

TOMORROW.

THOUGHT THROUGH.

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## FORWARD-LOOKING STATEMENTS

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## **Businesses and entrepreneurships are as much about responding to the demands of today, as they are about anticipating and preparing for emerging realities. The larger the industry requirement, the greater is the realignment and refocusing that is needed.**

**Our philosophy of reaching beyond boundaries, extending scale and leveraging R&D has always delivered tangible results.**

2013-14 was no different. It saw us place our confidence in a sector that is largely under-penetrated. It saw us streamline our product portfolio and focus areas. It saw us redesign our business model to reflect greater clarity.

**During the year, we decided to divest non-core businesses and focus primarily on Animal Health and human Active Pharmaceutical Ingredient (API) as our core value drivers for the future.**

This realigned focus will help us create a world-class brand in Animal Health from API to Formulations. On the other hand, our human API business will concentrate on margin-accretive molecules with strategic tie-ups globally.

It was not easy. We had to take a few tough decisions that we felt were necessary. We also put in place a new team, and bring in fresh capital to create new manufacturing assets.

**But then, thinking tomorrow through is never easy, is it?**

We built manufacturing and R&D capabilities, and invested in a new brand and portfolio. This will further strengthen our global relationships, and expand our market presence, both within India and the global marketplace.

**We believe our efforts can help make a real difference to the Animal Health sector. We believe we will continue to be a preferred partner in the human API segment for the products of our choice.**

We are confident of channelising our actions in 2013-14 as a springboard to sustainable value creation, for all our stakeholders.

## **Simply because, we have thought tomorrow through.**

# FASTER, SIMPLER AND BETTER WAYS OF DOING BUSINESS

**We have realigned our business model to simplify our operating architecture and deliver solutions that matter to our customers in the quickest possible time.**

Headquartered in Bangalore, we are an integrated pharmaceutical company with a global footprint, operating in the domains of Animal Health (API and formulation) and human health (API).

During 2013-14, we have re-branded our Animal Health business as Alivira Animal Health as we create a valuable business in the global Animal Health space. Alivira, the name is a variant of two – Elvira, Latin word for 'white, pure, clean' and Alleviare, Latin word for 'relief'. It speaks about our commitment to improve an animal's life and well-being at every stage.

Towards this, we have put up a world class; state-of-the-art facility at Vizag for Animal Health APIs creating fresh capacities of 1000 MT which will cater to our next 3-year business plan. This facility will be meeting high standards and compliances as we believe that our regulatory oversight will play an important role in the future.

Also, for our Animal Health formulation business, we have further expanded and added fresh capacities to our Additional Ambernath facility with room for further expansion. This investment will help us in new product development and strengthen

our sales and marketing team for tapping domestic and international markets.

At the Human API front, we have invested in our Mangalore facility to add new capacities and strengthen our R&D vertical; this investment will churn ₹ 100 crore of additional revenue.

We are equipped to cater to the domestic and global demands with cutting-edge R&D, highly flexible manufacturing capabilities and a competitive supply chain network.

**WORLD'S LARGEST**  
PRODUCER OF  
ANTHELMINTICS

ONE OF THE **PROMINENT**  
PLAYERS IN THE ANIMAL  
HEALTH API BUSINESS

**7 MANUFACTURING**  
**FACILITIES** EQUIPPED  
TO HANDLE A WIDE  
RANGE OF REACTIONS IN  
SYNTHETIC CHEMISTRY  
AND EXTRACTION

**STATE-OF-THE-ART R&D**  
**CENTRE** WITH 81 SCIENTISTS  
DRIVING INNOVATION

**1,100+PEOPLE**  
EMPLOYEE  
STRENGTH

**₹ 10,685 MILLION**  
MARKET CAPITALISATION  
AS ON 30 JUNE 2014



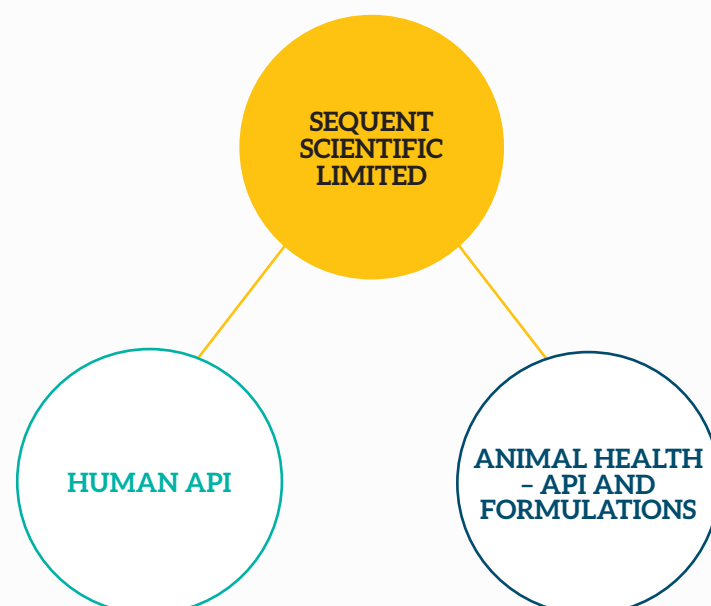
Analytic laboratory at our Vizag facility

## Strategy imperatives

- Aggressive growth strategies for each business vertical
- Leveraging long-standing customer relationships in regulated markets
- World-class manufacturing facility raising standards in Animal Health API industry
- Focused R&D programme to build a pipeline for consistent growth
- Translating into the 'Top 10' global veterinary company by 2018

## Business focus

SeQuent has a presence in different pharmaceutical verticals. Our business interests are in the following segments:



# FASTER, SIMPLER AND BETTER WAYS OF DOING BUSINESS (contd.)

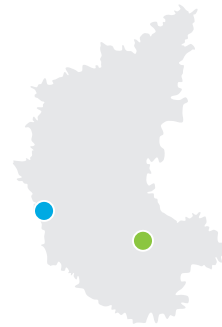
## Seven strategic plant locations

- **MANGALORE**  
KARNATAKA

Best-in-class manufacturing capabilities for large and small molecules with a state-of-the-art R&D centre (Niche Human APIs)

- **MYSORE**  
KARNATAKA

Key intermediates for Human API's



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- **TARAPUR**  
MAHARASHTRA

Animal Health APIs (Large volume catalytic hydrogenation facility)

- **MAHAD**  
MAHARASHTRA

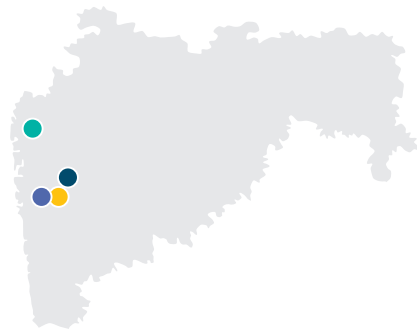
Animal Health APIs (Largest Albendazole manufacturing facility globally)

- **AMBERNATH**  
MAHARASHTRA

Animal Health API's

- **ADDITIONAL AMBERNATH**  
MAHARASHTRA

Animal Health Formulations



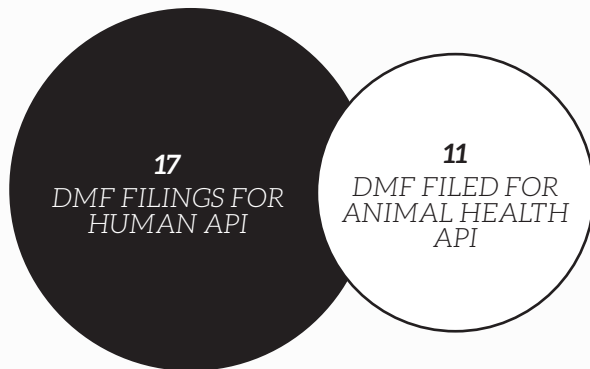
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- **VIZAG**  
ANDHRA PRADESH

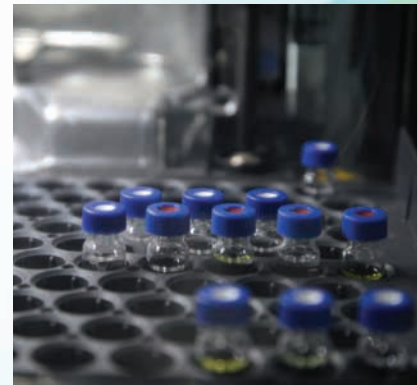
Animal Health APIs (Largest integrated Animal Health API manufacturing facility in India)



## Filings and approvals *(As on date)*



## Core values that drive us



*Operations at our Vizag facility*

### Knowledge

We don't believe in obstacles. We see them as opportunities waiting to be unlocked by applying the thorough understanding, knowledge and experience we've gained over a decade.

### Talent

Our people are our most important resource and our greatest investment. The SeQuent family is made up of the sharpest minds who share the qualities that the Company stands for: experience, expertise and enthusiasm.

### Strength

We pride ourselves as a competent and complete solution provider to all our partners. Our strengths give us the flexibility to provide customised solutions, while our scalability ensures effortless accommodation of specific, custom requirements in quick time.

### Expertise

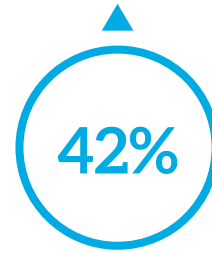
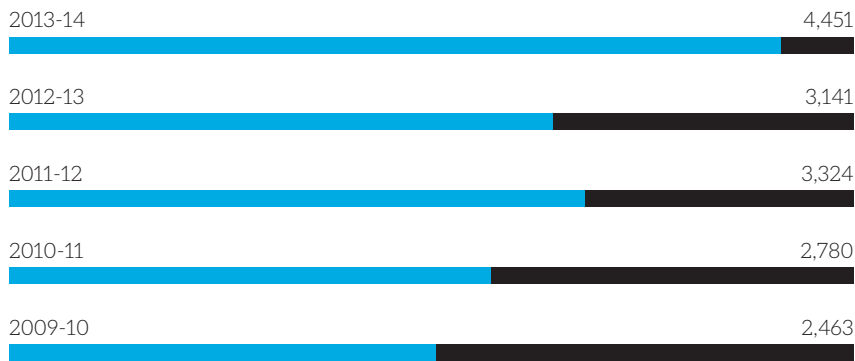
With us, quality is a given. Our very growth is a reflection of our core expertise of strong R&D capabilities, state-of-the-art equipment and comprehensive full scale facilities. All of which are employed in developing products that adhere to the most stringent global standards of quality.



# OUR PERFORMANCE

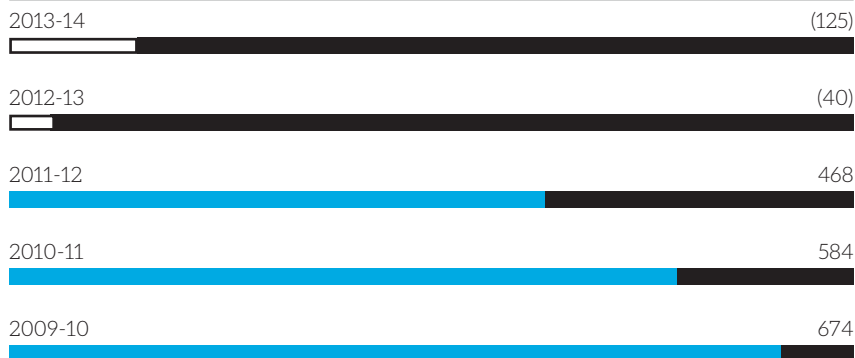
## Revenue from Operations

(₹ In Million)

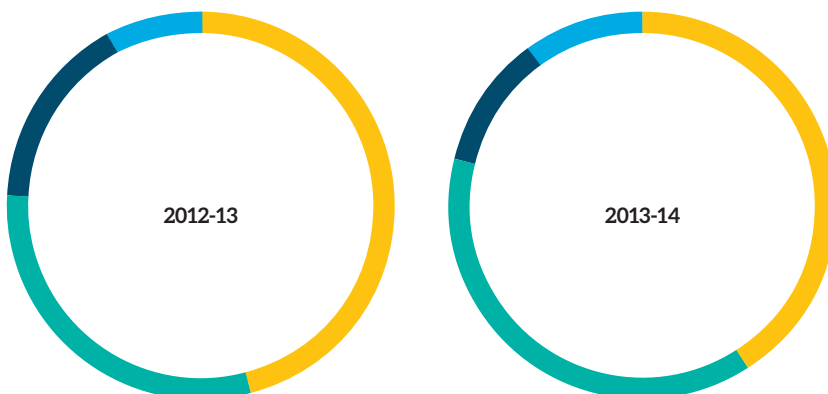


## EBIDTA

(₹ In Million)



## Segment-wise revenue break-up

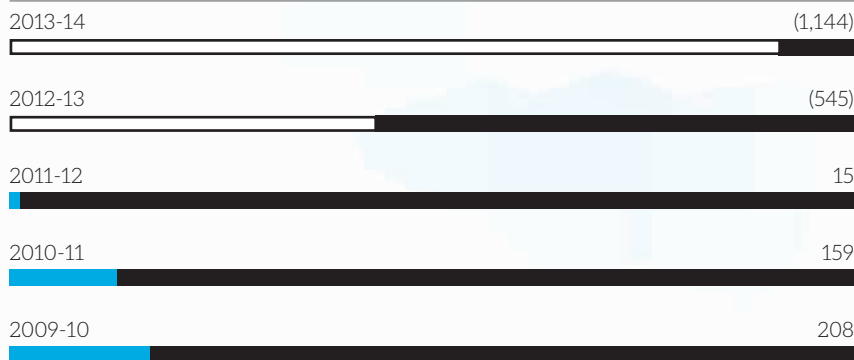


Particulars	2012-13 2013-14	
	(%)	
● API - Animal Health	46	41
● API - Human	30	38
● Specialty Chemicals	16	11
● Formulations - Animal Health	8	10



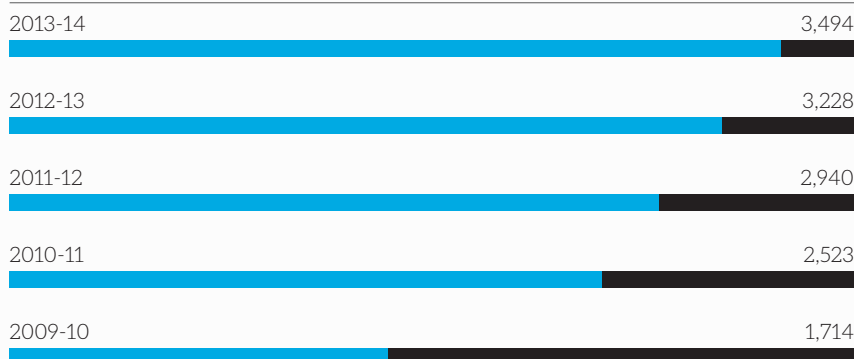
## Net Profit

(₹ In Million)

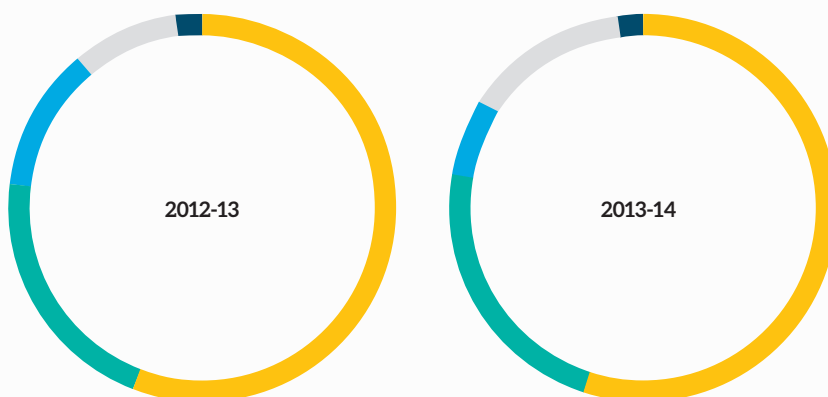


## Gross Block + CWIP

(₹ In Million)



## Geography-wise revenue break-up



Particulars	2012-13 2013-14	
	2013-14	
India	56	55
Europe	21	23
Rest of the world	12	6
Asia (ex-India)	9	14
Africa	2	2

# CEO'S PERSPECTIVE



**Manish Gupta**  
CEO

## Dear Friends,

Realignment and transformation show the way forward at SeQuent. The reason is that our operating landscape is changing fast and we need to re-strategise in order to keep abreast of changing times and customer requirements.

Global economic progress and social well-being depend a lot on health, both human and animal. Therefore, we want to help make a difference in these two areas by our ability to better compete, innovate and perform. The year 2013-14 remains one of the most eventful and exciting year for us in that respect. We have used the year to design our future.

The difficult part of the journey is that one doesn't get instant results. We have to take hard decisions. The payback can be huge, but will take time to be visible. We have taken challenges in our strides, never for once losing focus on the need of the hour; and we will continue to stay on course to meet the emerging realities of tomorrow.

Our strategies revolve around the changing requirements of our customers and partners, driven by the changing perspective of the regulators. In the Animal Health segment, we are helping veterinary businesses succeed and livestock producers raise healthy animals. We are one of the industry frontrunners in the Animal Health segment in India, with growing manufacturing and research capabilities. We are striving to become a global player of scale in this valuable domain. Towards this, we have invested in establishing a benchmark in manufacturing at our new facility

at Vizag, significantly scaling up our investments in new product development. We also invested in strengthening our sales and marketing organisations for India and the export markets. Our joint venture with Shasun (Alivira Animal Health Limited) brings us one step closer to providing high quality Animal Health products and supports our strategy to enter key, fast growing markets with a world-class Animal Health brand. In 2013-14, we launched 18 new Animal Health formulations and four new APIs.

On the human API front, we are playing our part as well. Global pharmaceutical spending is poised to touch US\$ 1 trillion by 2017. Moreover, patent expiries (drugs worth US\$ 130-150 billion are going off patent between 2012 and 2017) and an increasing demand for generics from India encourage us to contribute significantly in the human API segment. Even as most organisations focus on products losing patent protection, we have chosen a different path of focusing on smaller, old molecules to make a mark in this market. We are equipped to cater to the demand from both pharmerging and advanced countries across the globe for these products, which require cutting-edge R&D, highly flexible manufacturing and a competitive supply chain network.

We are continually recalibrating our strategies to stay relevant in a dynamic industry scenario. We exited from non-core operations, so that we can channelise our energies and resources to our core value drivers.

## Capable and committed

We stand to benefit from our long-standing customer relationships in regulated markets. Moreover, our world-class manufacturing facility at Vizag is geared to set new operational benchmarks in the Animal Health API industry. Our manufacturing and R&D capabilities will help us emerge as one of the top-tier global Animal Health companies by 2018.

In the human API space, we made 6 new filings and 6 new approvals in the regulated markets in 2013-14. We also acquired the manufacturing assets and business of Arvee Syntthesis Private Limited at Mysore. It will serve as the site for key intermediates. We are committed to ensure strong regulatory compliance and offer quality products through research. We also acquired additional land adjacent to the existing US FDA - approved facility in Mangalore for subsequent expansion in order to cater to the regulated and the emerging markets.

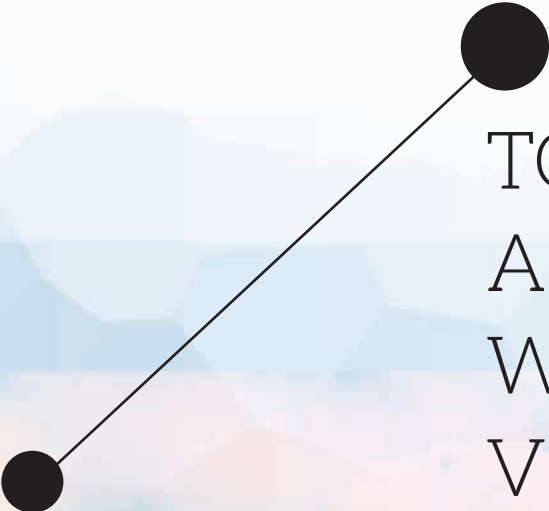
## Focusing on the core

We are continually recalibrating our strategies to stay relevant in a dynamic industry scenario. We exited from non-core operations, so that we can channelise our energies and resources to our core value drivers. We divested our specialty chemicals business to the Songwon Industrial Group. We also decided to exit from the non-remunerative Penem project and stopped unviable operations in Africa and Vietnam. The proceeds are being used to pare down debt and also provide growth capital.

## Way forward

Our customers and partners rely on us and we strive to ensure that we can not only meet but exceed their expectations. We make that possible through consistent team effort and determination to help make a difference to the world. As we continue to build on our key capabilities, the realignment has enabled us to enhance focus on our key priorities, build our own brand and increase the efficiency of our operations. In other words, make tomorrow more promising for customers, partners, investors and the wider community of stakeholders.

**Manish Gupta**  
CEO



# TOMORROW ANIMAL HEALTH WILL OPEN NEW VISTAS OF VALUE CREATION

**The global Animal Health sector is poised for stupendous growth. We are positioned to capitalise on the opportunities owing to a number of factors.**

First, our enduring relationships with top Animal Health companies provide us a competitive edge in global markets. Second, our R&D capabilities enable us to quickly roll out a broad portfolio of drugs in the shortest possible time. Third, we have the knowhow to fill portfolio gaps of 'top 10 veterinary companies' and manufacturing capabilities to foray into emerging markets like Latin America, the Far East, the Middle East and North Africa (MENA) and other African regions. Even in India, we are widening our presence to leverage emerging opportunities.



## ANIMAL HEALTH OPPORTUNITY

Animal Health is currently US\$ 23 billion industry, which is set to grow to over a US\$ 26 billion by 2017 globally.



*Operations at Mangalore facility*

### Attractive industry dynamics

The global Animal Health industry is a consolidated market with top 10 companies accounting for 60% of the market. The business has no pressure from insurers and there is higher brand loyalty. These top 10 companies have diversified but limited, non-overlapping product portfolio, which provides us a significant opportunity to fill product portfolio gaps.

### Growth markets

The opportunities in Animal Health are growing at a steady pace. Growth in the Americas is driven by LATAM countries, primarily Brazil; and the rest of the growth pie is driven by China, the MENA, Turkey and India.

The swine segment growth is driven by higher consumption in Brazil and China. The poultry segment is primarily driven by India and Islamic countries of the MENA region. In addition, there is rising demand for proteins (milk, meat and

eggs) especially from developing nations such as China, India and Brazil. We are focusing on a differentiated product portfolio to cater to better Animal Health across these geographies.



*Bottling line at our Additional Ambernath facility*

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## Few patents or exclusivity restrictions

Most Animal Health drugs were originally developed for human health or crop protection.

Among the top 85 products – of total global sale of US\$ 10.8 billion – US\$ 3.5 billion sales is accounted for by products with limited patent protection, such as formulation patents or species/use patents. It is largely a generic business as less than 20% of the business is protected by patents. Therefore, there is limited scope for R&D in the industry, leading to lower R&D expenditure.

## Limited competitive intensity

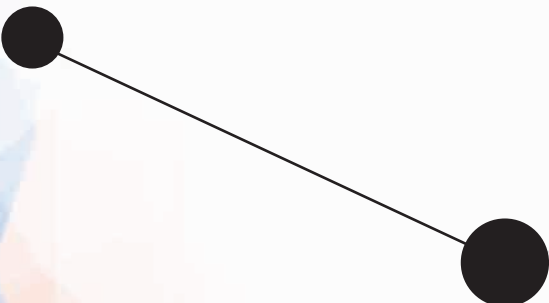
The unprecedented interdependence between human and Animal Health today has created a new dynamic, requiring a collaborative approach to solving human and Animal Health issues. The Animal Health industry is dominated by global big pharma companies. There is no Indian player with scale in the Animal Health API and formulation segment. Moreover, increasing regulatory scrutiny is forcing companies to seek compliant and reliable suppliers like us.

## Less pricing pressure

Animal Health products have less pricing pressure than human health products. This happens because a smaller product size limits competition. Besides, the self-paying nature of the business creates fewer hurdles. There is no external pressure from payers like insurance companies or the government to lower the product price.



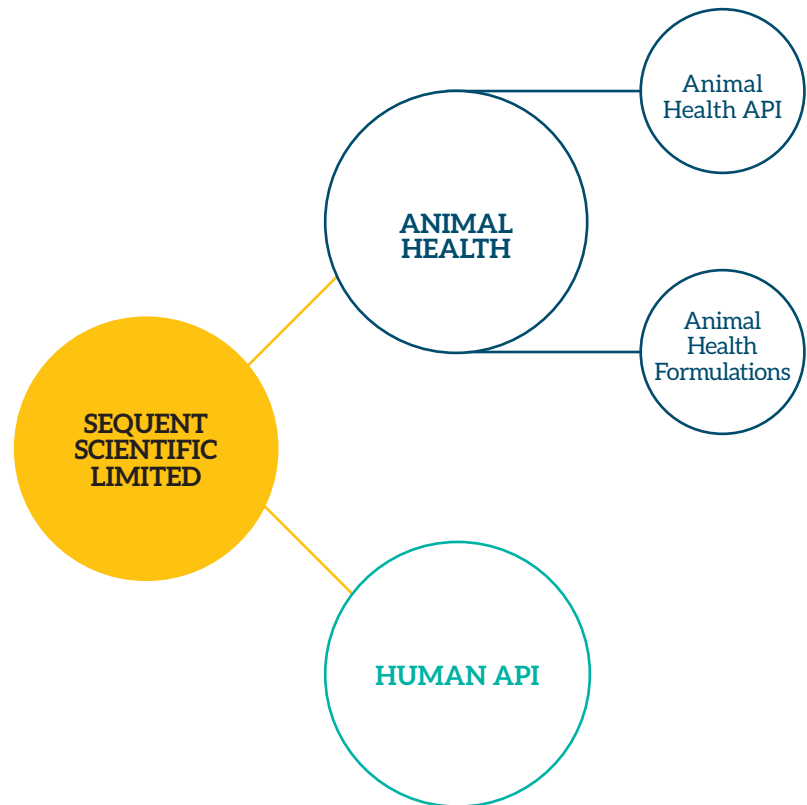




## TOMORROW COURAGE WILL SHAPE A NEW HORIZON

**To realign our business model, we divested our non-core businesses and sharpened our focus on two specific domains.**

It was a tough decision to take and involved a lot of re-strategising. We had to counter short-term challenges with an eye on long-term value. Although our revenue increased, the bottomline for the year was impacted.

**REALIGNED BUSINESS MODEL***Laboratory analysis at our Mangalore facility*

## Animal Health and Human API

During FY 2013-14 we concentrated on building Alivira, a world-class brand primarily focusing on Animal Health from API to Formulations. We have the best-in-class assets, a differentiated product line and good relationships with global big pharma and top market regulated veterinary companies. On the Human API front, we are developing capabilities to create difficult-to-make niche products.

## Divestment

We divested our specialty chemicals business to the Songwon Industrial Group. The divestment includes our polymer stabiliser business and production site in Panoli, Gujarat, together with our R&D capabilities.

## Exit from non-core businesses

We decided to exit from the non-remunerative Penem project after re-assessing its commercial viability. We also exited from operations in Africa and Vietnam, which were started last year for backward integration of a key product, which is no longer viable.

### **US FDA APPROVAL FOR OUR MANGALORE PLANT**

We received the US FDA approval for our API drug manufacturing facility at Mangalore, Karnataka. This facility has earlier received quality approval from TGA, Australia and is certified by the World Health Organisation, Geneva under its pre-qualifications of Medicines Programme.



TOMORROW  
ADVANCED  
CAPABILITY AND  
COMPLIANCE WILL  
DEFINE SUCCESS

**We are creating a value-accretive business by building a differentiated product portfolio.**

We are enhancing manufacturing capacities, elevating R&D expertise and strengthening compliances to succeed in a rapidly changing operating landscape.

### **STATE-OF-THE-ART R&D CENTRE IN MANGALORE**

It accommodates 120 scientists working on process development, contract research and custom synthesis and works on expertise in development, scale-up and commercialisation of products involving the following class of reactions:

- Catalytic hydrogenation (noble metal catalysis)
- Hydride reductions
- Fluorinations (DAST, deoxyfluor)
- Organometallic Reactions (Grignard, diethyl zinc)
- Halogenations
- Azide reactions
- Hazardous reactions involving cyanuric chloride, ethyl mercaptan, and so on
- Friedel Crafts reactions
- Suzuki Coupling
- Asymmetric synthesis and chiral separations
- High pressure and high temperature reactions



*Isolation of products at our Mangalore facility*



## Joint venture to grow Animal Health business

We signed a Letter of Intent (LOI) with Shasun Pharmaceuticals Limited (Shasun) to form a Joint Venture Company (JVC) to develop, manufacture and sell Animal Health products inclusive of both API and formulations in the global market. We aim to quickly and effectively offer a range of Animal Health products globally through the JVC. The joint venture will benefit from our strong expertise in the development and commercialisation of Animal Healthcare products as well as our strong sales network.

Shasun has set up its state-of-the-art manufacturing facility at Vizag, which gives us the following edge:

- Saving of 18-24 months in time to market
- Locational advantage owing to well-established SEZ with significant common services
- A 45-acre area provides the opportunity to enhance capacities and drive further growth
- Efficiency is driven by an integrated single API location
- Setting standards of regulatory compliance, including upgraded EHS

Moreover, we have a facility at Additional Ambarnath in Maharashtra, which will drive the manufacture of animal formulations for the emerging markets.



*Microbiology analysis at our Mangalore facility*

## Enhancing R&D capabilities

We are stepping up investments for developing cutting-edge expertise in life sciences. We have a number of patents and extensive publications till date. Our expertise is especially strong in carbohydrate chemistry and heterocyclic chemistry (pyridines, pyrimidines, pyrroles, pyrrolidine, Indoles).



*Isolation of products at our Mangalore facility*

## Key capabilities and outcome

<b>IP</b>	50 patents and 196 publications
<b>Chemistry</b>	Development of 200 catalogue chemicals
<b>Regulatory</b>	Human API portfolio includes 17 drugs, Animal Health API Portfolio includes 11 drugs. Total of 28

## Aggressive expansion of product portfolio

During 2013-14, we launched 18 new products in the formulations business and four new APIs. Currently, we have a pipeline of 10 products in the Animal Health segment and nine in human health with a total formulations market of US\$ 2.2 billion.

## Growing Human API business

We acquired the manufacturing assets and business of Arvee Syntthesis Private Limited, Mysore (Arvee). Arvee would serve as a facility for key intermediates for our Human API business. This facility has all necessary approvals and infrastructure with room for future expansion.

Moreover, we also acquired a land measuring over 14 acres, adjacent to its existing FDA approved facility in Mangalore. The facility at Mysore and the land at Mangalore would be used for meeting the growing demand of our key products in the USFDA and WHO regulated markets.

Our strategy of focusing on small, niche molecules will generate rich rewards. The human API business of SeQuent is poised to grow at a CAGR of over 50% in the medium term, on the back of regulatory approvals of our key products in the regulated markets.



# TOMORROW ALIVIRA WILL ADDRESS GLOBAL ANIMAL HEALTH CHALLENGES

**We are committed to mitigate the varied challenges of those who raise and care for animals.**

Our efforts to develop a global brand, focused on Animal Health, will help improve farm productivity, while bringing new medicines and vaccines to veterinarians.



**ALIVIRA'S VISION**

To be the best-in-class, integrated platform from API to formulations in the attractive global Animal Health market.



**Brand Alivira**

During the year under review, we branded our veterinary pharma division as Alivira Animal Health. Alivira in Latin stands for 'relief'. It reflects our commitment to improve an animal's life and well-being at every stage with an integrated platform in both Animal Health APIs (Active Pharmaceutical Ingredients) and Animal Health Formulations. Besides being the largest producer of Animal Health APIs in India, Alivira is on track to become a Global Animal Health Formulation Company by 2018.

**Serving our clients better**


Our realigned focus will serve the requirements of our clients better. We are expanding our market footprint through strong relationships with top-tier players in the market segment. We aim to expand our market footprint by 2015 with branded generics across emerging markets and a sizeable finished dosage form portfolio. We endeavour to become a supplier of choice in regulated markets by 2018, leveraging first-to-file opportunities with complex finished dosages and niche APIs.

**Building products and services portfolio**

Our Alivira product portfolio will cater to unaddressed global market requirements. We focus on products for livestock, poultry and companion animals. Our value proposition includes laboratory and technical support services. We currently provide a wide product range in the anthelmintic category.

**Emerging as a premium player in regulated markets**

Evolution	Current	2015	2018
	<i>Established</i>	<i>Enhanced</i>	<i>Premium</i>
<b>Profile</b>	Leader in Anthelmintic API	Branded generics across Ems broad portfolio of APIs	Supplier of choice in regulated markets
<b>Products</b>	<ul style="list-style-type: none"> <li>Albendazole, Oxfendazole, Fenbendazole, Triclabendazole</li> </ul>	<ul style="list-style-type: none"> <li>IP-led new APIs</li> <li>Sizeable EM FDF portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Complex FDF and delivery systems, Niche API</li> <li>FTF opportunities</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>Consolidating manufacturing footprint</li> </ul>	<ul style="list-style-type: none"> <li>Expanding market footprint</li> </ul>	<ul style="list-style-type: none"> <li>Best-in-class infrastructure for global markets</li> </ul>



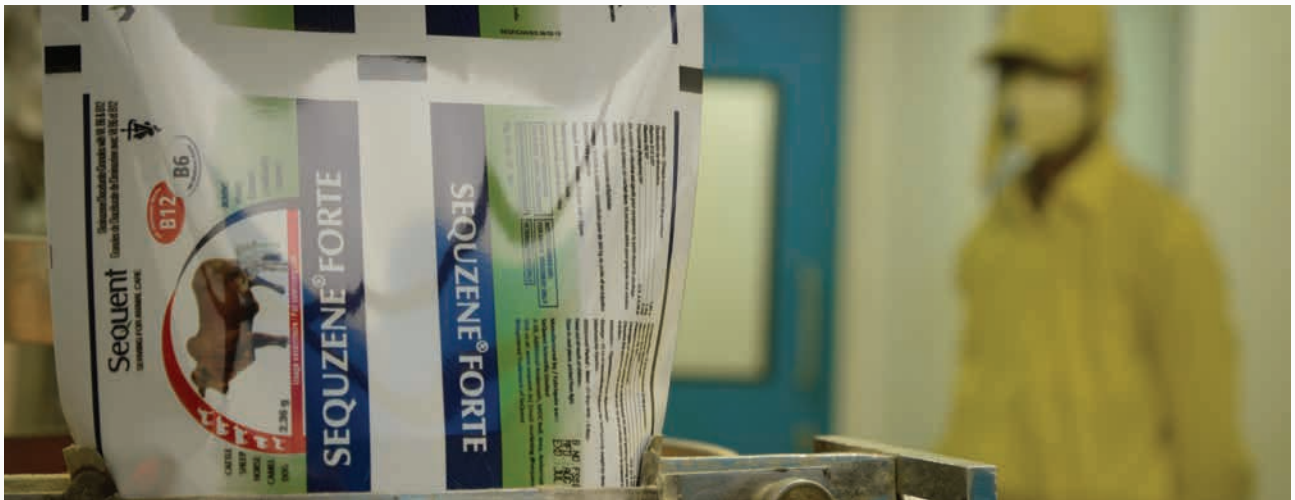
TOMORROW  
HIGHER QUALITY  
BENCHMARKS  
WILL DETERMINE  
SUSTAINABILITY

**Consistent quality compliance is a critical pre-requisite in the pharmaceutical industry as it is highly regulated globally.**

Going forward, customers will demand higher quality and more timely solutions that can make a difference to their real-world challenges. Our ability to address their concerns will determine our sustainability and growth.



Microbiology analysis at our Mangalore facility



Filling / Packing at our Additional Ambernath facility

## Plant location-wise regulatory approvals

### Mangalore, Karnataka

- TGA
- USFDA
- EU
- ISO 14001
- WHO PQ

### Tarapur, Maharashtra

- cGMP

### Mahad, Maharashtra

- cGMP
- EU

### Ambernath, Maharashtra

- cGMP

### Vizag, Andhra Pradesh

- EU and US filings under progress

Our manufacturing facilities strictly adhere to global quality standards. Our infrastructure and manufacturing capability allows us the flexibility to manufacture large volume APIs for various markets as well as specific molecules for individual customers. We work closely with our customers and focus on fostering long-lasting relationships with them.

# PRODUCT PIPELINE



*R&D at our Mangalore facility*

## Active Pharmaceutical Ingredients (APIs)

### Human API

SeQuent is manufacturing several niche high value, low-volume APIs. It has a strategic tie-up with companies on profit/revenue-sharing basis for difficult-to-make APIs. The current DMF portfolio includes 17 drugs across anti-malarial, anthelmintics, anti-infective, antiviral and niche CVS, CNS and dermatology and more on the anvil.

### Animal Health API

SeQuent intends to build a broad portfolio of Animal Health APIs. SeQuent has already established itself as a world leader in anthelmintics. Current DMF portfolio includes 11 drugs across anthelmintics (endo and ecto parasiticides), anti protozoal, Nutraceuticals, NSAID's, anti-infectives, dermatology and expanding.

## Formulations

SeQuent's R&D team continues to introduce innovative products catering to all the therapeutic segments to increase its market presence. SeQuent's product portfolio also targets the product gaps which are overlooked by major Animal Health companies.

The species targeted are Cattle, Dairy, Poultry, Companion animals including Livestock.

Therapeutic segment catered to are Feed supplements, antibiotics, Anthelmintics, Antibacterial, Skin care (dermatology), Disinfectant and more on the anvil.



# BOARD OF DIRECTORS



## **K R Ravishankar**

*Chairman*

Mr. K R Ravishankar has been in the pharmaceutical business for over 20 years. He started off as an entrepreneur, and then joined Strides Arcolab Ltd as a co-promoter in 1991. He was the Executive Director of Strides Arcolab Limited till he resigned from the post in December 2007, and was on the Board of Strides as a Non-Executive Director till February 2014. He took over as CMD of SeQuent Scientific Limited in January 2008. At present he is on the Board of SeQuent as a Non-Executive Chairman.



## **Dr. Gopakumar G Nair**

*Independent Director*

Dr. Gopakumar Nair is an Independent Director on the Board. He has more than 40 years of experience and knowledge in the pharmaceuticals and the chemicals industry, having served at different levels and positions like the Director, the Chairman and Managing Director, as well as a past-President of the Indian Drug Manufacturers' Association. Dr. Gopakumar Nair had the opportunity to familiarise himself with GATT, WTO, TRIPs and other IP laws over the years. He brings with him a wealth of experience. He became an IP/Patent practitioner under the name Gopakumar Nair Associates and is also the editor of various scientific research and industry publications.



## **Kannan Ramanujam**

*Independent Director*

Mr. Kannan Ramanujam, a Chartered Accountant by qualification, has over 25 years of business and professional experience. He is the Promoter, CEO and Managing Director of Emerge Learning Services Private Limited, a company present in the learning space. The company offers complete solutions in education, training, e-governance and information management areas. He is an Independent Director on the Board.



## **Dr. Gautam Kumar Das**

*Joint Managing Director*

Dr. Gautam Kumar Das is a Joint Managing Director on the Board and has over 35 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 of developing several cost-effective processes, driving these processes from the laboratory to the plant and increasing productivity of plants. A Doctorate in Synthetic Organic Chemistry from IIT Kharagpur, Dr. Das 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 hereby present the 29th Annual Report of your Company along with the Audited Financial Statements for the financial year ended 31 March 2014.

## 1. FINANCIAL RESULTS

The Financial Performance of the Company (Standalone) for the Financial Year ended 31 March 2014 is given below:

Particulars	₹ In Million)	
	2013-14	2012-13
	Total operations	
Total revenue	4,450.84	3,140.50
Other Income	52.52	24.90
Profit/ (Loss) before Interest, Depreciation, Tax & Exceptional Items	125.26	(40.23)
Less : Interest	387.39	320.45
: Depreciation and amortisation expenses	271.26	267.43
Profit/ (Loss) Before Tax & Exceptional Items	(533.39)	(628.11)
Exceptional Items	(610.77)	-
Profit/(Loss) Before Tax	(1,144.16)	(628.11)
Provision for - Current Tax	-	-
- Deferred [Net] Charge (Credit)	-	(83.10)
Profit after Tax	(1,144.16)	(545.01)
Add: Balance brought forward from Previous Year	(159.77)	385.24
Surplus/ (Deficit) carried to Balance Sheet	(1,303.93)	(159.77)

THE COMPANY POSTED AN EBITDA OF ₹ 125.26 MILLION IN THE YEAR AS AGAINST ₹ (40.23) MILLION IN 2012-13.

THE COMPANY INITIATED A SET OF CORPORATE ACTIONS WITH A LONG-TERM VISION OF BECOMING A POWER-HOUSE IN GLOBAL ANIMAL HEALTH BUSINESS WITH A PORTFOLIO OF NICHE HUMAN APIS.

## 2. BUSINESS PERFORMANCE REVIEW

During the financial year 2013-14, on a standalone basis, your Company's revenues stood at ₹ 4,503.36 Million as against ₹ 3,165.40 Million in 2012-13. The Company posted an EBITDA of ₹ 125.26 Million in the year as against ₹ (40.23) Million in 2012-13. The Company made a loss of ₹ 1,144.16 Million.

On a consolidated basis, your Company's revenue for the financial year 2013-14 stood at ₹ 4,593.06 Million as against ₹ 3,294.26 Million in 2012-13. The Company posted an EBITDA of ₹ 206.30 Million as against ₹ (106.97) Million in 2012-13. On a consolidated level, the Company made a loss of ₹ 1,104.93 Million.

While the consolidated Revenue and EBITDA grew substantially, Profit after Tax was impacted by exceptional/ non-recurring items to the tune of ₹ 589.11 Million resulting

in a loss of ₹ 1,104.93 Million for the year (against ₹ 646.94 Million in the previous year). The Exceptional items are predominately on account of strategic decisions to discontinue Penems project and exiting Africa/ Vietnam operations.

The Company had decided to discontinue the penems project due to delays in environmental approval from Government of India and the additional investment requirements to complete the project. Pursuant to this, the Company has written off the related investments and cost of ₹ 482.01 Million which is included in exceptional items for the year ended 31 March 2014 of standalone results and ₹ 539.11 Million in consolidated results.

The Company exited Africa / Vietnam operations which were started for backward integration of a key product of the Company, which is no longer viable.

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

### Business Outlook

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

**ANIMAL HEALTH BUSINESS** - Create a valuable, independent, integrated, global Animal Health Business

- Set up a Joint Venture with Shasun Pharmaceuticals Limited named 'Alivira Animal Health Limited' with a vision to create a Best-In-Class, Integrated Platform from APIs to Formulations in the Hugely Attractive Global Animal Health Market.
- To create a global brand under the name 'Alivira', the name derived out of Elvira, Latin word for 'white, pure, clean' and Alleviare, Latin word for 'relief.
- Launched 18 new products in formulations business and 4 new APIs.

**HUMAN API BUSINESS** - Accelerate growth in Human API with focus on profitability

- Investments made to enhance capacities and achieve critical mass in business with increased focus on regulated markets.
- 6 new filings and 6 new approvals in the regulated markets.
- Entered into an agreement to acquire the manufacturing assets and business of Arvee Synthesis Private Limited, Arvee would serve as a site for key intermediates for the Company's Human API business. The site has all necessary approvals and infrastructure with space for future expansion of Company's rapidly expanding business.
- The Company also acquired a land admeasuring approx. 3 acres, adjacent to its existing FDA approved facility in Mangalore.

- The facility at Mysore and land at Mangalore to be used for meeting the growing demand for the Company's key products in the USFDA and WHO regulated markets.

### 3. DIVIDEND

The Board of Directors of the Company has not recommended any Dividend for the financial year ended 31 March 2014.

### 4. SHARE CAPITAL

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

The issued, subscribed and paid up equity capital of the Company as on date is ₹ 273,351,910/- divided into 27,335,191 equity shares of ₹ 10/- each.

During the period, the Company allotted 2,750,000 equity shares of ₹ 10/- each at a premium of ₹ 162/- per equity share and 550,000 equity shares of ₹ 10/- each at a premium of ₹ 125.25 per equity share upon conversion of equal number of warrants which were allotted to Promoter Group Companies on preferential basis.

Pursuant to this, the issued, subscribed and paid up equity capital of the Company increased from ₹ 240,351,910/- to ₹ 273,351,910/- during the year.

#### Issue of Warrants on preferential basis

On 28 January 2014, the Company allotted 3,700,000 warrants convertible into equivalent number of equity shares at a price of ₹ 135.25 per warrant (including a premium of ₹ 125.25 per warrant) to promoter group entities. Out of which 550,000 warrants were converted into equal number of equity shares of ₹ 10 each at a premium of ₹ 125.25 per equity share. Company also issued 2,000,000 warrants at a price of ₹ 222.15 per warrant (including a premium of ₹ 212.15 per warrant) and 3,000,000 warrants at a price of ₹ 236/- per warrant (including a premium of ₹ 226/- per warrant) on 28 May 2014 and 11 July

2014 respectively to promoter group entities.

As on date, 8,150,000 warrants are outstanding.

### 5. SUBSIDIARIES

As at 31 March 2014, the Company had 10 subsidiaries, out of which 8 companies are wholly owned Subsidiaries.

On 30 September 2013, M/s. Alivira Animal Health Limited ("Alivira") was incorporated as a wholly owned Subsidiary of the Company to develop, manufacture and sell veterinary products inclusive of both Active Pharmaceutical Ingredients (APIs) and formulations in the global market.

The Company has entered into a Joint Venture Agreement with Shasun Pharmaceuticals Limited ("Shasun") on 07 March 2014. Subsequently, on 11 April 2014 Alivira became a Joint venture of the Company and Shasun.

### 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 8 February 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 said subsidiaries will be kept for inspection by any investor at the registered office of the Company during business hours.

### 7. STRATEGIC/ OPERATIONAL INITIATIVES

#### a. Joint Venture with Shasun Pharmaceuticals Limited

The Company has set up a Joint Venture with Shasun Pharmaceuticals Limited named 'Alivira Animal Health Limited' with a vision to create a Best-In-Class, Integrated Platform from APIs to Formulations in the Hugely Attractive Global Animal Health Market.



#### **b. Hiving off of Specialty Chemicals Division**

In order to focus the Company's efforts and resources towards expansion of the Active Pharmaceuticals Ingredients and Veterinary Formulations Business, the Company decided to hive off the specialty chemicals division of the Company and the Company has obtained members' approval through postal ballot. On 15 April 2014, the Company entered into an agreement with Songwon Industrial Group, Korea to sell the Company's specialty chemicals division. On 01 August 2014 the Company completed the sale of this division for a total cash consideration of ₹ 1,200 Million.

#### **c. Acquisition of Business of Arvee Synththesis Private Limited**

The Company has entered into a definitive agreement to acquire the manufacturing assets and business of Arvee Synththesis Private Limited, Mysore ("Arvee") on 22 May 2014 and completed the acquisition on 9 June 2014. The Company will be using the facility of Arvee for key intermediates for the Company's Human API business. This will help for future expansion of Company's rapidly expanding business.

#### **d. Hiving off of Veterinary Formulations Division**

The Company has obtained the approval of members of the Company to hive off the Veterinary Formulations Division including the manufacturing facility located at Additional Ambarnath to Alivira Animal Health Limited ("Alivira"), a Joint Venture Company between the Company and Shasun Pharmaceuticals Limited. This will help the Company to focus independently on high growth potential animal health market and to become a significant player in the market.

#### **8. PUBLIC DEPOSIT**

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

#### **9. DIRECTORS**

Dr. Gautam Kumar Das, Joint Managing Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers

himself for re-appointment. A brief profile of Dr. Gautam Kumar Das is given in the corporate governance report which forms part of this report.

Mr. K R Ravishankar, Chairman of the Company who is liable to retire by rotation at the ensuing Annual General Meeting and is not seeking re-appointment.

The Company had, pursuant to the provisions of clause 49 of the Listing Agreement as entered with the Stock Exchange, appointed Dr. Gopakumar G Nair as an Independent Director on the Board of the Company.

As per the provisions of Section 149 (4) of the Companies Act, 2013 (the Act), which came in to effect from 1 April 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

As per Section 149 (4) of the Act read with amended Clause 49 of the Listing Agreement, the Company proposes to appoint Dr. Gopakumar G Nair as an Independent Director to hold the office for a term upto 5 consecutive years from the date of his appointment i.e., ensuing Annual General Meeting.

Board is of the opinion that Dr. Nair fulfills the criteria of independence as provided under section 149(6) of the Act and the Rules framed thereunder and is independent of the management. The Company has received a declaration from him that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act.

A proposal will be placed before the members at the ensuing Annual General Meeting for their appointment/re-appointment.

#### **10. DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956 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 relating 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 31 March 2014 and of the loss of the Company for the year ended 31 March 2014.
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.

#### **11. AUDITORS**

The Statutory Auditors viz., M/s. Deloitte Haskins & Sells, Chartered Accountants, Bangalore (Registration No. 008072S) ("DHS") retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Pursuant to provisions of section 139 of the Companies Act, 2013 and the rules framed thereunder, the company proposes to re-appoint DHS from the conclusion of ensuing Annual General Meeting of the Company for a term of 5 years which is subject to ratification by members at every Annual General Meeting of the Company. Your directors recommend their re-appointment.

Pursuant to Companies (cost records and audit) Rules, 2014, Mr. Girish Kambadaraya, Cost Accountant, has been appointed as the Cost Auditor for the financial year 2014-15. The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended 31 March 2013 was 30 September 2013 and the Cost Audit reports were filed by the Cost Auditor on 25 September 2013. The due date for filing the Cost Audit Reports for the financial year ended 31 March 2014 is 30 September 2014.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / 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.

**13. CORPORATE GOVERNANCE**

The Company has complied with all 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 Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement entered with Stock Exchange also forms part of the Annual Report.

Board also confirms that the Company has devised proper systems to ensure compliance of all laws applicable to the Company.

**14. MANAGEMENT DISCUSSION AND ANALYSIS**

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

**15. RESEARCH AND DEVELOPMENT**

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

**16. EMPLOYEE STOCK OPTION SCHEME**

The Company has formulated an Employee Stock Option Plan titled 'SSL ESOP Scheme 2010' and the scheme is administered through a trust. As on date 700,000 shares have been issued to the trust. During the year the Compensation Committee has granted 640,000 options to identified employees, out of which 70,000 options were lapsed due to resignation of employees. As at 31 March 2014, 570,000 Stock options are outstanding.

Further, Statement giving additional information in terms of Regulation 12 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is annexed to this report.

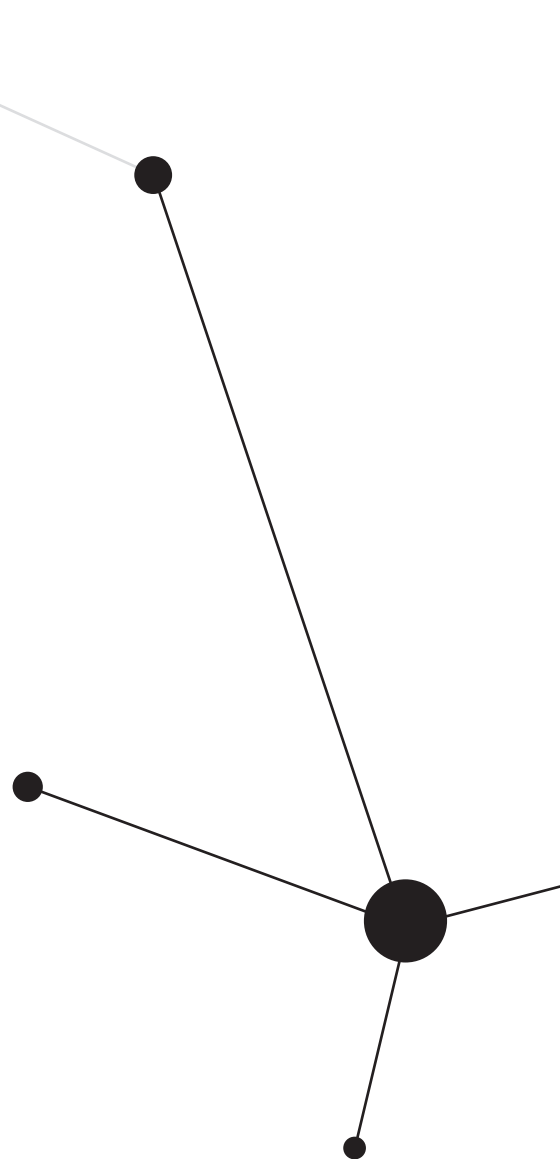
**17. PARTICULARS OF EMPLOYEES U/S 217 OF THE COMPANIES ACT, 1956**

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.

**18. APPRECIATION**

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

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.



*IN ORDER TO FOCUS THE COMPANY'S EFFORTS AND RESOURCES TOWARDS EXPANSION OF THE ACTIVE PHARMACEUTICALS INGREDIENTS AND VETERINARY FORMULATIONS BUSINESS, THE COMPANY DECIDED TO HIVE OFF THE SPECIALTY CHEMICALS DIVISION OF THE COMPANY*

For and on behalf of the Board of Directors

**Dr. Gautam Kumar Das    Dr. Gopakumar G Nair**  
 Joint Managing Director    Director

# ANNEXURE 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 31 March 2014

## RESEARCH AND DEVELOPMENT:

### Core areas of R&D:

Process chemistry aspects of Active Pharmaceuticals Ingredients (APIs) and intermediates which includes:

- Development of new products for different regulatory filings.
- Development of non-infringing processes through innovative synthetic routes.
- Development of green technology to minimise hazardous operations and reagents.
- Improvement of product life cycle management through alternate approaches.
- Identification and implementation of cost reduction measures in the commercial scales.

### Benefits derived as a result of R&D:

- Cutting edge technology for niche products.
- Speedy commercialisation of new products.
- Tapping potential market through new filing of Drug Master Files (DMFs) using non-infringing processes.
- Creation of Intellectual Property wealth.

### Future plan of Action:

- In the animal health segment, the company will continue to focus on therapeutic segments of anthelmintic and anti parasiticide.
- Continued focus on improving quality, cost and operation through process modification as per regulatory norms.

### Foreign exchange earnings and outgo:

	₹ In Million	
	2013-14	2012-13
Earnings	1,950.20	1,345.01
Outgo	1,143.50	923.20

### Expenditure on R&D:

	₹ In Million	
	2013-14	2012-13
Capital	0.11	10.03
Recurring	115.37	65.82
<b>TOTAL</b>	<b>115.48</b>	<b>75.85</b>

For and on behalf of the Board of Directors

**Dr. Gautam Kumar Das**   **Dr. Gopakumar G Nair**

Joint Managing Director   Director

Place : Bangalore

Date : 13 August 2014

# FORM A

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

	2013-14	2012-13
<b>A. POWER AND FUEL CONSUMPTION:</b>		
<b>1 Electricity:</b>		
(a) PURCHASED	23,253,759	20,142,135
Total amount (₹ In Million)	154.40	131.89
Rate / Unit (₹)	6.64	6.55
(b) OWN GENERATION - THROUGH DIESEL		
Generator Set :		
Unit	591,569	489,339
Units per-litre of diesel oil	3.48	2.95
Cost / Unit (₹)	16.15	15.07
<b>2 Coal:</b>		
Quantity (tonnes)	NIL	NIL
Total Cost (₹ In Million)	NIL	NIL
Average rate (₹)	NIL	NIL
<b>3 Furnace Oil / Light Diesel Oil:</b>		
(a) LIGHT DIESEL OIL:		
Quantity (litres)	130,012	114,062
Total amount (₹ In Million)	8.41	7.14
Rate / Litre (₹)	64.66	62.58
(b) FURNACE OIL:		
Quantity (litres)	1,135,412	1,278,058
Total amount (₹ In Million)	47.49	51.37
Rate / Litre (₹)	41.82	40.19
(c) DIESEL :		
Quantity (litres)	223,853	NIL
Total amount (₹ In Million)	12.85	NIL
Rate / Litre (₹)	57.40	NIL
<b>4 Others / Internal Generation:</b>		
(a) NATURAL GAS		
Quantity (scm)	1,013,607	713,176
Total Cost (₹ In Million)	37.04	21.78
Rate / Unit (₹)	36.55	30.54
(b) BRIQUETTES		
Quantity (Kg)	3,224,461	2,451,958
Total Cost (₹ In Million)	19.30	12.70
Rate / Unit (₹)	5.99	5.18
(c) KRR-BLAZE		
Quantity (Kg)	33,060	NIL
Total Cost (₹ In Million)	1.44	NIL
Rate / Unit (₹)	43.50	NIL

For and on behalf of the Board of Directors

**Dr. Gautam Kumar Das**  
Joint Managing Director

**Dr. Gopakumar G Nair**  
Director

# FORM B

## Measures taken during the period 2013-14 for Conservation of Energy

- a. Oil fired Thermo pack unit was replaced with Briquette fired Thermo pack at Mahad. This has eliminated the fossil fuel and reduces operating cost.
- b. Additional Multiple Effective Evaporator ("MEE") was commissioned at Mahad. High Chemical oxygen Demand ("COD") effluent treatment capacity enhanced with the additional MEE installation.
- c. Solar operated LED street lights provided in Ambernath Unit.
- d. Oil ring Vacuum pumps are replaced with Water Jet ejectors at Mahad. This has eliminated the usage of oil in the vacuum pump and reduced the operating cost.
- e. Thermodynamics steam traps provided to heat transfer equipment for reducing steam consumption across the units.
- f. Automatic Solvent distribution System commissioned at Mangalore. This has resulted in direct dispensing of solvents in to the reactor- a closed system. Usage of vacuum systems, drums, contaminations are avoided.
- g. Energy efficient corrugated condensers have been used instead of normal shell & tube condensers. It is compact and has improved the efficiency in the process.
- h. Fuel for boiler changed from Coal to Biomass briquettes at Mysore, resulted in reduction of fuel cost by 20%.
- i. Electrical power procured through power banking system from Eco friendly, non-fossil fuel, private power generating units, resulted in efficient economical power supply.
- j. Street lights replaced with LEDs at Mangalore saves about 50% of power compared to conventional lighting system.

### PLANS FOR FUTURE/ ONGOING (2014-15) FOR CONSERVATION OF ENERGY

- a. Temperature controller for cooling tower fans, which is expected to minimise the electrical consumption during the less ambient temperatures (Winter season)
- b. Automation of Utility Pumps (higher capacity) by providing Variable Frequency drives ("VFD") and pressure switch which will switch off the pumps automatically during no requirement at Plant. This will reduce the electrical consumption.
- c. Improving the solvent condensation / recovery for the distillation reactors by enhancing the condenser capacity and / or enhancing the condenser cooling capacity. This will increase the solvent recovery as well reduce the fresh solvent consumption.
- d. Briquette fired thermo pack planned at Mangalore location will reduce operating cost and eliminate usage of fossil fuel (FO).
- e. Replacement of Starters of Air Handling Units ("AHUs") & Ventilation systems at Mangalore by suitable VFDs. This may lead to an estimated saving of 120 units of energy per day.
- f. At Mysore, shifting existing transformer from the boundary to PCC area to reduce line losses, improve power factor, voltage regulations and to save Electricity.

**DETAILS AS PER SEBI (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014**

Sl. No	Description	SSL ESOP Scheme 2010
<b>A</b>	<b>OPTIONS AVAILABLE UNDER THE SCHEME</b>	700,000
B	The pricing formula	Decided by the Compensation Committee from time to time
C	Outstanding options as at 1 April 2013	-
D	Options granted during year ended 31 March 2014	640,000
E	Options vested	-
F	Options exercised	-
G	The total number of shares arising as a result of exercise of options	-
H	Options lapsed	70,000
I	Variation of terms of options	None
J	Money realised by exercise of options (₹)	-
K	Total number of options in force at the end of the year	570,000
L	Available for further grant	130,000
M	Employee-wise details of options granted during the year	
	i) Senior managerial personnel	350,000
	ii) Other identified employees	None
	iii) Any other employees who received a grant in any one year of option amount to 5% 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% of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant	None
N	Diluted Earnings Per Share (DEPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20 'Earnings Per Share'	₹ (44.28)
O	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	₹ (44.79)
P	Weighted average exercise price 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	₹ 65

**DETAILS AS PER SEBI (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014**

Sl. No	Description	SSL ESOP Scheme 2010
Q	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	₹ 142.48
R	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	8.75%
	ii) expected life	4 years
	iii) expected annual volatility of shares	48.53%
	iv) expected dividend/yield	Nil
	v) the price of the underlying share in market at the time of option grant	₹ 138.05/₹ 191.50

For and on behalf of the Board of Directors

**Dr. Gautam Kumar Das**  
Joint Managing Director

**Dr. Gopakumar G Nair**  
Director

Place : Bangalore

Date : 13 August 2014



# EQUITY HISTORY

Date	Particulars	Number of Shares issued	Cumulative number of shares	Issue Price per Share (in ₹)
28.06.1985	Subscribers to the Memorandum	70	70	10.00
10.12.1985	Public Issue	239,930	240,000	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	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
20.08.2011	Cancelled (1,48,65,000 Equity Shares of ₹ 10 in the paid up share capital of the Company pursuant to the sanction of scheme of amalgamation of Fraxis Life Sciences Limited with the Company)	(14,865,000)	7,070,191	NA
21.11.2011	Allotted (14,865,000 Equity Shares of ₹ 10 each of the Company pursuant to the sanction of scheme of amalgamation of Fraxis Life Sciences Limited with the Company)	14,865,000	21,935,191	NA
10.10.2012	Conversion of warrants issued on preferential basis	1,000,000	22,935,191	120.75
16.11.2012	Conversion of warrants issued on preferential basis	700,000	23,635,191	120.75
08.03.2013	Conversion of warrants issued on preferential basis	400,000	24,035,191	120.75
08.06.2013	Conversion of warrants issued on preferential basis	160,000	24,195,191	172.00
02.08.2013	Conversion of warrants issued on preferential basis	852,700	25,047,891	172.00
14.08.2013	Conversion of warrants issued on preferential basis	232,500	25,280,391	172.00
31.08.2013	Conversion of warrants issued on preferential basis	1,504,800	26,785,191	172.00
05.02.2014	Conversion of warrants issued on preferential basis	550,000	27,335,191	135.25

# 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. The Company believes to act in the spirit

of law and not just the letter of law. We aim at providing complete transparency in our operations.

## 2. BOARD OF DIRECTORS:

### Composition of Board

The composition of Board of Directors of the Company is an appropriate combination of Executive and Non-executive Directors 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 year ended 31 March 2014, 7 (Seven) Board Meetings were held. These meetings were held on 30 May 2013, 13 July 2013, 14 August 2013, 13 November 2013, 14 January 2014, 12 February 2014 and 19 March 2014.

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

### Composition of the Board and Directorships held as at 31 March 2014

Sl. No	Name of the Director	Category of Director	Number of other Directorships	Number of memberships in other Board Committees	Chairmanships in other Board Committees
1	Mr. K R Ravishankar	Promoter & Chairman	1	-	-
2	Dr. Gopakumar G Nair	Independent Director	4	-	2
3	Mr. Kannan Ramanujam	Independent Director	1	-	-
4	Dr. Gautam Kumar Das	Executive Director	3	-	-

#### Notes:

- No. of other directorships include directorships in Public Limited Companies and Private Limited Companies which are subsidiaries of Public Limited Companies and exclude directorships in Private Limited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships, if any.
- The disclosure excludes directorships and the committee chairmanships and memberships in the Company.

YOUR COMPANY BELIEVES IN CREATING WEALTH FOR ALL ITS SHAREHOLDERS.

CONSIDERABLE EMPHASIS IS PLACED ON ACCOUNTABILITY IN DECISION MAKING AND ETHICS IN IMPLEMENTING THEM.

3. The disclosure includes memberships and chairmanships of mandatory committees as mandated by listing agreement viz. Audit Committee and Shareholders/ Investors Grievance Committee and excludes all other memberships and chairmanships in other committees.
4. No. of committee memberships and chairmanships in all Public Limited Companies and Private Limited Companies which are subsidiaries of Public Limited Companies are considered for the purpose of

disclosure and all other companies including Private Limited Companies, Foreign Companies and Section 25 Companies have been excluded.

5. None of the directors holds directorships in more than fifteen companies, memberships in more than ten Committees and chairmanships in more than five Committees across all companies in which he is a director.
6. None of the directors is related to any other Director in the Company.

3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.

- b. Changes, if any, in accounting policies and practices and reasons for the same.
- c. Major accounting entries involving estimates based on the exercise of judgment by management.
- d. Significant adjustments made in the financial statements arising out of audit findings.
- e. Compliance with listing and other legal requirements relating to financial statements.
- f. Disclosure of any related party transactions.

- g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.

6. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or 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

**Attendance at Board meetings and last Annual General Meeting**

The attendance of each Director at Board Meeting held during the year and the last Annual General Meeting (AGM) is as under:

Sl. No	Name of the Director	No. of Meetings Held	Attendance at the Board Meetings	Attendance at the Last AGM
1	Mr. K R Ravishankar	7	-	-
2	Dr. Gopakumar G Nair	7	7	Present
3	Mr. Kannan Ramanujam	7	6	Present
4	Dr. Gautam Kumar Das	7	7	Present

Due to health reasons, Mr. K R Ravishankar has not attended any of the meetings held during the financial year 2013-14. Mr. K R Ravishankar is not seeking re-appointment at the ensuing AGM and hence he will cease to be a Director with effect from the date of the ensuing AGM.

**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, 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.

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 review the functioning of the Whistle Blower Mechanism.
14. Approval of appointment of Chief Financial Officer (CFO) after assessing the qualifications, experience and background, etc. of the candidate.
15. To investigate any activity within the terms of reference of the Committee.
16. To seek information from any employee.
17. To obtain outside legal or other professional advice.
18. 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 year ended 31 March 2014, 4 (Four) Audit Committee Meetings were held. These meetings were held on 30 May 2013, 14 August 2013, 13 November 2013 and 12 February 2014.

As on date the Committee has three members consisting of two Non-executive Independent Directors and one Non-executive Director.

Details of Members and meetings attended by them during the year are as under:

Sl. No	Member	Chairman/Member	No. of Meetings Held	No. of meetings attended
1	Mr. Kannan Ramanujam	Chairman	4	4
2	Dr. Gopakumar G Nair	Member	4	4
3	Mr. K R Ravishankar	Member	4	-

On 13 August 2014, Dr. Gautam Kumar Das, Joint Managing Director was inducted as a Member in place of Mr. K. R. Ravishankar and the current composition of the Audit Committee is as under:

- Mr. Kannan Ramanujam, Chairman
- Dr. Gopakumar G Nair, Member
- Dr. Gautam Kumar Das, Member

The Company Secretary of the Company also acts as the secretary to this Committee.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

##### Terms of Reference

The Company has constituted a committee called Nomination and Remuneration Committee to determine on behalf of the Board and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive

directors including pension rights and any compensation payment.

The Committee, previously known as Remuneration Committee was renamed as Nomination and Remuneration Committee on 28 May 2014 to be in line with the Companies Act, 2013 and the recently amended clause 49 of the Listing Agreement, which will come into force from 01 October 2014.

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

##### Composition of Nomination and Remuneration Committee

As on date members of the Nomination and Remuneration Committee are Mr. Kannan Ramanujam and Dr. Gopakumar G Nair who are non-executive independent directors of the Company. During the year ended 31 March 2014, two Nomination and Remuneration Committee meetings were held. These meetings were held on 30 May 2013 and 12 February 2014.

Details of Members and meetings attended by them during the year are as under:

Sl. No	Member	Chairman/Member	No. of Meetings Held	No. of meetings attended
1	Mr. Kannan Ramanujam	Chairman	2	2
2	Dr. Gopakumar G Nair	Member	2	2

### Remuneration Policy

The Committee recommends the compensation package to the executive directors of the Company. The remuneration will include salary, perquisite, allowances and commission. The remuneration policy is directed towards rewarding performance based on review of achievements. It is aimed at attracting and retaining high caliber talent.

### Remuneration paid to Directors

Name of the Director	₹ In Million				
	Salary	Benefits	Bonus	Sitting Fees	Total
Mr. K R Ravishankar Chairman (refer note 1)	14.25	-	-	-	14.25
Dr. Gautam Kumar Das (Joint Managing Director)	12.51	-	-	-	12.51
Dr. Gopakumar G Nair (Independent Director)	-	-	-	0.14	0.14
Mr. Kannan Ramanujam (Independent Director)	-	-	-	0.12	0.12

**Note 1:** Based on the revised approval received from the Central Government during the financial year 2013-14, the Company has recovered excess salaries and allowances paid in the earlier years of ₹ 26.81 Million.

As per the existing HR policy of the Company a notice period of 3 months is applicable to a whole time director of the Company.

On 30 May 2013, the Company granted 50,000 Stock options to Dr. Gautam Kumar Das. As on date, 12,500 Stock options were exercised and 37,500 Stock options are outstanding.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship committee has been constituted in terms of the provisions related thereto in the Companies Act, 2013 and Listing agreement with the Stock Exchanges under the chairmanship of a Non-executive Independent Director to specifically look into

the redressal of shareholder and investors complaints like transfer of shares, non-receipt of annual reports, non-receipt of declared dividends etc.

The Committee, previously known as Shareholders/ Investors Grievance Committee was renamed as Stakeholders Relationship Committee on 28 May 2014 to be in line with the Companies Act, 2013 and the recently amended clause 49 of the Listing Agreement, which will come into force from 01 October 2014.

As on date the Committee comprises of two Independent Directors and one Non-executive Director of the Company. The Committee is headed by Mr. Kannan Ramanujam, a Non-executive Independent Director of the Company.

During the year ended 31 March 2014, 4 (Four) Meetings were held. These meetings were held on 30 May 2013, 14 August 2013, 13 November 2013 and 12 February 2014.

Sl. No	Member	Chairman/ Member	No. of Meetings Held	No. of meetings attended
1	Mr. Kannan Ramanujam	Chairman	4	4
2	Dr. Gopakumar G Nair	Member	4	4
3	Mr. K R Ravishankar	Member	4	-

On 13 August 2014, Dr. Gautam Kumar Das, Joint Managing Director was inducted as a Member in place of Mr. K. R. Ravishankar and the current composition of the Stakeholders Relationship Committee is as under:

- Mr. Kannan Ramanujam, Chairman
- Dr. Gopakumar G Nair, Member
- Dr. Gautam Kumar Das, Member

The Company Secretary of the Company also acts as the Compliance Officer of the Company.

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

#### Shareholders Complaint details

The Company has not received any complaints from the shareholders during the period 01 April 2013 to 31 March 2014.

The designated email address for shareholders complaints is investors@sequent.in

## 6. GENERAL BODY MEETINGS:

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

Financial Year	Date and Time	Venue	Special Resolutions passed
2010-2011	29 November 2011, 11.30 a.m.	Hotel Fortune Park Lake city Thane (W), Mumbai- 400 604	Confirmation of appointment of Mr. K.R.N. Moorthy as Whole Time Director
2011-2012	26 September 2012, 11.30 a.m.	Hotel Fortune Park Lake city, Thane (W), Mumbai- 400 604	1. Allotment of 2,100,000 warrants to promoter group entities 2. Increase in managerial remuneration of Dr. Gautam Kumar Das
2012-2013	27 September 2013, 11.30 a.m.	Hotel Satkar Residency, Thane (W) Mumbai-400 606	Re-appointment, re-designation and revision of remuneration Dr. Gautam Kumar Das

Details of Extra-ordinary General Meeting of the Company held during the year:

Date and Time	Venue	Special Resolutions passed
14 January 2014 12.00 noon	The HHI Select, 686, 15th Cross, Ring Road, 2nd Phase, J P Nagar, Bangalore- 560078	Issue of 3,700,000 warrants to promoter group entities on preferential basis.

Details of resolution passed through Postal Ballot:

During the year ended 31 March 2014, the Company sought the approval of its members, through a postal ballot, for hiving off the Veterinary Formulations Division located at Additional Ambarnath of the Company to a wholly owned subsidiary.

Sl. No	Item	No. of Valid Votes Polled	Votes Cast	
			For	Against
1.	Approval under Sec 180(1)(a) of the Companies Act, 2013 for hiving off the veterinary Formulations Division of the Company.	17,570,731	17,570,730 (representing 100% of the total valid votes polled)	1 (representing 0% of the total valid votes polled)

The resolution was passed on 10 December 2013. Mr. Binoy Chacko, Practicing Company Secretary was appointed as Scrutinizer to conduct the postal ballot exercise.

The Company followed the procedure as provided in Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and any amendments thereto to conduct postal ballot.

**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 29.2 to the financial statements in the Annual Report.
- 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.
- iv. 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.
- v. The Company had appointed Grant Thornton India LLP, Chartered Accountants as internal auditors of the Company for the financial year 2013-14. 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.
- vi. Board of Directors at their meeting held on 28 May 2014 has approved the implementation of Whistle Blower Policy namely "Sequent Whistle Blower Policy - 2014" throughout the Company in order to curb the unethical or improper behaviour/ practices or alleged wrongful conduct or violation of Code of Conduct of the Company or applicable laws, frauds, bribery, corruption, employee misconduct, illegality, health, safety & environmental issues or misappropriation of Company

funds or assets within the Company or by the Company. This policy helps in providing a mechanism for personnel to report to the Authority concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

**8. REAPPOINTMENT OF DIRECTOR**

Dr. Gautam Kumar Das, Joint Managing Director of the Company retires by rotation at this ensuing AGM and being eligible offered himself for re-appointment at the AGM.

Dr. Gautam Kumar Das, Joint Managing Director of the Company has over thirty five 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. At present Dr. Das is Joint Managing Director on the Board of the Company. Before joining the Company, Dr. Das was with Orchid Chemicals & Pharmaceuticals Ltd., Chennai as its President - API.

As on 31 March 2014, Dr. Gautam Kumar Das was holding nil shares of the Company.

Details of other directorships/ committee memberships of Dr. Gautam Kumar Das

S. No.	Name of Company
1.	Sequent Anti Biotics Private Limited
2.	Sequent Oncolytics Private Limited
3.	Alivira Animal Health Limited

Dr. Das does not hold membership/ chairmanships in any of the Committees.

Mr. K R Ravishankar who is liable to retire by rotation at the ensuing AGM is not seeking re-appointment due to health reasons and hence he will cease to be a Director with effect from the date of the ensuing AGM.

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, 2014
Mr. K R Ravishankar*	5,579,986
Dr. Gopakumar G Nair	23,348
Mr. Kannan Ramanujam	Nil

\* Become Non-Executive Director with effect from 01 November 2013

**9. MEANS OF COMMUNICATION:**

- (a) The quarterly/ annual 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).
- (c) The results and shareholding pattern of the Company are displayed on the website of the Company i.e. www.sequent.in.
- (d) The official news releases, if released will be intimated to stock exchange and also displayed on the website of the Company.



**10. GENERAL SHAREHOLDER INFORMATION:**

<b>AGM Date, Time and Venue</b>	Monday, 29 September 2014, 11.30 a.m. Hotel Satkar Residency Pokhran Road No. 01, Next to Cadbury Opp. Singhania High School Thane (W) - 400 606, Maharashtra
<b>Financial Year</b>	01 April 2013 to 31 March 2014
<b>Date of Book Closure</b>	25 September 2014 to 29 September 2014 (both days inclusive)
<b>Dividend payment date</b>	NA
<b>Listing on Stock Exchanges</b>	The equity shares of the Company are listed on the Bombay Stock Exchange Limited Stock Code : 512529 ISIN : INE807F01019  The Company has paid listing fee for the financial year 2014 -15 to the Stock Exchange and there are no outstanding payments from the Company.
<b>Registrar &amp; Transfer Agents</b>	<b>M/s. Adroit Corporate Services Private Limited</b> 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400 059, Maharashtra.  Contact Person: Mr. Pratap Pujare Phone No.+91 22 2859 6060 Email Address: pratapp@adroitcorporate.com
<b>Share transfer system</b>	The shares of the Company are tradable compulsorily in demat mode.  Physical share transfers are attended on a regular basis and the Company Secretary is authorised to approve such transfers.
<b>Address for correspondence</b>	<b>Mr. Preetham Hebbar</b> Company Secretary Sequent Scientific Limited  <b>Corporate Office,</b> Star - I, Opp IIM - B, Bilekahalli, Bannerghatta Road, Bangalore - 560 076, Karnataka Phone No. +91 80 6784 0338 Email: preetham.hebbar@sequent.in

**Market Price Data (High, Low during each month in financial year 2013-14)**

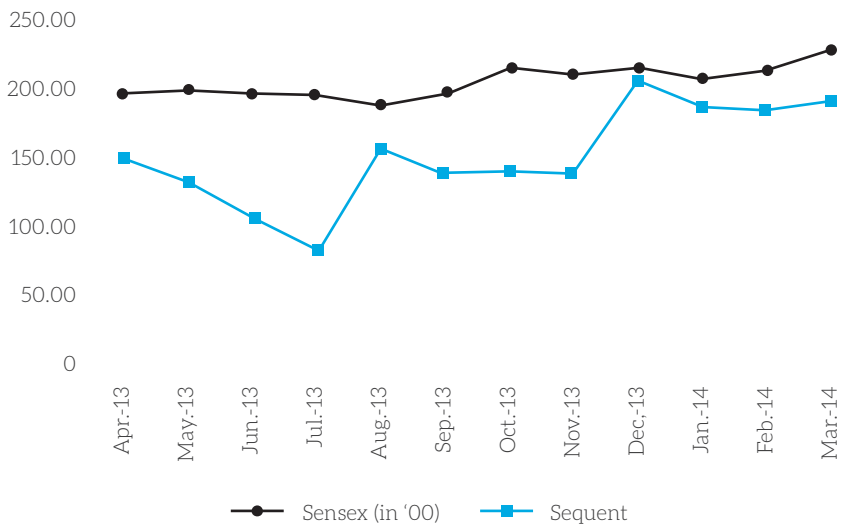
Month	High	Low
Apr-13	170.00	127.05
May-13	172.00	128.00
Jun-13	133.95	104.00
Jul-13	131.80	81.30
Aug-13	170.00	81.95
Sep-13	174.70	136.75
Oct-13	149.90	130.00
Nov-13	161.90	130.00
Dec-13	214.80	125.00
Jan-14	218.75	166.75
Feb-14	195.00	165.00
Mar-14	212.95	172.60

**Performance in comparison to SENSEX: Monthly closing price analysis**

Month	Sensex	Sequent
Apr-13	19,504.18	151.30
May-13	19,760.30	131.80
Jun-13	19,395.81	109.00
Jul-13	19,345.70	85.95
Aug-13	18,619.72	158.20
Sep-13	19,379.77	137.85
Oct-13	21,164.52	139.90
Nov-13	20,791.93	139.05
Dec-13	21,170.68	202.75
Jan-14	20,513.85	186.35
Feb-14	21,120.12	185.00
Mar-14	22,386.27	190.00



Sequent Equity share price versus BSE SENSEX



Distribution Schedule as at 31 March 2014:

Slab of Shareholding	No. of Shareholders	% to total number of Shareholders	Total No. of Shares	Amount (in ₹)	% to total paid up capital
1-100	1,171	49.57	57,626	576,260	0.21
101-500	713	30.19	202,122	2,021,220	0.74
501-1000	175	7.41	143,432	1,434,320	0.52
1001-2000	141	5.97	218,085	2,180,850	0.80
2001-3000	47	1.99	117,563	1,175,630	0.43
3001-4000	19	0.80	68,407	684,070	0.25
4001-5000	21	0.89	100,786	1,007,860	0.37
5001-10000	33	1.40	234,398	2,343,980	0.86
10001-20000	14	0.59	210,396	2,103,960	0.77
20001-50000	11	0.47	357,066	3,570,660	1.31
50001 & above	17	0.72	25,625,310	256,253,100	93.74
<b>Total</b>	<b>2,362</b>	<b>100</b>	<b>27,335,191</b>	<b>273,351,910</b>	<b>100</b>

**Bifurcation of shares held in physical and demat as at 31 March 2014:**

Particulars	No. of Shareholders	% to total number of Shareholders	Total No. of Shares	Amount (in ₹)	% to total paid up capital
Shares held in Electronic Mode	2,356	99.75	26,774,936	267,749,360	97.95
Shares held in physical mode	6	0.25	560,255	5,602,550	2.05
<b>Total</b>	<b>2,362</b>	<b>100</b>	<b>27,335,191</b>	<b>273,351,910</b>	<b>100</b>

**Shareholding pattern of Equity Shares as at 31 March 2014:**

Category	Number of shareholders	Number of shares held	% to total paid up capital
Promoters & Promoter Group Companies	8	17,862,833	65.35
Bodies Corporate	122	657,667	2.41
Banks / Mutual Funds/ Financial Institutions (FIs)	-	-	-
Foreign Institutional Investors (FIIs)	1	41,000	0.15
Non-Resident Individuals (NRIs)/Foreign Corporate Bodies/Overseas Corporate Bodies (OCBs)/ Foreign Banks	49	5,120,831	18.73
Resident Individuals	2,157	2,923,750	10.70
Directors (Excluding promoter directors) & their relatives	1	23,348	0.08
Trusts	3	700,075	2.56
Others	21	5,687	0.02
<b>Total</b>	<b>2,362</b>	<b>27,335,191</b>	<b>100</b>

**Dematerialisation of shares and liquidity:**

The Company's shares are tradable compulsorily in dematerialised form. The Company has established connectivity with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through Adroit Corporate Services Private Limited, Registrars and Share Transfer Agents. As at 31 March 2014, 26,774,936 shares representing 97.95% of the paid-up share capital of the Company were in dematerialised mode.

**Outstanding ADRs/GDRs/Warrants/Other Convertible Instruments:**

**WARRANTS:** As on date, the total outstanding warrants issued to promoter group are 8,150,000. The details of warrants are given below:

Financial Year	Date of Issue	Allottee Details	No. of Warrants	Issue Price including premium (in ₹)	No. of warrants converted	No. of warrants outstanding
2013-14	28 January 2014	Agnus Capital LLP	1,100,000	135.25	-	1,100,000
		Chayadeep Ventures LLP	1,100,000	135.25	-	1,100,000
		Pronomz Ventures LLP	1,500,000	135.25	550,000	950,000
2014-15	28 May 2014	Agnus Capital LLP	1,000,000	222.15	-	1,000,000
		Chayadeep Ventures LLP	1,000,000	222.15	-	1,000,000
	11 July 2014	Agnus Capital LLP	500,000	236.00	-	500,000
		Chayadeep Ventures LLP	500,000	236.00	-	500,000
		Pronomz Ventures LLP	2,000,000	236.00	-	2,000,000
<b>Total</b>			<b>8,700,000</b>		<b>550,000</b>	<b>8,150,000</b>

**ESOPS:** Company has framed an Employee Stock Option plan titled 'SSL ESOP Scheme 2010' (ESOP Plan) to reward employees of the Company. Under the said plan company has allotted 700,000 equity shares of ₹ 10/- each to the Trust at a price of ₹ 113/- per share. The Company has granted 640,000 stock options to selected employees during the year. Out of which 70,000 options lapsed due to resignation of employees. As at 31 March 2014, 570,000 stock options were outstanding.

As at 31 March 2014 the Company has no outstanding ADRs and GDRs.

#### Plant Locations

1. Plot Nos. 7 & 8, MIDC Engineering Zone, Kalyan Badlapur Road, Ambarnath, Maharashtra
2. Plot Nos. 136, 137, 138, 139, 140, 141, 150, 151 & W-152, MIDC, Tarapur, Boisar, Dist Thane, Maharashtra.

3. Plot Nos. B-32, G-2, G-3, MIDC, Mahad, Dist. Raigad. Maharashtra

4. Plot Nos. A-68, Additional Ambarnath, MIDC Indl. Area, Ambarnath (East), Dist. Thane, Maharashtra

5. Plot Nos. 120 A & B, 36, 120P & 121, Industrial Area, Baikampady, New Mangalore, Karnataka

6. Plot Nos. 253 & 254, Thandya Industrial Area, Thandavapura, Mysore, Karnataka

#### 8. CODE OF CONDUCT

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

The Code of Conduct is also posted on the website of the Company.

All Board Members and Senior Management personnel have confirmed compliance with the code for the financial year 2013 -14.

A declaration to this effect signed by Dr. Gautam Kumar Das, Joint Manager Director is reproduced below:

"I confirm that the Company has in respect of the year ended 31 March 2014, received from its Board Members as well as Senior Management Personnel affirmation as to compliance with the Code of Conduct."

**Dr. Gautam Kumar Das**

Joint Managing Director

**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 31 March 2014, 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's Registration No.008072S)

**V. Srikumar**

Partner

(Membership No.84494)

Bangalore, 13 August 2014

# INDEPENDENT AUDITORS' REPORT

**To The Members of  
Sequent Scientific Limited**

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of SEQUENT SCIENTIFIC LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss 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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) 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.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).
  - (e) As explained in Note 32, the Company has not received a written representation from one of the director of the Company as on March 31, 2014 confirming that he is not disqualified from being appointed as a director of the Company in terms of Section 274(1)(g) of the Act. In the absence of such a written representation, we are unable to comment on whether he is disqualified from being appointed as director of the Company in terms of Section 274(1)(g) of the Act. On the basis of the written representations received from the other directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**V. Srikumar**  
Partner

Bengaluru, May 28, 2014

(Membership No. 84494)

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business/ activities/results during the year, vi, xii, xiii, xiv, xix and xx of paragraph 4 of the Order are not applicable to the Company.

(i) 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 explanations given to us, no material discrepancies were noted 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.

(ii) 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.

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

- (a) The Company has granted loans aggregating ₹ 64.86 Million to 3 parties during the year. At the year-end, the outstanding balances of such loans aggregated ₹ 118.10 Million (number of parties 2) and the maximum amount involved during the year was ₹ 158.26 Million (number of parties 3).
- (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) There is no overdue amount in excess of ₹ 1 lakh remaining outstanding as at the year-end.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies

Act, 1956, according to the information and explanations given to us:

- a) The Company has taken loans aggregating ₹ 631.48 Million from 2 parties during the year. At the year-end, the outstanding balances of such loans aggregated ₹ 273.42 Million (number of parties 2) and the maximum amount involved during the year was ₹ 531.12 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 interest of the Company.
  - c) The payment of principal amounts and interest in respect of such loans are regular/as per stipulations.
- (iv) 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 for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) 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) In our opinion and having regard to our comments in paragraph (iv) above, with regard to purchase of certain items for which comparative quotes are not available, transactions made in pursuance of such contracts or arrangements, in excess of ₹ 5 lakhs in respect of any party, have been made at prices which are, prima facie, reasonable having regard to the prevailing market prices at the relevant times.
- (vi) In our opinion, the internal audit functions carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Record) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (viii) 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,



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities and there are delays in large number of cases in depositing undisputed statutory dues of income tax and service tax.

(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 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, 2014 on account of disputes are given below:

				(₹ In Million)
Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved
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
Income-tax Act, 1961	Income-tax	Commissioner Income Tax (Appeals), Mumbai	A.Y. 2010-2011	1.85
Income-tax Act, 1961	Income-tax	Commissioner Income Tax (Appeals), Mumbai	A.Y. 2011-2012	21.04
Maharashtra Value Added Tax Act, 2002 & Central Sales Tax Act, 1956	Value Added tax and Central Sales tax	Deputy Commissioner of Sales Tax	F.Y. 2005-2006	9.02
Karnataka Value Added Tax	Value Added Tax	Joint Commissioner of Commercial Taxes (Appeals)	F.Y. 2007-2008	3.31
Gujarat Value Added Tax	Value Added Tax	Gujarat Value Added Tax Tribunal	F.Y. 2006-2007	0.07
The Central Excise Act, 1944	Excise duty	Customs, Excise and Service tax Appellate Tribunal, Ahmedabad	FY 2011-12	8.64

(ix) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(x) 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. The Company has not issued any debentures.

(xi) 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.

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

(xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds

raised on short-term basis aggregating approximately ₹ 1,459.62 Million have been used for long-term investments.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares to Parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which, in our opinion, is prima facie not prejudicial to the interest of the Company.

(xv) 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's Registration No. 008072S)

**V. Srikumar**

Partner

(Membership No. 84494)

Bengaluru, May 28, 2014

# BALANCE SHEET

as at 31 March 2014

(₹ In Million)			
	Note No.	As at 31 March 2014	As at 31 March 2013
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	267.40	234.40
(b) Reserves and surplus	3	128.60	741.30
(c) Money received against share warrants	28.1	106.51	118.79
		<b>502.51</b>	<b>1,094.49</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	910.34	1,082.41
(b) Other long-term liabilities	5	-	0.50
(c) Long-term provisions	6	74.04	56.83
		<b>984.38</b>	<b>1,139.74</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	2,410.80	1,394.65
(b) Trade payables	8	1,353.80	1,459.16
(c) Other current liabilities	9	313.84	277.47
(d) Short-term provisions	10	34.78	36.00
		<b>4,113.22</b>	<b>3,167.28</b>
<b>Total</b>		<b>5,600.11</b>	<b>5,401.51</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11 A	2,086.61	1,940.96
(ii) Intangible assets	11 B	112.69	110.00
(iii) Capital work-in-progress		67.34	160.58
(iv) Intangible assets under development		43.83	54.55
(b) Non-current investments	12	650.44	545.70
(c) Deferred tax assets (net)	29.6	0.69	0.69
(d) Long-term loans and advances	13	256.15	341.42
(e) Other non-current assets	14	9.50	57.25
		<b>3,227.25</b>	<b>3,211.15</b>
<b>2 Current assets</b>			
(a) Current investments	15	0.77	1.77
(b) Inventories	16	1,012.51	826.74
(c) Trade receivables	17	796.59	701.61
(d) Cash and cash equivalents	18	191.34	310.75
(e) Short-term loans and advances	19	352.50	267.20
(f) Other current assets	20	19.15	82.29
		<b>2,372.86</b>	<b>2,190.36</b>
<b>Total</b>		<b>5,600.11</b>	<b>5,401.51</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

For and on Behalf of the Board of Directors

**V. Srikumar**

Partner

Bengaluru, May 28, 2014

**Dr. Gautam Kumar Das**

Joint Managing Director

**Dr. Gopakumar G Nair**

Director

**Preetham Hebbar**

Company Secretary

# STATEMENT OF PROFIT AND LOSS

For the year ended 31 March 2014

(₹ In Million)			
	Note No.	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>A CONTINUING OPERATIONS</b>			
<b>1 Revenue from operations (gross)</b>	21	3,598.01	2,459.04
Less: Excise duty		188.46	101.31
Revenue from operations (net)		3,409.55	2,357.73
<b>2 Other income</b>	22	52.18	23.63
<b>3 Total revenue (1 + 2)</b>		<b>3,461.73</b>	<b>2,381.36</b>
<b>4 Expenses</b>			
(a) Cost of materials consumed	23.a	1,915.44	1,336.06
(b) Purchases of stock-in-trade	23.b	53.75	59.65
(c) Changes in inventories of finished goods and work-in-progress & intermediates	23.c	(82.42)	(71.08)
(d) Employee benefits expense	24	335.48	290.96
(e) Finance costs	25	305.09	246.44
(f) Depreciation and amortisation expense	11 C	231.84	230.04
(g) Other expenses	26	1,230.93	922.95
<b>Total expenses</b>		<b>3,990.11</b>	<b>3,015.02</b>
<b>5 Profit / (Loss) before exceptional items and tax (3-4)</b>		<b>(528.38)</b>	<b>(633.66)</b>
<b>6 Exceptional items</b>	27	610.77	-
<b>7 Profit/(Loss) before tax (5 - 6)</b>		<b>(1,139.15)</b>	<b>(633.66)</b>
<b>8 Tax expense:</b>			
(a) Current tax expense		-	-
(b) Deferred tax charge / (credit)		-	(83.10)
		-	(83.10)
<b>9 Profit/(Loss) from continuing operations (7 - 8)</b>		<b>(1,139.15)</b>	<b>(550.56)</b>
<b>B DISCONTINUING OPERATIONS</b>	29.9		
<b>10 Profit / (Loss) from discontinuing operations (before tax)</b>		(5.01)	5.55
<b>11 Tax expense of discontinuing operations:</b>			
(a) Current tax expense		-	-
(b) Deferred tax charge / (credit)		-	-
		-	-
<b>12 Profit / (Loss) from discontinuing operations (10 - 11)</b>		<b>(5.01)</b>	<b>5.55</b>
<b>C TOTAL OPERATIONS</b>			
<b>13 Profit / (Loss) for the year (9 + 12)</b>		<b>(1,144.16)</b>	<b>(545.01)</b>
<b>14 Earnings per share (of ₹ 10 each):</b>			
Basic and Diluted	29.5		
(a) Continuing operations		(44.09)	(24.26)
(b) Total operations		(44.28)	(24.01)

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

For and on Behalf of the Board of Directors

**V. Srikumar**

Partner

Bengaluru, May 28, 2014

**Dr. Gautam Kumar Das**

Joint Managing Director

**Dr. Gopakumar G Nair**

Director

**Preetham Hebbar**

Company Secretary

# CASH FLOW STATEMENT

For the Year ended 31 March 2014

	(₹ In Million)	
	Year ended 31 March 2014	Year ended 31 March 2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax</b>	<b>(1,144.16)</b>	<b>(628.11)</b>
<b>ADJUSTMENTS FOR:</b>		
Depreciation and amortisation	271.26	267.43
Intangible/Fixed assets written off	23.38	1.79
Bad trade receivables written off	1.09	20.68
Bad loans and advances written off	229.85	4.75
Provision for doubtful trade receivables	11.82	19.30
Provision for doubtful loans and advances	80.55	40.61
Unrealised forex loss/(gain) (net)	(5.32)	(19.99)
Provision for diminution in investment	159.60	9.08
Encashment of bank guarantee	243.44	-
Interest expenses	364.28	290.02
Interest income	(15.85)	(18.03)
Profit on sale of investment	(0.11)	(0.09)
Profit on sale of fixed assets (net)	(16.12)	(4.16)
Compensation under ESOP scheme	17.08	-
Sundry balances written back (net)	(2.98)	(0.99)
<b>Operating profit before working capital changes</b>	<b>217.81</b>	<b>(17.71)</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade and other receivables	(196.56)	(74.18)
(Increase)/decrease in inventories	(185.77)	(195.66)
Increase/(decrease) in trade and other payables	(355.38)	222.27
Increase/(decrease) margin money and unpaid dividend accounts	99.76	(66.52)
<b>Net change in working capital</b>	<b>(637.95)</b>	<b>(114.09)</b>
<b>Cash generated from operations</b>	<b>(420.14)</b>	<b>(131.80)</b>
Direct taxes (paid)/Refund	(3.53)	4.77
<b>Net cash generated from operating activities</b> <b>A</b>	<b>(423.67)</b>	<b>(127.03)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(394.83)	(300.31)
Proceeds from sale of fixed assets	42.63	21.92
Investment in subsidiaries / Joint ventures/Associates	(264.34)	(166.64)
Proceeds from sale of Current investments	1.11	1.09
Loan given to affiliates and others (net)	(8.37)	111.71
Interest received	15.57	19.37
<b>Net cash generated from investing activities</b> <b>B</b>	<b>(608.23)</b>	<b>(312.86)</b>

# CASH FLOW STATEMENT

For the Year ended 31 March 2014

	(₹ In Million)	
	Year ended 31 March 2014	Year ended 31 March 2013
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings (net)	1,016.15	413.65
Proceeds from / (repayment of) long term borrowings (net)	(85.70)	(105.93)
Proceeds from issue of shares	428.59	253.58
Proceeds from issue of warrants	106.51	118.79
Interest paid on borrowings	(390.00)	(291.94)
<b>Net cash generated from financing activities</b>	<b>1,075.55</b>	<b>388.15</b>
<b>Net increase/(decrease) in cash and cash equivalents during the year</b>	<b>43.65</b>	<b>(51.74)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>21.14</b>	<b>72.88</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>64.79</b>	<b>21.14</b>
<b>Reconciliation of cash and cash equivalents with the Balance sheet</b>		
Reconciliation of cash and cash equivalents as per Balance Sheet (Refer Note 18)	<b>191.34</b>	<b>310.75</b>
Less: Balances not considered as cash and cash equivalents as defined in AS 3 "Cash Flow Statements"		
- Margin money deposits	51.43	151.19
- Balance in unpaid dividend accounts	0.12	0.12
- Balance held in earmarked accounts(Refer Note 18(i))	75.00	138.30
<b>Net Cash and cash equivalents at the end of the year</b>	<b>64.79</b>	<b>21.14</b>

**Note:**

The cash flow statement reflects the combined cash flows pertaining to continuing and discontinuing operations.  
See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

For and on Behalf of the Board of Directors

**V. Srikumar**

Partner

Bengaluru, May 28, 2014

**Dr. Gautam Kumar Das**

Joint Managing Director

**Dr. Gopakumar G Nair**

Director

**Preetham Hebbar**

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 SeQuent Scientific Limited (the Company) have been prepared, in accordance with Generally Accepted Accounting principles in India (Indian GAAP), to comply with the Accounting Standards notified under Sec.211 (3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) except for certain assets and liabilities which are measured on fair value basis as permitted by the Scheme of Arrangement approved by the Honourable 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.

#### 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 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 : 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 ₹ 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 recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- in the case of an individual asset, at the higher of the net selling price and value in use.
- 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 recognise 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.



# NOTES

## forming part of the financial statements

### 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 realisable value. Cost is determined on First in First out basis as follows:

- (i) Raw materials, packing materials and consumables At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition
- (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 recognised on the basis of the shipping bills for exports. Revenue from domestic sales is recognised 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 recognised, 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

Short term employee benefits like provident fund, medical, leave travel, employee state insurance scheme etc. are accrued based on the terms of employment when services are rendered by the employees and charged as an expense to the statement of profit and loss.

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 carried out at the end of financial year.

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 unrecognised 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.

### 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.

#### 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, monetary assets and monetary liabilities, 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 recognised 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 for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

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 tax in future years. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and asset can be measured reliably.

# NOTES

## forming part of the financial statements

### 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 closing market price of the shares underlying the options granted on the date of grant of option and the option price is expensed under employee benefit expenses over the vesting period.

### 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 recognised 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 at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Contingent liabilities are not recognised 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. Management believes that the estimates used in preparation of financial statement are prudent and reasonable. Actual results could differ from those estimates and the estimates are recognised in the period in which the results are known/materialise.

### 1.18 Segment

Segments have been identified taking into account the nature of services, the differing risks and returns, the organisational 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 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

	As at 31 March 2014		As at 31 March 2013	
	No. of Shares	₹ In Million	No. of Shares	₹ In Million
<b>NOTE 2 SHARE CAPITAL</b>				
<b>(a) Authorised</b>				
32,000,000 equity shares of ₹ 10 each	32,000,000	320.00	32,000,000	320.00
<b>(b) Issued</b>				
27,335,191 equity shares of ₹ 10 each	27,335,191	273.35	24,035,191	240.35
<b>(c) Subscribed and fully paid up</b>				
27,335,191 equity shares of ₹ 10 each	27,335,191	273.35	24,035,191	240.35
Less: Amount receivable from SeQuent Scientific Employee Stock Option Scheme Trust (Being Face Value of 700,000 Equity Shares of ₹ 10 each allotted to the trust)		5.95		5.95
<b>Total</b>		<b>267.40</b>		<b>234.40</b>

# NOTES

forming part of the financial statements

## 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 2014		As at 31 March 2013	
	No. of Shares	₹ In Million	No. of Shares	₹ In Million
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	24,035,191	240.35	21,935,191	219.35
Add: Shares issued during the year (Refer note (a) below)	3,300,000	33.00	2,100,000	21.00
Shares outstanding at the end of the year	<b>27,335,191</b>	<b>273.35</b>	<b>24,035,191</b>	<b>240.35</b>

## Note:

- a) Conversion of 2,750,000 warrants issued during the year 2012-13 on preferential basis at a conversion price of ₹ 172.00 per equity share of the company as approved in the Extra Ordinary General Meeting dated 20 March 2013 and 550,000 warrants issued during the year 2013-14 on preferential basis at a conversion price of ₹ 135.25 per equity share of the company as approved in the Extra Ordinary General Meeting dated 14 January 2014.  
(During the previous year conversion of 2,100,000 warrants issued on preferential basis at a conversion price of ₹ 120.75 per equity share of the company as approved in the Annual General Meeting dated 26 September 2012).

- (ii) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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 recognised as distributions to equity shareholders is Nil (31 March 2013 : ₹ Nil)

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

Equity Shares	As at 31 March 2014		As at 31 March 2013		
	Name of the shareholder	No. of shares held	% of holding	No. of shares held	% of holding
	K R Ravishankar	5,579,986	20.41%	5,579,986	23.22%
	Arun Kumar Pillai	5,579,993	20.41%	5,579,993	23.22%
	Primera Partners Pte. Ltd	3,183,871	11.65%	3,183,871	13.25%
	Agnus Capital LLP	2,425,000	8.87%	-	-
	Chayadeep Ventures LLP	2,425,000	8.87%	-	-
	Satpal Khattar	1,699,018	6.22%	1,699,018	7.07%

- (iv) 700,000 shares (As at 31 March, 2013 700,000 shares) of ₹ 10 each are reserved towards outstanding employee stock options granted / available for grant. (Refer Note 30)

- (v) As at 31 March 2014 3,150,000 warrants (31 March 2013: 2,750,000) of ₹ 10 each are outstanding to be converted into equivalent number of share. (Refer Note 28.1)

	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 3 RESERVES AND SURPLUS</b>		
<b>(a) Capital reserve</b>		
Opening balance	10.65	10.65
<b>Closing balance</b>	<b>10.65</b>	<b>10.65</b>
<b>(b) Securities premium account</b>		
Opening balance	745.98	513.40
Add: Premium on shares issued during the year	514.38	232.58
<b>Closing balance</b>	<b>1,260.36</b>	<b>745.98</b>
<b>(c) Share options outstanding account</b>		
Opening balance	-	-
Add: Amounts recorded on grants during the year	46.98	-
Less: Deferred stock compensation expense	(29.90)	-
<b>Closing balance</b>	<b>17.08</b>	<b>-</b>
<b>(d) General reserve balance</b>	<b>144.44</b>	<b>144.44</b>
<b>(e) Surplus/(Deficit) in statement of profit and loss</b>		
Opening balance	(159.77)	385.24
Add: Profit / (Loss) for the year	(1,144.16)	(545.01)
<b>Closing balance</b>	<b>(1,303.93)</b>	<b>(159.77)</b>
<b>Total</b>	<b>128.60</b>	<b>741.30</b>

	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 4 LONG-TERM BORROWINGS</b>		
<b>Term loans</b>		
From banks		
Secured	236.17	227.35
	<b>236.17</b>	<b>227.35</b>
From other parties		
Secured	668.57	847.86
Unsecured	5.60	7.20
	<b>674.17</b>	<b>855.06</b>
<b>Total</b>	<b>910.34</b>	<b>1,082.41</b>

# NOTES

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## 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:

Particulars	Security	Terms of repayment	(₹ In Million)			
			As at 31 March 2014		As at 31 March 2013	
			Secured	Unsecured	Secured	Unsecured
<b>Term loans from banks:</b>						
Indian Overseas 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 22 quarterly Installments, commencing from December 2012.	236.17	-	227.28	-
Central Bank of India	Vehicle loan is secured by hypothecation of asset acquired thereunder.	Repayable in 24 equated monthly Installments.	-	-	0.07	-
<b>Total - Term loans from banks</b>			<b>236.17</b>	<b>-</b>	<b>227.35</b>	<b>-</b>

Particulars	Security	Terms of repayment	(₹ In Million)			
			As at 31 March 2014		As at 31 March 2013	
			Secured	Unsecured	Secured	Unsecured
<b>Term loans from other parties:</b>						
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 quarterly Installments, commencing from March 2012	620.00	-	785.00	-
Housing Development Finance Corporation Limited	Mortgage of Company's property at Thane (West), Mumbai.	Repayable in 28 quarterly Installments, commencing from July 2012	48.57	-	62.86	-
Department of Scientific and Industrial Research	Unsecured	Repayable annually over a period of five years from Mar'12 & Mar'13	-	5.60	-	7.20
<b>Total - Term loans from other parties</b>			<b>668.57</b>	<b>5.60</b>	<b>847.86</b>	<b>7.20</b>

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 2014 the interest rates ranges from 5% to 13.35% per annum.

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

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Term loans from banks	236.17	227.35
Term loans from other parties	668.57	847.86

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

Particulars	As at 31 March 2014		As at 31 March 2013	
	Period of default	₹ In Million	Period of default	₹ In Million
Term loans from other parties				
Principal	91 days	5.25	36 days	5.28
Interest	91 days	0.76	36 days	0.48

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

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(₹ In Million)		
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 5 OTHER LONG-TERM LIABILITIES</b>		
Security deposits received	-	0.50
<b>Total</b>	<b>-</b>	<b>0.50</b>

(₹ In Million)		
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 6 LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
(i) Provision for gratuity (net)	49.65	38.25
(ii) Provision for compensated absences	24.39	18.58
<b>Total</b>	<b>74.04</b>	<b>56.83</b>

(₹ In Million)		
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 7 SHORT-TERM BORROWINGS</b>		
(a) Loans repayable on demand		
From banks		
Secured (Refer note (ii) below)	728.45	1,044.84
Unsecured (Refer note (iv) below)	1,200.00	-
(b) Loans from related parties		
Unsecured	482.35	349.81
<b>Total</b>	<b>2,410.80</b>	<b>1,394.65</b>

- (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 ₹ 728.45 million (31 March 2013 ₹ 1,044.84 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.
- (iv) Unsecured short-term borrowings of ₹ 1,200 million (31 March 2013 ₹ Nil) are secured against securities provided by entities owned by Promoters.

(₹ In Million)		
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 8 TRADE PAYABLES</b>		
Trade payable	1,353.80	1,459.16
<b>Total</b>	<b>1,353.80</b>	<b>1,459.16</b>

(₹ In Million)		
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 9 OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long-term debt (Refer note (i) below)	176.75	174.74
(b) Interest accrued and not due on borrowings	2.14	13.33
(c) Other payables		
(i) Statutory remittances	47.22	47.32
(ii) Payables on purchase of fixed assets	59.91	18.06
(iii) Advances from customers	14.75	16.75
(iv) Unclaimed dividends	0.12	0.12
(v) Other current liabilities	12.95	7.15
<b>Total</b>	<b>313.84</b>	<b>277.47</b>
<b>Note:</b>		
(i) Current maturities of long-term debt (Refer Notes (i) and (ii) in Note 4 - Long-term borrowings for details of security and guarantee):		
<b>Particulars</b>		
Term loans		
From banks		
Secured	0.04	0.36
Unsecured	12.88	-
From other parties	12.92	0.36
Secured	161.43	171.98
Unsecured	2.40	2.40
<b>Total</b>	<b>163.83</b>	<b>174.38</b>
<b>Total</b>	<b>176.75</b>	<b>174.74</b>

(₹ In Million)		
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 10 SHORT-TERM PROVISIONS</b>		
<b>(a) Provision for employee benefits</b>		
Provision for compensated absences	6.03	7.25
	<b>6.03</b>	<b>7.25</b>
<b>(b) Provision - Others</b>		
Provision for tax (net of advance tax ₹ 30.99 Million as at 31st March 2013 is ₹ 30.99 Million)	28.75	28.75
	<b>28.75</b>	<b>28.75</b>
<b>Total</b>	<b>34.78</b>	<b>36.00</b>



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Particulars	Gross block					Accumulated depreciation			Net block		
	Balance as on 01 April 2013	Additions	Effect of foreign currency exchange differences	Borrowing cost capitalised	Deletions	Balance as on 31 March 2014	Balance as on 01 April 2013	Depreciation / amortisation expense for the year	Deletions	Balance as on 31 March 2014	Balance as at 31 March 2013
<b>NOTE 11 A TANGIBLE ASSETS</b>											
<b>Own assets</b>											
Free hold land	81.82	100.84	-	-	-	182.66	-	-	-	182.66	81.82
Lease hold land	339.85	1.55	-	-	-	341.40	18.41	4.74	-	318.25	321.44
Land development	0.78	-	-	-	-	0.78	-	0.06	-	0.72	0.78
Lease hold property-development	15.08	-	0.01	-	13.93	1.16	6.07	1.36	6.74	0.47	9.01
Building	648.01	52.20	2.42	5.79	13.59	694.83	115.35	26.42	1.52	554.58	532.66
Furniture and fixtures	33.20	3.74	0.13	-	10.67	26.40	9.97	2.36	3.52	17.59	23.23
Office equipment and computers	27.49	5.47	0.15	-	2.93	30.18	14.97	2.39	2.18	15.00	12.52
Plant and machinery	1,590.27	203.97	10.58	14.08	50.44	1,768.46	635.52	176.65	36.76	993.05	954.75
Vehicles	13.59	0.47	0.05	-	0.78	13.33	8.84	0.76	0.56	4.29	4.75
<b>Total</b>	<b>2,750.09</b>	<b>368.24</b>	<b>13.34</b>	<b>19.87</b>	<b>92.34</b>	<b>3,059.20</b>	<b>809.13</b>	<b>214.74</b>	<b>51.28</b>	<b>972.59</b>	<b>1,940.96</b>
<b>Previous year</b>	<b>2,601.42</b>	<b>151.77</b>	<b>15.05</b>	<b>11.25</b>	<b>29.40</b>	<b>2,750.09</b>	<b>615.33</b>	<b>204.23</b>	<b>10.43</b>	<b>1,940.96</b>	<b>1,986.09</b>

Particulars	Gross block					Accumulated depreciation			Net block		
	Balance as on 01 April 2013	Additions (refer note 28.1)	Effect of foreign currency exchange differences	Borrowing cost capitalised	Deletions	Balance as on 31 March 2014	Balance as on 01 April 2013	Depreciation / amortisation expense for the year	Deletions	Balance as on 31 March 2014	Balance as at 31 March 2013
<b>NOTE 11 B INTANGIBLE ASSETS</b>											
<b>Internally generated</b>											
Product process development	241.36	60.78	-	-	-	302.14	135.95	55.51	-	191.46	105.41
<b>Others</b>											
Software	21.72	0.23	0.01	-	-	21.96	17.13	2.82	-	19.95	4.59
<b>Total</b>	<b>263.08</b>	<b>61.01</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>324.10</b>	<b>153.08</b>	<b>58.33</b>	<b>-</b>	<b>211.41</b>	<b>110.00</b>
<b>Previous year</b>	<b>162.98</b>	<b>99.68</b>	<b>0.42</b>	<b>-</b>	<b>-</b>	<b>263.08</b>	<b>86.19</b>	<b>66.89</b>	<b>-</b>	<b>110.00</b>	<b>76.79</b>

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	(₹ In Million)	
	Year ended 31 March 2014	Year ended 31 March 2013
<b>NOTE 11 C DEPRECIATION AND AMORTISATION</b>		
Depreciation and amortisation for the year on tangible assets as per Note 11 A	214.74	204.23
Depreciation and amortisation for the year on intangible assets as per Note 11 B	58.33	66.89
Less: Depreciation and amortisation relating to discontinuing operations (Refer Note 29.9)	39.42	37.39
Less: Depreciation capitalised for intangible assets developed	1.81	3.69
Depreciation and amortisation	<b>231.84</b>	<b>230.04</b>

	(₹ In Million)			
	Year ended			
	31 March 2014	31 March 2013	31 March 2012	31 March 2011
<b>NOTE 11 D DETAILS OF SUMS ADDED TO ASSETS ON REVALUATION DURING THE PRECEDING 5 YEARS:</b>				
Opening balance				
Leasehold land	295.84	299.65	303.46	-
Buildings	115.92	120.88	125.84	-
	<b>411.76</b>	<b>420.53</b>	<b>429.30</b>	-
Added on revaluation				
Leasehold land	-	-	-	305.08
Buildings	-	-	-	128.32
	-	-	-	433.40
Date				1 October 2009
Amount				433.40
Balance as at 31 March (Net Block)				
Leasehold land	292.03	295.84	299.65	303.46
Buildings	110.96	115.92	120.88	125.84
	<b>402.99</b>	<b>411.76</b>	<b>420.53</b>	<b>429.30</b>

	(₹ In Million)	
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 12 NON-CURRENT INVESTMENTS</b>		
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>UNQUOTED EQUITY INSTRUMENTS</b>		
<b>A Investment In Equity Instruments Of Subsidiaries</b>		
i) SeQuent Global Holdings Limited	9.08	9.08
185,108 (31 March 2013: 185,108) Equity Shares of USD 1 each fully paid-up		

	(₹ In Million)	
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 12 NON-CURRENT INVESTMENTS (CONTD.)</b>		
Less: Provision for other than temporary diminution in value	9.08	9.08
	-	-
ii) SeQuent Research Limited	142.09	142.09
4,410,000 (31 March 2013: 4,410,000) Equity Shares of ₹ 10 each fully paid-up		
iii) Galenica B.V.	4.92	4.92
47,935 (31 March 2013: 47,935) Equity Shares of Euro 1 each fully paid-up		
Less: Provision for other than temporary diminution in value	4.92	4.92
	-	-
iv) SeQuent Antibiotics Private Limited	0.10	0.10
10,000 (31 March 2013: 10,000) Equity Shares of ₹ 10 each fully paid-up		
v) SeQuent Oncolytics Private Limited	0.10	0.10
9,999 (31 March 2013: 9,999) Equity Shares of ₹ 10 each fully paid-up		
vi) Elysian Life Sciences Private Limited	0.10	0.10
10,000 (31 March 2013: 10,000) Equity Shares of ₹ 10 each fully paid-up		
Less: Provision for other than temporary diminution in value	0.10	-
	-	0.10
vii) Elysian Life Sciences Mauritius Limited	63.97	0.10
1,016,000 (31 March 2013: 2,000) Equity Shares of USD 1 each fully paid-up		
Less: Provision for other than temporary diminution in value	63.97	-
	-	0.10
viii) SeQuent Penems Private Limited	402.83	238.09
8,076,653 (31 March 2013: 4,781,712) shares of ₹ 10 each fully paid-up		
Less: Provision for other than temporary diminution in value	95.55	-
	<b>307.28</b>	<b>238.09</b>
ix) SeQuent Penems Private Limited (Refer note (i) below)	-	164.75

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(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 12 NON-CURRENT INVESTMENTS (CONTD.)</b>		
Share application pending allotment		
x) Alivira Animal Health Ltd	200.50	-
20,050,000 (31 March 2013: NIL) shares of ₹ 10 each fully paid-up		
	<b>650.07</b>	<b>545.33</b>
<b>B Other investments</b>		
i) Panoli Enviro Tech Ltd.	0.24	0.24
23,700 (31 March 2013: 23,700) Equity Shares of ₹ 10 each fully paid-up		
ii) Ambarnath Chemical Manufacturers	0.01	0.01
1,000 (31 March 2013: 1,000) Equity Shares of ₹ 10 each fully paid-up		
iii) Tarapur Industrial Manufacturers	0.04	0.04
2,000 (31 March 2013: 2,000) Equity Shares of ₹ 10 each fully paid-up		
	<b>0.29</b>	<b>0.29</b>
<b>C Other Non current Investments</b>		
Investment in government securities		
i) National Saving Certificate	0.02	0.02
ii) NSC VIII Issue - Tarapur	0.06	0.06
	<b>0.08</b>	<b>0.08</b>
<b>Total (A + B + C)</b>	<b>650.45</b>	<b>545.70</b>
Aggregate amount of unquoted investments	824.06	559.70
Aggregate provision for diminution in value of investments	173.62	14.00

**Note:**

- (i) Trade investment in equity instruments includes ₹ Nil (31 March 2013 ₹ 164.75 million) investment made in SeQuent Penems Private Limited, for which shares are pending for allotment.

(₹ In Million)		
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 13 LONG-TERM LOANS AND ADVANCES</b>		
<b>A Unsecured, considered good</b>		
(a) Capital advances	121.75	29.57
(b) Security deposits	32.55	106.35
(c) Security deposits to related parties (Refer note 29.2)	2.27	30.19
(d) Loans and advances to related party (Refer note 29.2)	-	77.73
(e) Advance income tax (net of provisions ₹ 112.95 million (As at 31 March, 2013 ₹ 112.95 million))	19.50	15.97

(₹ In Million)		
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 13 LONG-TERM LOANS AND ADVANCES</b>		
(f) MAT credit entitlement	72.96	72.96
(g) Prepaid expenses	7.12	8.65
<b>Total</b>	<b>256.15</b>	<b>341.42</b>
<b>B Unsecured, considered doubtful</b>		
Loans and advances to related party (Refer note 29.2)	-	31.00
Less: Provision for doubtful loans and advances (Refer note 29.2)	-	31.00
	-	-
<b>Note:</b>		
Long-term loans and advances include amounts due from:		
Deesha Properties	-	12.80
Atma Projects	-	17.39
	-	<b>30.19</b>

(₹ In Million)		
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 14 OTHER NON-CURRENT ASSETS</b>		
<b>(Unsecured, considered good)</b>		
(a) Long term trade receivables (Refer note 29.2)	-	35.88
(b) Margin money deposits	9.50	4.37
(c) Debts due from related parties (Refer note 29.2)	-	17.00
<b>Total</b>	<b>9.50</b>	<b>57.25</b>
<b>Note:</b>		
Other non-current assets include debts due from:		
SeQuent Penems Private Limited	-	52.88

(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 15 CURRENT INVESTMENTS</b>		
<b>Current investments (valued at lower of cost and estimated net realisable value)</b>		
<b>A QUOTED EQUITY INSTRUMENTS</b>		
i) Agroducth Industries Limited	0.34	0.34
36,250 (31 March 2013: 36,250) Equity Shares of ₹ 10 each fully paid-up		
ii) Transchem Limited	0.43	0.43

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(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 15 CURRENT INVESTMENTS (CONTD.)</b>		
32,500 (31 March 2013: 32,500) Equity Shares of ₹ 10 each fully paid-up		
iii) N B Footware Limited	-	-
100,000 (31 March 2013: 100,000) Equity Shares of ₹ 10 each fully paid-up		
iv) Nath Seed Limited	-	-
18,270 (31 March 2013: 18,270) Equity Shares of ₹ 10 each fully paid-up		
<b>B CURRENT INVESTMENTS (VALUED AT LOWER OF COST AND FAIR VALUE)</b>		
Unquoted equity instruments		
i) Aditya Investment & Communication Limited	-	-
58,800 (31 March 2013: 58,800) shares of ₹ 10 each fully paid-up		
ii) Agrotech India Limited	-	-
6,300 (31 March 2013: 6,300) Equity Shares of ₹ 10 each fully paid-up		
iii) Nath Bio Genes (I) Limited	-	-
6,930 (31 March 2013: 6,930) Equity Shares of ₹ 10 each fully paid-up		
<b>C UNQUOTED MUTUAL FUNDS</b>		
Nil (31 March 2013: 200,000) units of ₹ 10 each fully paid-up of SBI Mutual Fund	-	1.00
<b>Total</b>	<b>0.77</b>	<b>1.77</b>
Aggregate amount of quoted investments:	0.77	0.77
Market value: ₹ 1.35 million (31 March 2013: ₹ 1.57 million)		
Aggregate amount of unquoted investments	-	1.00

(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 16 INVENTORIES</b>		
<b>(At lower of cost and net realisable value)</b>		
(a) Raw materials and packing materials	265.90	207.10
Goods-in transit	84.55	90.04
	<b>350.45</b>	<b>297.14</b>
(b) Work-in-progress and intermediates (Refer note (i) below)	<b>320.62</b>	<b>232.85</b>
(c) Finished goods	262.79	243.02
Goods-in transit	74.32	49.71
	<b>337.11</b>	<b>292.73</b>
(d) Fuel	4.33	4.02
<b>Total</b>	<b>1,012.51</b>	<b>826.74</b>

(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 16 INVENTORIES (CONTD.)</b>		
Note:		
<b>(i) Details of inventory of work-in-progress and intermediates:</b>		
Bulk drugs	304.84	214.27
Formulations	0.87	2.50
Speciality chemicals	14.91	16.08
<b>Total</b>	<b>320.62</b>	<b>232.85</b>

(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 17 TRADE RECEIVABLES</b>		
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	11.59	20.36
Unsecured, considered doubtful	29.82	18.96
	<b>41.41</b>	<b>39.32</b>
Less: Provision for doubtful debts	29.82	18.96
	<b>11.59</b>	<b>20.36</b>
(b) Other trade receivables		
Unsecured, considered good	785.00	681.25
Unsecured, considered doubtful	1.69	0.73
	<b>786.69</b>	<b>681.98</b>
Less: Provision for doubtful debts	1.69	0.73
	<b>785.00</b>	<b>681.25</b>
<b>Total</b>	<b>796.59</b>	<b>701.61</b>

(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 18 CASH AND CASH EQUIVALENTS</b>		
(a) Cash on hand	0.61	0.88
(b) Cheques, drafts on hand	4.31	1.99
(c) Balances with banks		
In current accounts (Refer note (i) below)	134.02	154.84
In EEFC accounts	0.85	1.73
In earmarked accounts		
- Unpaid dividend accounts	0.12	0.12
- Margin money deposits (Refer note (ii) below)	51.43	151.19
<b>Total</b>	<b>191.34</b>	<b>310.75</b>

**Note:**

- (i) Balance with banks in current account includes ₹ 75.00 million (31 March 2013 ₹ 138.30 million) which has restrictions on utilisation of funds for capital projects.
- (ii) Balances in margin money deposits are held as security against borrowings, guarantees and other commitments.

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(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 19 SHORT-TERM LOANS AND ADVANCES</b>		
<b>A Unsecured, considered good</b>		
(a) Loans and advances to related parties (Refer note 29.2)	7.19	1.64
(b) Advances to suppliers	22.74	34.60
(c) Security deposits to related parties (Refer note below)	26.10	-
(d) Advances to employees	1.37	0.45
(e) Loans and advances to others	0.11	4.78
(f) Balances with government authorities	274.69	210.92
(g) Prepaid expenses	20.30	14.81
	<b>352.50</b>	<b>267.20</b>
<b>B Unsecured, considered doubtful</b>		
(a) Loans and advances to related parties (Refer note 29.2)	111.55	-
(b) Loans and advances to others	9.61	9.61
	<b>121.16</b>	<b>9.61</b>
Less: Provision for doubtful advances	121.16	9.61
<b>Total</b>	<b>352.50</b>	<b>267.20</b>
<b>Note :</b>		
<b>Long-term loans and advances include amounts due from:</b>		
Deesha Properties	8.71	-
Atma Projects	17.39	-
	<b>26.10</b>	<b>-</b>

(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 20 OTHER CURRENT ASSETS</b>		
(a) Debts due from related parties (Refer note 29.2)	0.11	37.19
(b) Interest accrued on deposits	3.54	3.26
(c) Claims receivable	13.87	41.84
(d) Receivables on sale of fixed assets	1.63	-
<b>Total</b>	<b>19.15</b>	<b>82.29</b>

(₹ In Million)		
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 21 REVENUE FROM OPERATIONS</b>		
(a) Sale of products (Refer Note (i) below)	3,579.20	2,455.47
(b) Other operating revenues (Refer Note (ii) below)	18.81	3.57
	<b>3,598.01</b>	<b>2,459.04</b>
Less: Excise Duty	188.46	101.31

(₹ In Million)		
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 21 REVENUE FROM OPERATIONS (CONTD.)</b>		
<b>Total</b>	<b>3,409.55</b>	<b>2,357.73</b>
<b>(i) Sale of products comprises:</b>		
(a) Manufactured goods		
Bulk drugs	3,337.63	2,296.05
<b>Total - Sale of manufactured goods</b>	<b>3,337.63</b>	<b>2,296.05</b>
(b) Traded goods		
Bulk drugs	-	0.09
Chemicals	53.11	58.02
<b>Total - Sale of traded goods</b>	<b>53.11</b>	<b>58.11</b>
Add: Excise duty	188.46	101.31
<b>Total - Sale of products</b>	<b>3,579.20</b>	<b>2,455.47</b>
<b>(ii) Other operating revenues comprises:</b>		
Sale of scrap	3.70	1.08
Sale of Import Licences	7.86	-
Duty drawback and other export incentives	7.25	2.49
<b>Total - Other operating revenues</b>	<b>18.81</b>	<b>3.57</b>

(₹ In Million)		
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 22 OTHER INCOME</b>		
(a) Interest income (Refer note (i) below)	15.85	17.67
(b) Net gain on sale of investments	-	-
Current investments	0.11	0.09
(c) Profit on sale of fixed assets (net)	16.12	4.16
(d) Other non-operating income (Refer note (ii) below)	20.10	1.71
<b>Total</b>	<b>52.18</b>	<b>23.63</b>
<b>(i) Interest income comprises:</b>		
Interest from banks on:		
deposits	6.65	4.65
Interest on loans and advances subsidiaries	8.31	11.13
others	0.89	1.89
<b>Total - Interest income</b>	<b>15.85</b>	<b>17.67</b>
<b>(ii) Other non-operating income comprises:</b>		
Insurance claim received	0.70	0.35
Liabilities / provisions no longer required written back	2.98	0.08
Reimbursement of expenses	16.42	-
Miscellaneous Income	-	1.28
	<b>20.10</b>	<b>1.71</b>

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	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 23 A. COST OF MATERIALS CONSUMED</b>		
Opening stock	252.07	179.40
Add: Purchases	1,962.74	1,408.73
Less: Closing stock	299.37	252.07
<b>Cost of materials consumed</b>	<b>1,915.44</b>	<b>1,336.06</b>
<b>Materials consumed comprises:</b>		
Solvents	500.79	314.86
Chemicals	1,414.65	1,021.20
<b>Total</b>	<b>1,915.44</b>	<b>1,336.06</b>

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 23 B. PURCHASES OF STOCK-IN-TRADE</b>		
Purchases of stock-in-trade	53.75	59.65
<b>Total</b>	<b>53.75</b>	<b>59.65</b>
<b>Purchases of stock-in-trade comprises:</b>		
Bulk drugs	-	0.04
Chemicals	53.75	59.61
<b>Total</b>	<b>53.75</b>	<b>59.65</b>

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 23.C CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS &amp; INTERMEDIATES</b>		
<b>Opening stock</b>		
Work-in-progress and intermediates	214.27	174.62
Finished goods	228.94	197.51
	<b>443.21</b>	<b>372.13</b>
<b>Closing stock</b>		
Work-in-progress and intermediates	304.84	214.27
Finished goods	220.79	228.94
	<b>525.63</b>	<b>443.21</b>
<b>Net (increase) / decrease</b>	<b>(82.42)</b>	<b>(71.08)</b>

Note: The stocks amount disclosed in Note 23 above excludes the items pertaining to discontinuing operations.

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 24 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	282.40	259.90
Contributions to provident fund and other funds	20.62	16.69
Expense on employee stock option scheme	17.08	-
Staff welfare expenses	15.38	14.37
<b>Total</b>	<b>335.48</b>	<b>290.96</b>

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 25 FINANCE COSTS</b>		
Interest expense on borrowings	281.98	216.01
Other borrowing costs	23.11	30.43
<b>Total</b>	<b>305.09</b>	<b>246.44</b>

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 26 OTHER EXPENSES</b>		
Power, water and fuel	217.71	179.82
Consumables	54.06	30.61
Conversion and processing charges	174.91	117.75
Contract labour charges	115.20	85.77
Freight and forwarding	52.30	47.50
Rent	30.11	27.27
Rates and taxes	17.30	6.52
Communication expenses	8.37	7.66
Repairs and maintenance		
Building	12.44	10.56
Machinery	46.56	39.61
Others	34.49	25.28
Insurance	8.51	5.96
Travelling and conveyance	25.39	21.01
Advertisement and selling expenses	9.53	6.28
Commission on sales	17.20	16.54
Legal and professional fees	61.23	27.73
Payments to auditors (Refer Note (i) below)	3.89	5.58
Analytical charges	58.65	33.67
Bad trade receivables written off	1.09	20.68
Bad loans and advances written off	22.02	4.75
Provision for doubtful trade receivables	0.25	11.78
Provision for doubtful loans and advances	80.55	40.61
Provision for diminution in investment	0.10	9.08
Intangible assets written off	-	0.58
Provision for Intangible assets under development	8.83	-
Fixed assets written off	14.40	-
Net loss on foreign currency transactions and translation	101.18	85.33
Increase/(Decrease) of excise duty on finished goods	(0.65)	7.43
Other expenses	55.31	47.59
<b>Total</b>	<b>1,230.93</b>	<b>922.95</b>
<b>Notes:</b>		
(i) Payments to the auditors comprises (net of service tax):		
(a) As auditors - statutory audit (including fees for undertaking Limited reviews)	3.00	3.00
Fee for certification and other services	0.63	2.38
Reimbursement of expenses	0.12	0.07
(b) Payment to cost auditor	0.14	0.13
	<b>3.89</b>	<b>5.58</b>



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	(₹ In Million)	
	Year Ended31 March 2014	Year Ended31 March 2013
<b>NOTE 27 EXCEPTIONAL ITEMS</b>		
Diminution in investment in subsidiaries (refer note (i) below)	159.50	-
Bad advances and receivables written off (refer note (i) below)	207.83	-
Encashment of bank guarantee (refer note (i) below)	243.44	-
<b>Total</b>	<b>610.77</b>	<b>-</b>
<b>Note:</b>		
<b>(i) Exceptional Items consists of:</b>		
a. Sequent had developed certain non-infringing technologies/IPs in the complex area of Penems. However, the implementation of project got delayed due to delays in environmental approval from Government of India. Further, post the change of control of our key customer for the business, the Company is uncertain of their continued interest in the project. Given the significant additional investments involved to complete the project, the Company has decided to discontinue the project and write-down the related cost and investments.		
Diminution in investment	95.53	-
Bad advances and receivables written off	157.83	-
Encashment of bank guarantee	228.65	-
b. The Company had given corporate guarantees to Triodos Sustainable Trade Fund (the Fund) towards credit facilities availed by its stepdown subsidiaries (Vedic Fanxipang Pharma Chemic Company Ltd and Elysian Life Sciences Mauritius Ltd) amounting to USD 1.30 Million and USD 2.20 Million respectively. On account of default, the same have been encashed by said fund and the balances outstanding amount of USD 0.23 Million (₹ 14.79 Million) and USD 1.01 Million (₹ 63.97 Million for the year) have been paid by the Company and has been included in exceptional items above as follows:		
Diminution in investment	63.97	-
Encashment of bank guarantee	14.79	-
c. Advance paid for purchase of shares written off during the year.		
Bad advances and receivables written off	50.00	-
<b>Total</b>	<b>610.77</b>	<b>-</b>

## NOTE 28 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

### Note

#### 28.1 Money received against share warrants

The Board of Directors of the Company by circular resolution dated 28 January 2014 and as approved at its Extra-ordinary General Meeting held on 14 January 2014 have resolved to create, offer, issue and allot up to 3,700,000 warrants, convertible into 3,700,000 equity shares of ₹ 10/- each on a preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956, at a conversion price of ₹ 135.25/- per equity share of the Company, arrived at in accordance with the SEBI Guidelines in this regard and the application money amounting to ₹ 125.10 Million was received from them. Out of this 550,000 warrants are converted and shares are issued during the year. The balance application money as at 31 March, 2014 amounting to ₹ 106.51 Million represents money received against ₹ 3,150,000 warrants.

The warrants may be converted into equivalent number of shares on payment of the balance amount at any time on or before 28 July 2015. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants. The Company has sufficient authorised capital to cover the allotment of these shares.

#### 28.2 Contingent liabilities and commitments

##### (I) CONTINGENT LIABILITIES

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
(a) Claims against the Company not acknowledged as debts		
Sales tax / Value added tax*	16.52	16.52
Income tax*	53.50	32.87
Service tax*	0.32	0.32
Excise duty*	9.08	8.47
(b) Guarantees		
Guarantees to banks and financial institutions against credit facilities extended to subsidiaries (Refer note below)	500.00	303.45
(c) Other money for which the Company is contingently liable		
Bills receivables discounted with banks	353.51	133.90

\* 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 had 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. During the year the same has been encashed by said fund and the balance outstanding amount of USD 0.23 Millions (INR 147.80 lakhs) has been paid by the Company. Outstanding balance as on 31 March 2014 is ₹ Nil (31 March 2013 ₹ 21.22 Million).
- (b) The Company had 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. During the year, the loan has been repaid. Outstanding balance as on 31 March 2014 is ₹ Nil (31 March 2013 64.27 Million).

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- (c) The Company had 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 ₹ 900 Million (Previous Year ₹ 900 Million). Outstanding balance as on 31 March 2014 is ₹ 228.65 Million (31 March 2013 ₹ 217.96 Million). During the year, the same has been provided by the Company and shown under exceptional items under Note 27.
- (d) The Company has given a corporate guarantee to Export and Import Bank of India towards a credit facility availed by its subsidiary (Alivira Animal Health Limited) amounting to ₹ 1,250 Million. (Previous Year ₹ Nil). Outstanding balance as on 31 March 2014 is ₹ 500 Million (31 March 2013 ₹ Nil).

## (II) COMMITMENTS

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Tangible fixed assets	66.15	71.47

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

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.51	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.04	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	0.04	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.04	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro 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.

## 28.4 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:

Name of the party	Relationship	(₹ In Million)	
		Amount outstanding as at 31 March 2014	Maximum balance outstanding during the year
Sequent Global Holdings Limited	Subsidiary	0.65	0.65
		-	-
Elysian Life Sciences Private Limited	Subsidiary	117.57	117.57
		(108.73)	(108.73)
SeQuent Antibiotics Private Limited	Subsidiary	0.53	1.65
		(1.64)	(77.49)
SeQuent Penems Private Limited	Subsidiary	-	39.04
		-	(164.75)

Note: Figures in bracket relate to the previous year.

## 28.5 Details on derivatives instruments and unhedged foreign currency exposures

- (i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2014

Currency	Amount in US \$ In Million	Buy / Sell	Cross currency
USD	1.30	Buy	Rupees
	-	-	-
USD	0.63	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	(₹ In Million)			
	As at 31 March 2014		As at 31 March 2013	
	Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency	Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency
Euro	26.12	0.32	13.07	0.19
USD	315.78	5.25	286.68	5.27
Euro	(7.68)	(0.09)	(1.23)	(0.02)
USD	(811.19)	(13.49)	(1,115.53)	(20.51)
Yen	(4.68)	(7.96)	(2.25)	(3.89)

## 28.6 Value of imports calculated on CIF basis

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Raw materials	1,099.40	874.53
Capital goods	-	13.79

# NOTES

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## 28.7 Expenditure in foreign currency

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Consultancy charges	4.26	3.70
Foreign travel expenses	2.85	1.86
Commission	9.78	15.36
Interest on term loan	14.49	3.54
Research and development	8.62	3.04
Others	4.10	7.38

## 28.8 Details of consumption of imported and indigenous items

Particulars	(₹ In Million)			
	Year ended 31 March 2014		Year ended 31 March 2013	
	₹ In Million	%	₹ In Million	%
<b>Raw material</b>				
Imported	1,115.30	45.97	845.84	47.24
Indigenous	1,310.60	54.03	944.76	52.76
<b>Total</b>	<b>2,425.90</b>	<b>100.00</b>	<b>1,790.60</b>	<b>100.00</b>

## 28.9 Earnings in foreign exchange

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Export of goods calculated on FOB basis	1,950.14	1,344.73
Interest income	0.06	-
Other non-operating income	-	0.28

## 28.10 Managerial Remuneration

Based on the revised approval received from the Central Government during the year, the Company has recovered excess salaries and allowances paid to its directors in the earlier years of ₹ 26.81 Million (Previous year ₹ NIL Million) and recognised it in the statement of profit and loss.

### Note

#### 29.1 Employee benefit plans

##### 29.1.A DEFINED CONTRIBUTION PLANS

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 25.01 Million (Year ended 31 March 2013 ₹ 20.18 Million) for Provident Fund contributions and ₹ 1.54 Million (Year ended 31 March 2013 ₹ 2.01 Million) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

##### 29.1.B DEFINED BENEFIT PLANS

The Company has a defined Gratuity benefit plan. The following table summarises 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.

Particulars	(₹ In Million)	
	Year ended 31 March 2014	Year ended 31 March 2013
	<b>Gratuity</b>	<b>Gratuity</b>
<b>Components of employer expense</b>		
Current service cost	8.50	11.22
Interest cost	4.64	2.93
Expected return on plan assets	(0.89)	(0.92)
Unrecognised past service cost - non vested benefits	-	0.12
Actuarial losses/(gains)	(0.84)	2.11
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>11.41</b>	<b>15.46</b>
<b>Actual contribution and benefit payments for year</b>		
Actual benefit payments	(4.76)	(2.57)
Actual contributions	-	4.50
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	59.48	51.86
Fair value of plan assets	9.83	13.61
Funded status [Surplus / (Deficit)]	(49.65)	(38.25)
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(49.65)</b>	<b>(38.25)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	51.85	37.93
Current service cost	8.50	11.22
Interest cost	4.64	2.93
Actuarial (gains) / losses	(0.75)	2.35
Benefits paid	(4.76)	(2.57)
<b>Present value of DBO at the end of the year</b>	<b>59.48</b>	<b>51.85</b>
<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	13.61	10.52
Expected return on plan assets	0.89	0.92
Actual company contributions	-	4.50
Actuarial gain / (loss)	0.09	0.24
Benefits paid	(4.76)	(2.57)
<b>Plan assets at the end of the year</b>	<b>9.83</b>	<b>13.61</b>
Actual return on plan assets	1.00	1.16

# NOTES

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## 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 been provided by the Fund managers to the Company.

Particulars	(₹ In Million)	
	Year ended 31 March, 2014	Year ended 31 March, 2013
<b>Actuarial assumptions</b>		
Discount rate	9.20%	8.00%
Expected return on plan assets	8.75%	8.00%
Salary escalation	12.00%	12.00%
Attrition	8.00%	8.00%
Mortality tables	IALM (2006-08) Ultimate	LIC (94-96) Ult

Experience adjustments	2013-14	2012-13	2011-12	2010-11	2009-10
Experience (gain) / loss adjustments on plan liabilities	(0.75)	2.35	(5.15)	(1.08)	(7.82)
Experience gain / (loss) adjustments on plan assets	0.09	0.24	0.19	0.19	0.04

### Notes

- 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.
- The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.
- 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 ₹ NIL (31 March, 2013 ₹ NIL)

29.1.C

Actuarial assumptions for long-term compensated absences	(₹ In Million)	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Discount rate	9.20%	8.00%
Salary escalation	12.00%	12.00%
Attrition	8.00%	8.00%
Mortality tables	IALM (2006-08) Ultimate	LIC (94-96) Ult

### Notes

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

## 29.2 Related Party Disclosures:

### A LIST OF RELATED PARTIES:

#### i) Wholly-owned subsidiaries:

SeQuent Global Holdings Limited  
 SeQuent European Holdings Limited (step-down subsidiary)  
 SeQuent Research Limited  
 SeQuent Antibiotics Private Limited  
 SeQuent Oncolytics Private Limited  
 Elysian Life Sciences Private Limited (Refer Note 1)  
 Alvira Animal Health Limited (Refer Note 2)

#### ii) Other subsidiaries:

Galenica B.V.  
 Codiffar N.V. (wholly Owned Subsidiary of Galenica B.V.)  
 Elysian Health Care Private Limited (wholly owned subsidiary of Elysian Life Sciences Private Limited till 31 March 2013) (Refer Note 3)

Vedic Fanxipang Pharma Chemic Company Limited (wholly owned subsidiary of Elysian Life Sciences Private Limited)

Elysian Life Sciences Mauritius Limited (step-down subsidiary)

SeQuent Penems Private Limited

#### iii) Key Management Personnel

Mr. K.R.Ravishankar, Director  
 Dr. Gautam Kumar Das, Joint Managing Director

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

Strides Arcolab Limited  
 Atma Projects  
 Agnus Holdings Private Limited  
 Latitude Projects Pvt. Limited  
 Chayadeep Properties Private Limited  
 Deesha Properties  
 Agnus Capital LLP  
 Chayadeep Ventures LLP  
 Pronomz Ventures LLP

### Note:

- On 31 March 2013, the Company purchased additional shares in Elysian Life Sciences Private Limited, resulting in it becoming a wholly owned subsidiary.
- Alvira Animal Health Limited was incorporated on 30 September 2013.
- On 31 March 2013, Elysian Life Sciences Private Limited sold its entire shareholding of Elysian Health Care Private Limited.
- Related parties are as identified by the Company and relied upon by the Auditors.









# NOTES

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## 29.3 Details of borrowing costs capitalised

Particulars	₹ In Million	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Borrowing costs capitalised during the year		
as fixed assets / intangible assets / capital work-in-progress	14.53	16.76
	<b>14.53</b>	<b>16.76</b>

## 29.4 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 ₹ 31.24 Million. (Previous Year: ₹ 28.20 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 3 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:

Particulars	₹ In Million	
	Year ended 31 March, 2014	Year ended 31 March, 2013
not later than one year	1.85	20.02
later than one year and not later than five years	3.32	29.96
later than five years	-	4.20

## 29.5 Earnings per share

### 29.5.a CONTINUING OPERATIONS

Particulars	₹ In Million	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Net profit / (loss) for the year as per statement of profit and loss from continuing operations	(1,139.14)	(550.56)
Net profit / (loss) for the year attributable to the equity shareholders from continuing operations	(1,139.14)	(550.56)
Weighted average number of equity shares	25,838,262	22,696,287
Par value per share	10	10
Earnings / (Loss) per share from continuing operations - Basic and Diluted	(44.09)	(24.26)

### 29.5 b. TOTAL OPERATIONS

Particulars	₹ In Million	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Net profit / (loss) for the year as per statement of profit and loss	(1,144.16)	(545.01)
Net profit / (loss) for the year attributable to the equity shareholders	(1,144.16)	(545.01)
Weighted average number of equity shares	25,838,262	22,696,287
Par value per share	10	10
Earnings / (Loss) per share - Basic and Diluted	(44.28)	(24.01)

## 29.6 Deferred tax (liability) / asset

Particulars	₹ In Million	
	As at 31 March 2014	As at 31 March 2013
Tax effect of items constituting deferred tax liability		
Depreciation	(212.88)	(189.26)
<b>Tax effect of items constituting deferred tax liability</b>	<b>(212.88)</b>	<b>(189.26)</b>
Tax effect of items constituting deferred tax assets		
Disallowances under Section 43B of the Income Tax Act, 1961	29.35	23.63
Unabsorbed depreciation carried forward	172.63	154.96
Others	11.59	11.36
<b>Tax effect of items constituting deferred tax assets</b>	<b>213.57</b>	<b>189.95</b>
<b>Net deferred tax (liability) / asset</b>	<b>0.69</b>	<b>0.69</b>

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.

## 29.7 Details of research and development expenditure

### A. REVENUE EXPENDITURE

Particulars	₹ In Million	
	As at 31 March 2014	As at 31 March 2013
Employee benefits expense	43.82	23.51
Power, water and fuel	5.89	4.21
Legal and professional fees	0.18	0.27
Consumables	25.90	4.06
Travelling and conveyance	2.03	0.52
Analytical charges	30.84	21.31
Others	6.71	11.95
<b>Total</b>	<b>115.37</b>	<b>65.82</b>

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. CAPITAL EXPENDITURE

Particulars	₹ In Million	
	As at 31 March 2014	As at 31 March 2013
Capital equipments	0.11	2.52
<b>Total</b>	<b>0.11</b>	<b>2.52</b>

These details are as compiled by the management and relied upon by the Auditors.

# NOTES

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

Particulars	₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Employee benefits expense	15.97	15.48
Power, water and fuel	4.12	4.16
Legal and professional fees	0.11	0.16
Raw material and consumables	24.17	61.78
Travelling and conveyance	0.50	0.39
Analytical charges	19.51	16.46
Depreciation	1.81	3.69
Others	3.53	9.32
Sale of validation batches	(19.66)	(40.66)
<b>Total</b>	<b>50.05</b>	<b>70.78</b>

### 29.9 Discontinuing operations

a. During the year, the Board of Directors of the Company have approved the transfer of Specialty Chemicals Division of the Company along with all related assets and liabilities by way of slump sale. The Specialty Chemicals Division is reported as part of the Specialty Chemicals segment of the Company as part of Segment disclosure presented in the Consolidated Financial Statements. Subsequent to the year end requisite approval from the shareholders as per the provisions of Section 180(1)(a) of the Companies Act, 2013 has been obtained through postal ballot. The transfer of the Specialty Chemicals division is expected to be completed in 2nd Quarter of financial year 2014-15.

b. During the year, the Board of Directors of the Company and the Shareholders have approved the transfer of Veterinary Formulations Division of the Company along with all related assets and liabilities by way of slump sale to Alivira Animal Health Limited, a wholly owned subsidiary of the Company. The Veterinary Formulations business is reported as part of the Pharmaceuticals segment of the Company. The transfer of the Veterinary Formulations division is expected to be completed in 3rd Quarter of financial year 2014-15. The results of discontinuing operations are given below:

Particulars	₹ In Million)					
	Year ended 31 March 2014			Year ended 31 March 2013		
Profit / (Loss) from ordinary activities	Specialty chemicals division	Veterinary Formulations division	TOTAL	Specialty chemicals division	Veterinary Formulations division	TOTAL
Sale of products	602.23	430.04	1,032.27	516.29	262.29	778.58
Other operating revenue	2.43	6.59	9.02	1.38	2.81	4.19
Other income	-	0.34	0.34	1.27	-	1.27
<b>Total revenue (A)</b>	<b>604.66</b>	<b>436.97</b>	<b>1,041.63</b>	<b>518.94</b>	<b>265.10</b>	<b>784.04</b>
Cost of materials consumed	350.11	160.35	510.46	313.90	140.64	454.54
Purchases of stock-in-trade	-	108.67	108.67	-	39.77	39.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(28.21)	(21.52)	(49.73)	(44.25)	(13.81)	(58.06)
Employee benefits expense	34.25	59.00	93.25	29.71	34.17	63.88
Finance costs	55.20	27.10	82.30	53.52	20.49	74.01
Depreciation and amortisation expense	35.51	3.91	39.42	33.68	3.71	37.39
Other expenses	159.96	102.31	262.27	108.47	58.49	166.96
<b>Total expenses (B)</b>	<b>606.82</b>	<b>439.82</b>	<b>1,046.64</b>	<b>495.03</b>	<b>283.46</b>	<b>778.49</b>
Profit / (Loss) before tax from ordinary activities (A-B)	(2.16)	(2.85)	(5.01)	23.91	(18.36)	5.55
Tax expense	-	-	-	-	-	-
- on ordinary activities attributable to the discontinuing operations	-	-	-	-	-	-
<b>Profit / (Loss) after tax of discontinuing operations</b>	<b>(2.16)</b>	<b>(2.85)</b>	<b>(5.01)</b>	<b>23.91</b>	<b>(18.36)</b>	<b>5.55</b>
Carrying amount of assets as at the balance sheet date relating to the discontinued business to be disposed off	674.72	353.48	1028.2	322.46	621.93	944.39
Carrying amount of liabilities as at the balance sheet date relating to the discontinued business to be settled	131.13	161.58	292.71	137.4	218.17	355.57
<b>Net cash flow attributable to the discontinuing operations</b>						
Cash flows from operating activities	(74.15)	25.17	(48.98)	169.72	47.45	217.17
Cash flows from investing activities	(12.57)	(0.79)	(13.36)	(58.65)	(3.75)	(62.40)
Cash flows from financing activities	86.80	(17.41)	69.39	(110.81)	(38.99)	(149.80)

# NOTES

forming part of the financial statements

## 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 ₹ 10 per share at a premium of ₹ 103 per share.

As per the scheme, the Compensation committee grants the options to the employee 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) During the current year, the Compensation Committee in its meeting held on May 30, 2013 and February 12, 2014 has granted 540,000 and 100,000 options respectively under Sequent Scientific Employees Stock Option Plan – 2010 (Sequent ESOP 2010) to certain eligible employees of the Company. The options allotted under Sequent Scientific Employees Stock Option Plan – 2010 (Sequent ESOP 2010) are convertible into equal number of equity shares.

The vesting period of these options range over a period of 1 to 4 years. The options may be exercised within a period of 1 to 4 years from the date of vesting.

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

Particulars	Year ended	Year ended
	31 March 2014	31 March 2013
	Options (Numbers)	Options (Numbers)
Option outstanding at the beginning of the year	-	-
Granted during the year	640,000	-
Vested during the year	-	-
Exercised during the year	-	-
Forfeited during the year	70,000	-
Options outstanding at the end of the year	570,000	-
Options available for grant	130,000	700,000
Range of exercise price for options outstanding at the end of the year	₹ 50 to ₹ 80 per Option	

Weighted average remaining contractual life for options outstanding as at 31 March, 2014 is 4.27 years (As at 31 March, 2013 Nil) and weight average exercise price per options as at 31 March 2014 is ₹ 65 (As at 31 March 2013 is Nil).

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

Particulars	(₹ In Million)	
	Year ended 31 March 2014	Year ended 31 March 2013
Net Profit / (loss) (as reported)	(1,144.16)	-
Add / (Less): stock based employee compensation (intrinsic value)	17.08	-
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note (e) below)	(30.21)	-
Net Profit / (loss) (proforma)	(1,157.29)	-
Basic earnings per share (as reported)	(44.28)	-
Basic earnings per share (proforma)	(44.79)	-
Diluted earnings per share (as reported)	(44.28)	-
Diluted earnings per share (proforma)	(44.79)	-

# NOTES

forming part of the financial statements

- e) 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:

Assumptions	₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Risk Free Interest Rate	8.75%	-
Expected Life	4 years	-
Expected Annual Volatility of Shares	48.53%	-
Expected Dividend Yield	NIL	-

## NOTE 31 TRANSFER PRICING

In respect of Transfer pricing regulations under Section 92 to 92F of the Indian Income Tax Act, 1961, the Management confirms that its international transactions and Specified Domestic Transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for tax.

## NOTE 32

The Company has not received a written representation from Mr. K.R.Ravishankar, one of the director of the Company as on March 31, 2014, confirming that he is not disqualified from being appointed as a director of the Company in terms of Section 274(1)(g) of the Companies Act, 1956.

## NOTE 33

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. Disclosure made under Note 28 to 32 reflects combined items pertaining to continuing and discontinuing operations.

For and on Behalf of the Board of Directors

**Dr. Gautam Kumar Das**

Joint Managing Director

**Dr. Gopakumar G Nair**

Director

**Preetham Hebbar**

Company Secretary

Bengaluru, May 28, 2014

Consolidated

# INDEPENDENT AUDITORS' REPORT

To The Board Of Directors Of  
Sequent Scientific Limited

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of SEQUENT SCIENTIFIC LIMITED (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, based on the consideration of the reports of the other auditors on the financial statements / financial information of the

subsidiaries and read with the comments in respect of certain entities referred to below in the Other Matter paragraphs 1 and 2 respectively, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) 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
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## OTHER MATTER

1. We did not audit the financial statements / financial information of seven subsidiaries, whose financial statements / financial information reflect total assets (net) of ₹ 577.82 Million as at March 31, 2014, total revenues of ₹ 315.18 Million and net cash flows amounting to ₹ 5.03 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.
2. The consolidated financial statements include the unaudited financial statements/financial information of two subsidiaries (Previous year ended March 31, 2013: two subsidiaries), whose financial statements/ financial information reflect total assets (net) of ₹ 6.07 Million as at March 31, 2014 (As at March 31, 2013: ₹ 49.07 Million), total revenue of ₹ 2.39 Million (Previous year ended March 31, 2013: ₹ 0.06 Million) and net cash flows amounting to ₹ (1.73) Million (Previous year ended March 31, 2013: ₹ (16.11) Million) for the year ended on that date, as considered in the consolidated financial statements. Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on such unaudited financial statements/ financial information.

Based on the explanations provided by Management, it is expected that there should be no material impact on the consolidated financial statements consequent to any possible adjustments in respect of the aforesaid entities where unaudited financial statements are available, since the size of these entities in the context of the Group is not material.

Our opinion is not qualified in respect of these matters.

**For Deloitte Haskins & Sells**

Chartered Accountants  
(Firm's Registration No. 008072S)

**V. Srikumar**

Partner

Bengaluru, May 28, 2014

(Membership No. 84494)



# Consolidated BALANCE SHEET

as at 31 March 2014

(₹ In Million)			
	Note No.	As at 31 March 2014	As at 31 March 2013
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	267.40	234.40
(b) Reserves and surplus	4	13.35	596.84
(c) Money received against share warrants	29.1	106.51	118.79
		<b>387.26</b>	<b>950.03</b>
<b>2 Share Application money pending allotment</b>	29.2	180.00	-
<b>3 Minority interest</b>		45.80	45.80
<b>4 Non-current liabilities</b>			
(a) Long-term borrowings	5	1,510.84	1,380.37
(b) Deferred tax liabilities (net)	30.7	1.22	1.78
(c) Other long-term liabilities	6	-	0.50
(d) Long-term provisions	7	80.25	60.89
		<b>1,592.31</b>	<b>1,443.54</b>
<b>5 Current liabilities</b>			
(a) Short-term borrowings	8	2,266.00	1,517.60
(b) Trade payables	9	1,145.87	1,509.05
(c) Other current liabilities	10	568.03	356.31
(d) Short-term provisions	11	41.87	40.17
		<b>4,021.77</b>	<b>3,423.13</b>
<b>Total</b>		<b>6,227.14</b>	<b>5,862.50</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12A	2,168.73	2,067.42
(ii) Intangible assets	12B	112.69	110.64
(iii) Capital work-in-progress		390.22	633.69
(iv) Intangible assets under development		40.15	253.45
(b) Goodwill on consolidation		94.53	94.53
(c) Non-current investments	13	0.36	16.43
(d) Long-term loans and advances	14	775.06	402.55
(e) Other non-current assets	15	17.00	4.37
		<b>3,598.74</b>	<b>3,583.08</b>
<b>2 Current assets</b>			
(a) Current investments	16	0.77	1.77
(b) Inventories	17	1,013.96	856.21
(c) Trade receivables	18	835.43	658.05
(d) Cash and cash equivalents	19	362.13	329.96
(e) Short-term loans and advances	20	381.09	352.77
(f) Other current assets	21	35.02	80.66
		<b>2,628.40</b>	<b>2,279.42</b>
<b>Total</b>		<b>6,227.14</b>	<b>5,862.50</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

For and on Behalf of the Board of Directors

**V. Srikumar**

Partner

Bengaluru, May 28, 2014

**Dr. Gautam Kumar Das**

Joint Managing Director

**Dr. Gopakumar G Nair**

Director

**Preetham Hebbar**

Company Secretary

# Consolidated STATEMENT OF PROFIT AND LOSS

For the year ended 31 March 2014

				(₹ In Million)
	Note No.	Year Ended 31 March 2014	Year Ended 31 March 2013	
<b>1 Revenue from operations (gross)</b>	22	4,798.95	3,419.28	
Less: Excise duty		244.30	150.66	
Revenue from operations (net)		4,554.65	3,268.62	
<b>2 Other income</b>	23	38.41	25.64	
<b>3 Total revenue (1 + 2)</b>		<b>4,593.06</b>	<b>3,294.26</b>	
<b>4 Expenses</b>				
(a) Cost of materials consumed	24.a	2,397.21	1,846.00	
(b) Purchases of stock-in-trade	24.b	162.42	105.71	
(c) Changes in inventories of finished goods and work-in-progress & intermediates	24.c	(122.39)	(148.73)	
(d) Employee benefits expense	25	481.18	414.68	
(e) Finance costs	26	390.36	334.46	
(f) Depreciation and amortisation expense	12 C	325.97	286.07	
(g) Other expenses	27	1,468.34	1,183.57	
<b>Total expenses</b>		<b>5,103.09</b>	<b>4,021.76</b>	
<b>5 Profit/(Loss) before exceptional items and tax (3-4)</b>		<b>(510.03)</b>	<b>(727.50)</b>	
<b>6 Exceptional items</b>	28	589.11	-	
<b>7 Loss before tax (5 -6)</b>		<b>(1,099.14)</b>	<b>(727.50)</b>	
<b>8 Loss from continuing operations before tax</b>	30.10	(1,096.97)	(751.41)	
Less: Income tax expense				
Current tax		6.35	2.28	
(Less): MAT credit		-	(2.23)	
Deferred tax		(0.56)	(80.63)	
		(1,102.76)	(670.83)	
<b>9 Profit/(Loss) from discontinuing operations before tax</b>	30.10	(2.17)	23.91	
Less: Income tax Expense				
Current tax		-	-	
(Less): MAT credit		-	-	
Deferred tax		(2.17)	23.91	
<b>10 Loss after tax but before minority interest (8+9)</b>		<b>(1,104.93)</b>	<b>(646.92)</b>	
<b>11 Share of minority interest</b>		-	0.02	
<b>12 Loss for the year after minority interest (10-11)</b>		<b>(1,104.93)</b>	<b>(646.94)</b>	
<b>13 Earnings per share (of ₹ 10 each):</b>	30.6			
Basic and Diluted				
(a) Continuing operations		(42.68)	(29.56)	
(b) Total operations		(42.76)	(28.50)	

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

For and on Behalf of the Board of Directors

**V. Srikumar**

Partner

Bengaluru, May 28, 2014

**Dr. Gautam Kumar Das**

Joint Managing Director

**Dr. Gopakumar G Nair**

Director

**Preetham Hebbar**

Company Secretary

Consolidated  
**CASH FLOW STATEMENT**  
 for the year ended March 31, 2014

	(₹ In Million)	
	Year ended 31 March 2014	Year ended 31 March 2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Loss before tax</b>	<b>(1,099.14)</b>	<b>(727.50)</b>
<b>ADJUSTMENTS FOR:</b>		
Depreciation, amortisation and impairment	325.97	286.07
Tangible/Intangible assets written off	13.82	13.87
Provision for Intangible under development	8.83	-
CWIP written off	450.29	47.77
Bad trade receivables written off	1.18	25.46
Bad loans and advances written off	167.91	4.75
Provision for doubtful trade receivables	11.82	19.30
Provision for doubtful loans and advances	-	9.61
Unrealised exchange gain (net)	(8.97)	(26.17)
Profit on sale of investment	(0.11)	(0.09)
Loss on sale of Investment	12.06	-
Loss/(profit) on sale of assets (net)	(16.12)	(4.16)
Interest expenses	366.48	303.07
Compensation under ESOP scheme	17.08	-
Interest income	(8.94)	(7.68)
Sundry balances written back (net)	(6.06)	(11.99)
<b>Operating profit before working capital changes</b>	<b>236.10</b>	<b>(67.69)</b>
<b>Changes in working capital</b>		
(Increase)/Decrease in trade and other receivables	(254.49)	87.12
(Increase)/Decrease in inventories	(157.75)	(155.71)
Increase/(Decrease) in trade and other payables	(361.86)	165.49
Increase/(Decrease) margin money and unpaid dividend accounts	99.61	(72.05)
<b>Net change in working capital</b>	<b>(674.89)</b>	<b>24.85</b>
<b>Cash generated from operations</b>	<b>(438.39)</b>	<b>(42.84)</b>
Direct taxes paid/(refund), net	(9.46)	4.63
<b>Net cash from/(used in) Operating Activities</b> <b>A</b>	<b>(447.85)</b>	<b>(38.21)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(857.33)	(564.87)
Proceeds from sale of fixed assets	44.27	21.92
Purchase of non - current investments	-	(16.07)
Purchase of Current investment	-	(57.50)
Proceeds from sale of Current investments	1.11	58.59
Sale of Non- current investments	4.01	-
Interest received	8.39	9.00
<b>Net cash used in Investing Activities</b> <b>B</b>	<b>(799.55)</b>	<b>(548.93)</b>

# Consolidated CASH FLOW STATEMENT

for the year ended March 31, 2014

	(₹ In Million)	
	Year ended 31 March 2014	Year ended 31 March 2013
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings	748.40	258.47
Proceeds from / (repayment of) long term borrowings	404.29	18.03
Interest paid on borrowings	(412.37)	(301.89)
Proceeds from issue of shares	428.59	253.58
Proceeds from monies pending allotment	180.00	-
Proceeds from issue of warrants	106.51	118.79
<b>Net cash generated from Financing Activities</b>	<b>1,455.42</b>	<b>346.98</b>
<b>Net Increase/(Decrease) in cash and cash equivalents during the year</b>	<b>208.02</b>	<b>(240.16)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>34.51</b>	<b>273.74</b>
<b>Deleted on divestment</b>	<b>-</b>	<b>(3.31)</b>
<b>Translation effect</b>	<b>(14.04)</b>	<b>(2.88)</b>
<b>Remittance in Transit</b>	<b>1.10</b>	<b>7.12</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>229.59</b>	<b>34.51</b>
<b>Reconciliation of cash and cash equivalents with the Balance sheet</b>		
Reconciliation of cash and cash equivalents as per Balance Sheet (Refer Note 19)	362.13	329.96
Less: Balances not considered as cash and cash equivalents as defined in AS 3 "Cash Flow Statements"		
- Margin money against working capital facilities with banks	57.42	157.03
- Balance in Un-paid Dividend Accounts	0.12	0.12
- Balance held in Earmarked Accounts(Refer Note 19(i))	75.00	138.30
<b>Net Cash and cash equivalents at the end of the year</b>	<b>229.59</b>	<b>34.51</b>

Notes: The cashflow statement reflects the combined cashflows pertaining to continuing and discontinuing operations  
See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

For and on Behalf of the Board of Directors

**V. Srikumar**

Partner

Bengaluru, May 28, 2014

**Dr. Gautam Kumar Das**

Joint Managing Director

**Dr. Gopakumar G Nair**

Director

**Preetham Hebbar**

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 financial 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 2014 except that of the following entities:

Name of Entity	Relationship	Reporting date of financial statements used in consolidation	
		As at 31 March 2014	As at 31 March 2013
Vedic Fanxipang Pharma Chemic Company Limited	Subsidiary	31 December 2013	31 December 2012

### 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'. Goodwill arising on consolidation is not amortised but tested for impairment
- (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 2014 held by	Status	% of effective ownership held either directly or through subsidiary as at 31 March 2014	% of effective ownership held either directly or through subsidiary as at 31 March 2013
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	100.00%	100% [Refer Note (b) below]
5	Vedic Fanxipang Pharma Chemic Company Limited	Vietnam	Elysian Life Sciences Private Limited	Subsidiary	100.00%	100% [Refer Note (b) below]
6	Elysian Health Care Private Limited	India	Elysian Life Sciences Private Limited	Subsidiary	-	- [Refer Note (c) below]
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	89.23%	83.06%
10	Elysian Life Science (Mauritius) Ltd	Mauritius	SeQuent Scientific Limited and Vedic Fanxipang Pharma Chemic Company Limited	Subsidiary	100.00%	100% [Refer Note (b) below]
11	Galenica B.V.	Netherlands	-	Subsidiary	- [Refer note - (d) below]	- [Refer note - (d) below]
12	Codifar N.V.	Belgium	-	Subsidiary	- [Refer note - (d) below]	- [Refer note - (d) below]
13	Alivira Animal Health Limited	India	SeQuent Scientific Limited	Subsidiary	100% [Refer note - (e) below]	-

### 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 net worth is in excess of the cost of investment on the date of recognition and the difference has been recognised on Capital reserve amounting to ₹ 2.5 Million.
- (b) On 31 March 2013, the Company had purchased additional shares resulting in Elysian Life Sciences Private Limited becoming a wholly owned subsidiary. Further, by virtue of the above, effective ownership held by the Company directly or indirectly through subsidiaries in Vedic Fanxipang Pharma Chemic Company Limited and Elysian Life Science (Mauritius) Ltd has become 100% as on 31 March 2013.
- (c) On 31 March 2013, Elysian Life Sciences Private Limited sold entire shareholding of Elysian Health Care Private Limited.
- (d) Companies have gone into liquidation.
- (e) Alivira Animal Health Limited was incorporated on 30 September 2013.

# NOTES

forming part of the consolidated financial statements

(ii) DISCLOSURE ON EFFECT OF DISPOSAL OF SUBSIDIARIES:

Particulars	(₹ In Million)	
	Elysian Health Care Private Limited	
Date	31 March 2013	
<b>Liabilities</b>		
Trade payables	3.17	
Other current liabilities	2.87	
Short-term provisions	0.04	
<b>Assets</b>		
Long-term loans and advances	0.01	
Trade receivables	2.89	
Cash and cash equivalents	3.31	
Short-term loans and advances	0.36	
Loss on disposal	0.49	
Profit for the year	0.09	

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

Particulars	(₹ In Million)	
	Total	
Non current liabilities	-	
Current liabilities	0.13	
Non-current assets	6.01	
Current assets	0.05	
Revenue	2.39	
Expenditure	40.71	

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and preparation of 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 Accounting Standards notified under Sec.211 (3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) except for certain assets and liabilities which are measured on fair value basis as permitted by the Scheme of Arrangement approved by the Honourable 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.

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,



# NOTES

## forming part of the consolidated financial statements

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 which are given below:

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 : 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 ₹ 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 recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- in the case of an individual asset, at the higher of the net selling price and value in use.
- 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 recognise 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 realisable value. Cost is determined on First in First out basis as follows:

- Raw materials, packing materials and consumables  
At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition
- Work in process and Intermediates  
At material cost, conversion costs and appropriate share of production overheads
- 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 recognised on the basis of the shipping bills for exports. Revenue from domestic sales is recognised 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 recognised, 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

Short term employee benefits like provident fund, medical, leave travel, employee state insurance scheme etc are accrued based on the terms of employment when services are rendered by the employees and charged as an expense to the statement of profit and loss.

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 carried out at the end of financial year.

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 unrecognised 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.

### 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

In the case of integral operations, monetary assets and monetary liabilities, 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 recognised 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 for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

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 group will pay normal income tax in future years. Accordingly, MAT is recognised as an assets in the balance sheet when it is probable that the future economic benefit associated with it will flow to the group and asset can be measured reliably.

### 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 closing market price of the shares underlying the options granted on the date of grant of option and the option price is expensed under employee benefit expenses over the vesting period.

### 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 recognised 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 at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Contingent liabilities are not recognised but are disclosed in the notes to 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. Management believes that the estimates used in preparation of consolidated financial statement are prudent and reasonable. Actual results could differ from those estimates and the estimates are recognised in the period in which the results are known/materialise.

### 2.18 Segment

Segments have been identified taking into account the nature of services, the differing risks and returns, the organisational 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.

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### 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 Operating Cycle

Based on the nature of products / activities of the group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

	As at 31 March 2014		As at 31 March 2013	
	No. of Shares	₹ In Million	No. of Shares	₹ In Million
<b>NOTE 3 SHARE CAPITAL</b>				
<b>(a) Authorised</b>				
Equity shares of ₹ 10 each	32,000,000	320.00	32,000,000	320.00
<b>(b) Issued</b>				
Equity shares of ₹ 10 each	27,335,191	273.35	24,035,191	240.35
<b>(c) Subscribed and fully paid up</b>				
Equity shares of ₹ 10 each	27,335,191	273.35	24,035,191	240.35
Less: Amount receivable from SeQuent Scientific Employee Stock Option Scheme Trust (Being Face Value of 700,000 Equity Shares of ₹ 10 each allotted to the trust)		5.95		5.95
<b>Total</b>		<b>267.40</b>		<b>234.40</b>

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 2014		As at 31 March 2013	
	No. of Shares	₹ In Million	No. of Shares	₹ In Million
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	24,035,191	240.35	21,935,191	219.35
Add: Shares issued during the year (Refer note (a) below)	3,300,000	33.00	2,100,000	21.00
Shares outstanding at the end of the year	<b>27,335,191</b>	<b>273.35</b>	<b>24,035,191</b>	<b>240.35</b>

Note:

- (a) Conversion of 2,750,000 warrants issued during the year 2012-13 on preferential basis at a conversion price of ₹ 172.00 per equity share of the company as approved in the Extra Ordinary Annual General Meeting dated 20 March 2013 and 550,000 warrants issued during the year 2013-14 on preferential basis at a conversion price of ₹ 135.25 per equity share of the company as approved in the Annual General Meeting dated 14 January 2014. (During the previous year converted 2,100,000 warrants issued on preferential basis at a conversion price of ₹ 120.75 per equity share of the company as approved in the Annual General Meeting dated 26 September 2012).

### (ii) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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 recognised as distributions to equity shareholders is Nil (31 March 2013 : ₹ Nil)

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

Equity Shares	As at 31 March 2014		As at 31 March 2013	
	No. of shares held	% of holding	No. of shares held	% of holding
Name of the shareholder				
K R Ravishankar	5,579,986	20.41%	5,579,986	23.22%
Arun Kumar Pillai	5,579,993	20.41%	5,579,993	23.22%
Primera Partners Pte. Ltd	3,183,871	11.65%	3,183,871	13.25%
Satpal Khattar	1,699,018	6.22%	1,699,018	7.07%
Agnus Capital LLP	2,425,000	8.87%		
Chayadeep Ventures LLP	2,425,000	8.87%		

- (iv) 700,000 shares (As at 31 March, 2013 700,000 shares) of ₹ 10 each are reserved towards outstanding employee stock options granted / available for grant. (Refer Note 31)
- (v) As at 31 March 2014 3,150,000 warrants (March 2013-2,750,000) of ₹ 10 each are outstanding to be converted into equivalent number of share. (Refer Note 29.1)

	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 4 RESERVES AND SURPLUS</b>		
<b>(a) Capital reserves</b>		
Opening Balance	13.15	13.15
<b>Closing balance</b>	<b>13.15</b>	<b>13.15</b>
<b>(b) Securities premium account</b>		
Opening Balance	745.98	513.40
Add: Premium on shares issued during the year	514.38	232.58
<b>Closing balance</b>	<b>1,260.36</b>	<b>745.98</b>

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	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 4 RESERVES AND SURPLUS (CONTD.)</b>		
<b>(c) Share options outstanding account</b>		
Opening balance	-	-
Add: Amounts recorded on grants during the year	46.98	-
Less: Deferred employee compensation expenses	(29.90)	-
<b>Closing balance</b>	<b>17.08</b>	<b>-</b>
<b>(d) General reserve</b>	<b>144.44</b>	<b>144.44</b>
<b>(f) Surplus/(Deficit) in statement of profit and loss</b>		
Opening balance	(291.62)	372.82
Add: Loss for the year	(1,104.94)	(646.94)
Add: Consolidation adjustment	2.95	(17.50)
<b>Closing balance</b>	<b>(1,393.61)</b>	<b>(291.62)</b>
<b>(g) Translation reserve</b>		
Opening balance	(15.11)	(31.94)

	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 4 RESERVES AND SURPLUS (CONTD.)</b>		
Add / (Less): Translations during the year	(12.96)	16.83
<b>Closing balance</b>	<b>(28.07)</b>	<b>(15.11)</b>
<b>Total</b>	<b>13.35</b>	<b>596.84</b>

	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 5 LONG-TERM BORROWINGS</b>		
<b>Term loans</b>		
From banks		
Secured	236.17	415.31
	<b>236.17</b>	<b>415.31</b>
From other parties		
Secured	1,269.07	957.86
Unsecured	5.60	7.20
	<b>1,274.67</b>	<b>965.06</b>
<b>Total</b>	<b>1,510.84</b>	<b>1,380.37</b>

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

Particulars	Security	Terms of repayment	(₹ In Million)			
			As at 31 March 2014		As at 31 March 2013	
			Secured	Unsecured	Secured	Unsecured
<b>NOTE 5 LONG-TERM BORROWINGS (CONTD.)</b>						
<b>Term loans from banks:</b>						
Indian Overseas 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 22 quarterly Installments, commencing from December 2012.	236.17	-	227.28	-
Central Bank of India	Vehicle loan is secured by hypothecation of asset acquired thereunder.	Repayable in 24 equated monthly Installments.	-	-	0.07	-
State Bank of Hyderabad	First pari-passu charge on fixed assets of one of the Subsidiary 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 Installments, commencing from December 2013.	-	-	122.97	-
State Bank of Travancore	First pari-passu charge on fixed assets of one of the Subsidiary 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 Installments, commencing from December 2013.	-	-	64.99	-
<b>Total - Term loans from banks</b>			<b>236.17</b>	<b>-</b>	<b>415.31</b>	<b>-</b>

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Particulars	Security	Terms of repayment	(₹ In Million)			
			As at 31 March 2014		As at 31 March 2013	
			Secured	Unsecured	Secured	Unsecured
<b>NOTE 5 LONG-TERM BORROWINGS (CONTD.)</b>						
<b>Term loans from other parties:</b>						
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 quarterly Installments, commencing from March 2012	620.00	-	785.00	-
Housing Development Finance Corporation Limited	Mortgage of Company's property at Thane (West), Mumbai.	Repayable in 28 quarterly Installments, commencing from July 2012	48.57	-	62.86	-
Department of Scientific and Industrial Research	Unsecured	Repayable annually over a period of five years commencing from Mar'12 & Mar'13	-	5.60	-	7.20
Housing Development Finance Corporation Limited	Mortgage of land along with super structure of property at Mangalore of one of the Subsidiaries of the Company.	Repayable in 34 quarterly Installments, commencing from March 2013.	100.50	-	110.00	-
EXIM Bank	Mortgage of Movabale assets along with super structure of property at Vizag of one of the Subsidiaries of the Company.		500.00	-	-	-
<b>Total - Term loans from other parties</b>			<b>1,269.07</b>	<b>5.60</b>	<b>957.86</b>	<b>7.20</b>

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 2014 the interest rates ranges from 5% to 14% per annum.

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

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Term loans from banks	236.17	415.31
Term loans from other parties	1,269.07	957.86

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

Particulars	As at 31 March 2014		As at 31 March 2013	
	Period of default	₹ In Million	Period of default	₹ In Million
Term loans from other parties				
Principal	91 days	5.25	36 days	5.28
Interest	91 days	0.76	36 days	0.48

- (iv) For the current maturities of long-term borrowings, refer 10(a) in Other current liabilities.

	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 6 OTHER LONG-TERM LIABILITIES</b>		
Security deposits received	-	0.50
<b>Total</b>	<b>-</b>	<b>0.50</b>

	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 7 LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
(i) Provision for gratuity (net)	53.25	40.74
(ii) Provision for compensated absences	27.00	20.15
<b>Total</b>	<b>80.25</b>	<b>60.89</b>

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	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 8 SHORT-TERM BORROWINGS</b>		
(a) Loans repayable on demand		
From banks		
Secured (Refer note (i) and (ii) below)	728.45	1,044.84
Unsecured (Refer note (iv) below)	1,200.00	-
(b) Loans from related parties (Refer note 30.3 below)		
Unsecured	291.89	345.93
(c) Loans from other parties		
Secured (Refer note (iii) below)	-	85.49
Unsecured	45.66	41.34
	<b>45.66</b>	<b>126.82</b>
<b>Total</b>	<b>2,266.00</b>	<b>1,517.60</b>

- (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 ₹ 728.45 million (31 March 2013 ₹ 1,044.84 million) are guaranteed by some of the Directors of the Company in their personal capacities.
- (iii) Short-term borrowings from other parties of ₹ Nil (31 March 2013 ₹ 85.49 million) are secured by trade receivables and inventories of two of the subsidiaries of the Company.
- (iv) Unsecured short-term borrowings of ₹ 1,200 million (31 March 2013 ₹ Nil) are secured against securities provided by entities owned by Promoters.

	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 9 TRADE PAYABLES</b>		
Trade payable	1,145.87	1,509.05
<b>Total</b>	<b>1,145.87</b>	<b>1,509.05</b>

	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 10 OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long-term debt (Refer note (i) below)	404.21	214.74
(b) Interest accrued but not due on borrowings	2.65	4.26
(c) Interest accrued and due on borrowings	-	25.81
(d) Other payables		
(i) Statutory remittances	51.57	51.34
(ii) Payables on purchase of fixed assets	73.82	33.50
(iii) Advances from customers	22.71	18.92
(iv) Unclaimed dividends	0.12	0.12
(v) Other current liabilities	12.95	7.62
<b>Total</b>	<b>568.03</b>	<b>356.31</b>

	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 10 OTHER CURRENT LIABILITIES (CONTD.)</b>		
<b>Note:</b>		
(i) Current maturities of long-term debt (Refer Notes (i) and (ii) in Note 5 - Long-term borrowings for details of security and guarantee):		
<b>Particulars</b>		
Term loans		
From banks		
Secured	218.00	30.36
Unsecured	12.88	-
	<b>230.88</b>	<b>30.36</b>
From other parties		
Secured	170.93	181.98
Unsecured	2.40	2.40
	<b>173.33</b>	<b>184.38</b>
<b>Total</b>	<b>404.21</b>	<b>214.74</b>

	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 11 SHORT-TERM PROVISIONS</b>		
<b>(a) Provision for employee benefits</b>		
(i) Provision for Gratuity	-	0.19
(ii) Provision for compensated absences	6.80	7.94
	<b>6.80</b>	<b>8.13</b>
<b>(b) Others</b>		
(i) Provision for tax (net of advance tax ₹ 30.99 Million As at 31st March 2013 ₹ 30.99 Million)	35.07	32.04
	<b>35.07</b>	<b>32.04</b>
<b>Total</b>	<b>41.87</b>	<b>40.17</b>



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Particulars	(₹ In Million)											
	Balance as at 01 April 2013	Additions	Effect of foreign currency exchange differences	Borrowing cost capitalised	Consolidation adjustment	Deletions	Balance as at 31 March 2014	Depreciation/amortisation expense for the year	Consolidation Adjustment	Deletions	Balance as at 31 March 2014	Balance as at 31 March 2013
<b>NOTE 12 A TANGIBLE ASSETS</b>												
<b>Own assets:</b>												
Free hold land	81.82	100.84	-	-	-	-	182.66	-	-	-	182.66	81.82
Lease hold land	339.85	1.55	-	-	-	-	341.40	4.74	-	23.15	318.25	321.44
Land development	0.78	-	-	-	-	-	0.78	0.06	-	0.06	0.72	0.78
Lease hold property-development	15.08	-	0.01	-	-	13.93	1.16	1.36	-	0.68	0.48	9.02
Building	686.96	52.20	2.42	5.79	1.51	13.59	735.29	41.51	0.86	164.90	570.39	562.91
Furniture and fixtures	34.04	3.84	0.13	-	-	10.67	27.34	2.42	-	9.04	18.30	23.90
Office equipment and computers	32.77	5.49	0.15	-	0.01	3.02	35.40	2.52	-	16.59	18.81	16.52
Plant and machinery	1,743.30	213.85	10.58	14.08	4.15	51.28	1,934.68	217.38	2.22	879.84	1,054.84	1,046.29
Vehicles	13.59	0.47	0.05	-	-	0.78	13.33	0.76	-	9.05	4.28	4.74
<b>Total</b>	<b>2,948.19</b>	<b>378.24</b>	<b>13.34</b>	<b>19.87</b>	<b>5.67</b>	<b>93.27</b>	<b>3,272.04</b>	<b>270.75</b>	<b>3.08</b>	<b>1,103.31</b>	<b>2,168.73</b>	<b>2,067.42</b>
<b>Previous year</b>	<b>2,787.10</b>	<b>169.18</b>	<b>15.05</b>	<b>11.25</b>	<b>3.16</b>	<b>37.55</b>	<b>2,948.19</b>	<b>224.68</b>	<b>0.86</b>	<b>880.77</b>	<b>2,067.42</b>	

Particulars	(₹ In Million)											
	Balance as at 01 April 2013	Additions	Effect of foreign currency exchange differences	Borrowing cost capitalised	Consolidation adjustment	Deletions	Balance as at 31 March 2014	Depreciation/amortisation expense for the year	Consolidation Adjustment	Deletions	Balance as at 31 March 2014	Balance as at 31 March 2013
<b>NOTE 12 B TANGIBLE ASSETS</b>												
<b>Internally generated:</b>												
Product process development	242.45	60.78	-	-	0.17	1.22	302.18	56.21	0.11	191.50	110.68	106.05
<b>Others</b>												
Software	21.72	0.23	0.01	-	-	-	21.96	2.82	-	19.95	2.01	4.59
<b>Total</b>	<b>264.17</b>	<b>61.01</b>	<b>0.01</b>	<b>-</b>	<b>0.17</b>	<b>1.22</b>	<b>324.14</b>	<b>59.03</b>	<b>0.11</b>	<b>211.45</b>	<b>112.69</b>	<b>110.64</b>
<b>Previous year</b>	<b>169.47</b>	<b>99.68</b>	<b>0.42</b>	<b>0.00</b>	<b>0.21</b>	<b>5.61</b>	<b>264.17</b>	<b>67.09</b>	<b>0.08</b>	<b>153.53</b>	<b>110.64</b>	

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(₹ In Million)		
	Year ended 31 March 2014	Year ended 31 March 2013
<b>NOTE 12 C DEPRECIATION AND AMORTISATION</b>		
Depreciation and amortisation for the year on tangible assets as per Note 12 A	270.75	224.68
Depreciation and amortisation for the year on intangible assets as per Note 12 B	59.03	67.09
Less: Elimination of Inter company transactions	2.00	2.02
Less: Depreciation capitalised for intangible assets developed	1.81	3.68
<b>Total</b>	<b>325.97</b>	<b>286.07</b>

(₹ In Million)				
	Year ended			
	31 March 2014	31 March 2013	31 March 2012	31 March 2011
<b>NOTE 12 D DETAILS OF SUMS ADDED TO ASSETS ON REVALUATION DURING THE PRECEDING 5 YEARS:</b>				
Opening balance				
Leasehold land	295.84	299.65	303.46	-
Buildings	115.92	120.88	125.84	-
	<b>411.76</b>	<b>420.53</b>	<b>429.30</b>	-
Added on revaluation				
Leasehold land	-	-	-	305.08
Buildings	-	-	-	128.32
	-	-	-	433.40
Date				1 October 2009
Balance as at 31 March (Net Block)				
Leasehold land	292.03	295.84	299.65	303.46
Buildings	110.96	115.92	120.88	125.84
	<b>402.99</b>	<b>411.76</b>	<b>420.53</b>	<b>429.30</b>

(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 13 NON-CURRENT INVESTMENTS</b>		
<b>A Other investments</b>		
i) Panoli Enviro Tech Ltd. 23,700 (31 March 2013: 23,700) Equity Shares of ₹ 10 each fully paid-up	0.24	0.24
ii) Ambernath Chemical Manufacturers 1,000 (31 March 2013: 1,000) Equity Shares of ₹ 10 each fully paid-up	0.01	0.01
iii) Tarapur Industrial Manufacturers	0.04	0.04

(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 13 NON-CURRENT INVESTMENTS (CONTD.)</b>		
2,000 (31 March 2013: 2,000) Equity Shares of ₹ 10 each fully paid-up at a premium of ₹ 10 per share		
iv) Quest Healthcare Private Limited Advance paid for purchase of shares	-	16.07
	<b>0.29</b>	<b>16.36</b>
<b>B Investment in government securities</b>		
i) National Saving Certificate	0.02	0.02
ii) NSC VIII Issue - Tarapur	0.05	0.05
	<b>0.07</b>	<b>0.07</b>
<b>Total (A + B)</b>	<b>0.36</b>	<b>16.43</b>
Aggregate amount of unquoted investments	0.36	16.43

(₹ In Million)		
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 14 LONG-TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good)</b>		
(a) Capital advances	595.06	123.49
(b) Security deposits	47.21	130.49
(c) Security deposits to related parties (Refer note 30.3)	2.27	30.19
(d) Advance income tax (net of provisions ₹ 112.95 million (As at 31 March, 2013 ₹ 112.95 million))	42.67	32.41
(e) MAT credit entitlement	73.34	76.18
(f) Prepaid expenses	14.51	9.79
<b>Total</b>	<b>775.06</b>	<b>402.55</b>

(₹ In Million)		
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 15 OTHER NON-CURRENT ASSETS</b>		
<b>(Unsecured, considered good)</b>		
Margin money deposits	17.00	4.37
<b>Total</b>	<b>17.00</b>	<b>4.37</b>

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(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 16 CURRENT INVESTMENTS</b>		
Current investments (valued at lower of cost and estimated net realisable value)		
<b>A Quoted equity instruments</b>		
i) Agrodutch Industries Limited	0.34	0.34
36,250 (31 March 2013: 36,250) Equity Shares of ₹ 10 each fully paid-up		
ii) Transchem Limited	0.43	0.43
32,500 (31 March 2013: 32,500) Equity Shares of ₹ 10 each fully paid-up		
iii) N B Footware Limited	-	-
100,000 (31 March 2013: 100,000) Equity Shares of ₹ 10 each fully paid-up		
iv) Nath Seed Limited	-	-
18,270 (31 March 2013: 18,270) Equity Shares of ₹ 10 each fully paid-up		
<b>B Current investments (valued at lower of cost and fair value)</b>		
<b>Unquoted equity instruments</b>		
i) Aditya Investment & Communication Limited	-	-
58,800 (31 March 2013: 58,800) shares of ₹ 10 each fully paid-up		
ii) Agrotech India Limited	-	-
6,300 (31 March 2013: 6,300) Equity Shares of ₹ 10 each fully paid-up		
iii) Nath Bio Genes (I) Limited	-	-
6,930 (31 March 2013: 6,930) Equity Shares of ₹ 10 each fully paid-up		
<b>C Unquoted mutual funds</b>		
100,000 (31 March 2013: 200,000) units of ₹ 10 each fully paid-up of SBI Mutual Fund	-	1.00
<b>Total</b>	<b>0.77</b>	<b>1.77</b>
Aggregate amount of quoted investments: Market value: ₹ 1.57 million (31 March 2013: ₹ 1.30 million)	0.77	0.77
Aggregate amount of unquoted investments	-	1.00

(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 17 INVENTORIES</b>		
<b>(At lower of cost and net realisable value)</b>		
(a) Raw materials and packing materials	267.35	226.81
Goods-in transit	84.55	90.04
	<b>351.90</b>	<b>316.85</b>
(b) Work-in-progress and intermediates	<b>320.62</b>	<b>236.82</b>
(c) Finished goods	262.79	248.81
Goods-in transit	74.32	49.71
	<b>337.11</b>	<b>298.52</b>
(d) Fuel	4.33	4.02
<b>Total</b>	<b>1,013.96</b>	<b>856.21</b>

(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 18 TRADE RECEIVABLES</b>		
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	57.47	23.50
Unsecured, considered doubtful	29.82	18.96
	<b>87.29</b>	<b>42.46</b>
Less: Provision for doubtful debts	29.82	18.96
	<b>57.47</b>	<b>23.50</b>
(b) Other trade receivables		
Unsecured, considered good	777.96	634.55
Unsecured, considered doubtful	1.69	0.73
	<b>779.65</b>	<b>635.28</b>
Less: Provision for doubtful debts	1.69	0.73
	<b>777.96</b>	634.55
<b>Total</b>	<b>835.43</b>	<b>658.05</b>

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(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 19 CASH AND CASH EQUIVALENTS</b>		
(a) Cash on hand	0.62	0.99
(b) Cheques, drafts in hand	4.31	1.99
(c) Balances with banks		
In current accounts (Refer note (i) below)	209.46	160.98
In deposit accounts	88.25	-
In EEFC accounts	0.85	1.73
In earmarked accounts		
Unpaid dividend accounts	0.12	0.12
Margin money deposits (Refer note (ii) below)	57.42	157.03
(d) Remittance in transit	1.10	7.12
<b>Total</b>	<b>362.13</b>	<b>329.96</b>

**Note:**

- (i) Balance with banks in current account includes ₹ 75.00 million (31 March 2013 ₹ 138.30 million) which has restrictions on utilisation of funds for capital projects.
- (ii) Balances in margin money deposits are held as security against borrowings, guarantees and other commitments.

(₹ In Million)		
	As on 31 March 2014	As on 31 March 2013
<b>NOTE 20 SHORT-TERM LOANS AND ADVANCES</b>		
<b>A Unsecured, considered good</b>		
(a) Loans and advances to related parties (Refer note 30.3)	-	29.15
(b) Security deposits - others	3.55	-
(c) Security deposits to related parties (Refer note 30.3)	26.10	-
(d) Advances to suppliers	23.16	63.26
(e) Advances to employees	1.60	1.04
(f) Loans and advances to others	5.11	18.01
(g) Balances with government authorities	284.15	222.32
(h) Prepaid expenses	37.42	18.99
<b>Total</b>	<b>381.09</b>	<b>352.77</b>
<b>B Unsecured, considered doubtful</b>		
Loans and advances to others	9.61	9.61
Less: Provision for doubtful loans & advances	9.61	9.61
	9.61	9.61
	-	-
<b>Total</b>	<b>381.09</b>	<b>352.77</b>

(₹ In Million)		
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 21 OTHER CURRENT ASSETS</b>		
(a) Interest accrued on deposits	3.83	3.28
(b) Unbilled revenue	15.69	10.89
(c) Claims receivable	13.87	41.84
(d) Receivables on sale of fixed assets	1.63	24.65
<b>Total</b>	<b>35.02</b>	<b>80.66</b>

(₹ In Million)		
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 22 REVENUE FROM OPERATIONS</b>		
a) Sale of products	4,677.66	3,330.41
b) Sale of services	93.46	81.11
c) Other operating revenues (Refer note (i) below)	27.83	7.76
	<b>4,798.95</b>	<b>3,419.28</b>
Less:		
Excise duty	244.30	150.66
<b>Total</b>	<b>4,554.65</b>	<b>3,268.62</b>
<b>Note:</b>		
<b>(i) Other operating revenues comprises:</b>		
Sale of scrap	5.19	1.56
Sale of Import Licences	10.92	-
Duty drawback and other export incentives	11.72	6.20
<b>Total - Other operating revenues</b>	<b>27.83</b>	<b>7.76</b>

(₹ In Million)		
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 23 OTHER INCOME</b>		
(a) Interest income (Refer note (i) below)	8.94	7.68
(b) Net gain on sale of Current investments	0.11	0.09
(c) Profit on sale of fixed assets (net)	16.12	4.16
(d) Other non-operating income (Refer note (ii) below)	13.24	13.71
<b>Total</b>	<b>38.41</b>	<b>25.65</b>
<b>Note:</b>		
<b>(i) Interest income comprises:</b>		
Interest from banks on:		
deposits	7.59	4.83
Interest on loans and advances	-	-
Others	-	2.25

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	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 23 OTHER INCOME (CONTD.)</b>		
Interest on income tax refund	0.46	0.60
Other interest	0.89	-
<b>Total - Interest income</b>	<b>8.94</b>	<b>7.68</b>
<b>(ii) Other non-operating income comprises:</b>		
Insurance claim received	1.04	0.35
Liabilities / provisions no longer required written back	6.06	11.99
Miscellaneous Income	6.14	1.37
<b>Total</b>	<b>13.24</b>	<b>13.71</b>

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 24 A. COST OF MATERIALS CONSUMED</b>		
Opening stock	316.85	291.74
Add: Purchases	2,432.26	1,871.11
Less: Closing stock	351.90	316.85
<b>Total</b>	<b>2,397.21</b>	<b>1,846.00</b>

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 24 B. PURCHASES OF STOCK-IN-TRADE</b>		
Purchases of stock-in-Trade	162.42	105.71
<b>Total</b>	<b>162.42</b>	<b>105.71</b>

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 24.C CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS &amp; INTERMEDIATES</b>		
<b>Opening stock</b>		
Work-in-progress and intermediates	236.82	182.02
Finished goods	298.52	204.59
	535.34	386.61
<b>Closing stock</b>		
Work-in-progress and intermediates	320.62	236.82
Finished goods	337.11	298.52
	<b>657.73</b>	<b>535.34</b>
<b>Net (increase) / decrease</b>	<b>(122.39)</b>	<b>(148.73)</b>

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 25 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	415.91	371.88
Contributions to provident fund and other funds	27.18	23.67
Expense on employee stock option scheme	17.08	-
Staff welfare expenses	21.01	19.13
<b>Total</b>	<b>481.18</b>	<b>414.68</b>

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 26 FINANCE COSTS</b>		
Interest expense on borrowings	366.48	303.07
Other borrowing costs	23.88	31.39
<b>Total</b>	<b>390.36</b>	<b>334.46</b>

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 27 OTHER EXPENSES</b>		
Power, water and fuel	295.03	235.33
Consumables	113.11	82.21
Conversion and processing charges	187.90	111.59
Contract labour charges	131.95	98.25
Freight and forwarding	70.10	62.39
Rent	34.70	45.63
Rates and taxes	24.84	8.67
Communication expenses	12.30	9.90
Repairs and maintenance		
Building	13.19	11.10
Machinery	72.15	48.57
Others	46.67	39.09
Insurance	9.44	6.97
Travelling and conveyance	49.62	38.12
Advertisement and selling expenses	25.56	13.20
Commission on sales	35.44	29.52
Legal and professional fees	90.56	45.53
Analytical charges	3.26	23.38
Bad trade receivables written off	1.18	25.46
Bad loans and advances written off	41.15	4.75
Provision for doubtful trade receivables	11.82	19.30
Provision for doubtful loans and advances	-	9.61
Intangible assets written off	-	5.06

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	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 27 OTHER EXPENSES (CONTD.)</b>		
Provision for Intangible under development	8.83	-
Tangible fixed assets written off	13.82	8.81
Capital work in progress/ Intangibles under development written off	-	47.77
Net loss on foreign currency transactions and translation	107.31	78.31
Increase/(Decrease) of excise duty on inventory	0.34	14.20
Other expenses	68.07	60.85
<b>Total</b>	<b>1,468.34</b>	<b>1,183.57</b>

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>NOTE 28 EXCEPTIONAL ITEMS (REFER NOTE (I) BELOW)</b>		
Loss on sale of Investments	12.06	-
Advances written off	126.76	-
CWIP Written off	450.29	-
<b>Total</b>	<b>589.11</b>	<b>-</b>
Note no. (i): Exceptional Items consists of: a) The Group had developed certain non-infringing technologies/IPs in the complex area of Penems. However, the implementation of project got delayed due to delays in environmental approval from Government of India. Further, post the change of control of our key customer for the business, the Group is uncertain of their continued interest in the project. Given the significant additional investments involved to complete the project, the Group has decided to discontinue the project and write-down the related project cost including un-recovered advances		
Loss on sale of Investments	12.06	-
Advances written off	76.76	-
CWIP Written off	450.29	-
b) Advance paid for purchase of shares written off during the year		
Advances written off	50.00	-
<b>Total</b>	<b>589.11</b>	<b>-</b>

## NOTE 29 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 29.1 Money received against share warrants

The Board of Directors of the Company by circular resolution dated 28 January 2014 and as approved at its Extra-ordinary General Meeting held on 14 January 2014 have resolved to create, offer, issue and allot up to 3,700,000 warrants, convertible into 3,700,000 equity shares of ₹ 10/- each on a preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956, at a conversion price of ₹ 135.25/- per equity share of the Company, arrived at in accordance with the SEBI Guidelines in this regard and the application money amounting to ₹ 125.10 Million was received from them. Out of this 550,000 warrants are converted and shares are issued during the year. The balance application money as at 31 March, 2014 amounting to ₹ 106.51 Million represents money received against 3,150,000 warrants.

The warrants may be converted into equivalent number of shares on payment of the balance amount at any time on or before 28 July 2015. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants. The Company has sufficient authorised capital to cover the allotment of these shares.

### 29.2 Share application money pending allotment

As at 31 March 2014, Alivira Animal Health Ltd, the subsidiary has received an amount of ₹ 180 Million towards share application money towards 2,114,165 equity shares of the subsidiary at a premium of ₹ 75.14 per share. The subsidiary has sufficient authorised capital to cover the allotment of these shares.

### 29.3 Contingent liabilities and commitments

#### (I) CONTINGENT LIABILITIES

	(₹ In Million)	
Particulars	As at 31 March 2014	As at 31 March 2013
(a) Claims against the Group not acknowledged as debts		
Sales tax / Value added tax *	16.52	16.52
Income tax *	53.50	32.87
Service tax *	0.32	0.32
Excise duty*	9.08	8.47
(b) Other money for which the Group is contingently liable		
Bills receivables discounted with banks	353.51	133.90

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

#### (II) COMMITMENTS

	(₹ In Million)	
Particulars	As at 31 March 2014	As at 31 March 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Tangible fixed assets	80.43	356.78



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## 29.4 Details on derivatives instruments and unhedged foreign currency exposures

- (i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2014

Currency	Amount in US \$ In Million	Buy / Sell	Cross currency
USD	1.30	Buy	Rupees
	(-)	(-)	(-)
USD	0.63	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	(₹ In Million)			
	As at 31 March 2014		As at 31 March 2013	
	Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency	Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency
Euro	50.60	0.61	18.18	0.26
USD	291.04	4.84	294.23	5.42
SGD	0.13	0.00	0.25	0.01
Euro	(12.44)	(0.15)	(5.24)	(0.08)
USD	(817.60)	(13.60)	(1,117.91)	(20.55)
Yen	(4.68)	(7.96)	(2.25)	(3.89)
GBP	(0.73)	(0.01)	(0.05)	(0.00)

## NOTE 30 DISCLOSURES UNDER ACCOUNTING STANDARDS

### Note

#### 30.1 Employee benefit plans

##### 30.1.a. DEFINED CONTRIBUTION PLANS

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 27.18 Million (net) (Year ended 31 March 2013 ₹ 23.67 Million net) for Provident Fund contributions and ₹ 1.84 Million (Year ended 31 March 2013 ₹ 2.37 Million) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

##### 30.1.b. DEFINED BENEFIT PLANS

The Company has a defined Gratuity benefit plan. The following table summarises 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.

Particulars	(₹ In Million)	
	Year ended 31 March 2014	Year ended 31 March 2013
<b>Components of employer expense</b>		
Current service cost	9.36	12.16
Interest cost	4.92	3.08
Expected return on plan assets	(0.89)	(0.92)
Unrecognised past service cost - non vested benefits	-	0.12
Recognised past service cost - non vested benefits	-	0.03
Actuarial losses/(gains)	(1.04)	1.96
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>12.35</b>	<b>16.43</b>
<b>Actual contribution and benefit payments for year</b>		
Actual benefit payments	(4.79)	(2.57)
Actual contributions	-	4.50
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	63.08	54.54
Fair value of plan assets	9.83	13.61
Funded status [Surplus / (Deficit)]	(53.25)	(40.93)
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(53.25)</b>	<b>(40.93)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	54.54	39.66
Current service cost	9.36	12.16
Interest cost	4.92	3.08
Actuarial (gains) / losses	(0.95)	2.20
Benefits paid	(4.79)	(2.56)
<b>Present value of DBO at the end of the year</b>	<b>63.08</b>	<b>54.54</b>
<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	13.61	10.52
Expected return on plan assets	0.89	0.92
Actual company contributions	-	4.50
Actuarial gain / (loss)	0.09	0.24
Benefits paid	(4.76)	(2.57)
<b>Plan assets at the end of the year</b>	<b>9.83</b>	<b>13.61</b>
Actual return on plan assets	1.00	1.16

#### 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 been provided by the Fund managers to the Company.

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Particulars	₹ In Million	
	Year ended 31 March, 2014	Year ended 31 March, 2013
<b>Actuarial assumptions</b>		
Discount rate	9.20%	8.00%
Expected return on plan assets	8.75%	8.00%
Salary escalation	12.00%	12.00%
Attrition	8%-12%	8%-12%
Mortality tables	IALM (2006-08) Ultimate	LIC (94-96) Ult

Experience adjustments	₹ In Million				
	2013-14	2012-13	2011-12	2010-11	2009-10
Experience (gain) / loss adjustments on plan liabilities	(0.95)	2.20	(5.90)	0.82	7.82
Experience gain / (loss) adjustments on plan assets	0.09	0.24	0.19	0.19	(0.40)

## Notes

- 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.
- The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.
- 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 ₹ Nil (31 March 2013: ₹ NIL)

30.1.c.

Actuarial assumptions for long-term compensated absences	₹ In Million	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Discount rate	9.20%	8.00%
Salary escalation	12.00%	12.00%
Attrition	8.00%-12.00%	8.00%
Mortality tables	IALM (2006-08) Ultimate	LIC (94-96) Ult

## Notes

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

## 30.2 Segment information

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

### Primary Segment information (Business segment)

Particulars	₹ In Million	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>1 Segment Revenue</b>		
a) Pharmaceuticals	3,858.97	2,671.24
b) Speciality Chemicals	602.23	516.28
c) Analytical Services	93.45	81.10
<b>Total</b>	<b>4,554.65</b>	<b>3,268.62</b>
Less: Intersegment Revenue	-	-
<b>Total revenue</b>	<b>4,554.65</b>	<b>3,268.62</b>
<b>2 Segment Results</b>		
a) Pharmaceuticals	(416.02)	(505.88)
b) Speciality Chemicals	53.30	78.53
c) Analytical Services	10.12	8.67
<b>Total Segment Result</b>	<b>(352.60)</b>	<b>(418.68)</b>
Less: Interest Paid & other Finance charges	390.36	334.46
Less: Exceptional items	589.11	-
Add: Other Un-allocable Income net of Un-allocable expenditure	232.93	(25.64)
<b>Total Profit/(Loss) Before Tax</b>	<b>(1,099.14)</b>	<b>(727.50)</b>
Less:		
1) Provision for Income Tax	6.35	2.28
2) Deferred Tax	(0.56)	(80.63)
3) MAT Credit Entitlement	-	(2.23)
4) Minority Interest	-	0.02
Loss for the year	(1,104.93)	(646.94)
<b>3 Other Information</b>		
a) <b>Segment Assets</b>		
a. Pharmaceuticals	4,793.13	4,348.62
b. Speciality Chemicals	667.68	592.72
c. Analytical Services	192.77	228.94
<b>Total Segmental Assets</b>	<b>5,653.58</b>	<b>5,170.28</b>
Add: Un-allocable Corporate Assets	573.56	692.21
<b>Total Assets</b>	<b>6,227.14</b>	<b>5,862.50</b>
b) <b>Segment Liabilities</b>		
a. Pharmaceuticals	1,424.33	1,550.16
b. Speciality Chemicals	373.47	435.04
c. Analytical Services	150.44	178.89
<b>Total Segmental Liabilities</b>	<b>1,948.24</b>	<b>2,164.09</b>
Add: Un-allocable Corporate Liabilities	3,665.84	2,702.58
<b>Total Liabilities</b>	<b>5,614.08</b>	<b>4,866.67</b>
c) <b>Capital Expenditure</b>		
a. Pharmaceuticals	411.84	472.68
b. Speciality Chemicals	10.94	11.13
c. Analytical Services	10.00	8.03
<b>Total</b>	<b>432.78</b>	<b>491.84</b>
d) <b>Depreciation</b>		
a. Pharmaceuticals	273.10	236.21
b. Speciality Chemicals	35.51	33.68
c. Analytical Services	17.36	16.18
<b>Total</b>	<b>325.97</b>	<b>286.07</b>

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## Secondary Segment Information (Geographical Segment)

	(₹ In Million)	
	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>Distribution of the segment revenue by geographic location of customers</b>		
Europe	1,033.62	680.29
Asia	2,897.04	2,116.04
Rest of the World	623.98	472.29
<b>Total</b>	<b>4,554.64</b>	<b>3,268.62</b>
<b>Segment assets</b>		
Europe	-	-
Asia	6,227.14	5,862.50
Rest of the World	-	-
<b>Total</b>	<b>6,227.14</b>	<b>5,862.50</b>
<b>Cost incurred during the year to acquire segment assets (tangible and intangible fixed assets)</b>		
Europe	-	-
Asia	432.78	491.84
Rest of the World	-	-
<b>Total</b>	<b>432.78</b>	<b>491.84</b>

## 30.3 Related Party Disclosures:

### A LIST OF RELATED PARTIES:

#### i) Key Management Personnel

Mr. K.R.Ravishankar, Director

Dr. Gautam Kumar Das, Joint Managing Director

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

Strides Arcolab Limited

Atma Projects

Agnus Holdings Private Limited

Latitude Projects Private Limited

Chayadeep Properties Private Limited

Deesha Properties

Agnus Capital LLP

Chayadeep Ventures LLP

Pronomz Ventures LLP

Pardime Infrastructure Development Company

Sequent Speciality Chemicals Pvt Limited

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

Nature of Transactions	(₹ In Million)			
	Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>B. Transaction during the year</b>				
(i) <b>Sale of material/services</b>				
Strides Arcolab Limited			409.44	65.28
(ii) <b>Sale of machinery/assets</b>				
Strides Arcolab Limited			18.05	-
(iii) <b>Interest paid</b>				
Chayadeep Properties Pvt. Ltd.			33.07	17.36
(iv) <b>Purchase of materials</b>				
Strides Arcolab Limited			-	0.73
(v) <b>Purchase of machinery/assets</b>				
Strides Arcolab Limited			0.33	-
(vi) <b>Managerial remuneration</b>				
Mr. K.R.Ravishankar	14.25	47.87		
Dr. Gautam Kumar Das	12.51	14.95		
(vii) <b>Excess managerial remuneration paid recovered</b>				
Mr KR Ravishankar	26.81			
(viii) <b>Reimbursement of expenses to</b>				
Strides Arcolab Limited			7.60	0.88
(ix) <b>Rent paid</b>				
Atma Projects			4.42	6.06
Strides Arcolab Limited			0.59	-
Deesha Properties			-	10.49
(x) <b>Loan/advances repaid to the company**</b>				
Pardime Infrastructure Development Company			-	2.50
(xi) <b>Loans/advances received***</b>				
Chayadeep Properties Pvt. Ltd			627.96	362.93
(xii) <b>Loan/advances repaid by Company**</b>				
Chayadeep Properties Pvt. Ltd			682.00	17.00

# NOTES

forming part of the consolidated financial statements

Nature of Transactions	(₹ In Million)			
	Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013
Sequent Speciality Chemicals Pvt Limited			0.08	117.60
<b>(xiii) Shares issued on conversion of warrants</b>				
Agnus Capital LLP			236.50	126.79
Chayadeep Ventures LLP			236.50	126.79
Pronomz Ventures LLP			74.38	-
<b>(xiv) Money received against share warrants</b>				
Agnus Capital LLP			214.30	191.81
Chayadeep Ventures LLP			214.30	180.56
Pronomz Ventures LLP			106.51	-

Nature of Transactions	(₹ In Million)			
	Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>C. Balance as at balance sheet date</b>				
<b>(i) Debtors balance</b>				
Strides Arcolab Limited			260.62	45.56
<b>(ii) Advance receivable</b>				
Pardime Infrastructure Development Company			-	29.15
<b>(iii) Deposit receivable</b>				
Atma Projects			17.39	17.39
Strides Arcolab Limited			2.27	-
Deesha Properties			8.71	12.79
<b>(iv) Payable</b>				
Chayadeep Properties Pvt. Ltd			291.89	345.93
Sequent Speciality Chemicals Pvt Limited				0.08
<b>(v) Creditors balance</b>				
Atma Projects			0.20	2.52
Latitude Projects Private Limited			-	0.27
<b>(vi) Money received against share warrants</b>				
Agnus Capital LLP			37.19	59.39
Chayadeep Ventures LLP			37.19	59.39
Pronomz Ventures LLP			32.12	-
** Includes interest payment				
*** Includes interest accrued on loans taken				

# NOTES

forming part of the consolidated financial statements

Nature of Transactions	(₹ In Million)			
	Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>D. Details of balance provided / written off</b>				
(i) Advance receivable				
Pardime Infrastructure Development Company			29.15	-

### 30.4 Details of borrowing costs capitalised

Particulars	(₹ In Million)	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Borrowing costs capitalised during the year		
- as fixed assets / intangible assets / capital work-in-progress	44.28	40.75
	<b>44.28</b>	<b>40.75</b>

### 30.5 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 ₹ 34.70 Million. (Previous Year: ₹ 45.63 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 3 years. The said lease arrangements have an escalation clause where in lease rental is subject to an increment ranging from 5% to 15%. Details of lease commitments are given below:

Particulars	(₹ In Million)	
	Year ended 31 March, 2014	Year ended 31 March, 2013
not later than one year	1.85	20.02
later than one year and not later than five years	3.32	29.96
later than five years	-	4.20

### 30.6 Earnings per share

#### 30.6.a. CONTINUING OPERATIONS

Particulars	(₹ In Million)	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Net profit / (loss) for the year as per statement of profit and loss from continuing operations	(1,102.76)	(670.83)
Net profit / (loss) for the year attributable to the equity shareholders from continuing operations	(1,102.76)	(670.83)
Weighted average number of equity shares	25,838,262	22,696,287
Par value per share	10	10
Earnings / (Loss) per share from continuing operations - Basic and Diluted	(42.68)	(29.56)

#### 30.6 b. TOTAL OPERATIONS

Particulars	(₹ In Million)	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Net profit / (loss) for the year as per statement of profit and loss	(1,104.93)	(646.94)
Net profit / (loss) for the year attributable to the equity shareholders	(1,104.93)	(646.94)
Weighted average number of equity shares	25,838,262	22,696,287
Par value per share	10	10
Earnings / (Loss) per share - Basic and Diluted	(42.76)	(28.50)

#### 30.7 Deferred tax (liability) / asset

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
<b>Tax effect of items constituting deferred tax liability</b>		
Depreciation	(217.30)	(195.08)
<b>Tax effect of items constituting deferred tax liability</b>	<b>(217.30)</b>	<b>(195.08)</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Disallowances under Section 43B of the Income Tax Act, 1961	31.86	25.61
Unabsorbed depreciation carried forward	172.63	156.33
Others	11.59	11.36
<b>Tax effect of items constituting deferred tax assets</b>	<b>216.08</b>	<b>193.30</b>
<b>Net deferred tax (liability) / asset</b>	<b>(1.22)</b>	<b>(1.78)</b>

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.

#### 30.8 Details of research and development expenditure

##### A. REVENUE EXPENDITURE

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Employee benefits expense	43.82	23.51
Power, water and fuel	5.89	4.21
Legal and professional fees	0.18	0.27

# NOTES

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Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Consumables	25.90	4.06
Travelling and conveyance	2.03	0.52
Analytical charges	30.84	21.31
Others	6.71	11.95
<b>Total</b>	<b>115.37</b>	<b>65.83</b>

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. CAPITAL EXPENDITURE

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Capital equipments	0.11	2.52
<b>Total</b>	<b>0.11</b>	<b>2.52</b>

These details are as compiled by the management and relied upon by the Auditors.

## 30.10 Discontinuing operations

During the year, the Board of Directors of the Company have approved the transfer of Specialty Chemicals Division of the Company along with all related assets and liabilities by way of slump sale. The Specialty Chemicals Division is reported as part of the Specialty Chemicals segment of the Company. Subsequent to the year end requisite approval from the shareholders as per the provisions of Section 180(1)(a) of the Companies Act, 2013 has been obtained through postal ballot. The transfer of the Specialty Chemicals division is expected to be completed in 2nd Quarter of financial year 2014-15.

Profit / (Loss) from ordinary activities	(₹ In Million)					
	Year ended 31 March 2014			Year ended 31 March 2013		
	Continuing Operations	Discontinuing Operations	Total	Continuing Operations	Discontinuing Operations	Total
Sale of products	3,831.13	602.23	4,433.36	2,663.46	516.28	3,179.74
Sale of Services	93.46	-	93.46	81.11	-	81.11
Other operating revenue	25.40	2.43	27.83	6.37	1.39	7.76
Other income	38.41	-	38.41	24.38	1.27	25.65
<b>Total revenue (A)</b>	<b>3,988.40</b>	<b>604.66</b>	<b>4,593.06</b>	<b>2,775.32</b>	<b>518.94</b>	<b>3,294.26</b>
Cost of materials consumed	2,047.10	350.11	2,397.21	1,532.10	313.90	1,846.00
Purchases of stock-in-trade	162.42	-	162.42	105.71	-	105.71
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(94.18)	(28.21)	(122.39)	(104.48)	(44.25)	(148.73)
Employee benefits expense	446.93	34.25	481.18	384.97	29.71	414.68
Finance costs	335.16	55.20	390.36	280.94	53.52	334.46
Depreciation and amortisation expense	290.46	35.51	325.97	252.39	33.68	286.07
Other expenses	1,308.37	159.97	1,468.34	1,075.10	108.47	1,183.57
<b>Total expenses (B)</b>	<b>4,496.26</b>	<b>606.83</b>	<b>5,103.09</b>	<b>3,526.73</b>	<b>495.03</b>	<b>4,021.76</b>
Profit / (Loss) before tax from ordinary activities (A-B)	(507.86)	(2.17)	(510.03)	(751.41)	23.91	(727.50)
Exceptional items	589.11	-	589.11	-	-	-
<b>Profit / (Loss) before tax after exceptional items(A-B)</b>	<b>(1,096.97)</b>	<b>(2.17)</b>	<b>(1,099.14)</b>	<b>(751.41)</b>	<b>23.91</b>	<b>(727.50)</b>
Tax expense	-	-	-	(80.58)	-	(80.58)
Profit / (Loss) after tax before Minority interest	(1,096.97)	(2.17)	(1,099.14)	(670.83)	23.91	(646.92)
Carrying amount of assets as at the balance sheet date relating to the discontinuing business to be disposed off		674.72			621.93	
Carrying amount of liabilities as at the balance sheet date relating to the discontinuing business to be settled		131.13			218.17	
<b>Net cash flow attributable to the discontinuing business</b>						
Cash flows from operating activities		(74.15)			169.72	
Cash flows from investing activities		(12.57)			(58.65)	
Cash flows from financing activities		86.80			(110.81)	

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

Particulars	(₹ In Million)	
	Year ended 31 March 2014	Year ended 31 March 2013
Employee benefits expense	15.97	15.48
Power, water and fuel	4.12	4.16
Legal and professional fees	0.11	0.16
Raw material and consumables	24.17	61.78
Travelling and conveyance expenses	0.50	0.39
Analytical charges	19.51	16.46
Depreciation	1.82	3.68
Others	3.53	9.32
Sale of validation batches	(19.68)	(40.66)
<b>Total</b>	<b>50.05</b>	<b>70.77</b>

# NOTES

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## NOTE 31 DISCLOSURES ON EMPLOYEE SHARE BASED PAYMENTS

### Note

#### 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 ₹ 10 per share at a premium of ₹ 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) During the current year, the Compensation Committee in its meeting held on May 30, 2013 and February 12, 2014 has granted 540,000 and 100,000 options respectively under Sequent Scientific Employees Stock Option Plan – 2010 (Sequent ESOP 2010) to few eligible employees of the Company. The options allotted under Sequent Scientific Employees Stock Option Plan – 2010 (Sequent ESOP 2010) are convertible into equal number of equity shares.

The vesting period of these options range over a period of 1 to 4 years. The options may be exercised within a period of 1 to 4 years from the date of vesting.

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

Particulars	During the year ended	During the year ended
	31 March 2014	31 March 2013
	Options (Numbers)	Options (Numbers)
Option outstanding at the beginning of the year	-	-
Granted during the year	640,000	-
Vested during the year	-	-
Exercised during the year	-	-
Forfeited during the year	70,000	-
Options outstanding at the end of the year	570,000	-
Options available for grant	130,000	700,000
Range of exercise price for options outstanding at the end of the year	₹ 50 to ₹ 80 per Option	

Weighted average remaining contractual life for options outstanding as at 31 March, 2014 is 4.27 years (As at 31 March, 2013 NIL) and weighted average exercise price per option as at 31 March 2014 is ₹ 65 (As at 31 March 2013 is Nil)

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

Particulars	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Net Profit / (loss) (as reported)	(1,104.93)	-
Add / (Less): stock based employee compensation (intrinsic value)	17.08	-
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note (e) below)	(30.21)	-
Net Profit / (loss) (proforma)	(1,118.06)	-
Basic earnings per share (as reported)	(42.76)	-
Basic earnings per share (proforma)	(43.27)	-
Diluted earnings per share (as reported)	(42.76)	-
Diluted earnings per share (proforma)	(43.27)	-

e) 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:

Assumptions	(₹ In Million)	
	As at 31 March 2014	As at 31 March 2013
Risk Free Interest Rate	8.75%	-
Expected Life	4 years	-
Expected Annual Volatility of Shares	48.53%	-
Expected Dividend Yield	NIL	-

## NOTE 32 TRANSFER PRICING

In respect of Transfer pricing regulations under Section 92 to 92F of the Indian Income Tax Act, 1961, the Management confirms that its international transactions and Specified Domestic Transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for tax.

## NOTE 33

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

Dr. Gopakumar G Nair

Preetham Hebbar

Joint Managing Director

Director

Company Secretary



# KEY FINANCIAL PARAMETERS AND RATIOS AT A GLANCE

SNo	Particulars	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
(₹ In Million)										
<b>A. FINANCIAL RESULTS SUMMARY</b>										
1	Revenue from operations	4,451	3,141	3,324	2,780	2,463	1,061	748	447	323
2	Other Income	53	25	113	114	73	18	4	39	6
3	EBIDTA	125	(40)	468	584	674	139	86	128	60
4	PAT	(1,144)	(545)	15	159	208	35	25	88	38
5	Paid up Equity Share Capital	273	240	219	219	212	111	111	79	65
6	Shareholders' Networth	503	1,094	1,267	1,256	1,159	596	574	349	198
<b>B. KEY RATIOS &amp; PARAMETERS</b>										
1	EBIDTA Margin %	2.8%	(1.3)%	14.1%	21.0%	27.4%	13.1%	11.5%	28.6%	18.6%
2	PAT Margin %	(25.4)%	(17.2)%	0.4%	5.5%	8.2%	3.2%	3.3%	18.1%	11.6%
3	EPS - ₹ / Share	(44.28)	(24.01)	0.67	7.26	9.79	3.16	2.26	11.17	5.85

**Note:** Standalone figures have been considered

## KEY INFORMATION PERTAINING TO SUBSIDIARY COMPANIES FINANCIAL STATEMENTS AS AT THE RESPECTIVE FINANCIAL PERIOD END

Name of the Subsidiary	Country of incorporation	Financial period ended on	Exchange Rate	Capital (Includes Monies pending allotment)	Reserves	Total Assets	Total liabilities (other than Capital & reserves)	Investments other than in subsidiaries	Turnover	Profit/(Loss) Before Tax	Provision for taxation	₹ In Million	
												Profit/(Loss) After Tax	Proposed Dividend
Alivira Animal Health Limited - Refer note 1 below	India	31-Mar-14	INR	380.50	(1.48)	884.72	505.70	-	-	(1.07)	0.41	(1.48)	-
Elysian Life Science (Mauritius)Ltd	Mauritius	31-Mar-14	1 USD = INR 60.10	62.26	(60.66)	1.84	0.24	-	34.84	(41.61)	-	(41.61)	-
Elysian Life Sciences Private Limited	India	31-Mar-14	INR	0.10	(111.82)	7.01	118.73	-	-	(66.94)	-	(66.94)	-
SeQuent Antibiotics Private Limited	India	31-Mar-14	INR	0.10	(0.58)	0.06	0.54	-	-	(0.02)	-	(0.02)	-
SeQuent European Holdings Limited (subsidiary of SeQuent Global Holdings Limited)	Cyprus	31-Dec-13	1 EUR = INR 82.58	0.33	(1.63)	0.04	1.34	-	-	(0.19)	-	(0.19)	-
SeQuent Global Holdings Limited	Mauritius	31-Mar-14	1 EUR = INR 82.58	11.62	(54.12)	46.95	89.45	-	218.20	5.49	-	5.49	-
SeQuent Oncolytics Private Limited	India	31-Mar-14	INR	0.10	(0.15)	0.02	0.07	-	-	(0.01)	-	(0.01)	-
SeQuent Penems Private Limited	India	31-Mar-14	INR	90.52	(23.01)	335.73	268.22	-	-	(381.29)	-	(381.29)	-
SeQuent Research Limited	India	31-Mar-14	INR	44.10	16.08	210.72	150.54	-	169.57	15.49	5.37	10.12	-
Vedic Faxipang Pharma Chemic Company Limited	Vietnam	31-Dec-13	1 VND = INR 0.0029	138.29	(132.18)	7.47	1.36	-	15.18	(11.77)	-	(11.77)	-

Note: 1) Incorporated on 30 September 2013

# CORPORATE INFORMATION

## Board of Directors

**MR. K R RAVISHANKAR**  
(Chairman)

**DR. GAUTAM KUMAR DAS**  
(Joint Managing Director)

**DR. GOPAKUMAR G NAIR**  
(Independent Director)

**MR. KANNAN RAMANUJAM**  
(Independent Director)

## Company Secretary

**PREETHAM HEBBAR**

## Registered Office

301, 3rd Floor, Dosti Pinnacle  
Plot No. E7, Road No. 22  
Wagle Industrial Estate  
Thane (W), Mumbai - 400 604.  
Maharashtra.

## Corporate Office

Star I, Opp. IIM-B, Bilekahalli  
Bannerghatta Road,  
Bangalore - 560 076. Karnataka.

## Statutory Auditors

M/s. Deloitte Haskins and Sells  
Anchorage 2, 100/2,  
Richmond Road  
Bangalore - 560 025. Karnataka.

## Internal Auditors

M/s. Grant Thornton India LLP  
Wings, 1st Floor, 16/1, Cambridge Road  
Ulsoor, Bangalore - 560 008. Karnataka.

## Bankers

HDFC Limited  
Corporation Bank  
Central Bank of India  
State Bank of Hyderabad  
State Bank of Mysore  
Andhra Bank  
Indian Overseas Bank

## Registrar & Share Transfer Agent

Adroit Corporate Services Private Limited  
17-20, Jafferbhoy Industrial Estate  
1st Floor, Makhwana Road, Marol Naka  
Andheri (E), Mumbai - 400 059

## Plants

Plot Nos. 7 & 8, MIDC Engineering Zone  
Kalyan-Badlapur Road  
Ambernath, Maharashtra.

Plot Nos. 136, 137, 138, 139, 140, 141, 150, 151  
& W-152, MIDC, Tarapur, Boisar  
Dist. Thane, Maharashtra.

Plot Nos. B-32, G-2, G-3, MIDC, Mahad  
Dist. Raigad. Maharashtra.

Plot Nos. A-68, Additional Ambernath  
MIDC Indl. Area, Ambernath (East)  
Dist. Thane, Maharashtra.

Plot Nos. 120 A & B, 36, 120P & 121  
Industrial Area, Baikampady,  
New Mangalore. Karnataka.

Plot Nos. 253 & 254, Thandya  
Industrial Area, Thandavapura  
Mysore, Karnataka.

## SeQuent Scientific Limited

**CIN:** L99999MH1985PLC036685

### REGISTERED OFFICE

301, 3rd Floor, Dosti Pinnacle, Plot No. E7  
Road No.22, Wagle Industrial Estate  
Thane (W), Mumbai - 400 604, Maharashtra.

### CORPORATE OFFICE

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