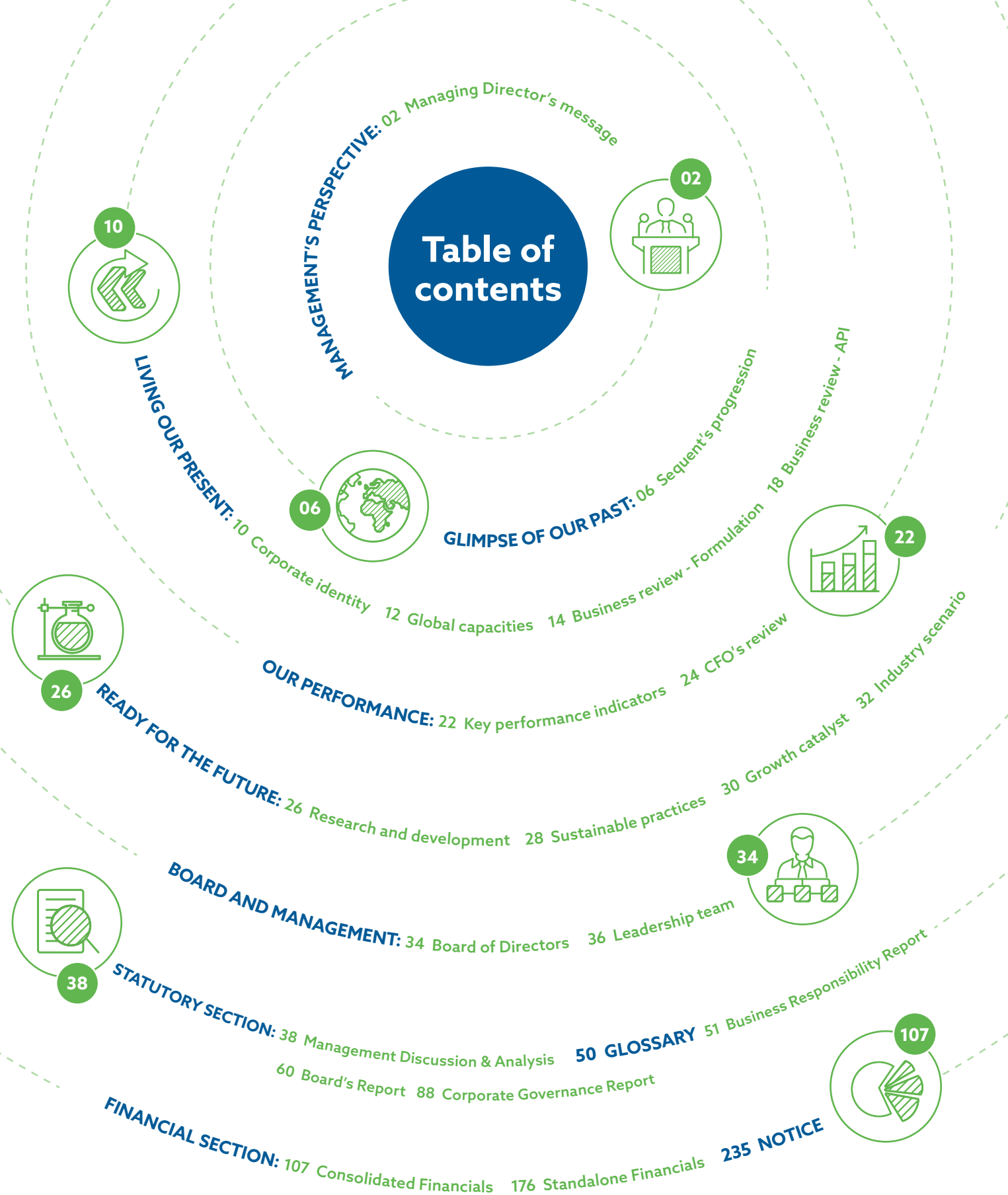


Table of contents



About SeQuent Scientific Limited (SeQuent)

SeQuent, headquartered in Mumbai, India with a global footprint, operates in the domains of Animal Health (Alivira) and Analytical Services. SeQuent has eight manufacturing facilities based in India, Spain, Germany, Brazil and Turkey with approvals from global regulatory bodies, including USFDA, EUGMP, WHO, TGA, among others. Our Vizag facility is India's first and only USFDA approved facility for veterinary APIs. We are the largest animal health company from India and amongst the top 20 global animal health companies.

We commenced our journey with a vision to create an outlier animal health company. Over the years, we have grown organically and inorganically, expanded our footprint to high-potential markets globally, and divested non-core businesses to channelise our energy and resources towards our core business.

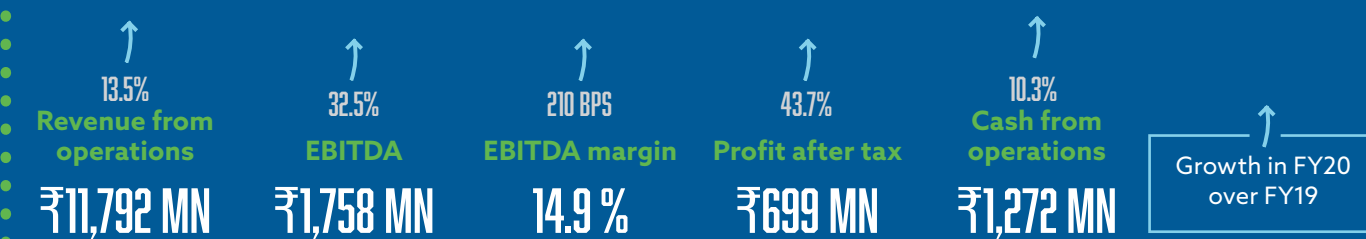
While we were transforming, we also ensured that our business settled into an orbit that was steady, reasonably successful, fairly predictable and one that minimised uncertainties. This meant that the Company was in a cruise mode, albeit with caution, and emerged as the largest animal health player from India.

The ambition, however, was to be counted among the top animal health companies globally. This would mean breaching the threshold levels that would limit our capacity to innovate, grow and charter into unknown territories to explore and execute the new. The predictability and consistency of our performance over the last few years, coupled with the recent developments at the Company has provided us the necessary thrust to smoothly transition into a higher orbit.

The voyage of SeQuent has been enterprising thus far. The final frontier now beckons. Our continuing mission is to explore the exciting new worlds of the animal health space and to seek out new opportunities and challenges – to boldly go where no animal health company from India has ever gone!

Come, let us explore newer horizons and continue this exhilarating journey together...

OUR PERFORMANCE IN FY20



MANAGING DIRECTOR'S MESSAGE

New Orbit. New Possibilities.



“

I would take a moment to reflect on the journey of transformation of SeQuent over the last six years to where it is today, among the 'Top 20' players in the global animal health space. This journey has been rather eventful and by no means an easy one.

”

Manish Gupta
Managing Director

Dear Shareholders,

It gives me immense pleasure to take you through the performance and operational highlights of your company SeQuent for FY20.

FY21 also started on an eventful note in more ways than one for the world at large, and for us for a different reason. The COVID-19 pandemic, which earlier seemed localised, spread to all corners of the globe causing unprecedented disruption, something that the world had never seen for many decades. No business can claim to be unscathed from its impact, only the degree may vary. For us, another disruption, this time a positive one, was in the form of the announcement of a change in ownership in SeQuent, with Carlyle, a leading global private equity player, set to acquire a majority stake in SeQuent. This acquisition, which is the first and the largest control transaction by Carlyle in India, is not only a testimony of the strength of SeQuent but can also change the trajectory and potentially propel the Company into a different orbit. With this perspective in mind, we have chosen 'Changing Orbits' as the theme for this year's Annual Report.

Changing Orbits

Picture a new satellite being placed in orbit. This requires years of meticulous design and planning. The continuity of the satellite

system further depends on a series of successful manoeuvres, launches and course corrections and each of these actions represent a major financial investment. Needless to say, launching satellites and maintaining them in a specified orbit is a very complex process that requires co-ordination from teams across the world working together for months and years at a time. Substitute the satellite for SeQuent and you have the same dynamics and complexities associated with a satellite for a Company to reach its desired orbit.

The journey does not end there. At times, an orbital manoeuvre, using a propulsion system is required to change the orbit of the satellite to enable it to perform functions for which it was designed. And that propulsion for SeQuent has come in the form of Carlyle and we believe our current positioning fundamentally represents an inflection point in this journey.

I would take a moment to reflect on the journey of transformation of SeQuent over the last six years to where it is today, among the 'Top 20' players in the global animal health space. This journey has been rather eventful and by no means an easy one.

Lift Off (The Early Years)

The genesis of where we are today can trace its roots to 2014 when we were a ₹4 billion company with

primary interests in Human API and Animal Health businesses and a small speciality chemical vertical. The strategic call taken to create Alivira, our animal health focused vertical, involved a series of structural moves, including setting up a greenfield veterinary focused API facility at Vizag, supported by a string of formulation-led inorganic acquisitions across the world in select geographies of Europe, Turkey, India and Latin America.

When we redrew the strategy with clarity on our destination, needless to say that we had to let go a few of our businesses, which were not core to the new strategy. This prompted us to divest our speciality chemical business in 2014 and demerge our human API business into Solara Active Pharma Sciences Limited in 2018.

So here we are now, a pure-play animal health Company, with an annual turnover of ₹11.8 billion or US\$165 million, not only making us the largest in India but also among the 20 largest animal health companies globally. The consistency displayed to reach this position, which is reflected in our performance of the last 12 consecutive quarters, is testament to a mature and well diversified business model resilient to the external environment.

Cruise Phase (Year gone by)

Turning my attention to our performance for the year, I am pleased to state that we achieved all our strategic and financial objectives that were set for ourselves at the beginning of the fiscal. Our revenue grew 16% in constant currency terms with strong growth in both the API and Formulation segments; while API grew 21%, formulations accelerated from a slow first half to grow at 14% for the year. The diversified portfolio mix between products and geographies came to the fore as Turkey and LATAM with growth of 67% and 26%, respectively balanced out slower growth in Europe and Emerging Markets, both of which faced a lot of headwinds in the macro economic environment.

The revenue growth translated into increasing EBITDA margins, which at 14.9%, was 210 bps over what we achieved in FY19. Of special significance is the fact that we turned in an EBITDA of 17.0% in Q4FY20 which is the highest ever in our history and provides a base to build on in the future. Portfolio mix, scale and markets were key variables that drove the margins up. Profit after Tax at ₹699 million, was also up by 44% compared to the previous fiscal.

In recognition of our consistent performance over years, recently, Animal Pharm Awards recognised Alivira as the top company from India/Middle East and Africa. This global recognition provides both satisfaction of our disciplined execution as well as motivation to continue to do well.

Space Turbulence (COVID -19)

The COVID-19 pandemic has unleashed an unprecedented challenge for global economies. No country or company can stay unscathed from the same. Being part of the Pharmaceuticals and Animal Health industry which caters to basic health and nutrition needs, we are in an essential industry space across the globe. While this allowed us to continue our operations during lock-downs, the human and logistical challenges at both our end as well as for our various suppliers kept us on our toes. However, our 1,700+ strong workforce across the globe has ensured safe and continuous operations at all our plants inspite of enormous personal and social difficulties. This not only allowed us to service our customer requirements, but also fulfill all our obligations to our key stakeholders, including suppliers, employees as well as banks in time. Our primary focus while maintaining the operations was 'safety and welfare' of our crucial assets - employees, and that will continue to remain our key priority.

In the face of the pandemic, while we remain cautious about the environment we are operating in, we expect the momentum to continue in FY21. This confidence stems from our fairly unique business model, the value-proposition that we offer to our customers as well as the commitment of our various stakeholders in business, especially our employees.

0.29**Net debt to equity in FY20****Robust Design (Strengthened financials)**

The pandemic has brought more focus on the financial strength of the Companies, well beyond the quarterly or annual profitability. The capital and liquidity ratios have gained as much prominence as the growth and profitability ratios.

Balance sheet ratios has been an area of paramount focus of SeQuent's leadership team for many years with our ROCE now at 14.9% compared to 4.0% in FY17, a 3.7x jump in four years; Net Debt/ EBITDA at 1.22 compared to 3.75 in FY17; a 3x improvement; cash from operations improved to ₹1,272 million, compared to ₹21 million in FY17. With Net Debt to Equity at 0.29 and a cash balance of ₹1,160 million on March 31, 2020, the Company has ample fire-power to drive and even accelerate our business strategies.

Strong performance and robust cashflow notwithstanding, the Board has taken a prudent call to conserve cash in light of the pandemic and not recommend a dividend for this financial year.

~14.9%**Return on Capital Employed (ROCE) in FY20 from 4% in FY17****₹699 MN****Profit after Tax in FY20****Escape Velocity (New Promoters as Catalysts)**

This brings me to address an important corporate action that all of you might have seen. The global investment firm, the Carlyle Group has entered into a definitive agreement with the existing promoters of SeQuent Scientific to acquire a majority stake and up to 74% in the Company, including upto 26% equity shares from public shareholders. This transaction is their largest control deal in India and is reflective of their confidence on the sector and the business model of SeQuent. Carlyle is no stranger to the Indian Healthcare sector with a history of investing in the healthcare sector, both in India and globally, fueled by a deep understanding of the market and an ability to create value through its operational expertise and close partnerships with management.

I believe Carlyle's backing as the new promoter group provides necessary impetus to place SeQuent into the next orbit of growth and become one of the top global animal healthcare companies. I would like to place on record my sincere thanks to Arun Kumar and KR Ravishankar, the current promoters, for their vision and support which took SeQuent to where it is today - shaping it as largest Animal Health company from India and also among the top 20 Animal Health companies in the world.

The proposed acquisition also triggered an open offer under SEBI takeover code and the acquirer is in the process of completing the formalities and make an offer to acquire additional 26% shares from the existing shareholders.

“

I believe Carlyle's backing as the new promoter group provides necessary impetus to place SeQuent into the next orbit of growth and become one of the top global animal healthcare companies. I would like to place on record my sincere thanks to Arun Kumar and KR Ravishankar, the current promoters, for their vision and support which took SeQuent to where it is today - shaping it as largest Animal Health company from India and also among the top 20 Animal Health companies in the world.

”

We have explained the nuances of the transaction elsewhere in this Report in detail.

Growth propellers

I would be failing in my duty if I did not place on record my heartfelt appreciation of all the employees of SeQuent across geographies who rose to the occasion in this pandemic situation to ensure that we were on steady keel. My gratitude to our promoters, board of directors and all our shareholders who have been a pillar of support for us through the years and I am confident that their trust in us will be rewarded.

As I end, Robert Frost said "Two Roads Diverged In A Wood And I - I Took The One Less Traveled By, And That Has Made All The Difference". This aptly defines the SeQuent journey and we stay both confident and committed to continue this exciting journey.

*Warm regards,
Manish*

SEQUENT'S PROGRESSION

Powered ascent

If we look back in time and take a 5-year perspective, we see significant transformation happening in the world of SeQuent. In 2014, we took a strategic call to create the first powerhouse of animal health business in India, giving birth to Alivira.

This was followed by a series of structural moves in the animal health space; and a flurry of acquisitions in select geographies to build a strong formulations business. We now have two fast-growing business segments (veterinary API and formulations) which have emerged as two distinct growth drivers for our business.



LIFT OFF: BUILDING BASE

CRUISE: INVESTMENT PHASE

PROPULSION: YEAR OF INFLECTION

Formulations

FY18 FY17 FY16

Inorganic-led
capability build-upPresence in **17
of top 25 animal
health markets** with
strong presence in
the EUComprehensive
manufacturing
across various
dosage forms/
marketsBuilt R&D Centre
in Spain

FY21 FY20 FY19

Doubled R&D
capabilities and
established a new
R&D centre in IndiaPipeline of **40+
products** with
addressable market
size of **~US\$1bn****First US filing in
FY21**
**25+ US and EU
filings over 3 years**Initiated **4x
capacity expansion**
at our German
facility

FY22 and beyond

**1st
commercialisation**
in the US**25+ launches in the
US and EU markets**

LIFT OFF: BUILDING BASE

CRUISE: INVESTMENT PHASE

PROPULSION: YEAR OF INFLECTION

API

FY16 FY15 FY14

Sales to Less
Regulated Markets
(LRM)Recognition of EHS
as key business driver
• Invest in new
future-ready
facility
• Shutdown of
existing facilityScaled-up
new product
development
programmeFocus on
customers and
vendors with
strong quality
assurance and
governance

FY19 FY18 FY17

USFDA approval
for Vizag facility**70+ successful
customer audits**Deepened interface
with global **'Top-10'**
Established
strong IP platform
29 filings across the
US and EUEnhanced
competence
in commercial
team with strong
technical support

FY20 and beyond

Investments –
facility, customers
and products
pay-offNew products
drive growth – 12x,
**accounts for 25%
of business**Master Service
Agreement (MSA),
with leading animal
health company**6+ product
commercialisation**
in the US
Quality of business
drives realisations
and margins

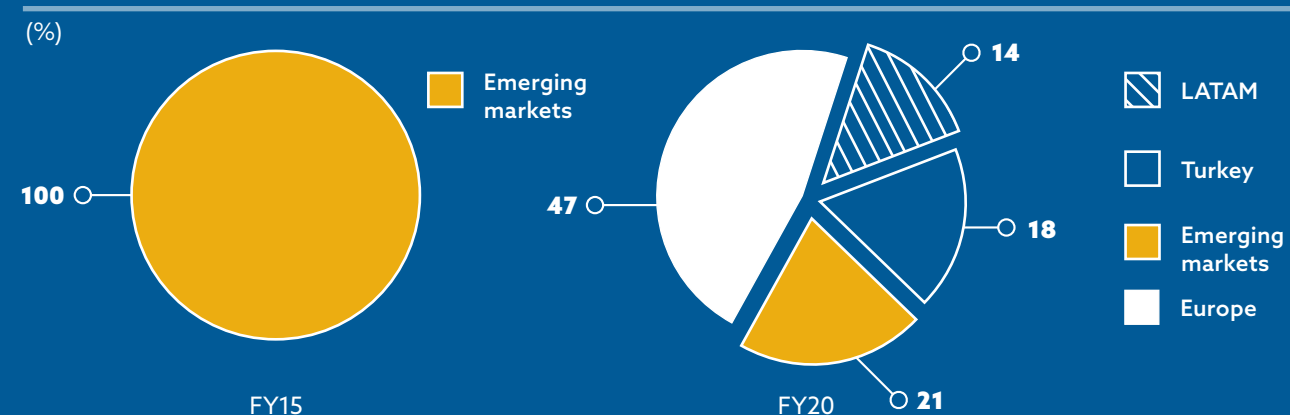
SEQUENT'S PROGRESSION

We are sharpening our focus on high-margin formulations business; and its contribution to the overall revenue has grown significantly over the years. Both our business segments are seeing encouraging growth, which clearly demonstrates a well-diversified portfolio mix between products and geographies.

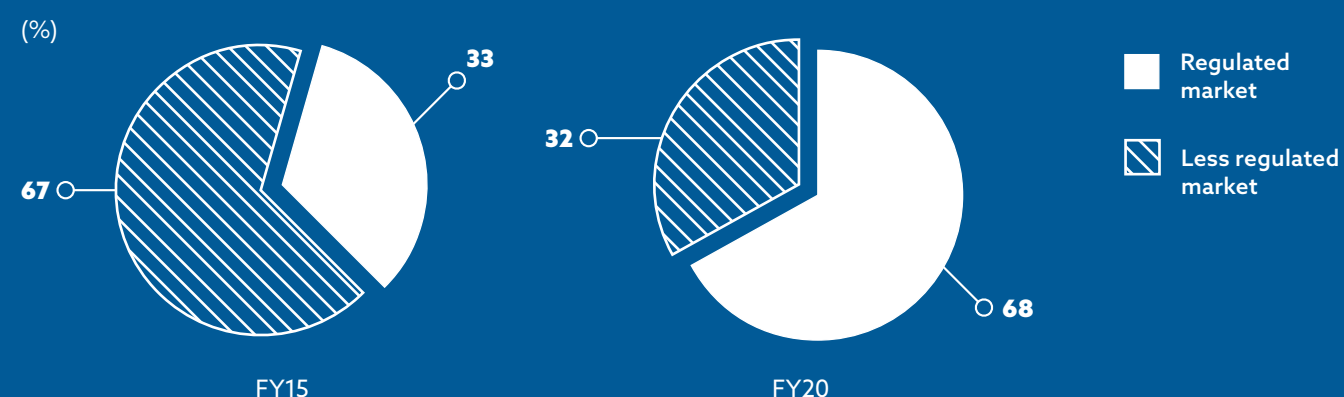
PURSUING HIGH-MARGIN BUSINESSES



DIVERSIFIED MARKET PRESENCE



GROWING PROMINENCE ACROSS REGULATED MARKETS



Formulations

We have transitioned from an emerging-market-focused to regulated market-driven Company.



Formulations journey

	FY15	FY20
REGISTERED PRODUCTS	250	1,000+
R&D CAPABILITY	-	4 R&D centres Pipeline of 40+ products
PLANTS	1 EM cGMP	3 EUGMP, 1 MAPA, 1 EM cGMP

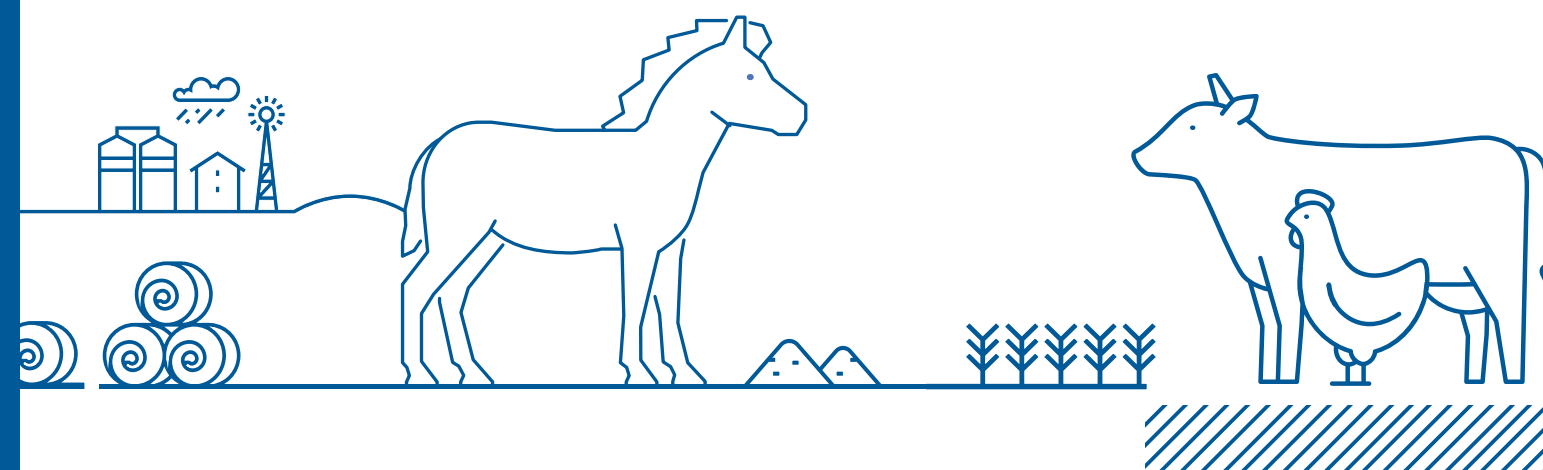
API

We are focusing more on sticky and regulated market players, catering to global leaders in animal health.



API journey

	FY15	FY20
US AND EU FILINGS	3	29
R&D PIPELINE	12	14
PLANTS	1 cGMP facility 1 Intermediate	1 USFDA EUGMP, WHO-GENEVA 1 EUGMP, 1 Intermediate



CORPORATE IDENTITY

Ready to reach new horizons

At SeQuent, we are helping address global animal health challenges to contribute to sustainable food security as well as animal well-being.

We are the largest animal healthcare Company from India with global operations. We provide animal health Active Pharmaceutical Ingredients (API), formulations and analytical services. Over the years, we have constantly evolved in line with market opportunities, providing best-in-class veterinary solutions to our customers. Our unique business model is driven by strong execution skills, robust R&D expertise, extensive global footprint, wide product basket and lean operations.



NO. 1
Animal health
company from
India



8
World-class
manufacturing
facilities



5
Global R&D
centres



1,000+
Finished
dosages across
12 dosage forms



27+
Commercial
APIs



100+
Countries
Presence



US\$100MN+
R&D
investments



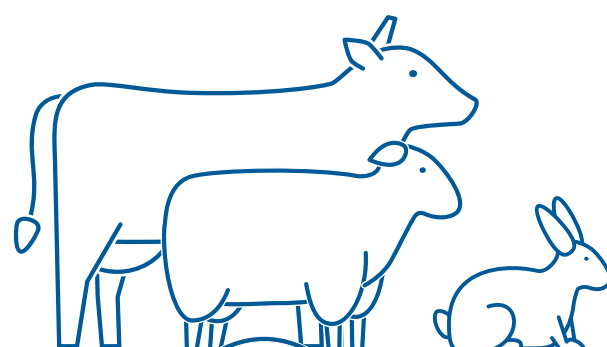
1,700+
Global
workforce

Alivira wins the IHS Animal Pharm 2019 awards

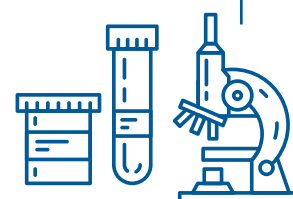
Alivira was declared the best Company in animal health from India/Middle East/Africa Region. IHS also noted that Alivira is India's only animal health firm to have a significant presence outside of its domestic market in Europe, Turkey, Latin America and many emerging markets.



Animal Pharm Award Winner 2019



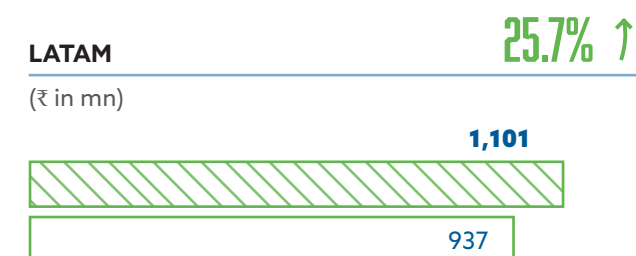
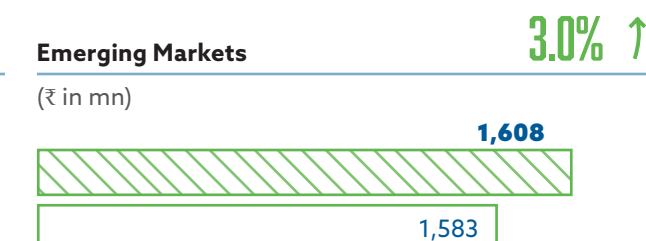
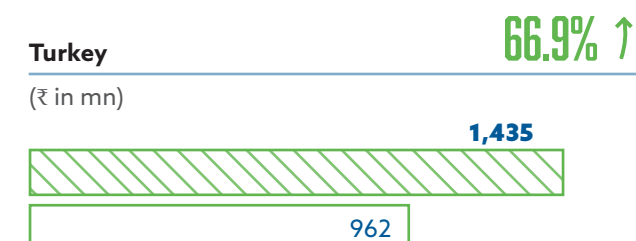
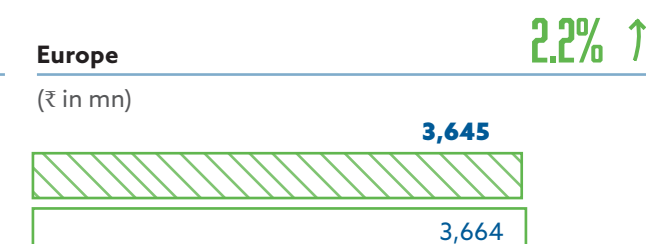
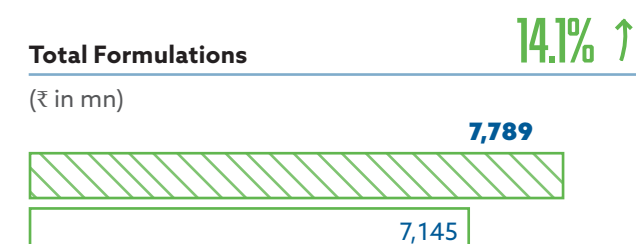
Alivira Animal Health Limited is a 100% subsidiary of SeQuent Scientific Limited.



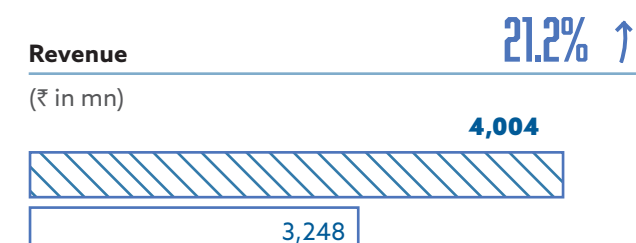
BUSINESS PERFORMANCE - REVENUE

FY20 ☒ FY19 ☐

Formulations



API



↑ y-o-y% growth are on constant currency



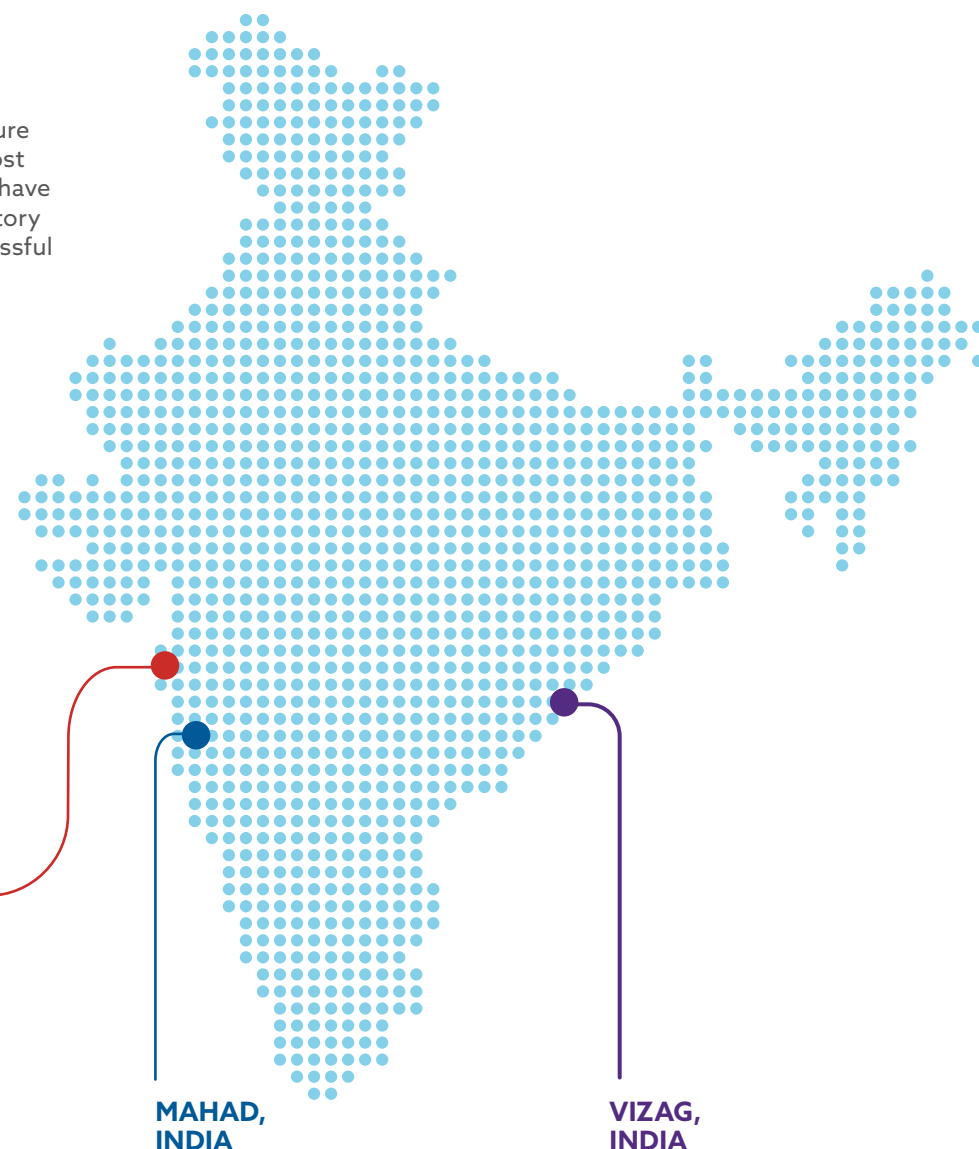
Formulations facility, Provet, Turkey

GLOBAL CAPACITIES

Strategic build-up of manufacturing capability

API capacities

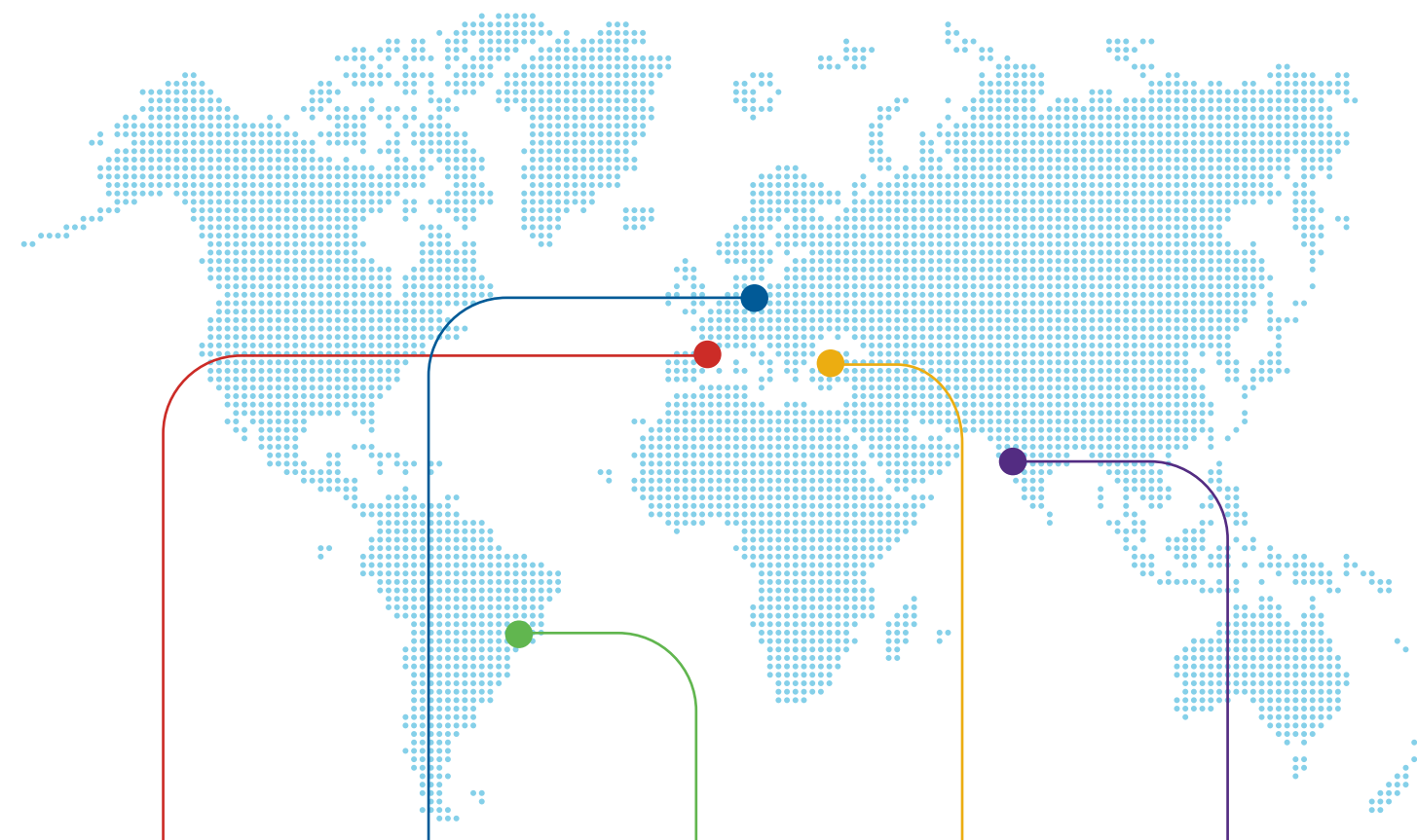
Our API capacities in India ensure high quality and sustainable cost advantage. Our API capacities have a strong track record of regulatory compliance with over 70 successful customer audits as on date.



Key Capabilities	API intermediate facility with reactor capacity of 64 KL with two clean rooms	API facility with reactor capacity of 80KL with two clean rooms	API facility with reactor capacity of 225 KL with six clean rooms
Approvals	cGMP	EUGMP, COFEPRIS Mexico	USFDA, EUGMP, WHO – Geneva

Formulation capacities

We have strategically located formulations manufacturing footprint with state-of-the-art manufacturing facilities to cater to our target markets. Our formulations capability enables us to supply tailored products as per local requirements across the EU, the US and Emerging markets, among others. Moreover, flexible manufacturing drives quicker and cost-effective solutions.



	BARCELONA, SPAIN	WARBURG, GERMANY	CAMPINAS, BRAZIL	ANKARA, TURKEY	AMBERNATH, INDIA
Key Capabilities	Dedicated Betalactam powder block and nutritional capabilities.	Betalactam and hormones		Dedicated Betalactam block Hormones and Cephalosporins	Sterile granules
Dosage forms	Oral solutions/suspensions; powders and premixes	Injectable solutions/suspensions, Oral solutions/suspensions, powders and premixes	Powders and premixes	Injectable solutions/suspensions, intramammaries, pour-on/spot-on, aerosols, oral solutions/suspensions	Oral solutions/suspensions, powders and premixes
Approvals	EUGMP	EUGMP	MAPA	EUGMP, Turkish GMP	cGMP, India, Uganda, Ethiopia, Kenya
Focus markets	US, EU	US, EU	Brazil	MENA, Turkey, EU	Emerging markets

BUSINESS REVIEW – FORMULATIONS

Balanced acceleration in formulations portfolio



Formulations facility, Provet, Turkey

We have steadily built a diversified portfolio of 1,000+ finished dosage formulations (FDF) across 12 dosage forms. Our therapeutic segments include feed supplements, antibiotics, anthelmintics, antibacterial, skincare (dermatology) products and disinfectants with more products in the pipeline. We are market leaders in segments like intra mammaries, spot-on and pour-on.

We have been successful in carving out a niche in poultry and dairy products in Europe, India, South East Asia, MENA region and Turkey. Additionally, we evolved a unique value proposition in the companion animal healthcare segment through a multitude of specialised high-quality offerings that not only relieve the sufferings of the adorable companion animals but also take care of their good health and promote enhancement of their quality of life.



Formulations facility, Karizoo, Spain

Well-positioned to capitalise on opportunity



80+

Countries with
marketing presence

5

Manufacturing
sites

4

R&D
centres

65%+

Sales to Regulated
markets

40+

Products
under
development

40+

New products
launched in
FY20

46.9%

Revenue CAGR
(FY17-FY20)

250+

Field force

Poised to deliver robust growth over the next 5 years

BUSINESS REVIEW – FORMULATIONS

Achievements in FY20

- In line with the industry, our EU business grew by 2.2% (constant currency) and reported a strong growth recovery in the second half of FY20, driven by the nutrition business from Spain
- With regulatory headwinds under control in Turkey, revenue from the geography grew by 66.9%
- Latin America grew by 25.7% with both Brazil and Mexico demonstrating robust growth
- Emerging markets grew by a sluggish 3%, primarily because of a weak macro environment in India
- Launched three products, which are specific to the US market, 18 products exclusively for the EU region and there are 8 products launched globally
- Filed for the first and world's largest livestock injectable for the EU market, with an addressable global market of

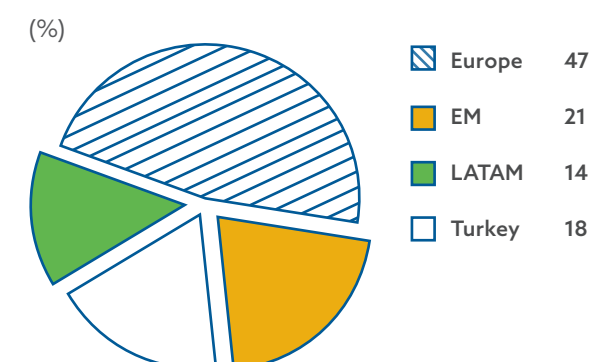
US\$350 million. Separately, filed the same for the UK market.

- Appointed US Business Head and strengthened sales team to serve our clients better
- Built capacity to do validation of an injectable every quarter from our German facility.

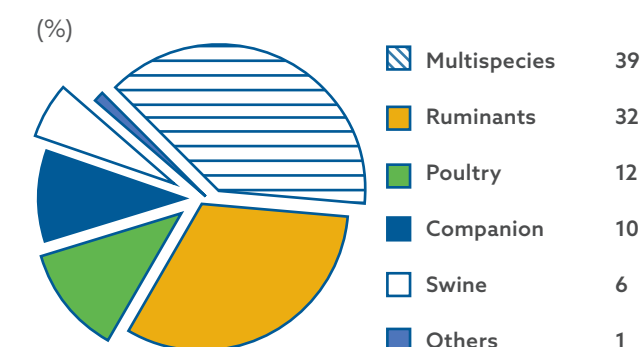
Formulation facility, Provet, Turkey

DIVERSIFIED PORTFOLIO

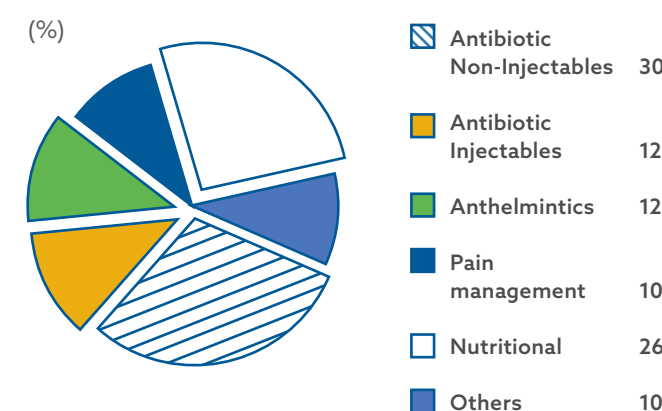
Revenue by region



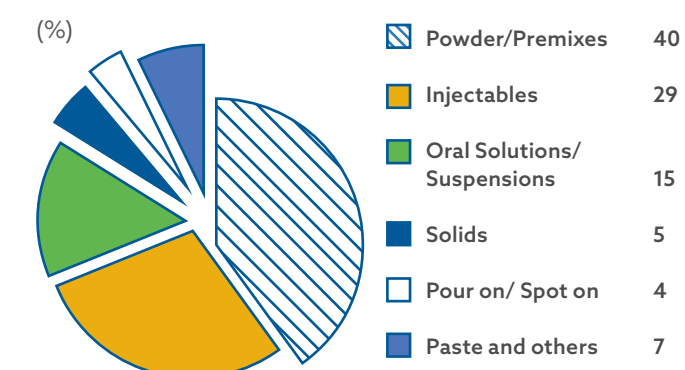
Revenue by species



Revenue by therapy



Revenue by dosage form



Growth drivers

- Establish strong pipeline with 10+ new filings in the US in the next three years with a market size of over US\$500 mn
- Maintain growth momentum in the European Region, driven by the approval of new injectable launched
- Business from Turkey and Latin American region to maintain a steady growth rate
- Building more capabilities at our German facility to achieve a balance between commercial requirement vis-à-vis R&D requirement



Formulations facility, Ambernath, India

