

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **Sequent Antibiotics Private Limited**

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Sequent Antibiotics Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



## Sequent Antibiotics Private Limited

### Auditor's report (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its Loss for the year ended on that date.

### Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

a) Note 'I' in the financial statements which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 'I', indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As the company has not met the applicability requirement of the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, the same is not forming part of our report.



**Sequent Antibiotics Private Limited**

Auditor's report (continued)

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

(c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.



ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For M/s P.Chandrasekar**

**Chartered Accountants**

Firm Registration No. FRN 0005805

  
  
Lakshmi Chandrasekaran  
Partner

Membership No. 028508

Place: Bangalore

Date: 23 April 2015

**Sequent Antibiotics Private Limited**  
**Balance Sheet as on 31 March 2015**


		Amount in Rs. As at	Amount in Rs. As at
	Note No.	31 March 2015	31 March 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a) Share capital	1	100,000	100,000
b) Reserves and surplus			
Profit and loss account	2	(595,573)	(582,090)
		<u>(495,573)</u>	<u>(482,090)</u>
<b>2. Non-current liabilities</b>			
Long term borrowings	3	483,573	527,007
<b>3. Current liabilities</b>			
a) Short- term borrowings		-	-
b) Other Current liabilities	4	12,000	12,000
		<u>12,000</u>	<u>12,000</u>
<b>Total</b>		<u>-</u>	<u>56,917</u>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
Long term loans and advances		-	-
<b>2. Current Assets</b>			
a) Cash and Cash equivalents	5	-	56,917
b) Short- term loans and advances		-	-
		<u>-</u>	<u>56,917</u>
<b>Total</b>		<u>-</u>	<u>56,917</u>


Significant Accounting policies  
Notes on Financial Statements


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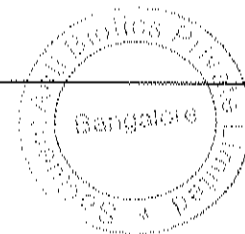
In terms of our report attached  
For M/s P.CHANDRASEKAR  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

  
**MRS. LAKSHMY CHANDRASEKARAN**  
Partner  
Membership no. 28508  
Bengaluru, 23 April 2015

  
**Dr. Gautam Kumar Das**  
Director

  
**Shridhar Kela**  
Director



**Sequent Antibiotics Private Limited**  
**Statement of Profit and Loss for the year ended 31 March 2015**


	Notes	Amount in Rs. Year ended 31 March 2015	Amount in Rs. Year ended 31 March 2014
<b>I. REVENUE FROM OPERATIONS</b>		-	-
<b>II. EXPENSES</b>			
Professional and consultancy charges		13,483	13,483
Rates & Taxes		-	3,864
Bank charges		-	809
<b>Total Expenses</b>		<b>13,483</b>	<b>18,156</b>
<b>Loss for the year</b>		<b>(13,483)</b>	<b>(18,156)</b>
<b>III. Earning per Equity share (of Rs. 10/- each)</b>			
Basic and Diluted (In Rs.)		(1.35)	(1.82)


Significant Accounting policies  
Notes on Financial Statements

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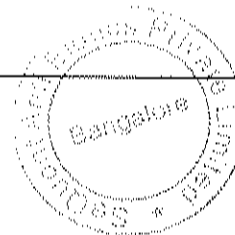
In terms of our report attached  
For **M/s P. CHANDRASEKAR**  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

  
**MRS. LAKSHMY CHANDRASEKARAN**  
Membership no. 28508  
Partner  
Bengaluru, 23 April 2015

  
**Dr. Gautam Kumar Das**  
Director

  
**Shridhar Kela**  
Director



**Sequent Antibiotics Private Limited**  
Notes forming part of the financial statements

	(Amount in Rs.) As at 31 March 2015	(Amount in Rs.) As at 31 March 2014
<b>Note No.'1'</b>		
<b>SHARE CAPITAL</b>		
<b>a) Authorised</b>		
Equity		
10,000 equity shares of Rs.10 each (Previous Year 10,000 equity shares of Rs.10 each)	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
<b>b) Issued, subscribed and paid-up</b>		
Equity		
10,000 equity shares of Rs.10 each fully paid (Previous Year 10,000 equity shares of Rs.10 each)	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Of the above:- 10,000 Equity shares of Rs.10 each fully paid are held by the Holding Company SeQuent Scientific Limited. (Previous Year-10,000 equity shares)		

**c) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

	As at 31 March 2015		As at 31 March 2014	
	No. of Shares	( in Rs.)	No. of Shares	( in Rs.)
Equity Shares at the beginning of the year	10,000	100,000	10,000	100,000
Shares Issued during the year	-	-	-	-
Equity Shares at the end of the year	<u>10,000</u>	<u>100,000</u>	<u>10,000</u>	<u>100,000</u>

**d) Details of shares held by the holding Company**

Class of Shares	As at 31 March 2015	As at 31 March 2014
	Holding Company Number of Shares	Holding Company Number of Shares
Equity Shares with voting rights	10,000	10,000

**e) Details of shares held by each shareholder holding more than 5% shares**

Class of shares/Name of the shareholder	As at 31st March, 2015		As at 31st March, 2014	
	Number of Shares held	% age of holding	Number of Shares held	% age of holding
Equity shares with voting rights				
Sequent Scientific Limited	10,000	100%	10,000	100%

	As at 31 March 2015	As at 31 March 2014
	<b>Note No.'2'</b>	
<b>RESERVE AND SURPLUS</b>		
<b>Surplus In Statement of Profit and Loss</b>		
Opening balance	(582,090)	(563,934)
Add: Loss for the year	(13,483)	(18,156)
Closing Balance	<u>(595,573)</u>	<u>(582,090)</u>



**Sequent Antibiotics Private Limited**  
Notes forming part of the financial statements

	As at 31 March 2015	As at 31 March 2014
<b>Note No.'3'</b>		
<b>LONG TERM BORROWINGS</b>		
Loans and advances from related parties		
Unsecured		
SeQuent Scientific Limited	483,573	527,007
<b>TOTAL</b>	<b>483,573</b>	<b>527,007</b>
As per the Agreement, loan is repayable on demand by the lender.		
<b>Note No.'4'</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Trade Payables	12,000	12,000
<b>TOTAL</b>	<b>12,000</b>	<b>12,000</b>
<b>Note No.'5'</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Balance with banks in current account	-	56,917
<b>TOTAL</b>	<b>-</b>	<b>56,917</b>



**Sequent Antibiotics Private Limited**  
**Note 6: -Additional Information to the Financial Statements**

a) **Significant Accounting Policies**

**Basis of Preparation of Financial Statements**

The financial statements of the company have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, applicable accounting standards and provisions of the Companies Act, 1956, except where otherwise stated. The company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

b) **Use of Estimates**

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

c) **Taxes on Income**

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 recognized 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 realized.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Indian Income Tax Act, 1961.

d) **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 balance sheet. Exchange differences on settlement are adjusted in the profit and loss account.

e) **Provision and Contingencies**

A provision is recognized when the Company has a present legal or constructive outflow obligations 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 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 the financial statements.

f) **Contingent Liabilities and Commitments(to the extent not provided for)**

i) **Contingent liabilities**

Claims against the Company/disputed liabilities not acknowledged as debt

ii) **Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for

Tangible Assets

Intangible assets

**Total**

	As at 31 March 2015	As at 31 March 2014
Claims against the Company/disputed liabilities not acknowledged as debt	-	-
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible Assets	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

g) **Payment to the auditors (Net of Service Tax)**

As auditors

**Total**

	Year ended 31 March 2015	Year ended 31 March 2014
As auditors	12,000	12,000
<b>Total</b>	<b>12,000</b>	<b>12,000</b>

h) The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956 (Company accounting standard rules 2006). Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.





- i) The company has incurred loss in the current year and its net worth has eroded. Since the company is confident is raising capital in light of continued support of the management, the financial statement has been prepared on going concern basis and no adjustments are made on the carrying value of assets and liabilities
- j) Deferred tax has not been provided as the company is yet to start its operations.
- k) **Related Party Disclosures**

**List of Related Parties**

**Holding Company**

Sequent Scientific Limited

**Fellow subsidiaries**

Sequent Research Limited

Sequent Penems Private Limited

SeQuent Pharmaceuticals Private Limited(Formerly Sequent Oncolytics Private Limited)

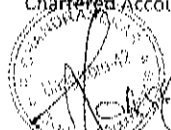
Elysian Life Sciences Private Limited

**Details of related party transactions during the year ended 31st March,2015 and outstanding balances as at 31st March,2015:**

Nature of Transaction	Holding Company	Fellow subsidiaries	Total
<b>Loans and advances repaid by Company</b>			
Sequent Scientific Limited	56,917 (1,130,000)	- -	56,917 (1,130,000)
<b>Loans and advances repaid to Company</b>			
SeQuent Pharmaceuticals Private Limited(Formerly Sequent Oncolytics Private limited)	-	- (17,942)	- (17,942)
Sequent Penems Private Limited	-	- (882,693)	- (882,693)
<b>Loan/Advances taken by Company</b>			
Sequent Scientific Limited	13,483 (13,500)	- -	13,483 (13,500)
<b>Balance outstanding as the end of the year</b>			
Sequent Scientific Limited	483,573 (527,007)	- -	483,573 (527,007)

(Figures in brackets pertain to previous year)

As per our report of even date  
For M/s P.CHANDRASEKAR  
Chartered Accountants

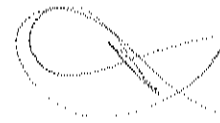


**MRS. LAKSHMY CHANDRASEKARAN**  
Partner  
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Bengaluru, 23 April 2015

FOR AND ON BEHALF OF THE BOARD



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