

Warm Welcome to Shareholders

29th Annual General Meeting

September 29, 2014

TOMORROW.

THOUGHT THROUGH.

2013-14 - The Year of transformation

At the end of 2012, new strategy for Sequent evolved :

- ***Focus shifting from 'Growth' to 'Value'***
- ***New vision – 'To become a power-house in the Global Animal Health business with a portfolio of niche human APIs'***

Key Action Items towards new strategy

1. Create a valuable, independent, integrated , global Animal health business
2. Accelerate growth in Human API with focus on profitability
3. Divestment/Exit non-core assets/projects
4. Accelerate R&D

Quality business built on a platform of continued, superior compliance

Animal Health – Valuable Platform

- Animal health business moved to a separate subsidiary
- The subsidiary was launched as a new brand - ***Alivira - Elvira, Latin word for 'white, pure, clean' and Alleviare, Latin word for 'relief'.***
- ***It speaks about our commitment to improve animal's life and well-being***
- Vision of Alivira - ***To become the Best – In – Class, Integrated Platform from API to Formulations in the Hugely Attractive Global Animal Health Market***



ALIVIRA

Animal Health – Valuable Platform

- Several Key actions are already implemented towards realising the vision
 - Strategic JV with Shasun
 - PE investment from Ascent Capital - Growth capital to fund overseas acquisitions
 - Closure of Dombivli facility (inadequate compliance facility)

- JV with Shasun to bring in its Vizag API facility :
 - **Saving of 18-24 months in time to market**
 - Location - Part of well-established SEZ with significant common services
 - Scale – 45 acre plot – Significantly enhanced capacities with room for further growth
 - Efficiency - Driven by single API location
 - Setting standards of Regulatory Compliance including upgraded EHS

Human API - Accelerated Growth

- Investments made to enhance capacities and achieve critical size
- Emphasis on sticky, predictable, regulated market business
 - 6 new filings and 6 new approvals in the regulated markets
 - Cleared 5 new customer audits
 - Superior price realization



Divestment/Exit of Non Core Assets/Projects

Sales of Specialty Chemicals business

- Specialty chemicals business (Rs. 470 mn revenues) was identified as non – strategic asset
- Successfully completed the sale of the Division to Songwon Group for a consideration of Rs. 1,200 Mn (2.6 x revenues)

Exit of Vietnam/Africa Operations

- SeQuent invested in Artemesinin cultivation and processing in Vietnam and Africa as backward integration for this niche API
- Market price of the API crashed significantly making the project unviable
- Total write off by exiting Vietnam/Africa operation is Rs. 159 Mn

Divestment/Exit of Non Core Assets/Projects

Closure of Penem project

- Penem's project was envisaged as an attractive business opportunity in the niche area of penems at an investment of @ Rs. 1,600 Mn
 - Supported by assured base business with a customer
- Continued delays in environmental clearances by authorities and changed business environment, made the project unviable
- Therefore, it was no longer prudent to proceed with the project
- Total investment made – Rs. 782 Mn
- Estimated recovery from the investment is Rs. 300 Mn
- Net write off by closing Penem project is Rs. 482 Mn

Accelerate R&D

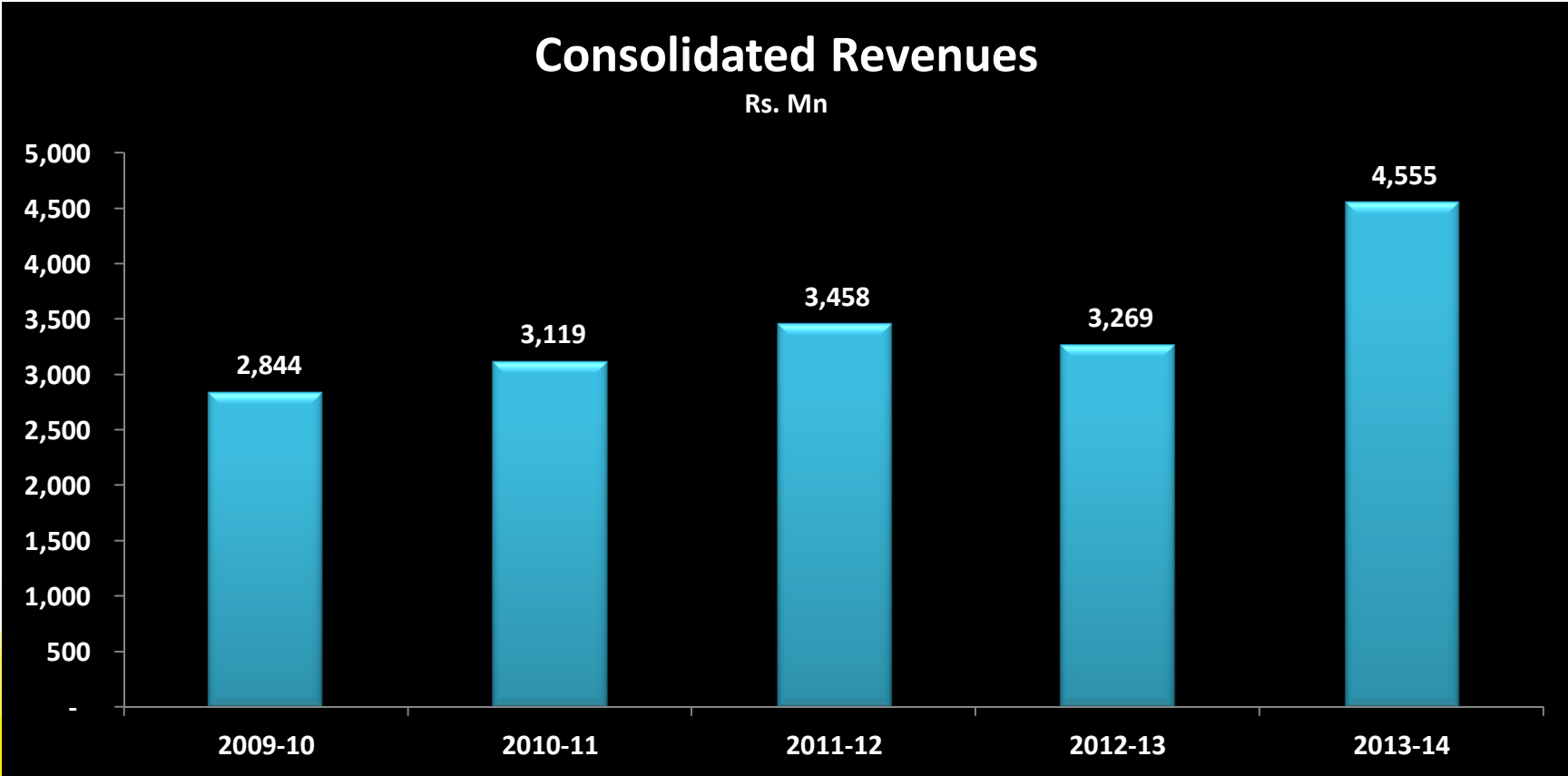
	No of Validations planned	No of Validations Completed
Human API	9	6
Vet API	3	1
Total	12	7

Validation batches at Mangalore delayed due to constraint in availability of pilot line

This has since been addressed by having a dedicated R&D line in Mangalore



Business Snapshot



Consolidated Revenues during 2013-14 grew by **39%**

Performance Snapshot

S T A N D A L O N E	PERFORMANCE INDICATORS	2012-13	2013-14
	Revenue	3,141	4,452
	Adjusted EBITDA %	227 7.2%	307 6.9%
	Exceptional Items	(318)	(854)
	PBT	(628)	(1,139)
	PAT	(545)	(1,144)

Standalone Figures includes Discontinuing Operations – Speciality Chemicals and Vet Formulations

C O N S O L I D A T E D	PERFORMANCE INDICATORS	2012-13	2013-14
	Revenue	3,269	4,555
	Adjusted EBITDA %	114 3.5%	388 8.5%
	Exceptional Items	(318)	(854)
	PBT	(728)	(1,099)

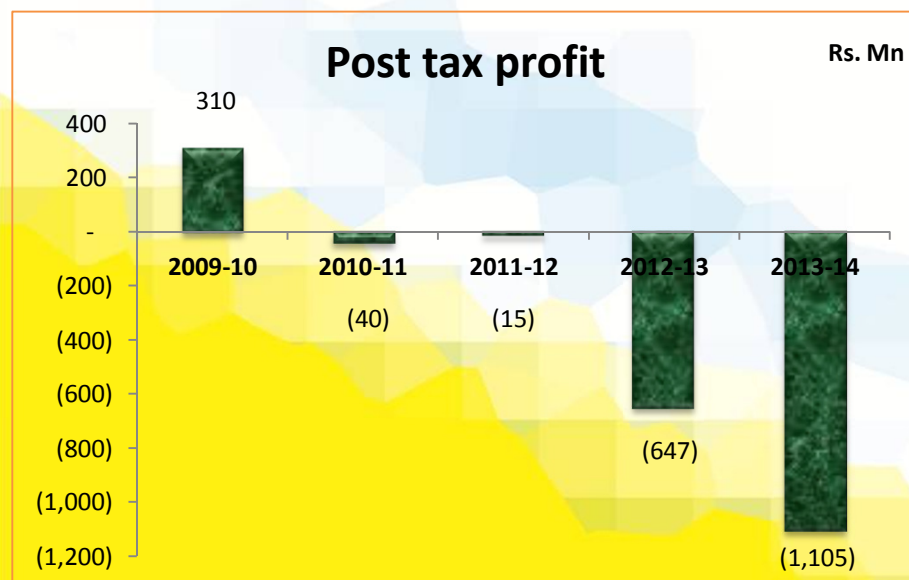
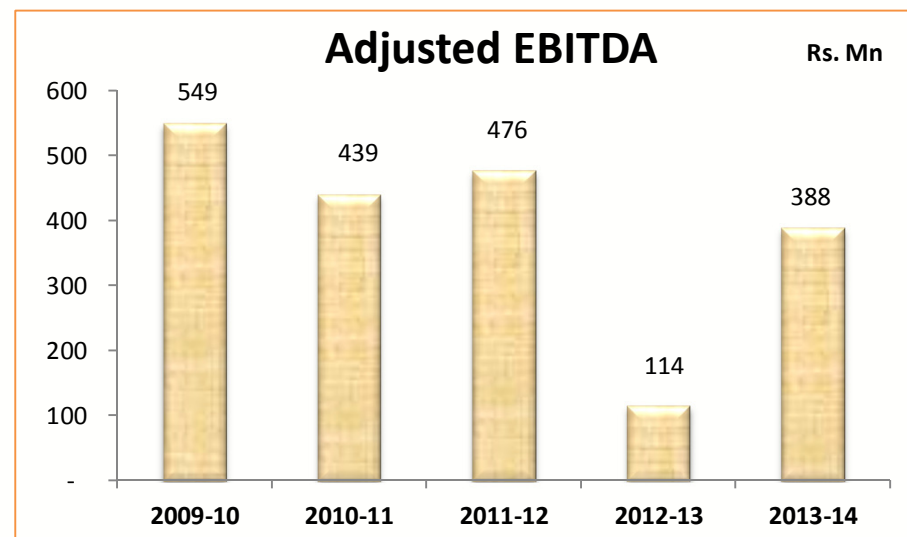
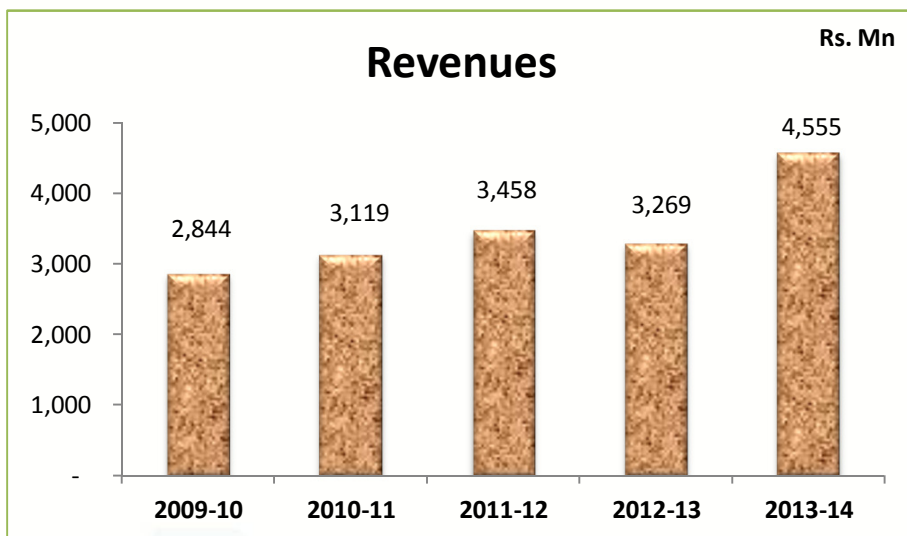
Exceptional Items

Rs. Mn

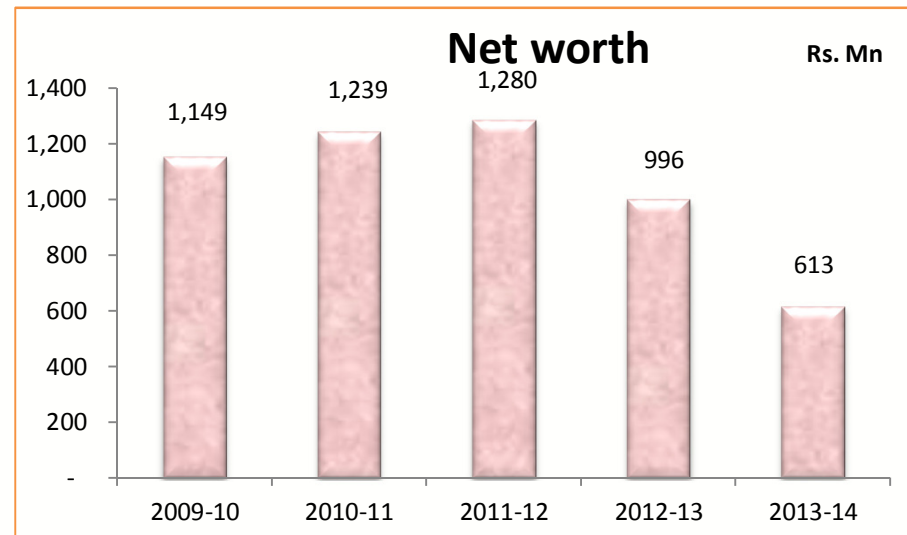
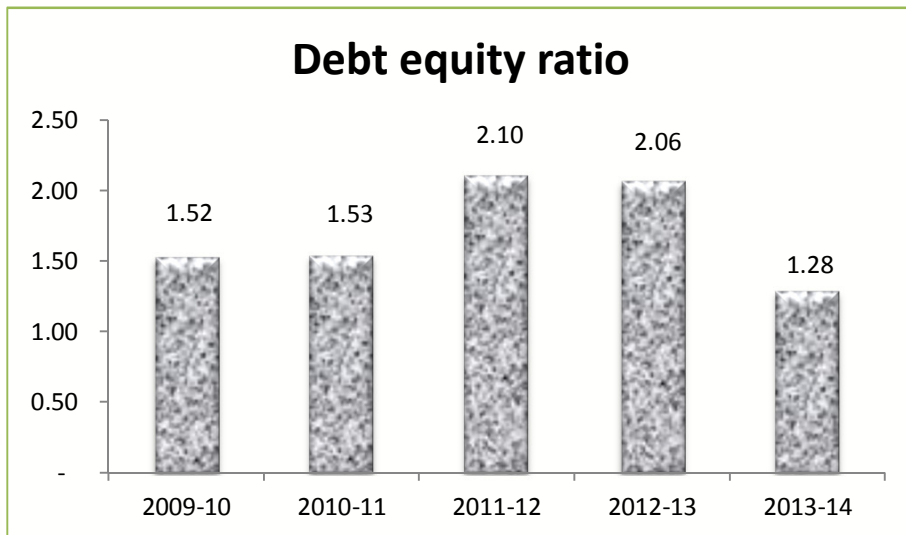
	2012-13	2013-14
Exit of Penems Project		482
Exit of Africa/Vietnam Projects	40	159
Inorganic Acquisition related costs	3	64
Old Inventory/Advances written off/provided	120	30
Obsolete Fixed /Intangible Assets written off	26	32
Managerial Remuneration of Previous Year expensed during the year after approval from Government of India	45	
Recovery of <u>K R Ravishankar Salary</u> – not approved by Government of India		(27)
Exchange Loss –Buyers' Credits	84	114
TOTAL	318	854

Business course corrected by exit of non-core assets/projects

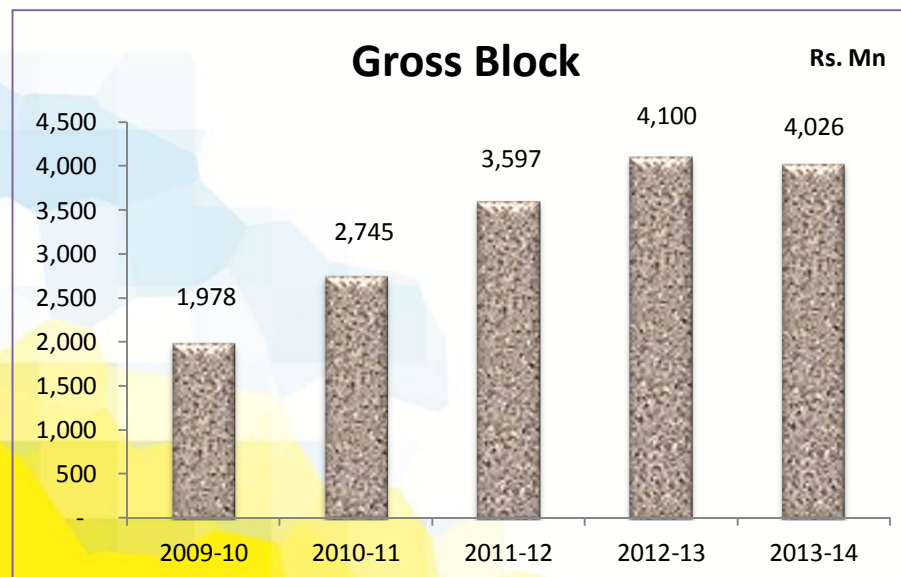
Performance Snapshot [consolidated]



Performance Snapshot [consolidated]



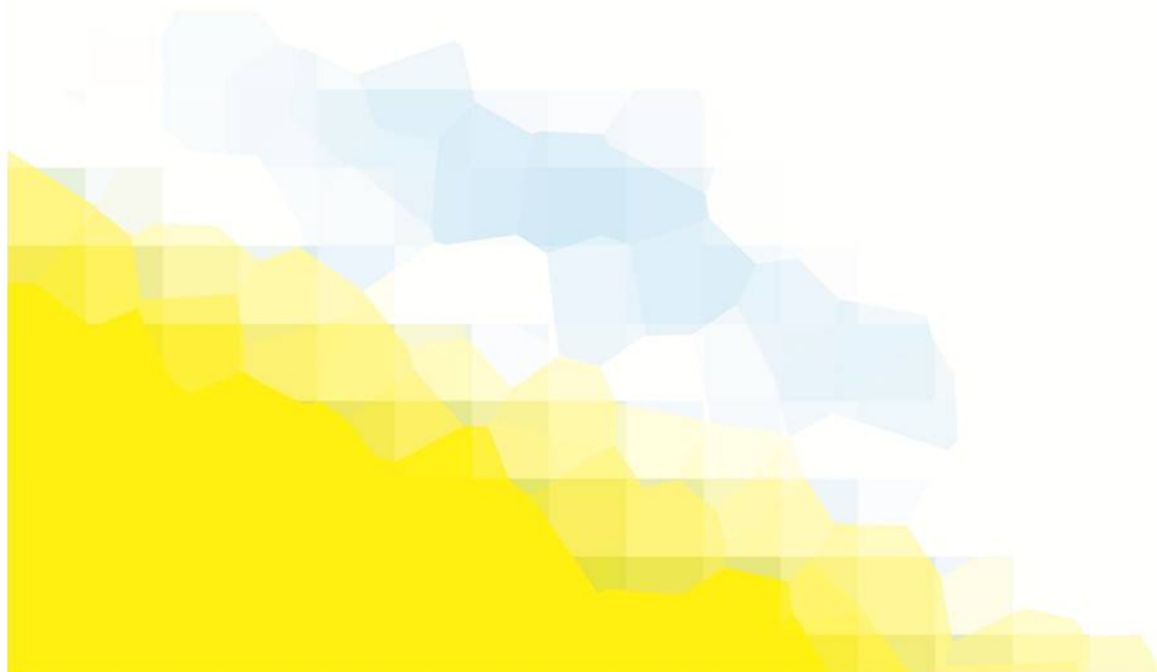
Promoter Loans considered as Quasi Capital



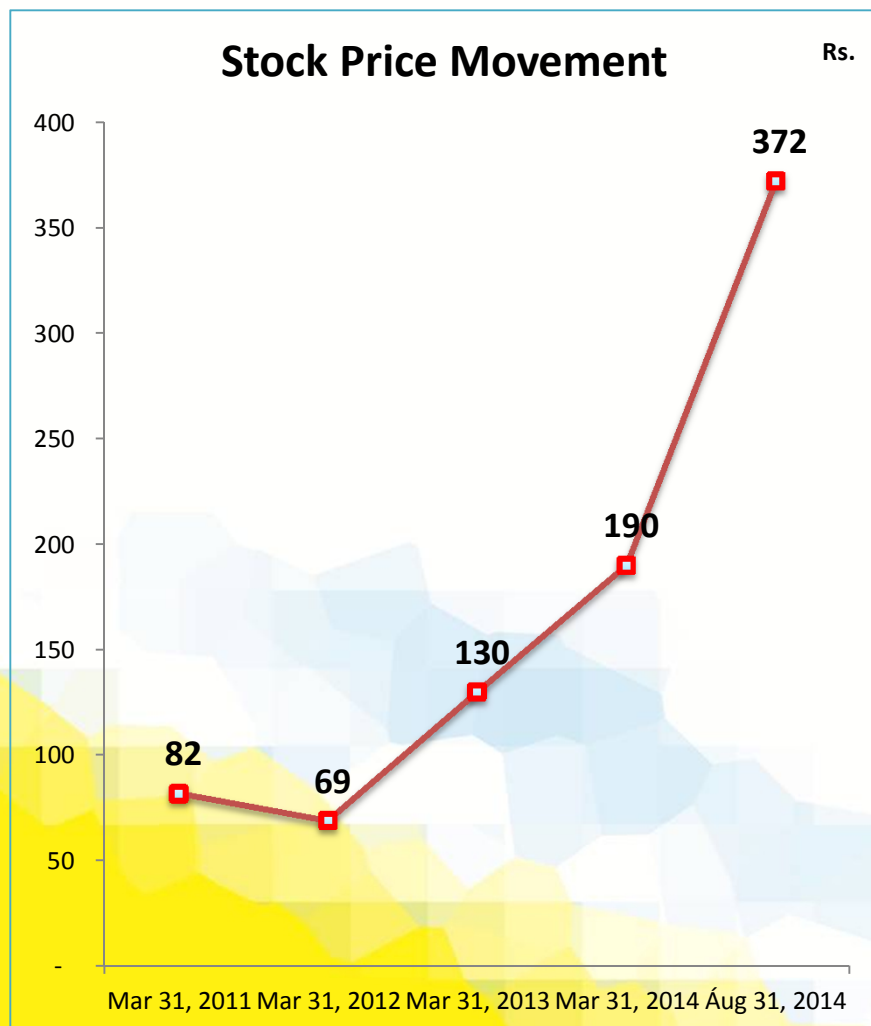
Include CWIP & Intangibles

Fund Raising

PREFERENTIAL ALLOTTMENT TO PROMOTERS	Price/Share	Rs. Mn
3,700,000 equity shares of Rs. 10/- each	135.25	500.4
2,000,000 equity shares of Rs. 10/- each	222.15	444.3
3,000,000 equity shares of Rs. 10/- each	236.00	708.0
TOTAL		1,652.7



Stock Price Movement



Post Balance Sheet Events

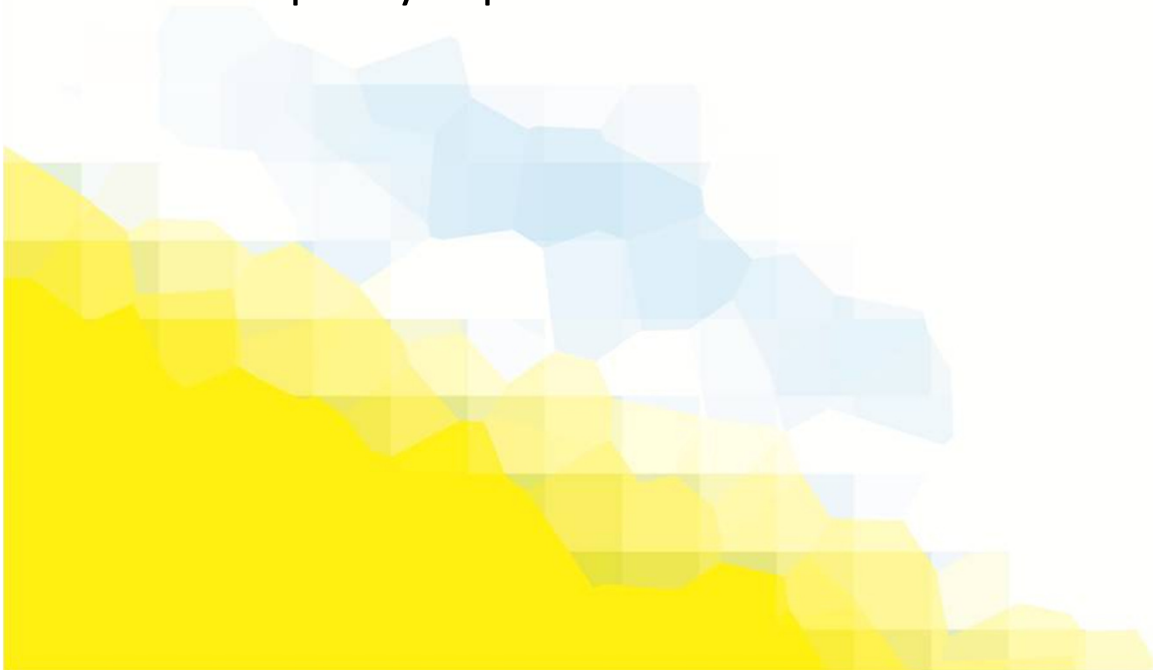
- **Divestment of Specialty Chemicals Division to Songwon Group**
 - Divestment completed on Aug 1, 2014 for a consideration of Rs. 1,200 Mn
- **Acquisition of Manufacturing Facility of Arvee Synthesis Private Ltd at Mysore**
 - SeQuent acquired this facility on a 16 acre site near Nanjangud, Mysore for a total consideration of Rs. 260 Mn
 - The facility will be used for manufacturing various intermediates required by the Group and with scope for expansion in spare land
- **Acquisition of 60% equity stake in Provet, Turkey**
 - Our subsidiary – Alivira Animal Health Limited has entered into a definitive agreement to acquire a 60% stake in Provet, Turkey.
 - The acquisition will fast track the Formulation footprint of Alivira to new markets including regulated markets
 - 100+ product portfolio from Provet to significantly expand market presence
 - The transaction is expected to close in Oct 2014

Key Initiatives 2014-15 – Animal Health

- Commercialization of Vizag facility including successful customer, manufacturing & supply chain transition
- Expand formulation export footprint from predominantly Africa to include LATAM, SE Asia
- Strengthen the export formulation team with specific market experts
- Integration/Closure of the Provet, Turkey acquisition to fast track the Animal Health Formulation footprint
- Widening the Animal Health API product portfolio in attractive segments like Beta Agonists, NSAIDS & Ecto-parasiticides
- Launch of 'Alivira' brand
- Expand the capacity and scope at Ambernath Vet. Formulations facility

Key Initiatives 2014-15 – Human API

- Significant capacity expansions at Mangalore, Mysore and Mahad through debottlenecking to cater to strong offtake visibility in key APIs
- Commercialise licensing agreement with Gilead
- Complete expansion at Mangalore including dedicated pilot line for R&D
- Acquire adjacent land at Mangalore measuring 3.07 acres for future API capacity expansion



Agenda for the AGM

Ordinary Business

1. Adoption of Financial Statements
2. Re-appointment of Dr. Gautam Kumar Das
3. Re-appointment of Statutory Auditors – M/s Deloitte Haskins and Sells

Special Business

1. Appointment of Dr. Gopakumar Nair as an Independent Director
2. Remuneration to the Cost Auditor for the year 2014-15
3. Revision in the remuneration of Dr. Gautam Kumar Das, Joint Managing Director
4. Retirement of K R Ravishankar – Non Executive Director
5. Borrowing Power of the Company
6. Creation of Charge/Security over the assets of the Company



Thank Q