

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

**SeQuent Pharmaceuticals Private Limited** (Formerly called SeQuent Oncolytics Private Limited)

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **SeQuent Oncolytics Private Limited** (Formerly called SeQuent Oncolytics 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



**Auditor's report (continued)**

audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 'J' 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 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 'J', 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.



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

  
  
Lakshmy Chandrasekaran  
Partner

Membership No. 028508

Place: Bangalore

Date: 23 April 2015

**SeQuent Pharmaceuticals Private Limited**  
**(Formerly SeQuent Oncolytics Private Limited)**  
**Balance Sheet as on 31 March 2015**

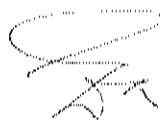
	Note No.	Amount in Rs. As on 31 March 2015	Amount in Rs. As on 31 March 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a) Share capital	1	100,000	100,000
b) Reserves and surplus Profit and loss account	2	(180,898)	(151,571)
<b>2. Current liabilities</b>			
a) Short- term borrowings	3	80,735	57,252
b) Trade payables		15,371	13,483
c) Other current liabilities	4	-	-
<b>Total</b>		<b>96,106</b>	<b>70,735</b>
		<b>15,208</b>	<b>19,164</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
Others		-	-
<b>2. Current assets</b>			
a) Cash and cash equivalents	5	5,208	9,164
b) Short term loans and advances	6	10,000	10,000
<b>Total</b>		<b>15,208</b>	<b>19,164</b>
		<b>15,208</b>	<b>19,164</b>

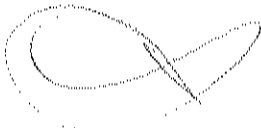
Significant Accounting policies 7  
Notes forming part of financial statements

As per our report of even date  
For M/s P.CHANDRASEKAR  
Chartered Accountants  
Firm Rego No. 00580S

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

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

  
**Dr. Gautam Kumar Das**  
Director

  
**Shridhar Kela**  
Director

**SeQuent Pharmaceuticals Private Limited**  
**(Formerly SeQuent Oncolytics Private Limited)**  
**Statement of Profit and Loss for the year ended 31 March 2015**

	Amount in Rs. Year ended 31 March 2015	Amount in Rs. Year ended 31 March 2014
Notes		
<b>I. REVENUE</b>		
Other Income	-	27,923
	-	<b>27,923</b>
<b>II. EXPENSES</b>		
Audit fees	12,000	26,966
Professional Charges	3,371	-
Bank charges	13,956	9,471
<b>Total Expenses</b>	<b>29,327</b>	<b>36,437</b>
<b>Loss for the year</b>	<b>(29,327)</b>	<b>(8,514)</b>
<b>III. Earning Per Equity Share (of Rs.10 each)</b>		
Basic and Diluted (In Rs.)	(2.93)	(0.85)

Significant Accounting policies  
Notes on Financial Statement


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In terms of our report attached  
For M/s P.CHANDRASEKAR  
Chartered Accountants  
Firm Regn No.-005805

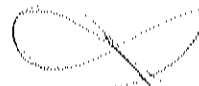
**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**



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



**Dr. Gautam Kumar Das**  
Director



**Shridhar Kela**  
Director

**SeQuent Pharmaceuticals Private Limited**  
**(Formerly SeQuent Oncolytics Private Limited)**  
**Notes forming part of the financial statements**

Amount in Rs.      Amount in Rs.  
As at                      As at  
31 March 2015    31 March 2014

**NOTE NO:1**

**SHARE CAPITAL**

**a) Authorised Equity**

10,000 equity shares of Rs.10 each.  
(Previous Year 10,000 equity shares of Rs.10 each)

100,000      100,000  
100,000      100,000

**b) Issued, subscribed and paid-up 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  
100,000      100,000

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 31 March 2015		As at 31 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                      As at

March 31, 2015    March 31, 2014

**NOTE NO: 2'**

**RESERVE AND SURPLUS**

**Deficit in Statement of Profit and Loss**

Opening balance	(151,571)	(143,058)
Add: Loss for the year	(29,327)	(8,514)
Closing Balance	<u>(180,898)</u>	<u>(151,571)</u>

SeQuent Pharmaceuticals Private Limited  
(Formerly SeQuent Oncolytics 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
	As at March 31, 2015	As at March 31, 2014
<b>NOTE NO: 3</b>		
<b>SHORT TERM BORROWINGS</b>		
Unsecured		
Loans and advances from related parties	80,735	57,252
<b>Total</b>	<u>80,735</u>	<u>57,252</u>
<b>NOTE NO:4</b>		
<b>TRADE PAYABLES</b>		
Outstanding Liability	12,000	13,483
Trade Payables	3,371	-
<b>Total</b>	<u>15,371</u>	<u>13,483</u>
<b>NOTE NO:5</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash in hand	-	-
Balance with banks in current account	5,208	9,164
<b>Total</b>	<u>5,208</u>	<u>9,164</u>
<b>NOTE NO:6</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
Balances with government authorities		
Deposits	10,000	10,000
<b>Total</b>	<u>10,000</u>	<u>10,000</u>

**SeQuent Pharmaceuticals Private Limited**  
**(Formerly SeQuent Oncolytics Private Limited)**  
**Note 7:-Additional Information to the Financial Statements**

**SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Preparation of Financial Statements**

The financial statements of the Company have been prepared, in accordance with Generally Accepted Accounting principles in India (Indian GAAP), to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), 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 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.

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

**Provision and Contingencies**

A provision is recognised 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 recognised but are disclosed in the notes to the financial statements.

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

	<b>As at 31st March,2015</b>	<b>As at 31st March,2014</b>
<b>i) Contingent liabilities</b>		
Claims against the Company/disputed liabilities not acknowledged as debt	-	-
<b>ii) Commitments</b>		
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) In the opinion of the Board of Directors, "Current Assets and Loans & Advances" have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

	Year ended	Year ended
	31 March 2015	31 March 2014
<b>h) Payment to the auditors (Excluding Service Tax)</b>		
As auditors	12,000	12,000
<b>Total</b>	<b>12,000</b>	<b>12,000</b>

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).

i) Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

j) 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

k) Deferred tax has not been provided as the company is yet to start its operations.

**l) Related Party Disclosures**

**List of Related Parties**

**Holding Company**

Sequent Scientific Limited

**Fellow subsidiaries**

Sequent Penems Private Limited

Sequent Antibiotics 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 taken by the company</b>			
Sequent Penems Private Limited	-	23,483	23,483
	-	(10,000)	(10,000)
Sequent Antibiotics Private Limited	-	-	-
	-	(12,135)	(12,135)
<b>Loans and Advances payable at the year end</b>			
Sequent Penems Private Limited	-	80,735	80,735
	-	(57,252)	(57,252)

(Figures in brackets pertain to previous year)

In terms of our report attached

For M/s P.CHANDRASEKAR

Chartered Accountants

Firm Regn No. 005805



MRS. LAKSHMY CHANDRASEKARAN

Partner

Membership no. 28308

Bengaluru, 23 April 2015

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

Dr. Gautam Kumar Das  
Director

Shridhar Kela  
Director