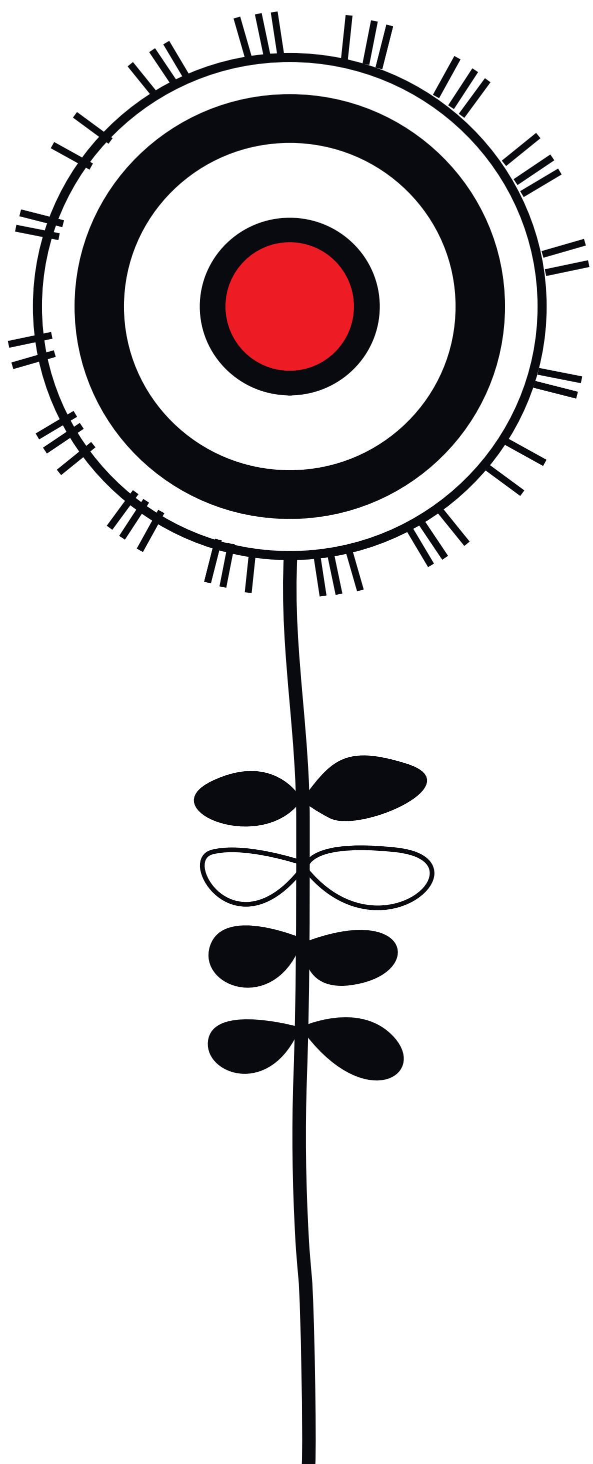
READY.

SeQuent Scientific Limited | Annual Report 2010-11

Forward-looking Statements

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

STEADY



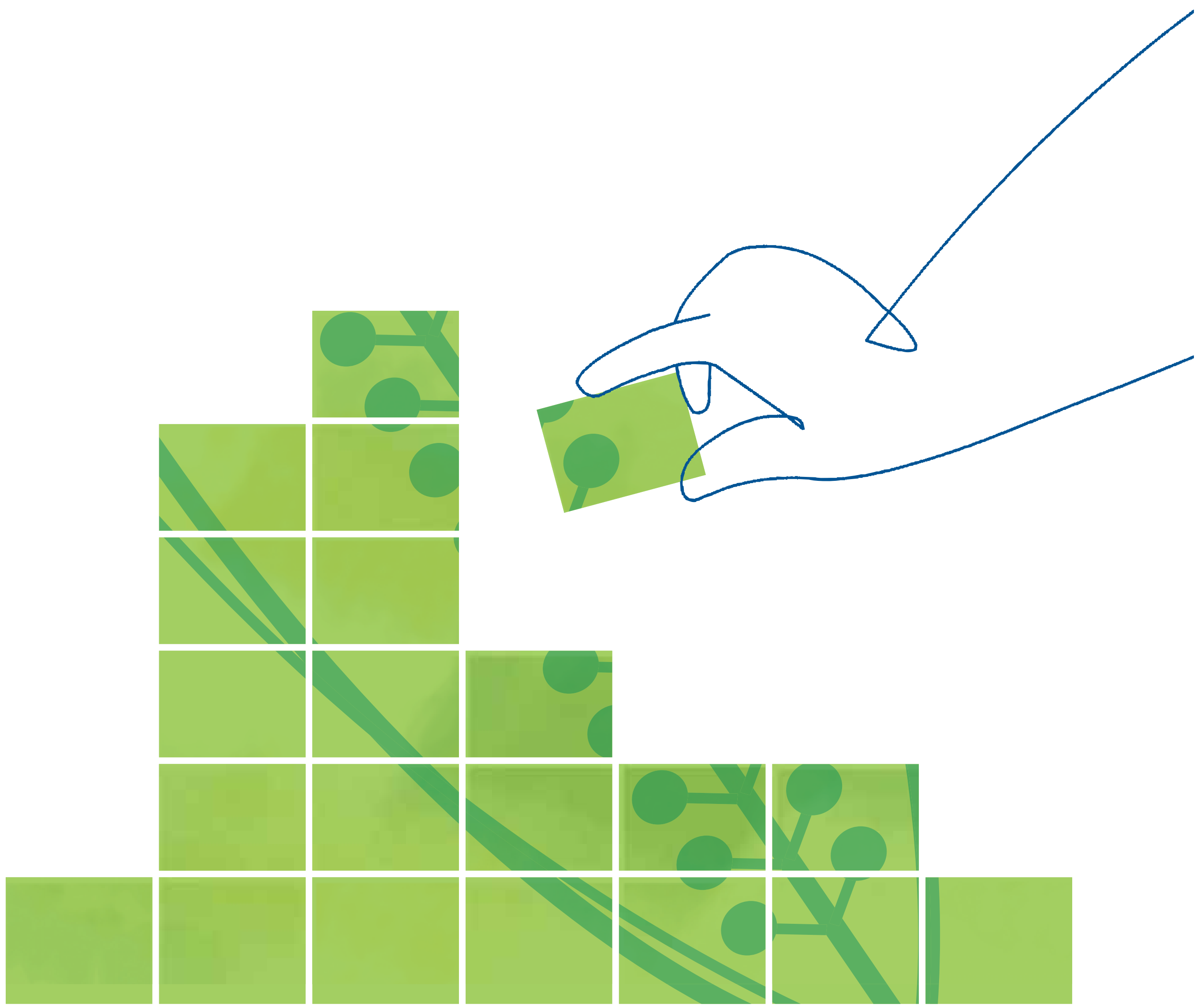
Sequent
Proven Ability In Life Sciences

GROW!

WHAT'S INSIDE?

Great things are
not done by impulse,
but by a series of small things
brought together.

\- Jumalkangaa (Tanzanian Marathoner)



The SeQuent 6

Things you would like to know about us.

Our origin

SeQuent Scientific

Acquired by first generation entrepreneurs in 2007

SeQuent Scientific | PI Drugs

Merged into PI Drugs in 2008

SeQuent Scientific Limited

Name changed post merger from PI Drugs to SeQuent

Our reputation

- A leading Indian API (active pharmaceutical ingredients) company having presence in Human and Veterinary segments
- The world's largest producers of Anthelmintic APIs

Our leadership

Established by two first generation entrepreneurs having two decades of experience in pharmaceuticals industry. Mr. K.R.Ravishankar, Chairman & Managing Director presently heads the company.

Our presence

Registered office - Mumbai, Maharashtra

Corporate office - Bengaluru, Karnataka

Manufacturing locations –

- Mangalore, Karnataka
- Ambernath, Maharashtra
- Tarapur, Maharashtra
- Mahad, Maharashtra
- Panoli, Gujarat

Our listing

Our shares are listed on the Bombay Stock Exchange (Stock code: 512529). Our market capitalisation as on 31st March, 2011 was ₹1,795 Million.

Our employees

More than 600 qualified, experienced and motivated employees as on 31st March, 2011

TODAY, WE STAND AT THE STARTING LINE. READY TO EMBARK ON A GROWTH PHASE. CONFIDENT OF OUR CREDENTIALS, NURTURED OVER THE YEARS.

A JOURNEY OF THOUSAND MILES BEGINS WITH A SINGLE STEP. OVER THE FIRST FOUR YEARS OF OUR OPERATIONS SINCE ACQUISITION, WE HAVE COME A LONG WAY. SIMPLY BY TAKING ONE STEP AT A TIME. ALONG THE WAY, WE MODERNISED AND DEBOTTLENECKED EXISTING CAPACITIES, CREATED NEW CLIENTS, FORAYED INTO NEW PRODUCTS, STRENGTHENED PROCESSES, IMPROVED QUALITY AND BUILT AN ORGANISATION.

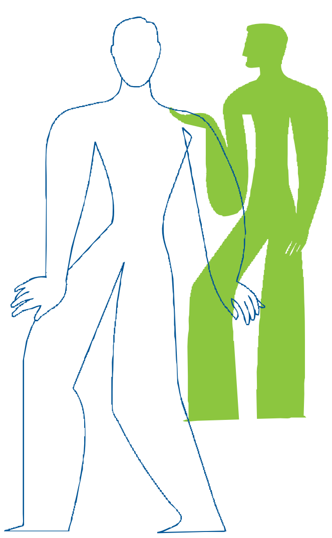
Today, we stand at the starting line. Ready to embark on a growth phase. Confident of our credentials, nurtured over the years. Staring at the opportunities that our diversified business model offers in wake of growing population, longer working hours, increased per capita income and increasing healthcare spends. With the global healthcare spends expected to reach ~US$ 1,100 billion (bn) by 2015, India is expected to remain a preferred pharmerging market, both in terms of outsourcing by large global pharma companies and consumption spends.

We have consistently invested in our R&D capabilities, capacities and product pipeline. Our production facilities are audited and accredited with global certifications. We have developed requisite production flexibility by partnering with smaller convertors and manufacturers. We have established our presence in unregulated and semi-regulated markets and are now focused foraying into regulated markets.

Having built a robust platform based on learning from the past and envisioning the future growth; we stand prepared.

Ready. Steady. Grow.

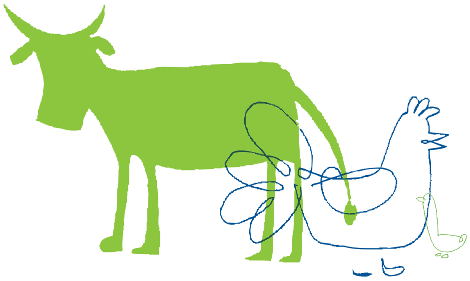
Our business verticals at a glance



Core businesses

Human APIs

- Second largest business vertical
- Flexibility and competence to produce large volume APIs while specialising in niche molecules
- R&D focused model; dedicated investments has led to increased filings
- 55 APIs developed/under-development; 29 DMFs filed till date
- Focus on forging long term partnerships with innovator companies
- Currently present in some regulated markets; awaiting USFDA approval



Core businesses

Veterinary APIs

- Have emerged as a preferred supplier to top veterinary drug manufacturers across the globe
- Leading producer of animal Anthelmintic APIs
- Focus on creating an extensive product pipeline
- Early dominance of the acquired company has been built upon to sustain growth
- Already supplying to regulated markets like Europe

Veterinary Formulations

- Fastest growing segment in the company; lower base
- Forayed into the segment as a forward integration for veterinary APIs
- Exports dominated revenues
- One of the few companies in India in its product space
- Caters to a wide product range in the Anthelmintic category
- Products registered in various markets in Africa

Non-core businesses

Specialty chemicals

- Non-core business vertical; requires low capex but delivers good growth
- Commenced operations by selling a single product; will offer new products in 2011-12 (antioxidants space)
- Largely domestic focused division
- Present capacity being optimally utilized

READY.

BEING READY IS THE FIRST STEP. BEING READY, IS ENVISIONING THE FUTURE. BEING READY, IS BELIEVING IN ONE'S ABILITIES TO CHANGE PERCEPTIONS AND MITIGATE RISKS. IN 2007, WHEN WE ACQUIRED SEQUENT SCIENTIFIC LTD, SPECIALTY CHEMICALS DOMINATED THE REVENUES AND HUMAN APIS VERTICAL WAS AT A NASCENT STAGE. WE FOCUSED ON PHARMACEUTICALS VERTICAL BEING THE CORE BUSINESS.

We chose Pharmaceuticals vertical as a core business on account of our research-led pedigree. Human APIs, being a capital-intensive business, it was important for us to define our expertise and ensure phased spending.

Though a deviation from our core business; we continued with Specialty chemicals, a low capital intensive and cash generating vertical,as a non-core business. Since the infrastructure for the same already existed, we chose to continue the business, only focusing on high value products.

We chose Pharmaceuticals vertical as a core business on account of our research-led pedigree. Human APIs, being a capital-intensive business, it was important for us to define our expertise and ensure phased spending. We focused on anti-infective category and at the same time initiated steps to develop a world-class research and development infrastructure. Our investments in processes, people and products enabled us to expand our clientele and also built our credentials as a research-led player in niche molecules and intermediates. However, scaling up was essential to reach the next level of growth. The challenge was to look beyond Human APIs.

In 2008 we acquired a two decade old company, PI Drugs through reverse merger. Then the erstwhile PI Drugs was renamed as Sequent Scientific. That merger provided us with established expertise in veterinary APIs and formulations. The veterinary pharmaceuticals industry is largely concentrated in Europe and United States. With increased cost of inputs, the veterinary pharma segment too would outsource its production to low cost destinations. India being in forefront of the cost-quality benefit providers, we chose to pursue this vertical. As a result of our R&D set-up, understanding of complex chemistry and uncompromising attitude towards quality, we have emerged among the fastest growing veterinary solutions providers in India.

Today, we are ready. The core business (Pharmaceuticals) contributes 86 per cent to our topline and non-core (specialty chemicals) account for the remaining 14 per cent. In the past five years, revenues from veterinary business have quadrupled and Human APIs have tripled. Veterinary segment accounts for 58 per cent and Human APIs account for 28 per cent of the total revenues.

With moderate scale set in each business vertical, backed by robust financial health, **we are ready**.

OUR GUIDING PRINCIPLES

Our vision

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

Our mission

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

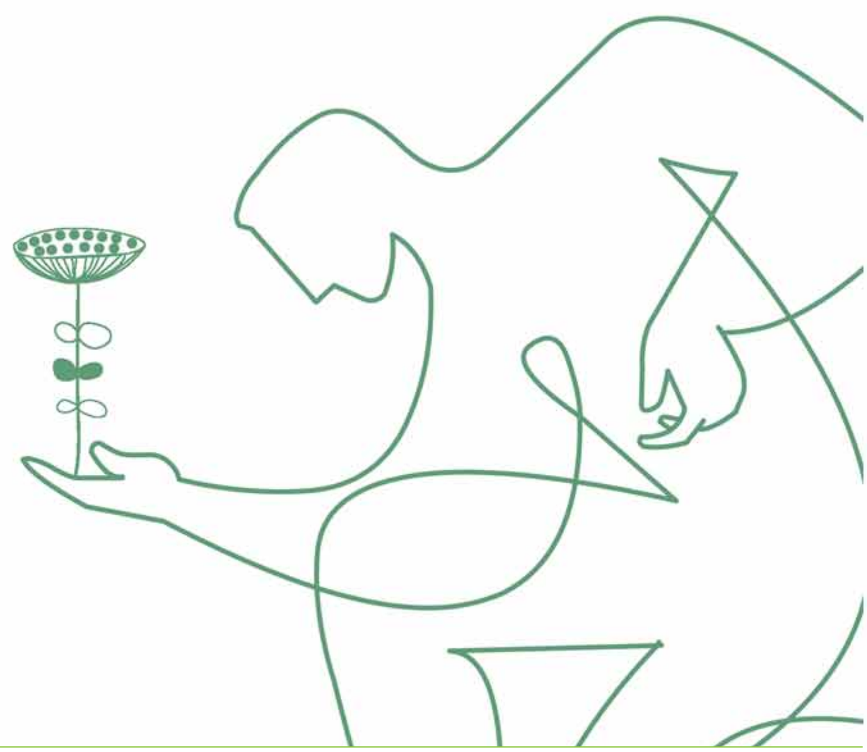
Our quality policy

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

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

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

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



What did we achieve in 2010-11?

Operational highlights

- 7 new DMFs filed, taking the total to 28 DMFs
- The Mangalore site, which manufactures antimalarial APIs for supply to WHO, was audited by Ajanta Pharma and Cipla; supplies commenced in fourth quarter of 2010-11
- New R&D centre in Bangalore commissioned for development of penems, penicillin and oncology products
- Achieved organisation-wide implementation of Enterprise Resource Planning System from Navision
- Capacity expansion programs at Mangalore, Mahad and Panoli were completed

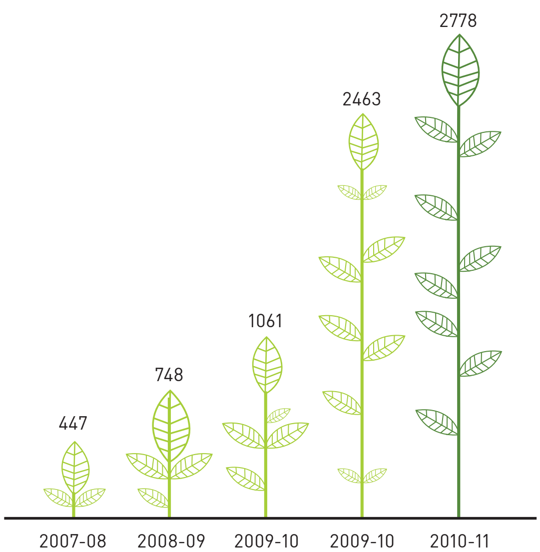
Awards and accolades

- The Mangalore R&D centre received accreditation from DSIR
- The company's 2009-10 annual report won the Platinum Award among Pharmaceutical Companies and was ranked at 17th among top 50 annual reports of 2009-10 by League of American Communication Professionals

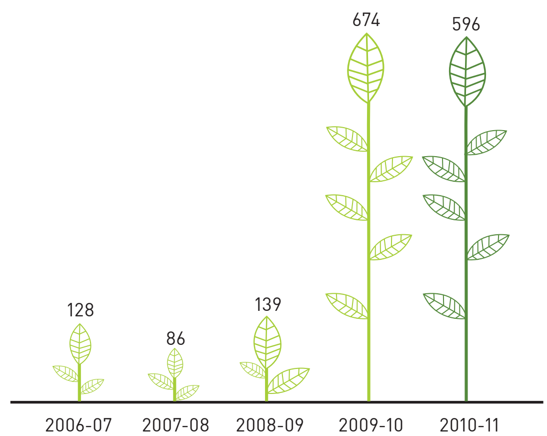
The scoreboard

Our performance in numbers (2006-07 to 2010-11)

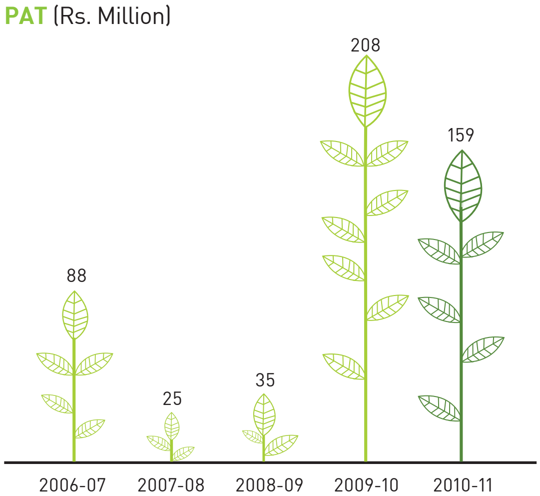
TOTAL REVENUE (Rs. Million)



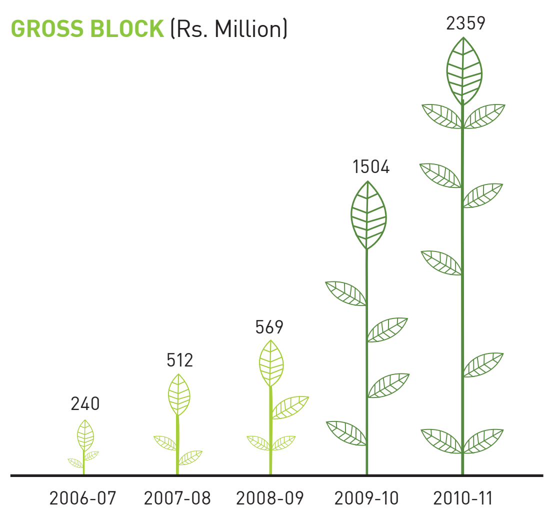
EBIDTA (Rs. Million)



PAT (Rs. Million)

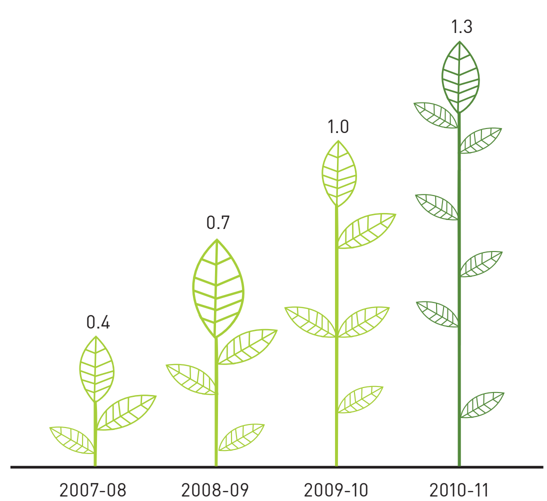


GROSS BLOCK (Rs. Million)



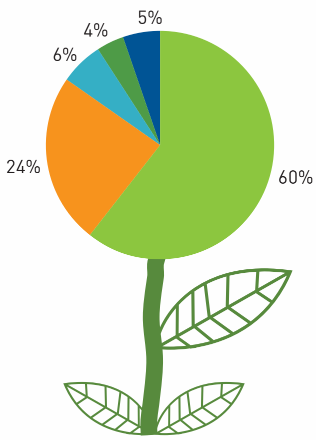
PAT & EBIDTA MARGIN (%)

DEBIT EQUITY

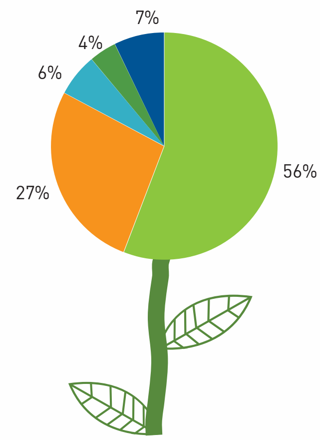


REVENUE BY REGION

(2010-11)



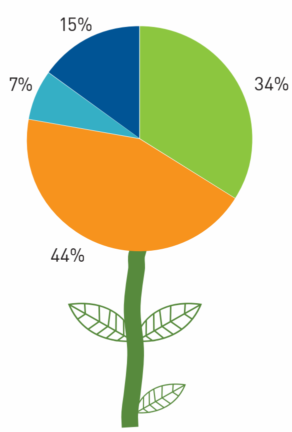
(2009-10)



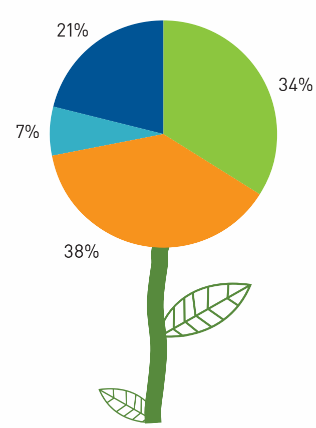
India Europe Other Asian Countries Africa Rest of the World

REVENUE BY SEGMENT

(2010-11)



(2009-10)



API - Human API - Vet Formulations - Vet Specialty Chemicals

Our product pipeline

Sr. No	Name of API	Reg Authority	Date of submission	DMF no.
1.	Artemether	WHO- Geneva	June 10, 2008	APIMF074
2.	Artesunate	WHO- Geneva	June 10, 2008	APIMF 097
3.	Methoxsalen USP	US FDA	August 06, 2008	21862
4.	Imiquimod	US FDA	November 03, 2008	22159
5.	Acitretin	US FDA	December 29, 2008	22358
6.	Hydralazine HCL	US FDA	March 16, 2009	22633
7.	Efavirenz	US FDA	April 06,2009	22708
8.	Indomethacin Sodium	US FDA	April 29,2009	22751
9.	Oseltamivir phosphate	WHO- Geneva	June 03, 2009	APIMF 096
10.	Oseltamivir phosphate	MOH- Israel	May 27, 2009	N.A
11.	Succinylcholine Chloride	US FDA	June 24, 2009	22892
12.	Oseltamivir phosphate	US FDA	July 08, 2009	22926
13.	Oseltamivir phosphate	Europe (MOH- Montenegro)	July 10, 2009	N.A
14.	Artemether	US FDA	July 28, 2009	22995

Sr. No	Name of API	Reg Authority	Date of submission	DMF no.
15.	Stavudine	US FDA	September 04, 2009	23085
16.	NevirapineAnhyd.	US FDA	September 23, 2009	23124
17.	Tenofovir DF	US FDA	January 21, 2010	23475
18.	Lumefrantine	US FDA	February 22, 2010	23561
19.	Clorsulon USP (VMF)	US FDA	March 22, 2010	005-978
20.	Labetalol HCl	US FDA	April 13, 2010	23710
21.	Albendazle	EDQM		
22.	Fenbendazole	EDQM		
23.	Imiquimod	TGA	-	2010/008577
24.	Praziquantel	USFDA	June 29,2010	23887
25.	Artesunate	USFDA	August 08, 2010	24028
26.	Labetalol HCl	Health Canada	-	DMF 2010-152
27.	Acyclovir sodium	USFDA	October 15, 2010	24289
28.	Lumefantrine	WHO-Geneva	Dec 23,2010	APIMF137

CHAIRMAN AND MANAGING DIRECTOR'S REVIEW

KR Ravishankar
Chairman & Managing Director

The pursuit towards attaining excellence is ever-demanding and never-ending.

Four years ago, when we embarked on this journey to create a leading pharma company, we opted for inorganic expansion. As a result, we acquired companies including their processes and assets. Along with this we also acquired their legacies. The challenges were aplenty – from revamping the processes, to improving the capacities, to instilling a common corporate culture. During the first four years, we focused on consolidating operations, capacities and improving efficiencies. Being in a capital-intensive industry, it was also a challenge to achieve medium term growth without compromising on long-term liquidity and leverage. The focus therefore, was upon improving the existing capacities and building a strong foundation, upon which a robust future could be crafted. In the past four years, we have not only registered a 44 per cent CAGR growth in our revenues (from ₹447 Million in 2006-07 to ₹2.78 bn in 2010-11), but also scaled up each of the product verticals (APIs, Formulations, CRAMS and Specialty Chemicals) to a respectable size.

Higher input costs coupled with pricing pressure on some of our key products resulted in deflating the margins. We responded by initiating cost-control initiatives across our units. The focus was on sweating-off existing capacities to ensure higher overhead absorption. Each product and process was clearly looked at; and for some in-licensing arrangements were preferred, leading to lower cost, with no compromise on quality standards. The capacities were debottlenecked to improve economies of scale. Efficient inventory and debtors management led to improvement in inventory carrying and receivables cycles. However, the impact of our initiative hardly translated into the numbers during 2010-11. While our revenues increased by 13 per cent to ₹2.78bn, our net profit declined by 23 per cent to ₹159Million. It is worth noting that during 2009-10, the company derived 21 per cent of its revenues from Oseltavimir, an API used in swine flu drugs. Oseltavimir contributed 48 per cent to the company's EBIDTA. In 2010-11, there were no sales of Oseltavimir. In absolute terms, company's non-Oselamivir sales increased by 43 per cent in 2010-11 and EBIDTA improved by 54 per cent, as compared to 2009-10.

Aiming for sustainable growth

In our continuous pursuit towards sustainable growth, we have focused on creating a research-led organisation. Our research and development initiative has enabled us to offer customised solutions to our clients, streamline processes, eliminate wastages and yet initiated quality benchmarking and improvements across our divisions. During 2010-11, we commissioned our second state-of-the-art R&D centre in Bengaluru for development of penems, penicillin and oncology products. Today, with two R&D centres, in Mangalore and Bengaluru, we have further strengthened our delivery capability for niche APIs and CRAMS. The company has more than 55 new APIs under development and filed a total of 29 DMFs till date. These DMFs are expected to propel our future growth subject to their approval in the coming years. During the year under review, we filed 7 new DMFs.

Built capacities and consolidated operations

2010-11 also witnessed completion of our capacity expansion programme at Mangalore, Mahad and Panoli. All the manufacturing facilities of the company have been audited and certified by top global pharmaceutical companies and institutions. All our units have the requisite competence and infrastructure to handle a wide range of reactions in synthetic chemistry. During the year, our Mangalore unit was audited and approved by our esteemed clients Ajanta Pharma and Cipla for supply of Antimalarial products to World Health Organisation.

The regulatory delay has posed one of the major challenges for us. Our Mangalore unit has been awaiting USFDA inspection for more than a year now. The impending USFDA approval will enable us foray into the highly regulated market of USA thereby improve our margins. Owing to regulatory delays in land allotment, our ambitious penems project has got delayed by 8-10 months. However, we are now on course and expect to complete the first phase by March 2012.

We continued to consolidate our business, by merging our subsidiary Vedic Elements. The scheme of amalgamation was approved by the Karnataka

High Court on 7th September 2010. We also exited few overseas markets during the year owing to lower profitability.

We live in exciting times.

More than US$ 80bn worth of medicines are expected to go off patent by 2012. This provides a huge opportunity for a niche and integrated player like us. India provides a cost-advantage and also serves a ready market for global pharma companies. As a growth strategy, we have initiated product partnerships with few of our esteemed clients. Owing to our strong R&D capability, we have already derived 23 per cent of our total revenues during 2010-11 from these long-term product partnerships. Going forward, we would expand our product profile.

Today, all of our businesses have earned a respectable scale.

As a result, we continued to chalk and implement customised strategies for each of our verticals. Specialty chemicals business, despite being a non-core business remains cash generating and commands good margins. Our focus on veterinary APIs and Formulations will enable us improve margins by targeting niche products and new markets including India. The CRAMS vertical would also benefit from the improvement in R&D spending of the global pharma companies in the wake of patent expiries.

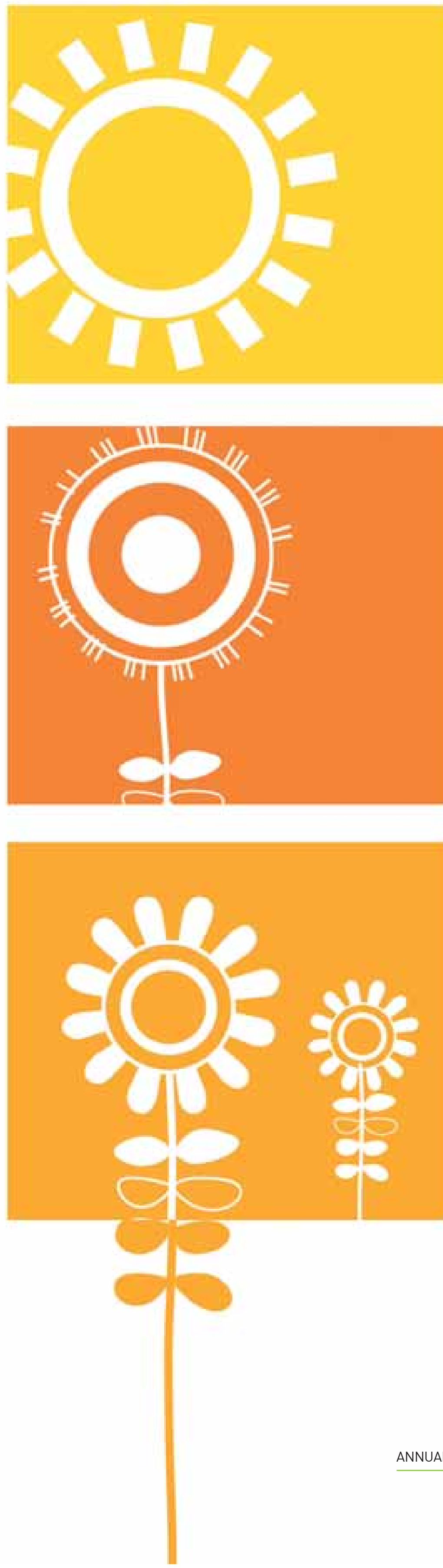
The future is bright.

Over the years, we have taken numerous initiatives to build an organisational culture based on efficiency, economy and quality. In the process we have revitalised our capacities, identified and nurtured core businesses, reinforced our R&D edge, set up a reputed management team and built a robust product pipeline. Some of these initiatives have started bearing fruits and some of them remain at an initial stage. However, we remain confident that the impact of the measures taken over the years would translate into numbers going forward. I would like to thank each and every stakeholder of the company for supporting us and believing in our credentials. Our focus is unwavering. Our commitment is unfaltering. Our future is exciting. And we are Ready.

Ravi

STEADY

BEING STEADY IS NOT AN EVENT BUT A CONTINUOUS PROCESS. BEING STEADY IS TO REMAIN UNDETERRED IN WAKE OF ADVERSITIES. BEING STEADY IS TO BELIEVE IN OWN STRENGTHS AND IMPROVE UPON THEM. IN AN EVOLVING INDUSTRIAL LANDSCAPE, THE BUSINESS CHALLENGES ARE FREQUENT. AS A RESULT, WE CHOSE TO REVIEW OUR BUSINESS MODEL REGULARLY AND BUILT MECHANISMS TO MITIGATE EVOLVING RISKS AND CHALLENGES.



World-class research and development infrastructure. Today, we are steady with 29 DMFs filed, a pending USFDA Approval and more than 55 APIs under development

We identified the potential in Veterinary business, enabling us to serve a diverse range of clients globally, which in turn, diversified our revenue concentration and resulted in faster growth.Today, we are steady with a business model offering diversified business verticals- each offering varied products and solutions.

We understood the importance of having a world-class research and development infrastructure. Today, we are steady with 29 DMFs filed, a pending USFDA Approval and more than 55 APIs under development

To ensure real-time sharing of information, we have implemented an organisation-wide ERP network. This ensures that information is accessible in real time across our units and branches. Today we are steady and connected.

We partnered global players and developed requisite production flexibility to cater to diverse and complex processes at competitive costs. Today we are steady partner to our clients.

Today, we are steady.

Increasing capacities. Improving flexibility.

At Sequent, we inherited all of our existing facilities. Each unit attuned to produce strictly limited quality and number of products. The immediate need was to create a bigger capacity with requisite flexibility. The focus was on creating capacities that can be translated into revenues in a phased manner.

As a strategy, key units were identified and a focused drive to modernise/debottleneck capacities was carried out. The products produced at multiple locations were consolidated into one unit, resulting in better economies and higher efficiencies. The company invested Over ₹900 Million in the past four years on modernising, debottlenecking, renovating and inducting fresh capacities across its units.

At the same time, we also benchmarked our quality standards with the best industry practices and opted for compliance certifications for all our units. This enabled us to develop requisite production flexibility across our units, leading to optimum capacity utilisation.

Our uncompromising benchmarks in terms of quality and delivery schedule enabled us to consistently match our customers' expectations. This established our flexibility and competence to produce large volume APIs while specialising in niche molecules.

Researching possibilities. Developing potential.

To emerge as a truly knowledge-driven company, it was vital for us to establish a dedicated R&D infrastructure. In 2007, we established a state of the art R&D centre at Mangalore. This centre proved to be a shot in the arm. It enabled us to becomea customised solutions provider to our clients.

Our investments in R&D also enabled us develop niche molecules and expertise in different types of chemistries. We filed 29 drug master files in the past four years and developed more than 55 APIs. Our timely investment in the product pipeline translated from our efforts in R&D. Upon approval, we expect the drug master files to drive our growth in the coming years.

During 2010-11, we commissioned a new R&D centre in Bengaluru. Situated in 8,000 sqft area, this state of the art centrewill be dedicated towardsniche R&D on Penems, Penicillin and Oncology APIs. An environment friendly, zero-discharge facility, it will act as the feeder unit to the company's ambitious ₹1.5 bn API project. This centre would enable the company achieve development and stabilisation of new products and processes, which will be commercialised in the new manufacturing facility in Bengaluru.

Our in-house team of more than 50 scientists, including 8 PhDs and 35 MoS, has played a vital role in building up our R&D vertical. As on 2010-11, our total R&D spends accounted for Two per cent of our revenues.Owing to our R&D, we forayed into newer molecules, which led to filings in regulated markets. During 2010-11, we also commercialized seven new products. The R&D centre also enabled us broaden the product profile in veterinary business.

Exploring partnerships. Expanding horizons.

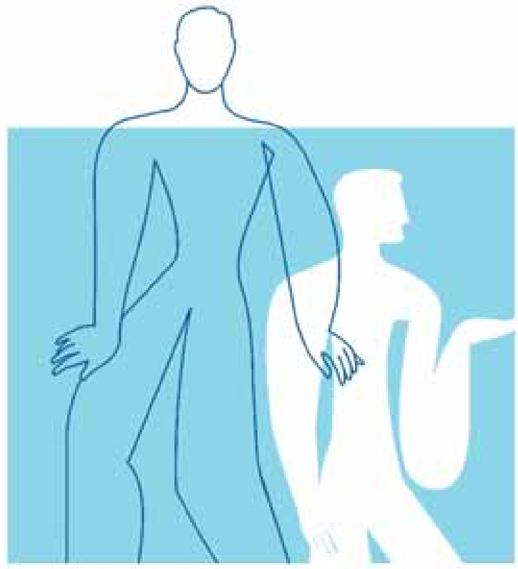
Having established flexible production capacity and credible research infrastructure, it was important for us to target generation of sustained revenues and higher margins. Being a reputed player, catering to global pharma companies, both in human and veterinary segments, we aimed at forging long-term product based partnerships with our clients as well as expanding into newer markets offering higher margins.

We initiated this strategy by offering one product to a large customer in 2006-07. By the end of 2010-11, we had developed four such partnerships. These partnerships not only resulted in assured revenues but also enabled us to utilise our R&D infrastructure efficiently and thereby enhance our intellectual capital. These partnerships also assured our global clients of our abilities and deliverables, resulting in new business enquiries.

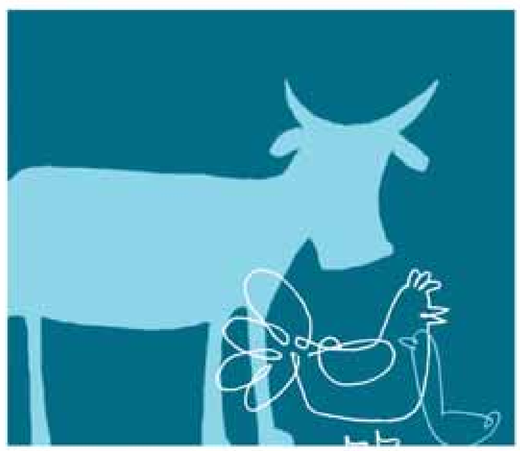
In our veterinary business, we concentrated on expanding our product profile and reach our target markets of Europe and some less regulated markets. Today we are market leaders in Anthelmintics and have successfully established our credentials as a preferred supplier to global vet pharma companies. In the veterinary formulations, we focused on African markets where our products are registered.

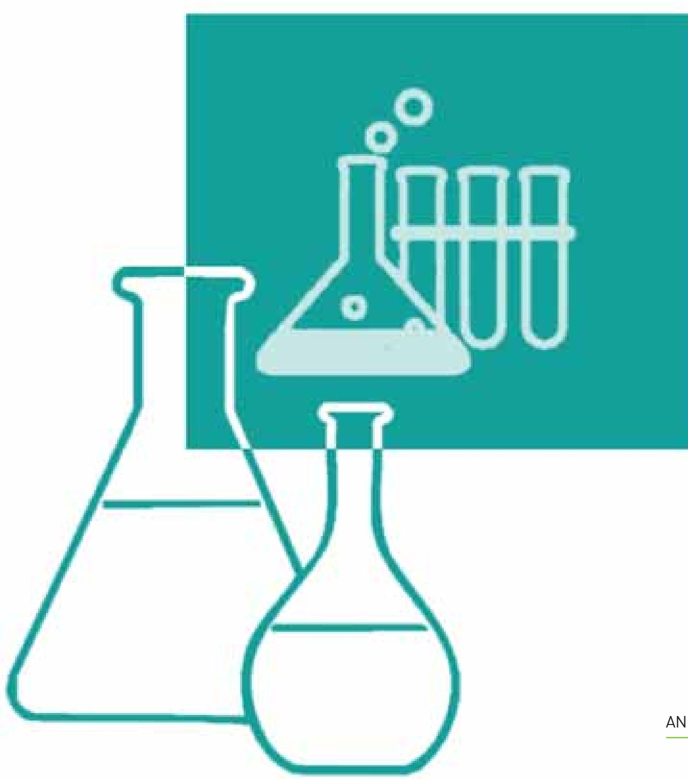
In Human APIs, we aim to expand our geographical presence to larger markets owing to our expertise in offering quality products and economical costs. We would continue to focus on niche APIs, long-term product partnerships with innovator companies and import substitution products.

GROW!



HAVING COMPLETED OUR CONSOLIDATION PHASE, IT'S TIME TO EXECUTE GROWTH STRATEGIES ACROSS BUSINESS VERTICALS. THE EXISTING CAPACITIES ACROSS OUR UNITS ARE OPTIMALLY UTILISED. AS A RESULT, WE ARE ALSO UNDERTAKING CAPACITY EXPANSION IN THE EXISTING UNITS.AT THE SAME TIME, WE ARE EXECUTING CUSTOMISED GROWTH STRATEGIES ACROSS OUR BUSINESS VERTICALS THAT WOULD RESULT IN SUSTAINABLE GROWTH IN THE COMING YEARS.





Human APIs

Our R&D centres are already set up and the R&D teams have settled down. We have an existing product pipeline that would translate into revenues going forward. We will continue to focus on the development of niche APIs and import substitution products. Our R&D expertise and track record will also be utilised going forward to expand our CRAMS division.

Our expansion plans in therapeutic segments like Phyto-Pharmaceutical & Herbal Extract, Oncology, Penems and Penicillinswere delayed on account of regulatory delays and land acquisition. We have now started thePenems project. The first phase will be operational by March 2012. We would also expand our capacities by debottlenecking/modernising capacities in our existing units.

We would continue to forge long-term product partnerships with market leaders, since it will lead to better margins and sustained revenues. We are awaiting regulatory approvals especially UDFDA, post which we can strengthen our presence in the regulated markets.

Veterinary APIs

We have already emerged as a leading producer of animal Anthelmintic APIs. We will continue to expand our product range in this category and will also identify new product categories to focus upon in the future. Our R&D practices would play a key role in this endeavor

Currently, we supply our products to regulated markets in Europe. Going forward, we would also foray in to US market, which offers better margins and sustained demand for our products.

Veterinary Formulations

The Indian market for animal nutrition and health product is highly fragmented with a very large number of relatively small players. The top 10 players are estimated to control around 25 per cent of the market, and more than 350 companies accounting for the balance 75 per cent between them. At present, we command a limited presence in the veterinary formulation market. Going forward, we expect the market to offer good growth prospects.

Currently, the division is largely exports dependent, with presence and focus on unregulated markets in Africa. The new APIs, currently under development in the Vet API division, will propel the product development in formulations. We would target products going off patent and expect to tap the lesser-regulated markets like India and CIS going forward.

Specialty chemicals

Our specialty chemicals division has also benefited from the continuous thrust on R&D. 2011-12 will witness two major developments from this division. The first being the introduction of new products in the antioxidants space; and the second, being commencement of exports. Our capacities have been running at optimum utility and therefore some measures will be taken going forward to unlock additional capacities for the division.

Board of Director's profiles

K.R. Ravishankar

Chairman & Managing Director

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

KRN Moorthy

Deputy Managing Director

Mr. KRN Moorthy has been appointed as an Additional Director on the Board and is also the Deputy Managing Director of the Company. He oversees the entire functions of Procurement, Sales and Marketing, Business Development, Finance and HR. He is a Ranker and Masters in Mathematics, has completed his CA Inter and is a MBA from IIM Calcutta. His last entire 34 years has been spent in the Pharmaceutical industry in various positions. Over these years, he has built up rich experience and knowledge in the areas of Marketing, Sales, Finance, Projects, Manufacturing, HR and General Management. In his immediate previous assignment at Wanbury Ltd, KRN was the Joint Managing Director. He was instrumental in leading a very successful turnaround of the Wanbury group companies and helped Wanbury in achieving marketing leadership in the products, which it produces.

Dr. Gautam Kumar Das

Executive Director

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

Dr. Gopakumar G. Nair

Independent Director

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

Joe Thomas

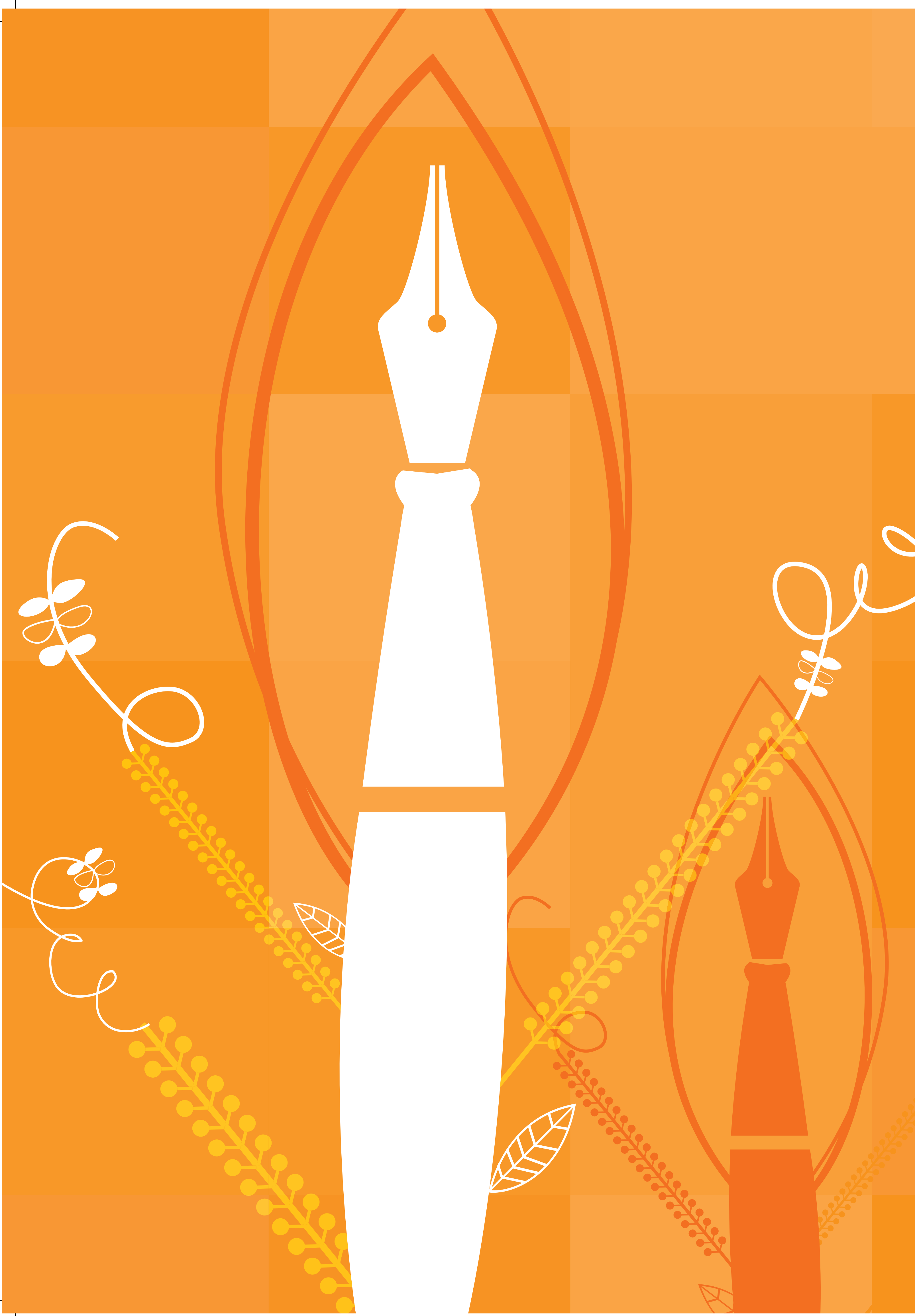
Independent Director

Mr. Joe Thomas is a Post Graduate in Chemistry, and has served in different capacities at Procter & Gamble and has headed its Marketing Division for South Asia. He worked as President - Strategic Business Development at Strides Arcolab Ltd. He is currently Managing Director of Bioserve Biotechnologies (India) Pvt. Ltd., which offers oligo-nucleotide synthesis and other services to the research industry. He is an Independent Director on the Board.

Kannan Ramanujam

Independent Director

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



DIRECTORS' REPORT

Dear Members,

We take pleasure in presenting the 26th Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2011.

1. FINANCIAL RESULTS

The Highlights of the Performance of the Company during the Financial Year ended March 31, 2011 are appended below:-

(₹ In Million)

Particulars	2010-11	2009-10
Total revenues	**2,778**	**2,463**
Other Income	116	73
Earnings before Interest, Depreciation & Tax	**596**	**673**
Less : Interest	(213)	(187)
: Depreciation	(172)	(125)
Profit Before Tax & Exceptional Items	**211**	**361**
Exceptional Items	11	(58)
Profit Before Tax	**222**	**303**
Provision for - Current Tax	(37)	(65)
- Deferred Tax	(42)	(87)
- MAT Credit Entitlement	16	57
Profit after Tax	**159**	**208**
Add: - Balance brought forward from Previous Year	296	129
Included on Amalgamation	(38)	25
Profit available for appropriation	**417**	**362**
Which we recommend to appropriate as follows:		
Transfer to General Reserve	8	16
Proposed Dividend	33	43
Tax on Dividend	5	7
Surplus carried to Balance Sheet	**371**	**296**

2. BUSINESS PERFORMANCE REVIEW

On standalone basis, the company posted a 12.8% growth in the total revenues, from ₹2,463.35 Million in 2009-10 to ₹2,777.56 Million in 2010-11. The company posted an EBIDTA of ₹596 Million as against ₹673 Million in 2009-10. On a standalone level, the Company made a PAT of ₹159.33 Million.

On consolidated basis, the company posted a 9.6% growth in the total revenues, from ₹2,844.48 Million in 2009-10 to ₹3,116.65 Million in 2010-11. The company posted an EBIDTA of ₹522 Million as against ₹849 Million in 2009-10. On a consolidated level, the Company made a loss of ₹40.24 Million.

The company caters to two major segments – Pharmaceuticals Division (consisting of API, CRAMS and Veterinary Formulations businesses) accounted for 85.6 per cent of the company's revenues while the Specialty chemicals divisions accounted for 14.4 per cent.

During the year, the Company forayed in to four new therapeutic segments – Penems, Penicillin, Oncology and Phy to-Pharmaceutical/Herbal Extracts. The company signed a Memorandum of Understanding with Government of Karnataka to set up three new Greenfield facilities in Bangalore, for which it will invest ₹1500 Million.

Detailed analysis of the operational and financial performance for the year is covered under the 'Management Discussion & Analysis' section.

3. DIVIDEND

The Board of Directors of the Company has recommended a final dividend of ₹1.50 (15 per cent) per equity share for the year 2010-11. This, if approved by the shareholders, would result in a cash outflow of ₹32.90 Million.

4. SHARE CAPITAL

Pursuant to the approval of the Scheme of Amalgamation for merger of Vedic Elements Private Limited, which was a wholly owned subsidiary of the Company with the Company, the Authorised Share Capital of the Company enhanced by ₹70 Million during the year. As at March 31, 2011, the authorized capital of the Company stood at ₹320 Million as against ₹250 Million as at March 31, 2010.

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

5. SUBSIDIARIES

The Company has a total of 11 subsidiaries as at March 31, 2011. They are:

1. SeQuent Global Holdings Limited, Mauritius
2. SeQuent European Holdings Limited, Cyprus
3. SeQuent Research Limited
4. Sanved Research Labs Private Limited
5. Vedic Fanxipang Pharma Chemic Company Limited, Vietnam
6. Galenica B.V., Netherlands
7. Codifar N.V., Belgium
8. SeQuent Anti Biotics Private Limited
9. SeQuent Oncolytics Private Limited
10. Elysian Life Sciences Private Limited
11. Elysian Health Care Private Limited

6. MERGER OF FRAXIS LIFE SCIENCES LIMITED WITH THE COMPANY

The Company is in the process of merging Fraxis Life Sciences Limited, a promoter group Company with that of the Company. The merger was approved by the shareholders at their meeting held on March 15, 2011 and final order from the Hon'ble High Court of Judicature at Bombay is awaited.

On approval, Company will allot 14,865,000 equity shares to the shareholders of Fraxis Life Sciences Limited and the shares held by Fraxis Life Sciences Limited in the Company will stand cancelled.

7. 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 Central Government approval under Section 212(8) of the Companies Act, 1956, 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 during business hours by any investor at the registered office and at the corporate office of your Company. The Company will also make available the audited annual accounts and related information of the subsidiary companies, upon request by any investor of the Company.

8. PUBLIC DEPOSIT

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

9. DIRECTOR

Dr. Gopakumar Gopalan Nair & Dr. Gautam Kumar Das retire by rotation at the ensuing Annual General Meeting and are proposed for re-appointment. The Board recommends their re-appointment at the ensuing Annual General Meeting.

Mr. Moorthy was appointed as a Deputy Managing Director w.e.f 8th day of September, 2010.

10. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the act, as amended by the companies (amendment) Act, 2000, the Directors confirms that:

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

   However, the deviation on the accounting standard has been with reference to the scheme of amalgamation sanctioned by the Hon'ble High Court of Karnataka for amalgamation of the company's wholly owned subsidiary, Vedic Elements Private Limited (the Transferor Company) with SeQuent Scientific Limited (the Transferee Company). Refer notes to account for details on the same.

2. Appropriate Accounting Policies have been 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 31st March 2011 and profit of the Company for the year ended 31st March 2011.

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

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

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

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

13. CORPORATE GOVERNANCE

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

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

A 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 a Employee Stock Option Plan titled 'SSL ESOP Scheme 2010' and the scheme is administered through a trust. As on date, 700,000 shares have been issued to the trust and 1,00,000 options has been granted to the Deputy Managing Director. The Company is in the process of expanding the coverage to other employees. Details of the ESOPs issued are provided in the corporate governance report.

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

17. PARTICULARS OF EMPLOYEES U/S 217 OF THE COMPANIES ACT OF, 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 Financial Institutions, Banks, Government Authorities, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, Customers, Manufacturers, Suppliers, Directors and Shareholders during the year under review.

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

For and on behalf of the Board of Directors

KR Ravishankar

Chairman & Managing Director

Place: Bangalore

Date: August 12, 2011

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 March 31, 2011

RESEARCH & DEVELOPMENT

1. **Specific Areas in which R&D is carried out by the company**
   a) Development of new API's and Intermediates
   b) Development of cost effective process for API's and intermediates
   c) Development of green processes for all products
2. **Benefits derived as a result of R&D**
   a) Filing of DMF's increases the possibilities to tap the potential market.
   b) Development of difficult to make niche products gives an edge over competition
   c) Cost effective new process helps us to withstand pricing and inflationary pressures from the market
   d) New process also helps us to de-bottleneck and increase production capacities
3. **Future Plan of Action**
   a) In the animal health segment, the company will continue to focus on therapeutic segments of anthelmentic and anti parasiticide.
   b) New research activity on Phyto-Pharmaceuticals, Penems and Penicillins
   c) Focus on new projects for contract research
   d) Continued focus on new cost effective process for existing products
4. **Expenditure in R&D**

(₹ In Million)

	2010-11	2009-10
(a) Capital	4.58	Nil
(b) Recurring	52.32	62.15
Total	56.90	62.15
Total as % of Turnover	2.05%	2.52%

FOREIGN CURRENCY EARNINGS AND OUTGO

(₹ In Million)

	2010-11	2009-10
(a) Earnings	1,147.84	1,059.86
(b) Outgo	468.10	368.39

FORM A

Form of Disclosure of Particulars with respect to Conversation of Energy

Particulars	2010-11	2009-10
A. POWER AND FUEL CONSUMPTION		
1. Electricity:		
(a) Purchased:		
Units	15,122,375	16,049,183
Total amount (₹ In Million)	83.10	84.53
Rate / Unit (₹)	5.50	5.27
(b) Own Generation – through Diesel Generator Set:		
Units	837,963	645,454
Units per litre of Diesel Oil	3.24	3.06
Cost / Unit (₹)	12.06	12.07
2. Coal:		
Quantity (Tonnes)	NIL	NIL
Total Cost (₹ In Millions)	NIL	NIL
Average Rate (₹)	NIL	NIL
3. Furnace Oil / Light Diesel Oil		
(a) Light Diesel Oil		
Quantity (litres)	460,787	501,680
Total Amount (₹ In Million)	18.90	18.30
Rate / Litre (₹)	41.02	36.49
(b) Furnace Oil		
Quantity (litres)	832,939	1,214,639
Total Amount (₹ In Million)	20.77	27.80
Rate / Litre (₹)	24.94	22.87
4. Others / Internal Generation:		
(a) Natural Gas		
Quantity (scm)	683,501	739,213
Total Cost (₹ In Million)	11.95	10.10
Rate / Unit (₹)	17.48	14.00
(b) Briquettes		
Quantity (Kgs)	1,486,493	NIL
Total Cost (₹ In Million)	7.39	NIL
Rate / Unit (₹)	4.97	NIL

FORM B

Form of Disclosure of Particulars with respect to absorption

SeQuent Scientific Ltd. is committed to seek & implement all possible measures to minimise its environmental foot-print by following good practices and continuously reviewing / upgrading its operations to ensure Effective Energy Management which ultimately lead to lower emissions. In keeping with this commitment, a number of Energy Conservation measures have been implemented during the year across various sites which cumulatively are estimated to result in a saving of approx. 389,000 units of electrical energy annually.

MEASURES TAKEN DURING THE PERIOD FOR CONSERVATION OF ENERGY

1. Rationalisation of Compressor operation for Compressed Air & Nitrogen Plant at Panoli is expected to lead to a saving of 233,280 units of energy per year.
2. Rationalisation of Pump operation in Ejector & Chilled Water systems, again at Panoli, is estimated to save 60,000 units p. a.
3. Provision of VFDs (Variable Frequency Drives) on key equipment in Plant 3 at Mangalore have resulted in a saving of 39,000 kWH of energy annually.
4. By providing vertical barriers above false ceiling & closing the dampers of AHU ducts of corridor and lobby area in the R&D. Building at Mangalore, load on air-conditioning system has been considerably reduced resulting in an annual saving of 38,000 kWH of energy.
5. Application of a special coating internally in 5 Cooling tower pumps at Panoli to reduce friction is estimated to reduce power consumption by 17,000 units annually.
6. Our relentless focus on maintaining a high level of "Power Factor (p. f.)" in our Electrical Systems - most of the time at the level of 0.99 – at all our sites has not only resulted in substantial reduction in wastage of energy but has also earned us handsome revenue by way of "incentives" offered by distribution authorities.
7. At Mahad, all small-capacity F. O. fired boilers have been replaced by one Briquette (bio-fuel) fired boiler leading to significant reduction in our "Carbon Foot-print".
8. Another important step taken towards Environmental protection at Mahad again is commissioning of a modern "Multiple Effect Evaporator" system to treat the entire quantity of high COD effluent in-house and use the condensate generated thereof as make-up water in Cooling Towers thereby saving approx. 35 – 40 KL of water per day.
9. At Ambernath, water used in Water Ring Vacuum Pumps is being reused / recycled by providing a small Cooling Tower which has resulted in a saving of approx. 30 KL of water per day."

PLANS FOR FUTURE CONSERVATION OF ENERGY

1. Recovery of Condensate & Flash Steam from blow-down of IBR boilers at Mahad, Mangalore & Panoli.
2. Optimisation of operation of HVAC systems at all our sites to reduce energy consumption.
3. Replacement of Incandescent lamps & mercury vapour bulbs by energy efficient CFL / LED lamps / lights. This is estimated to save almost 500 units of energy per day at Mangalore alone.
4. Rationalisation of the entire Cooling Water, Chilled Water & Chilled Brine systems & piping network thereof at Mahad & Tarapur to reduce energy loss and make the operations more productive.
5. Replacement of inefficient Process Cooling Tower at Mangalore.
6. Improving the efficiency of Solvent Recovery Unit at Mahad by redesigning the Heat Exchanger system.
7. Use of Rain Water for Cooling Tower, Boiler, Flushing / Cleaning, etc. during the monsoon period (4 months, approx.) at Mangalore. Potential saving of 7,500 KL of water annually.
8. Replacement of Starters of AHUs & Ventilation systems at Mangalore by VFDs. This may lead to an estimated saving of 120 units of energy per day.
9. Provision of Capacitor banks near load centres to reduce transmission loss within the premises at Ambernath, Mahad & Mangalore.
10. Provision of additional Capacitor banks at all our sites to attain Power Factor close to "UNITY" as far as possible.
11. Carry out Energy Audit at Ambernath, Mahad & Tarapur.
12. Explore the possibility of replacing the existing electrically operated Process Chillers, AHU Chillers & Brine Chillers by Vapour Absorption Machines (VAM) at Mangalore. These machines operate on steam and do not require the use of non-eco-friendly refrigerants.
13. Installation of Energy Saver Transformer & Panel to reduce power consumption in lighting load at Panoli.
14. Installation of full-fledged Effluent Treatment Plants at Mahad & Panoli to treat the entire quantity of effluent in-house.
15. Explore the feasibility of converting Mahad & Panoli as "Zero Discharge" sites.

ANNEXURE TO DIRECTOR'S REPORT

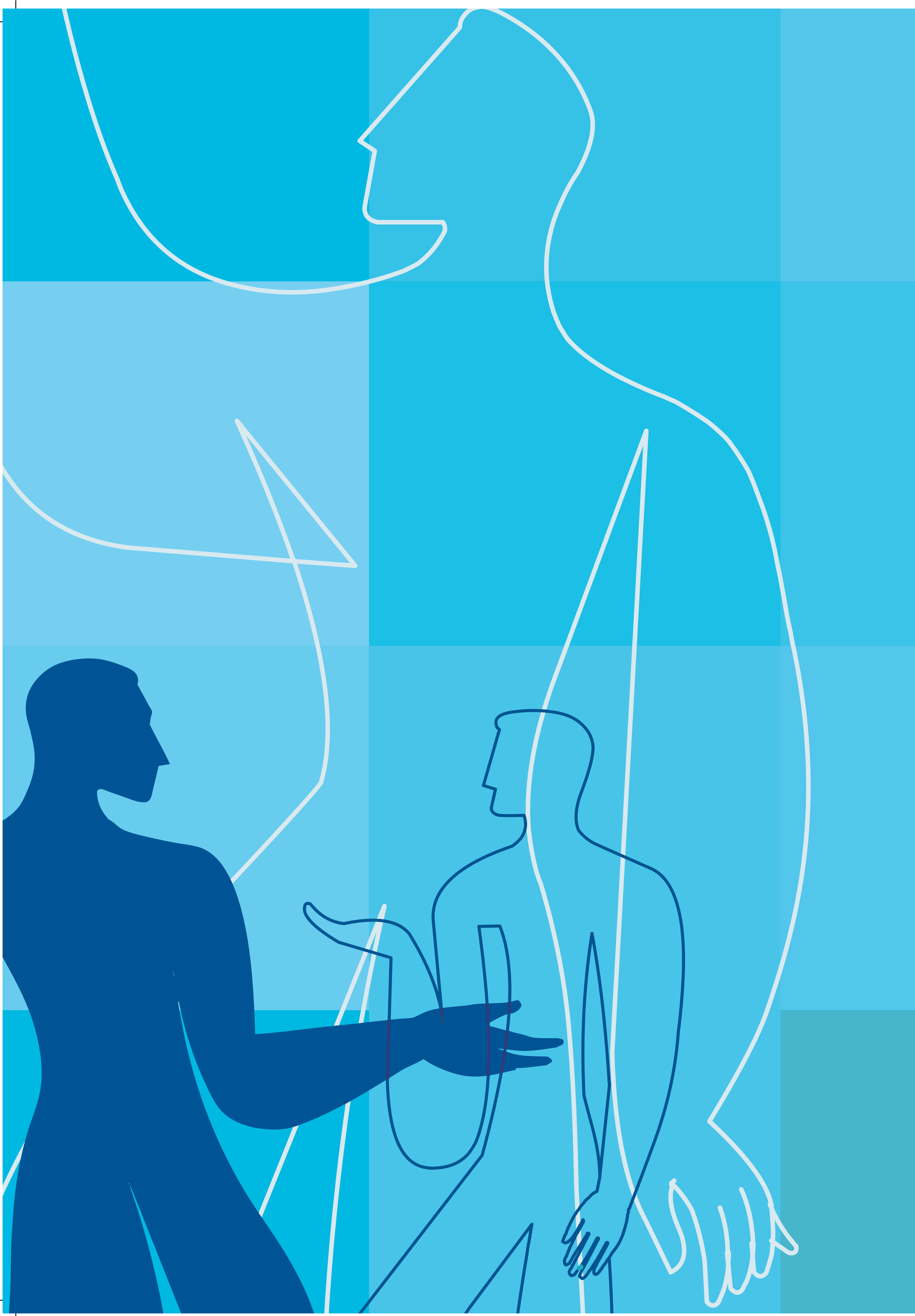
Details as per SEBI (Employees Stock Options Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 forming part of the Directors' Report for the year ended March 31, 2011.

(₹ In Million)

Sl. No	Description		SSL ESOP Scheme 2010
A	Options granted as on March 31, 2011		100,000
B	The pricing formula		Decided by the Compensation Committee from time to time
C	Options vested		None
D	Options exercised		None
E	The total number of shares arising as a result of exercise of options		None
F	Options lapsed/surrendered		None
G	Variation of terms of options		None
H	Money realised by exercise of options (Rs.)		None
I	Total number of options in force at the end of the year		100,000
J	Employee-wise details of options granted during the year		
	i)	Senior managerial personnel	100,000
	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
K	Diluted Earnings Per Share (DEPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20 'Earnings Per Share'		₹7.26
L	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of the difference on profits and EPS of the Company shall be disclosed		Refer Note below
M	Weighted average exercise prices of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock		₹75
N	Weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock		₹19
O	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information:		Base: Black Scholes Model
	i)	risk free interest rate	8%
	ii)	expected life	3 Years
	iii)	expected annual volatility of shares	70%
	iv)	expected dividend/yield	15.52%
	v)	the price of the underlying share in market at the time of option grant	₹77.30

Note: The impact of Earning 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	**Year ended March 31, 2011**
Net Profit (as reported) – ₹ In Million	159.32
Add: Stock based employee compensation (intrinsic value) – ₹ In Million	0.07
Less:Stock based compensation expenses determined under fair value method for the grants issued – ₹ In Million	0.58
Net Profit (proforma) – ₹ In Million	158.81
Basic Earnings per share (as reported)	7.26
Basic Earnings per share (as proforma)	7.24



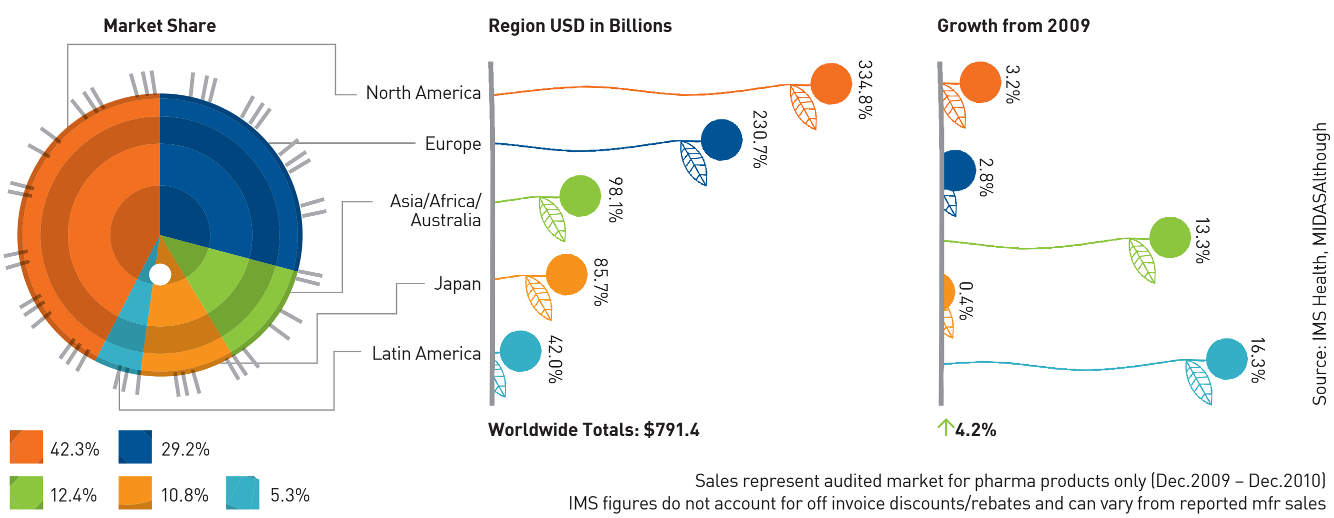
MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY OVERVIEW

Global overview

The global pharmaceutical market in 2010 registered a growth of 4.3 per cent to US$ 791.4 billion (Billion), driven by low-cost factors, increasing prevalence of diseases, rising per capita income and stronger near-term growth in pharmerging markets like Asia and Latin America. North America continued to dominate with a share of 42.3 per cent followed by Europe with a share of 29.2 per cent. Latin America accounted for 5.3 per cent of the total global revenues but registered a 16.3 per cent growth during 2010, making it the fastest growing market region.

GLOBAL PHARMA SALES BY REGION



Sales represent audited market for pharma products only (Dec.2009 – Dec.2010)
IMS figures do not account for off invoice discounts/rebates and can vary from reported mfr sales

Although patent expirations and limits on drug spending can hamper growth of drug sales in developed countries, global pharmaceutical sales are nonetheless expected to grow 5–7 per cent in 2011 to reach a market value of US$ 880 Billion.

Most of this growth is expected to come from the 'pharmerging'* markets, which are expected to grow at 15–17 per cent to US$ 170–180 Billion, boosted by greater government spending on healthcare. A great majority of the expansion is driven by explosive growth in China, the world's third-largest market for pharmaceutical sales. A great slowdown is expected in the five major European markets (France, Germany, Italy, Spain and the UK), along with Canada, with minimal growth of 1–3 per cent. The US will continue to remain the single largest pharmaceutical market, with sales of US$ 320–330 Billion, up 3–5 per cent.

LIST OF PHARMERGING COUNTRIES

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

Source: IMS Health, IMAP

Generics

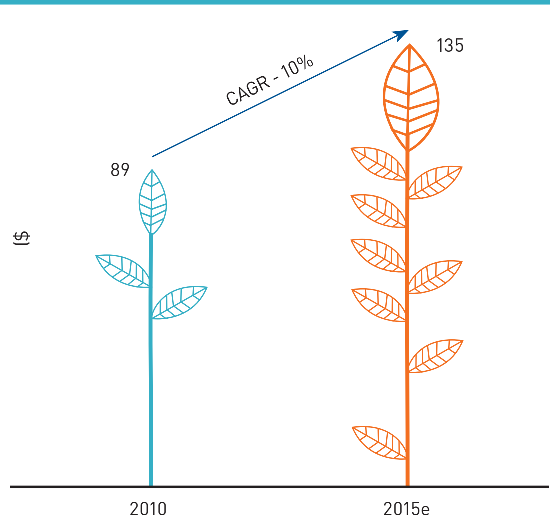
In FY10, global generic market was estimated to be worth US$ 89 Billion; of which, US accounted ~42 per cent (US$ 37.4 Billion) of market. According to industry estimates, the total global generics market is projected to expand to US$ 135-150 Billion, with CAGR of ~10 per cent by 2015. (Refer Graph **1 & 2**)

From FY05 to FY10, export of drugs from India has increased at a CAGR 18.7 per cent to US$ 9 Billion. Out of this India exported 23.5 per cent (US$ 2 Billion) of total pharma exports to North America in FY10.

The US administration's healthcare bill provides affordable healthcare to about 32 Million people of hitherto uninsured Americans, which means increased use of generic drugs due to the cost and viability factor, accelerating generic growth in the coming years.

The Indian companies account for 15.4 per cent (November 2010 IMS data) of the US generics market. Indian companies continue to gain market share, and the incremental prescription market share for Indian companies is 33.7 per cent.

GRAPH - 1



Source: Teva Pharmaceuticals

INDIAN OVERVIEW

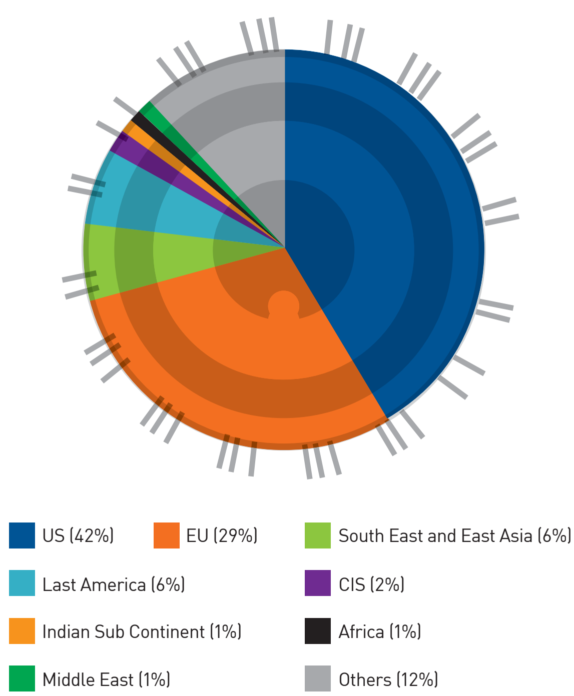
India's pharmaceutical sector can be classified into three broad market segments namely Contract Research And Manufacturing Services (CRAMS), Formulations, and Active Pharmaceutical Ingredients (APIs).

The Indian pharmaceutical Industry has witnessed robust growth, being valued at around ₹550 Billion in 2005 to over ₹1 Trillion in 2010-11. The growth has stemmed from various factors - knowledge, skills, low cost, improved quality and huge demand from both domestic as well as international markets. During 2010-11, exports accounted for nearly 42 per cent of the total industry size at ₹420 Billion. For the seven-year period (2003-2010), the domestic sale has grown at compound annual growth rate (CAGR) of 10.7 per cent, whereas exports have grown faster at CAGR of 19.0 per cent. (Refer Graph **3**)

The Indian Pharmaceutical sector has more than 10,000 manufacturers in the country. It has expanded drastically in the last two decades. The leading 250 pharmaceutical companies control 70 per cent of the market with market leader holding nearly 7.0 per cent of the market share. In the Asia-Pacific pharmaceuticals market, India holds a share of 6.6 per cent.

GRAPH - 2

REGIONAL SHARE OF GLOBAL GENERICS MARKET



Source: IMS Health, Sun Pharma

The pharmaceutical industry in India meets around 70 per cent of the country's demand for bulk drugs, drug intermediates and 95 per cent of the demand of pharmaceutical formulations, chemicals, tablets, capsules, orals and injectibles. There are about 250 large units and about 8,000 Small Scale Units, which form the core of the pharmaceutical industry in India (including 5 Central Public Sector Units). These units produce the complete range of pharmaceutical formulations, i.e., medicines ready for consumption by patients and about 350 bulk drugs, i.e., chemicals having therapeutic value and used for production of pharmaceutical formulations.

INDIAN GENERICS MARKET

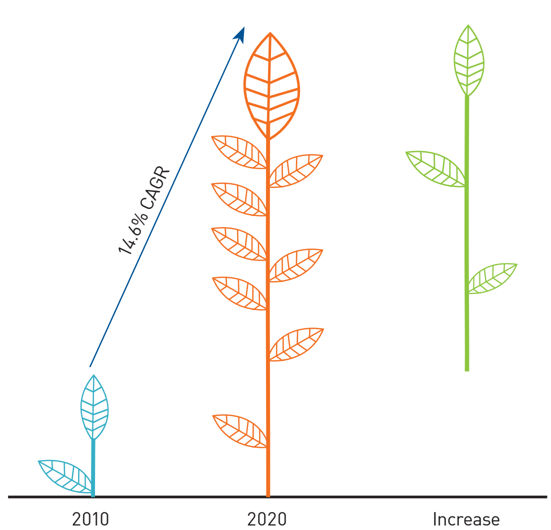
In the part five years, the Indian pharmaceutical industry has emerged among the world's key markets. Generics have played a key role in this evolution. India – with a contribution of ~22 per cent in terms of value towards the global generic drug market, also is the leading exporter of generic medicines in the world, valued around US$ 11 Billion. Indian firms manufacture about 60,000 generic brands across 60 therapeutic categories. The branded generics market will continue to dominate the Indian pharmaceutical industry. 61 drugs worth US$80 Billion will go off patent at the US Patent and Trademark Office between 2011 and 2013. Indian pharmaceutical industry is all set to gain from the patent expiry of some blockbuster drugs by producing their generic equivalents. The Indian generic drug market is expected to grow at a CAGR of around 17 per cent between 2010-11 and 2012-13.

THE INDIAN REPUTATION

- HOLDS 3rd POSITION IN TERMS OF VOLUME OF PRODUCTION
- HOLDS 13th POSITION IN TERMS OF VALUE OF PRODUCTION
- OVER 30 PER CENT OF DMFS, ANDAS, TENTATIVE APPROVALS IN USA ARE FROM INDIA
- HAS AROUND 461 CERTIFICATE OF SUITABILITY OR 19.8 PER CENT OF THE TOTAL GRANTED BY EUROPEAN DIRECTORATE OF QUALITY MEDICINE (EDQM)
- HAS AROUND 800 WHO CGMP APPROVED PHARMACEUTICAL PLANTS
- INDIA IS ALSO AMONG THE FIRST FIVE LEADING API MANUFACTURERS
- POSSESSES THE LARGEST NUMBER OF US FOOD & DRUG ADMINISTRATION (USFDA) APPROVED MANUFACTURING FACILITIES OUTSIDE THE US
- HAS FILED MORE NUMBER OF DRUG MASTER FILES (DMFS) WITH THE USFDA FOR DRUG EXPORTS TO THE US THAN THAT FILED BY SPAIN, ITALY, CHINA AND ISRAEL TAKEN TOGETHER.

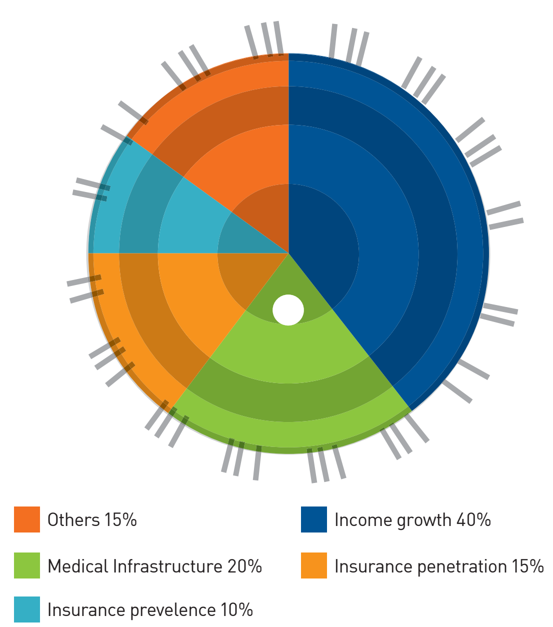
GRAPH - 3

GROWTH IN INDIAN PHARMA MARKET (US$ Billion)



Source: IMS Halth, McKinsey stydy, CLSA Asia-Pracific Markets

DRIVERS OF GROWTH



APIs

Bulk drugs are the active pharmaceutical ingredients (APIs), which are used for the manufacture of formulations. According to estimates, the proportion of formulations and bulk drugs is in the ratio of 75:25. More than 85 per cent of the formulations produced in the country are sold in the domestic market. India is largely self-sufficient in case of formulations, though some life saving, new-generation-technology-barrier formulations continue to be imported.

The bulk drug industry meets the domestic requirement to an extent of about 70 per cent. Indian companies are leveraging their strength in organic synthesis, process engineering and commercially viable manufacturing technologies to produce new range of bulk drugs. It has been partially in developing cost, partially successful in developing cost effective technology for Drug Intermediates, although the industry continues to depend on China and other developed countries to an extent of 30 per cent of their requirement of Drug Intermediates.

The generics push being witnessed by the global pharmaceutical industry due to patent expiries as well as Government pressure to reduce healthcare costs is aiding the growth of the Bulk Drug exports industry in India. In addition, price erosion of generics and decreasing R&D productivity is causing global companies to cut costs and outsource manufacturing of Bulk Drugs to cost effective destinations such as India.

Lifestyle diseases – to increase in India

By 2015, the specialty and super-specialty therapies will account for 45 per cent of the pharma market. The growing lifestyle disorders, particularly metabolic disorders like diabetes and obesity as well as coronary heart disease and hypertension, cardiovascular, neuropsychiatry and oncology drugs will gain considerable significance.

India is key market

Global pharma players continue to penetrate the burgeoning emerging markets by acquisition of domestic generics and manufacturing companies, which accounted for nearly 50 percent of M&A targets for deals made during 2008 to 2010 in the emerging markets (compared to 21 percent of targets in North America, Europe, Australia and Japan). The importance of India as a key market as well as a preferred manufacturing destination was cemented with global pharma companies acquiring Indian pharma giants during 2010-11.

CRAMS (Refer Graph 4)

Approximately 64 per cent of the estimated US$ 67 Billion global CRAMS market in 2010 is dominated by contract manufacturing, which includes manufacturing of intermediates for new chemical entities (NCEs) or manufacturing of APIs.Contract Research predominantly consists of drug discovery, preclinical and clinical research and represent US$ 25 Billion opportunity globally It is estimated that currently only ~20 per cent of global Pharma R&D spend is being outsourced. This represents a huge opportunity for the Indian Companies. (Refer Graph 5)

INDIAN CRAMS SECTOR (Refer Graph 6)

Out of the estimated US$ 3.8 Billion market in 2010, approximately US$ 2.3 Billion pertains to contract manufacturing. Indian CRO market has witnessed huge growth in the number of players leading to higher competitive intensity.

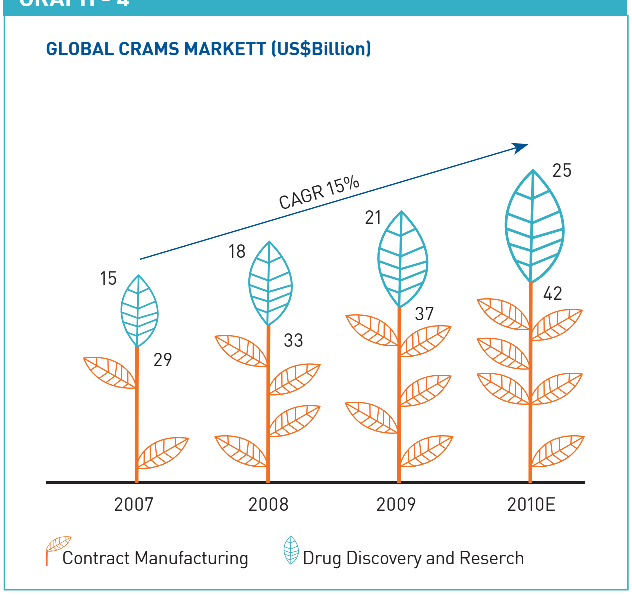
Contract Manufacturing Outsourcing (CMO)

- Approximately 60 per cent of the total US$ 2.3 Billion Indian CMO market relates to chemical synthesis followed by formulation and packaging, which constitutes about 40 per cent. The market has grown at a CAGR of 51 per cent over 2007-10 reflecting upon the strong potential it has to offer
- Contract Manufacturing requires upfront investments for building up requisite facilities and is capital intensive in nature, thereby requiring long term assured supply contracts in order to recoup investments or 'take or pay' type of contracts
- Indian players have taken in-organic route of acquisition to gain access to customers, regulated markets of America and Europe and niche technologies like sterile injectables, cytotoxics to build strong franchise for themselves

Contract Research Outsourcing (CRO)

- Contract Research Organisations (CROs) provide services including drug discovery, new product development, formulation, pre-clinical trial management spanning till phase IIA

GRAPH - 4



- The global contract research market reached at US$ 25 Billion in 2010 growing at a CAGR of 19 per cent during 2007-10. The Indian contract research industry has been growing tremendously over the past few years and reached approximately US$ 1.5 Billion in 2010, a CAGR of 65 per cent from 2007-10, albeit on a small base
- The Indian Pharmaceutical outsourcing providers have capabilities to provide late stage discovery (research chemistry) and drug development services.

Advantage India

- High Number of USFDA and UK MHRA approved plants (200+)
- Well-developed chemistry skills
- Robust talent pool
- Low production & R&D cost
- Quality Infrastructure & established track record of IPR compliance
- Sufficient product filing track record: Indian companies have been on the fore-front, both in terms of filing DMFs and ANDA. (Refer Graph **7**)

Veterinary or Animal health industry

Animal Health Industry in 2010 was valued US$ 20.1 Billion

Nominal growth = +7.8 per cent

Real growth = +4.0 per cent

In 2010, the animal healthcare industry regained its average long-term trend, with growth in the mid-single digits. (Refer Graph **8 & 9**)

The total spend towards healthcare of feed/production animals account for 59 per cent of the total industry size. However, the market for companion animals has been growing at a faster pace. Of the total health care spends for feed/production animal, cattle and pigs account for 75 per cent; poultry and sheep account for 25 per cent.

The Indian Animal Health market is estimated to be around US$ 400 Million, dominated by spends towards production/ feed animals – mainly dairy and poultry.

Cattle (Dairy) and Poultry – the key promising Indian segments

Dairy Segment

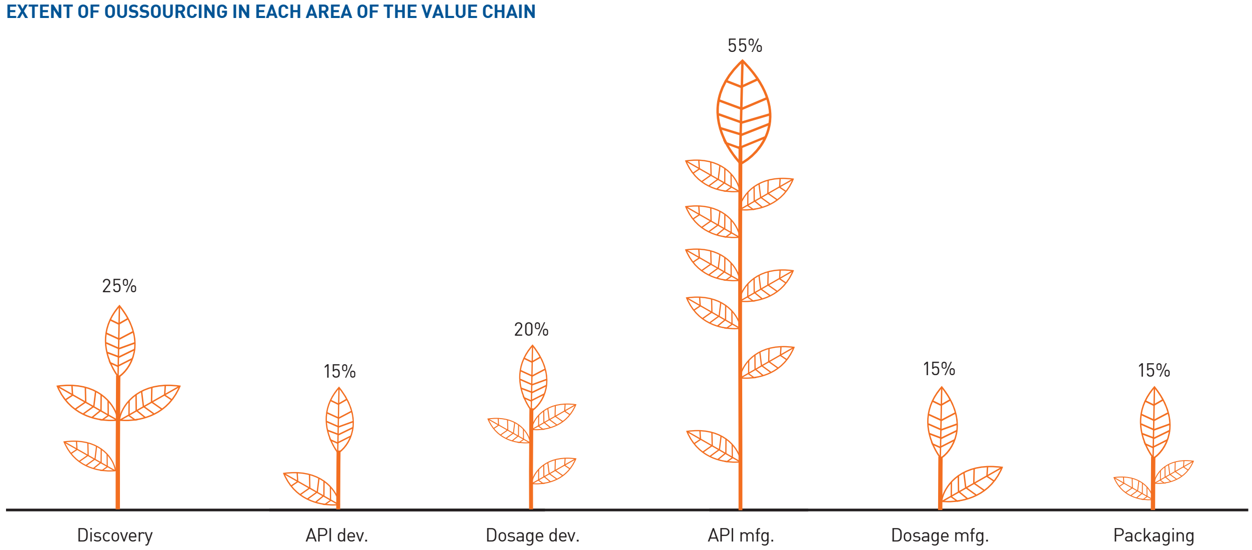
- No.1 milk producer in the world (106 Million tonnes per year)
- Meat products (Pork/Beef/Mutton) have a growth rate of 10 per cent (CII &Mckinsey)
- Increasing urbanisation leading to greater consumerism (Packed milk & meat products)
- All Poultry & Livestock related industries establishing base to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

Poultry Segment

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

GRAPH - 5

EXTENT OF OUSSOURCING IN EACH AREA OF THE VALUE CHAIN

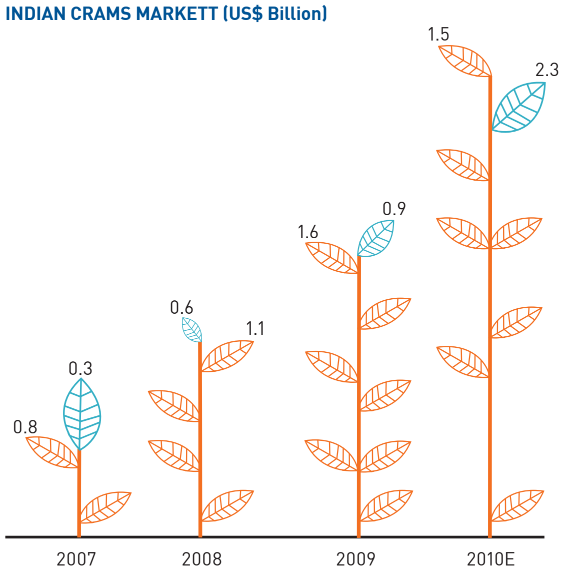


KEY DEMAND DRIVERS

KEY DRIVERS	COMPANION AN AIMALS	PRODUCTION ANIMALS	VETERINARY PUBLIC HEALTH
ANIMAL CARE	INDIVIDUALIZED MEDICINE	HERD MEDICINE	PUBLIC CONTROL PROGRAMS
	MONOFACTORIAL DISEASES	MULTIFACTORIEL SYNDROMES	MONOFACTORIAL INFECTIOUS DISEASES
	LONGER LIFE (GERIATRICS)	SHORT LIFE AND HIGH PRODUCTIVITY	HERD HEALTH/TRADE/ HUMAN HEALTH
	PREVENTION & TREATMENT	FOCUS ON PREVENTION	PREVENTION AND CONTROL
BUSINESS MODEL	B to C / B to B	B to B	B to G (GOVERNMENTS)
	DICISION DRIVERS INCLUDE EMOTION	DECISION DRIVERS ARE ECONOMIC	DECISION DRIVERS ARE ECONOMIC/POLITICAL
	HIGH SPENDING PER ANIMAL	LOW SPENDING PER ANIMAL	SPENDING IS INFLUENCED BY GOV. POLICIES (COST/BENEFITS)
	LARGE NUMBER OF SMALL ACCOUNTS	SMALL NUMBER OF LARGE ACCOUNTS	GOVERNMENT ACCOUNTS

GRAPH - 6

INDIAN CRAMS MARKETT (US$ Billion)

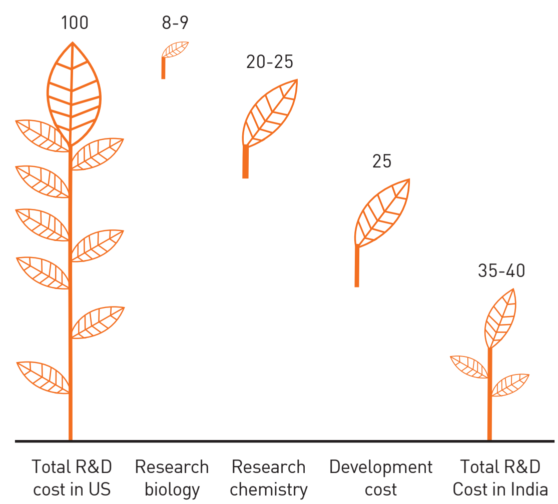


Contract Manufacturing   Drug Discovery and Research

Source: Industry reports, ICRA estimates, texcludes Clinical Trials

GRAPH - 7

POTENTIAL SAVINGS IN OUTSOURCING END-TO-END RESEARCH AND DEVELOPMENT TO INDIA



Potential cost savings of ~ 60%

CORPORATE PERFORMANCE REVIEW

Background

About the Company

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

The year 2010-11

During the year 2010-11, the Company continued to build upon its robust foundation laid over the years. The Company focused on building key strengths that would define its competitive advantage across each vertical of presence. Being a diverse Company, it was important to define its core businesses that would drive the future growth. As a result, the Company continued to build its pharmaceutical business in terms of people, products, processes and presence. The Company's new R&D centre also commenced operations in Bengaluru during the year.

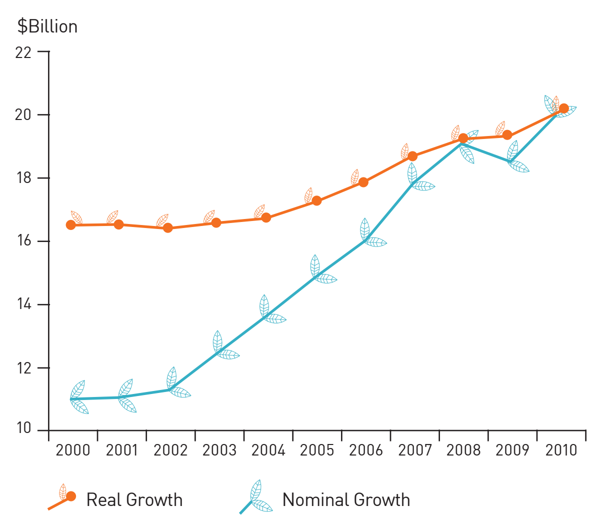
The Company filed 7 new drug master files, taking the total DMFs filed as on 31st March, 2011 to 28.

The Company's edge on chemistry and research skills backed with its world-class infrastructure enabled it to increase its client base and forge product specific partnerships. The Company's clientele include the global pharma companies, highlighting its value-proposition and abilities as a niche player.

2010-11 also witnessed a dip in the Company's financial performance for the first time since its incorporation. While the Company's net sales increased by 12.8 per cent to ₹2,778 Million; EBIDTA declined by 11.6 per cent to ₹596 Million. The Company's net profit also declined by 23.4 per cent to ₹159 Million. The dip in the numbers was largely on account of absence of Oseltavimir sales during the year. In 2009-10, in the wake of Swine Flu, the Company produced and sold Oseltavimir, an API that commanded decent margins. In absence of such an opportunity during 2010-11, the margins as well as the profit of the Company witnessed a decline. However, on an apple-to-apple comparison, the Company's revenues increased by 43 per cent and EBITDA registered a 54 per cent increase (non-Oseltavimir revenues).

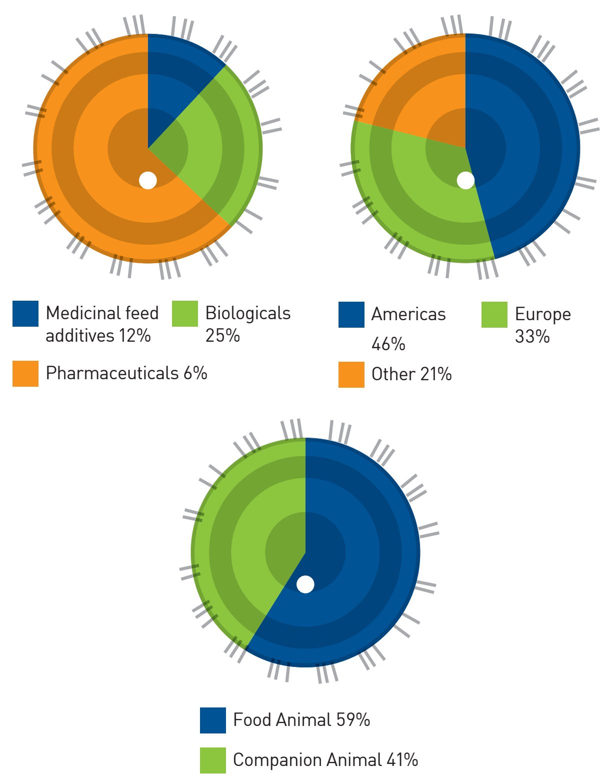
GRAPH - 8

GLOBAL ANIMAL HEALTH MARKET EVOLUTION



GRAPH - 9

ANIMAL HEALTH MARKET BY PRODUCT GROUP, REGION & SPECIES



KEY MANUFACTURING LOCATIONS

Facilities	Mangalore	Panoli	Ambernath	Tarapur	Mahad
Products	Niche APIs	Drug intermediate	APIs		
	Large volume APIs	Specialty chemicals	Animal Health Formulations	APIs	Large volume APIs
	Advanced Drug Intermediates				
Regulatory status	cGMP facility	ISO 9001:2008 certified	cGMP facility	cGMP facility	cGMP facility
	ISO 9001:2008				
	ISO 14001 certified				
	WHO pre-qualified		Certificate of Suitability from EU		Certificate of Suitability from EU
Salient features	Hydrogenation facility			Large volume catalytic hydrogenation facility	

The Company has been awaiting the inspection for USFDA for its Mangalore unit. During the year under review, the Company completed its expansion programme in all its exiting units. The Company's units functioned at optimal capacities during 2010-11.

SWOT ANALYSIS

Strengths

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

Weakness

- Multiple non-global scale plants

Opportunities

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

Threats

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

Human Resources

The Company employed more than 600 people as on 31st March, 2011. The Company believes in the highest standards of people management and personal growth. It instills in each of the members of the SeQuent family, a feeling of ownership, responsibility and performance across ourbusiness divisions. The Company aspires to set the highest standards of internationally benchmarked human resource practices, which would be exemplary for other manufacturers. The industrial relations were cordial and the management thoroughly acknowledges the support from the employees at all levels.

Internal Control System

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

RISK MANAGEMENT

Risk category: Strategic

1 INVESTOR PERCEPTION RISK

What does it mean?

Since the Company has presence in diverse businesses; it may lead to a negative perception relating to core business focus in the minds of the investors.

Mitigation measures

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

2 REGULATORY RISK

What does it mean?

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

Mitigation measures

The Company's Mangalore unit has been awaiting inspection from the USFDA authorities. Of the Company's six manufacturing facilities, four plants are cGMP certified and one is ISO certified, reflecting the state-of-the-art processes and equipment. The risk of delay in regulatory inspection is non-controllable; however, the Company has invested in highest standards of quality practices and control to be confident of clearing inspections.

Risk category: Operational

1 ATTRITION RISK

What does it mean?

For a company whose business model is entirely dependent on intellectual capital, any attrition at the key levels can result in an adverse impact for the business.

Mitigation measures

The Company follows a principle of 'merit above all'. Every employee sans level is appraised and rewarded in view of their ability to add value to the workplace. The Company ensures a progressive career path for each of its employees. High levels of interdepartmental and intra-departmental transparency allow speedy resolution of the employees' concerns. Performance linked remuneration coupled with ESOPs help in retaining talent. The attrition rate in the Company is amongst the lowest in the industry.

2 COMPETITION RISK

What does it mean?

Competition from global as well as local players can hit the Company's margins.

Mitigation measures

Being a relatively new player in the segments ruled by global pharma companies, the Company has focused on offering niche products across all its business verticals. These products require dedicated expertise and specialisation that the global players are not willing to impart on account of their scale and cost-benefit parameters. The Company's ability to offer products has elevated it among the favoured producers of niche molecules and APIs in Human and Veterinary segments. As a result, the Company has emerged as a partner to the MNCs.

RISK MANAGEMENT

3 QUALITY RISK

What does it mean?

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

Mitigation measures

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

4 ENVIRONMENT AND SAFETY RISK

What does it mean?

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

Mitigation measures

The Company lays a great emphasis on the proactive environment and health safety compliance. A dedicated EHS Policy is formulated and strictly adhered to protect its employees, the environment and the public at every stage of its business activity. Environment Management Systems are in place at each site to continuously monitor progress in this area.

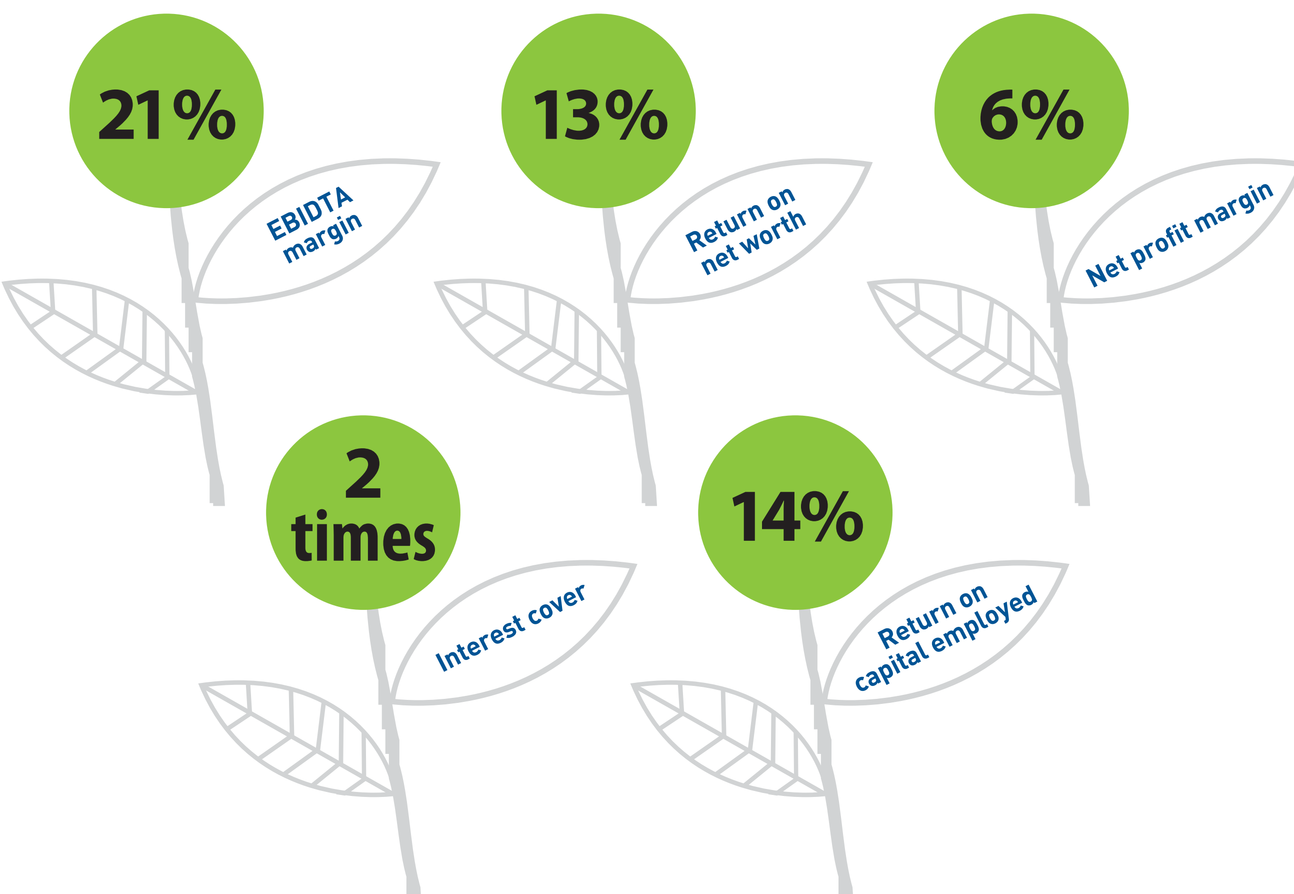
FINANCIAL REVIEW

The financial performance of the Company is being reviewed on the basis of standalone numbers.

	2010-11	2009-10	growth (%)
Total revenues (₹ Million)	2,778	2,463	13
EBIDTA (₹ Million)	596	674	(12)
Profit after tax (₹ Million)	159	208	(23)
Cash profit (₹ Million)	331	333	(0.6)
E.P.S. (₹)	7.26	9.79	(25.8)
Net worth (₹ Million)	1,256	1,159	8
Capital employed (₹ Million)	3,014	2,526	19
Fixed assets (Gross Block) (₹ Million)	2,359	1,504	57
Net current assets (₹ Million)	819	770	6

The Company has been awaiting the inspection for USFDA for its Mangalore unit. During the year under review, the Company completed its expansion programme in all its exiting units. The Company's units functioned at optimal capacities during 2010-11.

KEY RATIOS



Revenue

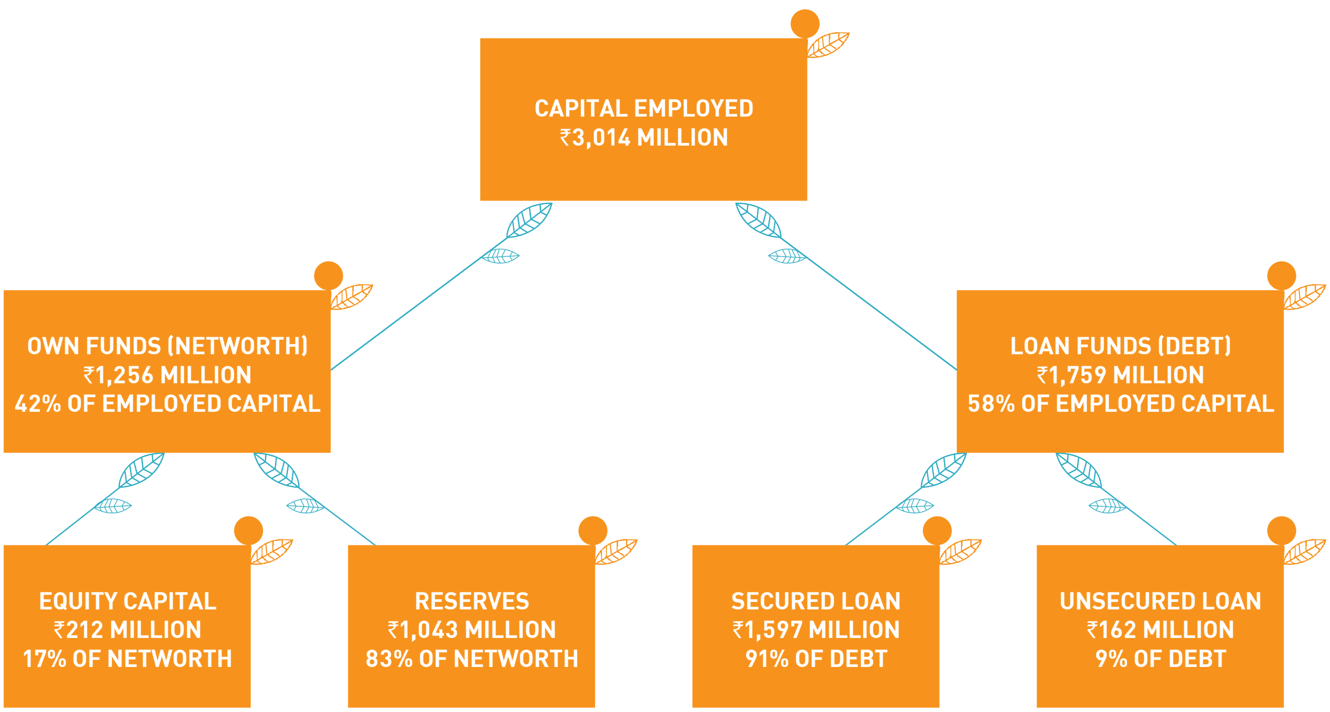
The Company's total revenues increased by 12.8 per cent from ₹2,463 Million in 2009-10 to ₹2,778 Million in 2010-11. The Company's revenue was derived from domestic and exports operations. During 2010-11, the Company's domestic sales accounted for 60 per cent of the topline (56 per cent in 2009-10) and exports accounted for 40 per cent (44 per cent in 2009-10). The exports revenues increased marginally from ₹1,084 Million in 2009-10 to ₹1,109 Millionin 2010-11. The domestic turnover increased by 21 per cent, from ₹1,379 Millionin 2009-10 to ₹1,668 Million in 2010-11.

During 2010-11, the Company successfully strengthened its presence in the unregulated markets like Africa as well as semi-regulated markets like CIS and India. The Company has also set foot in few regulated markets in Europe, a tangible impact of which would be visible in the coming years.

Margins

The Company's EBIDTA margin for 2010-11 stood at 21 per cent in 2010-11 as compared to 27 per cent in 2009-10. On account of outbreak of Swine Flu during 2009-10, the Company was among the first movers to produce API for Swine Flu formulation. The margins from Oseltavimir sales stood at 77 per cent during 2009-10 on revenues of ₹525 Million from the product in 2009-10. During 2010-11, the sales for Oseltavimir were nil, resulting in fall in the total margins. Similarly, the impact of margin decline in EBIDTA reflected on the net profit margin of the Company during 2010-11, with the same stood at 6 per cent as compared to 8 per cent during 2009-10.

Sources of Funds



Share Capital and reserves

The Company's share capital of ₹219 Million comprised 21,935,191 fully paid equity shares of a face value of ₹10 each, of which the Company has allotted 700,000 equity shares of ₹10 each to SeQuent Scientific Employee Stock Option Scheme Trust.

At the end of year 2010-11, the Company's reserves accounted for ₹1,043 Million; a 10 per cent increase from the previous year. The Company's reserve comprised a mix of share premium reserve, general reserve and profit & loss account. Free reserves accounted for 49 per cent of the Company's reserves indicating an aggressive plough back of profits in the business. The size of the Company's reserves translated into healthy book value towards the close of 2010-11.

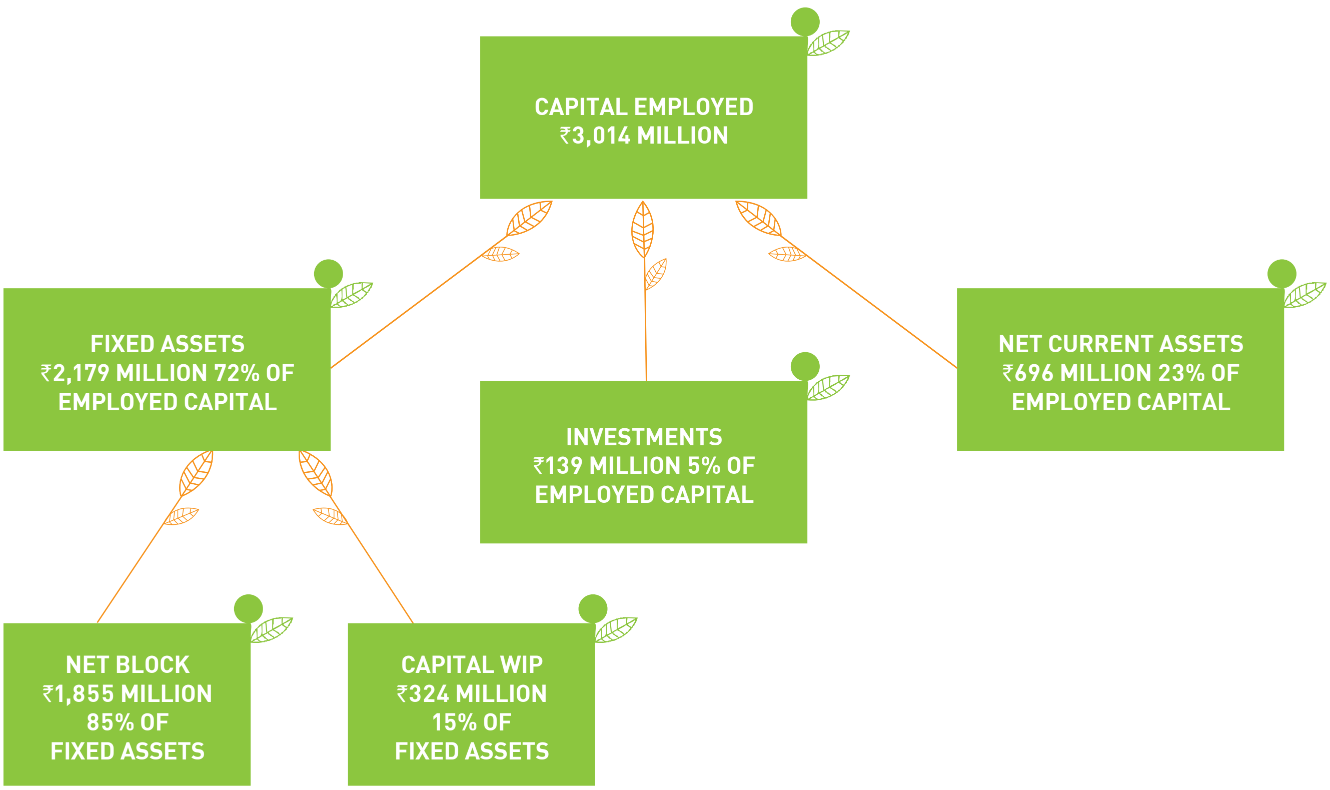
Loan Profile and funding cost

The total debt on the Company's books increased from ₹1,367 Million as on 31st March, 2010 to ₹1,759 Million as on 31st March, 2011. 34 per cent of the secured loans consisted of working capital loans. The Company repaid ₹269 Million worth of debts during the year. The Company's average cost of debt remained at the same levels as the previous year at 12 per cent. Despite increasing interest rates, the Company was able to hold on to the average cost of debt of the previous year by converting some of the Rupee Term Loans into Foreign Currency Term Loans. The Company's debt-equity ratio as on 31st March, 2011 stood at 1.30, representing significant leveraging opportunity to fund future growth.

Capital Expenditure

During 2010-11, the Company invested ₹335 Million in debottlenecking capacities and improving process efficiencies in the existing units. The Company's second R&D centre commenced operations in Bengaluru during the year. The total outlay for the same stood at ₹15.93 Million.

Application of Funds



Gross Block

As on 31st March, 2011 the Company had a gross block of ₹2,359 Million as compared to ₹1,504 Million as on 31st March, 2010. The Company's assets are technologically sound and do not require frequent replacement. Net block represented 79 per cent of the gross block, highlighting the lower age of the Company's assets.

Depreciation

The Company made a depreciation provision of ₹172 Million in 2010-11. 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

Non-business investments

The Scheme of Amalgamation of Vedic Elements Private Limited (Transferor Company) with the Company with an Appointed Date of 1st October, 2009 (the Scheme) has been sanctioned by the High Court of Karnataka and came into effect on 7th September, 2010. Accordingly, the carrying value of investments in the shares of Vedic Elements held by the Company had to be written back, leading to a reduction of ₹278 Million from the Company's investments during the year. The Company's total investments as on 31st March, 2011 stood at ₹139 Million as compared to ₹454 Million as on 31st March, 2010.

CORPORATE GOVERNANCE REPORT

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

2. BOARD OF DIRECTORS:

Composition of Board

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

Meetings held during the year

During the financial year ended March 31, 2011, 5 (five) board meetings were held. Dates on which the meetings were held are May 28, 2010, August 13, 2010, October 29, 2010, February 10, 2011 and March 22, 2011.

Attendance at Board meetings and last Annual General Meeting

The attendance of each Director at Board Meeting and the last Annual General Meeting (AGM) and details about Directorships and Memberships in Committees as on March 31, 2011 is as under:

Sl No.	Name of director	Category of directorship	No. of board Meetings Attended	Last AGM Attendance	No. of other director ships	Total number of member ship(s) in other board committees
1.	Mr. K R Ravishankar	Promoter, Executive	5	Present	3	1
2.	Dr. Gopakumar G Nair	Independent, Non-Executive	5	Present	3	2
3.	Mr. Joe Thomas	Independent, Non-Executive	3	Absent	3	2
4.	Mr. Kannan Ramanujam	Independent, Non-Executive	4	Present	2	NIL
5.	Dr. Gautam Kumar Das	Executive	4	Present	NIL	NIL
6.	Mr. KRN Moorthy*	Executive	2	Present	NIL	NIL

* Joined the Board with effect from September 08, 2010.

Notes:

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

3. AUDIT COMMITTEE:

Terms of Reference

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

The Audit Committee has the following responsibilities/ powers

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

Role of Audit Committee

The role of the Audit Committee includes the following:

1. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
   b. Changes, if any, in accounting policies and practices and reasons for the same.
   c. Major accounting entries involving estimates based on the exercise of judgment by management.
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements.
   f. Disclosure of any related party transactions.
   g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by

the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.

7. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (In case of non payment of declared dividends) and creditors, if any.
13. To seek information from any employee;
14. To obtain outside legal or other professional advice;
15. To secure attendance of outsiders with relevant expertise if it considers necessary

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

During the financial year ended 31st March 2011, four Audit Committee Meetings were held respectively on 28th May 2010, 13th August 2010, 29th October 2010 and 10th Feb 2011.

The Committee has four members consisting of the three Non-Executive Independent Directors and the Managing Director. Details of Members and meetings attended by them during the year are as under:

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

Mr. Mahesh N, Company Secretary is the secretary of the Audit committee.

4. REMUNERATION COMMITTEE:

Terms of Reference

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

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

Composition of Remuneration Committee

The Members of the Remuneration Committee are Mr. Joe Thomas (Chairman), Mr. Kannan Ramanujam and Dr. Gopakumar G Nair, who are all non-executive independent directors of the Company.

Remuneration Policy

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

During the financial year 2010-11, Remuneration Committee passed resolutions through circulation on September 8, 2010.

Remuneration paid to Directors

(₹ In Million)

Name of the Director	Salary	Benefits	Bonus	Sitting Fees	Total
Mr. K R Ravishankar (Managing Director)	4.80	-	-	-	4.80
Mr. Joe Thomas	-	-	-	0.06	0.06
Dr. Gopakumar G Nair	-	-	-	0.10	0.10
Mr. Kannan Ramanujam	-	-	-	0.08	0.08
Dr. Gautam K Das (Executive Director)	4.80	-	-	-	4.80
Mr. KRN Moorthy (Deputy Managing Director)	7.29	-	-	-	7.29

The Company has paid Remuneration to one of its DIrectors as per the approval received from Central Government. The managerial remuneration paid for the year ended 31st March, 2011 excludes ₹ 24.88 Million for which the Company has made an application to the Central Government for its approval.

5. SHARE TRANSFER & INVESTORS GRIEVANCE COMMITTEE:

The Shareholders/ Investors Grievance Committee has been constituted in terms of the provisions related thereto in the Listing agreement with the Stock Exchanges and comprises of all Non-Executive Directors of the Company. i.e., Mr. Joe Thomas, Dr. Gopakumar G Nair and Mr. Kannan Ramanujam as Members. Mr. Joe Thomas is the Chairman of the Committee.

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

The Company holds Share Transfer & Investor Grievance Committee occasionally when requirement arises. During the year, there we no meetings held as the Company did not receive any complaints from the shareholders.

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

During the year, the Company has not received any complaint from shareholders.

6. GENERAL BODY MEETINGS:

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

Financial Year	Date	Location of Meeting	Time
2007-2008	15.09.2008	Hotel Tunga Regency, Vashi, Dist. Thane.	11.30 a.m.
2008-2009	04.09.2009	Hotel Royal Inn, Gokul Nagar, Thane (W).	10.30 a.m.
2009-2010	27.09.2010	Hotel Satkar Residency, Thane (W)	11.00 a m

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

Date	Meeting	Subject matter
15.09.2008	AGM	Revision in Remuneration of Managing Director.
03.01.2009	Court Convened Meeting	Approval of Scheme of Amalgamation of M/s SeQuent Scientific Limited with the Company
04.09.2009	AGM	Appointment and remuneration of Mr. KR Ravishankar, Managing Director
24.05.2010	EGM	1. Approval of Remuneration of Dr. Gautam K Das, Executive Director
		2. Revision in Remuneration of Mr. KR Ravishankar, Managing Director.
27.09.2010	AGM	Authorisation to make loan, give guarantee or provide security exceeding the limits as prescribed under 372A of Companies Act, 1956.
15.03.2011	EGM	Cancellation of 1,48,65,000 equity shares held by Fraxis Life Sciences Limited

During the year ended March 31, 2011 six resolutions were passed through the Postal ballot process. Transactions alongwith the Voting pattern of the resolution is as under:

Particulars	No. of votes polled	Votes Cast	
		For	Against
To approve issue of Options/Shares under modified ESOP	1270034	1269784	250
To approve issue of Options/Shares under ESOP to the employees/directors of the Subsidiaries	1270034	1268798	1236
To approve issue of Options/Shares under ESOP to the Non-executive and independent directors of the Company	1270034	1267499	2235
To approve appointment of Dr. Gautam K Das as Director of the Company	1270034	1269681	253
To approve remuneration of Dr. Gautam K Das as Executive Director and his remuneration	1270034	1269781	253
To revise remuneration of Mr. KR Ravishankar, Managing Director	1270034	1269781	253

The resolution was passed with requisite majority. The Company has complied with the procedures for the conduct of postal ballot in terms of the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and the amendments therein.

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 13 of Schedule P to the financial statements in the Annual Report.

As per the scheme of amalgamation under section 391 – 394 of the Companies Act, for amalgamation of Vedic Elements Private Limited with the Company, as approved by the Hon'ble High Court of Karnataka, a separate reserve account titled Restructuring Reserve Account has been created by Fair Valuation of Assets of the Company for adjustment of deficit arising on amalgamation. The same being at variance with applicable accounting standards, necessary disclosure has been made in the Notes to accounts in Standalone and Consolidated Financial Statements.

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

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

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

8. REAPPOINTMENT OF DIRECTORS

Dr. Gautam Kumar Das and Dr. Gopakumar Gopalan Nair, Directors of the Company retire by rotation at this ensuing Annual General Meeting and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

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

Dr. Gautam Kumar Das does not hold directorship / committee membership in any other Company.

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

Details of other directorship / committee membership of Dr. Gopakumar G Nair.

S.No.	Name of Company	Committee Membership
1.	Ultramarine & Pigments Limited	Chairman – Audit committee and Chairman of Shareholders Grievance Committee
2.	Glochem Industries Limited	Nil
3.	Nandan Biomatrix Limited	Nil
4.	BDH Chemicals & Pharmaceuticals Private Limited	Nil
5.	BDH Biotech Private Limited	Nil
6.	Gnanlex Hermeneutics Private Limited	Nil
7.	Sanved Research Labs Private Limited	Nil

Details of Shareholding of Non-Executive Directors

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

Name	No. of shares held as at March 31, 2011
Dr. Gopakumar G Nair	23,348
Mr. Joe Thomas	Nil
Mr. Kannan Ramanujam	Nil

9. MEANS OF COMMUNICATION:

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

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

10. GENERAL SHAREHOLDER INFORMATION:

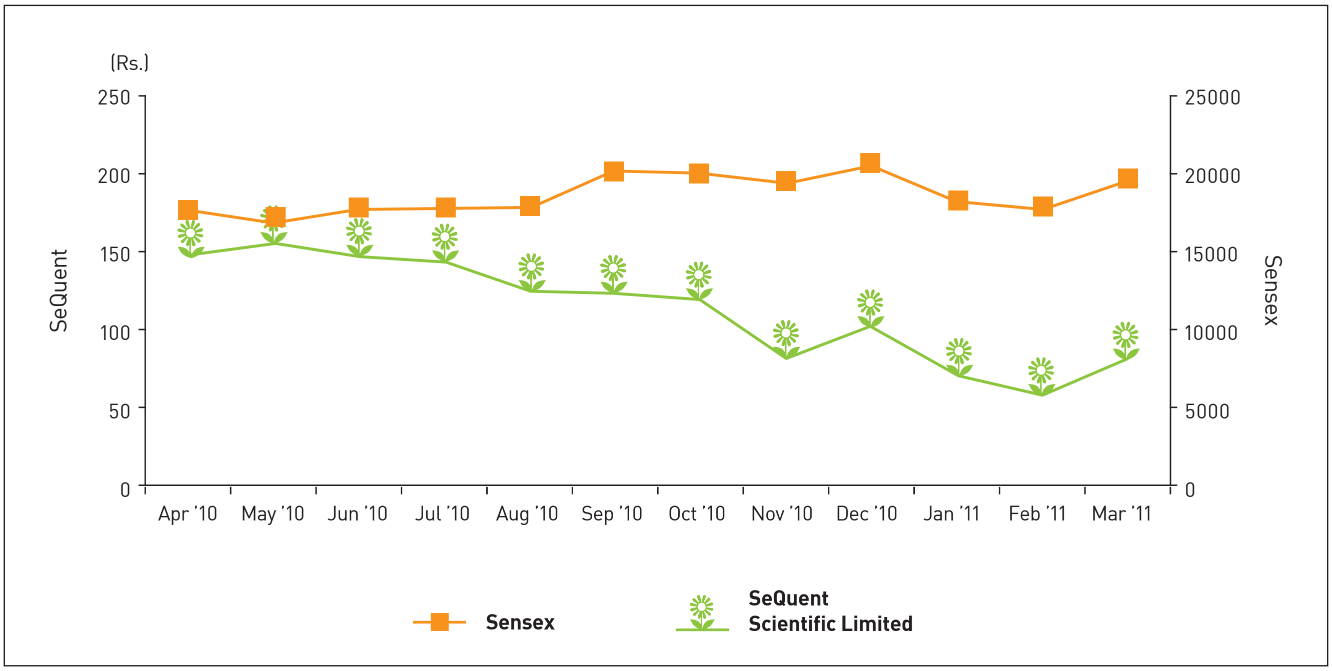
AGM, Date & Venue	The ensuing AGM of the Company will be held on September 23, 2011 at 11.30 a.m. at Hotel Fortune Park Lakecity, (Jupiter Hospital Compound), Eastern Express Highway, Thane (W) 400601
Financial Year	April 1, 2010 to March 31, 2011
Date of Book Closure	September 20, 2011 to September 23, 2011 (both days inclusive)
Dividend payment date	September 29, 2011
Listing of shares	The equity shares of the Company are listed in the Bombay Stock Exchange Limited with stock code of 512529
Registrar & Transfer Agent	**M/s. Adroit Corporate Services Private Ltd.** 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai – 400 059. Contact Person: Mr. Pratap Pujare Phone No. 022-2859 6060, email ID: pratapp@ adroitcorporate.com
Share transfer system	Company's shares are in compulsorily demat mode. Physical share transfers are attended to on a regular basis and the Company Secretary is authorized to approve such transfers
Address for correspondence	Mr.Mahesh.N, Company Secretary SeQuent Scientific Limited Corporate Office: Star -2 , Bannerghatta Road, Bilekahalli, Bangalore – 560 076 Phone No. 080-6784000, Email : investors@sequent.in

Market Price Data (High, Low during each month in financial year 2010-11):

Month	High (Rs.)	Low (Rs.)
April 10	164.00	130.55
May 10	163.00	129.20
June 10	164.40	142.00
July 10	154.40	137.00
August 10	149.00	117.25
September 10	155.00	120.05
October 10	139.40	119.30
November 10	125.95	80.00
December 10	103.00	74.20
January 11	107.10	72.20
February 11	75.00	55.00
March 11	94.10	58.20

Performance in comparison to SENSEX: Monthly closing price analysis

Month	Sensex	Sequent
April 10	17,558.71	149.45
May 10	16,944.63	155.10
June 10	17,700.90	148.55
July 10	17,868.29	144.00
August 10	17,971.12	126.00
September 10	20,069.12	123.95
October 10	20,032.34	120.20
November 10	19,521.25	82.10
December 10	20,509.09	101.65
January 11	18,327.76	73.10
February 11	17,823.40	59.40
March 11	19,445.22	81.85



Distribution Schedule as on March 31, 2011:

No. of Equity Shares held	No. of Shareholders	% of Shareholder	No. of Shares held	% of Shareholding
1 to 500	2033	79.69	3,90,487	1.78
501 to 1000	206	8.08	170,636	0.78
1001 to 2000	113	4.43	179,604	0.82
2001 to 3000	60	2.35	153,812	0.70
3001 to 4000	26	1.02	92,655	0.42
4001 to 5000	17	0.67	81,735	0.37
5001 to 10000	43	1.69	318,764	1.45
10001 & above	53	2.08	20,547,498	93.67
TOTAL	**2551**	**100.00**	**21,935,191**	**100.00**
Physical Mode	7	0.27	710,405	3.24
Electronic Mode	2544	99.73	21,224,786	96.76

Shareholding pattern of Equity Shares as on March 31, 2011:

Category	No. of shareholders	Nos. of Shares held	Voting Strength
Promoters & Persons Acting in concert	7	1,59,06,222	72.51
Other Directors, their relatives	1	23,348	0.11
Bodies Corporate (Domestic)/Trusts	130	13,51,684	6.16
Banks / Mutual Funds/ Financial Institutions (FIs)	10	6,461	0.03
Foreign Institutional Investors (FIIs)	Nil	Nil	Nil
Non-Resident Individuals (NRIs)/Foreign Corporate Bodies/Overseas Corporate Bodies (OCBs)/ Foreign Banks	26	13,34,501	6.09
Resident Individuals	2,376	26,12,975	11.91
TRUST constituted to implement ESOP	1	700,000	3.19
TOTAL	**2,551**	**21,935,191**	**100.00**

Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form. The Company has established connectivity with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrars, Adroit Corporate Services Pvt Ltd. As on 31st March, 2011 96.76% of the paid-up share capital of the Company representing 21,224,786 shares have been dematerialized.

Outstanding ADRs/GDRs/warrants/ other convertible instruments:

The Company has no outstanding ADRs / GDRs/ warrants outstanding.

ESOPs: Company has framed an Employee Stock Option plan to reward its employee. It is proposed to grant options under the said plan through Trust that has been established by the Company for the purpose having independent directors as its trustees. The Plan was approved by the shareholders on 28.03.2008, However Board in its meeting has modified some of the provisions of ESOP Plan. Modified ESOP Plan was approved by the shareholders on 24.05.2010 through Postal Ballot. Under the said plan company has allotted 700000 equity shares of Rs. 10/- each to the Trust at a price of Rs. 113/- per share.

The Company has granted 100,000 options to Mr. KRN Moorthy, Dy. Managing Director at an exercise price of Rs. 75/- per share to be vested over a period of 3 years.

Plant Location:

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

11. CODE OF CONDUCT

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

` All Board Members and Senior Management personnel have confirmed compliance with the code for the year 2010 – 2011.

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

"I confirm that the Company has in respect of the year ended March 31, 2011, received from its Board Members as well as Senior Management Personnel affirmation as to compliance with the Code of Conduct'.

12. DISCLOSURE ON PROMOTER GROUP

The names of the promoters and entities comprising Group as defined under Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 for the purposes of Section 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 include:

Sl. No.	Name of the Promoter/ Entity
1.	Arun Kumar
2.	K.R. Ravishankar
3.	Deepa Arun Kumar
4.	Usha Rani
5.	Aditya Arun Kumar
6.	Tarini Arun Kumar
7.	G. Purushothaman Pillai
8.	Gayathri Nair
9.	Hemalatha Pillai
10.	K. Saraswathi
11.	K.R. Anuradha
12.	K.R. Lakshmidevi
13.	Lakshmi Gopalakrishnan
14.	Padma Kumar Pillai
15.	Rahul Nair
16.	RajeswariAmma
17.	Rajitha Gopalakrishnan
18.	Sajitha Pillai
19.	VineethaMohana Kumar Pillai
20.	Agnus Holdings Private Limited
21.	Chayadeep Properties Private Ltd
22.	Triumph Venture Holdings LLP
23.	Agnus Capital LLP
24.	Chayadeep Ventures LLP
25.	Atma Enterprises LLP
26.	Qualichem Remedies LLP
27.	Triumph Fincap Ventures Private Limited
28.	Pronomz Ventures LLP

CERTIFICATE

To the Members of SeQuent Scientific Limited

We have examined the compliance of conditions of corporate governance by SeQuent Scientific Limited ('the Company'), for the year ended on March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the said stock exchanges.

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

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

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 008072S)
V. SRIKUMAR
Partner
(Membership No.84494)

Bangalore, August 12, 2011

FINANCIAL SECTIONS

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Auditors' Report

TO THE MEMBERS OF SEQUENT SCIENTIFIC LIMITED

1. We have audited the attached Balance Sheet of SEQUENT SCIENTIFIC LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We draw attention to Note B.1 of Schedule 'P' regarding the accounting of Scheme of Arrangement ("the Scheme") between the Company, and its wholly owned subsidiary Vedic Elements Private Limited under section 391 to 394 and the other provisions of the Companies Act, 1956, which has been approved by the Hon'ble High Court of Karnataka. In accordance with the Scheme the Company has fair valued some of its fixed assets and investments and the net excess of such fair values over the previously carried book values, amounting to ₹ 341.08 Million has been credited to 'Restructuring Reserve' to be utilized for set off of goodwill arising on amalgamation. The Company has also reversed the provision for decline, other than temporary, for the related investment amounting to ₹ 57.50 Million made in the prior year to the profit and loss statement.

   As a result of the above:

   (i) Insofar as the excess relates to Fixed assets, crediting such amounts to Restructuring Reserve is contrary to the requirements of Accounting Standard 10 'Accounting for Fixed Assets'.

   (ii) Insofar as the fair valuation relates to Investments, declines, other than temporary, in the carrying value of long term investments amounting to ₹34.78 Million are required to be charged to the profit and loss statement in terms of Accounting Standard 13 'Accounting for Investments'.

   (iii) Additional depreciation for the year on fair valued fixed assets amounting to ₹8.16 Million has been charged to the profit and loss statement instead of being adjusted against the 'revaluation reserve' as required under Accounting Standard 10 'Accounting for Fixed Assets'.

   The resultant impact of the above accounting is that profit after tax for the year is higher by ₹84.12 Million.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the paragraph 3 and annexure referred to in paragraph 4 above, we report that:

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

   (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

   (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and read with our comments in paragraph 3 above, 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, 2011;

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

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

6. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.008072S)
V. Srikumar
Partner
Membership No.84494

Place: Bangalore
Date: May 27, 2011

Annexure to the Auditors' Report

(Referred to in paragraph 4 of our report of even date)

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

(ii) In respect of its fixed assets:

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

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

(iii) In respect of its inventory:

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

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

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

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

(a) The Company has granted loans aggregating ₹ 106.29 Million to 3 parties during the year. At the year-end, the outstanding balances of such loans aggregated ₹ 36.29 Million (number of parties 2) and the maximum amount involved during the year was ₹ 126.29 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.

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

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

(vii) 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 in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

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

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

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

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

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2011 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, 2011 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
Maharashtra Value Added Tax Act, 2002 & Central Sales Tax Act, 1956	Value Added tax and Central Sales tax	Deputy Commissioner of Sales Tax	A.Y. 2006-2007	9.02
Karnataka Value Added Tax	Value Added Tax	Joint Commissioner of Commercial Taxes (Appeals)	A.Y. 2009-2010	3.31
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. 2006-2007	1.98

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

(xi) In our opinion and according to the information and explanations given to us, there have been delays in repayment of dues to banks during the year and the period of such delays range from 1 to 57 days with dues aggregating to ₹79.45 Million (including interest on delayed repayments). There was no overdue outstanding as at year end.

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

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

(xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

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

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.008072S)
V. Srikumar
Partner
Membership No.84494

Place: Bangalore
Date: May 27, 2011

Balance sheet as at March 31, 2011

(₹ In Million)

	Schedule	As on March 31, 2011	As on March 31, 2010
I. SOURCES OF FUNDS			
1. Shareholders' funds			
a) Share capital	A	212.35	212.35
b) Employees stock options outstanding	B	0.07	-
c) Reserves and surplus	C	1,043.11	946.29
		1,255.53	1,158.64
2. Loan funds	D		
a) Secured loans		1,596.54	1,306.12
b) Unsecured loans		162.00	61.03
		1,758.54	1,367.15
3. Deferred tax liability (Net)	P (B14)	122.91	87.46
Total		3,136.98	2,613.25
II. APPLICATION OF FUNDS			
1. Fixed assets	E		
a) Gross block		2,358.98	1,504.13
Less : Accumulated depreciation		504.05	324.64
Net block		1,854.93	1,179.49
b) Capital work-in-progress and advances		324.20	210.29
		2,179.13	1,389.78
2. Investments	F	138.91	453.86
3. Current assets, loans and advances	G		
a) Inventories		614.70	466.67
b) Sundry debtors		643.01	454.74
c) Cash and bank balances		68.03	124.39
d) Loans and advances		665.03	517.64
		1,990.77	1,563.44
Less: Current liabilities & Provisions	H		
a) Current liabilities		913.43	578.04
b) Provisions		258.40	215.79
		1,171.83	793.83
Net current assets		818.94	769.61
Total		3,136.98	2,613.25
Significant Accounting policies and notes on accounts	P		

The above Schedules form an integral part of the Balance Sheet

In terms of our report attached

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

V. Srikumar

Partner

Bangalore, May 27, 2011

For and on behalf of the Board

Dr. Gautam Kumar Das — *Executive Director*

Ravishankar K R — *Chairman & Managing Director*

Mahesh N — *Company Secretary*

Profit and Loss Account for the year ended March 31, 2011

(₹ In Million)

	Schedule	**Year ended March 31, 2011**	Year ended March 31, 2010
I. INCOME			
1. Sales	I	2,777.56	2,463.35
2. Other income	J	116.34	72.87
Total		2,893.90	2,536.22
II. EXPENDITURE			
1. Materials consumed	K	1,531.73	1,114.60
2. (Increase)/Decrease in stock	L	(129.14)	(77.22)
3. Personnel cost	M	227.03	202.05
4. Operating and other expenses	N	668.10	623.07
5. Finance charges	O	212.75	187.31
Total		2,510.47	2,049.81
" III. PROFIT BEFORE DEPRECIATION, AMORTISATION, EXCEPTIONAL ITEMS AND TAX "		383.43	486.41
6. Depreciation and Amortisation	E	171.81	125.22
IV. PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		211.62	361.19
7. Diminution in investment in subsidiaries/(Written Back)	P (B3)	(52.58)	57.50
8. Encashment of bank guarantee	P (B3)	42.05	
V. PROFIT BEFORE TAX		222.15	303.69
Less: Provision for tax			
- Current tax		-	-
- MAT		36.50	65.00
- Deferred [Net]	P (B14)	42.59	87.46
- MAT Credit entitlement		(16.26)	(56.70)
VI. PROFIT AFTER TAX		159.32	207.93
Balance brought forward		296.42	129.24
Included on Amalgamation		(38.85)	24.53
VII. PROFIT AVAILABLE FOR APPROPRIATIONS		416.89	361.70
VIII. APPROPRIATIONS			
Proposed dividend on equity shares		32.90	42.47
Tax on proposed equity dividend		5.46	7.22
Transfer to general reserve		7.97	15.59
Balance carried forward to Balance sheet		370.56	296.42
Total		416.89	361.70
IX. EARNINGS PER SHARE	P (B25)		
(Face value of ₹10 each)			
Basic and Diluted (in ₹)		7.26	9.79
Significant Accounting policies and notes on accounts	P		

The above Schedules form an integral part of the Profit and Loss Accounts

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner
Bangalore, May 27, 2011

For and on behalf of the Board

Dr. Gautam Kumar Das — *Executive Director*

Ravishankar K R — *Chairman & Managing Director*

Mahesh N — *Company Secretary*

Cash flow statement for the year ended March 31, 2011

(₹ In Million)

	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax		222.15	303.69
Adjustments for:			
Depreciation and amortisation		171.81	125.22
Bad Debts and provision for doubtful debts		0.61	21.30
Advances Written off		0.94	-
Unrealised forex Gain (Net)		(12.04)	(13.13)
Investment Written off		0.49	-
Provision for diminution in investment		0.29	-
Diminution in investment in subsidiaries /(Written Back)		(52.58)	57.71
Loss on sale of assets (Net)		1.08	(0.56)
Interest Expenses		186.02	159.93
Dividend income		-	(0.01)
Interest income		(19.99)	(13.97)
Profit on Sale of Investment		(38.01)	(11.96)
Compensation under ESOP scheme		0.07	-
Balances Written Back (Net)		(17.68)	-
Operating profit before working capital changes		443.16	628.22
Changes in working capital			
(Increase)/Decrease in Trade and other receivables		(46.3)	(247.27)
(Increase)/Decrease in Inventories		(160.71)	(155.62)
Increase/(Decrease) in Trade and other payables		317.55	92.21
Net change in working capital		110.81	(310.68)
Cash generated from operations		553.97	317.54
Direct taxes paid		(55.97)	(20.37)
Net cash from Operating Activities	A	498.00	297.17
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets / CWIP		(524.23)	(239.39)
Sale of Fixed assets		2.47	3.71
Investment in subsidiaries / Joint Ventures/Associates		(10.17)	(145.70)
Purchase of Short Term investment		(1.70)	(3.94)
Sale of Long term Investments		-	125.49
Sale of other Investment		2.75	2.50
Loan given to affiliates & Others (Net)		(169.09)	(50.00)
Interest received		16.59	9.30
Dividend Received		-	0.01
Net cash used in Investing Activities	B	(683.38)	(298.02)

Cash flow statement for the year ended March 31, 2011 (Contd.)

(₹ In Million)

	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings		135.82	343.70
Proceeds from / (Repayment of) of long term borrowings		241.83	(95.56)
Share Issue Expenditure		-	(3.94)
Interest paid on borrowings		(199.45)	(160.20)
Dividend paid		(42.47)	(11.09)
Dividend distribution tax paid		(7.22)	(1.88)
	C	128.51	71.03
Net Increase/(Decrease) in cash and cash equivalents during the year	(A+B+C)	(56.87)	70.18
Cash and cash equivalents as at 31.03.2010		124.39	39.79
Inclueded on amalgamation		0.51	14.42
Cash and cash equivalents at the end of the year 31.03.2011		68.03	124.39
Significant Accounting Policies and Notes on Accounts	P		

The above Schedule forms an integral part of the Cash flow Statement.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

V. Srikumar

Partner

Bangalore, May 27, 2011

For and on behalf of the Board

Dr. Gautam Kumar Das
Executive Director

Ravishankar K R
Chairman & Managing Director

Mahesh N
Company Secretary

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ In Million)

	As on March 31, 2011	As on March 31, 2010
SCHEDULE 'A'		
SHARE CAPITAL		
1. Authorised		
a) Equity	320.00	250.00
32,000,000 equity shares of ₹10 each(Previous Year 25,000,000 equity shares of Rs 10 each)		
	320.00	250.00
2. Issued, subscribed and paid-up		
a) Equity		
21,935,191(Previous year 21,935,191) equity shares of ₹10 each fully paid .	219.35	219.35
Less : Amount receivable from SeQuent Scientific Employee Stock Option Scheme Trust (Being Face Value of 700,000 Equity Shares of ₹ 10 each alloted to the trust) (Refer B26 of Schedule P)	7.00	7.00
Of the above:-		
i) 10,150,000 Equity shares of ₹ 10 each were alloted to the share holders of erstwhile SeQuent Scientific Limited, consequent to amalgamation with the company.		
ii) 14,865,000 (Privious year 14,865,000) Equity Shares are held by Fraxis Life Sciences Limited, the Holding Company		
Total	212.35	212.35
SCHEDULE 'B'		
Employee Stock Options Outstanding		
Employee Stock Options Outstanding (Refer Note B26 of Schedule P)	0.23	-
Less: Deferred employee compensation expenses	0.16	-
Total	0.07	-
SCHEDULE 'C'		
RESERVES AND SURPLUS		
1. General Reserve		
Opening Balance	136.47	120.88
Add: Transfer from Profit and Loss account	7.97	15.59
	144.44	136.47
2. Securities Premium		
Opening Balance	513.40	234.95
Add: Included on Amalgamation	-	445.39
Less: Share issue expenses	-	3.94
Less: Set-off of Goodwill arising on amalgamation	-	163.00
Add: Premium on allotment of shares issued during the year	-	72.10
Less: Amount receivable from Sequent Scientific Employee stock option Scheme Trust (Refer Note No. B26 of Schedule P)	-	72.10
	513.40	513.40

(₹ In Million)

	As on March 31, 2011	As on March 31, 2010
SCHEDULE 'C' (Contd.)		
3. Capital Reserve		
Opening Balance	-	-
Add: Included on Amalgamation	10.65	-
	10.65	-
4. Restructuring Reserve (Refer Note B1 Schedule P)		
Net surplus of fair valuation	341.08	-
Less: Utilisation during the year	337.02	-
	4.06	-
5. Profit & Loss Account	370.56	296.42
Total	1,043.11	946.29
SCHEDULE 'D'		
LOAN FUNDS		
A. Secured Loans		
1. Long term loans		
a) From banks	1,032.21	725.40
b) From others	25.29	41.24
	1,057.50	766.64
2. Short term loans		
a) From banks (Refer Note e below)	539.04	539.48
Total	1,596.54	1,306.12

Notes:

a) Long term loans, other than hire purchase loans and except for loan mentioned under point (b) below, are secured by first pari-passu charge on fixed assets of the Company & second pari-passu charge on current assets of the Company as a collateral.

b) Long Term Loan from State Bank of Mysore and Bank of India amounting to ₹85.80 Million (Previous Year ₹200 Million) is secured by a second pari-passu charge on fixed assets of the Company.

c) Housing loans & Vehicle Loans from Bank(s) are secured by hypothecation of asset acquired thereunder.

d) Long term loans (other than hire purchase loans) due within one year ₹169.76 Million (Previous year ₹150.94 Million). Hire purchase loans from banks due within one year ₹3.10 Million (Previous year ₹4.4 Million).

e) Short term loans 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.

f) Some of the above loans amounting to ₹1,596.54 Million (Previous year ₹1304.13 Million) are guaranteed by Holding Company and some of the Directors of the Company in their personal capacities.

	As on March 31, 2011	As on March 31, 2010
B. Unsecured Loans		
1. Long term loans		
a) From banks	-	48.68
b) From Others	12.00	12.35
	12.00	61.03
2. Short term loans		
a) From banks	150.00	-
Total	162.00	61.03

Schedules forming part of the Balance Sheet as at March 31, 2011 (Contd.)

SCHEDULE 'E'

(₹ In Million)

FIXED ASSETS		GROSS BLOCK						DEPRECIATION / AMROTISATION					NET BLOCK	
Sl. No.	**Particulars**	**As on April 1, 2010**	**Included on Amalgamation** (Refer Note (a) below)	**Additions During the Year**	**On account of Fair Valuation** (Refer note B1 of Schedule P)	**Deletions During the Year**	**As on March 31, 2011**	**Up to March 31, 2010**	**Included on Amalgamation** (Refer Note (a) and (e) below)	**For the Year** (Refer Note (c) below)	**Deletions**	**Up to March 31, 2011**	**As on March 31, 2011**	**As on March 31, 2010**
Tangible Assets														
1	Freehold Land	82.03		-		-	82.03	-		-	-	-	82.03	82.03
2	Leasehold Land	50.66		11.23	305.08	1.47	365.50	3.34	1.60	4.00	-	8.94	356.56	47.32
3	Land Development	0.78		-		-	0.78	-		-	-	-	0.78	0.78
4	Leasehold Property-Development	13.93		-		-	13.93	1.62		1.39	-	3.01	10.92	12.31
5	Buildings	391.33		44.41	128.32	-	564.06	44.15	2.71	23.25	-	70.11	493.95	347.18
6	Furniture & Fixtures	22.85		6.57		0.34	29.08	4.31		1.90	0.19	6.02	23.06	18.54
7	Office Equipment & Computers	19.86	0.33	3.91		1.26	22.84	7.41	0.32	2.73	0.96	9.50	13.34	12.45
8	Plant & Machinery	870.66	0.32	279.73		0.27	1,150.44	239.42	0.19	113.59	0.17	353.03	797.41	631.24
9	Motor Vehicles	18.24		0.37		3.30	15.31	5.99		2.71	1.77	6.93	8.38	12.25
Intangible Assets														
10	Product & Process Development	33.79		72.66			106.45	18.40		25.26	-	43.66	62.79	15.39
11	Software			8.56			8.56	-		2.85	-	2.85	5.71	-
TOTAL		1,504.13	0.65	427.44	433.40	6.64	2,358.98	324.64	4.82	177.68	3.09	504.05	1,854.93	1,179.49
Previous Year		568.97	851.92	87.75	-	4.51	1,504.13	117.25	67.34	141.41	1.36	324.64	1,179.49	
Capital Work In Process Advances													324.20	210.29

a) During the year, Pursuant to a Scheme of amalgamation (The Scheme) sanctioned by the Honorable High Court of Karnataka, one of the subsidiary of the company has been merged with itself effective from October 1, 2009. (Refer Note B1 of Schedule P).

b) Additions/Capital work in Progress includes interest on borrowings ₹ 11.25 million (Previous Year ₹ 0.22 million)

c) Depreciation/Amortisation considered in the Profit and loss account is net of ₹ 5.87 million (previous year 16.19 million), depreciation capitalised for intangible assets developed during the year.

d) Capital Work-in-Progress includes intangibles of ₹37.87 (Previous Year ₹49.14 Million) for product and process under development.

e) Includes additional depreciation on the revalued assets for the period October 1, 2009 to March 31, 2010 of ₹ 4.38 Million

Schedules forming part of the Balance Sheet as at March 31, 2011 (Contd.)

SCHEDULE 'F'

(₹ In Million)

		As on March 31, 2011			As on March 31, 2010	
		Face Value	Nos	Value	Nos	Value
INVESTMENTS						
1. Long term investments - Unquoted (at cost)						
A. Trade investments						
Subsidiaries						
i) SeQuent Global Holdings Limited	Equity	USD 1	102,979	4.79	15,000	0.74
ii) Vedic Elements Private Limited	Equity	₹ 10	-	-	7,000,000	277.72
iii) SeQuent Research Limited	Equity	₹ 10	4,160,000	130.09	4,160,000	130.09
iv) Sanved Research Labs Private Limited	Equity	₹ 10	617,500	0.29	487,500	20.00
v) Galenica B.V.	Equity	Euro 1	47,935	4.92	47,935	77.34
vi) SeQuent Antibiotics Private Limited	Equity	₹ 10	10,000	0.10	-	-
vii) Sequent Oncolytics Privatevt Limited	Equity	₹ 10	9,999	0.10	-	-
viii) Elysian Life Sciences Private Limited	Equity	₹ 10	9,000	0.09	4,000	0.04
Associates						
i) SeQuent Penems Private Limited	Equity	₹ 10	10,000	0.10		
B. Non-Trade investments - Unquoted						
i) Panoli Enviro Tech Ltd.	Equity	₹ 10	23,700	0.24	23,700	0.24
ii) Ambarnath Chemcial Manufacturers	Equity	₹ 10	1,000	0.01	1,000	0.01
iii) Tarapur Industrial Manufacturers	Equity	₹ 10	2,000	0.04	2,000	0.04
2. Current Investments						
(at lower of cost and estimated net realisable value)						
A. Quoted						
i) Agrodutch Industries	Equity	₹ 10	36,250	0.34	36,250	0.83
ii) Transchem Ltd	Equity	₹ 10	32,500	0.44	32,500	0.44
iii) N B Footware	Equity	₹ 10	100,000	-	100,000	0.00
iv) Agrotech India Ltd	Equity	₹ 10	6,300	-	6,300	0.00
v) Nath Bio Genes (I) Ltd	Equity	₹ 10	6,930	-	6,930	0.00
vi) Nath Seed Ltd	Equity	₹ 10	18,270	-	18,270	0.00
B. Unquoted						
i) Aditya Investment & Communication Ltd	Equity	₹ 10	58,800	-	58,800	-
ii) Investment in Mutual funds	Equity	₹ 10	100,000	1.00	186,825	3.00
iii) Investment in Gold			-	1.49	-	0.79
iv) National Saving Certificate			-	0.02	-	0.02
v) NSC VIII Issue - Tarapur			-	0.06	-	0.06
				144.12		511.36
Less: Provision for diminution in value of Investments						
i) Galenica B.V.	Equity			4.92		57.50
ii) Sanved Research Labs Private Limited	Equity			0.29		-
				138.91		453.86
Agreggate Book value of unqouted Investment				138.13		452.29
Agreggate Book value of qouted Investment				0.78		1.27
Market Value there off				0.81		1.27
Additions during the year :			**Nos**	**Cost**		
i) SeQuent Global Holdings Limited	Equity		87,979	4.05		
ii) Sanved Research Labs Private Limited	Equity		130,000	0.19		
iii) Vedic Fanxipang Pharma Chemic Company Limited	Equity		-	5.58		
iv) Elysian Life Sciences Private Limited	Equity		5,000	0.05		
v) Sequent Oncolytics Private Limited	Equity		9,999	0.10		
vi) Sequent Antibiotics Private Limited	Equity		10,000	0.10		
vii) Sequent Penems Private Limited	Equity		10,000	0.10		
viii) Gold Coins	Gold		320 Gms.	0.70		
ix) Mutual Funds	Units		100,000	1.00		
Investment included on amalgamation			**Nos**	**Cost**		
(Refer Note B1 of Schedule P)						
i) Vedic Fanxipang Pharma Chemic Company Limited (Refer Note 3 below)	Equity		-	11.97		
ii) Dalian Sanmark Speciality Oil Company Limited USA (Subsequently sold before March 31, 2010)	Equity		584,197	48.59		
Investment excluded due to amalgamation			**Nos**	**Cost**		
Vedic Elements Private Limited	Equity		7,000,000	277.72		
Deletion during the year :			**Nos**	**Cost**	**Sale Value**	**Profit / (Loss) on Sale**
i) SBI Infrastructure series Growth Fund	Units		186,825	3.00	2.75	(0.25)
ii) Vedic Fanxipang Pharma Chemic Company Limited	Equity		-	17.55	55.81	38.26

Note:

1 All Investment in shares are fully paid up.

2 During the year a preferential allotment of shares was made to SeQuent Speciality chemicals private limited resulting in SeQuent Penems Private limited becoming an associate from a subsidiary.

3 Includes ₹ 1.97 Million additional investment made during the period October 1, 2009 to March 31, 2010 by Vedic Elements Private Ltd.

Schedules forming part of the Balance Sheet as at March 31, 2011 (Contd.)

(₹ In Million)

	As on March 31, 2011	As on March 31, 2010
SCHEDULE 'G'		
CURRENT ASSETS, LOANS & ADVANCES		
A. Current assets		
1. Inventories		
a) Raw materials and packing materials [Includes Goods-in-transit of ₹ 37.87 Million (Previous year ₹47.71 Million)]	209.14	190.91
b) Work-in-process and intermediates	252.03	137.15
c) Finished goods [including stock of Traded goods of ₹ Nil (Previous year ₹ 0.08 Million) [Includes Goods-in-transit of ₹ 9.77 Million] (Previous year ₹18.53 Million)]	150.52	136.26
d) Fuel	3.01	2.35
Total	614.70	466.67
2. Sundry Debtors (unsecured)		
a) Exceeding Six months		
- Considered Good	20.69	3.00
- Considered Doubtful	0.39	0.77
b) Others		
- Considered Good	622.32	451.74
- Considered Doubtful	-	-
	643.40	455.51
Less: Provision for Doubtful Debts	0.39	0.77
Total	643.01	454.74
3. Cash and bank balances		
a) Cash in hand	0.86	0.69
b) Balance with scheduled banks		
i) In current account	8.60	87.62
ii) In margin money account	58.57	36.08
(Includes deposits under lien of ₹ 58.57 Million) (Previous year ₹36.08 Million)		
Total	68.03	124.39
B. Loans and advances (unsecured, considered good)		
a) Advance recoverable in cash or in kind or for value to be received	151.06	29.20
b) MAT credit Entitlement	72.96	56.70
c) Advance income tax and tax deducted at source	131.90	75.93
d) Deposits with and dues from Government departments	92.11	87.11
e) Deposits with others	32.27	104.65
f) Loans and Advances to subsidiaries	159.85	164.05
g) Due from directors	24.88	-
(Refer note B7 of Schedule P)		
Total	665.03	517.64
Total	1,990.71	1,563.44

(₹ In Million)

	As on March 31, 2011	As on March 31, 2010
SCHEDULE 'H'		
CURRENT LIABILITIES AND PROVISIONS		
A. Current liabilities		
a) Sundry Creditors		
- Dues to Micro and Small Enterprises (Refer Note B6 of Schedule P)	-	-
- Dues to Others	865.98	565.85
b) Interest accrued but not due	0.27	2.45
c) Advances received from customers	28.46	1.30
d) Other Liabilities	14.97	8.44
e) Advances received from others	3.75	-
Total	913.43	578.04
B. Provisions		
a) Leave salary	21.97	13.53
b) Gratuity	26.24	17.24
c) Income taxes	171.83	135.33
d) Proposed equity dividends	32.90	42.47
e) Tax on proposed equity dividends	5.46	7.22
Total	258.40	215.79
Total	1,171.83	793.83

Schedules forming part of the Profit & Loss account for the year ended March 31, 2011

(₹ In Million)

	Year ended March 31, 2011	Year ended March 31, 2010
SCHEDULE 'I'		
SALES		
a) Sale of products [including sale of traded goods ₹ 389.24 Million (Previous year ₹ 48.19 Million)]	2,665.08	2,531.38
Less: Excise duty on domestic sales	87.52	68.03
b) Sale of Technical Know how	200.00	-
Total	2,777.56	2,463.35
SCHEDULE 'J'		
OTHER INCOME		
a) Dividend from Long Term Investments	-	0.01
b) Exchange fluctuation gain (net)	29.31	27.31
c) Other Income [Gross of TDS ₹ 0.33 Mio (Previous year ₹0.58 Mio)]	29.03	19.62
d) Profit on Sale of Investment	38.01	11.96
e) Interest Received [Gross of TDS ₹2.04 Mio (Previous year ₹2.32 Mio)]	19.99	13.97
Total	116.34	72.87
SCHEDULE 'K'		
MATERIALS CONSUMED		
Opening stock - Raw Materials	190.91	63.77
Opening stock Included on amalgamation	-	49.75
Total	190.91	113.52
Add: Purchases (including purchase of traded goods ₹ 284.20 Million (Previous year ₹31.60Mio)	1,549.96	1,191.99
Less: Closing stock	209.14	190.91
Total	1,531.73	1,114.60
SCHEDULE 'L'		
(INCREASE) / DECREASE IN STOCK		
i) Opening stock		
Work in process and Intermediates	137.15	100.79
Finished goods	136.26	52.75
	273.41	153.54
ii) Opening stock Included on amalgamation		
Work in process and Intermediates	-	9.30
Finished goods	-	33.35
	-	42.65
iii) Closing stock		
Work in process and Intermediates	252.03	137.15
Finished goods	150.52	136.26
	402.55	273.41
Total	(129.14)	(77.22)

(₹ In Million)

	Year ended March 31, 2011	Year ended March 31, 2010
SCHEDULE 'M'		
PERSONNEL COST		
Salaries, wages and allowances	199.32	166.16
Contribution to provident & other funds	16.54	25.39
Staff welfare expenses	11.17	10.50
Total	227.03	202.05
SCHEDULE 'N'		
OPERATING AND OTHER EXPENSES		
Power, fuel & water	156.82	136.81
Consumables	28.67	38.51
Conversion & Processing charges	116.14	99.62
Contract Labour Charges	55.04	39.98
Freight & forwarding	45.89	36.18
Rent	13.85	10.74
Rates & taxes	6.01	4.21
Communication charges	8.18	8.17
Repairs & maintenance		
- Buildings	9.62	20.53
- Machinery	34.84	24.01
- Others	44.24	34.78
Insurance	3.92	2.80
Travelling & conveyance	12.41	17.90
Advertisement & Selling expenses	6.09	10.29
Commission on sales	20.16	19.82
Legal & Professional fees	21.01	32.45
Analytical Charges	41.32	34.49
Bad & Doubtful debts	0.61	21.30
Provision for diminution in Investment	0.29	-
Loss on Sale of Assets (Net)	1.08	-
Advances Written off	0.94	-
Investment Written off	0.49	0.21
Other expenses	40.48	30.27
Total	668.10	623.07
SCHEDULE 'O'		
FINANCE CHARGES		
Bank charges & commission	26.73	27.38
Interest on working capital & other facilities	85.25	61.12
Interest on Term loans	100.77	98.81
	212.75	187.31

SCHEDULE 'P'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

A. Significant Accounting Policies

1. Basis for Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and on accrual basis of accounting, in accordance with Generally Accepted Accounting principles in India, the mandatory Accounting Standards prescribed by the Company Accounting Standards Rules, 2006 except for certain assets and liabilities which are measured on fair value basis as per permitted by the Scheme of Arrangement approved by the Honorable High Court of Karnataka. The management evaluates all recently issued or revised Accounting Standards on an ongoing basis.

2. Fixed Assets

Fixed assets other than intangibles are recorded at their acquisition cost and subsequent improvements thereto. Cost includes interest on borrowings attributable to the funds borrowed in respect of qualifying assets, for the period up to completion of construction or when the assets are ready to be put to use, as applicable. Intangible assets are capitalized in accordance with Paragraph 4 below.

Capital work in progress is stated at cost and includes advances paid to acquire fixed assets and the cost of fixed assets and eligible costs incurred on in-house product development and process re-engineering costs that are not ready for their intended use at the Balance Sheet date.

3. 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.

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

Product and Process Development	:	5 Years
Software Licenses	:	3 Years

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

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

4. Research and Development costs

In accordance with AS 26, Intangible Assets, development expenses incurred on specific / identified in-house developed products and processes are capitalised as intangibles from the date on which the Company is able to demonstrate technical feasibility and probable future economic benefits in respect of the products. 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. Subsequent expenditure on intangible assets is recognised as expense unless it is probable that the expenditure will enable the assets to generate future economic benefits in excess of its original assessed standard of performance and the expenditure can be measured and attributable to the assets reliably. The unamortized cost of such intangible assets is carried at cost, less accumulated amortization less impairment, if any.

Other development and research expenses are charged to the Profit and Loss account.

Fixed assets acquired for Research & Development activities are capitalized and depreciated in accordance with the policy of the Company in paragraph 3 above.

5. Impairment of Assets

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

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

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

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

6. Investments

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

Long-term investments are valued at cost less impairment considered to be other than temporary.

7. Inventory

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

Raw materials, packing materials & consumables	First in first out basis
Work in process & Intermediates	at material cost, conversion costs and an appropriate share of production overheads
Finished Goods	material cost, conversion costs and an appropriate share of production overheads and excise duty, wherever applicable

8. Revenue Recognition

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

Income from sale of technical know-how is recognized as per terms of trade, 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.

9. Employee Benefits

The Company's contribution to Provident Fund is charged to revenue on accrual basis.

Leave balances standing to the credit of the employees that are expected to be availed in the short term are provided for on full cost

SCHEDULE 'P' (Contd.)

basis. Liability for unavailed leave considered to be long term is carried based on an actuarial valuation.

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

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

10. Foreign Currency Transactions

The transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies at year end are translated at the exchange rate prevailing on the date of the balance sheet. Exchange differences on settlement or restatement are adjusted in the profit & loss account.

Premium / Discount on forward contracts is amortised over the life of the forward contract. Exchange differences arising on restatement of foreign currency monetary assets and liabilities are recognised in the Profit and Loss account.

11. Taxes on Income

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

Minimum alternative tax ('MAT') paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax in future years. Accordingly, MAT is recognized as an assets in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and asset can be measured reliably.

12. 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 charged to the Profit and Loss Account on accrual basis.

13. Employee Stock Option Scheme

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

14. Earnings Per Share

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.

15. Provisions & Contingencies

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

16. Use of Estimates

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

17. Segment

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

B. NOTES TO ACCOUNTS

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

The Scheme of Amalgamation of Vedic elements Private Limited ("Transferor Company") with the Company with an Appointed Date of 1 October, 2009 (the Scheme) has been sanctioned by the High Court of Karnataka and came into effect on 7 September 2010. In terms of the Scheme:

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

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

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

SCHEDULE 'P' (Contd.)

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

Particulars of assets and liabilities

	(₹ In Million)
i. Investment in Galenica B.V.	(72.42)
ii. Investment in Sanved Research Labs Private Limited	(19.90)
iii. Leasehold land	128.32
iv. Buildings	305.08
Total	341.08

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

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

Particulars	(₹ In Million)
Fixed Assets	0.21
Investments	58.59
Debtors	0.39
Loans & Advances	11.06
Cash & Bank balances	2.49
Deferred Tax Assets	7.14
Reserves & Surplus (Debit balance) (net)	11.16
Total (A)	91.04
Current Liabilities & Provisions	0.57
Secured Loans	40.69
Unsecured Loans	109.08
Total (B)	150.34
Excess of Liabilities over Assets taken over (B)-(A)	59.30
Investment Cancelled	277.72
Net deficit on amalgamation representing the excess of shares allotted over the fair value of net assets amalgamated set off against Restructuring Reserve as per the Scheme	337.02

The Inter Company Balance of ₹ 30.19 Million as appearing in the books of Transferor company and the company was eliminated.

2. With effect from April 1, 2010, the merger of parent company, Fraxis Life Science limited, with the Company has been approved by the respective Board of the directors. The Company is in the process of obtaining approval from High Court of Mumbai in this regard.

3. Exceptional items

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

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

4. Estimated amounts of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹147.78 Mio (previous year ₹ 66.50 Mio)

5. Contingent Liabilities

(₹ In Million)

Particulars	**As at March 31, 2011**	**As at March 31, 2010**
Sales tax*	16.62	13.20
Income tax*	10.75	11.11
Excise Duty*	0.09	-
Bills Receivables discounted with banks	133.70	97.03
Total	161.16	121.34

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

The Company has given a Corporate Guarantee to Triodos Sustainable Trade Fund, Vietnam towards a Credit facility availed by its stepdown subsidiary (Vedic Fanxipang Pharma Chemic Company Ltd) amounting to USD 1.30 Million. (₹58.05 Million) (Previous Year ₹ Nil) However the step down subsidiary has used facility to an extent of USD 0.7 Million (₹ 31.26 Million) (Previous Year ₹ Nil) as at the year end.

6. The information disclosed in Schedule H.A (a) to the financial statements with regard to Micro and Small enterprises is based on information collected by the management based on enquiries made by the management with the creditors which have been relied upon by the auditors.

7. Managerial Remuneration:

a. Remuneration paid by the Company to the Managing Director and Whole-time director:

(₹ In Million)

Particulars	**Year ended March 31, 2011**	**Year ended March 31, 2010**
1 Salaries & Allowances	13.80	21.06
2 Contribution to PF & Other funds	3.09	1.49
3 Leave encashment	-	0.02
Total (A)	16.89	22.57
Sitting fees paid to Non-whole time directors	0.24	0.32
Total (B)	0.24	0.32
Total (A) + (B)	17.13	22.89

Note: The details of managerial remuneration stated in the above table exclude long term leave encashment and gratuity costs (for which separate actuarial valuations are not available).

The Company has paid remuneration to one of its director as per the approval received from Central Government. The Managerial Remuneration paid for the year ended March 31, 2011 excludes ₹ 24.88 million for which the Company is in the process of filing for approval with Central Government. Pending such approval the excess amount so paid has been disolved as dues from directors in Schedule G.B. (g).

SCHEDULE 'P' (Contd.)

b. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956:

Managerial remuneration

(₹ In Million)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit before Tax as per Profit & Loss Account	222.15	303.69
Add / (Less) :		
Managerial Remuneration	16.89	22.57
Depreciation as per accounts	171.81	125.22
Director's sitting fees	0.24	0.32
(Profit)/Loss on sale of assets	1.08	(0.56)
Provision for Diminution in investment	(52.29)	57.50
Provision for Doubtful Debts	0.33	
Profit on sale of investments not allowable under section 349	(38.01)	(11.96)
Depreciation under section 350	(171.81)	(125.22)
Net Profit/ (Loss) u/s 349 of the Companies Act, 1956	150.39	371.56
Maximum managerial remuneration available to the Managing Director and other whole time Directors (including Commission) @ 10 %	15.03	37.16

8. Legal & Professional fees include payment to auditors as under:

(₹ In Million)

Particulars*	Year ended March 31, 2011	Year ended March 31, 2010
Audit fees (including fees for undertaking Limited reviews)	2.60	1.60
Out of pocket expenses	0.08	0.21
Fee for Certification and other services	1.00	-
Total	3.68	1.81

*Excluding Service Tax

9. Detail of Loans & Advances to companies under same management are as under –

(₹ In Million)

Particulars	March 31, 2011		March 31, 2010	
	Balance as on date	Maximum outstanding during the year	Balance as on date	Maximum Outstanding during the year
Vedic Elements Pvt. Limited	-	132.75	93.88	111.21
Sequent Research Limited	66.50	87.16	70.17	100.17
Paradime Resorts	-	26.03	24.58	24.58
Agnus Holdings Limited	-	30.41	30.41	30.41
Strides Arcolab Limited	0.44	97.01	21.05	21.05
Sanved Research Labs Pvt. Ltd	-	2.23	-	-
Elysian Life Sciences Pvt. Ltd.	77.29	77.29	N.A.	N.A.
Elysian Health Care Pvt. Ltd.	0.09	0.11	N.A.	N.A.
SeQuent Antibiotics Pvt. Ltd.	15.97	15.97	-	-

10. Un-Hedged Foreign Currency Exposure

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

(₹ In Million)

Foreign Currency (FC)	Receivable/ (Payable) at March 31, 2011		Receivable/ (Payable) at March 31, 2010	
	FC	₹	FC	₹
Euro	0.31	19.47	(0.01)	(0.91)
USD	3.83	171.11	(6.89)	(310.53)
Euro	(0.09)	(5.71)	0.32	19.20
USD	(3.20)	(142.78)	-	-
GBP	0.01	0.38	-	-
CHF	0.02	1.11	-	-

11. Details of Hedged Foreign Currency Exposure:

Forward Exchange Contracts, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables, outstanding as on March 31, 2011 are given below:

No. of contracts	Nature of Hedge buy/ Sell	Currency	Amount in US $ in Million	Cross currency	Amount in ₹ million
13/(11)	Sell-Receivable	USD	2.77(3.62)	Indian Rupees	123.54 (160.91)
	Highly Probable forecast transaction	USD	Nil (6.13)	Indian Rupees	Nil (274.48)
Nil/(1)	Buy-Payable	USD	Nil (1.50)	Indian Rupees	Nil (67.59)

Previous year figures are given in brackets.

12. Employee Benefits:

i) The Company has a defined benefit gratuity plan. The following table summarises the components of net employee benefit expenses recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

(₹ In Million)

Sl. No.		Particulars	Year ended March 31, 2011	Year ended March 31, 2010
I		**COMPONENTS OF EMPLOYER EXPENSE**		
	A	Current service cost	7.85	5.04
	B	Interest cost	2.01	1.00
	C	Past service cost	1.72	
	D	Expected return on plan assets	(0.73)	(0.62)
	E	Actuarial losses/(gains)	0.89	7.78
	F	Total expense recognised in the statement of profit and loss	11.74	13.20
II		**ACTUAL CONTRIBUTION AND BENEFITS PAYMENTS FOR PERIOD ENDED**		
	A	Actual benefit payments	(2.86)	(1.18)
	B	Actual contributions	2.47	4.40

SCHEDULE 'P' (Contd.)

(₹ In Million)

Sl. No.	Particulars	Year ended March 31, 2011	Year ended March 31, 2010
III	**NET ASSET/(LIABILITY) RECOGNISED IN BALANCE SHEET**		
A	Present value of Defined Benefit Obligation (DBO)	36.40	26.60
B	Fair value of plan assets	9.89	9.36
C	Funded status [surplus/ (deficit)]	(26.24)	(17.24)
D	Net asset/(liability) recognised in balance sheet	(26.24)	(17.24)
IV	**CHANGE IN DEFINED BENEFIT OBLIGATIONS**		
A	Present Value of DBO at beginning of period	26.60	6.64
B	Included on amalgamation	-	7.28
C	Current service cost	7.85	5.04
D	Interest cost	2.01	1.00
E	Past service cost	1.72	-
F	Actuarial (gains)/ losses	1.08	7.82
G	Benefits paid	(2.86)	(1.18)
H	Present value of DBO at the end of period	36.40	26.60
V	**CHANGE IN FAIR VALUE OF ASSETS**		
A	Plan assets at beginning of period	9.36	4.48
B	Included on amalgamation	-	1.08
C	Expected return on plan assets	0.73	0.62
D	Actuarial gains/(losses)	0.19	(0.04)
E	Actual Company contributions	2.47	4.40
F	Benefits paid	(2.86)	(1.18)
G	Plan assets at the end of period	9.89	9.36
VI	**EXPERIENCE ADJUSTMENT**		
A	(Gain)/Loss on obligation due to change in assumption	1.08	7.82
B	Actuarial (gain)/loss	(0.19)	(0.04)
VII	**ACTUARIAL ASSUMPTIONS**		
A	Discount rate	8%	8%
B	Expected return on plan assets	8%	6%
C	Salary escalation	Thane-10%	Thane-10%
		Mangalore-12%	Mangalore-11`%
D	Mortality	LIC(1994-96)Ult.	
E	Withdrawal Rates	Thane-8%	Thane-8%
		Mangalore-12%	Mangalore-12%

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

VIII	**ACTUAL RETURNS**	0.92	0.66

Note:

1. The details with respect to the investment by the Fund Manager (LIC and SBI Life) into major categories of plan assets have not been disclosed, as the same has not provided by the Fund Managers to the Company.
2. **Basis used to determine the Expected Rate of Return on Plan Assets.**
   The expected rate of return on plan assets is based on the current investmentmade by the Fund Manager (LIC and SBI Life) and market scenario.
3. In the absence of information relating to experience adjustment for earlier years with the Company, the same has not been disclosed.
4. The Company's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date ₹3.41 million (₹2.47 million).

ii) Details of payments to defined contribution plans (amount in Rs million.): Provident Fund: ₹ 15.26 (Previous year: ₹25.39).

13. Related Party Disclosures

LIST OF RELATED PARTIES:

Holding Company:

Fraxis Life Sciences Ltd.

Wholly-owned subsidiaries:

SeQuent Global Holdings Ltd.
SeQuent European Holdings Ltd. (step-down subsidiary)
SeQuent IPCO GmbH (step-down subsidiary up to 23rd February 2011)
Vedic Elements Pvt. Ltd. (Merged with the Company w.e.f.1st October 2009)
SeQuent Research Ltd.
SeQuent Antibiotics Pvt. Ltd.
SeQuent Oncolytics Pvt. Ltd.

Subsidiaries:

Galenica B.V.
Codiffar N.V. (wholly Owned Subsidiary of Galenica B.V.)
Elysian Life Sciences Pvt. Ltd. (Refer note 1 below)
Elysian Health Care Pvt. Ltd. (wholly owned subsidiary of Elysian Life Sciences Pvt. Ltd.)
Vedic fanxipang Pharma Chemic Company Ltd. (wholly owned subsidiary of Elysian Life Sciences Pvt. Ltd.)
Sanved Research Labs Pvt. Ltd.

Associates:

SeQuent Penems Pvt. Ltd. (Refer note 2 below.)

Key Management Personnel and Enterprises owned or significantly influenced by key management personnel and relative of key management personnel:

Mr. K.R.Ravishanker –Managing Director and Chief Executive Officer
Mr. K.R.N.Moorthy, Deputy Managing Director (W.e.f.8th September 2010)
Dr. Gautam Kumar Das, Executive Director and Chief Operating Officer
Strides Acrolab Ltd.
ATMA Projects
Agnus Holdings Pvt. Ltd.
Strides Italia SRL (step-down subsidiary)
Strides Arcolab (FA) Ltd.
Latitude Projects Pvt. Ltd.
Strides Vital Nigeria Ltd.
Deesha Properties
Paradime Infrastructure Development Company (Formerly known as Paradime Resorts)

Note:

1. During the year the Company has made additional investment resulting in Elysian Life Sciences Pvt. Ltd. becoming a subsidiary from associate.
2. During the year the Company incorporated SeQuent Penems Pvt. Ltd.(Sequent Penems) as a subsidiary. Subsequently, Sequent Penems made a preferential allotment of shares to SeQuent Speciality chemicals Pvt. Ltd. resulting in SeQuent Penems Pvt. Ltd. becoming an associate as at the year end.
3. Related parties are as identified by the Company and relied upon by the Auditors.

SCHEDULE 'P' (Contd.)

Related Party Transactions

(₹ In Million)

Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
A. TRANSACTION DURING THE YEAR										
Sale of Material/Services										
1. Strides Arcolab Ltd.									2.14	503.54
2. Strides Vital Nigeria Ltd.									-	0.01
3. SeQuent Penems Pvt. Ltd.					200.00	-				
Interest & Other Income										
1. Strides Arcolab Ltd.									7.52	3.66
2. Paradime Infrastructure Development Company									1.61	3.21
3. Agnus Holdings Pvt Ltd.										4.11
4. SeQuent Global Holdings Ltd.	-	11.96								
5. SeQuent Antibiotics Pvt. Ltd.	0.68	-								
6. Elysian Life Sciences Pvt. Ltd.			0.85	-						
7. Vedic Fanxipang Pharma Chemic Company Ltd.			1.48	-						
8. SeQuent Penems Pvt. Ltd.					4.98	-				
Interest Paid										
Strides Arcolab Limited									1.24	-
Purchase of Materials										
1. Strides Arcolab Limited									24.17	20.42
2. Strides Italia SRL									-	1.04
3. Vedic Fanxipang Pharma Chemic Company Ltd.			2.57	-						
Purchase of Machinery/Assets										
Sanved Research Labs Pvt. Ltd.			1.29							
Managerial Remuneration										
1. Mr. K.R.Ravishankar							4.80	18.00		
2. Mr. S.N.Jagannath							-	1.19		
3. Dr. Gautham Kumar Das							4.80	3.38		
4. Mr. K.R.N.Moorthy							7.29	-		
Reimbursement of Expenses to										
Strides Arcolab Limited									0.61	16.08
Analytical Charges										
SeQuent Research Ltd.	42.03	47.08								
Rent										
1. Atma Projects									5.42	5.12
2. Deesha Properties									9.51	9.10
Bad Debts Written off/(Realised)										
1. Strides Arcolab (FA) Ltd.									-	5.60
2. Strides Vital Nigeria Ltd.									-	0.01
3. Strides Arcolab Ltd.									-	14.98
4. Sanved Research Labs Pvt. Ltd.			0.94	-						
Balances Written Back										
1. Vedic Fanxipang Pharma Chemic Company Ltd.			12.48	-						
2. Strides Italia SRL									0.91	-
Provision for diminution in value of investment										
1. Sanved Research Labs Pvt. Ltd.			20.19	-						
2. Galenica B.V. (net)			19.84	57.50						
Licence Fee Paid										
Strides Vital Nigeria Ltd.									-	0.91

SCHEDULE 'P' (Contd.)

Related Party Transactions (Contd.)

(₹ In Million)

Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
Loan/Advances Given by company**										
1. Latitude Projects Pvt. Ltd.									0.57	0.05
2. Elysian Life Sciences Pvt. Ltd.			20.13	0.63						
3. SeQuent Research Ltd.	66.55	56.99								
4. Vedic Elements Pvt. Ltd.	57.63	133.23								
5. SeQuent Antibiotics Pvt. Ltd.	15.46	-								
6. Elysian Health Care Pvt. Ltd.			0.11	-						
7. SeQuent Penems Pvt. Ltd.					100.95	-				
8. SeQuent Oncolytics Pvt. Ltd.	0.03	-								
9. Sanved Research Pvt. Ltd.	2.23	-								
10. Strides Arcolab Ltd.									0.31	-
11. Mr. K.R.Ravishankar							20.20	-		
12. Dr. Gautam Kumar Das							4.68	-		
13. Vedic Fanxipang Pharma Chemic Company Ltd.			5.19	-						
14. Agnus Holdings Pvt. Ltd.									-	30.00
Loan/Advances repaid to the company										
1. Latitude Projects Pvt. Ltd.									0.67	1.40
2. SeQuent Research Ltd.	28.19	51.86								
3. Vedic Elements Pvt. Ltd.	31.96	71.19								
4. Elysian Health Care Pvt. Ltd.			0.02	-						
5. SeQuent Penems Pvt. Ltd.					15.98	-				
6. Vedic Fanxipang Pharma Chemic Company Ltd.			5.19	-						
7. Paradime Infrastructure Development Company									26.03	-
8. Agnus Holdings Pvt. Ltd.									30.41	-
Advances Received										
SeQuent Global Holdings Ltd.	1.54	-								
Investment during the period (Including pending allotment)										
1. SeQuent Global Holdings Ltd.	4.05	27.39								
2. SeQuent Research Ltd.	-	30.09								
3. Vedic Elements Pvt. Ltd.	-	127.36								
4. Galenica B.V.			-	70.16						
5. Elysian Life Sciences Pvt. Ltd.			0.05	0.04						
6. SeQuent Oncolytics Pvt. Ltd.	0.10	-								
7. SeQuent Antibiotics Private limited	0.10	-								
8. SeQuent Penems Pvt. Ltd.					0.10	-				
9. Vedic Fanxipang Pharma Chemic Company Ltd.*			17.55	-						
10. Sanved Research Labs Private Limited			0.19	-						
Sale of Investments										
1. SeQuent Global Holdings Ltd.	-	125.48								
2. Vedic Fanxipang Pharma Chemic Company Ltd. (Sold to Elysian Life Sciences Pvt. Ltd.)			55.81	-						
Rental Deposit Given										
Atma Projects									-	9.11
Inter Corporate Deposits Given										
Strides Arcolab Ltd.									70.00	150.00
Inter Corporate Deposits Repaid to the company										
Strides Arcolab Ltd.									90.00	130.00
Inter Corporate Deposits Taken										
Strides Arcolab Ltd.									100.00	-
Intercorporate Deposits Paid-Back										
Strides Arcolab Ltd.									100.00	-

SCHEDULE 'P' (Contd.)

Related Party Transactions (Contd.)
Balance as at Year end

(₹ In Million)

Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Key Management Personnel		Enterprises owned or Significantly influenced by Key Management Personnel or their relatives	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
Inter Corporate deposits receivable as at										
1. Strides Arcolab Ltd.									-	21.05
Debtors Balance as at										
1. Strides Arcolab Ltd.									-	35.41
2. Vedic Fanxipang Pharma Chemic Company Ltd.	1.33	-								
3. SeQuent Penems Pvt. Ltd.					210.00	-				
Advance receivable										
1. Vedic Elements Pvt. Ltd.	-	93.88								
2. SeQuent Research Ltd.	66.50	70.17								
3. SeQuent Antibiotics Pvt. Ltd.	15.97	-								
4. Elysian Life Sciences Pvt. Ltd.			77.29	-	-	0.63				
5. Elysian Health Care Pvt. Ltd.			0.09	-						
6. Latitude Projects Pvt. Ltd.									-	0.10
7. SeQuent Penems Pvt. Ltd.					89.36	-				
8. Strides Arcolab Ltd.									0.44	-
9. Mr. K.R.Ravishankar							20.20	-		
10. Dr. Gautam Kumar Das							4.68	-		
11. Agnus Holdings Pvt. Ltd.									-	30.41
12. Paradime Infrastructure Development Company									-	24.58
Deposit receivable										
1. Atma Projects									17.39	13.25
2. Deesha Properties									11.05	11.05
Payable										
1. SeQuent Global Holdings Ltd.	1.54	-								
2. SeQuent Oncolytics Pvt. Ltd.	0.07	-								
Creditors Balance										
1. Deesha Properties									0.75	13.79
2. Atma Projects									0.32	-
3. Vedic Fanxipang Chemic Company Ltd.	-	12.48		-						
4. Strides Arcolab Ltd.									-	5.67
5. Others									-	1.61

Dividend paid during the year to Fraxis Life Sciences Limited, the holding Company - ₹29.73 Million (Previous Year - ₹ 5.88 Million)

*Included pursuant to The Scheme of Amalgamation of Vedic elements Private Limited with the Company, sanctioned by the High Court of Karnataka.

**Includes expenses reimbursed.

SCHEDULE 'P' (Contd.)

14. Taxation

(a) Provision for deferred tax has been created in accordance with the requirements of Accounting Standard 22" Accounting for taxes on Income"

(b) Net Deferred tax liability comprises the tax impact arising form timing differences on account of:

(₹ In Million)

Particulars	Opening	Included on Amalgamation (Refer Note B1 of Shcdule P)	For the year Credit/ (charge) Net	As at 31.03.2011 Asset / (liability)
Depreciation	(103.75)	-	(38.46)	(142.21)
Carry Forward Losses & Unabsorbed Dep	-	7.14	(7.14)	-
Section 43 B disallowances	14.69	-	3.59	18.28
Other timing differences	1.60	-	(0.58)	1.02
Deferred Tax Assets/(Liabilities) (net)	(87.46)	7.14	(42.59)	(122.91)

15. Research & Development Expenditure

(a) Details of Research and Development expenditure incurred

(₹ In Million)

Particulars	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Salaries	11.69	12.63
Power	4.26	2.69
Legal & Professional fees	0.24	0.72
Consumables	3.42	10.25
Traveling & conveyance expenses	0.49	0.94
Analytical charges	19.93	24.42
Others	12.29	10.50
Total	52.32	62.15

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

(b) As per the requirement of Department of Scientific and industrial research (DSIR), Ministry of Science and technology, Government of India, New Delhi, the details of expenditure incurred by the company towards Research and Development for the period April, 1, 2010 to March 31, 2011 are as under.

(₹ In Million)

Particulars	For the Year ended March 31, 2011	For the Year ended March 31, 2010
A. Revenue Expenditure		
Salaries	11.69	12.63
Consumables	3.42	10.25
Analytical charges	19.93	24.42
Others	17.28	14.85
Total Revenue Expenditure (A)	52.32	62.15
B. Capital Expenditure		
Buildings	Nil	Nil
Capital Equipments & other	Nil	Nil
Fixed Assets	4.58	Nil
Total Capital Expenditure (B)	4.58	Nil
Total Capital Expenditure (A)+ (B)	56.90	62.15

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

16. Expenditure Debited to the Profit & Loss Account excludes the following capital expenditure capitalised.

(₹ In Million)

Particulars	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Interest	11.25	0.22
Salaries	8.32	13.79
Power	3.58	5.19
Legal & Professional Fees	0.11	0.51
Raw Material & Consumables	35.92	29.71
Travelling & Conveyance Expenses	0.23	0.67
Analytical Charges	9.36	18.12
Depreciation	5.87	16.19
Others	6.30	9.54
Total	80.94	93.94

17. Expenditure in Foreign Currency:

(₹ In Million)

Particulars	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Consultancy Charges	0.59	8.27
Foreign Travel Expenses	0.11	1.35
Commission	6.47	12.34
Research and Development	0.95	2.88
Others	3.44	2.72

18. Earnings in Foreign Currency:

(₹ In Million)

Particulars	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Exports of goods	1146.36	1059.86
Other Income	1.48	-

19. Operating Leases:

The Company's significant leasing arrangement is mainly in respect of factory building & office premises; the aggregate lease rent payable on these leasing arrangements charged to Profit & Loss Account is ₹13.85 Million. (Previous Year: ₹ 10.74 Million)

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

(₹ In Million)

Particulars		For the Year ended March 31, 2011	For the Year ended March 31, 2010
A	Within 1 year	15.81	15.05
B	From 1 to 5 years	26.66	32.41
C	Above 5 years	20.05	20.05

SCHEDULE 'P' (Contd.)

20. The quantitative information for purchases, production, consumption and stock of raw material, finished goods are given as under.

(₹ In Million)

	2010-11	2009-10
A. Licenced capacity	Nil	Nil
B. Installed capacity (in MT)	3,768	3,546

(As certified by the management and relied upon by the Auditors. The installed capacity serve multipurpose and will vary according to product mix)

C. Particulars of production, sales and stock in trade:

(₹ In Million)

	Bulk Drugs		Formulation-Granules		Formulation-Sachets & Bottles		Speciality Chemicals	
	MT	Value	MT	Value	No's	Value	MT	Value
Opening Stock	44.27	79.04			831.54	2.68	154.16	54.54
	(62.86)	(79.18)			(638.93)	(4.57)	(23.80)	(2.35)
Production / Transfer	838.01		35.25		11,234.15		778.34	
	(703.22)		(26.62)		(9,228.69)		(1,106.46)	
Sales	818.67	1,564.02	35.25	46.45	11,932.02	161.90	878.17	415.95
	(721.81)	(1,779.98)	(26.62)	(38.00)	(9,036.08)	(82.73)	(976.10)	(514.45)
Closing Stock	63.61	127.91	-	-	133.67	3.03	54.33	19.58
	(44.27)	(79.04)	-	-	(831.54)	(2.68)	(154.16)	(54.54)

Figures in brackets relate to Previous Year.

D. Consumption of Raw Material (excluding traded goods)

(₹ In Million)

Item Name	2010-2011		2009-2010	
	Qty in MT	Value	Qty in MT	Value
Solvents	10,512.25	281.37	8,035.06	229.09
Chemicals	12,752.37	966.16	8,835.54	853.91
Total	23,264.62	1,247.53	16,870.60	1,083.00

21. Break up of Imported and Indigenous materials consumed:

(₹ In Million)

Item Name	For the year ended March 31, 2011		For the year ended March 31, 2010	
	Amounts	% of Total Consumption	Amounts	% of Total Consumption
Raw Material				
Imported	594.20	47.63	436.30	40.29
Indigenous	653.33	52.37	646.70	59.71
TOTAL	1,247.53	100.00	1,083.00	100.00

22. Particulars of Traded Goods

None of the items individually account for more than 10% of the total value of the purchases, stock or turnover, hence quantitative details have not been furnished.

23. CIF Value of Imports :

(₹ In Million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Raw materials	439.11	340.83
Capital goods	17.43	-

24. Amount remitted in foreign currency on account of dividend:

No. of Non Resident Shareholders	Number of Shares held	Amount (USD)	Amount (INR)
One (1)	1,166,667	52,552.57	2,333,334

25. Earnings per Share

(Rs in Million except number of shares)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
a) Profit / (Loss) after tax as per profit and Loss A/c	159.32	207.93
b) Profit attributable to Equity Share Holders	159.32	207.93
c) Weighted average number of shares for EPS (Nos)	21,935,191	21,235,191
d) Nominal value per equity shares (₹)	10	10
e) Basic earnings per share (₹)	7.26	9.79
f) Diluted earnings per share ₹)	7.26	9.79

SCHEDULE 'P' (Contd.)

26. Employee Stock Options 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) Employee stock options details as on March 31, 2011 are as follows

(₹ In Million)

Particulars	During the year 2010-11	
	Options (No's)	Weighted average Exercise price (Rs)
Options outstanding at the beginning of the year	-	-
Granted during the year	100,000	75
Vested during the year	-	-
Exercised during the year	-	-
Lapsed during the year	-	-
Options outstanding at the end of the year	100,000	-
Options available for grant	600,000	-

c) The impact of Earning per share if the 'fair value' of the options (on the date of the grant) were not considered instead of the 'intrinsic value' is as under:

(₹ In Million)

Particulars	For the year ended March 31, 2011
Net Profit/(Loss) (as reported)	159.32
Add: Stock based employee compensation (intrinsic value)	0.07
Less:Stock based compensation expenses determined under fair value method for the grants issued	0.58
Net Profit/(Loss) (proforma)	158.81
Basic Earnings/(Loss) per share (as reported)	7.26
Basic Earnings/(Loss) per share (as proforma)	7.24

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

Assumptions	March 31, 2011
Risk free interest rate	8%
Expected life	3 Years
Expected annual volatility of shares	70%
Expected dividend yield	15.52%

27. Notes on Cash flow statement:

(a) The cash flow has been prepared under Indirect method as set out in Accounting Standard – 3 on Cash Flow Statement" issued under The companies (Accounting Standards) Rules 2006.

(b) Previous year figures have been regrouped/ reclassified wherever necessary to conform to current year's

(c) Cash and Cash Equivalent include balance with banks on lien for letter of credits issued of ₹ 58.57 Million (previous year ₹ 36.08 Million) which are not available for use of the Company.

(d) The amalgamation of Vedic Elements Private Limited with the Company with effect from the appointed date of October 1, 2009 being a non cash transaction has not been reflected in the cash flow statement ((Refer Note B 1 of Schedule P)

28. Previous year figures have been regrouped in line with the current year, wherever necessary.

29. Figures of current year are not comparable with that of previous year as figure for current year include the figure of Vedic Elements Private Limited, Pursuant to Scheme of amalgamation.

Balance Sheet Abstract and Company's Business Profile

I. REGISTRATION DETAILS

Registration No.	L 9 9 9 9 9 M H 1 9 8 5 P L C 0 3 6 6 8 5
Balance Sheet Date	3 1 0 3 1 1
State Code	1 1

II. CAPITAL RAISED DURING THE YEAR : (Amount in ₹ 000)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III. POSITION OF MOBILISATION & DEVELOPMENT OF FUNDS : (Amount in ₹ 000)

	Total Liabilities	Total Assets
	4 3 0 8 8 1 0	4 3 0 8 8 1 0
Sources of Funds	Paid-up Capital	Reserves & Surplus
	2 1 2 3 5 0	1 0 4 3 1 1 0
	Employees Stock Options Outstanding	
	7 0	
	Loan Funds	Deferred Tax Liability
	1 7 5 8 5 4 0	1 2 2 9 1 0
	Current Liabilities	
	1 1 7 1 8 3 0	
Application of Funds	Net Fixed Assets	Investments
	2 1 7 9 1 3 0	1 3 8 9 1 0
	Current Assets, Loans & Advances	
	1 9 9 0 7 7 0	

IV. PERFORMANCE OF COMPANY : (Amount in ₹ 000)

Turnover	Total Expenditure
2 7 7 7 5 6 0	2 5 5 5 4 1 0
Profit Before Tax	Profit After Tax
2 2 2 1 5 0	1 5 9 3 2 0
Earnings Per Share in Rs.	Dividend Rate (%)
7 . 2 6	1 5

V. GENERIC TERMS OF THREE PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY

(as per monetary terms) :

Item Code No. (ITC Code)	2 9 3 3 0 0
Product Description	B U L K D R U G S

For and on behalf of the Board

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

Bangalore, May 27, 2011

Auditors' Report

ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF
SEQUENT SCIENTIFIC LIMITED

1. We have audited the attached Consolidated Balance Sheet of **SEQUENT SCIENTIFIC LIMITED** ("the Company"), its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2011 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹709.25 Million as at March 31, 2011, total revenues of ₹388.79 Million and net cash outflows amounting to ₹(19.97) Million for the year ended as on that date as considered in the Consolidated Financial Statements. In respect of these subsidiaries:
   a. the financial statements of the subsidiaries, whose financial statements reflect total assets of ₹350.69 Million as at March 31, 2011, total revenues of ₹136.67 Million and net cash outflows amounting to ₹3.24 Million for the year ended as on that date as considered in these Consolidate Financial Statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors;
   b. the financial statements of subsidiaries, whose financial statements reflect total assets of ₹358.56 Million as at March 31, 2011, total revenues of ₹252.12 Million and net cash inflows amounting to ₹(23.21) Million for the year ended on that date, as considered in these Consolidated Financial Statements have been compiled by the management and have not been subject to audit by independent auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. We draw attention to Note C.1 of Schedule 'P' regarding the accounting of Scheme of Arrangement ("the Scheme") between the Company, and its wholly owned subsidiary Vedic Elements Private Limited under section 391 to 394 and the other provisions of the Companies Act, 1956, which has been approved by the Hon'ble High Court of Karnataka. In accordance with the Scheme the Company has fair valued some of its fixed assets and investments and the net excess of such fair values over the previously carried book values, amounting to ₹341.08 Million has been credited to 'Restructuring Reserve' to be utilized for set off of goodwill arising on amalgamation.

   As a result of the above:
   (i) Insofar as the excess relates to Fixed assets, crediting such amounts to Restructuring Reserve is contrary to the requirements of Accounting Standard 10 Accounting for Fixed Assets.
   (ii) Additional depreciation for the year on fair valued fixed assets amounting to ₹8.16 Million has been charged to the profit and loss statement instead of being adjusted against the 'revaluation reserve' as required under Accounting Standard 10' Accounting for Fixed Assets'.
6. Subject to our comments in paragraph 3 (b) above and read with our comments in paragraph 5 above, based on our audit and on consideration of the separate audit reports on individual financial statements and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
   (ii) in the case of the Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and
   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.008072S)
V. Srikumar
Partner
Membership No.84494

Place: Bangalore
Date: May 27, 2011

CONSOLIDATED Balance sheet as at March 31, 2011

(₹ In Million)

	Schedules	**As on March 31, 2011**	As on March 31, 2010
I. SOURCES OF FUNDS			
1. Shareholders' funds			
a) Share capital	A	212.35	212.35
b) Employees stock options outstanding	B	0.07	-
c) Reserves & surplus	C	1,018.16	905.46
		1,230.58	1,117.81
2. Minority Interest		7.62	31.09
3. Loan funds	D		
a) Secured loans		1,662.35	1,532.66
b) Unsecured loans		238.04	218.49
		1,900.39	1,751.15
4. Deferred tax liability (Net)	P(C12)	122.91	73.04
Total		3,261.50	2,973.09
II. APPLICATION OF FUNDS			
1. Fixed assets	E		
a) Gross block		2,548.09	1,742.12
Less : Accumulated depreciation		535.01	411.10
Net block		2,013.08	1,331.02
b) Capital work-in-progress & advances		355.13	236.32
		2,368.21	1,567.34
2. Goodwill on Consolidation		94.53	518.46
3. Investments	F	3.74	5.47
4. Current assets, loans and advances	G		
a) Inventories		655.47	563.13
b) Sundry debtors		672.54	553.84
c) Cash & bank balances		101.96	140.68
d) Loans and advances		601.84	470.81
		2,031.81	1,728.46
Less: Current liabilities & Provisions	H		
a) Current liabilities		978.36	630.04
b) Provisions		258.43	216.60
		1,236.79	846.64
Net current assets		795.02	881.82
Total		3,261.50	2,973.09
Significant Accounting policies and Notes on accounts	P		

The above Schedules form an integral part of the Balance Sheet
In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner
Bangalore, May 27, 2011

For and on behalf of the Board

Dr. Gautam Kumar Das — *Executive Director*

Ravishankar K R — *Chairman & Managing Director*

Mahesh N — *Company Secretary*

CONSOLIDATED Profit & Loss Account for the period ended as on March 31, 2011

(₹ In Million)

		Schedules	Year ended March 31, 2011	Year ended March 31, 2010
I .	**INCOME**			
	1. Sales & services	I	3,116.65	2,844.48
	2. Other income	J	72.87	300.17
	Total		3,189.52	3,144.65
II.	**EXPENDITURE**			
	1. Materials consumed	K	1,737.21	1,374.69
	2. (Increase)/Decrease in stock	L	(117.05)	(98.21)
	3. Personnel cost	M	298.16	298.55
	4. Operating and other expenses	N	749.34	720.77
	5. Finance charges	O	238.02	216.65
	Total		2,905.68	2,512.45
III.	**PROFIT BEFORE DEPRECIATION, AMORTISATION, EXCEPTIONAL ITEMS AND TAX "**		283.84	632.20
	6. Depreciation & Amortisation	E	187.93	142.40
IV.	**PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS**		95.91	489.80
	7. Goodwill Impairment on Consolidation		18.97	94.85
V.	**PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS**		76.94	394.95
	8. Encashment of bank guarantee	P(C3)	42.05	0.00
VI.	**PROFIT/(LOSS) BEFORE TAX**		34.89	394.95
	Less: Provision for tax			
	- Current		36.59	67.71
	- Deferred [Net]		54.80	74.25
	- MAT Credit entitlement		(16.26)	(56.70)
VII.	**PROFIT/(LOSS) AFTER TAX BEFORE SHARE OF MINORITY INTEREST**		(40.24)	309.69
	Share of Minority Interest		38.48	64.48
VIII.	**PROFIT/(LOSS) AFTER MINORITY INTEREST**		(1.76)	374.17
	Balance brought forward		274.54	(52.53)
	Included on Amalgamation		-	24.53
	Consolidation Adjustment		159.69	(6.35)
IX.	**PROFIT AVAILABLE FOR APPROPRIATIONS**		432.47	339.82
X.	**APPROPRIATIONS**			
	Proposed dividend on equity shares		32.90	42.47
	Tax on proposed equity dividend		5.46	7.22
	Transfer to general reserve		7.97	15.59
	Balance carried forward to balance sheet		386.14	274.54
XI.	**TOTAL**		432.47	339.82
XII.	**EARNINGS PER SHARE** (Face value of ₹10 each)	P(C15)		
	– Basic and Diluted (in ₹)		(0.08)	17.62
	Significant Accounting policies and Notes on accounts	P		

The above Schedules form an integral part of the Profit and Loss Accounts

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board

V. Srikumar
Partner
Bangalore, May 27, 2011

Dr. Gautam Kumar Das
Executive Director

Ravishankar K R
Chairman & Managing Director

Mahesh N
Company Secretary

CONSOLIDATED Cash flow statement for the year ended March 31, 2011

(₹ In Million)

	Schedules	For the Year ended March 31, 2011	For the Year ended March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax		34.89	394.95
Adjustments for:			
Depreciation and amortisation and impairment		206.90	239.10
Bad debts and provision for doubtful debts		3.16	53.43
Provision for diminution in investments		0.49	0.21
Unrealised exchange gain (net)		(12.04)	(13.13)
Profit on sale of subsidiary, associate and other investments (net)		-	(181.87)
Loss/(profit) on sale of assets (net)		1.31	(0.56)
Interest expenses		208.96	189.00
Dividend income		-	(0.01)
Compensation under ESOP scheme		0.07	-
Interest income		(18.75)	(14.44)
Sundry balances written back (net)		(31.96)	-
Advances written off		1.09	-
Loss / (profit) on disposal of a subsidiary		(5.81)	-
Operating profit before working capital changes		**388.31**	**666.68**
Changes in working capital			
(Increase)/Decrease in trade and other receivables		(68.14)	(262.89)
(Increase)/Decrease in inventories		(143.17)	(177.76)
Increase/(Decrease) in trade and other payables		395.47	(21.63)
Net change in working capital		**184.16**	**(462.28)**
Cash generated from operations		**572.47**	**204.40**
Direct taxes paid		(65.87)	(35.45)
Net cash from Operating Activities	**A**	**506.60**	**168.95**

CONSOLIDATED Cash flow statement for the year ended March 31, 2011 (Contd.)

(₹ In Million)

	Schedules	For the Year ended March 31, 2011	For the Year ended March 31, 2010
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets / CWIP		(584.73)	(249.31)
Sale of fixed assets		2.45	3.71
Purchase of minority shares		(5.58)	-
Investment in associates		(0.10)	(0.04)
Purchase of short term investment		(1.70)	(3.94)
Sale of long term investments		-	279.09
Sale of other investment		2.75	2.50
Loans (given)/refunded to/by affiliates (net) and other loans		(146.09)	(82.54)
Interest received		15.34	9.94
Dividend received		-	0.01
Net cash used in Investing Activities	**B**	**(717.66)**	**(40.58)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings		201.90	379.48
Share issue expenditure		-	(3.94)
Proceeds from / (repayment of) of long term borrowings		226.33	(241.33)
Interest paid on borrowings		(222.25)	(189.27)
Proceeds from issue of shares to minority shareholders		8.82	8.54
Dividend paid		(42.47)	(11.09)
Dividend distribution tax paid		(7.22)	(1.88)
Net cash generated from Financing Activities	**C**	**165.11**	**(59.49)**
Net Increase/(Decrease) in cash and cash equivalents during the year	**(A+B+C)**	**(45.95)**	**68.88**
Cash and cash equivalents as at 31.03.2010		**140.68**	**41.03**
Included on amalgamation		0.51	30.86
Deleted on divestment		(0.39)	(0.25)
Translation effect		7.11	0.16
Cash and cash equivalents as at 31.03.2011		**101.96**	**140.68**
Significant Accounting policies and Notes on accounts	P		

The above Schedules form an integral part of the Cash flow statement

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner
Bangalore, May 27, 2011

For and on behalf of the Board

Dr. Gautam Kumar Das
Executive Director

Ravishankar K R
Chairman & Managing Director

Mahesh N
Company Secretary

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

(₹ In Million)

	As on March 31, 2011	As on March 31, 2010
SCHEDULE 'A'		
SHARE CAPITAL		
1. Authorised		
a) Equity	320.00	250.00
32,000,000 equity shares of ₹10 each (Previous Year 25,000,000 equity shares of Rs 10 each)		
	320.00	250.00
2. Issued, subscribed and paid-up		
a) Equity		
21,935,191 (Previous year 21,935,191) equity shares of ₹10 each fully paid	219.35	219.35
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)	7.00	7.00
(Refer Note C16 of Schedule P)	212.35	212.35

	As on March 31, 2011	As on March 31, 2010
SCHEDULE 'B'		
Employee Stock Options Outstanding		
Employee Stock Options Outstanding	0.23	-
Less: Deferred employee compensation expenses	0.16	-
Total	0.07	-

	As on March 31, 2011	As on March 31, 2010
SCHEDULE 'C'		
RESERVES AND SURPLUS		
1. General Reserve		
Opening Balance	136.47	120.88
Add: Transfer from Profit and Loss account	7.97	15.59
	144.44	136.47
2. Translation Reserve		
Opening Balance	(18.95)	(8.93)
Add : Transaction during the year	(24.08)	(10.02)
Closing Balance	(43.03)	(18.95)
3. Securities Premium		
Opening Balance	513.40	234.95
Add: Included on Amalgamation	-	445.39
Less: Share Issue Expenses	-	(3.94)
Less: Set-off of Goodwill arising on amalgamation	-	(163.00)
Add: Premium on allottment of shares during the year	-	72.10
Less: Amount receivable from Sequent Scientific Employee Stock Option Scheme Trust (Refer Note C16 of Schedule P)	-	(72.10)
	513.40	513.40
4. Capital Reserve	13.15	-
	13.15	-
5. Restructuring Reserve (Refer Note C1 of Schedule P)		
Arising on Revaluation of Assets	341.08	-
Less: Set-off of Goodwill arising on amalgamation	337.02	-
	4.06	-
6. Profit & Loss Account	386.14	274.54
Total	1,018.16	905.46

(₹ In Million)

	As on March 31, 2011	As on March 31, 2010
SCHEDULE 'D'		
LOAN FUNDS		
A. Secured Loans		
1. Long term loans		
a) From banks	1,098.02	951.94
b) From others	25.29	41.24
	1,123.31	993.18
2. Short term loans		
a) From banks (Refer Note e below)	539.04	539.48
	539.04	539.48
Total	1,662.35	1,532.66

Notes:

a) Long term loans, other than hire purchase loans and except for loan mentioned under point (b) below, are secured by first pari-passu charge on fixed assets of the Company & second pari-passu charge on current assets of the Company as a collateral.

b) Long Term Loan from State Bank of Mysore and Bank of India amounting to ₹ 85.80 million. (Previous Year ₹200 million.) is secured by a second pari-passu charge on fixed assets of the Company.

c) Housing loans & Vehicle Loans from Bank(s) are secured by hypothecation of asset acquired thereunder.

d) Long term loans (other than hire purchase loans) due within one year ₹169.76 million (Previous year ₹150.94 million). Hire purchase loans from banks due within one year Rs 3.10 million (Previous year ₹4.4 million).

e) Short term loans 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.

f) Some of the above loans amounting to ₹1,596.54 million (Previous year ₹1,304.13 million)are guaranteed by Holding Company and some of the Directors of the Company in their personal capacities.

	As on March 31, 2011	As on March 31, 2010
B. Unsecured Loans		
1. Long term loans		
a) From banks	31.45	48.68
b) From Others	12.00	12.33
	43.45	61.01
2. Short term loans		
a) From banks	-	41.43
b) From Others	194.59	116.05
	194.59	157.48
Total	238.04	218.49

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011 (Contd.)

SCHEDULE 'E'

(₹ In Million)

FIXED ASSETS		GROSS BLOCK							DEPRECIATION / AMORTISATION						NET BLOCK	
Sl. No.	Particulars	As on April 1, 2010	Additions during the Year	Included on Amalgamation (Refer Note (a) below)	On account of fair valuation. Refer note C1 of Schedule P	Consolidation Adjustment	"Deletions / adjustments during the Year"	As on March 31, 2011	Up to March 31, 2010	For the Year (Refer Note (c) below	Consolidation Adjustment	Withdrawn On Deletions / Adjustments	Included on Amalgamation (Refer Note (a) and (e) below	Up to March 31, 2011	As on March 31, 2011	As on March 31, 2010
Tangible assets																
1	Freehold Land	82.03	-	-	-	-	-	82.03	-	-	-	-	-	-	82.03	82.03
2	Leasehold Land	50.66	11.23	-	305.08	-	1.47	365.50	3.34	4.00	-	-	1.60	8.94	356.56	47.32
3	Land Development	0.78	-	-	-	-	-	0.78	-	-	-	-	-	-	0.78	0.78
4	Leasehold Property-Development	13.93	-	-	-	-	-	13.93	1.62	1.39	-	-	-	3.01	10.92	12.31
5	Building	414.80	55.85	-	128.32	-	-	598.97	46.26	25.04	-	-	2.71	74.01	524.96	368.54
6	Furniture & Fixtures	23.26	6.88	-	-	-	0.34	29.80	4.33	1.94	-	0.19	-	6.08	23.72	18.93
7	Office Equipment & Computers	32.91	4.46	-	-	0.69	10.23	27.83	15.79	3.05	0.70	8.98	-	10.56	17.27	17.12
8	Plant & Machinery	1,012.59	300.39	-	-	0.39	14.44	1,298.93	260.18	126.41	1.09	8.72	-	378.96	919.97	752.41
9	Motor Vehicles	21.07	0.37	-	-	0.13	6.26	15.31	8.75	2.71	0.12	4.64	-	6.94	8.37	12.32
Intangible assets																
10	Product process development	33.79	72.66	-	-	-	-	106.45	18.40	25.26	-	-	-	43.66	62.79	15.39
11	Software	-	8.56					8.56	-	2.85	-	-	-	2.85	5.71	-
12	Registrations & Brands	56.30	-	-	-	2.46	58.76	-	52.43	1.15	2.07	55.65		-	-	3.87
Total		1,742.12	460.40	-	433.40	3.67	91.50	2,548.09	411.10	193.80	3.98	78.18	4.31	535.01	2,013.08	1,331.02
Previous Year		1,151.20	95.11	851.92	-	(351.59)	4.52	1,742.12	185.84	160.44	(1.16)	1.36	67.34	411.10	1,331.02	
Capital work in progress and advances															355.13	236.32

a) During the year, Pursuant to a Scheme of amalgamation (The Scheme) sanctioned by the Honorable High Court of Karnataka, one of the subsidiary of the company has been merged with itself effective from October 1, 2009. (Refer Note C 1 of Schedule P).

b) Additions/Capital work in Progress includes interest on borrowings ₹ 11.25 million (Previous year ₹ 0.22 million).

c) Depreciation/Amortisation considered in the Profit and loss account is net of ₹ 5.87 million (Previous year ₹ 18.04 million) being depreciation capitalised for intangible assets developed during the year.

d) Capital Work-in-Progress includes intangibles of ₹37.87 million (Previous year ₹ 49.14 million) for product and process under development.

e) Included on amalgamation consist of additional depreciation on the revalued assets for the period October 1, 2009 to March 31, 2010 of ₹ 4.31 million.

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011 (Contd.)

SCHEDULE 'F'

(₹ In Million)

			As on March 31, 2011		As on March 31, 2010	
		Face Value	Nos	Value	Nos	Value
INVESTMENTS						
1. Long term investments - Unquoted (at cost)						
A. Trade investments						
Associates						
SeQuent Penems Private Limited	Equity	INR 10	10,000	0.10	-	-
Elysian Life Sciences Private Limited	Equity	INR 10	-	-	-	0.04
B. Non-Trade investments - Unquoted						
Panoli Enviro Tech Ltd.	Equity	INR 10	23,700	0.24	23,700	0.24
ACMA CETP	Equity	INR 10	1,000	0.01	1,000	0.01
TIMA CETP	Equity	INR 10	2,000	0.04	2,000	0.04
2. Current Investments (at lower of cost and estimated net realisable value)						
A. Quoted						
Agrodutch Industries	Equity	INR 10	36,250	0.34	36,250	0.83
Transchem Ltd	Equity	INR 10	32,500	0.44	32,500	0.44
N B Footware	Equity	INR 10	100,000	-	100,000	-
Agrotech India Ltd	Equity	INR 10	6,300	-	6,300	-
Nath Bio Genes (I) Ltd	Equity	INR 10	6,930	-	6,930	-
Nath Seed Ltd	Equity	INR 10	18,270	-	18,270	-
B. Unquoted						
Aditya Investment & Communication Ltd	Equity	INR 10	58,800	-	58,800	-
Anantroop Trading Pvt Ltd	Equity	INR 10		-	-	-
Investment in Mutual funds	Equity	INR 10	186,825	1.00	186,825	3.00
Investment in Gold				1.49		0.79
National Saving Certificate				0.02		0.02
NSC VIII Issue - Tarapur				0.06		0.06
				3.74		5.47
Aggregate book value of unquoted investments				2.96		4.20
Aggregate book value of quoted investments				0.78		1.27
Market value thereof				0.81		1.27
Additions during the year :			**Nos**	**Cost**		
i) Sequent Penems Private Limited	Equity		10,000	0.10		
ii) Gold coins	Gold		320 Gms.	0.70		
iii) Mutual funds	Units		100,000	1.00		
Deletion during the year :			**Nos**	**Cost**	**Sale Value**	**Profit on Sale**
SBI Infrastructure series growth fund	Units		186,825	3.00	2.75	(0.25)

Note:

1. All Investment in shares are fully paid up.
2. During the year additional 50% stake is acquired in Elysian Life Sciences Private Limited consequent to which it has become subsidiary from an associate.

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011 (Contd.)

(₹ In Million)

	As on March 31, 2011	As on March 31, 2010
SCHEDULE 'G'		
CURRENT ASSETS, LOANS & ADVANCES		
A. Current assets		
1. Inventories		
a) Raw materials and packing materials	209.46	190.91
b) Work-in-process and Intermediaries	277.71	169.95
c) Finished goods	163.77	198.77
d) Others	4.53	3.50
Total	655.47	563.13
2. Sundry Debtors (unsecured)		
a) More than Six months		
- Considered Good	21.43	3.00
- Considered Doubtful	1.85	0.77
b) Others		
- Considered Good	651.11	550.84
	674.39	554.61
Less: Provision for Doubtful Debts	1.85	0.77
Total	672.54	553.84
3. Cash and bank balances		
a) Cash in hand	0.98	1.12
b) Balance with banks		
i) In current account	42.16	103.23
ii) in margin money account [inludes deposits under lien of ₹58.82 Million (Previous year ₹36.08 Million)]	58.82	36.08
iii) in fixed deposit account	-	0.25
Total	101.96	140.68
B. Loans and advances (unsecured, considered good)		
a) Advance recoverable in cash or in kind or for value to be received	218.13	127.87
b) MAT credit availed	72.96	56.70
c) Advance income tax and tax deducted at source	153.04	87.17
d) Deposits with and dues from Government departments	94.35	88.29
e) Deposits with others	38.48	110.78
f) Due from directors	24.88	-
Total	601.84	470.81
Total	2,031.81	1,728.46

(₹ In Million)

	As on March 31, 2011	As on March 31, 2010
SCHEDULE 'H'		
CURRENT LIABILITIES AND PROVISIONS		
A. Current liabilities		
a) Sundry Creditors	897.64	577.08
b) Interest accrued but not due	0.27	2.45
c) Other Liabilities	51.99	49.21
d) Advances received from customers	28.46	1.30
Total	978.36	630.04
B. Provisions		
a) Leave salary	21.97	13.54
b) Gratuity	26.24	17.24
c) Income taxes	171.86	136.13
d) Proposed equity dividends	32.90	42.47
e) Tax on proposed equity dividends	5.46	7.22
Total	258.43	216.60
Total	1,236.79	846.64

Schedules forming part of the Consolidated Profit & Loss account for the year ended March 31, 2011

(₹ In Million)

	For the year ended March 31, 2011	For the year ended March 31, 2010
SCHEDULE 'I'		
SALES & SERVICES		
a) Sale of products	2,928.31	2,854.61
Less: Excise duty	87.52	68.03
b) Analytical Services	75.86	57.90
c) Sale of Technical Know how	200.00	
Total	3,116.65	2,844.48
SCHEDULE 'J'		
OTHER INCOME		
a) Dividend from Long Term Investments	-	0.01
b) Exchange fluctuation gain (Net)	24.41	14.50
c) Loan Waived	-	69.65
d) Profit on Disposal of a Subsidiary/Joint Venture (net)	-	181.87
e) Other Income	29.71	19.70
f) Interest Received	18.75	14.44
Total	72.87	300.17
SCHEDULE 'K'		
MATERIALS CONSUMED		
Opening stock	190.91	121.87
Opening stock Included on amalgamation	-	49.75
Consolidation Adjustment	-	(58.10)
Total	190.91	113.52
Add: Purchases	1,755.76	1,452.08
Less: Closing stock	209.46	190.91
Total	1,737.21	1,374.69
SCHEDULE 'L'		
(INCREASE) / DECREASE IN STOCK		
i) Opening stock		
Work in process	169.95	118.89
Finished goods	203.77	77.74
	373.72	196.63
ii) Opening stock Included on amalgamation		
Work in process	-	9.30
Finished goods	-	33.35
	-	42.65
iii) Consolidation Adjustment		
Work in process	-	14.70
Finished goods	(49.29)	21.53
	(49.29)	36.23
iv) Closing stock		
Work in process	277.71	169.95
Finished goods	163.77	203.77
	441.48	373.72
Total	(117.05)	(98.21)

(₹ In Million)

	For the year ended March 31, 2011	For the year ended March 31, 2010
SCHEDULE 'M'		
PERSONNEL COST		
Salaries, wages and allowances	255.61	223.47
Contribution to provident and other funds	30.24	37.14
Staff welfare expenses	12.31	37.94
Total	298.16	298.55
SCHEDULE 'N'		
OPERATING AND OTHER EXPENSES		
Power, fuel & water	167.51	144.02
Consumables	47.91	39.41
Conversion & Processing charges	134.97	126.50
Contract Labour Charges	55.04	39.98
Freight & forwarding	45.99	36.20
Rent	22.64	18.79
Rates & taxes	6.36	4.50
Communication charges	9.59	10.16
Repairs & maintenance		
- Buildings	15.51	28.81
- Machinery	38.66	25.18
- Others	45.10	37.71
Insurance	4.08	2.86
Travelling & conveyance	21.55	28.89
Advertisement & Selling expenses	8.21	14.12
Commission on sales	20.98	19.82
Legal & Professional fees	46.77	50.57
Loss on sale of Investment	0.25	-
Other expenses	39.48	38.44
Analytical Charges	8.98	1.38
Bad & Doubtful debts	3.16	53.43
Exchange fluctuation Loss (Net)	3.71	-
Investment Written off	0.49	
Advances Written off	1.09	-
Loss on sale of assets (net)	1.31	-
Total	749.34	720.77
SCHEDULE 'O'		
FINANCE CHARGES		
Bank charges & commission	29.06	29.20
Interest on working capital & other facilities	98.22	71.05
Interest on Fixed loans	110.74	116.40
	238.02	216.65

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011

SCHEDULE 'P'

BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2011.

A. Basis of Consolidation

The Consolidated Financial Statements relate to Sequent Scientific Limited (the Company) and its subsidiaries companies together "the Group". The financials statements of the entities in the Group used in the consolidation are drawn up to the same reporting date as of the company, i.e. March 31, 2011 except that of the following entities:

Name of Entity	Year End Date
Vedic Fanxipang Pharma Chemic Company Limited	December 31, 2010
Galenica B.V.	December 31, 2010
Codifar N.V.	December 31, 2010

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 subsidairy 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 & Surplus'.

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

(iv) Investment in Associates has been accounted under the equity method as per Accounting Standard – 23, Accounting for investments in Associates in Consolidated Financial Statements.

2. Information on Subsidiary Companies, Associates & Joint Ventures:

a. The following subsidiary companies are considered in consolidated financial statements:

	Name of the entity	Country of Incorporation	Ownership at March 31, 2011 held by	Status	% of effective ownership held either directly or through subsidiary as at March 31, 2011	% of effective ownership held either directly or through subsidiary as at March 31, 2010
1.	Sequent Global Holdings Limited	Mauritius	Sequent Scientific Limited	Subsidiary	100	100
2.	Sequent European Holdings Limited	Cyprus	Sequent Global Holdings Limited	Subsidiary	100	100
3.	Sequent IPCO Gmbh	Switzerland	Sequent European Holdings Limited	Subsidiary	- Refer point 2 c below	100
4.	Galenica B.V.	Netherlands	Sequent Scientific Limited	Subsidiary	50.25 Refer point (g) below	50.25
5.	Codifar N.V.	Belgium	Galenica B.V.	Subsidiary	50.25 Refer point (g) below	50.25
6.	Sequent Research Limited	India	Sequent Scientific Limited	Subsidiary	100	100
7.	Sanved Research Labs Private Limited	India	Sequent Scientific Limited	Subsidiary	95 Refer point (g) below	75
8.	Vedic Elements Private Limited	India	Sequent Scientific Limited	Subsidiary	Refer point (d) below	100
9.	Elysian Life Sciences Private Limited	India	Sequent Scientific Limited	Subsidiary	90 Refer point (e) below	40
10.	Vedic Fanxipang Pharma Chemic Company Limited	Vietnam	Elysian Life Sciences Private Limited	Subsidiary	90 Refer note C 4 below	90
11.	Elysian Health Care Private Limited	India	Elysian Life Sciences Private Limited	Subsidiary	90 Refer point (e) below	40
12.	Sequent Anti Biotics Private Limited	India	Sequent Scientific Limited	Subsidiary	100	-
13.	Sequent Oncolytics Pvt Ltd	India	Sequent Scientific Limited	Subsidiary	99.99	--

In respect of entity in Sl. No.6 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.10, the Company's networth is in excess of the cost of investment on the date of recognition and the difference has been recognised on Capital reserve amounting to ₹ 2.5 Million.

b. The following associate companies have not been considered for consolidation, being not material to the group.

Name of the entity	Country of Incorporation	Ownership at March 31,2011 held by	Status	% Ownership held as at March 31, 2011	% Ownership held as at March 31, 2010
Sequent Penems Private Limited	India	Sequent Scientific Limited	Associate	40%	--

c. Disclosure on effect of acquisition and disposal of Subsidiaries

₹ In Million

Particulars	Acquisition – Elysian Life Sciences Private Limited	Acquisition – Elysian Health Care Private Limited	Disposal – Sequent IPCO GMBH
Date	September 13, 2010	September 13, 2010	February 23, 2011
Liabilities			
Loans	79.11	0.09	0.67
Current liabilities and provisions	0.30	8.88	0.06
Deferred tax liability	--	--	--
Assets			
Fixed assets	17.86	--	--
Goodwill	--	--	--
Current assets	56.72	9.14	0.05
Reserves	(0.08)	0.07	(1.37)
Profit/(Loss) after tax for the year	(0.08)	0.07	(0.16)

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011 (Contd.)

SCHEDULE 'P' (Contd.)

d. Persuant to the scheme of amalgamation approved by Honorable High Court of Karnataka the entity has been amalgamated with the Company (Refer note C1 below).

e. The Group has acquired additional 50% stake in Elysian Life Sciences Private Limited during the year, consequent to which Elysian Life Sciences Private Limited and Elysian Health Care private limited (which is a subsidiary of Elysian Life Sciences Private Limited) has become subsidiary of the Group from an Associate.

f. Following subsidiaries were set up during the year:

- Sequent Antibiotics Private Limited
- Sequent Oncolitics Private Limited
- Sequent Penems Private Limited (During the year a preferential allotment of shares was made to SeQuent Speciality Chemicals Private limited resulting in SeQuent Penems Private limited becoming an associate from a subsidiary.)

g. The following subsidiaries have filed for liquidation accordingly, the financial statement of these Companies have been prepared on net realisable value.

- Galenica B V
- Codifar N V
- Sanved Research Labs Private Limited

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

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:

a. Sequent IPCO GMBH, Switzerland
b. Sequent European Holdings Limited, Cyprus
c. Galenica B.V.,
d. Codifar N V
e. Vedic Fanxipang Pharma Chemic Company Limited

Particulars	(₹ In Millions)
Current assets	164.11
Current liabilities	87.51
Income	252.12
Expenditure	323.29

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 Profit and Loss account.

B. Significant Accounting Policies

1. Basis for preparation of financial statements

The financial statements are prepared under the historical cost convention and on accrual basis of accounting, in accordance with Generally Accepted Accounting principles in India, the mandatory Accounting Standards prescribed by the Company Accounting Standards Rules, 2006 except for certain assets and liabilities which are measured on fair value basis as per permitted by the Scheme of Arrangement approved by the Honorable High Court of Karnataka and assets and liabilities of certain subsidiaries, which are under liquidation, have been valued based on net realisable values. The management evaluates all recently issued or revised Accounting Standards on an ongoing basis.

2. Fixed assets

Fixed assets other than intangibles are recorded at their acquisition cost and subsequent improvements thereto. Cost includes interest on borrowings attributable to the funds borrowed in respect of qualifying assets, for the period up to completion of construction or when the assets are ready to be put to use, as applicable. Intangible assets are capitalized in accordance with Paragraph 4 below.

Capital work in progress is stated at cost and includes advances paid to acquire fixed assets and the cost of fixed assets and eligible costs incurred on in-house product development and process re-engineering costs that are not ready for their intended use at the Balance Sheet date.

3. 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.

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

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

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

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

4. Research and development costs

In accordance with AS 26, Intangible Assets, development expenses incurred on specific / identified in-house developed products and processes are capitalised as intangibles from the date on which the Group is able to demonstrate technical feasibility and probable future economic benefits in respect of the products. 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. Subsequent expenditure on intangible assets is recognised as expense unless it is probable that the expenditure will enable the

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011 (Contd.)

SCHEDULE 'P' (Contd.)

assets to generate future economic benefits in excess of its original assessed standard of performance and the expenditure can be measured and attributable to the assets reliably. The unamortized cost of such intangible assets is carried at cost, less accumulated amortization less impairment, if any.

Other development and research expenses are charged to the Profit and Loss account.

Fixed assets acquired for Research and Development activities are capitalized and depreciated in accordance with the policy of the Group in paragraph 3 above.

5. Impairment of Assets

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

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

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

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

6. Investments

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

Long-term investments are valued at cost less impairment considered to be other than temporary.

7. Inventory

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

Raw materials, packing materials and consumables	First in first out basis
Work in process and Intermediates	at material cost, conversion costs and an appropriate share of production overheads
Finished Goods	material cost, conversion costs and an appropriate share of production overheads and excise duty, wherever applicable

8. Revenue recognition

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

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

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

Interest income is recognised on an accrual basis.

9. Employee benefits

The Group's contribution to Provident Fund is charged to revenue on accrual basis.

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

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

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

10. Foreign currency transactions

The transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies at year end are translated at the exchange rate prevailing on the date of the balance sheet. Exchange differences on settlement or restatement are adjusted in the profit and loss account.

Premium / Discount on forward contracts is amortised over the life of the forward contract. Exchange differences arising on restatement of foreign currency monetary assets and liabilities are recognised in the Profit and Loss account.

11. Taxes on income

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

Minimum alternative tax ('MAT') paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Accordingly, MAT is recognized as an assets in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and asset can be measured reliably.

12. Segment reporting

Revenue and expenses had been identified to Segments on the basis of the nature of their relationship to the business and operating activities of the Segment. Revenue and Expenses, which relate to the Group as a whole and are not allocable to Segments on a reasonable basis, have been included under 'Unallocable Income/ Expenses'. Inter Segment sales are made at prevailing market prices.

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 charged to the Profit and Loss Account on accrual basis.

14. Employee stock option scheme

Employee stock options are accounted in accordance with the guidelines stipulated by Securities Exchange Board of India (SEBI)

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011 (Contd.)

SCHEDULE 'P' (Contd.)

and Guidance Note on Accounting for Employee Share-based Payments. The difference between the market price of the shares underlying the options granted on the date of grant of option and the option price is expensed under 'Personnel cost'.

15. Earnings per share

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.

16. Provisions and contingencies

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

17. Use of estimates

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

C. Other Notes on Accounts

1. Amalgamation of Vedic Elements Private Limited(wholly owned subsidiary of the Company) with the Company:

The Scheme of Amalgamation of Vedic elements Private Limited ("Transferor Company") with the Company with an Appointed Date of 1 October, 2009 (the Scheme) has been sanctioned by the High Court of Karnataka and came into effect on 7 September 2010. In terms of the Scheme:

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

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

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

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

Sl. No.	Particulars of assets and liabilities	(₹ In Million)
i.	Investment in Galenica B.V	(72.42)
ii.	Investment in Sanved Research Labs Private Limited	(19.90)
iii.	Leasehold land	128.32
iv.	Buildings	305.08
Total		341.08

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

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

Particulars	(₹ In Million)
Fixed assets	0.21
Investments	58.59
Debtors	0.39
Loans and advances	11.06
Cash and bank balances	2.49
Deferred tax assets	7.14
Reserves and surplus	11.16
Total (A)	91.04
Current liabilities and provisions	0.57
Secured loans	40.69
Unsecured loans	109.08
Total (B)	150.34
Excess of liabilities over assets taken over (B)-(A)	59.30
Investment cancelled	277.72
Net deficit on amalgamation representing the excess of shares allotted over the fair value of net assets amalgamated set off against Restructuring Reserve as per the Scheme	337.02

2. With effect from April 1, 2010, the merger of parent company, Fraxis Life Science limited, with the group has been approved by the respective Board of the directors. The company is in the process of obtaining approval from High Court of Mumbai in this regard.

3. Exceptional items

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

4. Consequent to the merger of Vedic Elements Private Limited (VEPL) with the Company, Vedic Fanxipang Pharma Chemic Company Limited (VFPCCL) (90% Subsidiary of VEPL) became a direct subsidiary of the Company. Subsequently, the Company acquired the remaining 10% stake to make it a 100% subsidiary from Fanxipang Investment and Joint Stock Company. Further, On March 25, 2011, the Company sold the 100% stake in VFPCCL to Elysian Life Sciences Private Limited which is a subsidiary of the Company. Resulting in VFPCCL becoming a step down subsidiary of the Company.

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011 (Contd.)

SCHEDULE 'P' (Contd.)

5. Estimated amounts of contracts remaining to be executed on capital account ₹ 147.78 Million (previous year ₹ 82.95 Million).

6. Contingent Liabilities

(₹ In Million)

Particulars	As at March 31, 2011	As at March 31, 2010
Sales Tax*	16.62	13.20
Income Tax*	10.75	11.11
Excise Duty*	0.09	--
Bills Receivables discounted with banks	133.70	97.03
Total	161.16	121.34

* 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.

The Company has given a Corporate Guarantee to Triodos Sustainable Trade Fund, Netherlands towards a Credit facility availed by its subsidiary (Vedic Fanxipang Pharma Chemic Company Ltd) amounting to USD 1.30 Million. (₹58.05 Million.) (Previous Year ₹ Nil) However the subsidiary have used facility to an extent of USD 0.7 Million (₹ 31.26 Million) (Previous Year ₹ Nil) as at the year end

7. Un-hedged Foreign Currency Exposure

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

(₹ In Million)

Foreign Currency (FC)	Receivable/ (Payable) At March 31, 2011		Receivable/ (Payable) At March 31, 2010	
	FC	₹	FC	₹
Euro	0.31	19.47	(0.01)	(0.91)
USD	3.83	171.11	(6.89)	(310.53)
Euro	(0.09)	(5.71)	0.32	19.20
USD	(3.20)	(142.78)	-	-
GBP	0.01	0.38	-	-
CHF	0.02	1.11	-	-

8. Details of Hedged Foreign Currency Exposure

Forward Exchange Contracts, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables, outstanding as on March 31, 2011 are given below

No. of contracts	Nature of Hedge buy/Sell	Currency	Amount in US $ in Million	Cross currency	Amount in ₹ Million
13/(11)	Sell-Receivable	USD	2.77 (3.62)	Indian Rupees	123.54 (160.91)
	Highly Probable forecast transaction	USD	Nil (6.13)	Indian Rupees	Nil (274.48)
Nil/(1)	Buy-Payable	USD	Nil (1.5)	Indian Rupees	Nil (67.59)

9. Segment reporting:

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

Primary Segment information (Business Segment)

(₹ In Million)

Particulars	Year ended as at March 31, 2011	Year ended as at March 31, 2010
1 SEGMENT REVENUE		
a) Pharmaceuticals	2,641.46	2,238.77
b) Speciality Chemicals	525.47	596.14
c) Analytical Services	75.86	57.90
Total	3,242.79	2,892.81
Less: Intersegment Revenue	126.14	48.33
Total Income	3,116.65	2,844.48
2 SEGMENT RESULT		
a. Pharmaceuticals	155.43	234.85
b. Speciality Chemicals	121.29	197.02
c. Analytical Services	(15.66)	12.05
Total Segment Result	261.06	443.92
Less: Interest Paid & other Finance charges	(238.02)	(216.65)
Add: Other Un-allocable Income net of Un-allocable expenditure	11.85	167.68
Total Profit Before Tax	34.89	394.95
Less:		
1. Provision for Income Tax	36.59	67.71
2. Deferred Tax Adjustment	54.80	74.25
3. MAT Credit Entitlement	(16.26)	(56.70)
4. Minority Interest	(38.48)	(64.48)
Net Profit After Tax	(1.76)	374.17
3 OTHER INFORMATION		
a. Segment Assets		
a. Pharmaceuticals	3,347.73	2,377.31
b. Speciality Chemicals	595.84	408.61
c. Analytical Services	198.14	159.61
Total Segmental Assets	4,141.71	2,945.53
Add: Un-allocable Corporate Assets	356.58	874.20
Total Assets	4,498.29	3,819.73
b. Segment Liabilities		
a. Pharmaceuticals	764.66	545.36
b. Speciality chemicals	84.32	79.55
c. Analytical Services	177.59	8.18
Total Segment Liabilities	1,026.57	633.09
Add: Un-allocable Corporate Liabilities	2,241.14	2,068.83
Total Liabilities	3,267.71	2,701.92
c. Capital Expenditure		
a. Pharmaceuticals	507.82	296.79
b. Speciality Chemicals	50.41	7.22
c. Analytical Services	20.98	6.36
d. Un-allocable	-	4.00
Total	579.21	314.37

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011 (Contd.)

SCHEDULE 'P' (Contd.)

(₹ In Million)

Particulars	Year Ended as at 31st March 2011	Year Ended as at 31st March 2010
d. Depreciation		
a. Pharmaceuticals	143.22	99.30
b. Speciality Chemicals	29.66	27.78
c. Analytical Services	15.05	11.67
d. Un-allocable	-	3.65
Total	187.93	142.40

Secondary Segment Information (Geographical Segment)

(₹ In Million)

Particulars	Year Ended as at 31st March 2011	Year Ended as at 31st March 2010
Distribution of the Company's turnover by geographic location of customers		
Europe	2,038.48	986.33
Asia	942.95	1,617.05
Rest of the World	261.36	289.43
Total	3,242.79	2,892.81
Segment assets by location of customers(receivables classified based on location of customer)		
Europe	-	266.52
Asia	4,141.71	2,587.96
Rest of the World	-	91.05
Total	4,141.71	2,945.53
Cost incurred during the year to acquire segment assets (tangible and intangible fixed assets)		
Europe	1.16	3.28
Asia	578.05	311.09
Rest of the World	-	-
Total	579.21	314.37

10. Employee Benefits:

The Company has a defined gratuity plan. The following table summarises the components of net employee benefit expenses recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

(₹ In Million)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
I Components of employer expense		
A Current service cost	7.85	5.04
B Interest cost	2.01	1.00
C Past service cost	1.72	-
D Expected return on plan assets	(0.73)	(0.62)
E Actuarial losses/(gains)	0.89	7.78
F Total expense recognised in the statement of profit and loss	11.74	13.20
II Actual contribution and benefits payments for period ended		
A Actual benefit payments	(2.86)	(1.18)
B Actual Contributions	2.47	4.40

(₹ In Million)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
III Net asset/(liability) recognised in balance sheet		
A Present value of Defined Benefit Obligation (DBO)	36.40	26.60
B Fair value of plan assets	9.89	9.36
C Funded status [surplus/ (deficit)]	(26.24)	(17.24)
D Net asset/(liability) recognised in balance sheet	(26.24)	(17.24)
IV Change in Defined Benefit Obligations		
A Present Value of DBO at beginning of period	26.60	6.64
B Included on amalgamation	-	7.28
C Current service cost	7.85	5.04
D Interest cost	2.01	1.00
E Past service cost	1.72	-
F Actuarial (gains)/ losses	1.08	7.82
G Benefits paid	(2.86)	(1.18)
H Present value of DBO at the end of period	36.40	26.60
V Change in fair value of assets		
A Plan assets at beginning of period	9.36	4.48
B Included on amalgamation	-	1.08
C Expected return on plan assets	0.73	0.62
D Actuarial gains/(losses)	0.19	(0.04)
E Actual Company contributions	2.47	4.40
F Benefits paid	(2.86)	(1.18)
G Plan assets at the end of period	9.89	9.36
VI Experience adjustment		
A (Gain)/Loss on obligation due to change in assumption	1.08	7.82
B Actuarial (gain)/loss	(0.19)	(0.04)
VII Actuarial assumptions		
A Discount rate	8%	8%
B Expected return on plan assets	8%	6%
C Salary escalation	Thane-10%	Thane-10%
	Mangalore-12%	Mangalore-11`%
D Mortality	LIC (1994-96) Ult.	
E Withdrawal Rates	Thane-8%	Thane-8%
	Mangalore-12%	Mangalore-12%
The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
VIII Actual Returns	0.92	0.66

Note:

1. The details with respect to the investment by the Fund Manager (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.

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011 (Contd.)

2. Basis used to determine the Expected Rate of Return on Plan Assets
   The expected rate of return on plan assets is based on the current investment made by the Fund Manager (LIC and SBI Life) and market scenario.
3. In the absence of information relating to experience adjustment for earlier years with the Company, the same has not been disclosed.
4. The Company's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date ₹3.41 Million (₹2.47 Million).

ii) Details of payments to defined contribution plans (amount in ₹ Million.): Provident Fund: ₹28.90 (Previous year: ₹25.39)

11. Related Party Disclosures
List of related parties:

Holding Company:
Fraxis Life Sciences Limited

Associates
Sequent Penems Private Limited

Key Management personnel and Enterprises owned or significantly influenced by key management personnel and relative of key management personnel:
Mr. K.R. Ravishankar –
Managing Director and Chief Executive Officer

Dr. Gautam Kumar Das,
Executive Director and Chief Operating Officer

Mr. K.R.N.Moorthy,
Deputy Managing Director (W.e.f.8th September 2010)

Strides Acrolab Limited

Strides Italia, SRL

Strides Arcolab (FA) Ltd

Atma Projects

Agnus Holdings Private Limited

Latitude Projects Private Limited

Strides Vital Nigeria Limited

Deesha Properties

Paradime Infrastructure Development Company (Formerly known as Paradime Resorts)

Note:
1. During the year the Company has made additional investment resulting in Elysian Life Sciences Pvt. Ltd. becoming a subsidiary from associate.
2. During the year the Company incorporated SeQuent Penems Pvt. Ltd. as a subsidiary and subsequently made a preferential allotment of shares to SeQuent Speciality chemicals Pvt. Ltd. resulting in SeQuent Penems Pvt. Ltd. becoming an associate as at year end.
3. Related Parties are as identified by the Company and relied upon by the Auditors

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011 (Contd.)

SCHEDULE 'P' (Contd.)

(₹ In Million)

Nature of Transactions	Associates		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
A. Transactions during the year:						
Sales of materials/services						
1. Strides Arcolab Limited					3.48	577.27
2. Strides Vital Nig. Ltd.						0.01
3. Sequent Penams Pvt. Ltd	200.00	--				
Sales Return						
Strides Arcolab Limited						20.86
Interest and Other Income						
1. Strides Arcolab Ltd.					7.52	3.66
2. Agnus Holdings Pvt. Ltd.					--	4.11
3. Paradime Infrastructure & development Company					1.61	3.21
4. Sequent Penams Pvt. Ltd	4.98	-				
Purchase of materials/consumables						
1. Strides Arcolab Ltd.					24.17	20.42
2. Strides Italia SRL(Diaspa)					--	1.04
3. Deesha Fine Chemicals					1.50	1.05
Managerial Remuneration						
1. Mr. K.R. Ravishankar					4.80	18.00
2. Mr. S.N.Jagannath					--	1.19
3. Dr. Gautham Kumar Das					4.80	3.38
4. Mr. K.R.N.Moorthy					7.29	--
Reimbursement of Expenses to						
Strides Arcolab Ltd.					0.61	16.08
Rent						
1. Atma Projects					5.42	5.12
2. Deesha Properties					18.83	17.56
Bad debts written off/Balance written back						
1. Strides Arcolab (FA) Ltd.					--	5.60
2. Strides Vital Nig. Ltd.					--	0.01
3. Strides Arcolab Ltd.					--	14.98
4. Strides Italia (SRL)					0.91	--
Licence fee paid						
1. Strides Vital Nigeria Ltd.					--	0.91
Loans/advances given by Company (incl capital advances)						
1. Latitude Projects Pvt. Ltd.					0.57	0.05
2. Elysian Life Sciences Pvt. Ltd.	--	0.63				
3. Linkace Limited					--	1.34
4. Agnus IPCO Limited					--	1.88
5. Agnus Global Holdings Pte Ltd.					--	37.57
6. Strides Arcolab Limited					0.31	13.26
7. Agnus Holdings Pvt. Ltd.					--	30.00
8. Sequent Penams Pvt Ltd.	100.95	--				
9. K.R.Ravishankar			20.20	--		
10. Dr. Gautam Kumar Das			4.68	--		
Loans/advances repaid to Company						
1. Latitude Projects Pvt. Ltd.					0.67	1.40
2. Strides Arcolab Limited.					--	13.26
3. Sequent Penams Pvt. Ltd	15.98	--				
4. Agnus Holdings Pvt Ltd					30.41	--
5. Paradime Infrastructure Development Company					26.03	--
Loans/advances taken by Company						
1. Strides Arcolab Limited.					--	0.20
2. Agnus Holdings Pvt Ltd.					--	2.85

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011 (Contd.)

SCHEDULE 'P' (Contd.)

(₹ In Million)

Nature of Transactions	Associates		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
Loans/advances repaid by Compnay						
1. Linkace Limited					--	29.52
2. Agnus Holdings Pvt. Ltd.					--	59.29
Investments during the period (including pending allotment)						
1. Elysian Life Sciences Pvt. Ltd.	--	0.04				
2. Sequent Penams Pvt. Ltd.	0.10	--				
Deposits given						
Atma Projects					--	9.11
Intercorporate Deposits Given						
Strides Arcolab Ltd.					70.00	150.00
Intercorporate Deposits Repaid						
Strides Arcolab Ltd.					90.00	130.00
Intercorporate Deposits Taken						
Strides Arcolab Ltd.					100.00	--
Inter Corporate Deposits Paid back						
Strides Arcolab Ltd.					100.00	--

Balances as at March 31, 2011

(₹ In Million)

Nature of Transactions	Associates		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10	As at 31.03.2011	As at 31.03.2010
Inter-Corporate deposits receivables						
Strides Arcolab Ltd.					--	21.05
Debtors Balance						
1. Strides Arcolab Limited					0.44	46.71
2. Sequent Penams Pvt. Ltd.	210.00					
Advances/ deposits receivable					--	0.10
1. Latitude Projects Pvt. Ltd.					17.39	13.25
2. Atma Projects						
3. Elysian Life Sciences Pvt. Ltd	--	0.63			31.72	--
4. Deesha Properties.					11.05	53.93
5. Agnus IPCO Limited.					--	14.21
6. Agnus Global Holdings Pte Limited					--	33.97
7. Paradime Infrastructure Development Company					--	24.58
8. Agnus Holdings Pvt Ltd.					--	30.41
9. Sequent Penams Pvt. Limited.	89.36	--				
10. Strides Arcolab Limited.					0.44	--
11. K.R.Ravishankar					20.20	--
12. Dr. Gautam Kumar Das					4.68	--
Payables Balance						
1. Latitude Projects Pvt. Ltd.					--	1.37
2. Deesha Properties.					--	23.6
3. Strides Arcolab Limited					--	5.87
4. Strides Italia SRL(Diaspa)					--	0.91
5. Linkace Limited					--	8.22
6. Agnus Holdings Pvt. Limited					5.00	12.60
7. Deesha Fine Chemicals					-	0.46

Dividends paid during the year to Fraxis Life Sciences Limited, the Holding Company – ₹29.73 Million (Previous Year - ₹5.88 Million)

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011 (Contd.)

SCHEDULE 'P' (Contd.)

12. Taxation

a) Provision for deferred tax has been made in accordance with the requirements of Accounting Standard 22 "Accounting for taxes on Income"

b) Net Deferred tax liability comprises the tax impact arising from timing differences on account of:

(₹ In Million)

Particulars	Opening	Included on Amalgamation (Refer note C1 of Schedule P)	Consolidation adjustment	For the year Credit / (charge) Net	As at 31.03.2011 Asset / (liability)
Depreciation	(103.75)	-		(38.46)	(142.21)
Carry Forward losses and unabsorbed depr	-	7.14		(7.14)	-
Section 43 B disallowances	14.69	-		3.59	18.28
Other timing differences	16.02	-	(2.21)	(12.79)	1.02
Deferred Tax Assets/ (Liabilities) (net)	(73.04)	7.14	(2.21)	(54.80)	(122.91)

13. Research and Development Expenditure

(₹ In Million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Salaries	11.69	12.63
Power	4.26	2.69
Legal and professional fees	0.24	0.72
Consumables	3.42	10.25
Travelling and conveyance expenses	0.49	0.94
Analytical charges	19.93	24.42
Others	12.29	10.50
Total	52.32	62.15

14. Operating Leases

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 Profit and Loss account is ₹ 22.64 Million (Previous year ₹ 18.79 Million)

The Company has entered in to non cancellable lease arrangement for its facilities and office premises, the tenure of lease ranges from 1 year to 10 years. The said lease arrangements have an escalation clause where in lease rental is subject to an increment of ranging from 5% to 10%. Details of lease commitments at the yearend are as follows.

(₹ In Million)

Particulars	As on 31.03.2011	As on 31.03.2010
A. Within 1 year	15.81	17.39
B. From 1 to 5 years	26.66	34.36
C. Above 5 years	20.05	20.05

15. Earnings per Share

(₹ In Millions except number of shares)

Earnings Per Share	2010-11	2009-10
a) Profit/(Loss) after tax as per profit and loss a/c	(1.76)	374.17
b) Profit attributable to Equity Share Holders	(1.76)	374.17
c) Weighted average number of shares for EPS (nos.)	21,935,191	21,235,191
d) Nominal value per equity share (₹)	10	10
e) Basic earnings per share (₹)	(0.08)	17.62
f) Diluted earnings per share (₹)	(0.08)	17.62

16. Employee Stock Options 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) Employee stock options details as on March 31, 2011 are as follows

Particulars	During the year 2010-11	
	Options (Nos)	Weighted average Exercise price per option (₹)
Options outstanding at the beginning of the year	-	-
Granted During the year:	100,000	75
Vested During the year	-	-
Exercised During the year	-	-
Lapsed During the year	-	-
Options outstanding at the end of the year	100,000	-
Options available for grant	600,000	-

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011 (Contd.)

SCHEDULE 'P' (Contd.)

c) The impact of Earning 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	For the year ended March 31, 2011
Net Profit/(Loss) (as reported)	(1.76)
Add: Stock based employee compensation (intrinsic value)	0.07
Less: Stock based compensation expenses determined under fair value method For the grants issued	0.58
Net Profit/(Loss) (proforma)	(2.27)
Basic Earnings/(Loss) per share (as reported)	(0.08)
Basic Earnings/(Loss) per share (as proforma)	(0.10)

d) The fair value of the options has been determined under the Black-scholes model. The assumptions used in this model for calculating fair value instead of intrinsic value:

Assumptions	March 31, 2011
Risk free interest Rate	8%
Expected Life	3 years
Expected annual volatility of shares	70%
Expected Dividend Yield	15.52%

17. Notes on Cash Flow Statement:
    a) The Cash Flow has been prepared under Indirect Method as set out in Accounting Standard – 3 on "Cash Flow Statement" issued by the Companies (Accounting Standards) Rules 2006.
    b) Previous year's figures have been regrouped/reclassified wherever necessary to conform to current year's classification.
    c) Cash and Cash Equivalents include balance with banks on lien for letter of credits issued of ₹ 58.82 Million (previous year-36.08 Million) which are not available for use by the Company.
    d) The amalgamation of Vedic Elements Private Limited with the Company with effect from the appointed date of October 1, 2009 being a non cash transaction has not been reflected in the cash flow statement ((Refer Note C 1 of Schedule P)
18. Previous Year figures have been regrouped wherever necessary.

For and on behalf of the Board

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

Bangalore, May 27, 2011

Balance Sheet Abstract And Company's Business Profile

I. REGISTRATION DETAILS

Registration No.	L99999MH1985PLC036685
Balance Sheet Date	310311
State Code	11

II. CAPITAL RAISED DURING THE YEAR : (Amount in ₹ 000)

	Public Issue	Rights Issue
	NIL	NIL
	Bonus Issue	Private Placement
	NIL	NIL

III. POSITION OF MOBILISATION & DEVELOPMENT OF FUNDS : (Amount in ₹ 000)

	Total Liabilities	Total Assets
	4498290	4498290
Sources of Funds	Paid-up Capital	Reserves & Surplus
	212350	1018160
	Employees Stock Options Outstanding	
	70	
	Loan Funds	Deferred Tax Liability
	1900390	122910
	Current Liabilities	Minority Interest
	1236790	7620
Application of Funds	Net Fixed Assets	Goodwill
	2368210	94530
	Investments	Current Assets, Loans & Advances
	3740	2031810

IV. PERFORMANCE OF COMPANY : (Amount in ₹ 000)

Turnover	Total Expenditure
3116650	3081760
Profit Before Tax	Loss After Tax
34890	40240
Earnings Per Share in Rs.	Dividend Rate (%)
(0.08)	15

V. GENERIC TERMS OF THREE PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY

(as per monetary terms) :

Item Code No. (ITC Code)	293300
Product Description	BULK DRUGS

For and on behalf of the Board

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

Bangalore, May 27, 2011

Equity History of the Company

Date	Particulars	Number of Shares Issued	Cumulative Number of Shares Issued	Issue Price Per Share (₹)
28-Jun-85	Subscribers to Memorandum of Association	70	70	10.00
10-Dec-85	Public Issue	239,930	240,000	10.00
14-Jun-00	Preferential Issue	3,760,000	4,000,000	13.50
31-Mar-04	Pursuant to a scheme of amalgamation	2,500,003	6,500,003	N.A.
31-Jan-07	Allotment on conversion of warrants issued on preferential basis	1,000,000	7,500,003	47.00
9-Jul-07	Preferential Issue	2,785,188	10,285,191	65.00
27-Nov-07	Allotment on conversion of warrants issued on preferential basis	800,000	11,085,191	47.00
22-Sep-09	Pursuant to a scheme of amalgamation	10,150,000	21,235,191	N.A.
29-Mar-10	Issued to ESOP TRUST	700,000	21,935,191	113.00

Key Financial Parameters and Ratios at a Glance

(₹ In Millions)

S.No	Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
A.	**FINANCIAL RESULTS SUMMARY**						
	1 Revenue from Operations	2,778	2,463	1,061	748	447	323
	2 Other Income	116	73	18	4	39	6
	3 EBITDA	596	674	139	86	128	60
	4 PAT	159	208	35	25	88	38
	5 Paid Up Equity Share Capital	219	212	111	111	79	65
	6 Shareholders' Networth	1,335	1,159	596	574	349	198
B.	**KEY RATIOS & PARAMETERS**						
	1 EBITDA Margin %	21.5%	27.3%	13.1%	11.5%	28.6%	18.5%
	2 PAT Margin %	5.5%	8.2%	3.2%	3.3%	18.1%	11.5%
	3 EPS - Rs. / Share	7.26	9.79	3.16	2.26	11.17	5.85
C.	**GROWTH RELATED RATIOS & PARAMETERS**						
	1 Growth in Total Income %	12.8%	132.3%	41.8%	67.2%	38.3%	24.4%
	2 Growth in EBITDA %	-21.5%	108.7%	14.0%	-59.8%	54.3%	18.2%
	3 Growth in PAT %	-32.9%	152.6%	-2.4%	-81.6%	57.0%	97.5%
	4 Growth in EPS	-25.8%	210.1%	40.0%	-79.8%	91.1%	227.5%

Note: Standalone figures have been considered

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

Name Of The Subsidiary	Country	The Financial Year of The Subsidiary Company Ended On	Number of Shares Held By Sequent Scientific Limited With Its Nominees In The Subsidiaries At The End Of The Financial Year Of The Subsidiary Companies		The Net Aggregate of Profits / (Losses) Of The Subsidiary Company For Its Financial Year So Far As They Concern The Members Of Sequent Scientific Limited		The Net Aggregate Of Profits / (Losses) of The Subsidiary Company For Its Previous Financial Year So Far As They Concern THe Members Of Sequent Scientific Limited	
			Equity Shares	Equity Holding %	Dealt With In The Account of Sequent Scientific Limited For The Year Ended March 31, 2011	Not Dealt With In The Account of Sequent Scientific Limited For The Year Ended March 31, 2011	Dealt With In The Account of Sequent Scientific Limited For The Year Ended March 31, 2010	Not Dealt With In The Account of Sequent Scientific Limited For The Year Ended March 31, 2010
SeQuent Global Holdings Limited	Mauritius	31-Mar-11	102,979	100.00%	-	(23.43)	-	42.49
SeQuent European Holdings Limited (subsidiary of SeQuent Global Holdings Limited)	Cyprus	31-Dec-10	4,000	100.00%	-	(1.27)	-	129.54
SeQuent IPCO GmbH (subsidiary of SeQuent European Holdings Limited)	Switzerland	31-Dec-10	200	100.00%	-	(0.16)	-	(0.99)
Galenica B.V. (11,356 equity shares held by SeQuent Global Holdings Limited)	Netherlands	31-Dec-10	59,291	50.25%	-	(35.16)	-	(64.28)
Codifar N.V. (subsidiary of Galenica B.V.)	Belgium	31-Dec-10	31,155	50.25%	-	Note : 1	-	N/A
Vedic Faxipang Pharma Chemic Company Limited	Vietnam	31-Dec-10	N/A	100.00%	-	(8.45)	-	(1.70)
SeQuent Anti Biotics Private Limited	India	31-Mar-11	9,999	99.99%	-	-	-	N/A
SeQuent Oncolytics Private Limited	India	31-Mar-11	9,999	99.99%	-	-	-	N/A
Elysian Life Sciences Private Limited	India	31-Mar-11	9,000	90.00%	-	(0.07)	-	N/A
Elysian Health Care Private Limited	India	31-Mar-11	8,991	89.91%	-	0.06	-	N/A
SeQuent Research Limited	India	31-Mar-11	4,159,993	100.00%	-	(15.66)	-	0.65
Sanved Research Labs Private Limited	India	31-Mar-11	487,500	95.00%	-	(0.59)	-	(2.03)

Note 1: Included in the figures of Galenica B.V.

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

(₹ In Millions)

Name of the Subsidiary	Country	The Financial Year of The Subsidiary Company Ended on	Capital	Reserves	Total Assets	Total Liabilities	Investment	Turnover	Profit /(Loss) Before Tax	Tax Provision	Profit /(Loss) After Tax	Proposed Dividend
Sequent Global Holdings Limited	Mauritius	31-Mar-11	4.94	(4.64)	43.20	42.89	16.11	0.90	(23.43)	-	(23.43)	-
Sequent European Holdings Limited (Subsidiary Of Sequent Global Holdings Limited)	Cyprus	31-Dec-10	0.25	1.05	16.93	15.62	-	-	(1.27)	-	(1.27)	27.70
Sequent Ipco Gmbh (Subsidiary Of Sequent European Holdings Limited)	Switzerland	31-Dec-10	0.98	(1.66)	0.06	0.73	-	-	(0.16)	-	(0.16)	-
Galenica B.V. (11,356 Equity Shares Held By Sequent Global Holdings Limited)	Netherlands	31-Dec-10	7.46	(19.60)	230.46	242.57	-	246.80	(67.19)	2.71	(69.96)	-
Codifar N.V. (Subsidiary Of Galenica B.V.)	Belgium	31-Dec-10	Refer Note Below									
Vedic Faxipang Pharma Chemic Company Limited	Vietnam	31-Dec-10	96.19	(19.07)	108.57	31.45	-	2.58	(8.45)	-	(8.45)	-
Sequent Anti Biotics Private Limited	India	31-Mar-11	0.10	-	14.65	14.55	-	-	-	-	-	-
Sequent Oncolytics Private Limited	India	31-Mar-11	0.10	-	0.10	-	-	-	-	-	-	-
Elysian Life Sciences Private Limited	India	31-Mar-11	0.10	(0.08)	79.14	79.12	55.91	-	(0.08)	-	(0.08)	-
Elysian Health Care Private Limited	India	31-Mar-11	0.10	0.07	0.26	0.09	-	16.43	0.10	0.03	0.07	-
Sequent Research Limited	India	31-Mar-11	41.60	(21.05)	152.87	132.32	-	117.56	(15.66)	-	(15.66)	-
Sanved Research Labs Private Limited	India	31-Mar-11	6.50	(6.50)	-	-	-	-	(0.45)	-	(0.45)	-

NOTE: The information on Codifar N.V. has been consolidated into the information of Galenica B.V.

Corporate Information

BOARD OF DIRECTORS

Mr. K R Ravishankar	Chairman & Managing Director
Dr. Gautam Kumar Das	Executive Director
Mr. K R N Moorthy	Deputy Managing Director
Mr. Joe Thomas	Independent Director
Dr. Gopakumar G Nair	Independent Director
Mr. Kannan Ramanujam	Independent Director

COMPANY SECRETARY

Mr. Mahesh N

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells.
Deloitte Centre, Anchorage II,
100/2, Richmond Road,
Bangalore 560 025, India.

INTERNAL AUDITORS

M/s. Mahajan & Aibara,
1, Chawla House, 62, Wodehouse Road,
Colaba, Mumbai 400 005

BANKERS

Bank of India (Lead banker of consortium)
Andhra Bank (member, Consortium of Bankers)
State Bank of India (member, Consortium of Bankers)
Corporation bank (member, Consortium of Bankers)
State Bank of Hyderabad
State Bank of Mysore
Axis Bank Limited
HDFC Limited

REGISTERED OFFICE

116, Vardhaman Industrial Complex,
Lal Bahadur Shastri Marg,
Thane (W) – 400 601.

CORPORATE OFFICE

Star II, Bilekahalli, Bannerghatta Road,
Bangalore 560076

PLANTS

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

REGISTRAR & SHARE TRANSFER AGENT

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

Sequent
Proven Ability In Life Sciences

Regd. Office: 116, Vardhaman Industrial Complex, L.B.S. Marg, Thane (W) 400 601

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the members of SEQUENT SCIENTIFIC LIMITED will be held on Friday, September 23, 2011 at Hotel Fortune Park Lakecity (Jupiter Hospital Compound), Eastern Express Highway, Thane (W) 400 601 at 11.30 am

ORDINARY BUSINESS:

1. To receive, consider and to adopt the Audited Balance Sheet of the Company as at March 31, 2011 and Profit & loss Account for the year ended on that date along with the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year ended March 31, 2011.
3. To appoint a Director in place of Dr. Gopakumar Gopalan Nair, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Gautam Kumar Das, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors / Audit Committee to fix their remuneration.

SPECIAL BUSINESS

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

   RESOLVED THAT Mr. Koduru Rama Narasimha Moorthy, who was appointed as an Additional Director and a Whole Time Director of the Company for a period of 5 years w.e.f September 8, 2010 as per the term of appointment and remuneration approved by the Board of Directors on September 8, 2010 and who holds office upto the date of ensuing Annual General Meeting of the Company under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the Office of Director, be and is hereby confirmed and appointed as Whole Time Director of the Company for the remaining period of the tenure at the original terms of appointment and remuneration of Rs.1,25,00,000/- (Rupees One crore twenty five lakhs) per annum with effect from September 8, 2010.

   RESOLVED FURTHER THAT in the case of losses or inadequacy of profits in any financial year, the above remuneration shall be paid to Mr. Koduru Rama Narasimha Moorthy, Whole Time Director of the Company as the minimum remuneration.

   RESOLVED FURTHER THAT Board of Directors of the Company or any such person duly authorised by the Board or the Company Secretary be and are hereby authorized to sign and file the necessary application with the Central Government and to do all other acts and deeds as may be necessary in this regard."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be filed with the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.
2. The Register of members and Share Transfer books of the Company shall remain closed from September 20, 2011 to September 23, 2011 (both days inclusive)
3. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business to be transacted in the meeting is annexed hereto.

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

Place: Bangalore
Date: August 12, 2011

(Mahesh N)
Company Secretary

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

Item No. 6:

The Board of Directors of the Company on September 8, 2010 had appointed Mr. Koduru Rama Narasimha Moorthy as a Whole Time Director for a period of 5 years with effect from September 8, 2010 at the following terms of remuneration:

Components	Rs. P.A.
Basic Salary	30,00,000
Provident Fund	3,60,000
Special Allowance	21,40,000
Other Allowances	43,85,000
Leave Travel Allowance	1,00,000
Medical	15,000
Perquisites-Driver/Fuel/Car Maintenance	10,00,000
Fixed Performance Pay	15,00,000
Total	1,25,00,000

In terms of Section 260 of the Companies Act, 1956 Mr. Moorthy holds office as a Director upto the date of ensuing Annual General Meeting of the Company and is eligible for reappointment as a Director.

The Company has received a Notice under section 257 of the Companies Act, 1956 along with a deposit of Rs.500 from a member proposing the candidature of Mr. Moorthy for the office of the Director.

Mr. Moorthy has confirmed that he is not disqualified from being appointed as Director under Section 274(1) (g) of the Act.

Mr. Moorthy has also intimated the Company in terms of Clause 49 (IV) (E) (v) of the Listing Agreement that he does not hold any shares in the Company (both in his own name and on a beneficial basis by / for other persons).

The Ministry of Corporate Affairs vide their letter dated February 24, 2011 had approved the appointment of Mr. Moorthy as whole-time Director of the Company at a total remuneration of Rs. 1,25,00,000 per annum w.e.f. September 8, 2010 till the ensuing Annual General Meeting. The approval for remaining period would be considered by the Ministry after the passing of the current resolution and submission of a copy thereof to the Ministry. The approval of the members will be subject to the Ministry's approval to that extent.

INFORMATION AS REQUIRED UNDER SCHEDULE XIII OF THE COMPANIES ACT, 1956 AND CLAUSE 49 OF THE LISTING AGREEMENTS IS GIVEN BELOW:

I. GENERAL INFORMATION

1. Nature of Industry: Pharmaceutical Industry
2. Date or expected date of commencement of commercial production: Not applicable (Company is an existing Company)
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable
4. Financial performance based on given indicators:

(₹ In Million)

Particulars	FY 2009-10	FY 2008-09	FY 2007-08
Total Revenue	2,536	1,078	682
Total Expenditure	2,328	1,043	662
Profit / Loss after Tax	208	35	20
Dividend Rate	20%	10%	12.50%

5. Export performance and net foreign exchange collaborations:

   Foreign Exchange Earnings on FOB basis amounted to Rs. 1,147.84 Million as against Foreign Exchange Outgo of Rs. 468.10 Million for the financial year ending March 31, 2011.

6. Foreign investments or collaborators, if any:

   The Company is listed on the Bombay Stock Exchange and as on Jun 30, 2011 the foreign holdings in the Company were 6.03 %.

   There are no foreign collaborators.

II. INFORMATION ABOUT THE APPOINTEE

1. **Back ground details:**

   Mr. Moorthy is having about 34 years of rich experience in the fields of Marketing, Finance, Projects, Supply Chain Management, Human Resources, Industrial Relations, Operations and Management.

   He has worked with reputed companies like Lupin Limited, Siris Limited, Unichem Laboratories Limited, Tata Pharma Limited, Concept, Wanbury Limited and has successfully made World No. 1 products – Metformin & Ethambutol.

2. Past remuneration, recognition or rewards, job profile and his suitability:

   Mr. Moorthy was drawing a remuneration of Rs.1,015 Crores (Cost to the Company) per annum during his term as Dy. Managing Director from M/s Wanbury Limited.

   Mr. Moorthy would be responsible for and will oversee the entire functions of Procurement, Sales and Marketing, Business Development, Finance and Human Resources.

   Mr. Moorthy's experience in managing the operations of the Company and his understanding of the pharmaceutical industry as a whole will contribute significantly to the growth of the Company.

3. Remuneration proposed: As stipulated in the resolution.

4. Comparative remuneration Profile with respect to industry, size of the Company, profile of the position and person

   Mr. Moorthy has held key positions in various organizations he was associated with. His skill set and his experience places him in a correspondingly equal position to major pharmaceutical companies in India. Considering the general industry and the specific company profile, the proposed remuneration is in line with the industry levels and that of comparatively placed companies in India.

5. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

   Mr. Moorthy has pecuniary relationship with the Company in his capacity as a Whole Time Director. He is not related to any of the managerial personnel in the Company.

III. OTHER INFORMATION

Reasons for loss or inadequate profits, steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms: Not applicable

Mr. Moorthy will be paid a remuneration of Rs. 1,25,00,000 per annum (Rupees One Crore Twenty Five Lacs Only)

The shareholders are also requested to refer to the Directors' Report and Management Discussion and Analysis Report, which forms part of the Annual Report for the year ended March 31, 2011, which is sent with this notice, for a detailed analysis on the Company's performance and outlook for future.

This disclosure is only an enabling disclosure for payment of remuneration to Mr. Moorthy.

IV. DISCLOSURES

The proposed remuneration package of the Managerial Personnel is detailed in the resolution. The Corporate Governance report which forms part of the Directors' Report contains details of remuneration paid to all Directors.

Additional Disclosure As Required Under Clause 49 Iv (G) of the Listing Agreement With Nse/Bse Are As Under:

a) A brief resume of the director and nature of his expertise in specific functional areas: As given under Section II above.

b) Shareholding of the director in the Company: Mr. Moorthy does not hold any equity share in the Company.

c) Companies in which directorships and committee memberships held:

   As on date of this notice, except for directorship in the Company, Mr. Moorthy is not a director in any other Company.

   The Board considers that his association as a Director will be beneficial to and in the interest of the Company.The Board recommends the resolution for approval of the shareholders.
   None of the Directors except Mr. Koduru Rama Narasimha Moorthy is concerned or interested in this resolution.

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

Place: Bangalore
Date: August 12, 2011

(Mahesh N)
Company Secretary

Sequent
Proven Ability In Life Sciences

Regd. Office: 116, Vardhaman Industrial Complex, L.B.S. Marg, Thane (W) 400 601

ATTENDANCE SLIP

Regd. Folio No. / Client ID : ....

Name & Address of First/Sole Shareholder : ....

No. of Shares held : ....

I hereby record my presence at the 26th Annual General Meeting of the Company to be held on Friday, the 23rd day of September 2011 at 11:30 AM at Hotel Fortune Park Lakecity (Jupiter Hospital Compound) Eastern Express Highway, Thane (W) 400 601.

....
Signature of the Member/Proxy

Notes:

a) Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting

b) Member / Proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed

c) Member / Proxy should bring his / her copy of the Annual Report for reference at the meeting

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Sequent
Proven Ability In Life Sciences

Regd. Office: 116, Vardhaman Industrial Complex, L.B.S. Marg, Thane (W) 400 601

PROXY FORM

Regd. Folio No. / Client ID : ....

Name & Address of First/Sole Shareholder : ....

No. of Shares held : ....

I / We .... of ....
.... being a member / members of the above named Company, hereby appoint .... of or failing him / her ....
.... of..
.... as my / our Proxy to attend and vote for me / us on my / our behalf at the 26th Annual General Meeting of the Company to be held on Friday, the 23rd day of September 2011 at 11:30 AM at Hotel Fortune Park Lakecity (Jupiter Hospital Compound) Eastern Express Highway, Thane (W) 400 601, and at any adjournment(s) thereof.

Signed this .... day of 2011

Revenue Stamp

Notes:

a) Proxy need not be a member of the Company

b) The Proxy form duly filled in and signed by the member(s) across Revenue Stamp should reach the Company's Registered Office: 116, Vardhaman Industrial Complex, L.B.S. Marg, Thane (W) 400 601 at least 48 hours before the time fixed for the meeting.

c) Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a Certified Copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.

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