



AMBITION



EXECUTION



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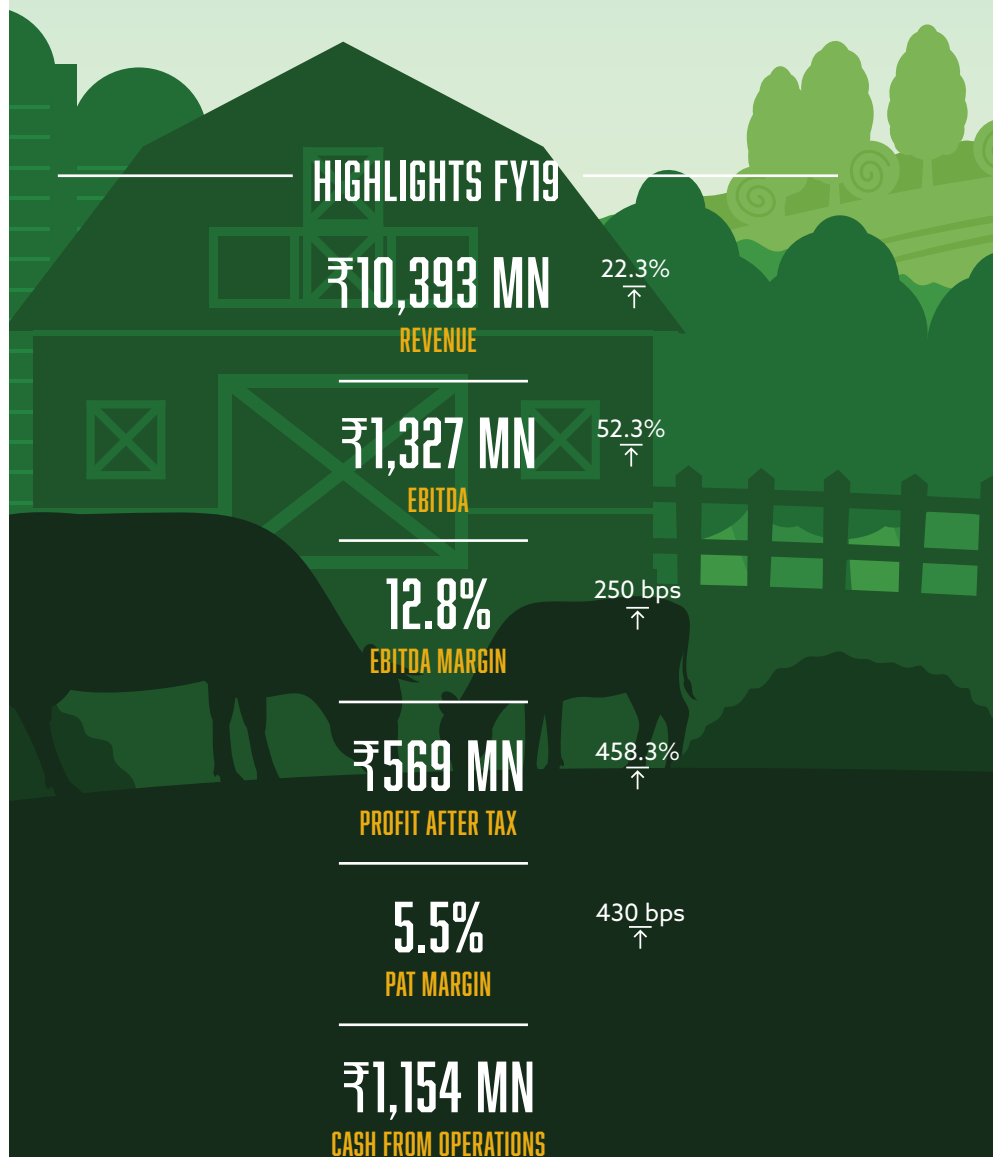
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"Our overall growth was fuelled by execution excellence across both APIs and formulations. We have significantly scaled up our capabilities during the reporting year, with the addition of an injectable manufacturing facility in EU, an EU GMP approved API facility in India and expanding our formulations and API R&D capabilities.

With the twin levers of scale and operating efficiencies playing out, our return ratios have improved, resulting in robust operational cashflow. With a differentiated strategy, favourable environment and robust fundamentals, we are well on course to create sustainable value for our stakeholders."

Manish Gupta, Managing Director



MORE INFORMATION ONLINE AT
sequent.in
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↑ y-o-y growth

THE NICHE GLOBAL ANIMAL HEALTH SECTOR IS WITNESSING EXCITING GROWTH OPPORTUNITIES AND CONSOLIDATION. ON THE ONE HAND, THE OPPORTUNITY LANDSCAPE IS DRIVEN BY POPULATION EXPANSION, INCREASED DEMAND FOR ANIMAL PROTEIN, CHANGING LIFESTYLES AND EVOLVING HABITS. ON THE OTHER HAND, THE CONSOLIDATION IS THE RESULT OF GROWING COMPLIANCE AND COMPLEXITY.






THE PLAYGROUND IS DIFFERENT, BUT THE TRANSFORMATION WILL ONLY BENEFIT THOSE PLAYERS, WHO HAVE RELEVANT GLOBAL SCALE AND MARKET OUTREACH.

OUR DIFFERENTIATED PRODUCTS DRIVEN BY INNOVATION, FAST EXPANDING MARKET COVERAGE AND STRATEGIC CAPACITY BUILDING ENABLE US TO OUTPERFORM THE INDUSTRY.

**OUR AMBITION IS TO BE A LEADING PURE-PLAY
ANIMAL HEALTH COMPANY IN THE WORLD
WITH INTEGRATED, END-TO-END CAPABILITIES.**



OUR DISTINCTIVE APPROACH FORMS THE CORE OF OUR EXECUTION PHILOSOPHY

PARAMETER	MARKET DYNAMICS	OUR APPROACH
 INDUSTRY SCENARIO	Limited scale 'in-market' local business	We continue to refresh and recalibrate our strategy in tune with evolving industry dynamics
	Customer focused business with emphasis on relationships	Our management team has global expertise and local know-how
	Limited role of patent regime, pricing caps and reduced R&D pressure	We offer differentiated products to remain ahead of the curve
 MARKET KNOWHOW	Branded generics market offers promising opportunities for creating brands	A wide range of quality, trusted brands
	No secondary market database, business is built on local knowledge	Use our local expertise to establish strong veterinarian connect
	Complex and distinctive regional requirements	Built a robust, region-specific portfolio with unique propositions
	Veterinary connect is critical including the relationship with the farming community	Established customer-centric, relationship-driven global front-end for last-mile partnership
 RESEARCH AND DEVELOPMENT	Animal health market is fortified by regulatory barriers and FMCG characteristics	Built our presence by conforming to regulatory standards
	Few products under patent protection	Pipeline products are balanced between patent expiry molecules, leveraging end to end integration and products with limited competition
	Limited R&D focused on drug delivery and ease of use	Creating differentiated generics through innovation
	Complex regulatory framework, driving disproportionate R&D returns	Global centres of excellence and collaborative R&D harnessing the strengths of East and West

**WE HAVE SCALED OUR BUSINESS 4.5X
IN FOUR YEARS, WAY AHEAD OF THE INDUSTRY.**



MANAGING DIRECTOR'S MESSAGE

ADVANCING AMBITIONS



DELIVERING VALUE

Dear Shareholders,

It gives me great pleasure to present to you SeQuent's Annual Report for FY19, our first full year of operations as a pure-play animal health company, foundations of which were laid over the last four years. The past year gave us an insight into our distinctive business model and the compounding effect of what unbridled 'Ambition' can deliver when supported by powerful 'Execution'. With an annual run rate of US\$ 150 million and a presence in 100+ countries, we have emerged as the largest and the first fully integrated global animal health company from India.

We began this journey with a vision of creating a world-class animal health company, and today, this ambition is fulfilled as we ended the financial year with a performance commensurate with our commitment. It is a validation of our unique business model as also our execution capabilities that we have achieved this in a challenging environment of multiple headwinds, including supply chain challenges in the Eurozone, Brexit uncertainty as well as Turkey which suffered both

regulatory and currency headwinds for a large part of the year. This has been a year of strong performance wherein our revenue and EBITDA grew by 22% and 52%, respectively, with a 250 bps margin improvement and a 5.6x growth in PAT, fuelled by execution excellence across both APIs and formulations. We have significantly scaled up our capabilities during the financial year with the addition of an injectable manufacturing facility in EU, expanding our formulations, R&D capabilities and commercialisation of two products in the US from our API facility in Vizag. During the financial year, we made five US filings and three CEP filings in an endeavour to scale up the value curve following our global strategy. Our acquisition of EU GMP approved API facility at Mahad, Maharashtra complements our facilities at Vizag and Tarapur, providing us with a comprehensive infrastructure to significantly scale this business in the medium term.

One of the key highlights of this year was the acquisition of Bremer in Germany with a clear focus on

shaping our injectables strategy for regulated markets. Bremer is a niche veterinary health company with a focus on cattle and swine segments. Bremer has a portfolio of over 400 registered products across Europe, Far East, MENA, Russia and Africa operating in vitamins, antibiotics and hormones. This acquisition not only consolidates our position in the European market but also completes our extensive manufacturing footprint in EU across injectables, orals, solids, powder range with front-end presence in top 7 of the 10 EU markets.

In my opinion, the Bremer acquisition is a culmination of a journey that started in 2014 when we outlined our vision to create a global animal health company from India through a judicious mix of organic growth and inorganic acquisitions. It was also prudent of our Company to let go of businesses which were not in line with our stated goals. The SeQuent that you see today has metamorphosed from an India-centric, API-led firm serving the unregulated markets to a global animal health company underpinned by a vertically integrated strategy, focus on formulations and worldwide footprint. This transformation has been catalysed by our strategic investments in building our Vizag API facility as well as the inorganic acquisitions across the globe, complemented by the successful integration of these acquisitions. The stage is now set for our Company to focus on superior financial outcomes through relentless execution, and I believe that the same is already visible.

On the formulations front, our business has shown tremendous growth on the back of performance across all geographies. Our growth was driven by improved market shares across key products as also new product introductions. The growth must be seen against the backdrop of headwinds in Turkey where we not only had to grapple with a new measure to control abuse of anti-microbials which impacted sales but also had to take hits due to depreciation in the local currency. I am happy to state that our Turkish facility also received EU GMP during the current year, bolstering our prospects in the regulated markets in the EU region.

The pipeline in the formulation segment looks robust, with over 35 products at various stages of development. This has been the toughest part of our journey given the unique challenges of our industry - absence of IQVIA data for product selection as also relevant human capital in this space. Our target is to make over 20 new filings in the US markets over the next three years. Strategically, we have significantly bolstered our investments in product development programme in formulations, which was launched two years ago, and we are confident that this will be a key growth



The past year gave us an insight into our distinctive business model and the compounding effect of what unbridled 'Ambition' can deliver when supported by powerful 'Execution'.

driver, going forward. We have established strong R&D capabilities in India and Spain which complements our manufacturing footprints in India, Spain, Turkey, Germany and Brazil. To maintain the R&D momentum, we have not only expanded the R&D team in India but also developed capabilities to execute ecotoxicity and bioequivalence studies for animals in India.

Furthering our ambition to be amongst the global top ten companies in the coming years, we have strengthened our leadership team by inducting a senior resource for our global injectable business. We should be completing our leadership hiring for the US market shortly. We believe a capable and robust management bandwidth is one of the key determinants of our ability to deliver strong performance as committed and pride ourselves with the global management team that we have built.

I want to thank our employees who have been a key factor contributing to overall growth and hope that their contribution will take our Company to the next orbit. I also wish to thank our investors who have stood by us like a rock while we built our Company brick by brick to what you see today. I would be failing in my duty if I did not thank our valued customers who have been the *raison d'être*.

With a differentiated strategy, favourable environment and building blocks aligned, we are well on course to create sustainable value for our stakeholders. The performance in fiscal 2019 and our visibility for the near term give us the confidence to emerge as a global player in the animal health space in the medium term. We believe that relentless Execution is the key driver, and we are confident that we will achieve the ambitious targets we have defined for the next few years.

Warm regards,

Manish

COMPETITIVE EDGE



SCALED-UP CAPABILITIES

WE ARE AN INNOVATIVE, GLOBAL ANIMAL HEALTH FOCUSED COMPANY, MAKING A SIGNIFICANT DIFFERENCE IN WORLDWIDE ECONOMIC PROGRESS AND SOCIAL WELL-BEING.

WE STRIVE HARD TO PROVIDE BEST-IN-CLASS VETERINARY SOLUTIONS TO OUR CUSTOMERS, BECAUSE WHEN THEY THRIVE, WE BENEFIT. WITH STRONG MARKETING FOOTPRINT, A UNIQUE BUSINESS MODEL AND DIFFERENTIATED PRODUCTS THROUGH OUR R&D EXPERTISE, WE ARE REINFORCING OUR PRESENCE IN A LARGE, GROWING AND DIVERSE SECTOR.



WE ARE BUILDING ON OUR STRENGTHS AND DEEP MULTI-MARKET INSIGHT TO FAST-TRACK OUR BUSINESS GROWTH



LARGEST

PUREPLAY ANIMAL HEALTH
COMPANY FROM INDIA



8

STATE-OF-THE-ART GLOBAL
MANUFACTURING ASSETS IN INDIA,
SPAIN, GERMANY, BRAZIL AND TURKEY



1,000+

FINISHED DOSAGE FORMULATIONS
ACROSS 12 DOSAGE FORMS



26

COMMERCIAL APIs



100+

COUNTRY PRESENCE



1,400+

MEMBER GLOBAL TEAM



US\$ 94 MN

INVESTED IN R&D, MANUFACTURING
CAPABILITIES AND BUILDING MARKET
PRESENCE OVER THE LAST FIVE YEARS



TOP 10

GLOBAL ANIMAL
HEALTH PLAYERS
WORK WITH US



INDIA'S ONLY USFDA

APPROVED ANIMAL HEALTH
API MANUFACTURING FACILITY
(VIZAG)

BROADBASED PORTFOLIO



DIFFERENTIATED SOLUTIONS

WE HAVE EMERGED AS INDIA'S LARGEST AND FIRST, GLOBAL INTEGRATED ANIMAL HEALTH COMPANY SPECIALISING IN MANUFACTURING OF ACTIVE PHARMACEUTICAL INGREDIENTS (API) AND FINISHED DOSAGE FORMULATIONS (FDF).

WE HAVE A STRONG, DIVERSIFIED PRODUCT BASE THAT ADDRESSES THE NEEDS OF A MULTITUDE OF SPECIES WITHIN THE FORMULATION FRONT. OUR THERAPEUTIC SEGMENTS INCLUDE FEED SUPPLEMENTS, ANTIBIOTICS, ANTHELMINTICS, ANTIBACTERIAL, SKINCARE (DERMATOLOGY) PRODUCTS AND DISINFECTANTS WITH MORE PRODUCTS ON THE ANVIL. WE HOLD MARKET-LEADING POSITIONS IN SEGMENTS LIKE INTRA MAMMARIES, SPOT-ON AND POUR-ON. WE ARE WORLD'S LARGEST ANTHELMINTIC API PRODUCER AS WELL AS LARGEST VETERINARY API PRODUCER IN INDIA.