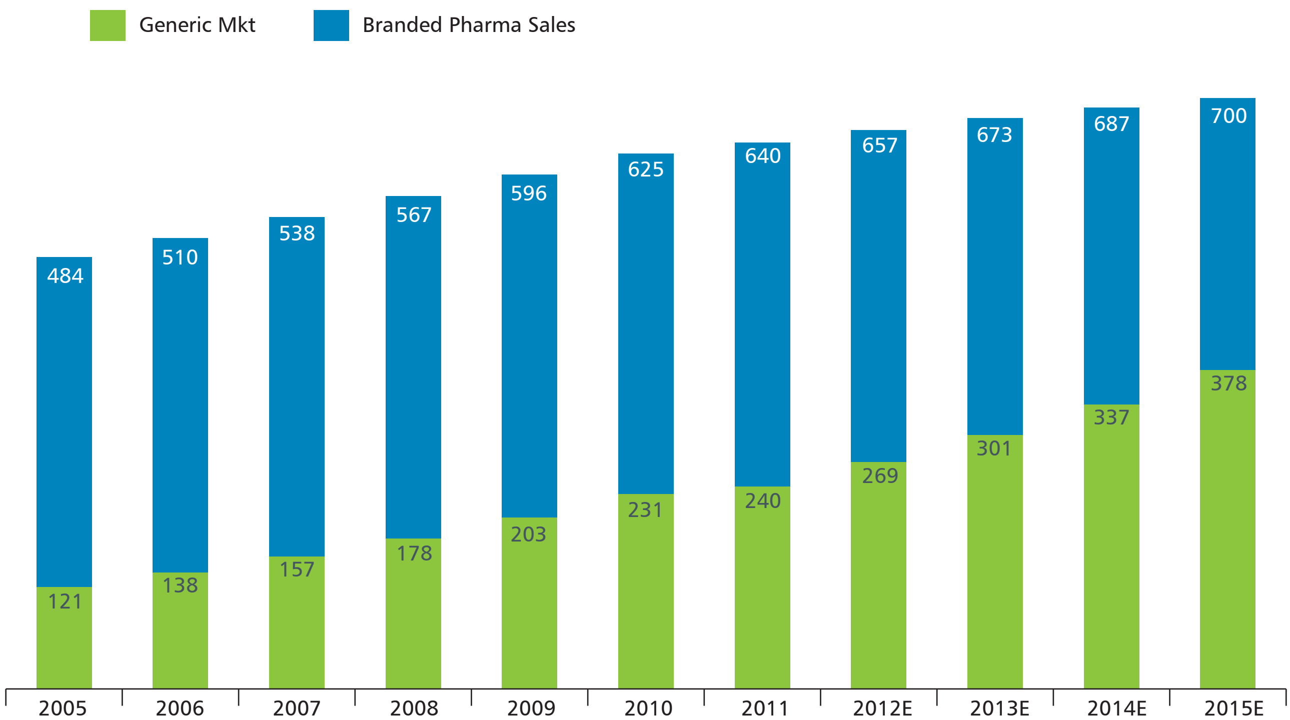
Tiers	Countries		2009 GDP based on PPP valuation (trillion US$)	Incremental Pharma Market Growth from 2009-13 (billion US$)
Tier 1	1 : China		9	40B+
Tier 2	2 : Brazail		2-4	5-15B
	3 : Russia			
	4 : India			
Tier 3	5 : Venezuela	12 : Thailand	<2	1-5B
	6 : Poland	13 : Indonesia		
	7 : Argentina	14 : Romania		
	8 : Turkey	15 : Egypt		
	9 : Mexico	16 : Pakistan		
	10 : Vietnam	17 : Ukraine		
	11 : S. Africa			

Source: *IMS Health, IMAP*

Generics

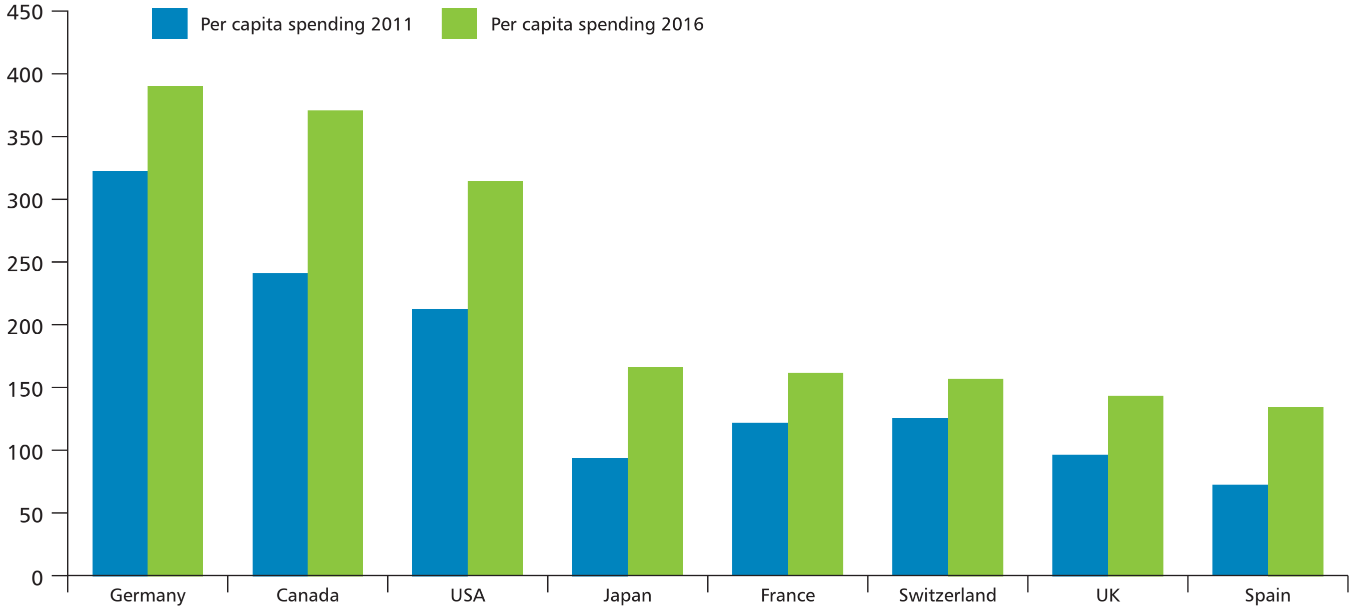
The generics market is expected to reach US$ 231 bn by 2017 compared to US$ 124 bn in 2010, with a compound annual growth rate of 9.3 per cent. The increase is mainly attributed to patent expiries, but the effect of increasingly ageing populations and chronic diseases are also expected to contribute to growth in generics.

Global pharma and global generics sales



Source: *IMS Health, Research*

Spending on generics per capita (US$) in 2011 and 2016



The global markets for generic drugs will continue to grow despite cost reduction measures from governments and healthcare players in many markets. As per the The World Generic Market Report, despite pressure on prices in many markets, the generics sector continues to thrive with increased sales across the globe in 2011.

The generics market is experiencing two opposing trends driven by the global recession. On the one hand, the use of generics is increasing due to their cost-effectiveness and adoption has accelerated in markets where brand-name prescribing was dominant. On the other hand, the squeeze on government spending has not left generics untouched with many countries lowering generics prices through cuts in reimbursement rates or contract tendering with a resultant pressure on margins.

INDIAN OVERVIEW

India's pharmaceutical sector can be classified into three broad market segments namely Contract Research And Manufacturing Services (CRAMS), Formulations, and Active Pharmaceutical Ingredients (APIs).

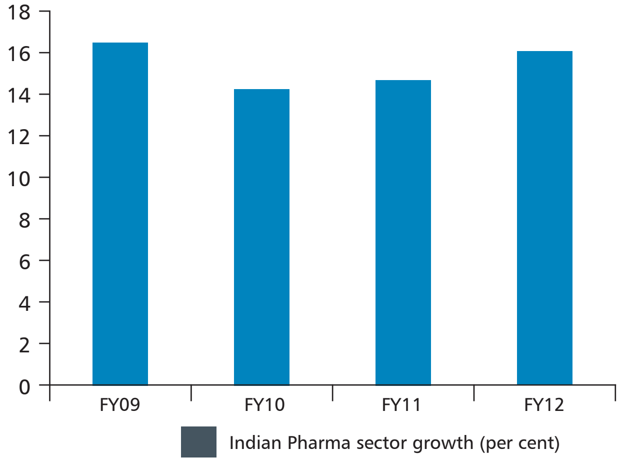
Global pharmaceutical markets

	US	Germany	Japan	Romania	Russia	India	Brazil	China	S. Africa	Mexico
Mkt Size (in USD bn)	300	38	54	1.5	14	14	26	46	4	8.5
Addressable Mkt size (in USD bn)	76	10	5.4	0.6	9	14	5.5	39	2	4.3
Growth Rate (per cent)	3	3	3	12	14	15	20	20	10	15
Out-of-pocket expenses (per cent)	12	13	30	25	80	80	80	45	50	85
Total healthcare exp per capita (in USD)	7,930	4,683	3,778	427	478	42	371	196	523	510
Total healthcare exp as per cent of GDP	17.4	11.6	9.5	5.6	5.6	4.2	8	4.3		6.5
Chronic share (per cent)	65	55	56			31		37		
Doctors per '000 persons	2.6	3.6	2.1	2.3	4.3	0.7	1.8	1.4		2
Hospital beds per '000 persons	3	8.2	13.7	6.6	9.7	0.9	2.4	1.4		1.6
Price relative to India (x)	6	8			2.7	1	9		2.7	

Source: *Company Data, Jefferies estimates, IMS Health, Pharmaexpert*

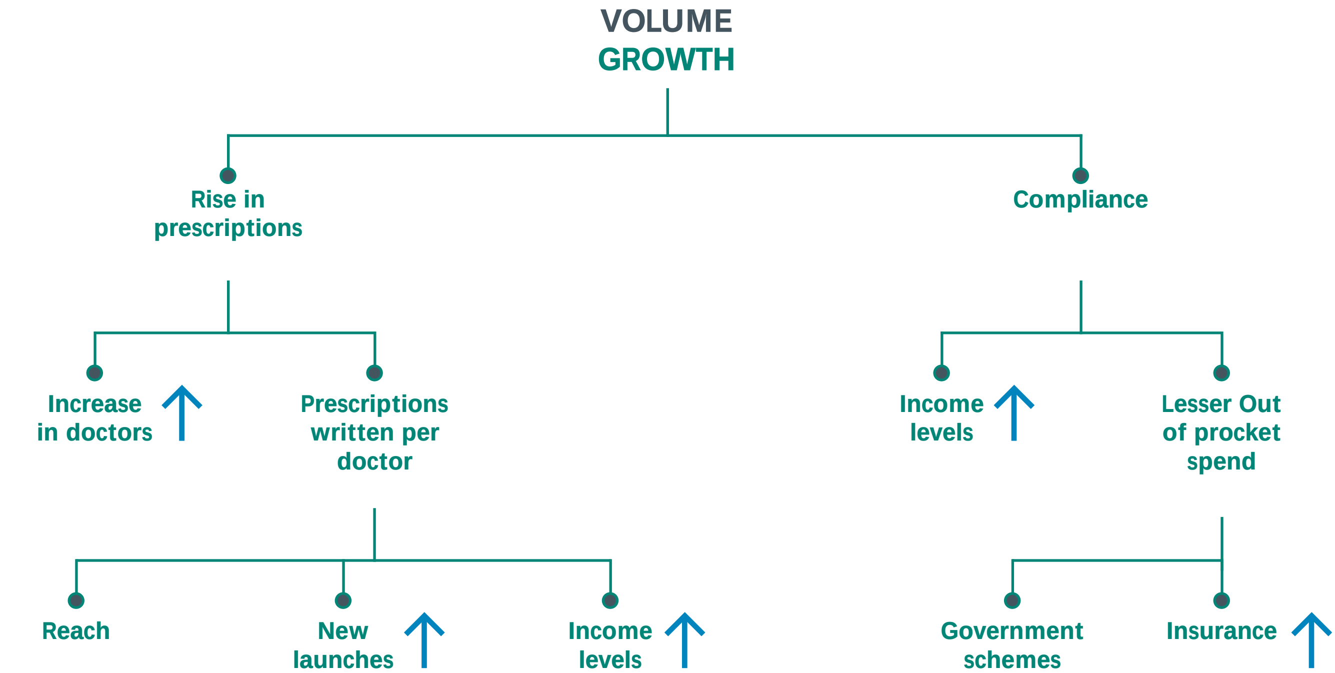
The Indian Pharmaceutical industry is highly fragmented with about 24,000 players (around 330 in the organised sector). The top ten companies make up for more than a third of the market. The Indian pharma sector has grown at 14+ per cent rate for the past four years. The Indian domestic pharma sector is expected to maintain its growth rate of 14-16+ per cent over the next few years. The major drivers for this growth are: 1) rising incomes, 2) increasing reach, 3) insurance, 4) government regulation and 5) expanding products.

Indian pharma sector's positive momentum continues



Source: *Industry data, Jefferies*

Multiple drivers for volume growth in Indian pharma industry



Source: *Jefferies*

Advantage India

- Between 2010 and 2015 patent drugs worth US$ 171 bn are estimated to go off-patent leading to a huge surge in generic products.
- High margin pharma export business is expected to grow at a higher rate than domestic market given increased in outsourcing activities.
- Increased M&A activities is set to consolidate the market which widens geographic reach, strengthens distribution network and venture into new therapeutic segments.
- Indian companies files the highest number of ANDAs with USFDA leading to greater chances of approvals and thereby increasing export to regulated markets especially the US.
- There are currently approximately 175 USFDA and nearly 90 UK-MHRA approved pharma-manufacturing plants in India, which can supply high quality pharma products globally.
- Growth from rural markets will outstrip overall pharma market growth, albeit at lower margins, given lower penetration of 18-19 per cent coupled with rising income level and awareness.
- Biopharmaceuticals is another potential high growth segment for Indian pharma growing at double digit driven by the vaccines market.

INDIAN GENERICS MARKET

India tops the world in exporting generic medicines worth US$ 11 billion. The Indian generic drug market is to grow at a CAGR of around 17 per cent between 2010-11 and 2012-13. Over the next few years, it is expected that the patent laws will provide impetus to the launch of patent-protected products. Such products have the potential to capture upto a 10 per cent share of the market by 2015, implying the market size of US$2 bn.

Both the US and Europe together account for 53 per cent of the global pharmaceutical market, but the US is the more coveted territory for many reasons. It has a favourable regulatory environment compared to the stringent price control norms in key European markets. A depreciating rupee versus the dollar has also helped. Moreover, generic drugs are now a core part of how the US health system cuts its costs today. According to the Generic Pharmaceutical Association, during 1999-2008, generic drugs saved the American healthcare system more than US$ 734 bn (`41,80,192.49 crore). Expenditure on prescription medicines is one of the fastest-growing components of healthcare costs, and hence, is a prime target for cost reduction.

According to industry estimates, Indian companies are filling an average of 1,000 abbreviated new drug application (ANDAs) every year in the US to tap the opportunity. The bulk drug filings from Indian companies in US have also increased significantly. Of the total bulk drug filings in US, India accounted for 45 per cent in 2009 and 49 per cent in 2010, which further increased to 51 per cent last year.

APIs

In terms of global ranking, India is now the third largest API producers of the world just after China and Italy and by end 2011 was expected to be the second largest producer after China. However, in Drug Master File (DMF) filings India is currently ahead of China. In addition, India scores over China in 'documentation' and 'Environment, Health and Safety (EHS) compliance. All these have contributed to India having around 175 USFDA approved world class manufacturing facilities, which is considered the largest outside the US. India is likely to be the fastest growing API supplier during the next five years.

Japan is the largest market for APIs in the Asia-Pacific region contributing 42.8 per cent of the region's total API market revenues. China is the second largest and the fastest growing API market in Asia-Pacific. China currently holds a share of 20.8 per cent in the region's total API market revenues. India accounts for 10.3 per cent, while South Korea holds an 8.1 per cent share of the market. The top three markets for APIs are the US, Europe and Asia Pacific in which Asia-Pacific is the fastest growing. The region is the third largest regional market for APIs by revenue in the world after North America and Europe.

Different growth engines

	Acute	Chronic
Industry growth driver	Rising Income and reach	Rising middle class
Company growth driver	Increasing sales force	Product launches, brand
Critical factor	Increasing reach	Quality, supply and new launches
Margins	High teens	30 per cent+
Working capital requirement	Low	High
Industry growth	12-14 per cent	18-20 per cent
Cost factors	Manpower cost	R&D spend
Geography	Tier III, IV and Rural	Metros, Tier I & II

CRAMS

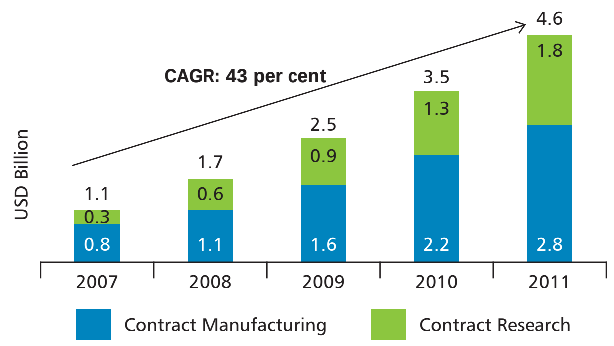
According to industry estimates, India's CRAMS sector is likely to touch US$ 7.6 bn by 2012 end from US$ 3.5 bn in 2010.According to industry sources, outsourcing market is of ~US$80 bn in 2011 and increasing at 15 per cent CAGR. Of this, 35 per cent is R&D outsourcing and remaining is for manufacturing. Considering competitive labor cost (skilled labor in emerging countries cost is as low as 20 per cent of manufacturing cost in US market), many MNCs are shifting their manufacturing and R&D work to emerging countries including India.

Approximately 64 per cent of the estimated US$ 67 bn global CRAMS market in 2010 is dominated by contract manufacturing, which includes manufacturing of intermediates for new chemical entities (NCEs) or manufacturing of APIs. Contract Research predominantly consists of drug discovery, preclinical and clinical research and represent US$ 25 bn opportunity globally It is estimated that currently only ~20 per cent of global Pharma R&D spend is being outsourced. This represents a huge opportunity for the Indian Companies.

ADVANTAGE INDIA

- High Number of USFDA and UK MHRA approved plants (250+)
- Well-developed chemistry skills
- Robust talent pool
- Low production & R&D cost
- Quality Infrastructure & established track record of IPR compliance
- Sufficient product filing track record: Indian companies have been on the fore-front, both in terms of filing DMFs and ANDA

Indian CRAMS Sector (US$ bn)



VETERINARY OR ANIMAL HEALTH INDUSTRY

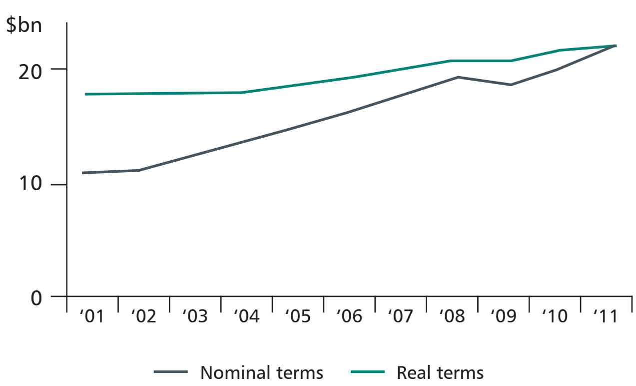
Animal Health Industry in 2011 was valued US$ 22.1 bn

Nominal growth = +9 per cent

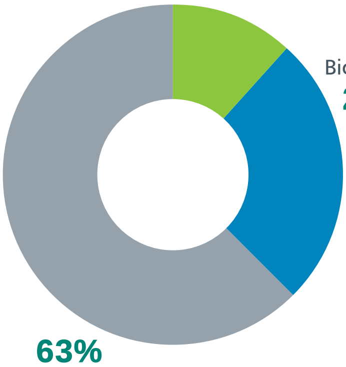
Real growth = +2 per cent

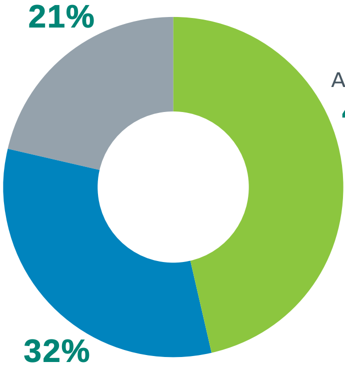
In 2011, the animal healthcare industry registered a growth of 9 per cent to US$ 22.1 bn as compared to US$ 20.1 bn in 2010.

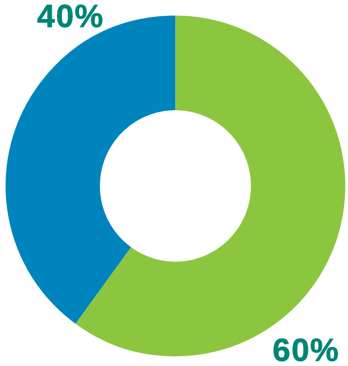
Growth Animal Health Market Evolution



Animal Health Market by Product Group, Region & Species







WORLD ANIMAL POPULATION

Cattle	10 **billion**
Sheep/goats	1.8 **billion**

Pigs	1.5 **billion**
Poultry	68.8 **billion**

Dogs	223 **million** (excludes strays)
Cats	220 **million** (excludes strays)

The 10 largest animal health companies invest an average of 12 per cent of their sales into research and innovation activities, a total amount of about US$ 16 bn every year. Experts estimate 60 per cent of all human diseases can move from human to animal and vice-versa (i.e. zoonotic). In fact, over the past three decades, approximately 75 per cent of new emerging human infectious diseases have been zoonotic.

Key products in Animal Health Industry

Anti-infectives are substances capable of acting against infection by inhibiting the spread of an infectious agent or by killing the infectious agent outright. Anti-infective is a general term that encompasses antimicrobials, antibiotics, antifungals, and antivirals.

Biologicals are products that detect, stimulate or enhance an animal's immunity to infection, and are generally derived from living organisms.

Feed additives are substances added to animal feed to improve its nutritional value, enhance growth or control disease.

KEY DEMAND DRIVERS

Key drivers	Companion animals	Production Animals	Veterinary Public Health
Animal Care	Individualised medicine	Herd Medicine	Public control programs
	Monofactorial diseases	Multifactorial syndromes	Monofactorial infectious diseases
	Longer life (geriatrics)	Short life and high productivity	Herd health/trade/Human health
	Prevention and treatment	Focus on prevention	Prevention and control
Business model	B to C / B to B	B to B	B to G (Governments)
	Decision drivers include emotion	Decision drivers are economic	Decision drivers are economic/political
	High spending per animal	Low spending per animal	Spending is influenced by gov. policies (cost/benefits)
	Large number of small accounts	Small number of large accounts	Government accounts

The Indian market for animal nutrition and health product is highly fragmented, and with a very large number of relatively small players. The top 10 players are estimated to control around 25 per cent of the market, and more than 350 others companies making up the balance.

CATTLE (DAIRY) AND POULTRY – THE KEY PROMISING INDIAN SEGMENTS

Dairy Segment

- No.1 milk producer in the world (106 mn tonnes per year)
- Meat products (Pork/Beef/Mutton) have a growth rate of 10 per cent (CII & McKinsey)
- Increasing urbanisation leading to greater consumerism (Packed milk & meat products)
- All Poultry & Livestock related industries establishing base to encash from one of world largest growing economy

Poultry Segment

- 5th largest Egg Producer Growth rate of eggs & broilers are 16 per cent and 20 per cent respectively (CII & McKinsey)
- Productivity of hens equivalent to USA (300 - 305 eggs/year/hen)
- Indian eggs cheapest in the world (75 cents/kg)
- Production of egg powder for export greater than China

BUDGET 2012

Union Budget 2012-13, as expected, is positive for the pharmaceutical sector. The government has again increased budgetary allocation for healthcare spending, which would be an overall positive for the sector. Indian pharmaceutical companies have been investing on the R&D front to tap opportunities in the domestic and global markets. To encourage the same, the weighted deduction on R&D expenditure to 200 per cent (in-house research) was extended for a further period of five years. R&D sops would continue to be positive for the sector as a whole.

CORPORATE PERFORMANCE REVIEW

Background

About the Company

SeQuent Scientific Limited (hereinafter referred to as 'SeQuent') is a fast growing pharmaceuticals company having presence in Human and Veterinary segments. In 2007, first generation entrepreneurs, each having more than a decade's experience, acquired SeQuent Scientific Limited. The Company has evolved into an integrated player in the pharmaceuticals segment, with footprints in API (Human and Veterinary), Formulations (Veterinary) and CRAMS. Besides, the Company is also a leading producer of specialty chemicals. The Company has seven units across the country, including two state-of-the-art R&D centres – in Mangalore and Bengaluru. SeQuent is also the leading producer of Anthelmentic APIs in the world.

The year 2011-12

2011-12 was a tough year for SeQuent. Even though we crossed `3 bn mark in terms of our revenues, rising input costs resulted in significant erosion in our operating margins. The non-operational capacities (due to Industrial Incidents) coupled with rising finance charges led to a loss in terms of bottomline. In wake of these challenges, we continued to critically identify key avenues that required our attention in order to ensure sustained growth in the coming years. In other words, we utilised a challenging phase to invest in key strengths like people, processes, products and markets; the impact of which is expected to be visible in the coming years.

The Company filed 5 new drug master files, taking the total DMFs filed as on March 31 2012 to 33.

Key manufacturing locations

Facilities	Mangalore	Panoli	Ambernath	Tarapur	Mahad
Products	Niche APIs	Drug intermediate	APIs	APIs	Large volume APIs
	Large volume APIs	Specialty chemicals	Animal Health Formulations		
	Advanced Drug Intermediates				
Regulatory status	cGMPfacility	ISO 9001:2000 certified	cGMP facility	ISO 9001:2000 certified	cGMP facility
	ISO 9001:2000				
	ISO 14001 certified				
	WHO pre-qualified		Certificate of Suitability from EU		Certificate of Suitability from EU
Salient features	Hydrogenation facility			Large volume catalytic hydrogenation facility	

The Company has been awaiting the inspection from USFDA for its Mangalore unit. During the year under review, the Company completed its expansion programme in all its exiting units. The Company's capacity utilisation registered a decrease during 2011-12 owing to shut down at the Tarapur unit.

SWOT ANALYSIS

Strengths

- Presence in growth driven verticals – APIs, Formulations and CRAMS
- Each vertical has attained a respectable size
- Presence in human as well as veterinary pharmaceuticals segment
- 33 DMFs filed and more than 55 APIs under development
- Strong research, development and chemistry skills
- Qualified and experienced team of professionals and management
- State-of-the-art units having flexible production capacity
- World-class R&D centres at Mangalore and Bengaluru
- Continuous innovation and quality control
- Financially stable
- Preferred supplier to a world-class clientele

Weakness

- Multiple non-global scale plants

Opportunities

- Huge outsourcing opportunity in Indian APIs industry
- One of the few Indian players in a fast growing Veterinary segment
- Increased thrust on product partnerships by global pharma companies
- In the next two years, patent worth US$ 68 bn are expiring, resulting in a huge potential opportunity

Threats

- Higher competition from Chinese players in the under-regulated markets
- Dependence on China for raw material procurement

HUMAN RESOURCES

The Company employed 700+ people as on March 31 2012. The Company believes in highest standards of people management and personal growth. It instills in each of the members of the SeQuent family, a feeling of ownership, responsibility and performance across its business divisions. The Company aspires to set the highest standards of internationally benchmarked human resource practices, which would be exemplary for other manufacturers. The industrial relations were cordial and the management thoroughly acknowledges the support from the employees at all levels.

INTERNAL CONTROL SYSTEM

The Company has an adequate system of internal controls to safeguard and protect from loss, unauthorised use or disposition of its assets. All transactions are properly authorised, recorded and reported to the management. The Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has also appointed independent Internal Auditors to review various areas of the operations of the Company. The management and the Audit Committee of the Board review the audit reports periodically.

Risk Management

1. INVESTOR PERCEPTION RISK

Being an integrated pharmaceutical player with presence in diversified segments can lead to negative investor perception relating to core business focus of the company.

Mitigation measures

- The company's core business is Pharmaceuticals, while the specialty chemicals business remains to be non-core and generates liquidity for the Company on accounts of its novel products.
- Pharmaceuticals segment is the Company's core business, comprising of growth-ready verticals in Human and Veterinary segments.
- Each business vertical is headed by core sector specialists and dedicated professionals, bringing the requisite expertise and focus.
- Over the years, the Company has invested in each of its core verticals and has attained a critical mass in each of them.
- A diverse business mix has enabled the company to insulate itself from cyclicality or lower demand in a particular segment

2. REGULATORY RISK

Getting approval on facilities and products from various authorities is a time-taking exercise. The delay caused can lead to loss of potential revenues in wake of opportunity.

Mitigation measures

- This is an industry-wide risk owing to the highly regulated nature of the sector in high-consumption markets
- The risk of delay in regulatory inspection is non-controllable; however, the Company has invested in highest standards of quality practices and control to be confident of clearing inspections.
- The Company's Mangalore unit will be inspected by USFDA in 2012.

3. COMPETITION RISK

Competition from global as well as local players can have an adverse impact on the Company's margins.

Mitigation measures

- The global pharmaceuticals industry seeks not only cost arbitrage but also a proven expertise in creating quality products
- Being cost efficient is the key towards sustained growth, given the falling margins and lower R&D spends of the global innovator companies
- Having proven our ability as an agile and efficient player, we have focused on offering niche products across our business verticals.
- These products require dedicated expertise and specialisation that the global players are not willing to impart on account of their scale and cost-benefit parameters.
- The Company's ability to offer products has elevated it among the favoured producers of niche molecules and APIs in Human and Veterinary segments.
- As an inherent trait, we have remained focused on cost reduction on a continuous basis across our units.

4. QUALITY RISK

Any quality defect in the Company's products can lead to huge losses at client's end as well as its own loss of reputation.

Mitigation measures

- The Company has a 'zero tolerance' policy on quality.
- Each of its units is certified by credible authorities and has successfully passed key client audits.
- A dedicated department in each unit takes care of stringent quality control and quality assurance practices at every product/process level.

5. ENVIRONMENT AND SAFETY RISK

Non-compliance with environment protection policies or safety related issues could dent operation and can also impair quality standards.

Mitigation measures

- The Company lays a great emphasis on the proactive environment and health safety compliance.
- A dedicated EHS Policy is formulated and strictly adhered to protect its employees, the environment and the public at every stage of its business activity.
- During 2011-12, the company has critically examined and further strengthened its environment and safety practices/equipment/audits across all its units
- Environment Management Systems are in place at each site to continuously monitor progress in this area.

Corporate Governance Report

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

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 in totality. Hence, considerable emphasis is placed on accountability in decision-making and ethics in implementing them.

Adequate and timely information is critical to accountability. SeQuent Scientific Limited 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 with right element of independence. As on date the Board consists of four Directors. Fifty percent of the Board consists of Non-Executive Independent Directors.

Meetings held during the year

During the financial year ended 31st March 2012, 7 (Seven) board meetings were held. Dates on which the meetings were held are 27th May 2011, 12th August 2011, 21st October 2011, 21st November 2011, 9th February 2012, 15th March 2012 and 17th March 2012.

Attendance at Board meetings and last Annual General Meeting

The attendance of each Director at Board Meeting and the last Annual General Meeting (AGM) and details about Directorships and Memberships in Committees as on 31st March 2012 is as under:

S. No	Name of the Director	Category of Directorship	Number of Board Meetings attended	Last AGM attendance	Number of other Directorships	Total number of member ship(s) in other board committees
1	Mr. K R Ravishankar	Promoter, Executive	5	Present	2	1
2	Dr. Gopakumar G Nair	Independent, Non-Executive	2	Present	4	2
3	Mr. Kannan Ramanujam	Independent, Non-Executive	6	Present	NIL	NIL
4	Dr. Gautam Kumar Das	Executive	6	Present	NIL	NIL
5	Mr. K R N Moorthy*	Executive	3	Present	NA	NA
6	Mr. Joe Thomas*	Independent, Non-Executive	4	Present	NA	NA

* Mr. Joe Thomas and Mr. K R N Moorthy resigned from the Board with effect from 18th January 2012 and 23rd January 2012 respectively.

Notes:

1. No. of other directorships excludes directorships in Indian Private Limited Companies, Foreign Companies.
2. Membership in other board committees includes Chairmanships, memberships of Audit Committee & Shareholders Grievance Committee only.
3. None of the directors are related to any other Directors.

3. AUDIT COMMITTEE:

Terms of Reference

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

The Audit Committee has the following responsibilities/powers

- Overseeing the Company's overall financial reporting process and to ensure that financial statements are correct, sufficient and credible.
- Reviewing with management on the quarterly and annual financial statements, before submitting to the Board, with primary focus on accounting policies and practices and compliance therewith, stock exchange requirements and other legal requirements concerning financial statements.
- Reviewing the adequacy of the internal control system, internal audit and their reports.

Role of Audit Committee

The role of the Audit Committee includes the following:

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

11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (In case of non payment of declared dividends) and creditors, if any.
13. To seek information from any employee;
14. To obtain outside legal or other professional advice;
15. To secure attendance of outsiders with relevant expertise if it considers necessary

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

During the financial year ended 31st March 2012, four Audit Committee Meetings were held on 27th May 2011, 12th August 2011, 21st October 2011 and 9th February 2012.

Due to resignation of Mr. Joe Thomas, The Audit committee of the Company has been re-constituted at Board Meeting held on 9th February 2012. As on the date the Committee has three members consisting of Two Non-Executive Independent Directors and the Managing Director. Details of Members and meetings attended by them during the year are as under:

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

Mr. Vinayak Hegde, Company Secretary is the Secretary of the Audit committee.

*Mr. Joe Thomas resigned from the Board with effect from 18th January 2012

4. REMUNERATION COMMITTEE:

Terms of Reference

The Company has constituted a Remuneration Committee. The terms of reference of the Committee are to recommend remuneration by way of salary, perquisite, allowances and commission for executive directors including pension rights and any compensation payment.

The Committee also functions as the Compensation Committee as prescribed under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

Composition of Remuneration Committee

Due to resignation of Mr. Joe Thomas the remuneration Committee has been re constituted at Board Meeting held on 9th February 2012. As on the date, Members of the Remuneration Committee are Mr. Kannan Ramanujam and Dr. Gopakumar G Nair, who are non-executive independent directors of the Company. During the year the committee meetings were held on 27th May 2011 and 12th August 2011. Details of Members and meetings attended by them during the year are as under:

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

*Mr. Joe Thomas resigned from the Board with effect from 18th January 2012

Remuneration Policy

The Remuneration Committee recommends the compensation package of Executive Directors. The remuneration policy is directed towards rewarding performance based on review of achievements. It is aimed at attracting and retaining high caliber talent.

Remuneration paid to Directors

(` In Mn)

Name of the Director	Salary	Benefits	Bonus	Sitting Fees	Total
Mr. K R Ravishankar (Managing Director)	21.64	-	-	-	21.64
Mr. Joe Thomas	-	-	-	0.06	0.06
Dr. Gopakumar G Nair	-	-	-	0.04	0.04
Mr. Kannan Ramanujam	-	-	-	0.12	0.12
Dr. Gautam K Das (Executive Director)	9.99	-	-	-	9.99
Mr.KRN Moorthy	9.73	-	-	-	9.73

The Company has paid Remuneration to one of its Directors as per the approval received from Central Government. The managerial remuneration paid for the year ended 31st March, 2012 excludes `12.90 mn for which the Company has made an application to the Central Government for its approval.

5. THE SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

The Shareholders/ Investors grievance committee has been constituted in terms of the provisions related thereto in the Listing agreement with the Stock Exchanges. Due to resignation of Mr. Joe Thomas the Committee has been reconstituted at Board Meeting held on 9th February 2012. As on the date Committee comprises of two Non-Executive Directors and the Chairman and Managing Director of the Company. i.e., Dr. Gopakumar G Nair, Mr. Kannan Ramanujam and Mr. K R Ravishankar. Mr. Kannan Ramanujam is the Chairman of the Committee.

The Committee is entrusted with the responsibility to address the shareholders and investor complaints with respect to transfer of shares, non-receipt of annual report, non-receipt of dividends etc.

During the year, there were three meetings viz. on 12th August 2011, 21st October 2011, 9th February 2012 held to oversee the compliant reddressal system. Details of Members and meetings attended by them during the year are as under

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

* Mr. Joe Thomas resigned from the Board with effect from 18th January 2012

For the purpose of approval of Share Transfer, the Company Secretary who is also the Compliance Officer of the Shareholders / Investors Grievance Committee been authorized to do the needful.

During the year, the Company has received 5 (Five) complaint from shareholders with respect to non receipt of Dividend warrant and the same has been redressed successfully.

6. GENERAL BODY MEETINGS:

The location and time of the last three Annual General Meetings of the Company are as below:

Financial Year	Date	Location of Meeting	Time
2008-2009	04.09.2009	Hotel Royal Inn, Gokul Nagar, Thane (W).	10.30 a.m.
2009-2010	27.09.2010	Hotel Satkar Residency, Thane (W)	11.00 a m
2010-2011	29.11.2011	Hotel Fortune Park Lake city, Thane (W)	11.30 a.m

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

Date	Meeting	Subject matter
04.09.2009	AGM	Appointment and remuneration of Mr. K R Ravishankar, Managing Director
24.05.2010	EGM	1. Approval of Remuneration of Dr. Gautam K Das, Executive Director 2. Revision in Remuneration of Mr. K R Ravishankar, Managing Director.
27.09.2010	AGM	Authorisation to make loan, give guarantee or provide security exceeding the limits as prescribed under Section 372A of Companies Act, 1956.
15.03.2011	EGM	Cancellation of 14,865,000 equity shares held by Fraxis Life Sciences Limited
29.11.2011	AGM	Confirmation of appointment of Mr. K.R.N. Moorthy as Whole Time Director

During the year ended March 31, 2012 no resolution was passed through the Postal ballot process.

7. DISCLOSURES:

(i) The Company has not entered into any transaction of a material nature with the promoters, Directors or Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties are disclosed in Note 28.3 (a) & (b) to the notes to accounts in Standalone Financial Statements & 29.4 (a) & (b) in Consolidated Financial Statements.

(ii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on matters relating to capital markets during the last 3 years. No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any statutory authorities relating to the above.

(iii) Company is in compliance with all mandatory requirements of clause 49 of the listing agreement. As regards adoption of non-mandatory requirements as contained in Annexure 1-D to clause 49 of the listing agreement, the Company has implemented the requirements with relation to constitution of remuneration committee and matters related therewith.

(iv) The Company has appointed M/s Mahajan & Aibara, Chartered Accountants as internal auditors of the Company. The reports of internal auditors are regularly being placed before the Audit Committee on a quarterly basis and the risk assessment and mitigation recommendations forms part of their presentation to the Audit Committee.

8. REAPPOINTMENT OF DIRECTOR

Mr. Kannan Ramanujam Director of the Company retires by rotation at this ensuing Annual General Meeting and being eligible offered himself for reappointment at the Annual General Meeting.

Mr. Kannan Ramanujam is a Non Executive Director on the Board. He is a Chartered Accountant by qualification and has over 24 years of business and professional experience. He is the Promoter, CEO and Managing Director of Emerge Learning Services Ltd. The company offers complete solutions in Education, Training, e-governance and Information management areas.

Details of other directorship / committee membership of Kannan Ramanuajam

S.No.	Name of Company	Committee Membership
1.	Emerge Learning Services (P) Ltd	NIL
2.	CMTES Informatics (P) Ltd	NIL
3	Infratech Constructions Services (India) Private Limited	NIL
4	Blue Shift India Private Limited	NIL
5	Infratech Infrastructure Services Private Limited	NIL
6	GK Management Services India Private Limited	NIL

Details of Shareholding of Non-Executive Directors

In terms of Clause 49(IV)(E)(iv) of the Listing Agreement, the details of shares held by Non-Executive Directors are as under:

Name	No. of shares held as at March 31, 2012
Dr. Gopakumar G Nair	23,348
Mr. Kannan Ramanujam	Nil

9. MEANS OF COMMUNICATION:

(a) The quarterly results are forthwith communicated to the Bombay Stock Exchange as soon as they are approved and taken on record by the Board of Directors of the Company.

(b) The results are published in the newspapers namely The Free Press Journal, The Business Standard (English) and Nav-Shakti (Marathi). Further the result and Share Holding Pattern were also posted by the Company's website www.sequent.in.

10. GENERAL SHAREHOLDER INFORMATION:

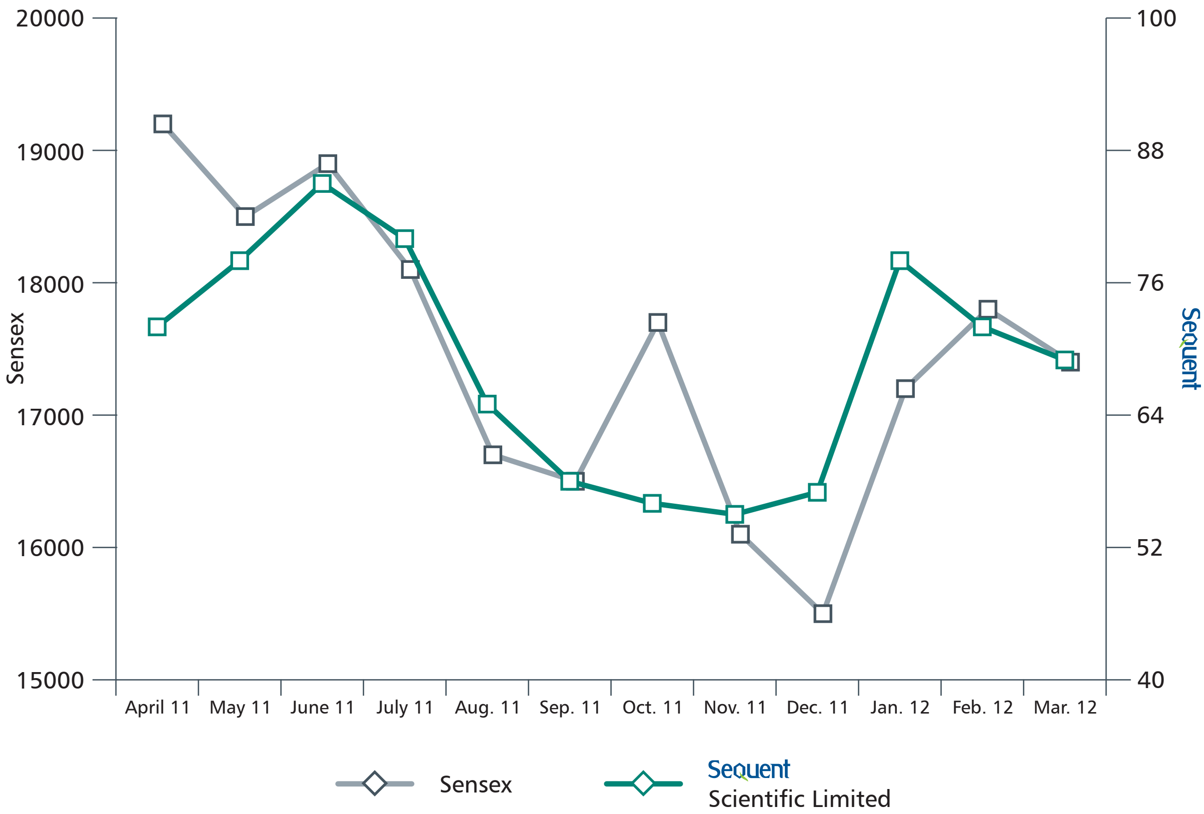
AGM, Date & Venue	Wednesday, September 26, 2012
Financial Year	April 1, 2011 to March 31, 2012
Date of Book Closure	September 24, 2012 to September 26, 2012 (both days inclusive)
Dividend payment date	Not applicable
Listing of shares	The equity shares of the Company are listed in the Bombay Stock Exchange Limited with stock code of 512529 ISIN : INE807F01019
Registrar & Transfer Agent	**M/s. Adroit Corporate Services Private Ltd.** 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai – 400 059. Contact Person: Mr. Pratap Pujare Phone No. 022-2859 6060 email ID: pratapp@adroitcorporate.com
Share transfer system	Company's shares are in compulsorily demat mode. Physical share transfers are attended to on a regular basis and the Company Secretary is authorized to approve such transfers
Address for correspondence	Mr. Vinayak Hegde, Company Secretary **SeQuent Scientific Limited** Corporate Office Star - 2, Opp: IIM – B, Bannerghatta` Road Bilekahalli, Bangalore – 560 076 Phone No. 080-67840338 Email : investors@sequent.in

Market Price Data (High, Low during each month in financial year 2011-12)

Month	High	Low
April 11	82.50	70.20
May 11	93.00	64.95
June 11	92.30	72.00
July 11	95.00	77.35
August 11	82.70	58.20
September 11	67.70	57.50
October 11	62.90	50.30
November 11	62.90	51.30
December 11	58.30	51.00
January 12	83.80	51.00
February 12	85.00	69.40
March 12	77.95	66.20

Performance in comparison to SENSEX: Monthly closing price analysis

Month	Sensex	Sequent
April 11	19,135.96	71.55
May 11	18,503.28	78.15
June 11	18,845.87	84.75
July 11	18,197.20	80.00
August 11	16,676.75	65.00
September 11	16,453.76	57.65
October 11	17,705.01	56.00
November 11	16,123.46	55.50
December 11	15,454.92	57.25
January 12	17,193.55	77.80
February 12	17,752.68	72.15
March 12	17,404.20	68.55



Distribution Schedule as on March 31, 2012:

Shares slab Shares (`)			No. of share Holders	per cent age	Total	Amount	per cent age
UP TO	-	100	934	39.49	52,601	526,010	0.24
101	-	500	958	40.51	293,418	2,934,180	1.34
501	-	1000	181	7.65	151,437	1,514,370	0.69
1001	-	2000	110	4.65	173,354	1,733,540	0.79
2001	-	3000	57	2.41	147,512	1,475,120	0.67
3001	-	4000	19	0.80	68,996	689,960	0.31
4001	-	5000	8	0.34	39,500	395,000	0.18
5001	-	10000	45	1.90	327,046	3,270,460	1.49
10001	-	20000	21	0.89	295,324	2,953,240	1.35
20001	-	50000	11	0.47	333,207	3,332,070	1.52
50001	&	Above	19	0.89	20,052,796	200,527,960	91.42
Total :			**2,363**	**100**	**21,935,191**	**219,351,910**	**100.00**
Shares held in physical Mode			6	0.25	710,255	7,102,550	3.24
Shares held in Electronic Mode			2,359	99.75	21,224,936	212,249,360	96.76

Shareholding pattern of Equity Shares as on March 31, 2012:

Category	Number of shareholders	Number of shares held	Voting strength
Promoters & Persons Acting in concert	5	12,189,979	55.57
Other Directors, their relatives	1	23,348	0.11
Bodies Corporate (Domestic)/Trusts	112	978,961	4.46
Banks / Mutual Funds/ Financial Institutions (FIs)	NIL	NIL	NIL
Foreign Institutional Investors (FIIs)	1	40,935	0.19
Non-Resident Individuals (NRIs)/ Foreign Corporate Bodies/Overseas			
Corporate Bodies (OCBs)/ Foreign Banks	29	5,042,100	22.99
Resident Individuals	2,214	2,959,868	13.49
TRUST Constituted to implement ESOP	1	700,000	3.19
Total	**2,363**	**21,935,191**	**100**

Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form. The Company has established connectivity with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrars, Adroit Corporate Services Pvt Ltd. As on March 31 2012 96.76 per cent of the paid-up share capital of the Company representing 21,224,936 shares have been dematerialized.

Outstanding ADRs/GDRs/warrants/ other convertible instruments:

The Company has no outstanding ADRs / GDRs / warrants.

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

Plant Locations

Plot No. 7& 8, MIDC Engineering Zone, Kalyan Badlapur Road, Ambernath, Maharashtra.
W-152,150, 151,136,137,138,139, 140 & 141 - MIDC, Tarapur, Boisar, Dist Thane, Maharashtra.
B-32, G-2, G-3, MIDC, Mahad, Dist. Raigad, Maharashtra.
A-68 and 69, Additional Ambernath, MIDC Indl. Area, Ambernath (East), Dist. Thane, Maharashtra
120 A & B , Plot No. 36, Industrial Area, Baikampady, New Mangalore, Karnataka.
Plot No. 26, 26B, GIDC Industrial Estate, Panoli, Dist. Bharuch, Gujarat.
A-14, MIDC, Phase I, Dombivali (E), Dist. Thane, Maharashtra

11. CODE OF CONDUCT

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

All Board Members and Senior Management personnel have confirmed compliance with the code for the year 2011 – 2012.

A declaration to this effect signed by the Mr. K.R. Ravishankar, Managing Director is reproduced below:

"I confirm that the Company has in respect of the year ended March 31, 2012, received from its Board Members as well as Senior Management Personnel affirmation as to compliance with the Code of Conduct'.

Certificate on Corporate Governance

To the Members of **SeQuent Scientific Limited**

We have examined the compliance of conditions of corporate governance by SeQuent Scientific Limited ('the Company'), for the year ended on March 31 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the said stock exchange.

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

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

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

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

V. Srikumar
Partner
(Membership No.84494)

Bangalore, August 14, 2012

Standalone Financials

Auditors Report

TO THE MEMBERS OF SEQUENT SCIENTIFIC LIMITED

1. We have audited the attached Balance Sheet of SEQUENT SCIENTIFIC LIMITED (“the Company”) as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company’s Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors’ Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. We report that:

   (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) 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;

   (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account:

   (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

      (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and

      (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

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

V. Srikumar
Partner
(Membership No.84494)

Bangalore, May 24, 2012

Annexure to the Auditors Report (Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses iii (d), (f) & (g), vi, xii, xiii, xiv, xix and xx of paragraph 4 of CARO are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has granted loans aggregating Rs. 279.31 Million to 2 parties during the year. At the year-end, the outstanding balances of such loans aggregated Rs.77.49 Million (number of parties 1) and the maximum amount involved during the year was Rs.368.67 Million (number of parties 2).

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.

(c) The receipts of principal amounts and interest have been regular/as per stipulations.

(d) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of ` 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.

(vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination

Annexure to the Auditors Report (Contd.)

of the records with a view to determining whether they are accurate or complete.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (` in Million)
Income-tax Act, 1961	Income-tax	Commissioner Income Tax (Appeals), Mumbai	A.Y. 2006-2007	0.98
Income-tax Act, 1961	Income-tax	Commissioner Income Tax (Appeals), Mumbai	A.Y. 2007-2008	3.99
Maharashtra Value Added Tax Act, 2002 & Central Sales Tax act, 1956	Value Added tax and Central Sales tax	Deputy Commissioner of Sales Tax	A.Y. 2006-2007	9.02
Karnataka Value Added Tax	Value Added Tax	Joint Commissioner of Commercial Taxes (Appeals)	A.Y. 2008-2009	3.31
Gujarat Value Added Tax	Value Added Tax	Gujarat Value Added Tax Tribunal	A.Y. 2007-2008	0.07
Finance Act	Service Tax	Commissioner (Appeals) Central Excise	April 2005 to Nov 2006	0.10
Finance Act	Service Tax	Commissioner (Appeals) Central Excise	F.Y. 2006-2007 to 2008-2009	0.07

(x) Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.

(xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

(xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have been used during the year for long- term investment to the extent of Rs. 163.12 Million.

(xv) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.

(xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

V. Srikumar
Partner
(Membership No.84494)

Bangalore, May 24, 2012

Balance Sheet as at 31 March 2012

(` In Million)

		Note No.	As at 31 March 2012	As at 31 March 2011
A	**EQUITY AND LIABILITIES**			
	1 Shareholders' funds			
	(a) Share capital	2	213.40	212.35
	(b) Reserves and surplus	3	1,053.73	1,043.18
			1,267.13	1,255.53
	2 Non-current liabilities			
	(a) Long-term borrowings	4	622.65	878.72
	(b) Deferred tax liabilities (net)	28.7	82.41	122.91
	(c) Long-term provisions	5	40.19	39.57
			745.25	1,041.20
	3 Current liabilities			
	(a) Short-term borrowings	6	980.87	689.04
	(b) Trade payables	7	1,225.74	784.11
	(c) Other current liabilities	8	716.01	338.81
	(d) Short-term provisions	9	29.17	97.66
			2,951.79	1,909.62
	TOTAL		4,964.17	4,206.35
B	**ASSETS**			
	1 Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	10 A	1,986.09	1,786.43
	(ii) Intangible assets	10 B	76.79	68.50
	(iii) Capital work-in-progress		93.13	126.54
	(iv) Intangible assets under development		82.55	37.87
	(b) Non-current investments	11	388.14	135.63
	(c) Long-term loans and advances	12	162.98	292.81
	(d) Other non-current assets	13	33.24	123.13
			2,822.92	**2,570.91**
	2 Current assets			
	(a) Current investments	14	2.77	3.26
	(b) Inventories	15	631.08	614.71
	(c) Trade receivables	16	824.80	530.14
	(d) Cash and cash equivalents	17	157.67	57.77
	(e) Short-term loans and advances	18	421.15	422.04
	(f) Other current assets	19	103.78	7.52
			2,141.25	**1,635.44**
	See accompanying notes forming part of the financial statements			
	TOTAL		**4,964.17**	**4,206.35**

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
V. Srikumar
Partner
Bangalore, May 24, 2012

For and On Behalf of the Board of Directors

Dr. Gautam Kumar Das
Executive Director

Ravishankar K R
Chairman & Managing Director

Vinayak Hegde
Company Secretary

Statement of Profit & Loss for the year ended 31 March 2012

(` In Million)

Particulars		Note No.	Year Ended 31 March 2012	Year Ended 31 March 2011
1	**REVENUE FROM OPERATIONS (GROSS)**	20	3,450.84	2,867.32
	Less: Excise duty		126.54	87.52
	Revenue from operations (net)		**3,324.30**	**2,779.80**
2	**OTHER INCOME**	21	113.27	114.10
3	**TOTAL REVENUE (1 + 2)**		**3,437.57**	**2,893.90**
4	**EXPENSES**			
	(a) Cost of materials consumed	22.a	1,807.48	1,247.53
	(b) Purchases of stock-in-trade	22.b	85.13	284.20
	(c) Changes in inventories of finished goods and work-in-progress & intermediates	22.c	6.12	(129.15)
	(d) Employee benefits expense	23	254.37	227.04
	(e) Finance costs	24	282.65	200.35
	(f) Depreciation and amortization expense	10 C	210.28	171.81
	(g) Other expenses	25	816.50	680.50
	TOTAL EXPENSES		**3,462.53**	**2,682.28**
5	**PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX (3-4)**		(24.96)	211.62
6	**EXCEPTIONAL ITEMS**	26	-	(10.53)
7	**PROFIT/(LOSS) BEFORE TAX (5 - 6)**		(24.96)	222.15
8	**TAX EXPENSE:**			
	(a) Current tax expense		0.86	36.50
	(b) (Less): MAT credit		-	(16.26)
	(c) Deferred tax		(40.50)	42.59
			(39.64)	**62.83**
9	**PROFIT/(LOSS) FOR THE YEAR (7 - 8)**		**14.68**	**159.32**
10	**EARNINGS PER SHARE (OF RS.10 EACH):**	28.6		
	Basic and Diluted		0.67	7.26
	See accompanying notes forming part of the financial statements			

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
V. Srikumar
Partner
Bangalore, May 24, 2012

For and On Behalf of the Board of Directors

Dr. Gautam Kumar Das
Executive Director

Ravishankar K R
Chairman & Managing Director

Vinayak Hegde
Company Secretary

Cash Flow Statement for the year ended 31 March 2012

(` In Million)

Particulars		Year Ended 31 March 2012	Year Ended 31 March 2011
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax		(24.96)	222.15
Adjustments for:			
Depreciation and amortisation		210.28	171.81
Intangible assets written off		2.04	-
Bad debts and provisions for doubtful debts		2.11	0.61
Advances written off		1.00	0.94
Unrealised forex loss/(gain) (net)		61.98	(12.04)
Investment written off		-	0.49
Provision for diminution in investment		-	0.29
Diminution in investment in subsidiaries / (written back)		-	(52.58)
Loss on sale of assets (net)		-	1.08
Interest expenses		256.89	186.02
Interest income		(45.02)	(19.99)
Profit on sale of investment		(0.35)	(38.01)
Profit on sale of fixed assets (net)		(64.92)	-
Compensation under ESOP scheme		(0.07)	0.07
Sundry balances written back (net)		(0.90)	(17.67)
Operating profit before working capital changes		**398.08**	**443.17**
Changes in working capital			
(Increase)/decrease in trade and other receivables		(162.55)	(56.30)
(Increase)/decrease in inventories		(30.23)	(160.71)
Increase/(decrease) in trade and other payables		129.56	317.55
Net change in working capital		**(63.22)**	**100.54**
Cash generated from operations		**334.86**	**543.71**
Direct taxes paid		(32.78)	(55.97)
Net cash generated from operating activities	A	**302.08**	**487.74**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets / CWIP		(371.27)	(524.23)
Sale of fixed assets		119.63	2.47
Investment in subsidiaries / Joint ventures/Associates		(252.51)	(10.17)
Purchase of short term investment		(1.00)	(1.70)
Sale of long term investments		1.84	-
Sale of other investment		-	2.75
Loan given to affiliates and others (net)		(63.31)	(169.09)
Interest received		42.26	16.59
Net cash generated from investing activities	B	**(524.36)**	**(683.38)**

Cash Flow Statement for the year ended 31 March 2012 (Contd.)

(` In Million)

Particulars		Year Ended 31 March 2012	Year Ended 31 March 2011
Cash flow from financing activities			
Proceeds from short term borrowings (net)		291.83	135.82
Proceeds from / (repayment of) of long term borrowings		329.17	241.83
Proceeds from issue of shares		1.05	-
Interest paid on borrowings		(267.90)	(199.45)
Dividend paid		(32.90)	(42.47)
Dividend distribution tax paid		(5.46)	(7.22)
Net cash generated from financing activities	**C**	**315.79**	**128.51**
Net increase/(decrease) in cash and cash equivalents during the year	**(A+B+C)**	**93.51**	**(67.13)**
Cash and cash equivalents at the beginning of the year		57.77	124.39
Included on amalgamation		6.39	0.51
Cash and cash equivalents at the end of the year		**157.67**	**57.77**
See accompanying notes forming part of the financial statements			

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
V. Srikumar
Partner
Bangalore, May 24, 2012

For and On Behalf of the Board of Directors

Dr. Gautam Kumar Das
Executive Director

Ravishankar K R
Chairman & Managing Director

Vinayak Hegde
Company Secretary

Notes forming part of the financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared, in accordance with Generally Accepted Accounting principles in India (Indian GAAP), to comply with the mandatory Accounting Standards prescribed by the Company (Accounting Standards) Rules, 2006 except for certain assets and liabilities which are measured on fair value basis as permitted by the Scheme of Arrangement approved by the Honorable High Court of Karnataka and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared on accrual basis under the historical cost convention except for certain categories of fixed assets that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for accounting of exchange fluctuation on restatement of long term foreign currency borrowings

1.2 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

1.3 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible assets comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible assets after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Refer Note 1.5 for accounting for research and development expenses.

1.4 Depreciation/amortisation

Depreciation is provided under the straight-line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956, based on technical estimates that indicate the useful lives would be comparable with or higher than those arrived at using these rates,

Nature of the assets	Remaining useful life in years
Buildings	10 - 28
Plant and Machinery	5 - 12
Office equipment	5 - 7
Computers	4
Furniture and fixtures	5 - 6
Motor vehicles	3 - 5
Leasehold land	85 - 96
Leasehold property development	Over lease period

In the case of following intangible assets depreciation is provided/amortised under the straight line method over the useful life of assets as follows:

Product and process development : 5 Years

Software licenses : 3 Years

The estimated useful life of the intangible assets and its amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

With respect to assets carried at revalued amounts as permitted under the Scheme of amalgamation, depreciation is recorded under the straight line method over the balance remaining useful life of the assets. Individual assets costing less than Rs.5,000 are depreciated in full in the year of purchase.

1.5 Research and development costs

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible fixed assets and intangible assets.

1.6 Impairment of assets

As at each Balance Sheet date, the carrying amount of fixed assets is tested for impairment if impairment conditions exist. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(a) in the case of an individual asset, at the higher of the net selling price and value in use.

(b) in the case of cash generating units, at the higher of the unit's net selling price and the value in use.

Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.

1.7 Investments

Current investments are carried at lower of cost and fair market value. Provision is made to recognize decline, if any, in the carrying value.

Long-term investments are carried individually at cost less provision for diminution, other than temporary in the value of the investment.

1.8 Inventory

Inventories comprise raw materials, packing materials, consumables, work in process, intermediates and finished goods. These are valued at the lower of cost and net realizable value. Cost is determined as follows:

(i) Raw materials, packing materials and consumables
First in first out basis

(ii) Work in process and Intermediates
At material cost, conversion costs and appropriate share of production overheads

(iii) Finished goods
At material cost, conversion costs and an appropriate share of production overheads and excise duty, wherever applicable.

1.9 Revenue recognition

Revenue from export sales is recognized on the basis of the shipping bills for exports. Revenue from domestic sales is recognized based on the passage of title to goods which generally coincides with dispatch. Sales include excise duty and are stated net of discounts, other taxes, and sales returns.

Income from sale of technical know-how is recognized, when the risk and right to use is transferred to the buyer as per terms of contract.

Dividend income is recognised when the right to receive the same is established.

Interest income is recognised on an accrual basis.

1.10 Employee benefits

The Company's contribution to provident fund is charged to revenue on accrual basis.

Leave balances standing to the credit of the employees that are expected to be availed in the short term are provided for on full cost basis. Liability for unavailed leave considered to be long term is carried based on an actuarial valuation.

Liability for gratuity is funded with LIC and SBI Life Insurance Company Limited. Gratuity expenses for the year are accounted based on actuarial valuation carried out using Projected Unit Credit Method as at the end of the fiscal year. The obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Short term employee benefits like medical, leave travel, etc are accrued based on the terms of employment on a time proportion basis.

1.11 Foreign currency transactions

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Notes forming part of the financial statements (Contd.)

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the balance sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the statement of profit and loss.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the statement of profit and loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a Foreign currency translation reserve until disposal / recovery of the net investment.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

1.12 Taxes on income

Income Tax comprises the current tax provision and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognized for the future tax consequences arising out of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates applicable on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable/ virtual certainty (as applicable) that sufficient future taxable income will be available against which such deferred tax asset can be realised. The effect on deferred tax assets and liabilities resulting from change in tax rates is recognized in the income statement in the period of enactment of the change.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Indian Income Tax Act, 1961.

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, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Accordingly, MAT is recognized as an assets 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.

1.13 Leases

Lease arrangements, where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are classified as operating leases and the lease rentals thereon are recognised in the statement of profit and loss on accrual basis.

1.14 Employee stock option scheme

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

1.15 Earnings per share (EPS)

In determining the Earnings per share, the Company considers the net profit after tax. The number of shares used in computing Basic Earnings per share is the weighted average number of equity shares outstanding during the year. The number of shares used in computing Diluted Earnings per share comprises the weighted average number of equity shares considered for deriving Basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year unless issued at a later date.

1.16 Provisions and contingencies

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation. Contingent liabilities are not recognized but are disclosed in the notes to financial statements.

1.17 Use of estimates

The preparation of the financial statements in conformity with the Accounting Standards generally accepted in India requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

1.18 Segment

Segments have been identified taking into account the nature of services, the differing risks and returns, the organizational structure and the internal reporting system. The Company prepares consolidated financial statements and segment information is disclosed in Consolidated financial statements.

1.19 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.

1.20 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

1.21 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.22 Cash and cash equivalents (for purposes of cash flow statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.23 Change in accounting policy

During the year, the Company has exercised the option of capitalising the exchange difference on account of restatement of term loans taken in foreign currency as per Notification issued by Ministry of Corporate Affairs dated 29 December 2011. Accordingly, Rs.26.60 million has been capitalised under respective assets categories and depreciated over the remaining useful life of the assets and Rs.5.75 million has been included in Capital work-in-progress. The depreciation expense for the year includes Rs.2.66 million on account of such exchange differences capitalised. Consequently the net loss before tax for the year ended 31 March 2012 is lower by Rs.29.69 million and fixed assets are higher by Rs. 32.35 million.

Notes forming part of the financial statements (Contd.)

	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	` in Million	No. of Shares	` in Million
NOTE 2 SHARE CAPITAL				
(a) Authorised				
32,000,000 equity shares of Rs.10 each	32,000,000	320.00	32,000,000	320.00
(b) Issued				
21,935,191 equity shares of Rs.10 each	21,935,191	219.35	21,935,191	219.35
(c) Subscribed and fully paid up				
21,935,191 equity shares of Rs.10 each	21,935,191	219.35	21,935,191	219.35
Less: Amount receivable from SeQuent Scientific Employee Stock Option Scheme Trust (Being Face Value of 700,000 Equity Shares of Rs.10 each allotted to the trust)		5.95		7.00
Total		**213.40**		**212.35**

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	` in Million	No. of Shares	` in Million
Equity Shares				
Shares outstanding at the beginning of the year	21,935,191	219.35	21,935,191	219.35
Add: Shares issued during the year (Refer note below)	14,865,000	-	-	-
Less: Shares cancelled during the year (Refer note below)	(14,865,000)	-	-	-
Shares outstanding at the end of the year	21,935,191	219.35	21,935,191	219.35

Note:

In terms of the Scheme of Amalgamation of Fraxis Life Sciences Limited with the Company sanctioned by the High Court of Bombay on August 20, 2011, the Company allotted 14,865,000 fully paid up equity shares of the Company to the shareholders of Fraxis Life Sciences Limited and shares held by Fraxis Life Sciences Limited in the Company of 14,865,000 shares stands cancelled [Refer note 29.1 (i)].

(ii) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 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 is proposed by the Board of Directors and is subject to the approval of the shareholders in the ensuing Annual General Meeting, except 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.

The amount of dividend per share recognized as distributions to equity shareholders is Nil (31 March 2011 : Rs.1.50)

(iii) Details of shares held by the holding company

	As at 31 March 2012	As at 31 March 2011
	No. of Shares	No. of Shares
Equity Shares		
Fraxis Life Sciences Limited, the holding company	-	14,865,000

(iv) Details of shares held by each shareholder holding more than 5% shares

	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	(%) of Holding	No. of Shares held	(%) of Holding
Equity Shares				
Name of the shareholder				
K R Ravishankar	5,579,986	25.44%	5,611	0.03%
Arun Kumar Pillai	5,579,993	25.44%	5,611	0.03%
Primera Partners Pte. Ltd	3,183,871	14.51%	1,166,667	5.32%
Fraxis Life sciences Limited	-	-	14,865,000	67.77%
Satpal Khattar	1,699,018	7.75%	NIL	NIL

(v) As at 31 March 2012, 700,000 shares (As at 31 March 2011, 700,000 shares) were reserved for issuance as follows:

(a) 700,000 shares (As at 31 March, 2011 700,000 shares) of Rs.10 each towards outstanding employee stock options granted / available for grant. (Refer Note 29)

(` In Million)

	As at 31 March 2012	As at 31 March 2011
NOTE 3 RESERVES AND SURPLUS		
(a) Capital reserves		
Opening balance	10.65	-
Add: Included on amalgamation	6.48	10.65
Less: Utilised during the year (Refer note 28.1 (i))	6.48	-
Closing balance	**10.65**	**10.65**
(b) Securities premium account	**513.40**	**513.40**
(c) Restructuring reserve		
Opening balance	4.06	-
Add: Net surplus of fair valuation	-	341.08
Less: Utilisation during the year	4.06	337.02
Closing balance	**-**	**4.06**
(d) Share options outstanding account		
Opening balance	0.07	-
Add: Amounts recorded on grants during the year	(0.07)	0.23
Less: Deferred employee compensation expenses	-	0.16
Closing balance	**-**	**0.07**
(e) General reserve		
Opening balance	144.44	136.47
Add: Transferred from Statement of Profit and Loss	-	7.97
Closing balance	**144.44**	**144.44**
(f) Surplus		
Opening balance	370.56	296.42
Add: Included on amalgamation	-	(38.85)
Add: Profit for the year	14.68	159.32
Less: Dividends proposed to be distributed to equity shareholders (including tax on dividend)	-	38.36
Less: Transfer to General Reserve	-	7.97
Closing balance	**385.24**	**370.56**
Total	**1,053.73**	**1,043.18**

(` In Million)

	As at 31 March 2012	As at 31 March 2011
NOTE 4 LONG-TERM BORROWINGS		
Term loans		
From banks		
Secured	-	853.59
	-	**853.59**
From other parties		
Secured	613.85	14.73
Unsecured	8.80	10.40
	622.65	**25.13**
Total	**622.65**	**878.72**

Notes forming part of the financial statements (Contd.)

NOTE 4 LONG-TERM BORROWINGS (Contd.)

(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings:

(` In Million)

Particulars	Security	Terms of repayment	As at 31 March 2012		As at 31 March 2011	
			Secured	Unsecured	Secured	Unsecured
Term loans from banks:						
Andhra Bank	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 60 equated monthly instalments.	-	-	11.42	-
Bank of India	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 20 equated quarterly instalments of Rs.3.13 million each.	-	-	55.32	-
Bank of India	Second pari-passu charge on fixed assets of the Company.	Repayable in 20 equated quarterly instalments of Rs.10 million each.	-	-	85.80	-
State Bank of Hyderabad	First pari-passu charge on fixed assets of the Company.	Repayable in 13 quarterly instalments.	-	-	95.39	-
State Bank of Hyderabad	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 10 quarterly instalments of Rs.15 million each.	-	-	150.00	-
State Bank of Mysore	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 20 quarterly Installaments of Rs.10 million each.	-	-	200.15	-
State Bank of India	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 16 quarterly instalments of Rs.5 million each.	-	-	5.00	-
State Bank of India	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 24 quarterly instalments.	-	-	81.29	-
State Bank of India	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 20 quarterly instalments of Rs.6.50 million each.	-	-	110.35	-
Corporation Bank	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 20 quarterly Installaments of Rs.0.65 million each.	-	-	0.65	-
Corporation Bank	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 24 quarterly instalments.	-	-	54.35	-
Axis Bank	Housing loan is secured by hypothecation of asset acquired thereunder.	Repayable in 60 equated monthly instalments.	-	-	3.87	-
Total - Term loans from banks			**-**	**-**	**853.59**	**-**

Notes forming part of the financial statements (Contd.)

NOTE 4 LONG-TERM BORROWINGS (Contd.)

(` In Million)

Particulars	Security	Terms of repayment	As at 31 March 2012		As at 31 March 2011	
			Secured	Unsecured	Secured	Unsecured
Term loans from other parties:						
Technology Development Board	First pari-passu charge on fixed assets of the Company.	Repayable in nine half yearly instalments commencing from 1 April 2009.	5.28	-	14.73	-
Housing Development Finance Corporation Limited	Mortgage of land along with super structure of Company's properties at Ambernath, Mahad, Mangalore, Panoli and Tarapur.	Repayable in 28 equal quarterly instalments of Rs.35 million each.	560.00	-	-	-
Housing Development Finance Corporation Limited	Mortgage of Company's property at Thane (West), Mumbai.	Repayable in 28 quarterly instalments of Rs.2.86 million each	48.57	-	-	-
Department of Scientific and Industrial Research	Unsecured	Repayable annually over a period of five years.	-	8.80	-	10.40
Total - Term loans from other parties		-	**613.85**	**8.80**	**14.73**	**10.40**

The interest on above term loans from other parties (other than loan from Technology Development Board and Department of Scientific and Industrial Research) are linked to the respective lender's base rates which are floating in nature. As of 31 March 2012 the interest rates ranges from 5% to 13% per annum.

(ii) Details of long-term borrowings guaranteed by some of the directors or others:

(` In Million)

Particulars	As at 31 March 2012	As at 31 March 2011
Term loans from banks	-	853.59
Term loans from other parties	613.85	14.73

(iii) The Company has defaulted in repayment of loans and interest in respect of the following:

Particulars	As at 31 March 2012		As at 31 March 2011	
	Period of default	(` In Million)	Period of default	(` In Million)
Term loans from banks				
Principal	-	-	1 to 57 days	79.45
Interest	-	-		
Term loans from other parties				
Principal	180 days	52.77	-	-
Interest	180 days	0.67	-	-

(iv) For the current maturities of long-term borrowings, refer (a) in Note 8 Other current liabilities.

Notes forming part of the financial statements (Contd.)

(` In Million)

NOTE 5 LONG TERM PROVISIONS	As at 31 March 2012	As at 31 March 2011
Provision for employee benefits		
(i) Provision for gratuity (net)	27.29	26.24
(ii) Provision for compensated absences	12.90	13.33
Total	**40.19**	**39.57**

(` In Million)

NOTE 6 SHORT-TERM BORROWINGS	As at 31 March 2012	As at 31 March 2011
(a) Loans repayable on demand		
From banks		
Secured (Refer note (i) below)	980.87	539.04
(b) Loan from other parties		
Unsecured	-	150.00
Total	**980.87**	**689.04**

(i) Working capital loan from banks are secured by a first pari-passu charge on current assets of the Company and a second pari-passu charge on fixed assets of the Company as a collateral.

(ii) Short-term borrowings of Rs.980.87 million (31 March 2011 Rs.689.04 million) are guaranteed by some of the Directors of the Company in their personal capacities.

(iii) The Company has not defaulted in repayment of loans and interest.

(` In Million)

NOTE 7 TRADE PAYABLES	As at 31 March 2012	As at 31 March 2011
Trade Payable	1,225.74	784.11
Total	**1,225.74**	**784.11**

(` In Million)

NOTE 8 OTHER CURRENT LIABILITIES	As at 31 March 2012	As at 31 March 2011
(a) Current maturities of long-term debt (Refer note (i) below)	617.59	185.02
(b) Interest accrued but not due on borrowings	-	0.27
(c) Interest accrued and due on borrowings	4.00	5.76
(d) Other payables		
(i) Statutory remittances	13.50	20.70
(ii) Payables on purchase of fixed assets	15.72	45.45
(iii) Advances from customers	39.02	28.46
(iv) Other current liabilities	26.18	53.15
Total	**716.01**	**338.81**

Note:

(i) Current maturities of long-term debt (Refer Notes (i) and (ii) in Note 4 - Long-term borrowings for details of security and guarantee):

(` In Million)

Particulars	As at 31 March 2012	As at 31 March 2011
Term loans		
From banks		
Secured	168.74	172.86
	168.74	**172.86**
From other parties		
Secured	161.98	10.56
Unsecured	286.87	1.60
	448.85	**12.16**
Total	**617.59**	**185.02**

(` In Million)

NOTE 9 SHORT-TERM PROVISIONS	As at 31 March 2012	As at 31 March 2011
(a) Provision for employee benefits		
Provision for compensated absences	7.05	8.64
	7.05	**8.64**
(b) Provision - Others		
(i) Provision for tax (net of advance tax)	22.12	50.66
(ii) Provision for proposed equity dividend	-	32.90
(iii) Provision for tax on proposed dividend	-	5.46
	22.12	**89.02**
Total	**29.17**	**97.66**

Notes forming part of the financial statements (Contd.)

NOTE 10 A. TANGIBLE ASSETS

(` In Million)

Particulars	GROSS BLOCK								ACCUMULATED DEPRECIATION					NET BLOCK	
	Balance as at 01 April 2011	Additions (refer note 28.1)	Effect of foreign currency exchange differences	Borrowing cost capitalised	Included on amalgamation	On account of fair valuation	Deletions	Balance as at 31 March 2012	Balance as at 01 April 2011	Depreciation / amortisation expense for the year	Included on amalgamation	Deletions	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
Own assets:															
Free hold land	82.03	-	-	-	-	-	-	82.03	-	-	-	-	-	82.03	82.03
Lease hold land	365.50	7.26	0.12	0.02	-	-	35.33	337.57	8.94	4.69	-	-	13.63	323.94	356.56
Land development	0.78	-	-	-	-	-	-	0.78	-	-	-	-	-	0.78	0.78
Lease hold property-development	13.93	-	-	-	-	-	-	13.93	3.01	1.39	-	-	4.40	9.53	10.92
Building	564.06	65.89	2.93	0.08	-	-	16.67	616.29	70.11	23.33	-	1.35	92.09	524.20	493.95
Furniture and fixtures	29.08	1.93	0.14	-	-	-	-	31.15	6.02	2.21	-	-	8.23	22.92	23.06
Office equipment and computers	22.84	0.70	0.32	0.01	-	-	0.11	23.76	9.50	2.96	-	0.07	12.39	11.37	13.34
Plant and machinery	1,150.44	343.09	22.60	3.18	-	-	36.76	1,482.55	353.03	141.30	-	17.11	477.22	1,005.33	797.41
Vehicles	15.31	1.43	-	-	-	-	3.38	13.36	6.93	1.92	-	1.48	7.37	5.99	8.38
Total	**2,243.97**	**420.30**	**26.11**	**3.29**	**-**	**-**	**92.25**	**2,601.42**	**457.54**	**177.80**	**-**	**20.01**	**615.33**	**1,986.09**	**1,786.43**
Previous year	**1,470.34**	**334.97**	**-**	**11.25**	**0.65**	**433.40**	**6.64**	**2,243.97**	**306.24**	**149.57**	**4.82**	**3.09**	**457.54**	**1,786.43**	

NOTE 10 B. INTANGIBLE ASSETS

(` In Million)

Particulars	GROSS BLOCK								ACCUMULATED DEPRECIATION					NET BLOCK	
	Balance as at 01 April 2011	Additions	Effect of foreign currency exchange differences	Borrowing cost capitalised	Included on amalgamation	On account of fair valuation	Deletions	Balance as at 31 March 2012	Balance as at 01 April 2011	Depreciation / amortisation expense for the year	Included on amalgamation	Deletions	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
Own assets:															
Product process development	106.45	38.18	-	-	-	-	2.04	142.59	43.66	32.43	-	-	76.09	66.50	62.79
Software	8.56	11.05	0.49	0.29	-	-	-	20.39	2.85	7.25	-	-	10.10	10.29	5.71
Total	**115.01**	**49.23**	**0.49**	**0.29**	**-**	**-**	**2.04**	**162.98**	**46.51**	**39.68**	**-**	**-**	**86.19**	**76.79**	**68.50**
Previous year	**33.79**	**81.22**	**-**	**-**	**-**	**-**	**-**	**115.01**	**18.40**	**28.11**	**-**	**-**	**46.51**	**68.50**	

Notes forming part of the financial statements (Contd.)

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 10 C. DEPRECIATION & AMORTISATION		
Depreciation and amortisation for the year on tangible assets as per Note 10 A	177.80	149.57
Depreciation and amortisation for the year on intangible assets as per Note 10 B	39.68	28.11
Less: Utilised from restructuring reserve	4.06	-
Less: Depreciation capitalised for intangible assets developed	3.14	5.87
Depreciation and amortisation	**210.28**	**171.81**

(` In Million)

Particulars	31 March 2012	31 March 2011
NOTE 10 D. Details of sums added to assets on revaluation during the preceding 5 years:		
Opening balance		
Leasehold land	303.46	-
Buildings	125.84	-
	429.30	**-**
Added on revaluation		
Leasehold land	-	305.08
Buildings	-	128.32
	-	**433.40**
Date		1 October 2009
Amount		433.40
Balance as at 31 March		
Leasehold land	299.65	303.46
Buildings	120.88	125.84
Total	**420.53**	**429.30**

(` In Million)

	As on 31 March 2012	As on 31 March 2011
NOTE 11 NON-CURRENT INVESTMENTS		
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
A Investment in equity instruments of subsidiaries		
i) SeQuent Global Holdings Limited 150,019 (31 March 2011: 102,979) Equity Shares of USD 1 each fully paid-up	7.21	4.79
ii) SeQuent Research Limited 4,410,000 (31 March 2011: 4,160,000) Equity Shares of Rs. 10 each fully paid-up	142.09	130.09
iii) Sanved Research Labs Private Limited Nil (31 March 2011: 617,500) Equity Shares of Rs. 10 each fully paid-up	-	0.29
iv) Galenica B.V. 47,935 (31 March 2011: 47,935) Equity Shares of Euro 1 each fully paid-up (At cost less provision for other than temporary diminution in value Rs. 4.92 mio (31 March 2011: Rs. 4.92 mio))	4.92	4.92
v) SeQuent Antibiotics Private Limited 10,000 (31 March 2011: 10,000) Equity Shares of Rs. 10 each fully paid-up	0.10	0.10
vi) SeQuent Oncolytics Private Limited 9,999 (31 March 2011: 9,999) Equity Shares of Rs. 10 each fully paid-up	0.10	0.10
NOTE 11 NON-CURRENT INVESTMENTS (Contd.)		
vii) Elysian Life Sciences Private Limited 9,000 (31 March 2011: 9,000) Equity Shares of Rs. 10 each fully paid-up	0.09	0.09
viii) Elysian Life Sciences Mauritius Limited 2,000 (31 March 2011: Nil) Equity Shares of USD 1 each fully paid up	0.10	-
ix) SeQuent Penems Private Limited (Refer note (i) below) 2,725,000 (31 March 2011: 10,000) shares of Rs. 10 each fully paid-up	135.25	0.10
x) SeQuent Penems Private Limited (Refer note (ii) below) Share application pending allotment	102.84	-
	392.70	**140.48**
B Other investments		
i) Panoli Enviro Tech Ltd. 23,700 (31 March 2011: 23,700) Equity Shares of Rs. 10 each fully paid-up	0.24	0.24
ii) Ambarnath Chemcial Manufacturers 1,000 (31 March 2011: 1,000) Equity Shares of Rs. 10 each fully paid-up	0.01	0.01
iii) Tarapur Industrial Manufacturers 2,000 (31 March 2011: 2,000) Equity Shares of Rs. 10 each fully paid-up at a premium of Rs. 10 per share	0.04	0.04
	0.29	**0.29**
C Other Non current Investments		
Investment in government securities		
i) National Saving Certificate	0.02	0.02
ii) NSC VIII Issue - Tarapur	0.05	0.05
	0.07	**0.07**
Total (A + B + C)	**393.06**	**140.84**
Less: Provision for diminution in value of investments		
i) Galenica B.V.	4.92	4.92
ii) Sanved Research Labs Private Limited	-	0.29
Total	**388.14**	**135.63**
Aggregate amount of unquoted investments	393.06	140.84
Aggregate provision for diminution in value of investments	4.92	5.21

Note:

(i) During the year, the Company has made additional investment resulting in SeQuent Penems Private Limited becoming a subsidiary from associate.

(ii) Trade investment in equity instruments includes Rs.102.84 Million (31 March 2011 Nil) investment made in SeQuent Penems Private Limited, for which shares are pending for allotment.

(` In Million)

	As at 31 March 2012	As at 31 March 2011
NOTE 12 LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
(a) Capital advances	16.76	159.79
(b) Security deposits	36.38	31.94
(c) Security deposits to related parties (Refer note 28.3)	17.39	17.39
(d) Advance income tax (net of provisions Rs. 112.49 million (As at 31 March, 2011 Rs.75.59 million)	14.11	10.73
(e) MAT credit entitlement	72.96	72.96
(f) Prepaid expenses	5.38	-
Total	**162.98**	**292.81**
Note: Long-term loans and advances include amounts due from:		
Atma Projects	17.39	17.39

Notes forming part of the financial statements (Contd.)

(` In Million)

		As at 31 March 2012	As at 31 March 2011
NOTE 13 OTHER NON-CURRENT ASSETS			
(Unsecured, considered good)			
(a)	Long term trade receivables (Refer note 28.3)	2.63	112.88
(b)	Margin money deposits	17.61	10.25
(c)	Debts due from related parties (Refer note 28.3)	13.00	-
Total		**33.24**	**123.13**
	Note: **Other non-current assets include debts due from:**		
	SeQuent Penems Private Limited	-	112.88

(` In Million)

			As at 31 March 2012	As at 31 March 2011
NOTE 14 CURRENT INVESTMENTS				
Current investments (valued at lower of cost and estimated net realisable value)				
A	**Quoted equity instruments**			
	i)	Agrodutch Industries Limited 36,250 (31 March 2011: 36,250) Equity Shares of Rs. 10 each fully paid-up	0.34	0.34
	ii)	Transchem Limited 32,500 (31 March 2011: 32,500) Equity Shares of Rs. 10 each fully paid-up	0.43	0.43
	iii)	N B Footware Limited 100,000 (31 March 2011: 100,000) Equity Shares of Rs. 10 each fully paid-up	-	-
	iv)	Agrotech India Limited 6,300 (31 March 2011: 6,300) Equity Shares of Rs. 10 each fully paid-up	-	-
	v)	Nath Bio Genes (I) Limited 6,930 (31 March 2011: 6,930) Equity Shares of Rs. 10 each fully paid-up	-	-
	vi)	Nath Seed Limited 18,270 (31 March 2011: 18,270) Equity Shares of Rs. 10 each fully paid-up	-	-
B	**Current investments (valued at lower of cost and fair value)** Unquoted equity instruments			
	i)	Aditya Investment & Communication Limited 58,800 (31 March 2011: 58,800) shares of Rs.10 each fully paid-up	-	-
C	**Unquoted mutual funds**			
	200,000 (31 March 2011: 100,000) units of Rs.10 each fully paid- up of SBI Mutual Fund		2.00	1.00
D	**Investment in Gold**		-	1.49
Total			**2.77**	**3.26**
Aggregate amount of quoted investments: Market value: Rs. 1.30 million (31 March 2011: Rs. 0.81 million)			0.77	0.77
Aggregate amount of unquoted investments			2.00	2.49
Total			**2.77**	**3.26**

(` In Million)

		As at 31 March 2012	As at 31 March 2011
NOTE 15 INVENTORIES			
(At lower of cost and net realisable value)			
(a)	Raw materials and packing materials	161.67	171.27
	Goods-in transit	68.92	37.87
		230.59	**209.14**
(b)	Work-in-progress and intermediates (Refer note (i) below)	185.89	252.03
(c)	Finished goods	205.82	143.79
	Goods-in transit	4.73	6.74
		210.55	**150.53**
(d)	Fuel	4.05	3.01
Total		**631.08**	**614.71**

(` In Million)

		As at 31 March 2012	As at 31 March 2011
NOTE 15 INVENTORIES (Contd.)			
Note:			
(i)	**Details of inventory of work-in-progress and intermediates:**		
	Bulk drugs	174.63	237.23
	Formulations	1.59	1.10
	Speciality chemicals	9.67	13.70
Total		**185.89**	**252.03**

(` In Million)

		As at 31 March 2012	As at 31 March 2011
NOTE 16 TRADE RECEIVABLES			
(a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, considered good	22.70	3.69
	Unsecured, considered doubtful	0.39	0.39
		23.09	**4.08**
	Less: Provision for doubtful debts	0.39	0.39
		22.70	**3.69**
(b)	Other trade receivables		
	Unsecured, considered good	802.10	526.45
		802.10	**526.45**
Total		**824.80**	**530.14**
	Note: Trade receivables include debts due from related party (Refer note 28.3):		
	SeQuent Penems Private Limited	-	97.13

(` In Million)

		As at 31 March 2012	As at 31 March 2011
NOTE 17 CASH AND CASH EQUIVALENTS			
(a)	Cash on hand	2.17	0.86
(b)	Balances with banks		
	In current accounts	50.52	7.59
	In EEFC accounts	20.19	1.00
	In earmarked accounts		
	Margin money deposits (Refer note (i) below)	84.79	48.32
Total		**157.67**	**57.77**

Note:

(i) Balances in margin money deposits are held as security against borrowings, guarantees and other commitments.

(` In Million)

		As at 31 March 2012	As at 31 March 2011
NOTE 18 SHORT-TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
(a)	Loans and advances to related parties (Refer note 28.3)	222.08	249.65
(b)	Due from directors (Refer note 28.3)	27.70	24.88
(c)	Advances to suppliers	15.42	29.63
(d)	Advances to suppliers - related parties (Refer note 28.3)	4.99	-
(e)	Advances to employees	0.52	0.58
(f)	Loans and advances to others	29.71	12.68
(g)	Balances with government authorities	106.73	94.63
(h)	Prepaid expenses	14.00	9.99
Total		**421.15**	**422.04**
	Note: Short-term loans and advances include amounts due from related parties:		
	K R Ravishankar	23.38	20.20
	Dr Gautam Kumar Das	4.32	4.68
	SeQuent Penems Private Limited	-	89.36

Notes forming part of the financial statements (Contd.)

(` In Million)

		As at 31 March 2012	As at 31 March 2011
NOTE 19	**OTHER CURRENT ASSETS**		
(a)	Debts due from related parties (Refer note 28.3)	60.00	-
(b)	Interest accrued on deposits	4.60	1.84
(c)	Claims receivable	37.98	5.68
(d)	Receivables on sale of fixed assets	1.20	-
Total		**103.78**	**7.52**

(` In Million)

		Year ended 31 March 2012	Year ended 31 March 2011
NOTE 20	**REVENUE FROM OPERATIONS**		
(a)	Sale of products (Refer Note (i) below)	3,445.32	2,665.08
(b)	Sale of technical know how	-	200.00
(c)	Other operating revenues (Refer Note (ii) below)	5.52	2.24
		3,450.84	**2,867.32**
	Less: Excise Duty	126.54	87.52
Total		**3,324.30**	**2,779.80**
(i)	**Sale of products comprises:**		
(a)	**Manufactured goods**		
	Bulk drugs	2,560.73	1,564.02
	Speciality chemicals	492.54	415.95
	Formulations	174.40	208.35
	Total - Sale of manufactured goods	**3,227.67**	**2,188.32**
(b)	**Traded goods**		
	Bulk drugs	1.68	14.92
	Chemicals	89.43	374.32
	Total - Sale of traded goods	91.11	389.24
	Add: Excise duty	126.54	87.52
	Total - Sale of products	**3,445.32**	**2,665.08**
(ii)	Other operating revenues comprises:		
	Sale of scrap	2.86	2.21
	Duty drawback and other export incentives	2.66	0.03
	Total - Other operating revenues	**5.52**	**2.24**

(` In Million)

		Year ended 31 March 2012	Year ended 31 March 2011
NOTE 21	**OTHER INCOME**		
(a)	Interest income (Refer note (i) below)	45.02	19.99
(b)	Net gain on sale of investments		
	Current investments	0.35	-
	Non current investments	-	38.01
(c)	Profit on sale of fixed assets (net)	64.92	-
(d)	Net gain on foreign currency transactions and translation	-	29.31
(e)	Other non-operating income (Refer note (ii) below)	2.98	26.79
Total		**113.27**	**114.10**
(i)	**Interest income comprises:**		
	Interest from banks on:		
	Deposits	4.75	2.90
	Interest on loans and advances		
	Subsidiaries	15.09	1.52
	Associates	15.58	6.59
	Others	8.76	8.54
	Interest on income tax refund	0.23	-
	Other interest	0.61	0.44
	Total - Interest income	**45.02**	**19.99**

(` In Million)

		Year ended 31 March 2012	Year ended 31 March 2011
NOTE 21	**OTHER INCOME (Contd.)**		
(ii)	**Other non-operating income comprises:**		
	Insurance claim received	0.61	0.41
	Liabilities / provisions no longer required written back	0.90	17.67
	Recovery of bad debts	-	3.14
	Miscellaneous Income	1.47	5.57
		2.98	**26.79**

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 22 a. COST OF MATERIALS CONSUMED		
Opening stock	209.14	190.91
Add: Purchases	1,828.93	1,265.76
Less: Closing stock	230.59	209.14
Cost of materials consumed	1,807.48	1,247.53
Materials consumed comprises:		
Solvents	247.65	281.37
Chemicals	1,559.83	966.16
Total	**1,807.48**	**1,247.53**
NOTE 22 b. PURCHASES OF STOCK-IN-TRADE		
Purchases of stock-in-trade	85.13	284.20
Total	**85.13**	**284.20**
Purchases of stock-in-trade comprises:		
Bulk drugs	0.97	12.27
Chemicals	84.16	271.93
Total	**85.13**	**284.20**
NOTE 22 c. Changes in inventories of finished goods and work-in-progress & intermediates		
Opening stock		
Work-in-progress and intermediates	252.03	137.15
Finished goods	150.53	136.26
	402.56	**273.41**
Closing stock		
Work-in-progress and intermediates	185.89	252.03
Finished goods	210.55	150.53
	396.44	**402.56**
Net (increase) / decrease	**6.12**	**(129.15)**

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 23 EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	221.85	199.24
Contributions to provident fund and other funds	16.82	15.26
Expense on employee stock option scheme	(0.07)	0.07
Staff welfare expenses	15.77	12.47
Total	**254.37**	**227.04**

Notes forming part of the financial statements (Contd.)

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 24 FINANCE COSTS		
Interest expense on borrowings	256.89	186.02
Other borrowing costs	25.76	14.33
Total	**282.65**	**200.35**

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 25 OTHER EXPENSES		
Power, water and fuel	202.10	156.82
Consumables	17.33	28.67
Conversion and processing charges	83.57	116.14
Contract labour charges	62.86	55.04
Freight and forwarding	50.70	45.89
Rent	12.80	13.85
Rates and taxes	9.82	6.01
Communication expenses	8.49	8.18
Repairs and maintenance		
Building	2.81	9.62
Machinery	24.75	34.84
Others	30.37	38.01
Insurance	4.01	3.92
Travelling and conveyance	17.52	12.41
Advertisement and selling expenses	5.74	6.09
Commission on sales	34.79	20.16
Legal and professional fees	10.57	17.33
Payments to auditors (Refer Note (i) below)	2.65	3.68
Analytical charges	41.30	41.31
Bad and doubtful debts	2.11	0.61
Provision for diminution in investment	-	0.29
Loss on sale of assets (net)	-	1.08
Investment written off	-	0.49
Advances written off	1.00	0.94
Intangible assets written off	2.04	-
Net loss on foreign currency transactions and translation	147.09	-
Other expenses	42.08	59.12
Total	**816.50**	**680.50**
Notes:		
(i) Payments to the auditors comprises (net of service tax input credit):		
As auditors - statutory audit (including fees for undertaking Limited reviews)	2.60	2.60
Fee for certification and other services	-	1.00
Reimbursement of expenses	0.05	0.08
	2.65	**3.68**

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 26 EXCEPTIONAL ITEMS		
Diminution in investment in subsidiaries (written back)	-	(52.58)
Encashment of bank guarantee	-	42.05
Total	**-**	**(10.53)**

Note:

(a) Based on The Scheme of Amalgamation of Vedic elements Private Limited, the Company valued its investment at fair value and net provision for diminution in the value of Investment of Rs.52.58 Million has been reversed.

(b) The Company had given a corporate guarantee to Rabo bank, Netherland towards a loan availed by its subsidiary (Galenica B.V.) amounting to Euro 0.665 Million (Rs.42.05 Million). Since the subsidiary has filed for liquidation, the corporate guarantee was encashed during the year ended 31 March 2011 by the bank and the same was charged and included under exceptional items.

NOTE 27 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

(` In Million)

	As at 31 March 2012	As at 31 March 2011
Note:		
27.1 Contingent liabilities and commitments		
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debts		
Sales tax / Value added tax *	16.68	16.62
Income tax *	2.08	10.75
Service tax *	0.16	0.07
Excise duty*	0.02	0.02
(b) Guarantees		
Guarantees to banks and financial institutions against credit facilities extended to subsidiaries (Refer note below)	1,066.26	58.05
(c) Other money for which the Company is contingently liable		
Bills receivables discounted with banks	154.85	133.70

* Outflow, if any, arising out of the said claim would depend on the outcome of the decision of the appellate authority and the Company's right for future appeal before the judiciary.

Note:

(a) The Company has given a corporate guarantee to Triodos Sustainable Trade Fund towards a credit facility availed by its stepdown subsidiary (Vedic Fanxipang Pharma Chemic Company Ltd) amounting to USD 1.30 Million (Rs.66.50 Million) (Previous Year Rs. 58.05 Million).

(b) The Company has given a corporate guarantee to Stichting Triodos Sustainable Trade Fund towards a credit facility availed by its stepdown subsidiary (Elysian Life Sciences (Mauritius) Limited) amounting to USD 1.95 Million (Rs.99.76 Million.) (Previous Year Rs. Nil). However the stepdown subsidiary has used facility to an extent of USD 0.6 Million (Rs.30.69 Million.) (Previous Year Rs. Nil) as at the year end.

(c) The Company has given a corporate guarantee to State Bank of Hyderabad and State Bank of Travancore towards a credit facility availed by its subsidiary (Sequent Penems Private Limited) amounting to Rs. 900 Million. (Previous Year Rs. Nil). However the subsidiary has used facility to an extent of Rs.175 Million (Previous Year Rs. Nil) as at the year end.

The Company is in the process of obtaining the confirmation from the shareholders for the above guarantees in accordance with provisions of Section 372A of the Companies Act, 1956.

(` In Million)

	As at 31 March 2012	As at 31 March 2011
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Tangible assets	29.52	147.78

27.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small 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.

Notes forming part of the financial statements (Contd.)

NOTE 27 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

27.3 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates and others:

(` In Million)

Name of the party	Relationship	Amount outstanding as at 31 March 2012	Maximum balance outstanding during the year
Sequent Research Limited	Subsidiary	52.81	85.50
		(66.50)	(87.16)
Paradime Infrastructure Development Company	Firms/companies in which directors are interested	-	-
		(-)	(26.03)
Agnus Holdings Limited	Firms/companies in which directors are interested	-	-
		(-)	(30.41)
Strides Arcolab Limited	Firms/companies in which directors are interested	0.44	0.44
		(0.44)	(97.01)
Sanved Research Labs Private Limited	Subsidiary	-	-
		(-)	(2.23)
Elysian Life Sciences Private Limited	Subsidiary	91.34	94.56
		(77.29)	(77.29)
Elysian Health Care Private Limited	Subsidiary	-	1.05
		(0.09)	(0.11)
SeQuent Antibiotics Private Limited	Subsidiary	77.49	168.60
		(15.97)	(15.97)
SeQuent Penems Private Limited	Subsidiary	-	232.91
		(89.36)	-
Vedic Elements Private Limited	Subsidiary	-	-
		(-)	(132.75)

Note: Figures in bracket relate to the previous year.

27.4 Details on derivatives instruments and unhedged foreign currency exposures

I. The following derivative positions are open as at 31 March, 2012. These transactions have been 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.

(a) Forward exchange contracts and options [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2012

(` In Million)

Currency	Amount in US $ in Million	Buy / Sell	Cross currency
USD	1.55	Buy	Rupees
	(-)	Buy	Rupees
USD	5.05	Sell	Rupees
	(2.77)	Sell	Rupees

Note: Figures in brackets relate to the previous year

(ii) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Foreign currency	As at 31 March 2012		As at 31 March 2011	
	Receivable/ (Payable) (` In Million)	Receivable/ (Payable) in Foreign currency (in Million)	Receivable/ (Payable) (` In Million)	Receivable/ (Payable) in Foreign currency (in Million)
Euro	19.98	0.29	19.47	0.31
USD	154.53	3.02	171.11	3.83
Euro	(9.10)	(0.13)	(5.71)	(0.09)
USD	(1,416.28)	(27.69)	(142.78)	(3.20)
GBP	-	-	0.38	0.01
CHF	-	-	1.11	0.02

27.5 Value of imports calculated on CIF basis

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Raw materials	988.29	439.11
Capital goods	6.33	17.43

27.6 Expenditure in foreign currency

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Consultancy charges	0.51	0.59
Foreign travel expenses	3.73	0.11
Commission	33.27	6.47
Research and development	2.55	0.95
Others	8.28	3.44

27.7 Details of consumption of imported and indigenous items

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
	Rs. in Million	%	Rs. in Million	%
Raw material				
Imported	1,000.32	55.34	594.20	47.63
Indigenous	807.16	44.66	653.33	52.37
Total	**1,807.48**	**100.00**	**1,247.53**	**100.00**

27.8 Earnings in foreign exchange

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Export of goods calculated on FOB basis	1,380.96	1,146.36
Other non-operating income	0.69	1.48

27.9 Amounts remitted in foreign currency during the year on account of dividend

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Amount of dividend remitted in foreign currency	7,324,333	2,333,334
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	2	1
Total number of shares held by them on which dividend was due	4,882,889	1,166,667
Year to which the dividend relates	2010-11	2009-10

27.10 Managerial Remuneration

Salaries and Allowances paid for the year ended March 31, 2012 excludes an amount of Rs. 12.9 million (Previous year: 14.80 million) for which the Company has filed for an approval with the Central Government . Pending such approval the excess amount so paid has been disclosed as dues from directors in Note 28.3.

Notes forming part of the financial statements (Contd.)

NOTE 28

Note:

28.1 Details of amalgamations

i. Amalgamation of Fraxis Life Sciences Limited with the Company:

The Scheme of Amalgamation of Fraxis Life Sciences Limited (Transferor Company) with the Company (Transferee Company) has been sanctioned by the High Court of Bombay on August 20, 2011 with the appointed date and effective date being September 14, 2011, the date on which the sanctioned Scheme is filed by the Company with the Registrar of Companies, Mumbai (the Scheme). In terms of the Scheme:

a) The amalgamation has been accounted for under the Purchase Method of accounting as specified in Accounting Standard (AS) – 14 Accounting for Amalgamations, notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006.

b) All the assets and liabilities of the Transferor Company have been recorded by the Transferee Company at their respective carrying amounts as appearing in the books of the Transferor Company as on the appointed date.

c) The investment in the equity share capital of the Transferee Company as appearing in the books of accounts of the Transferor Company stands cancelled and accordingly, the share capital of the Transferee Company shall stand reduced to the extent of face value of shares held by the Transferor Company in the Transferee Company as on the appointed date.

e) The excess of the value of the net assets of the Transferor Company acquired by the Transferee Company over the face value of the shares issued by the Transferee Company as consideration to the shareholders of the Transferor Company and after adjusting for cancellation of equity share capital as mentioned in (c)above is treated as Capital Reserve amounting to Rs. 6.48 Mio.

f) All costs, charges, taxes including duties, levies and all other expenses incurred in carrying out and implementing the Scheme and to put it into operation has been adjusted against the Capital Reserve.

Details of assets and liabilities acquired on amalgamation and treatment of the difference between the net assets acquired and the face value of the shares issued by the Transferee Company as consideration to the shareholders of the Transferor Company and after adjusting for cancellation of equity share capital:

(` In Million)

Particulars	Year ended 31 March 2012	
Value of assets and liabilities acquired:		
Cash and bank balances	6.39	
Deferred tax asset	0.14	
		6.53
Less: Current liabilities	0.05	0.05
Difference considered as capital reserve		6.48
Less: Merger expenses		6.48

ii. During the year the Company purchased the research and development unit of its subsidiary Sequent Antibiotics Private Limited on a slump sale basis for a total consideration of Rs. 91.10 million. Below is the breakup of assets & liabilities taken over.

Particulars	(` In Million)
Tangible fixed assets	90.89
Current assets	3.62
Less: Current liabilities	3.41
Total Consideration paid	**91.10**

iii. Amalgamation of Vedic Elements Private Limited with the Company:

During the year ended 31 March 2011, the Scheme of Amalgamation of Vedic elements Private Limited (Transferor Company) with the Company with an Appointed Date of 1 October, 2009 (the Scheme) was sanctioned by the High Court of Karnataka and came into effect on 7 September 2010. In terms of the Scheme:

a. The amalgamation has been accounted for under the purchase method prescribed by Accounting Standard (AS) 14 – 'Accounting for Amalgamations' notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and accordingly value of assets and liabilities of the transferor Company have been recorded in the books based on values determined by the Board of Directors of the transferee Company.

NOTE 28 (Contd.)

b. The reserves and balances in profit and loss account of the Transferor Company has been recorded in the same form and at same values as they appear in the financial statements of the transferor Company as on the appointed date.

c. The carrying value of investments in the shares of the Transferor Company held by the Transferee Company and inter-corporate balances stand cancelled.

d. Upon the Scheme becoming effective, the assets and liabilities of the Transferee Company have been revalued based on valuation report or value as determined by the Board of Directors of the Company and the net surplus arising out of such valuations (over the carrying value of the respective assets and liabilities prior to the valuation) have been credited to the Restructuring Reserve account as follows:-

Particulars of assets and liabilities	(` In Million)
i. Investment in Galenica B.V.	(72.42)
ii. Investment in Sanved Research Labs Private Limited	(19.90)
iii. Leasehold land	128.32
iv. Buildings	305.08
Total	**341.08**

e. The deficit arising on amalgamation of Rs. 337.02 Million representing the value of assets over the value of liabilities of the Transferor Company, after cancellation of capital of the transferor Company and the reserves recorded as per point 'd', has been set-off against Restructuring reserve account as created in point 'd' above post-merger.

The assets and liabilities as at October 1, 2009 taken over have been accounted at their fair values as follows:

(` In Million)

Particulars	Year ended 31 March 2011	
Value of assets and liabilities acquired:		
Fixed assets	0.21	
Investments	58.59	
Debtors	0.39	
Loans and advances	11.06	
Cash and bank balances	2.49	
Deferred tax assets	7.14	
Reserves and surplus (Debit balance) (net)	11.16	**91.04**
Less:		
Current liabilities and provisions	0.57	
Secured loans	40.69	
Unsecured loans	109.08	**150.34**
Excess of liabilities over assets taken over		**59.30**
Investment cancelled		277.72
Net deficit on amalgamation representing the excess of shares allotted over the fair value of net assets amalgamated set off against Restructuring Reserve as per the Scheme		**337.02**

The Inter-Company Balance of Rs. 30.19 Million, as appearing in the books of Transferor Company and the Company was eliminated.

Notes forming part of the financial statements (Contd.)

NOTE 28 (Contd.)

28.2 Employee benefit plans

Defined contribution plans

The Company has a defined Gratuity benefit plan. The following table summarizes the components of net employee benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
	Gratuity	Gratuity
Components of employer expense		
Current service cost	7.53	7.85
Interest cost	2.77	2.01
Expected return on plan assets	(0.78)	(0.73)
Recognised past service cost - non vested benefits	0.14	1.72
Actuarial losses/(gains)	(5.34)	0.89
Total expense recognised in the Statement of Profit and Loss	4.32	11.74
Actual contribution and benefit payments for year		
Actual benefit payments	(3.62)	(2.86)
Actual contributions	3.28	2.47
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	37.93	36.40
Fair value of plan assets	10.52	9.89
Funded status [Surplus / (Deficit)]	(27.41)	(26.51)
Unrecognised past service costs - non vested benefits	0.12	0.27
Net asset / (liability) recognised in the Balance Sheet	**(27.29)**	**(26.24)**
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	36.40	26.60
Current service cost	7.53	7.85
Interest cost	2.77	2.01
Actuarial (gains) / losses	(5.15)	1.08
Past service cost	-	1.72
Benefits paid	(3.62)	(2.86)
Present value of DBO at the end of the year	**37.93**	**36.40**
Change in fair value of assets during the year		
Plan assets at beginning of the year	9.89	9.36
Expected return on plan assets	0.78	0.73
Actual company contributions	3.28	2.47
Actuarial gain / (loss)	0.19	0.19
Benefits paid	(3.62)	(2.86)
Plan assets at the end of the year	**10.52**	**9.89**
Actual return on plan assets	0.97	0.92

Composition of the plan assets is as follows:

The details with respect to the investment made by Fund managers (LIC and SBI Life) into major categories of plan assets have not been disclosed, as the same has not be provided by the Fund managers to the Company.

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Actuarial assumptions		
Discount rate	8%	8%
Expected return on plan assets	8%	8%
Salary escalation		
Mangalore and Panoli	10%	12%
Thane	10%	10%
Attrition		
Mangalore and Panoli	8%	12%
Thane	8%	8%
Mortality tables	LIC (94-96) Ult	

NOTE 28 (Contd.)

(` In Million)

Experience adjustments	2011-12	2010-11	2009-10
Experience gain / (loss) adjustments on plan liabilities	5.15	(1.08)	(7.82)
Experience gain / (loss) adjustments on plan assets	0.19	0.19	0.04

Notes

1. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.
2. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.
3. In the absence of information relating to experience adjustment for the earlier years with the Company, the same has not been disclosed.
4. The Company's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after balance sheet date is Rs. 3.5 million (Previous year: Rs. 3.41 million)

28.3.a Related Party Disclosures:

A List of related parties:

i) Holding Company:

Fraxis Life Sciences Limited (merged with the Company w.e.f September 14, 2011: Refer Note 28(1)(i))

ii) Wholly-owned subsidiaries:

SeQuent Global Holdings Limited
SeQuent European Holdings Limited (step-down subsidiary)
SeQuent IPCO GmbH (step-down subsidiary up to 23rd February 2011)
SeQuent Research Limited
SeQuent Antibiotics Private Limited
SeQuent Oncolytics Private Limited

iii) Other subsidiaries:

Galenica B.V.
Codiffar N.V. (wholly Owned Subsidiary of Galenica B.V.)
Elysian Life Sciences Private Limited (Refer Note 1)
Elysian Health Care Private Limited (wholly owned subsidiary of Elysian Life Sciences Private Limited)
Vedic Fanxipang Pharma Chemic Company Limited (wholly owned subsidiary of Elysian Life Sciences Private Limited)
Elysian Life Sciences Mauritius Limited (step-down subsidiary) (Refer Note 2)
Sanved Research Labs Private Limited (Refer Note 3)
SeQuent Penems Private Limited (with effect from 15 March 2012)

iv) Associates:

SeQuent Penems Private Limited (till 14 March 2012)

v) Key Management Personnel

Mr. K.R.Ravishankar, Managing Director and Chief Executive Officer
Dr. Gautam Kumar Das, Executive Director and Chief Operating Officer
Mr. K.R.N.Moorthy, Deputy Managing Director (upto 23 January 2012)

vi) Enterprises owned or significantly influenced by key management personnel and relative of key management personnel:

Strides Acrolab Limited
ATMA Projects
Agnus Holdings Private Limited
Strides Italia SRL
Strides Arcolab (FA) Limited
Latitude Projects Pvt. Limited
Strides Vital Nigeria Limited
Paradime Infrastructure Development Company
Chayadeep Properties Private Limited

Note:

1 During the previous year the Company made additional investment resulting in Elysian Life Sciences Pvt. Ltd. becoming a subsidiary from associate.
2 Elysian Life Sciences Mauritius Limited was set up during the year
3 Sanved Research Labs Private Limited was struck off during the year
4 Related parties are as identified by the Company and relied upon by Auditors.

Notes forming part of the financial statements (Contd.)

NOTE 28 (Contd.)

28.3.b (Contd.)

(` In Million)

Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011
B. Transaction during the year										
(i) Sale of material/services										
Strides Arcolab Limited									2.92	2.14
SeQuent Penems Private Limited						200.00				
SeQuent Antibiotics Private Limited	0.41	-								
SeQuent Research Limited	0.07	-								
(ii) Sale of machinery/assets										
SeQuent Antibiotics Private Limited	19.67	-								
SeQuent Penems Private Limited (Slump sale)					90.00					
(iii) Interest & other income										
Strides Arcolab Limited										7.52
Paradime Infrastructure Development Company										1.61
SeQuent Antibiotics Private Limited	9.73	0.68								
Elysian Life Sciences Private Limited			4.65	0.85						
Vedic Fanxipang Pharma Chemic Company Limited				1.48						
SeQuent Penems Private Limited			0.67	-	15.58	4.98				
(iv) Interest paid										
Strides Arcolab Limited									-	1.24
(v) Purchase of materials										
Strides Arcolab Limited									-	24.17
Vedic Fanxipang Pharma Chemic Company Limited			83.49	2.57						
(vi) Purchase of machinery/assets										
Sanved Research Labs Private Limited			-	1.29						
SeQuent Penems Private Limited			0.20	-						
(vii) Purchase of assets (Slump sale basis)										
SeQuent Antibiotics Private Limited	91.10	-								
(viii) Commission paid on purchases										
Elysian Life Sciences Private Limited			4.43	-						
(ix) Managerial remuneration										
Mr. K.R.Ravishankar							21.24	4.80		
Dr. Gautham Kumar Das							9.99	4.80		
Mr. K.R.N.Moorthy							9.73	7.29		
(x) Reimbursement of expenses to										
Strides Arcolab Limited									-	0.61

Notes forming part of the financial statements (Contd.)

NOTE 28 (Contd.)

28.3.b (Contd.)

(` In Million)

Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011
(xi) Analytical charges										
SeQuent Research Limited	35.77	42.03								
(xii) Rent										
Atma Projects									5.75	5.42
(xiii) Bad debts written off/(realised)										
Sanved Research Labs Private Limited			-	0.94						
(xiv) Balances written back										
Vedic Fanxipang Pharma Chemic Company Limited			-	12.48						
Strides Italia SRL									-	0.91
(xv) Provision for diminution in value of investment										
Sanved Research Labs Private Limited			-	20.19						
Galenica B.V. (net)			-	19.84						
(xvi) Loans/advances given by Company**										
Latitude Projects Private Limited									-	0.57
Elysian Life Sciences Private Limited			19.46	20.13						
SeQuent Research Limited	31.67	66.55								
Vedic Elements Private Limited	-	57.63								
SeQuent Antibiotics Private Limited	129.22	15.46								
Elysian Health Care Private Limited			-	0.11						
SeQuent Penems Private Limited					135.48	100.95				
SeQuent Oncolytics Private Limited	-	0.03								
Sanved Research Private Limited	-	2.23								
Strides Arcolab Limited										0.31
Mr. K.R.Ravishankar							12.90	20.20		
Dr. Gautam K Das								4.68		
Vedic Fanxipang Pharma Chemic Company Limited			-	5.19						
(xvii) Loan/advances repaid to the company										
Latitude Projects Private Limited										0.67
SeQuent Research Limited	33.37	28.19								
Vedic Elements Private Limited	-	31.96								
Elysian Health Care Private Limited			0.09	0.02						
SeQuent Penems Private Limited					1.26	15.98				
Vedic Fanxipang Pharma Chemic Company Limited			-	5.19						
Paradime Infrastructure Development Company									-	26.03
Agnus Holdings Private Limited									-	30.41
Elysian Life Sciences Private Limited			9.60	-						
SeQuent Antibiotics Private Limited	5.00	-								

Notes forming part of the financial statements (Contd.)

NOTE 28 (Contd.)

28.3.b (Contd.)

(` In Million)

Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011
(xviii) Loans/advances received										
SeQuent Global Holdings Limited	-	1.54								
(xix) Loan/advances repaid by Company										
SeQuent Global Holdings Limited	1.54	-								
(xx) Investment during the year (Including pending allotment)										
SeQuent Global Holdings Limited	2.42	4.05								
SeQuent Research Limited	12.00	-								
Elysian Life Sciences Private Limited			-	0.05						
SeQuent Oncolytics Private Limited	-	0.10								
SeQuent Antibiotics Private limited	-	0.10								
SeQuent Penems Private Limited					237.99	0.10				
Vedic Fanxipang Pharma Chemic Company Limited			-	17.55						
Sanved Research Labs Private Limited			-	0.19						
Elysian Life Sciences Mauritius Limited			0.10	-						
(xxi) Sale of investments										
Vedic Fanxipang Pharma Chemic Company Limited (Sold to Elysian Life Sciences Private Limited)			-	55.81						
(xxii) Inter corporate deposits given										
Strides Arcolab Limited									-	70.00
(xxiii) Inter corporate deposits repaid to the company										
Strides Arcolab Limited									-	90.00
(xxiv) Inter corporate deposits taken										
Strides Arcolab Limited									-	100.00
Elysian Health Care Private Limited			35.50	-						
(xxv) Intercorporate deposits paid-back										
Elysian Health Care Private Limited			35.50	-						
Strides Arcolab Limited									-	100.00
(xxvi) Dividend										
Mr. K.R.Ravishankar							8.37			
Chayadeep Properties Private Ltd									1.20	0.36
Agnus Holdings Private Ltd									0.30	0.35

Notes forming part of the financial statements (Contd.)

NOTE 28 (Contd.)

28.3.b (Contd.)

(` In Million)

Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
C. Balance as at balance sheet date:										
(i) Debtors balance										
Strides Arcolab Limited									-	0.45
Vedic Fanxipang Pharma Chemic Company Limited	-	1.33								
SeQuent Penems Private Limited			217.38	-		210.00				
SeQuent Research Limited	0.07	-								
(ii) Advance receivable										
SeQuent Research Limited	52.81	66.50								
SeQuent Antibiotics Private Limited	77.49	15.97								
Elysian Life Sciences Private Limited			91.34	77.29						
Elysian Health Care Private Limited			-	0.09						
SeQuent Penems Private Limited					-	89.36				
Mr. K.R.Ravishankar							23.38	20.20		
Dr. Gautam Kumar Das							4.32	4.68		
Strides Arcolab Limited									0.44	0.44
(iii) Deposit receivable										
Atma Projects									17.39	17.39
(iv) Advance to suppliers										
SeQuent Research Limited	4.99	-								
(v) Payable										
SeQuent Global Holdings Limited	-	1.54								
SeQuent Oncolytics Private Limited	-	0.07								
(vi) Advance received from customers										
Strides Arcolab Limited									2.48	-
(vii) Creditors balance										
Atma Projects									0.34	0.32
Vedic Fanxipang Chemic Company Limited			30.88	2.84						
Strides Arcolab Limited									16.18	21.93
Latitude Projects Private Limited									1.27	
SeQuent Research Limited	-	0.05								

Dividend paid during the last year to Fraxis Life sciences Limted, the holding company - Rs. 29.73 Million. (Refer note 28.1)

** Includes expenes reimbursed.

Notes forming part of the financial statements (Contd.)

NOTE 28 (Contd.)

Note

28.4 Details of borrowing costs capitalised

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Borrowing costs capitalised during the year		
- as fixed assets / intangible assets / capital work-in-progress	9.25	11.25
	9.25	**11.25**

28.5 Details of leasing arrangements

The Company's significant leasing arrangement is mainly in respect of factory building and office premises; the aggregate lease rent payable on these leasing arrangements charged to Statement of Profit and Loss is Rs.12.80 Million. (Previous Year: Rs. 13.85 Million)

The Company has entered in to non-cancelable lease arrangement for its facilities and office premises, the tenure of lease ranges from 1 year to 10 years. The said lease arrangements have an escalation clause where in lease rental is subject to an increment of ranging from 5% to 15%. Details of lease commitments are given below:

(` In Million)

Particulars	As at 31 March 2012	As at 31 March 2011
not later than one year	16.86	15.81
later than one year and not later than five years	28.26	26.66
later than five years	12.35	20.05

28.6 Earnings per share

(` In Million except no. of shares)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Net profit for the year as per statement of profit and loss	14.68	159.32
Net profit for the year attributable to the equity shareholders	14.68	159.32
Weighted average number of equity shares	21,935,191	21,935,191
Par value per share	10	10
Earnings per share - Basic and Diluted	0.67	7.26

28.7 Deferred tax (liability) / asset

(` In Million)

Particulars	As at 31 March 2012	As at 31 March 2011
Tax effect of items constituting deferred tax liability		
Depreciation	(177.57)	(142.21)
Tax effect of items constituting deferred tax liability	**(177.57)**	**(142.21)**
Tax effect of items constituting deferred tax assets		
Disallowances under Section 43B of the Income Tax Act, 1961	17.35	18.28
Unabsorbed depreciation carried forward	74.30	-
Others	3.51	1.02
Tax effect of items constituting deferred tax assets	**95.16**	**19.30**
Net deferred tax (liability) / asset	**(82.41)**	**(122.91)**

The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.

NOTE 28 (Contd.)

28.8 Details of research and development expenditure

(a) Details of Research and Development expenditure recognised as an expense

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Employee benefits expense	14.92	11.69
Power	4.57	4.26
Legal and professional fees	0.64	0.24
Consumables	7.38	3.42
Travelling expenses	0.47	0.49
Analytical charges	17.94	19.93
Others	10.84	12.29
	56.76	**52.32**

The above include costs associated with the development services undertaken for customers and are as certified by the management and relied upon by the Auditors.

(b) As per the requirement of Department of Scientific and Industrial Research (DSIR), Ministry of Science and technology, Government of India, New Delhi, the details of expenditure incurred by the Company towards Research and Development for the period April, 1, 2011 to March 31, 2012 are as under.

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
A. Revenue Expenditure		
Salaries	14.92	11.69
Consumables	7.38	3.42
Analytical charges	17.94	19.93
Others	16.52	17.28
Total Revenue Expenditure (A)	**56.76**	**52.32**
B. Capital Expenditure		
Buildings	-	-
Capital equipments	-	-
Fixed assets	19.57	4.58
Total Capital Expenditure (B)	**19.57**	**4.58**
Total Expenditure (A) + (B)	**76.33**	**56.90**

These details are as compiled by the management and have not been audited by the Statutory Auditors.

28.9 During the year, the following development expenditure have been transferred to Intangible assets / intangible assets under development from the Statement of Profit and Loss:

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Salaries	10.05	8.32
Power	3.58	3.58
Legal and professional fees	0.38	0.11
Raw material and consumables(Net)	47.78	35.92
Travelling and conveyance expenses	0.29	0.23
Analytical charges	10.82	9.36
Depreciation	3.17	5.87
Others	6.78	6.3
Total	**82.85**	**69.69**

Notes forming part of the financial statements (Contd.)

NOTE 29 DISCLOSURES ON EMPLOYEE SHARE BASED PAYMENTS

Employee Stock Option Scheme

a) In the extraordinary general meeting held on March 8, 2008, the shareholders approved the issue of 700,000 options under the ESOP scheme. In accordance with the above, the Company established an ESOP trust to administer the scheme on February 25, 2010.

On the board meeting dated March 29, 2010, the Company has allotted 700,000 equity shares to the ESOP trust with a Face value of Rs.10 per share at a premium of Rs. 103 per share.

As per the scheme, the Compensation committee grants the options to the employee deemed eligible. The exercise price and vesting period of each option shall be as decided by the compensation committee from time to time. The options granted would normally vest over a maximum period of 4 years from the date of the grant in proportions specified in the scheme

Options may be exercised with in period not exceeding 4 years from the date of first vesting of the options by the Company.

b) Employee stock options details as on the Balance Sheet date are as follows:

Particulars	During the year ended 31 March 2012	During the year ended 31 March 2011	
	Options (Numbers)	Options (Numbers)	Weighted average exercise price per option (Rs.)
Option outstanding at the beginning of the year	100,000	-	
Granted during the year	-	100,000	75
Vested during the year	-	-	
Exercised during the year	-	-	
Lapsed during the year	100,000	-	
Options outstanding at the end of the year	-	100,000	
Options available for grant	700,000	600,000	

NOTE 29 DISCLOSURES ON EMPLOYEE SHARE BASED PAYMENTS (Contd.)

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

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Net Profit / (loss) (as reported)	-	159.32
Add / (Less): stock based employee compensation (intrinsic value)	-	0.07
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note (d) below)	-	0.58
Net Profit / (loss) (proforma)	-	158.81
Basic earnings per share (as reported)	-	7.26
Basic earnings per share (proforma)	-	7.24
Diluted earnings per share (as reported)	-	7.26
Diluted earnings per share (proforma)	-	7.24

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

(` In Million)

Assumptions	31 March, 2012	31 March, 2011
Risk Free Interest Rate	-	8%
Expected Life	-	3 Years
Expected Annual Volatility of Shares	-	70%
Expected Dividend Yield	-	15.52%

NOTE 30 PREVIOUS YEAR'S FIGURES

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and On Behalf of the Board of Directors

Dr. Gautam Kumar Das	Ravishankar K R	Vinayak Hegde
Executive Director	*Chairman & Managing Director*	*Company Secretary*

Bangalore, May 24, 2012

Consolidated Financials

Auditors Report On Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF
SEQUENT SCIENTIFIC LIMITED

1. We have audited the attached Consolidated Balance Sheet of SEQUENT SCIENTIFIC LIMITED ("the Company"), its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs.1277.43 Million as at March 31, 2012, total revenues of Rs. 140.89 Million and net cash outflows amounting to Rs. 160.60 Million for the year ended as on that date as considered in the Consolidated Financial Statements. In respect of these subsidiaries:

   a. the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 1145.91 Million as at March 31, 2012, total revenues of Rs. 135.25 Million and net cash outflows amounting to Rs 177.48 Million for the year ended as on that date as considered in these Consolidate Financial Statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors;

   b. the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 131.52 Million as at March 31, 2012, total revenues of Rs. 5.64 Million and net cash inflows amounting to Rs. (16.88) Million for the year ended on that date, as considered in these Consolidated Financial Statements have been compiled by the management and have not been subject to audit by independent auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.

5. Subject to our comments in paragraph 3 (b) above, based on our audit and on consideration of the separate audit reports on individual financial statements and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;

   (ii) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date and;

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

V. Srikumar
Partner
(Membership No.84494)

Bangalore, May 24, 2012

CONSOLIDATED Balance Sheet as at 31 March 2012

(` In Million)

	Note No.	As at 31 March 2012	As at 31 March 2011
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	213.40	212.35
(b) Reserves and surplus	4	1,011.87	1,018.23
		1,225.27	1,230.58
2 Minority interest		54.90	7.62
3 Non-current liabilities			
(a) Long-term borrowings	5	1,032.51	991.92
(b) Deferred tax liabilities (net)	29.8	82.41	122.91
(c) Long-term provisions	6	42.39	41.78
		1,157.31	1,156.61
4 Current liabilities			
(a) Short-term borrowings	7	1,011.55	690.88
(b) Trade payables	8	1,239.44	826.05
(c) Other current liabilities	9	753.80	377.12
(d) Short-term provisions	10	31.27	98.05
		3,036.06	1,992.10
TOTAL		5,473.54	4,386.91
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11 A	2,121.12	1,944.58
(ii) Intangible assets	11 B	81.99	68.50
(iii) Capital work-in-progress - Tangible		338.95	157.47
(iv) Intangible assets under development		301.77	37.87
(b) Goodwill on consolidation		94.53	94.53
(c) Non-current investments	12	0.36	0.46
(d) Long-term loans and advances	13	450.50	320.20
(e) Other non-current assets	14	17.74	123.13
		3,406.96	**2,746.74**
2 Current assets			
(a) Current investments	15	2.77	3.26
(b) Inventories	16	682.40	655.47
(c) Trade receivables	17	704.11	554.51
(d) Cash and cash equivalents	18	358.79	91.71
(e) Short-term loans and advances	19	265.57	322.54
(f) Other current assets	20	52.94	12.68
		2,066.58	**1,640.17**
TOTAL		**5,473.54**	**4,386.91**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
V. Srikumar
Partner
Bangalore, May 24, 2012

For and On Behalf of the Board of Directors

Dr. Gautam Kumar Das
Executive Director

Ravishankar K R
Chairman & Managing Director

Vinayak Hegde
Company Secretary

Consolidated Statement of Profit & Loss for the year ended 31 March 2012

(` In Million)

	Particulars	Note No.	Year Ended 31 March 2012	Year Ended 31 March 2011
1	**REVENUE FROM OPERATIONS (GROSS)**	21	3,584.64	3,206.41
	Less: Excise duty		126.54	87.52
	Revenue from operations (net)		**3,458.10**	**3,118.89**
2	**OTHER INCOME**	22	104.83	66.92
3	**TOTAL REVENUE (1 + 2)**		**3,562.93**	**3,185.81**
4	**EXPENSES**			
	(a) Cost of materials consumed	23.a	1,780.38	1,453.01
	(b) Purchases of stock-in-trade	23.b	85.13	284.20
	(c) Changes in inventories of finished goods and work-in-progress & intermediates	23.c	54.87	(117.05)
	(d) Employee benefits expense	24	294.02	298.16
	(e) Finance costs	25	299.90	238.02
	(f) Depreciation and amortization expense	11 C	229.81	187.93
	(g) Other expenses	26	872.95	745.63
	TOTAL EXPENSES		**3,617.06**	**3,089.90**
5	**PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX (3-4)**		(54.13)	95.91
6	**EXCEPTIONAL ITEMS**	27	-	42.05
7	**GOODWILL IMPAIRMENT ON CONSOLIDATION**		-	18.97
8	**PROFIT/(LOSS) BEFORE TAX (5 - 6-7)**		(54.13)	34.89
9	**TAX EXPENSE:**			
	(a) Current tax expense		1.95	36.59
	(b) (Less): MAT credit		(0.99)	(16.26)
	(c) Deferred tax		(40.50)	54.80
			(39.54)	**75.13**
10	**PROFIT/(LOSS) AFTER TAX FOR THE YEAR BUT BEFORE MINORITY INTEREST (8 - 9)**		(14.59)	(40.24)
11	**SHARE OF MINORITY INTEREST**		(0.60)	(38.48)
12	**PROFIT/(LOSS) FOR THE YEAR AFTER MINORITY INTEREST (10 - 11)**		**(13.99)**	**(1.76)**
13	**EARNINGS PER SHARE (OF RS.10 EACH):**	29.7		
	Basic and Diluted		(0.64)	(0.08)
	See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
V. Srikumar
Partner
Bangalore, May 24, 2012

For and On Behalf of the Board of Directors

Dr. Gautam Kumar Das
Executive Director

Ravishankar K R
Chairman & Managing Director

Vinayak Hegde
Company Secretary

CONSOLIDATED Cash Flow Statement for the year ended 31 March 2012

(` In Million)

Particulars		Year Ended 31 March 2012	Year Ended 31 March 2011
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax		**(54.13)**	**34.89**
Adjustments for:			
Depreciation and amortisation and impairment		229.81	206.90
Intangible assets written off		2.04	0.00
Bad debts and provision for doubtful debts		2.11	3.16
Provision for diminution in investments		0.00	0.49
Unrealised exchange gain (net)		61.98	(12.04)
Profit on sale of subsidiary, associate and other investments (net)		(0.49)	(5.81)
Loss/(profit) on sale of assets (net)		(64.92)	1.31
Interest expenses		269.99	208.96
Compensation under ESOP scheme		(0.07)	0.07
Interest income		(30.80)	(18.75)
Sundry balances written back (net)		(0.90)	(17.67)
Advances written off		1.00	1.09
Operating profit before working capital changes		**415.62**	**402.60**
Changes in working capital			
(Increase)/Decrease in trade and other receivables		(181.47)	(78.39)
(Increase)/Decrease in inventories		(46.86)	(143.17)
Increase/(Decrease) in trade and other payables		142.95	381.18
Net change in working capital		**(85.38)**	**159.62**
Cash generated from operations		**330.24**	**562.22**
Direct taxes paid		(27.88)	(65.87)
Net cash from Operating Activities	**A**	**302.36**	**496.35**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets / CWIP		(818.66)	(584.73)
Sale of fixed assets		119.63	2.45
Investment in associates		0.00	(5.68)
Purchase of short term investment		(1.00)	(1.70)
Sale of long term investments		1.84	0.00
Sale of other investment		2.34	2.75
Loans (given)/refunded to/by affiliates (net) and other loans		0.00	(146.09)
Interest received		28.02	15.34
Net cash used in Investing Activities	**B**	**(667.83)**	**(717.66)**

CONSOLIDATED Cash Flow Statement for the year ended 31 March 2012 (Contd.)

(` In Million)

Particulars		Year Ended 31 March 2012	Year Ended 31 March 2011
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings		262.21	201.90
Proceeds from / (repayment of) of long term borrowings		630.69	226.33
Interest paid on borrowings		(281.69)	(222.25)
Proceeds from issue of shares to minority shareholders		45.45	8.82
Proceeds from issue of shares		1.05	0.00
Dividend paid		(32.90)	(42.47)
Dividend distribution tax paid		(5.46)	(7.22)
Net cash generated from Financing Activities	**C**	**619.35**	**165.11**
Net Increase/(Decrease) in cash and cash equivalents during the year	**(A+B+C)**	**253.88**	**(56.20)**
CASH AND CASH EQUIVALENTS AS AT 31.03.2011		91.71	140.68
Included on amalgamation		6.39	0.51
Deleted on divestment		0.00	(0.39)
Translation effect		6.81	7.11
Cash and cash equivalents as at 31.03.2012		**358.79**	**91.71**
See accompanying notes forming part of the financial statements			

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
V. Srikumar
Partner
Bangalore, May 24, 2012

For and On Behalf of the Board of Directors

Dr. Gautam Kumar Das	**Ravishankar K R**	**Vinayak Hegde**
Executive Director	*Chairman & Managing Director*	*Company Secretary*

Notes forming part of the consolidated financial statements

NOTE 1 BASIS OF CONSOLIDATION

The consolidated financial statements relate to SeQuent Scientific Limited (the Company) and its subsidiaries companies together "the Group". The financials statements of the entities in the Group used in the consolidation are drawn up to the same reporting date as of the Company, i.e. 31 March 2012 except that of the following entities:

Name of Entity	Year End Date
Vedic Fanxipang Pharma Chemic Company Limited	31 December 2011

1.1 Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the Company and its subsidiary companies have been consolidated on a line–by-line basis by adding together like items of assets, liabilities, income and expenses. The intra group balances, intra group transactions and unrealised profits or losses have been eliminated fully.

(ii) The excess of cost to the Company of its investments in the subsidiary companies over its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'goodwill', being an asset in consolidated financial statements. Where the share of the equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus'.

(iii) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

1.2 Information on subsidiary companies:

(i) The following subsidiary companies are considered in the consolidated financial statements

Sl No.	Name of the entity	Country of Incorporation	Ownership at 31 March 2012 held by	Status	% of effective ownership held either directly or through subsidiary as at 31 March 2012	% of effective ownership held either directly or through subsidiary as at 31 March 2011
1	SeQuent Global Holdings Limited	Mauritius	SeQuent Scientific Limited	Subsidiary	100.00%	100.00%
2	SeQuent European Holdings Limited	Cyprus	SeQuent Global Holdings Limited	Subsidiary	100.00%	100.00%
3	SeQuent Research Limited	India	SeQuent Scientific Limited	Subsidiary	100.00%	100.00%
4	Elysian Life Sciences Private Limited	India	SeQuent Scientific Limited	Subsidiary	90.00%	90.00%
5	Vedic Fanxipang Pharma Chemic Company Limited	Vietnam	Elysian Life Sciences Private Limited	Subsidiary	90.00%	90.00%
6	Elysian Health Care Private Limited	India	Elysian Life Sciences Private Limited	Subsidiary	90.00%	90.00%
7	SeQuent Anti Biotics Private Limited	India	SeQuent Scientific Limited	Subsidiary	100.00%	100.00%
8	SeQuent Oncolytics Private Limited	India	SeQuent Scientific Limited	Subsidiary	99.99%	99.99%
9	SeQuent Penems Private Limited	India	SeQuent Scientific Limited	Subsidiary	73.65% [Refer Note (b) below]	-
10	Elysian Life Science (Mauritius) Ltd	Mauritius	Vedic Fanxipang Pharma Chemic Company Limited	Subsidiary	90.91%	-
11	Galenica B.V.	Netherlands		Subsidiary	[Refer note - (c) below	50.25%
12	Codifar N.V.	Belgium		Subsidiary	[Refer note - (c) below	50.25%
13	Sanved Research Labs Private Ltd.	India		Subsidiary	[Refer note - (c) below	95%

Note:

(a) In respect of entity in Sl. No.3 the Company's cost of investment is in excess of its share of equity on the date of investment and the difference has been recognised as Goodwill. In respect of Sl. No.5, the Company's networth is in excess of the cost of investment on the date of recognition and the difference has been recognised on Capital reserve amounting to Rs. 2.5 Million.

(b) During the year the Company has made additional investment resulting in Sequent Penems Private Limited becoming a subsidiary from associate.

(c) Companies mentioned in Srl no. 11 - 13 of above table, have gone into liquidation.

(ii) Disclosure on effect of acquisition of subsidiaries:

(` In Million)

Particulars	SeQuent Penems Private Limited
Date	15 March 2012
Liabilities	
Share application pending allotment	102.84
Long-term borrowings	292.67
Other long term liabilities	15.63
Short-term borrowings	0.88
Trade payables	206.95
Other current liabilities	1.01
Short-term provisions	0.06
Assets	
CWIP	419.52
Long-term loans and advances	181.10
Cash and cash equivalents	166.20
Short-term loans and advances	34.35
Reserves	144.13
Profit for the year	0.13

(iii) Following subsidiary was set up during the year:

Elysian Life Sciences (Mauritius) Limited

1.3 Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Company's financial statements.

1.4 The consolidated financial statements include assets, liabilities, income and expenses aggregating to amounts indicated below which are included on the basis of unaudited financial statements in respect of the following subsidiaries:

(i) Vedic Fanxipang Pharma Chemic Company Limited

(ii) Sequent European Holdings Limited

(` In Million)

Particulars	Total
Non current liabilities	55.00
Current liabilities	6.34
Non-current assets	44.36
Current assets	107.97
Revenue	75.59
Expenditure	81.92

1.5 Exchange adjustments

On Consolidation

a. In case of non-integral operations, assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Revenue and expenses are translated at yearly average exchange rates prevailing during the year. Exchange differences arising out of these translations are included in 'Translation Reserve' under Reserves and Surplus

b. In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the balance sheet date. Non-Monetary items are carried at historical cost. Revenue and expenses are translated at yearly average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss

Notes forming part of the consolidated financial statements (Contd.)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared, in accordance with Generally Accepted Accounting principles in India (Indian GAAP), to comply with the mandatory Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 except for certain assets and liabilities which are measured on fair value basis as permitted by the Scheme of Arrangement approved by the Honorable High Court of Karnataka and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared on accrual basis under the historical cost convention except for certain categories of fixed assets that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for accounting of exchange fluctuation on restatement of long term foreign currency borrowings.

2.2 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:
Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.3 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible assets comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible assets after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Refer Note 2.5 for accounting for research and development expenses.

2.4 Depreciation/amortisation

Depreciation is provided under the straight-line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956, based on technical estimates that indicate the useful lives would be comparable with or higher than those arrived at using these rates,

Nature of the assets	Remaining useful life in years
Buildings	10 - 28
Plant and Machinery	5 - 12
Office equipment	5 - 7
Computers	4
Furniture and fixtures	5 - 6
Motor vehicles	3 - 5
Leasehold land	85 - 96
Leasehold property development	Over lease period

In the case of following intangible assets depreciation is provided/amortised under the straight line method over the useful life of assets as follows:

Product and process development	:	5 Years
Software licenses	:	3 Years

The estimated useful life of the intangible assets and its amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

With respect to assets carried at revalued amounts as permitted under the Scheme of amalgamation, depreciation is recorded under the straight line method over the balance remaining useful life of the assets.

Individual assets costing less than Rs.5,000 are depreciated in full in the year of purchase.

2.5 Research and development costs

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible fixed assets and intangible assets.

2.6 Impairment of assets

As at each Balance Sheet date, the carrying amount of fixed assets is tested for impairment if impairment conditions exist. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(a) in the case of an individual asset, at the higher of the net selling price and value in use.

(b) in the case of cash generating units, at the higher of the unit's net selling price and the value in use.

Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.

2.7 Investments

Current investments are carried at lower of cost and fair market value. Provision is made to recognize decline, if any, in the carrying value.

Long-term investments are carried individually at cost less provision for diminution, other than temporary in the value of the investment.

2.8 Inventory

Inventories comprise raw materials, packing materials, consumables, work in process, intermediates and finished goods. These are valued at the lower of cost and net realizable value. Cost is determined as follows:

(i) Raw materials, packing materials and consumables

First in first out basis

(ii) Work in process and Intermediates

At material cost, conversion costs and appropriate share of production overheads

(iii) Finished goods

At material cost, conversion costs and an appropriate share of production overheads and excise duty, wherever applicable.

2.9 Revenue recognition

Revenue from export sales is recognized on the basis of the shipping bills for exports. Revenue from domestic sales is recognized based on the passage of title to goods which generally coincides with dispatch. Sales include excise duty and are stated net of discounts, other taxes, and sales returns.

Income from sale of technical know-how is recognized, when the risk and right to use is transferred to the buyer as per terms of contract.

Dividend income is recognised when the right to receive the same is established.

Interest income is recognised on an accrual basis.

2.10 Employee benefits

The Group's contribution to provident fund is charged to revenue on accrual basis.

Leave balances standing to the credit of the employees that are expected to be availed in the short term are provided for on full cost basis. Liability for unavailed leave considered to be long term is carried based on an actuarial valuation.

Liability for gratuity is funded with LIC and SBI Life Insurance Group Limited. Gratuity expenses for the year are accounted based on actuarial valuation carried out using Projected Unit Credit Method as at the end of the fiscal year. The obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Short term employee benefits like medical, leave travel, etc are accrued based on the terms of employment on a time proportion basis.

2.11 Foreign currency transactions

Initial recognition

Transactions in foreign currencies entered into by the Group and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items of the Group and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

Notes forming part of the consolidated financial statements (Contd.)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the balance sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the statement of profit and loss.

In case of non-integral operations, assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Revenue and expenses are translated at yearly average exchange rates prevailing during the year.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Group and its integral foreign operations are recognised as income or expense in the statement of profit and loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a Translation reserve until disposal / recovery of the net investment.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

2.12 Taxes on Income

Income Tax comprises the current tax provision and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognized for the future tax consequences arising out of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates applicable on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable/ virtual certainty (as applicable) that sufficient future taxable income will be available against which such deferred tax asset can be realised. The effect on deferred tax assets and liabilities resulting from change in tax rates is recognized in the income statement in the period of enactment of the change.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Indian Income Tax Act, 1961.

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, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Accordingly, MAT is recognized as an assets 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.

2.13 Leases

Lease arrangements, where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are classified as operating leases and the lease rentals thereon are recognised in the statement of profit and loss on accrual basis.

2.14 Employee stock option scheme

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

2.15 Earnings per share (EPS)

In determining the Earnings per share, the Group considers the net profit after tax. The number of shares used in computing Basic Earnings per share is the weighted average number of equity shares outstanding during the year. The number of shares used in computing Diluted Earnings per share comprises the weighted average number of equity shares considered for deriving Basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year unless issued at a later date.

2.16 Provisions and contingencies

A provision is recognized when the Group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation. Contingent liabilities are not recognized but are disclosed in the notes to consolidated financial statements.

2.17 Use of estimates

The preparation of the consolidated financial statements in conformity with the Accounting Standards generally accepted in India requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

2.18 Segment

Segments have been identified taking into account the nature of services, the differing risks and returns, the organizational structure and the internal reporting system.

2.19 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.

2.20 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.21 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

2.22 Cash and cash equivalents (for purposes of cash flow statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.23 Change in accounting policy

(i) During the year, the Group has exercised the option of capitalising the exchange difference on account of restatement of term loans taken in foreign currency as per Notification issued by Ministry of Corporate Affairs dated 29 December 2011. Accordingly, Rs.26.60 million has been capitalised under respective assets categories and depreciated over the remaining useful life of the assets and Rs.5.75 million has been included in Capital work-in-progress. The depreciation expense for the year includes Rs.2.66 million on account of such exchange differences capitalised. Consequently the net loss before tax for the year ended 31 March 2012 is lower by Rs.29.69 million and fixed assets are higher by Rs. 32.35 million.

Notes forming part of the consolidated financial statements (Contd.)

NOTE 3 SHARE CAPITAL	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	` in Million	No. of Shares	` in Million
(a) Authorised				
32,000,000 equity shares of Rs.10 each	32,000,000	320.00	32,000,000	320.00
(b) Issued				
21,935,191 equity shares of Rs.10 each	21,935,191	219.35	21,935,191	219.35
(c) Subscribed and fully paid up				
21,935,191 equity shares of Rs.10 each	21,935,191	219.35	21,935,191	219.35
Less: Amount receivable from SeQuent Scientific Employee Stock Option Scheme Trust (Being Face Value of 700,000 Equity Shares of Rs. 10 each allotted to the trust)		5.95		7.00
Total		**213.40**		**212.35**

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	` in Million	No. of Shares	` in Million
Equity Shares				
Shares outstanding at the beginning of the year	21,935,191	219.35	21,935,191	219.35
Add: Shares issued during the year (Refer note below)	14,865,000	-	-	-
Less: Shares cancelled during the year (Refer note below)	(14,865,000)	-	-	-
Shares outstanding at the end of the year	21,935,191	219.35	21,935,191	219.35

Note:

In terms of the Scheme of Amalgamation of Fraxis Life Sciences Limited with the Company sanctioned by the High Court of Bombay on August 20, 2011, the Company allotted 14,865,000 fully paid up equity shares of the Company to the shareholders of Fraxis Life Sciences Limited and shares held by Fraxis Life Sciences Limited in the Company of 14,865,000 shares stands cancelled. [Refer Note 29.1(i)]

(ii) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 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 is proposed by the Board of Directors and is subject to the approval of the shareholders in the ensuing Annual General Meeting, except 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 the holding company

	As at 31 March 2012	As at 31 March 2011
	No. of Shares	No. of Shares
Equity Shares		
Fraxis Life Sciences Limited, the holding company	-	14,865,000

(iv) Details of shares held by each shareholder holding more than 5% shares

	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	(%) of Holding	No. of Shares held	(%) of Holding
Equity Shares				
Name of the shareholder				
K R Ravishankar	5,579,986	25.44%	5,611	0.03%
Arun Kumar Pillai	5,579,993	25.44%	5,611	0.03%
Primera Partners Pte. Ltd	3,183,871	14.51%	1,166,667	5.32%
Fraxis Life Sciences Limited	-	-	14,865,000	67.77%
Satpal Khattar	1,699,018	7.75%	NIL	NIL

(v) As at 31 March 2012, 700,000 shares (As at 31 March 2011, 700,000 shares) were reserved for issuance as follows:

(a) 700,000 shares (As at 31 March, 2011 700,000 shares) of Rs.10 each towards outstanding employee stock options granted / available for grant. (Refer Note 30)

(` In Million)

NOTE 4 RESERVES AND SURPLUS	As at 31 March 2012	As at 31 March 2011
(a) Capital reserves		
Opening Balance	13.15	-
Capital reserve on consolidation	-	2.50
Add: Included on amalgamation	6.48	10.65
Less: Utilised during the year (Refer note 29.1 (i))	6.48	-
Closing balance	**13.15**	**13.15**
(b) Securities premium account	**513.40**	**513.40**
(c) Restructuring reserve		
Opening balance	4.06	-
Add: Net surplus of fair valuation	-	341.08
Less: Utilisation during the year	4.06	337.02
Closing balance	**-**	**4.06**
(d) Share options outstanding account		
Opening balance	0.07	-
Add: Amounts recorded on grants during the year	(0.07)	0.23
Less: Deferred employee compensation expenses	-	0.16
Closing balance	**-**	**0.07**
(e) General reserve		
Opening balance	144.44	136.47
Add: Transferred from Statement of profit and loss	-	7.97
Closing balance	**144.44**	**144.44**
(f) Surplus/(Deficit) in statement of profit and loss		
Opening balance	386.14	274.54
Add: Profit for the year	(13.99)	(1.76)
Less: Dividends proposed to be distributed to equity shareholders (including tax on dividend)	-	38.36
Less: Transfer to general reserve	-	7.97
Add: Consolidation adjustment	0.67	159.69
Closing balance	**372.82**	**386.14**
(g) Translation reserve		
Opening balance	(43.03)	(18.95)
Add / (Less): Translations during the year	11.09	(24.08)
Closing balance	(31.94)	(43.03)
Total	**1,011.87**	**1,018.23**

(` In Million)

NOTE 5 LONG TERM BORROWINGS	As at 31 March 2012	As at 31 March 2011
Term loans		
From banks		
Secured	188.00	892.59
	188.00	**892.59**
From other parties		
Term loans		
Secured	613.85	14.73
Unsecured	230.66	84.60
	844.51	**99.33**
Total	**1,032.51**	**991.92**

Notes forming part of the consolidated financial statements (Contd.)

NOTE 5 LONG-TERM BORROWINGS (Contd.)

(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings:

(` In Million)

Particulars	Security	Terms of repayment	As at 31 March 2012		As at 31 March 2011	
			Secured	Unsecured	Secured	Unsecured
Term loans from banks:						
Andhra Bank	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 60 equated monthly instalments.	-	-	11.42	-
Bank of India	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 20 equated quarterly instalments of Rs.3.13 million each.	-	-	55.32	-
Bank of India	Second pari-passu charge on fixed assets of the Company.	Repayable in 20 equated quarterly instalments of Rs.10 million each.	-	-	85.80	-
State Bank of Hyderabad	First pari-passu charge on fixed assets of the Company.	Repayable in 13 quarterly instalments.	-	-	95.39	-
State Bank of Hyderabad	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 10 quarterly instalments of Rs.15 million each.	-	-	150.00	-
State Bank of Mysore	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 20 quarterly Installaments of Rs.10 million each.	-	-	200.15	-
State Bank of India	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 16 quarterly instalments of Rs.5 million each.	-	-	5.00	-
State Bank of India	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 24 quarterly instalments.	-	-	81.29	-
State Bank of India	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 20 quarterly instalments of Rs.6.50 million each.	-	-	110.35	-
Corporation Bank	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 20 quarterly Installaments of Rs.0.65 million each.	-	-	0.65	-
Corporation Bank	First pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company as a collateral.	Repayable in 24 quarterly instalments.	-	-	54.35	-
Corporation Bank	First pari-passu charge on fixed assets of one of the Subsidiaries of the Company.	Repayable in 20 quarterly instalments.	13.00	-	38.99	-
State Bank of Hyderabad	First pari-passu charge on fixed assets of one of the Subsidairy of the Company and second pari-passu charge on current assets of one of the Subsidiary of the Company as a collateral.	Repayable in 28 structured quarterly instalments.	149.99	-	-	-
State Bank of Travancore	First pari-passu charge on fixed assets of one of the Subsidairy of the Company and second pari-passu charge on current assets of one of the Subsidiary of the Company as a collateral.	Repayable in 28 structured quarterly instalments.	25.01	-	-	-
Axis Bank	Housing loan is secured by hypothecation of asset acquired thereunder.	Repayable in 60 equated monthly instalments.	-	-	3.87	-
Total - Term loans from banks			**188.00**	**-**	**892.59**	**-**

Notes forming part of the consolidated financial statements (Contd.)

NOTE 5 LONG-TERM BORROWINGS (Contd.)

(` In Million)

Particulars	Security	Terms of repayment	As at 31 March 2012		As at 31 March 2011	
			Secured	Unsecured	Secured	Unsecured
Term loans from other parties:						
Technology Development Board	First pari-passu charge on fixed assets of the Company.	Repayable in nine half yearly instalments commencing from 1 April 2009.	5.28	-	14.73	-
Housing Development Finance Corporation Limited	Mortgage of land along with super structure of Company's properties at Ambernath, Mahad, Mangalore, Panoli and Tarapur.	Repayable in 28 equal quarterly instalments of Rs.35 million each.	560.00	-	-	-
Housing Development Finance Corporation Limited	Mortgage of Company's property at Thane (West), Mumbai.	Repayable in 28 quarterly instalments of Rs.2.86 million each	48.57	-	-	-
Department of Scientific and Industrial Research	Unsecured	Repayable annually over a period of five years.	-	8.80	-	10.40
Sequent Speciality Chemicals Pvt Ltd	Unsecured	Repayable on demand	-	117.68	-	74.20
Triodos Investment Management BV	Unsecured	50% of amount (towards Principal) of each remittance made by SSL to Fanxipang for the sale made by Fanxipang to SSL	-	55.00	-	-
Linkace Limited	Unsecured	Repayable on demand	-	10.27	-	-
Dobliss Holding ltd	Unsecured	Repayable on demand	-	3.09	-	-
Primera Partners PTE ltd	Unsecured	Repayable on demand	-	35.82	-	-
Total - Term loans from other parties			**613.85**	**230.66**	**14.73**	**84.60**

The interest on above term loans from other parties (other than loan from Technology Development Board and Department of Scientific and Industrial Research) are linked to the respective lender's base rates which are floating in nature. As of 31 March 2012 the interest rates ranges from 5% to 13% per annum.

(ii) Details of long-term borrowings guaranteed by some of the directors or others:

(` In Million)

Particulars	As at 31 March 2012	As at 31 March 2011
Term loans from banks	188.00	892.59
Term loans from other parties	613.85	14.73

(iii) For the current maturities of long-term borrowings, refer (a) in Note 9 Other current liabilities.

Notes forming part of the consolidated financial statements (Contd.)

(` In Million)

NOTE 6 LONG TERM PROVISIONS	As at 31 March 2012	As at 31 March 2011
Provision for employee benefits		
(i) Provision for gratuity (net)	28.88	27.78
(ii) Provision for compensated absences	13.51	14.00
Total	**42.39**	**41.78**

(` In Million)

NOTE 7 SHORT-TERM BORROWINGS	As at 31 March 2012	As at 31 March 2011
(a) Loans repayable on demand		
From banks		
Secured (Refer note (i) below)	980.87	539.04
(b) Loans and advances from related parties (Refer Note 29.3)		
Unsecured	-	1.60
(c) Loan from other parties		
Secured (Refer note (ii) below)	30.68	-
Unsecured	-	150.24
	30.68	150.24
Total	**1,011.55**	**690.88**

(i) Working capital loan from banks are secured by a first pari-passu charge on current assets of the Company and a second pari-passu charge on fixed assets of the Company as a collateral.

(ii) Short-term borrowings from other parties of Rs.30.69 million (31 March 2011 Nil) are secured by trade receivables, stock of raw materials and final product of one of the subsidiaries of the Company.

(iii) Short-term borrowings of Rs.980.87 million (31 March 2011 Rs.689.04 million) are guaranteed by some of the Directors of the Company in their personal capacities.

(` In Million)

NOTE 8 TRADE PAYABLES	As at 31 March 2012	As at 31 March 2011
Trade payables	1,239.44	826.05
Total	**1,239.44**	**826.05**

(` In Million)

NOTE 9 OTHER CURRENT LIABILITIES	As at 31 March 2012	As at 31 March 2011
(a) Current maturities of long-term debt (Refer note (i) below)	643.59	211.01
(b) Interest accrued but not due on borrowings	0.81	0.27
(c) Interest accrued and due on borrowings	8.14	6.58
(d) Other payables		
(i) Statutory remittances	16.41	28.78
(ii) Payables on purchase of fixed assets	15.83	45.45
(iii) Advances from customers	41.32	30.63
(iv) Other current liabilities	27.70	54.40
Total	**753.80**	**377.12**

Note:

(i) Current maturities of long-term debt (Refer Notes (i) and (ii) in Note 5 - Long-term borrowings for details of security and guarantee):

Particulars		
Term loans		
From banks		
Secured	194.74	198.85
	194.74	**198.85**
From other parties		
Secured	161.98	10.56
Unsecured	286.87	1.60
	448.85	**12.16**
Total	**643.59**	**211.01**

(` In Million)

NOTE 10 SHORT-TERM PROVISIONS	As at 31 March 2012	As at 31 March 2011
(a) Provision for employee benefits		
(i) Provision for gratuity	0.12	0.08
(ii) Provision for compensated absences	7.94	8.95
	8.06	**9.03**
(b) Others		
(i) Provision for tax (net of advance tax)	23.21	50.66
(ii) Provision for proposed equity dividend		32.90
(iii) Provision for tax on proposed dividend		5.46
	23.21	**89.02**
Total	**31.27**	**98.05**

Notes forming part of the consolidated financial statements (Contd.)

NOTE 11 A. TANGIBLE ASSETS

(` In Million)

Particulars	GROSS BLOCK								ACCUMULATED DEPRECIATION						NET BLOCK	
	Balance as at 01 April 2011	Additions (refer note 28.1)	Effect of foreign currency exchange differences	Borrowing cost capitalised	On account of fair valuation	Consolidation adjustment	Deletions	Balance as at 31 March 2012	Balance as at 01 April 2011	Depreciation / amortisation expense for the year	Included on amalgamation	Consolidation adjustment	Deletions	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
Own assets:																
Free hold land	82.03	-	-	-	-	-	-	82.03	-	-	-	-	-	-	82.03	82.03
Lease hold land	365.50	7.26	0.12	0.02	-	-	35.33	337.57	8.94	4.69	-	-	-	13.63	323.94	356.56
Land development	0.78	-	-	-	-	-	-	0.78	-	-	-	-	-	-	0.78	0.78
Lease hold property-development	13.93	-	-	-	-	-	-	13.93	3.01	1.39	-	-	-	4.40	9.53	10.92
Building	598.97	68.27	2.93	0.08	-	0.87	16.67	654.45	74.01	25.65	-	-	1.35	98.31	556.14	524.96
Furniture and fixtures	29.80	2.00	0.14	-	-	-	-	31.94	6.09	2.28	-	-	-	8.37	23.57	23.71
Office equipment and computers	27.83	0.80	0.32	0.01	-	-	0.11	28.85	10.54	3.11	-	-	0.07	13.58	15.27	17.29
Plant and machinery	1,298.93	335.44	22.60	3.18	-	0.80	36.76	1,624.19	378.97	158.45	-	-	17.11	520.31	1,103.88	919.96
Vehicles	15.31	1.43	-	-	-	-	3.38	13.36	6.94	1.92	-	-	1.48	7.38	5.98	8.37
Total	**2,433.08**	**415.20**	**26.11**	**3.29**	**-**	**1.67**	**92.25**	**2,787.10**	**488.50**	**197.49**	**-**	**-**	**20.01**	**665.98**	**2,121.12**	**1,944.58**
Previous year	**1,652.03**	**367.93**	**-**	**11.25**	**433.40**	**1.21**	**32.74**	**2,433.08**	**340.27**	**164.54**	**4.31**	**1.91**	**22.53**	**488.50**	**1,944.58**	

NOTE 11 B. INTANGIBLE ASSETS

(` In Million)

Particulars	GROSS BLOCK								ACCUMULATED DEPRECIATION						NET BLOCK	
	Balance as at 01 April 2011	Additions (refer note 28.1)	Effect of foreign currency exchange differences	Borrowing cost capitalised	On account of fair valuation	Consolidation adjustment	Deletions	Balance as at 31 March 2012	Balance as at 01 April 2011	Depreciation / amortisation expense for the year	Included on amalgamation	Consolidation adjustment	Deletions	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
Own assets:																
Product process development	106.45	44.67	-	-	-	-	2.04	149.08	43.66	33.72	-	-	-	77.38	71.70	62.79
Software	8.56	11.05	0.49	0.29	-	-	-	20.39	2.85	7.25	-	-	-	10.10	10.29	5.71
Total	**115.01**	**55.72**	**0.49**	**0.29**	**-**	**-**	**2.04**	**169.47**	**46.51**	**40.97**	**-**	**-**	**-**	**87.48**	**81.99**	**68.50**
Previous year	**90.09**	**81.22**	**-**	**-**	**-**	**2.46**	**58.76**	**115.01**	**70.83**	**29.26**	**-**	**2.07**	**55.65**	**46.51**	**68.50**	

Notes forming part of the consolidated financial statements (Contd.)

(` In Million)

NOTE 11 C. DEPRECIATION & AMORTISATION	Year ended 31 March 2012	Year ended 31 March 2011
Depreciation and amortisation for the year on tangible assets as per Note 11 A	197.49	164.54
Depreciation and amortisation for the year on intangible assets as per Note 11 B	40.97	29.26
Less: Utilised from restructuring reserve	4.06	-
Less: Depreciation capitalised for intangible assets developed	4.59	5.87
Total	**229.81**	**187.93**

(` In Million)

NOTE 11 D. Details of sums added to assets on revaluation during the preceding 5 years:	31 March 2012	31 March 2011
Opening balance		
Leasehold land	303.46	-
Buildings	125.84	-
	429.30	**-**
Added on revaluation		
Leasehold land	-	305.08
Buildings	-	128.32
	-	**433.40**
Date		1 October 2009
Amount		433.40
Balance as at 31 March		
Leasehold land	299.65	303.46
Buildings	120.88	125.84
Total	**420.53**	**429.30**

(` In Million)

NOTE 12 NON-CURRENT INVESTMENTS	As on 31 March 2012	As on 31 March 2011
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
A Investment in equity instruments of associates		
i) SeQuent Penems Private Limited (Refer note (i) below) 2,725,000 (31 March 2011: 10,000) shares of Rs. 10 each fully paid-up	-	0.10
	-	**0.10**
B Other investments		
i) Panoli Enviro Tech Ltd. 23,700 (31 March 2011: 23,700) Equity Shares of Rs. 10 each fully paid-up	0.24	0.24
ii) Ambarnath Chemcial Manufacturers 1,000 (31 March 2011: 1,000) Equity Shares of Rs. 10 each fully paid-up	0.01	0.01
iii) Tarapur Industrial Manufacturers 2,000 (31 March 2011: 2,000) Equity Shares of Rs. 10 each fully paid-up at a premium of Rs. 10 per share	0.04	0.04
	0.29	**0.29**
C Other Non current Investments		
Investment in government securities		
i) National Saving Certificate	0.02	0.02
ii) NSC VIII Issue - Tarapur	0.05	0.05
	0.07	**0.07**
Total	**0.36**	**0.46**
Aggregate amount of unquoted investments	0.36	0.46

Note:

(i) During the year, the Company has made additional investment resulting in SeQuent Penems Private Limited becoming a subsidiary from an associate.

(` In Million)

NOTE 13 LONG-TERM LOANS AND ADVANCES	As at 31 March 2012	As at 31 March 2011
(Unsecured, considered good)		
(a) Capital advances	174.08	159.79
(b) Security deposits	56.98	38.19
(c) Security deposits to related parties (Refer note 29.4)	17.39	17.39
(d) Balances with government authorities	15.75	-
(e) Advance income tax (net of provisions Rs. 112.49 million (As at 31 March, 2011 Rs.75.59 million)	30.30	31.87
(f) MAT credit entitlement	73.95	72.96
(g) Prepaid expenses	5.38	-
(h) Loans and advances to other parties	76.67	-
Total	**450.50**	**320.20**

(` In Million)

NOTE 14 OTHER NON-CURRENT ASSETS	As at 31 March 2012	As at 31 March 2011
(Unsecured, considered good)		
(a) Long term trade receivables	-	112.88
(b) Margin money deposits	17.61	10.25
(c) Other advances	0.13	-
Total	**17.74**	**123.13**

(` In Million)

NOTE 15 CURRENT INVESTMENTS	As at 31 March 2012	As at 31 March 2011
Current investments (valued at lower of cost and estimated net realisable value)		
A Quoted equity instruments		
i) Agrodutch Industries Limited 36,250 (31 March 2011: 36,250) Equity Shares of Rs. 10 each fully paid-up	0.34	0.34
ii) Transchem Limited 32,500 (31 March 2011: 32,500) Equity Shares of Rs. 10 each fully paid-up	0.43	0.43
iii) N B Footware Limited 100,000 (31 March 2011: 100,000) Equity Shares of Rs. 10 each fully paid-up	-	-
iv) Agrotech India Limited 6,300 (31 March 2011: 6,300) Equity Shares of Rs. 10 each fully paid-up	-	-
v) Nath Bio Genes (I) Limited 6,930 (31 March 2011: 6,930) Equity Shares of Rs. 10 each fully paid-up	-	-
vi) Nath Seed Limited 18,270 (31 March 2011: 18,270) Equity Shares of Rs. 10 each fully paid-up	-	-
B Current investments (valued at lower of cost and fair value) Unquoted equity instruments		
i) Aditya Investment & Communication Limited 58,800 (31 March 2011: 58,800) shares of Rs.10 each fully paid-up	-	-
C Unquoted mutual funds		
200,000 (31 March 2011: 100,000) units of Rs.10 each fully paid- up of SBI Mutual Fund	2.00	1.00
D Investment in Gold	-	1.49
Total	**2.77**	**3.26**
Aggregate amount of quoted investments: Market value: Rs. 1.30 million (31 March 2011: Rs. 0.81 million)	0.77	0.77
Aggregate amount of unquoted investments	2.00	2.49
Total	**2.77**	**3.26**

Notes forming part of the consolidated financial statements (Contd.)

(` In Million)

NOTE 16 INVENTORIES	As at 31 March 2012	As at 31 March 2011
(At lower of cost and net realisable value)		
(a) Raw materials and packing materials	222.82	171.59
Goods-in transit	68.92	37.87
	291.74	209.46
(b) Work-in-progress and intermediates	182.02	277.71
(c) Finished goods	199.86	157.04
Goods-in transit	4.73	6.73
	204.59	163.77
(d) Fuel	4.05	4.53
Total	682.40	655.47

(` In Million)

NOTE 17 TRADE RECEIVABLES	As at 31 March 2012	As at 31 March 2011
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	22.85	4.43
Unsecured, considered doubtful	1.84	1.84
	24.69	6.27
Less: Provision for doubtful debts	1.84	1.84
	22.85	4.43
(b) Other trade receivables		
Unsecured, considered good	681.26	550.08
	681.26	550.08
Total	704.11	554.51

(` In Million)

NOTE 18 CASH AND CASH EQUIVALENTS	As at 31 March 2012	As at 31 March 2011
(a) Cash on hand	18.53	0.98
(b) Balances with banks		
In current accounts	232.00	41.16
In EEFC accounts	20.19	1.00
In earmarked accounts		
Margin money deposits (Refer note (i) below)	85.56	48.57
(c) Remittance in transit	2.51	-
Total	358.79	91.71

Note:

(i) Balances in margin money deposits are held as security against borrowings, guarantees and other commitments.

(` In Million)

NOTE 19 SHORT-TERM LOANS AND ADVANCES	As at 31 March 2012	As at 31 March 2011
(Unsecured, considered good)		
(a) Loans and advances to related parties (Refer note 29.3)	0.48	108.27
(b) Due from directors (Refer note 29.3)	27.70	24.88
(c) Advances to suppliers	49.39	40.85
(d) Advances to employees	1.34	0.80
(e) Loans and advances to others	61.36	39.73
(f) Balances with government authorities	110.46	98.02
(g) Prepaid expenses	14.84	9.99
Total	265.57	322.54

(` In Million)

NOTE 20 OTHER CURRENT ASSETS	As at 31 March 2012	As at 31 March 2011
(a) Interest accrued on deposits	4.60	1.84
(b) Unbilled revenue	7.42	5.16
(c) Claims receivable	37.98	5.68
(d) Receivables on sale of fixed assets	1.20	-
(e) Others	1.74	-
Total	52.94	12.68

(` In Million)

NOTE 21 REVENUE FROM OPERATIONS	Year ended 31 March 2012	Year ended 31 March 2011
(a) Sale of products	3,490.77	2,928.31
(b) Sale of services	82.87	75.86
(c) Sale of technical know how	-	200.00
(d) Other operating revenues (Refer note (i) below)	11.00	2.24
	3,584.64	3,206.41
Less: Excise Duty	126.54	87.52
Total	3,458.10	3,118.89
Note:		
(i) Other operating revenues comprises:		
Sale of scrap	2.86	2.21
Duty drawback and other export incentives	2.66	0.03
Income from handling charges	4.68	-
Other sales	0.80	-
Total - Other operating revenues	11.00	2.24

(` In Million)

NOTE 22 OTHER INCOME	Year ended 31 March 2012	Year ended 31 March 2011
(a) Interest income (Refer note (i) below)	30.80	18.75
(b) Net gain on sale of investments		
Current investments	0.49	-
(c) Profit on sale of fixed assets (net)	64.92	-
(d) Net gain on foreign currency transactions and translation	-	20.70
(e) Other non-operating income (Refer note (ii) below)	8.62	27.47
Total	104.83	66.92
Note:		
(i) Interest income comprises:		
Interest from banks on:		
deposits	4.79	3.18
Interest on loans and advances		
associates	15.58	6.59
others	8.80	8.54
Interest on income tax refund	1.02	-
Other interest	0.61	0.44
Total - Interest income	30.80	18.75
(ii) Other non-operating income comprises:		
Insurance claim received	0.61	0.41
Liabilities / provisions no longer required written back	0.90	17.67
Recovery of bad debts	-	3.14
Miscellaneous Income	7.11	6.25
Total	8.62	27.47

Notes forming part of the consolidated financial statements (Contd.)

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 23 a. COST OF MATERIALS CONSUMED		
Opening stock	209.46	190.91
Add: Purchases	1,862.66	1,471.56
Less: Closing stock	291.74	209.46
Total	**1,780.38**	**1,453.01**
NOTE 23 b. PURCHASES OF STOCK-IN-TRADE		
Purchases of stock-in-Trade	85.13	284.20
Total	**85.13**	**284.20**
NOTE 23 c. Changes in inventories of finished goods and work-in-progress & intermediates		
Opening stock		
Work-in-progress and intermediates	277.71	169.95
Finished goods	163.77	203.77
	441.48	**373.72**
Closing stock		
Work-in-progress and intermediates	182.02	277.71
Finished goods	204.59	163.77
Consolidation adjustment - Finished goods	-	49.29
	386.61	**490.77**
Net (increase) / decrease	**54.87**	**(117.05)**

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 24 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	258.07	255.61
Contributions to provident fund and other funds	19.01	30.24
Expense on employee stock option scheme	(0.07)	0.07
Staff welfare expenses	17.01	12.24
Total	**294.02**	**298.16**

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 25 FINANCE COSTS		
Interest expense on borrowings	269.99	208.96
Other borrowing costs	29.91	29.06
Total	**299.90**	**238.02**

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 26 OTHER EXPENSES		
Power, water and fuel	202.10	167.51
Consumables	17.33	47.91
Conversion and processing charges	120.04	134.97
Contract labour charges	62.86	55.04
Freight and forwarding	50.91	45.99
Rent	21.68	22.64
Rates and taxes	11.20	6.36
Communication expenses	8.81	9.59
Repairs and maintenance		
Building	3.02	15.51
Machinery	24.75	38.66
Others	34.41	45.10
Insurance	4.12	4.08
Travelling and conveyance	19.07	21.55
Advertisement and selling expenses	5.76	8.21
Commission on sales	35.68	20.98
Legal and professional fees	18.13	46.77
Analytical charges	16.35	8.98
Bad and doubtful debts	2.11	3.16
Loss on sale of assets (net)	-	1.31
Loss on sale of Investment	-	0.25
Investment written off	-	0.49
Advances written off	1.00	1.09
Intangible assets written off	2.04	-
Net loss on foreign currency transactions and translation	157.71	-
Other expenses	53.87	39.48
Total	**872.95**	**745.63**

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 27 EXCEPTIONAL ITEMS		
Encashment of bank guarantee	-	42.05
Total	**-**	**42.05**

Note:

(a) The Company had given a corporate guarantee to Rabo bank, Netherland towards a loan availed by its subsidiary (Galenica B.V.) amounting to Euro 0.665 Million (Rs.42.05 Million). Since the subsidiary has filed for liquidation, the corporate guarantee was encashed during the year ended 31 March 2011 by the bank and the same was charged under exceptional items.

Notes forming part of the consolidated financial statements (Contd.)

NOTE 28 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

28.1 Contingent liabilities and commitments (to the extent not provided for)

i. Contingent liabilities

(` In Million)

Particulars		As at 31 March 2012	As at 31 March 2011
(a)	**Claims against the Company not acknowledged as debts**		
	Sales Tax / Value Added Tax *	16.68	16.62
	Income Tax *	2.08	10.75
	Service tax *	0.16	0.07
	Excise duty*	0.02	0.02
(b)	**Guarantees**		
	Guarantees to banks and financial institutions against credit facilities extended to subsidiaries (Refer note below)	1,066.26	58.05
(c)	**Other money for which the Company is contingently liable**		
	Bills receivables discounted with banks	154.85	133.70

* Outflow, if any, arising out of the said claim would depend on the outcome of the decision of the appellate authority and the Company's right for future appeal before the judiciary.

Note:

a) The Group has given a Corporate Guarantee to Triodos Sustainable Trade Fund towards a credit facility availed by Vedic Fanxipang Pharma Chemic Company Ltd amounting to USD 1.30 Million (Rs.66.50 Million) (Previous Year Rs. 58.05 Million).

b) The Group has given a Corporate Guarantee to Stichting Triodos Sustainable Trade Fund towards a credit facility availed by Elysian Life Sciences (Mauritius) Limited, amounting to USD 1.95 Million (Rs.99.76 Million.) (Previous Year Rs. Nil). However the stepdown subsidiary has used facility to an extent of USD 0.6 Million (Rs.30.69 Million.) (Previous Year Rs. Nil) as at the year end.

c) The Group has given a Corporate Guarantee to State Bank of Hyderabad and State Bank of Travancore towards a credit facility availed by Sequent Penems Private Limited amounting to Rs. 900 Million. (Previous Year Rs. Nil). However the Penems has used facility to an extent of Rs.175 Million (Previous Year Rs. Nil) as at the year end.

ii. Commitments

(` In Million)

Particulars	As at 31 March 2012	As at 31 March 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Tangible assets	418.11	147.78

28.2 Details on derivatives instruments and unhedged foreign currency exposures

I. The following derivative positions are open as at 31 March, 2012. These transactions have been 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.

(a) Forward exchange contracts and options [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Group as on 31 March, 2012

Currency	Amount in US $ in Million	Buy / Sell	Cross currency
USD	1.55	Buy	Rupees
	(-)	Buy	Rupees
USD	5.05	Sell	Rupees
	(2.77)	Sell	Rupees

Note: Figures in brackets relate to the previous year

II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Foreign currency	As at 31 March 2012		As at 31 March 2011	
	Receivable/ (Payable) (` In Million)	Receivable/ (Payable) in Foreign currency (in Million)	Receivable/ (Payable) (` In Million)	Receivable/ (Payable) in Foreign currency (in Million)
Euro	19.98	0.29	19.47	0.31
USD	154.53	3.02	171.11	3.83
Euro	(9.10)	(0.13)	(5.71)	(0.09)
USD	(1,416.28)	(27.69)	(142.78)	(3.20)
GBP	-	-	0.38	0.01
CHF	-	-	1.11	0.02
SGD	0.62	0.02	-	-
SEK	1.65	0.21	-	-

NOTE 29

29.1 Details of amalgamations

i. Amalgamation of Fraxis Life Sciences Limited with the Company:

The Scheme of Amalgamation of Fraxis Life Sciences Limited (Transferor Company) with the Company (Transferee Company) has been sanctioned by the High Court of Bombay on August 20, 2011 with the appointed date and effective date being September 14, 2011, the date on which the sanctioned Scheme is filed by the Company with the Registrar of Companies, Mumbai (the Scheme). In terms of the Scheme:

a) The amalgamation has been accounted for under the Purchase Method of accounting as specified in Accounting Standard (AS) – 14 Accounting for Amalgamations, notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006.

b) All the assets and liabilities of the Transferor Company have been recorded by the Transferee Company at their respective carrying amounts as appearing in the books of the Transferor Company as on the appointed date.

c) The investment in the equity share capital of the Transferee Company as appearing in the books of accounts of the Transferor Company stands cancelled and accordingly, the share capital of the Transferee Company shall stand reduced to the extent of face value of shares held by the Transferor Company in the Transferee Company as on the appointed date.

d) The excess of the value of the net assets of the Transferor Company acquired by the Transferee Company over the face value of the shares issued by the Transferee Company as consideration to the shareholders of the Transferor Company and after adjusting for cancellation of equity share capital as mentioned in (c)above is treated as Capital Reserve amounting to Rs. 6.48 Mio.

f) All costs, charges, taxes including duties, levies and all other expenses incurred in carrying out and implementing the Scheme and to put it into operation has been adjusted against the Capital Reserve.

Details of assets and liabilities acquired on amalgamation and treatment of the difference between the net assets acquired and the face value of the shares issued by the Transferee Company as consideration to the shareholders of the Transferor Company and after adjusting for cancellation of equity share capital:

(` In Million)

Particulars	Year ended 31 March 2012	
Value of assets and liabilities acquired:		
Cash and bank balances	6.39	
Deferred tax asset	0.14	6.53
Less: Current liabilities	0.05	0.05
Difference considered as capital reserve		6.48
Less: Merger expenses		6.48
		-

Notes forming part of the consolidated financial statements (Contd.)

NOTE 29 (Contd.)

29.1 (Contd.)

ii. Amalgamation of Vedic Elements Private Limited with the Company:

During the year ended 31 March 2011, the Scheme of Amalgamation of Vedic elements Private Limited (Transferor Company) with the Company with an Appointed Date of 1 October, 2009 (the Scheme) was sanctioned by the High Court of Karnataka and came into effect on 7 September 2010. In terms of the Scheme:

a. The amalgamation has been accounted for under the purchase method prescribed by Accounting Standard (AS) 14 – 'Accounting for Amalgamations' notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and accordingly value of assets and liabilities of the transferor Company have been recorded in the books based on values determined by the Board of Directors of the transferee Company.

b. The reserves and balances in profit and loss account of the Transferor Company has been recorded in the same form and at same values as they appear in the financial statements of the transferor Company as on the appointed date.

c. The carrying value of investments in the shares of the Transferor Company held by the Transferee Company and inter-corporate balances stand cancelled.

d. Upon the Scheme becoming effective, the assets and liabilities of the Transferee Company have been revalued based on valuation report or value as determined by the Board of Directors of the Company and the net surplus arising out of such valuations (over the carrying value of the respective assets and liabilities prior to the valuation) have been credited to the Restructuring Reserve account as follows:-

(` In Million)

Particulars of assets and liabilities	
i. Investment in Galenica B.V.	(72.42)
ii. Investment in Sanved Research Labs Private Limited	(19.90)
iii. Leasehold land	128.32
iv. Buildings	305.08
Total	**341.08**

e. The deficit arising on amalgamation of Rs. 337.02 Million representing the value of assets over the value of liabilities of the Transferor Company, after cancellation of capital of the transferor Company and the reserves recorded as per point 'd', has been set-off against Restructuring reserve account as created in point 'd' above post-merger.

The assets and liabilities as at October 1, 2009 taken over have been accounted at their fair values as follows:

(` In Million)

	Year ended 31 March 2011	
Value of assets and liabilities acquired:		
Fixed assets	0.21	
Investments	58.59	
Debtors	0.39	
Loans and advances	11.06	
Cash and bank balances	2.49	
Deferred tax assets	7.14	
Reserves and surplus (Debit balance) (net)	11.16	**91.04**
Less:		
Current liabilities and provisions	0.57	
Secured loans	40.69	
Unsecured loans	109.08	**150.34**
Excess of liabilities over assets taken over		**59.30**
Investment cancelled		277.72
Net deficit on amalgamation representing the excess of shares allotted over the fair value of net assets amalgamated set off against Restructuring Reserve as per the Scheme		**337.02**

The Inter-Company Balance of Rs. 30.19 Million, as appearing in the books of Transferor Company and the Company was eliminated.

29.2 Employee benefit plans

Defined contribution plans

The Group has a defined Gratuity benefit plan. The following table summarizes the components of net employee benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
	Gratuity	Gratuity
Components of employer expense		
Current service cost	8.20	8.70
Interest cost	2.90	2.07
Expected return on plan assets	(0.78)	(0.73)
Recognised past service cost - non vested benefits	0.17	1.75
Recognised past service cost - vested benefits	-	0.15
Actuarial losses/(gains)	(6.08)	0.63
Total expense recognised in the Statement of Profit and Loss	**4.41**	**12.57**
Actual contribution and benefit payments for year		
Actual benefit payments	(3.62)	(2.86)
Actual contributions	3.28	2.47
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	39.66	38.08
Fair value of plan assets	10.52	9.89
Funded status [Surplus / (Deficit)]	(29.14)	(28.19)
Unrecognised past service costs - non vested benefits	0.14	0.33
Net asset / (liability) recognised in the Balance Sheet	**(29.00)**	**(27.86)**
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	38.08	27.40
Current service cost	8.20	8.70
Interest cost	2.90	2.07
Actuarial (gains) / losses	(5.90)	0.82
Past service cost	-	1.95
Benefits paid	(3.62)	(2.86)
Present value of DBO at the end of the year	**39.66**	**38.08**
Change in fair value of assets during the year		
Plan assets at beginning of the year	9.89	9.36
Expected return on plan assets	0.78	0.73
Actual company contributions	3.28	2.47
Actuarial gain / (loss)	0.19	0.19
Benefits paid	(3.62)	(2.86)
Plan assets at the end of the year	**10.52**	**9.89**
Actual return on plan assets	0.97	0.92

Notes forming part of the consolidated financial statements (Contd.)

NOTE 29 (Contd.)

Composition of the plan assets is as follows:

The details with respect to the investment made by Fund managers (LIC and SBI Life) into major categories of plan assets have not been disclosed, as the same has not be provided by the Fund managers to the Company.

(` In Million)

Assumptions of Sequent Scientific Limited	Year ended 31 March 2012	Year ended 31 March 2011
Actuarial assumptions		
Discount rate	8%	8%
Expected return on plan assets	8%	8%
Salary escalation	10%-12%	10%-12%
Attrition	8%-12%	8%-12%
Mortality tables	LIC (94-96) Ult	
Experience adjustments	**2011-12**	2010-11
Experience gain / (loss) adjustments on plan liabilities	5.89	0.82
Experience gain / (loss) adjustments on plan assets	0.19	0.19

Notes

1 The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

2 The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

3 In the absence of information relating to experience adjustment for the earlier years with the Company, the same has not been disclosed.

4 The Company's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after balance sheet date is Rs. 3.5 million (Previous year: Rs. 3.41 million)

29.3 Segment information

Segments have been identified taking into account the nature of services, the differing risks and returns, the organizational structure and the internal reporting system. The disclosures required under Accounting Standard 17- 'Segment Reporting', issued under Companies (Accounting Standards) Rules, 2006 are provided below.

Primary Segment information (Business segment)

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
1. Segment Revenue		
a) Pharmaceuticals	2872.26	2,643.70
b) Speciality Chemicals	502.97	525.47
c) Analytical Services	82.87	75.86
Total	**3458.10**	**3,245.03**
Less Intersegment Revenue	0.00	126.14
Total revenue	**3,458.10**	**3,118.89**

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
2. Segment Results		
a) Pharmaceuticals	23.53	155.43
b) Speciality Chemicals	108.56	121.29
c) Analytical Services	8.85	(15.66)
Total Segment Result	**140.94**	**261.06**
Less: Interest Paid & other Finance charges	(299.90)	(238.02)
Add: Other Un-allocable Income net of Un-allocable expenditure	104.83	11.85
Total Profit/Loss Before Tax	**(54.13)**	**34.89**
Less:		
1. Provision for Income Tax	1.95	36.59
2. Deferred Tax	(40.50)	54.80
3. MAT Credit Entitlement	(0.99)	(16.26)
4. Minority Interest	(0.60)	(38.48)
Loss for the year	**(13.99)**	**(1.76)**
3. Other Information		
a) Segment Assets		
a. Pharmaceuticals	3616.59	3236.35
b. Speciality Chemicals	573.86	595.84
c. Analytical Services	177.24	198.14
Total Segmental Assets	**4,367.69**	**4,030.33**
Add: Un-allocable Corporate Assets	1105.85	356.58
Total Assets	**5,473.54**	**4,386.91**

29.3 Segment information (Contd.)

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
b) Segment Liabilities		
a. Pharmaceuticals	1,945.43	645.65
b. Speciality Chemicals	289.60	84.32
c. Analytical Services	135.85	177.59
Total Segmental Liabilities	**2,370.88**	**907.56**
Add: Un-allocable Corporate Liabilities	1822.49	2241.14
Total Liabilities	**4,193.37**	**3,148.70**
c) Capital Expenditure		
a. Pharmaceuticals	898.80	507.82
b. Speciality Chemicals	17.23	50.41
c. Analytical Services	0.28	20.98
Total	**916.31**	**579.21**
d) Depreciation		
a. Pharmaceuticals	179.81	143.22
b. Speciality Chemicals	34.17	29.66
c. Analytical Services	15.83	15.05
Total	**229.81**	**187.93**

Secondary segment information (Geographical segment)

(` In Million)

	Year ended 31 March 2012	Year ended 31 March 2011
Distribution of the segment revenue by geographic location of customers		
Europe	465.56	2,038.48
Asia	2,279.86	945.19
Rest of the World	712.68	261.36
Total	**3,458.10**	**3,245.03**
Segment assets		
Europe	-	-
Asia	4,367.69	4,030.33
Rest of the World	-	-
Total	**4,367.69**	**4,030.33**
Cost incurred during the year to acquire segment assets (tangible and intangible fixed assets)		
Europe	-	1.16
Asia	916.31	578.05
Rest of the World	-	-
Total	**916.31**	**579.21**

29.4 Related Party Disclosures:

A List of related parties:

i) Holding Company:
Fraxis Life Sciences Limited (merged with the Company w.e.f September 14, 2011: Refer Note 29 (1)(i))

ii) Associates:
SeQuent Penems Private Limited (till 14 March 2012: Refer Note 1 below)

iii) Key Management Personnel:
Mr. K.R.Ravishankar, Managing Director and Chief Executive Officer
Dr. Gautam Kumar Das, Executive Director and Chief Operating Officer
Mr. K.R.N.Moorthy, Deputy Managing Director (upto 23 January 2012)

iv) Enterprises owned or significantly influenced by key management personnel and relative of key management personnel:
Strides Acrolab Limited
Atma Projects
Agnus Holdings Private Limited
Strides Italia SRL
Strides Arcolab (FA) Limited
Latitude Projects Pvt. Limited
Strides Vital Nigeria Limited
Paradime Infrastructure Development Company
Agnus IPCO Limited, BVI
Chayadeep Properties Private Ltd

Note:

1 During the year the Company made additional investment resulting in SeQuent Penems Private Limited becoming a subsidiary from an associate.

2 Related parties are as identified by the Company and relied upon by Auditors.

Notes forming part of the consolidated financial statements (Contd.)

NOTE 29 (Contd.)

29.4.b (Contd.) (` In Million)

Nature of Transactions		Associates		Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
		Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011
B.	**Transaction during the year**						
(i)	**Sale of material/services**						
	Strides Arcolab Limited					28.12	3.48
	SeQuent Penems Private Limited	-	200.00				
(ii)	**Sale of machinery/assets**						
	SeQuent Penems Private Limited	90.00	-				
(iii)	**Interest & other income**						
	Strides Arcolab Limited						7.52
	Paradime Infrastructure Development Company						1.61
	SeQuent Penems Private Limited	15.58	4.98				
(iv)	**Interest paid**						
	Strides Arcolab Limited					-	1.24
(v)	**Purchase of materials**						
	Strides Arcolab Limited					-	24.17
(vi)	**Purchase of techical know-how**						
	Agnus IPCO Limited					29.04	-
(vii)	**Managerial remuneration**						
	Mr. K.R.Ravishankar			21.24	4.80		
	Dr. Gautham Kumar Das			9.99	4.80		
	Mr. K.R.N.Moorthy			9.73	7.29		
(viii)	**Reimbursement of expenses to**						
	Strides Arcolab Limited					-	0.61
	SeQuent Penems Private Limited	-	25.16				
(ix)	**Rent**						
	Atma Projects					5.75	5.42
(x)	**Balances written back**						
	Strides Italia SRL					-	0.91
(xi)	**Loan/Advances given by Company****						
	Latitude Projects Private Limited					-	0.57
	SeQuent Penems Private Limited	135.48	100.95				
	Strides Arcolab Limited						0.31
	Mr. K.R.Ravishankar			12.90	20.20		
	Dr. Gautam K Das				4.68		
(xii)	**Loan/Advances repaid to the Company**						
	Latitude Projects Private Limited						0.67
	SeQuent Penems Private Limited	1.26	15.98				
	Paradime Infrastructure Development Company					-	26.03
	Agnus Holdings Private Limited					5.00	30.41
(xiii)	**Investment during the year**						
	(Including pending allotment)						
	SeQuent Penems Private Limited (including loan conversion)	237.99	0.10				
(xiv)	**Inter corporate deposits given**						
	Strides Arcolab Limited					-	70.00
(xv)	**Inter corporate deposits repaid to the company**						
	Strides Arcolab Limited					-	90.00

Notes forming part of the consolidated financial statements (Contd.)

NOTE 29 (Contd.)

29.4.b (Contd.)

(` In Million)

Nature of Transactions	Associates		Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011
B. Transaction during the year (Contd.)						
(xvi) Inter corporate deposits taken						
Strides Arcolab Limited					-	100.00
(xvii) Intercorporate deposits paid-back						
Strides Arcolab Limited					-	100.00
(xviii) Dividend						
Mr. K.R.Ravishankar			8.37			
Chayadeep Properties Private Ltd					1.20	0.36
Agnus Holdings Private Ltd					0.30	0.35

(` In Million)

Nature of Transactions	Associates		Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
C. Balance as at balance sheet date:						
Debtors balance						
Strides Arcolab Limited					3.57	0.44
SeQuent Penems Private Limited	-	210.00				
Advance receivable						
SeQuent Penems Private Limited	-	89.36				
Mr. K.R.Ravishankar			23.38	20.20		
Dr. Gautam Kumar Das			4.32	4.68		
Strides Arcolab Limited					0.44	0.44
Agnus IPCO Limited					-	11.05
Deposit receivable						
Atma Projects					17.39	17.39
Advance received from customers						
Strides Arcolab Limited					2.48	-
Creditors balance						
Atma Projects					0.34	0.32
Strides Arcolab Limited					16.18	21.93
Latitude Projects Private Limited					1.27	
Agnus IPCO Limited					0.02	
Agnus Holdings Private Limited					-	5.00

Dividend paid during the last year to Fraxis Life sciences Limted, the holding company - Rs. 29.73 Million. (Refer note 29.1)

Notes forming part of the consolidated financial statements (Contd.)

NOTE 29 (Contd.)

29.5 Details of borrowing costs capitalised

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Borrowing costs capitalised during the year		
- as fixed assets / intangible assets / capital work-in-progress	13.22	11.25
	13.22	**11.25**

29.6 Details of leasing arrangements

The Group's significant leasing arrangement is mainly in respect of factory building and office premises; the aggregate lease rent payable on these leasing arrangements charged to Statement of Profit and Loss is Rs.21.68 Million. (Previous Year: Rs. 22.64 Million)

The Group has entered into non-cancelable lease arrangement for its facilities and office premises, the tenure of lease ranges from 1 year to 10 years. The said lease arrangements have an escalation clause where in lease rental is subject to an increment of ranging from 5% to 15%.

(` In Million)

Particulars	As at 31 March 2012	As at 31 March 2011
Future minimum lease payments		
not later than one year	27.31	15.81
later than one year and not later than five years	76.26	26.66
later than five years	97.39	20.05

29.7 Earnings per share

(` In Million except no. of shares)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Net loss for the year as per consolidated statement of profit and loss	(13.98)	(1.76)
Net loss for the year attributable to the equity shareholders	(13.98)	(1.76)
Weighted average number of equity shares	21,935,191	21,935,191
Par value per share	10	10
Earnings per share - Basic and Diluted	(0.64)	(0.08)

29.8 Deferred tax (liability) / asset

(` In Million)

Particulars	As at 31 March 2012	As at 31 March 2011
Tax effect of items constituting deferred tax liability		
Depreciation	(177.57)	(142.21)
Tax effect of items constituting deferred tax liability	**(177.57)**	**(142.21)**
Tax effect of items constituting deferred tax assets		
Disallowances under Section 43B of the Income Tax Act, 1961	17.35	18.28
Unabsorbed depreciation carried forward	74.30	-
Others	3.51	1.02
Tax effect of items constituting deferred tax assets	**95.16**	**19.30**
Net deferred tax (liability) / asset	**(82.41)**	**(122.91)**

The Group has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.

29.9 Details of Research and Development expenditure recognised as an expense

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Employee benefits expense	14.92	11.69
Power	4.57	4.26
Legal and professional fees	0.64	0.24
Consumables	7.38	3.42
Travelling expenses	0.47	0.49
Analytical charges	17.94	19.93
Others	10.84	12.29
Total	**56.76**	**52.32**

The above include costs associated with the development services undertaken for customers and are as certified by the management and relied upon by the Auditors.

29.10 During the year, the following development expenditure have been transferred to Intangible assets / intangible assets under development from the Statement of Profit and Loss:

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Salaries	10.05	8.32
Power	3.58	3.58
Legal and professional fees	0.38	0.11
Raw material and consumables(Net)	47.78	35.92
Travelling and conveyance expenses	0.29	0.23
Analytical charges	10.82	9.36
Depreciation	3.17	5.87
Others	6.78	6.30
Total	**82.85**	**69.69**

Notes forming part of the consolidated financial statements (Contd.)

NOTE 30 DISCLOSURES ON EMPLOYEE SHARE BASED PAYMENTS

Employee Stock Option Scheme

a) In the extraordinary general meeting held on March 8, 2008, the shareholders approved the issue of 700,000 options under the ESOP scheme. In accordance with the above, the Company established an ESOP trust to administer the scheme on February 25, 2010.

On the board meeting dated March 29, 2010, the Company has allotted 700,000 equity shares to the ESOP trust with a Face value of Rs.10 per share at a premium of Rs. 103 per share.

As per the scheme, the Compensation committee grants the options to the employee deemed eligible. The exercise price and vesting period of each option shall be as decided by the compensation committee from time to time. The options granted would normally vest over a maximum period of 4 years from the date of the grant in proportions specified in the scheme. Options may be exercised with in period not exceeding 4 years from the date of first vesting of the options by the Company.

b) Employee stock options details as on the Balance Sheet date are as follows:

	During the year ended 31 March 2012	During the year ended 31 March 2011	
Particulars	Options (Numbers)	Options (Numbers)	Weighted average exercise price per option (Rs.)
Option outstanding at the beginning of the year	100,000	-	
Granted during the year	-	100,000	75
Vested during the year	-	-	
Exercised during the year	-	-	
Lapsed during the year	100,000	-	
Options outstanding at the end of the year	-	100,000	
Options available for grant	700,000	600,000	

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

(` In Million)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Net Profit / (loss) (as reported)	-	(1.76)
Add / (Less): stock based employee compensation (intrinsic value)	-	0.07
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note (d) below)	-	0.58
Net Profit / (loss) (proforma)	-	(2.27)
	-	
Basic earnings per share (as reported)	-	(0.08)
Basic earnings per share (proforma)	-	(0.10)
Diluted earnings per share (as reported)	-	(0.08)
Diluted earnings per share (proforma)	-	(0.10)

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

(` In Million)

Assumptions	31 March, 2012	31 March, 2011
Risk Free Interest Rate	-	8%
Expected Life	-	3 Years
Expected Annual Volatility of Shares	-	70%
Expected Dividend Yield	-	15.52%

NOTE 31 PREVIOUS YEAR'S FIGURES

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and On Behalf of the Board of Directors

Dr. Gautam Kumar Das	Ravishankar K R	Vinayak Hegde
Executive Director	*Chairman & Managing Director*	*Company Secretary*

Bangalore, May 24, 2012

Equity History of the Company

(` In Million)

Date	Particulars	Number of Shares issued	Cumulative number of shares	Issue price per share
28.06.1985	Subscribers to the Memorandum	70	70	10.00
10.12.1985	Public Issue	239,930	270,000	10.00
14.01.2000	Preferential Issue	3,760,000	4,000,000	13.50
31.03.2004	Pursuant to a scheme of amalgamation	2,500,003	6,500,003	NA
31.01.2007	Conversion of warrants issued on preferential basis	1,000,000	7,500,003	47.00
09.07.2007	Preferential Issue	2,785,188	10,285,191	65.00
27.11.2007	Allotment on conversion of warrants issued on preferential basis	800,000	11,085,191	47.00
22.09.2009	Pursuant to a scheme of amalgamation	10,150,000	21,235,191	NA
29.03.2010	Issued to ESOP TRUST	700,000	21,935,191	113.00
21.11.2011	Cancelled 14,865,000 Equity Shares of Rs.10 each in the paid up share capital of the Company pursuant to the scheme of amalgamation of Fraxis Life Sciences Limited with the Company	(14,865,000)	70,70,191	NA
21.11.2011	Allotted 14,865,000 Equity Shares of Rs.10 each of the Company to the shareholders of Fraxis Life Sciences Limited pursuant to the scheme of amalgamation of Fraxis Life Sciences Limited with the Company	14,865,000	21,935,191	NA

Key Financial Parameters and Ratios at a Glance

(` In Million)

S No.	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
A.	**FINANCIAL RESULTS SUMMARY**							
	1 Revenue from operations	3,324	2,780	2,463	1,061	748	447	323
	2 Other Income	113	114	73	18	4	39	6
	3 EBIDTA	468	584	674	139	86	128	60
	4 PAT	15	159	208	35	25	88	38
	5 Paid up Equity Share Capital	219	219	212	111	111	79	65
	6 Shareholders' Networth	1,267	1,256	1,159	596	574	349	198
B.	**KEY RATIOS & PARAMETERS**							
	1 EBIDTA Margin %	14.1%	21.0%	27.4%	13.1%	11.5%	28.6%	18.6%
	2 PAT Margin %	0.4%	5.5%	8.2%	3.2%	3.3%	18.1%	11.6%
	3 EPS - Rs. / Share	0.67	7.26	9.79	3.16	2.26	11.17	5.85

Note: Standalone figures have been considered

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies

(` In Million)

Name of the Subsidiary	Country	The Financial Year of The Subsidiary Company Ended On	Number of Shares Held By Sequent Scientific Limited With Its Nominees In the Subsidiaries at the End of The Financial Year of The Subsidiary Companies		The Net Aggregate of Profits / (Losses) of The Subsidiary Company For Its Financial Year So Far As they Concern The Members of Sequent Scientific Limited		The Net Aggregate of Profits / (Losses) of The Subsidiary Company For Its Previous Financial Year So Far As they Concern the Members of Sequent Scientific Limited	
			Equity Shares	Equity Holding %	Dealth With In the Account of Sequent Scientific Limited For the Year Ended March 31, 2012	Not Dealth With In the Account of Sequent Scientific Limited For the Year Ended March 31, 2012	Dealth With In the Account of Sequent Scientific Limited For the Year Ended March 31, 2011	Not Dealth With In the Account of Sequent Scientific Limited For the Year Ended March 31, 2011
SeQuent Global Holdings Limited	Mauritius	31-Mar-12	150,019	100.00%	-	(23.49)	-	(23.43)
SeQuent European Holdings Limited (subsidiary of SeQuent Global Holdings Limited)	Cyprus	31-Dec-11	4,000	100.00%	-	(1.52)	-	(1.27)
SeQuent IPCO GmbH (subsidiary of SeQuent European Holdings Limited)	Switzerland	NA	-	Refer Note below	-		-	(0.16)
Galenica B.V.	Netherlands	NA	-	Refer Note below	-		-	(35.16)
Vedic Faxipang Pharma Chemic Company Limited	Vietnam	31-Dec-11	N/A	100.00%	-	(5.19)	-	(8.45)
SeQuent Anti Biotics Private Limited	India	31-Mar-12	10,000	100.00%	-		-	-
SeQuent Oncolytics Private Limited	India	31-Mar-12	9,999	99.99%	-		-	-
Elysian Life Sciences Private Limited	India	31-Mar-12	9,000	90.00%	-	(0.79)	-	(0.07)
Elysian Health Care Private Limited (Subsidiary of Elysian Life Sciences Private Ltd)	India	31-Mar-12	8,991	89.91%	-	0.21	-	0.06
SeQuent Research Limited	India	31-Mar-12	4,410,000	100.00%	-	8.85	-	(15.66)
Elysian Life Science(Mauritius)Ltd	Mauritius	31-Mar-12	2,000	9.09%	-	(0.02)	-	-
SeQuent Penems Private Limited	India	31-Mar-12	2,725,000	73.65%	-	0.10	-	
Sanved Research Labs Private Limited	India	NA	-	Refer Note below	-	-	-	(0.59)

Note: Company went into Liquidation

Key Information pertaining to Subsidiary Companies Financial Statements as at the respective financial year

(` In Million)

Name of The Subsidiary	Country	The Financial Year of The Subsidiary Company Ended on	Capital	Reserves	Total Assets	Total Liabilities	Investment	Turnover	Profit Before Tax	Tax Provision	Profit After Tax	Proposed Dividend
SeQuent Global Holdings Limited	Mauritius	31-Mar-12	4.94	(4.64)	43.20	42.89	16.11	0.90	(23.43)	-	(23.49)	-
SeQuent European Holdings Limited (subsidiary of SeQuent Global Holdings Limited)	Cyprus	31-Dec-11	0.27	(0.45)	0.13	0.30	-	-	(1.52)	-	(1.52)	-
Vedic Faxipang Pharma Chemic Company Limited	Vietnam	31-Dec-11	117.95	(26.80)	152.20	61.05	1.05	75.59	(5.19)	-	(5.19)	-
SeQuent Anti Biotics Private Limited	India	31-Mar-12	0.10	-	77.60	77.50	-	-	-	-	-	-
SeQuent Oncolytics Private Limited	India	31-Mar-12	0.10	-	0.21	0.11	-	-	-	-	-	-
Elysian Life Sciences Private Limited	India	31-Mar-12	0.10	(0.96)	93.45	94.31	55.91	10.28	(0.88)	-	(0.88)	-
Elysian Health Care Private Limited	India	31-Mar-12	0.10	0.30	7.30	6.90	-	46.73	0.28	0.05	0.23	-
SeQuent Research Limited	India	31-Mar-12	44.10	(2.70)	177.25	135.85	-	119.32	8.85	-	8.85	-
Elysian Life Science (Mauritius) Ltd	Mauritius	31-Mar-12	1.13	(0.18)	35.02	34.07	-	2.03	(0.18)	-	(0.18)	-
SeQuent Penems Private Limited	India	31-Mar-12	37.00	2,46.97	801.17	517.20	-	-	0.19	0.06	0.13	-

Corporate Information

BOARD OF DIRECTORS

Mr. K R Ravishankar
Chairman & Managing Director

Dr. Gautam Kumar Das
Executive Director

Dr. Gopakumar Gopalan Nair
Independent Director

Mr. Kannan Ramanujam
Independent Director

COMPANY SECRETARY

Mr. Vinayak Hegde

REGISTERED OFFICE

No. 116, Vardhaman Industrial Complex
L B S Marg, Thane West,
Mumbai 400 601

CORPORATE OFFICE

Star II, OPP IIM-B, Bilekahalli
Bannerghatta Road,
Bangalore 560076

STATUTORY AUDITORS

M/s. Deloitte Haskins and Sells
Deloitte Centre
100/2, Anchorage II,
Richmond Road, Bangalore,
Karnataka 560025

INTERNAL AUDITORS

M/s Mahajan and Aibara
No 1, Chawla House,
62 Wodehouse Road, Colaba,
Mumbai 400 005

BANKERS

HDFC Limited
Corporation Bank
Central Bank of India
State Bank of Hyderabad
State Bank of Mysore
State Bank of India
Andhra Bank
Bank of India
Technology Development Board, New Delhi

REGISTRAR AND SHARE TRANSFER AGENT

Adroit Corporate Services Private Limited
19/20, Jeferbhoy Industrial Estate, 1st Floor,
Marol Naka, Makhwana Road, Andheri
Mumbai 400 059

PLANTS

- Plot No. 7& 8, MIDC Engineering Zone, Kalyan Badlapur Road, Ambernath, Maharashtra.
- Plot No. W-152, 150, 151, 136, 137, 138, 139, 140 & 141 - MIDC, Tarapur, Boisar, Dist Thane, Maharashtra.
- B-32, G-2, G-3, MIDC, Mahad, Dist. Raigad, Maharashtra.
- A-68 and 69, Additional Ambernath, MIDC Indl. Area, Ambernath (East), Dist. Thane, Maharashtra
- 120 A & B, Plot No. 36, Industrial Area, Baikampady, New Mangalore, Karnataka.
- Plot No. 26, 26B, GIDC Industrial Estate, Panoli, Dist. Bharuch, Gujarat.
- A-14, MIDC, Phase I, Dombivali (E), Dist. Thane, Maharashtra.

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Registered Office: No. 116, Vardhaman Industrial Complex, L B S Marg, Thane (W) – 400 601

Corporate Office: Star II, OPP: IIM-B, Bilekahalli, Bannerghatta Road, Bangalore 560 076

NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the members of SEQUENT SCIENTIFIC LIMITED will be held on Wednesday, the 26th day of September 2012 at Hotel Fortune Park Lake City (Jupiter Hospital Compound), Eastern Express Highway, Thane (W) 400 601 at 11.30 A.M to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and to adopt the Audited Balance Sheet of the Company as at 31st March 2012 and Profit & loss Account for the year ended on that date along with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kannan Ramanujam, who retires by rotation and being eligible offers himself for re-appointment.
3. To Re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modifications, the following as a Special Resolution:

   RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions in the Memorandum & Articles of Association of the Company and the listing agreement entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to approval, consent, permission, and/or sanction of any other authorities/ institutions and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, sanction and which may be agreed to by the Board of Directors (hereinafter referred to as the 'Board' which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Board be and is hereby authorized to create, offer, issue, allot and deliver in one or more tranches up to 2,100,000 warrants on a preferential basis to Promoters/ Promoter Group entitling the holder of each warrant to apply for and obtain allotment of one equity share against each warrant (hereinafter referred to as 'Warrants'), in such manner and on such price, terms and conditions as may be determined by the Board in accordance with the Securities & Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) ("ICDR") Regulations, 2009 (SEBI (ICDR) Regulations) (including any amendments thereto or re-enactment thereof) or other provisions of law as may be prevailing at the time, provided that the price (inclusive of premium) of the Warrant so issued shall not be less than the minimum price arrived at in accordance with the provisions of Chapter VII Of the SEBI (ICDR) Regulations.

   RESOLVED FURTHER THAT the "Relevant Date" in relation to the issue of warrants in accordance with the SEBI (ICDR) Regulations, would be August 27, 2012 being the date 30 days prior to the date of passing of this resolution.

   RESOLVED FURTHER THAT the resultant equity shares to be allotted on conversion of warrants in terms of this resolution shall rank pari-passu in all respects with the then existing equity shares of the Company.

   RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid warrants and listing thereof with the Stock Exchanges(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment, utilization of issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board at its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any other Directors/ Executives of the Company to give effect to the aforesaid resolution.

5. To consider and if thought fit, to pass, with or without modifications, the following resolution, as a Special Resolution:

   RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, including schedule XIII to the Companies Act, 1956 the remuneration of Dr. Gautam Kumar Das, Executive Director be revised and increased to Rs. 1,06,30,000 p. a w.e.f 1st April 2012 subject to such approvals including that of the Central Government, if any, as may be required under the applicable law.

   RESOLVED FURTHER THAT apart from the above said remuneration Dr. Das shall also be entitled for the following perquisites subject to that the total cost towards the same shall not exceed Rs. 10,00,000/- p.a

   - Company Accommodation
   - Personal Travel
   - Car with chauffer

   RESOLVED FURTHER THAT the Board of Directors of the Company and the Company Secretary are be and hereby authorized to do all such acts, deeds, matters and things necessary to carry on the terms of this resolution.

By order of the Board of Directors
For **SeQuent Scientific Limited**

Place: Bangalore
Date: August 30, 2012

Vinayak Hegde
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be filed with the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.
2. The Register of members and Share Transfer books of the Company shall remain closed from 24th September 2012 to 26th September 2012 (both days inclusive)
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out material facts in respect of the businesses of this notice is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

To augment the long term resources of the Company, for meeting the funding requirements and for general corporate purposes, it is proposed to issue, on preferential basis to the promoters and/or entity/entities of the promoter group of the Company, in accordance with the Regulations for Preferential Issues' contained in Chapter VII of the SEBI (ICDR) Regulations, upto 2,100,000 warrants, entitling the warrant holders to apply for equivalent number of fully paid equity shares of the Company.

A copy of the Certificate of the Statutory Auditors of the Company certifying adherence to the SEBI's guidelines for Preferential Issues, for the proposed issue shall be laid before the shareholders.

The information as required under SEBI (ICDR) Regulations, are as under:

(i) **Objects of the Issue:** To augment the long term resources of the Company for meeting the funding requirements and for general corporate purposes.

(ii) **Proposal of promoters/ directors/ key management persons to subscribe to the preferential issue:** Agnus Capital LLP and Chayadeep Ventures LLP, Promoter Group Entities has intended to subscribe to the Warrants proposed to be issued. The existing promoters and management team will continue to remain in the management of the Company. Further, the composition of the present Board of Directors is not expected to undergo any change.

(iii) **Shareholding pattern before and after the preferential issue:**

Category of Shareholder	Pre-issue shareholding		Post-issue shareholding	
	Shares	%	Shares	%
A PROMOTERS GROUP				
1 Promoter and Promoter Group	12,434,511	56.59	14,534,511	60.47
2 Persons acting in concert	-	-	-	-
Sub Total (A)	**12,434,511**	**56.59**	**14,534,511**	**60.47**
B NON PROMOTER GROUP				
1 Institutions				
a. Mutual Funds & UTI	-	-	-	-
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Government Institutions)	-	-	-	-
c. FII	41,000	0.19	41,000	0.17
Sub Total (B1)	**41,000**	**0.19**	**41,000**	**0.17**
2 Non-institutions				
a. Bodies Corporate	980,931	4.47	980,931	4.08
b. NRI/ Foreign Companies	5,035,303	22.96	5,035,303	20.95
c. Foreign Nationals	-	-	-	-
d. Indian Public/Others	3,443,446	15.70	3,443,446	14.33
e. Shares held by Custodians against which Depository Receipts have been issued	-	-	-	-
Sub Total (B2)	**9,500,680**	**43.31**	**9,500,680**	**39.53**
GRAND TOTAL	**21,935,191**	**100.00**	**24,035,191**	**100.00**

Note: The above shareholding pattern has been arrived on the assumption that all the 2,100,000 warrants would be converted into equity Shares.

(iv) **Proposed time within which the preferential issue shall be complete:** The Company proposes to complete the preferential issue on or before the fifteenth day from the date of passing of this resolution or on or before the fifteenth day from the date of receipt of any approval for such allotment from any regulatory authority or the Central Government, whichever is later, as per SEBI Regulations, as amended.

(v) **Identity of the proposed allottees and % of post preferential issue capital that may be held by them:**

Sl. No.	Name of the Allottees	Pre Allotment		Post Allotment	
		Shares	%	Shares	%
1	Agnus Capital LLP	NIL	NIL	1,050,000	4.37%
2	Chayadeep Ventures LLP	NIL	NIL	1,050,000	4.37%
Total		**NIL**	**NIL**	**2,100,000**	**8.74%**

There will be no change in control of the Company consequent to the Preferential Issue.

(vi) **Issue price:** The warrants will be issued at a price (including premium) not lower than the minimum price as stipulated in chapter 7 of SEBI (ICDR) Regulations.

(vii) **Relevant Date:** “Relevant Date” in relation to the issue of warrants in accordance with the SEBI (ICDR) Regulations, 2009 would be August 27, 2012 being the date 30 days prior to the date of passing of this resolution.

(viii) **Others terms of issue of warrants:** An amount equivalent to at least 25% of the issue price shall be payable on subscription to the warrants. The warrant holders shall be entitled to apply for and be allotted, in one or more tranches, one equity share of the face value of Rs.10/- each of the Company per warrant, any time after the date of allotment of warrants but on or before the expiry of 18 months from the date of allotment of such warrants. Upon exercise of the rights to apply for equity shares, the warrant holders will be liable to make the payment of the balance amount of the issue price. The Board (or a Committee thereof) upon receipt of the entire payment towards issue price, shall allot one equity share per warrant. If the entitlement against the warrants to apply for the equity shares is not exercised within the specified period of 18 months, such entitlement shall lapse and the amount paid on such warrants shall stand forfeited. The warrants under this preferential offer and resultant equity shares issued upon exercise of entitlements against such warrants shall be subject to lock-in for a period of 3 years from their respective date of allotment, in accordance with the provisions of the SEBI (ICDR) Regulations, 2009 (including any amendments thereto or reenactment thereof). The equity shares arising out of conversion of warrants pursuant to the Resolution shall rank pari passu in all respects with the then existing equity shares of the Company.

The Company hereby undertakes that:

a) It would re-compute the price of the securities specified above in terms of the provisions of the SEBI (ICDR) Regulations, 2009 where it is required to do so.

b) If the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI (ICDR) Regulations, 2009, the above specified securities shall continue to be locked in till the time such amount is paid by allottees.

Section 81 of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the issued capital of the Company by allotment of further shares, etc. such further shares shall be offered to the existing shareholders of the Company in the manner laid down in section 81, unless the shareholders decide otherwise by passing a special resolution.

The Board recommends the resolution for approval of the shareholders.

None of the Directors except Mr. K.R Ravishankar, Director is concerned or interested in this resolution.

Item No. 5:

Dr. Gautam Kumar Das is serving as an Executive Director on the Board since January 7, 2010. His current salary was Rs. 96,30,000 (Rupees Ninety Six Lakhs Thirty thousand only). Dr. Das was also perks by way of company accommodation, personal travel and car with chauffer facility with an upper limit of Rs. 10,00,000 (Rupees Ten lakhs only).

At the Remuneration Committee and the Board Meeting of the Company held on 14th August 2012 the Board of Directors revised the remuneration of Dr. Das w.e.f 1st April 2012 as under subject to the approval of the Members and such other approval as may be required

Annual salary of Rs. 1,06,30,000 (Rupees One Crore Six Lakh thirty thousand only) and perks with a maximum limit of Rs. 10,00,000 p.a. towards Company Accommodation, Personal Travel and car with Chauffer

Information as required under Schedule XIII of the Companies Act, 1956 is given below:

I. General Information:

1. Nature of Industry : Pharmaceutical
2. Date or expected date of commencement of commercial production : Not Applicable (The Company is existing entity)
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable
4. Financial Performance Based on given indicators

(` In Million)

Particulars	2011-12	2010-11	2009-10
Total Revenue	3,438	2,894	2,536
Total Expenses	3,463	2,682	2,175
Profit/(Loss) after tax	15	159	208
Dividend Rate	NIL	15%	20%

5. Export performance and net foreign exchange collaborations:

   Foreign exchange earnings of the Company 1381.65 million as against the foreign exchange out go of 1042.96 millions.

6. Foreign investments or collaborators, if any:

   The Company is listed in Bombay Stock Exchanges Limited. As on June 30, 2012 the foreign holdings in the Company is 23.14 % of the Total Paid up capital of the Company

II. Information about the Appointee

1. Background Details

   Dr. Gautam Kumar Das is an Executive Director on the Board and has over thirty years of in depth experience in the pharmaceutical industry. Dr. Das has extensive experience in R&D, Plant Operations, Project Management, Material Management, Resource Management and man Management. He has a proven track record in developing several cost effective processes, driving these processes from the laboratory to the plant and increasing productivity of plants. Dr. Das, a Doctorate in Synthetic Organic Chemistry from IIT Kharagpur, has authored several publications on chemical processes. In his immediate previous assignment, Dr. Das was with Orchid Chemicals & Pharmaceuticals Ltd., Chennai as President – API.

   Dr. Das expertise in managing the operations of the Company and his understanding of the Pharmaceutical Industry has contributed significantly to the growth of the Company.

2. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

   Dr. Das has pecuniary relationship with the Company in his capacity as a Whole Time Director. He is not related to any of the managerial personnel in the Company.

3. Remuneration Proposed As stipulated in the resolution

4. Comparative remuneration Profile with respect to industry, size of the Company, profile of the position and person

   Dr. Das's technical expertise has helped the Company strategically, resulting in the Company to expand rapidly and benefit from key opportunities in the Indian and Overseas markets. Dr. Das's skill set and experience places him in a correspondingly equal position to major pharmaceutical companies in India. Considering the general industry and the specific Company profile, the proposed remuneration is in line with the industry levels and that of comparatively placed companies in India.

III. Other Information

Reasons for loss or inadequate profits, steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

During the financial year 2011-2012 the Company had a turnover of Rs.3,438 Million against Rs. 2,894 Million, a growth of over 18%. But the net profit was down to Rs. 15 Million against Rs.159 Million. The profitability was affected due to increase in inputs costs, competition in key segments, rupee devaluation and increased borrowings costs. The delay in obtaining regulatory approvals also resulted in deferred timelines and low capacity build up. An unfortunate fire accident at our Tarapur facility also impaired production in the second half of 2011-12.

The Company is taking all necessary steps including improving product portfolio, improved capacity utilization as well as continued reduction in costs. The Company is also partnering with new clients, offering customized high quality products and strengthening all areas of operations to further fortify the tough phase. A strong foundation is being laid for sustained growth.

IV. Disclosures

The proposed remuneration package – as detailed in the resolution

This explanatory statement together with the accompanying notice may be treated as an abstract under section 302 of the companies act, 1956. The board recommends the passing of the proposed resolution as special resolution and requests your approval for the same.

None of the Directors except Dr. Gautam Kumar Das, Director is concerned or interested in this resolution.

By order of the Board of Directors
For **SeQuent Scientific Limited**

Place: Bangalore
Date: August 30, 2012

Vinayak Hegde
Company Secretary

Sequent
Proven Ability In Life Sciences

Registered Office: No. 116, Vardhaman Industrial Complex, L B S Marg, Thane (W) – 400 601
Corporate Office: Star II, OPP: IIM-B, Bilekahalli, Bannerghatta Road, Bangalore 560 076

ATTENDANCE SLIP

Regd. Folio No. / Client ID : ....

Name & Address of First/Sole Shareholder : ....

No. of Shares held : ....

I hereby record my presence at the 27th Annual General Meeting of the Company to be held on Wednesday, the 26th day of September 2012 at 11.30 A.M at Hotel Fortune Park Lake City (Jupiter Hospital Compound), Eastern Express Highway, Thane (W) 400 601.

....
Signature of the Member/Proxy

Notes:

a) Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting

b) Member / Proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed

c) Member / Proxy should bring his / her copy of the Annual Report for reference at the meeting

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Sequent
Proven Ability In Life Sciences

Registered Office: No. 116, Vardhaman Industrial Complex, L B S Marg, Thane (W) – 400 601
Corporate Office: Star II, OPP: IIM-B, Bilekahalli, Bannerghatta Road, Bangalore 560 076

PROXY FORM

Regd. Folio No. / Client ID : ....

Name & Address of First/Sole Shareholder : ....

No. of Shares held : ....

I / We .... of .... being a member / members of the above named Company, hereby appoint .... of or failing him / her .... of.. as my / our Proxy to attend and vote for me / us on my / our behalf at the 27th Annual General Meeting of the Company to be held on Wednesday, the 26th day of September 2012 at 11.30 A.M at Hotel Fortune Park Lake City (Jupiter Hospital Compound), Eastern Express Highway, Thane (W) 400 601, and at any adjournment(s) thereof.

Signed this .... day of 2012

Revenue Stamp

Notes:

a) Proxy need not be a member of the Company

b) The Proxy form duly filled in and signed by the member(s) across Revenue Stamp should reach the Company's Registered Office: 116, Vardhaman Industrial Complex, L.B.S. Marg, Thane (W) 400 601 at least 48 hours before the time fixed for the meeting.

c) Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a Certified Copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.