

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEQUENT RESEARCH LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **SEQUENT RESEARCH LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

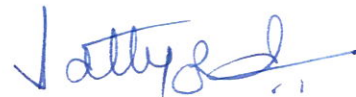
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have pending litigations on its financial position in its standalone financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)



Sathya P. Koushik
Partner
(Membership No. 206920)

THANE, May 14, 2019
SPK/JKS/DSS/2019

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements'
section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-
section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **SEQUENT RESEARCH LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of

unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.


Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)



Sathya P. Koushik
Partner
(Membership No. 206920)

THANE, May 14, 2019
SPK/JKS/DSS/2019

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

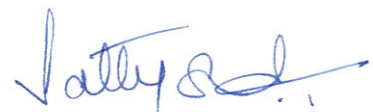
- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noted on such verification.
 - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies and other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits. Hence, reporting under clause (v) of the Order is not applicable to the company.
- (vi) Having regard to the nature of Company's business/activities, reporting under clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Goods and Services Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2019 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

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- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)



Sathya P. Koushik
Partner
(Membership No. 206920)

THANE, May 14, 2019
SPK/JKS/DSS/2019

SeQuent Research Limited
Balance Sheet as at 31 March 2019
All amounts are in Rs. unless otherwise stated

	Notes	As at 31 March 2019	As at 31 March 2018
A. ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	3	86,567,752	115,579,183
(b) Capital work-in-progress	3	-	2,317,890
(c) Other intangible assets	4	4,230,150	5,342,726
(d) Financial assets			
(i) Other financial assets	5	7,222,085	3,022,085
(e) Deferred tax assets (net)	34	9,306,100	6,689,000
(f) Income tax assets (net)	6	34,063,276	22,353,639
(g) Other non-current assets	7	-	1,901,245
Total non-current assets		141,389,363	157,205,768
2. Current assets			
(a) Inventories	8	1,045,825	1,652,197
(b) Financial assets			
(i) Trade receivables	9	74,610,662	49,326,269
(ii) Cash and cash equivalents	10A	3,880,788	3,018,646
(iii) Bank balances other than (ii) above	10B	200,000	200,000
(iv) Loans	11	2,647	57,592
(v) Other financial assets	12	26,473	20,694
(c) Other current assets	13	5,934,079	6,860,834
Total current assets		85,700,474	61,136,232
Total assets		227,089,837	218,342,000
B. EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	14	44,100,000	44,100,000
(b) Other equity	15	36,300,351	24,774,926
Total equity		80,400,351	68,874,926
II Liabilities			
1. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	78,568,476	71,061,164
(b) Provisions	17	7,031,389	8,485,120
Total non-current liabilities		85,599,865	79,546,284
2. Current liabilities			
(a) Financial liabilities			
(i) Trade payables	18		
- Total outstanding dues of Micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than Micro enterprises and small enterprises		46,269,465	50,537,060
(ii) Other financial liabilities	19	3,270,022	7,103,264
(b) Other current liabilities	20	10,669,975	11,202,163
(c) Provisions	21	880,159	1,078,303
Total current liabilities		61,089,621	69,920,790
Total liabilities		146,689,486	149,467,074
Total equity and liabilities		227,089,837	218,342,000

See accompanying notes to the financial statements

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 008072S

Sathya P Koushik
Partner
Membership No. 206920

Thane, 14 May 2019



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Manish Gupta
Director
DIN 06805265

Tushar Mistry
Director
DIN 06951371

Sharat Narasapur
Director
DIN 02808651



SeQuent Research Limited
Statement of Profit and loss for the year ended 31 March 2019
All amounts are in Rs. unless otherwise stated

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
I Revenue from operations	22	173,219,026	182,438,084
II Other income	23	1,238,525	1,536,911
III Total income (I+II)		174,457,551	183,974,995
IV Expenses			
(a) Analytical costs	24	39,572,319	45,511,347
(b) Employee benefit expenses	25	51,095,327	56,263,141
(c) Finance costs	26	8,890,652	9,595,599
(d) Depreciation and amortisation expenses	27	27,762,186	29,530,654
(e) Other expenses	28	35,022,268	33,816,002
Total expenses (IV)		162,342,752	174,716,743
V Profit/(loss) before tax (III-IV)		12,114,799	9,258,252
VI Tax expense:	29		
(a) Current tax		5,030,000	6,252,468
(b) Deferred tax		(2,617,100)	(1,836,700)
(c) Current tax of prior period reversed		(1,480,476)	-
Total tax expenses		932,424	4,415,768
VII Profit for the year (V-VI)		11,182,375	4,842,484
VIII Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans	15	343,050	1,642,191
Total other comprehensive income		343,050	1,642,191
IX Total comprehensive income for the year (VII+VIII)		11,525,425	6,484,675
Earnings per equity share:	30		
(a) Basic (in Rs.)		2.54	1.10
(b) Diluted (in Rs.)		2.54	1.10

See accompanying notes to the financial statements

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 008072S

Sathya P Koushik
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Thane, 14 May 2019



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Sharat Narasapur
Director
DIN 02808651



SeQuent Research Limited
Statement of cash flows for the year ended 31 March 2019
All amounts are in Rs. unless otherwise stated

	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities		
Profit before tax for the year	12,114,799	9,258,252
Adjustments for:		
Depreciation and amortisation expenses	27,762,186	29,530,654
Unrealised forex (gain) / loss	1,038,877	(778,667)
Provision for doubtful trade receivables	70,626	-
Finance costs	8,890,652	9,595,599
Interest income	(7,412)	(1,171,861)
(Profit)/loss on sale of property, plant and equipment	(1,231,113)	(365,050)
Operating profit before working capital changes	48,638,615	46,068,927
Changes in working capital		
(Increase)/decrease in inventories	606,372	1,208,546
(Increase)/decrease in trade receivables, loans and advances and other assets	(29,610,563)	(3,780,499)
Increase/(decrease) in trade payables, other payables and provisions	(5,815,647)	19,785,608
Net change in working capital	(34,819,838)	17,213,655
Direct taxes (paid)/refund (net)	(15,259,161)	(2,137,524)
Net cash generated from operating activities (A)	(1,440,384)	61,145,058
Cash flow from investing activities		
Capital expenditure on fixed assets , including capital advances	(4,922,896)	(40,067,176)
Proceeds from sale of fixed assets	8,608,762	1,752,516
Interest received	-	1,162,257
Net cash generated / (used) in investing activities (B)	3,685,866	(37,152,403)
Cash flow from financing activities		
Repayment of long-term borrowings	-	(18,321,514)
Finance costs	(1,383,340)	(8,034,435)
Net cash used in financing activities (C)	(1,383,340)	(26,355,949)
Net increase / (decrease) in cash and cash equivalents during the year(A+B+C)	862,142	(2,363,294)
Cash and cash equivalents at the beginning of the year (Refer note 10A)	3,018,646	5,381,940
Cash and cash equivalents at the end of the year (Refer note 10A)	3,880,788	3,018,646

See accompanying notes to the financial statements

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants
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Sathya P Koushik
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Thane, 14 May 2019



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Sharat Narasapur
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DIN 02808651



SeQuent Research Limited
Statement of Changes in Equity (SOCIE) for the year ended 31 March 2019
All amounts are in Rs. unless otherwise stated

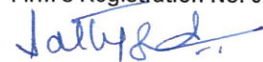
(a) Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	4,410,000	44,100,000	4,410,000	44,100,000
Balance at the end of the year	4,410,000	44,100,000	4,410,000	44,100,000

(b) Other equity

	Reserves & Surplus [note 15]		Total
	Securities premium account	Retained earnings	
Balance at 01 April 2017	9,500,000	8,790,251	18,290,251
Profit for the year	-	4,842,484	4,842,484
Other comprehensive income for the year, net of income tax	-	1,642,191	1,642,191
Balance at 31 March 2018	9,500,000	15,274,926	24,774,926
Profit for the year	-	11,182,375	11,182,375
Other comprehensive income for the year, net of income tax	-	343,050	343,050
Balance at 31 March 2019	9,500,000	26,800,351	36,300,351
See accompanying notes to the financial statements			

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 008072S



Sathya P Koushik
Partner
Membership No. 206920

Thane, 14 May 2019



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



Manish Gupta
Director
DIN 06805265



Tushar Mistry
Director
DIN 06951371



Sharat Narasapur
Director
DIN 02808651



Notes to the financial statements for the year ended 31 March 2019

1. CORPORATE INFORMATION

Sequent Research Limited (the "Company") is a Company incorporated in India. The Company is a leading Contract Research Organization that specializes in Analytical and Bio Analytical Services to support the API, Pharmaceutical, Personal Care, Institutional and Nutraceutical companies.

2. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

(ii) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for

- Share based payment transaction as defined in Ind AS 102 – Share based payment.
- Leasing transaction as defined in Ind AS 17 – Leases.
- Measurement that have some similarities to fair value but are not fair value, such as 'Net Realisable Value' as defined in Ind AS 2 – Inventories and value in use as defined in Ind AS 36- Impairment of Assets.

(iii) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency.

(iv) Revenue Recognition

Effective 01 April 2018, the Company adopted IND AS 115, 'Revenue from Contracts with Customers' using the modified retrospective method. In accordance with this, the comparatives have not been retrospectively adjusted and no material impact was recognised.

a. Sale of service

Revenue from sale of service is presented in the income statement within Revenue from operations. The Company presents revenue net of indirect taxes in its statement of profit and loss. Sale of services comprise revenue from sales of services, net of sales returns, rebates, incentives and customer discounts.



Income from analytical service is recognized when the services are completed as per the terms of the agreement and when no significant uncertainty as to its determination or realization exists.

In case of long-term contracts involving multiple activities, revenue is recognized as and when the individual activities are completed. In the event of any expected losses on a contract, the entire amount is provided for in the accounting period in which such losses are first anticipated.

b. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(v) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As Lessee:

Rental expense from operating leases is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(vi) Foreign currency transactions and translation

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss in the year in which it arises.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(vii) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or erection of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.



Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

(viii) Employee Benefits

a. Defined benefit plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's gratuity scheme is in the nature of defined benefit plans. The gratuity scheme is unfunded.

For defined benefit retirement benefit plans, the cost of providing benefit is determined using projected unit credit method, with actuarial valuation being carried out at the end of each financial year. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

b. Short-term and other long-term employee benefits

A liability is recognised for short-term employee benefit in respect of wages and salaries, annual leave, sick leave, medical and leave travel in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by the employees up to the reporting date. Liability for un-availed leave considered to be long term is carried based on an actuarial valuation carried out at the end of each financial year.



(ix) Taxation

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Minimum alternative tax ('MAT') paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Accordingly, MAT is recognized as an assets in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and asset can be measured reliably.

b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(x) Property, plant and equipment

a) Recognition and measurement

Items of property, plant and equipment, capital work in progress are measured at cost less accumulated depreciation and accumulated impairment losses.



Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are recognized and depreciated separately.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values, using the straight-line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.

Nature of the Assets	Useful life in years
Lease hold property development	5-15
Plant and machinery	2-16
Furniture	10-16

The estimated useful lives, residual values and depreciation method are reviewed at financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in statement of Profit and loss as incurred.

c) Derecognition of Property, Plant & Equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement profit or loss.

(xi) Intangible assets

a) Intangible assets acquired separately

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis. Cost includes any directly attributable incidental expenses necessary to make the assets ready for use.

Useful lives of intangible assets

Estimate useful lives of the intangible assets are as follow:

Nature of the Assets	Useful life in years
Acquired software	3-5



b) Subsequent costs

Subsequent costs is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated intangibles, are recognised in statement of profit and loss as incurred.

c) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit and loss.

(x) Inventories

Inventories comprises of consumables used for analytical purposes. These are valued at the lower of cost and net realizable value. Cost is determined on First in First out basis, at purchase cost including other cost incurred in bringing consumables to their present location and condition.

(xi) Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are not recognized but are disclosed in the notes to financial statements. Contingent assets are not recognized but are disclosed in the notes to financial statements when economic inflow is probable.

(xii) Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments

All financial instruments are initially measured at fair value. Transaction costs that are attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets recorded at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date.



For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI and fair value through profit and loss account (FVTPL), non-derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

a) Non-derivative financial assets

(i) Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ('SPPI').

Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate ('EIR') method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

(ii) Debt instruments at Fair value through other comprehensive income

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets and

(b) the asset's contractual cash flow represent SPPI

Debt instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recognised in other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain loss in statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss.

(iii) Equity instruments at Fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI. There is no recycling of the amount from



OCI to statement of profit and loss, even on sale of the instrument. However, the Company may transfer the cumulative gain or loss within the equity.

(iv) Financial assets at Fair value through Profit and Loss

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The Company has not designated any financial asset as FVTPL.

Financial assets included within the FVTPL category are measured at fair values with all changes in the statement of profit and loss.

(v) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or the financial assets is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new assets obtained less any new liability assumed) shall be recognised in the statement of profit or loss except for debt and equity instruments carried through fair value through other comprehensive income which shall be recognised in other comprehensive income.

b) Non-derivative financial liabilities

(i) Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate ('EIR') method.

(ii) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

(iii) Derecognition of financial Liabilities

The Company derecognises financial liabilities only when the obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

(xiii) Impairment

Financial assets

In accordance with Ind AS 109 – Financial instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.



The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider :

- (i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
- (ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss. This amount is reflected under the head other expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.



(xiv) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

(xv) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.A Use of estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

a. Useful life of property, plant and equipment and intangible assets

The useful life of the assets are determined in accordance with Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance.

b. Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.



c. Deferred Tax

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

d. Fair Value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

e. Post-retirement benefit plans

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds.

f. Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of financial year.

2.B New standards and interpretations not yet adopted

Ind AS 116 Leases: On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:



- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

The Company is evaluating the effect of this new standard in the financial statements. The effective date for adoption of Ind AS 116 is annual periods beginning on or after 01 April 2019.



3 Property, plant and equipment and capital work-in-progress

Carrying amount of:	As at 31 March 2019	As at 31 March 2018
Lease hold property development	18,843,846	25,288,095
Furniture and fixtures	3,100,439	3,649,057
Office equipments	1,060,391	1,416,264
Computers	1,324,490	1,913,186
Plant and machinery	62,238,586	83,312,581
	86,567,752	115,579,183
Capital work-in-progress	-	2,317,890
	86,567,752	117,897,073

Cost	Lease hold property development	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Total
Balance as on 01 April 2017	45,331,505	4,922,082	958,482	3,319,473	92,847,710	147,379,252
Additions	-	16,599	1,226,840	1,649,812	25,484,826	28,378,077
Deletions	-	-	-	-	2,049,469	2,049,469
Balance as on 31 March 2018	45,331,505	4,938,681	2,185,322	4,969,285	116,283,067	173,707,860
Additions	931,598	-	56,799	536,827	3,377,509	4,902,733
Deletions	-	-	-	49,221	7,794,316	7,843,537
Balance as on 31 March 2019	46,263,103	4,938,681	2,242,121	5,456,891	111,866,260	170,767,056

Accumulated depreciation	Lease hold property development	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Total
Balance as on 01 April 2017	12,687,040	730,684	426,122	1,454,419	15,835,621	31,133,886
Depreciation expense for the year (Refer note 27)	7,356,370	558,940	342,936	1,601,680	17,796,868	27,656,794
Deletions	-	-	-	-	662,003	662,003
Balance as on 31 March 2018	20,043,410	1,289,624	769,058	3,056,099	32,970,486	58,128,677
Depreciation expense for the year (Refer note 27)	7,375,847	548,618	412,672	1,106,418	17,092,960	26,536,515
Deletions	-	-	-	30,116	435,772	465,888
Balance as on 31 March 2019	27,419,257	1,838,242	1,181,730	4,132,401	49,627,674	84,199,304

Carrying amount	Lease hold property development	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Total
Balance as on 31 March 2018	25,288,095	3,649,057	1,416,264	1,913,186	83,312,581	115,579,183
Balance as on 31 March 2019	18,843,846	3,100,439	1,060,391	1,324,490	62,238,586	86,567,752



SeQuent Research Limited
 Notes to the standalone financial statements for the year ended 31 March 2019
 All amounts are in Rs. unless otherwise stated

4 Other intangible assets

Carrying amounts of:	As at 31 March 2019	As at 31 March 2018
Acquired software	4,230,150	5,342,726
	<u>4,230,150</u>	<u>5,342,726</u>

Cost	Acquired software
Balance as on 01 April 2017	5,763,605
Additions	5,723,249
Balance as on 31 March 2018	<u>11,486,854</u>
Additions	113,095
Balance as on 31 March 2019	<u>11,599,949</u>

Accumulated amortisation	Acquired software
Balance as on 01 April 2017	4,270,268
Amortisation expense for the year (Refer note 27)	1,873,860
Balance as on 31 March 2018	<u>6,144,128</u>
Amortisation expense for the year (Refer note 27)	1,225,671
Balance as on 31 March 2019	<u>7,369,799</u>

Carrying amount	Acquired software
Balance as on 31 March 2018	5,342,726
Balance as on 31 March 2019	4,230,150



SeQuent Research Limited
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5	Other non-current financial assets	As at 31 March 2019	As at 31 March 2018
	Security deposits	7,222,085	3,022,085
	Total	<u>7,222,085</u>	<u>3,022,085</u>
6	Income tax assets (net)	As at 31 March 2019	As at 31 March 2018
	Advance income tax (net of provisions Rs. 26,464,991) (As at 31 March 2018 Rs. 22,915,467)	34,063,276	22,353,639
	Total	<u>34,063,276</u>	<u>22,353,639</u>
7	Other non-current assets	As at 31 March 2019	As at 31 March 2018
	Capital advances	-	1,901,245
	Total	<u>-</u>	<u>1,901,245</u>
8	Inventories	As at 31 March 2019	As at 31 March 2018
	(At lower of cost and net realisable value)		
	Consumables	1,045,825	1,652,197
	Total	<u>1,045,825</u>	<u>1,652,197</u>
9	Trade receivables	As at 31 March 2019	As at 31 March 2018
	Unsecured, considered good	74,610,662	49,326,269
	Unsecured, considered doubtful	418,099	347,473
		<u>75,028,761</u>	<u>49,673,742</u>
	Less: Allowance for doubtful trade receivables	418,099	347,473
	Total	<u>74,610,662</u>	<u>49,326,269</u>
10A	Cash and cash equivalents	As at 31 March 2019	As at 31 March 2018
	Balances with banks		
	- In current accounts	3,868,410	2,907,106
	Cash on hand	12,378	111,540
	Total	<u>3,880,788</u>	<u>3,018,646</u>
	Cash and cash equivalents as defined in Ind AS 7 "Statements of Cash Flows"	<u>3,880,788</u>	<u>3,018,646</u>
10B	Bank balances other than (note 10A) above	As at 31 March 2019	As at 31 March 2018
	In earmarked accounts		
	- Margin money deposit (Refer note 1 below)	200,000	200,000
		<u>200,000</u>	<u>200,000</u>
	Notes:		
	1. Balances in margin money deposits are held as security against guarantees.		
11	Current loans	As at 31 March 2019	As at 31 March 2018
	Unsecured, considered good		
	Loan to employees	2,647	57,592
	Total	<u>2,647</u>	<u>57,592</u>
12	Other current financial assets	As at 31 March 2019	As at 31 March 2018
	Interest accrued on fixed deposits	26,473	20,694
		<u>26,473</u>	<u>20,694</u>
13	Other current assets	As at 31 March 2019	As at 31 March 2018
	Advance to suppliers	1,421,110	2,263,889
	Balances with government authorities	2,578,842	3,251,714
	Prepaid expenses	1,934,127	1,345,231
	Total	<u>5,934,079</u>	<u>6,860,834</u>



SeQuent Research Limited
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14 Share capital	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Rs.	No. of Shares	Rs.
(a) Authorised Equity shares of Rs.10 each	4,700,000	47,000,000	4,700,000	47,000,000
(b) Issued, subscribed and fully paid-up Equity shares of Rs.10 each	4,410,000	44,100,000	4,410,000	44,100,000
Total		44,100,000		44,100,000

Notes:

(i) Reconciliation of the number of shares and amount outstanding:

	No. of Shares	Rs.
Fully paid equity shares		
Balance at 01 April 2017	4,410,000	44,100,000
Shares issued during the year	-	-
Balance at 31 March 2018	4,410,000	44,100,000
Shares issued during the year	-	-
Balance at 31 March 2019	4,410,000	44,100,000

(ii) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Each equity shareholder is entitled to dividend in the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares

Name of the shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of shares held	% of holding	No. of shares held	% of holding
SeQuent Scientific Limited	4,410,000	100%	4,410,000	100%

(iv) Details of shares held by holding company

Name of the shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of shares held	% of holding	No. of shares held	% of holding
SeQuent Scientific Limited	4,410,000	100%	4,410,000	100%



SeQuent Research Limited
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15 Other equity	As at	As at
	31 March 2019	31 March 2018
Retained earnings	26,800,351	15,274,926
Securities premium account	9,500,000	9,500,000
Total	36,300,351	24,774,926

(a) Retained earnings	As at	As at
	31 March 2019	31 March 2018
Balance at the beginning of year	15,274,926	8,790,251
Add: Profit for the year	11,182,375	4,842,484
Add/(less) other comprehensive income arising from remeasurement of defined benefit obligations, net of income tax	343,050	1,642,191
Balance at the end of year	26,800,351	15,274,926

(b) Securities premium account	As at	As at
	31 March 2019	31 March 2018
Balance at the beginning of year	9,500,000	9,500,000
Movement during the year	-	-
Balance at the end of year	9,500,000	9,500,000

16 Non-current borrowings	As at	As at
	31 March 2019	31 March 2018
Unsecured loan - at amortised cost		
From related parties (Refer note 31)	78,568,476	71,061,164
Total	78,568,476	71,061,164

- (i) No borrowings have been guaranteed by directors or others.
(ii) The Company has not defaulted in repayment of loans and interest.

17 Non-current provisions	As at	As at
	31 March 2019	31 March 2018
Provision for employee benefits		
Gratuity (Refer note 32)	3,012,346	3,533,196
Compensated absences	4,019,043	4,951,924
Total	7,031,389	8,485,120

18 Trade payables	As at	As at
	31 March 2019	31 March 2018
Total outstanding dues of Micro enterprises and small enterprises (Refer note 39)	-	-
Total outstanding dues of creditors other than Micro enterprises and small enterprises	46,269,465	50,537,060
Total	46,269,465	50,537,060

- (i) Trade payables are non-interest bearing and are normally settled in 90 - 120 days.
(ii) For explanations on the Group's credit risk management processes, refer to note 37.

19 Other current financial liabilities	As at	As at
	31 March 2019	31 March 2018
Statutory remittances	2,886,662	2,593,701
Payables on purchase of fixed assets	383,360	4,509,563
Total	3,270,022	7,103,264

20 Other current liabilities	As at	As at
	31 March 2019	31 March 2018
Advance from customers	10,669,975	11,202,163
Total	10,669,975	11,202,163

21 Current provisions	As at	As at
	31 March 2019	31 March 2018
Provision for employee benefits		
Gratuity (Refer note 32)	325,080	407,549
Compensated absences	555,079	670,754
Total	880,159	1,078,303



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22 Revenue from operations	Year ended	Year ended
	31 March 2019	31 March 2018
Sale of services	173,219,026	182,438,084
Total	173,219,026	182,438,084

Disaggregated revenue disclosures

The Company disaggregate the revenue based on geographic locations and it is disclosed under note 36 "Segment reporting".

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

Trade receivables and Contract Balances

The company classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for revenue contracts are recognized at a point in time when the Company transfers control over the product to the customer.

Trade receivable are presented net of impairment in the Balance Sheet.

23 Other income	Year ended	Year ended
	31 March 2019	31 March 2018
Interest income (Refer note (i) below)	7,412	1,171,861
Profit on sale of property, plant and equipment (net)	1,231,113	365,050
Total	1,238,525	1,536,911

(i) Interest income comprises:

Interest on:		
Bank deposits	7,412	10,671
Income tax refund	-	1,161,190
Total	7,412	1,171,861

24 Analytical costs	Year ended	Year ended
	31 March 2019	31 March 2018
Consumables		
Opening stock	1,652,197	2,860,743
Add: Purchases	27,086,268	32,590,272
Less: Closing stock	1,045,825	1,652,197
	27,692,640	33,798,818
Analytical charges	500,651	403,951
Repairs and maintenance	11,379,028	11,308,578
Total	39,572,319	45,511,347

25 Employee benefit expenses	Year ended	Year ended
	31 March 2019	31 March 2018
Salaries and wages	45,359,587	50,742,663
Contributions to provident fund and other funds	2,243,987	2,617,339
Staff welfare expenses	3,491,753	2,903,139
Total	51,095,327	56,263,141

26 Finance costs	Year ended	Year ended
	31 March 2019	31 March 2018
Interest expense on borrowings	8,341,458	9,073,427
Other borrowing costs	549,194	522,172
Total	8,890,652	9,595,599

27 Depreciation and amortisation expenses	Year ended	Year ended
	31 March 2019	31 March 2018
Depreciation on property, plant and equipment	26,536,515	27,656,794
Amortisation on intangible assets	1,225,671	1,873,860
Total	27,762,186	29,530,654

28 Other expenses	Year ended	Year ended
	31 March 2019	31 March 2018
Traveling and conveyance	1,789,182	1,506,238
Communication expenses	1,160,171	855,629
Printing and stationery	1,500,674	1,377,655
Contract labour charges	1,928,964	2,191,254
Legal and professional charges	1,206,033	1,212,343
Rent (Refer note 35)	10,200,000	7,449,123
Insurance	619,473	1,220,042
Corporate and IT support service charges (Refer note 31)	14,174,020	15,353,878
Rates and taxes	196,954	630,592
Payments to auditors (Refer Note (i) below)	375,000	750,000
Advertisement and selling expenses	70,190	2,000
Provision for doubtful trade receivables	70,626	-
Net (gain) / loss on foreign currency transactions and translation	590,862	(1,904,167)
Other expenses	1,140,119	3,171,415
Total	35,022,268	33,816,002

Notes:

(i) Payments to the auditors comprises (net of Goods and Services tax):

(a) As auditors - statutory audit	375,000	750,000
	375,000	750,000



SeQuent Research Limited
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29 Reconciliations of tax expenses and details of deferred tax balances
(a) Income tax expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Current tax		
In respect of current year	5,030,000	6,252,468
Current tax of prior period reversed on completion of assessments	(1,480,476)	-
	3,549,524	6,252,468
Deferred tax expense		
Origination and reversal of temporary differences	(2,617,100)	(1,836,700)
	(2,617,100)	(1,836,700)
Total income tax expense recognised	932,424	4,415,768

(b) Movement in deferred tax balances

	31 March 2019					
	Net balance 01 April 2018	Recognised in the statement of profit and loss	Recognised in other comprehensive income	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	5,881,171	1,223,929	-	7,105,100	7,105,100	-
Employee benefits	807,829	1,393,171	-	2,201,000	2,201,000	-
Tax assets	6,689,000	2,617,100	-	9,306,100	9,306,100	-
	31 March 2018					
	Net balance 01 April 2017	Recognised in profit or loss	Recognised in other comprehensive income	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	2,499,629	3,381,542	-	5,881,171	5,881,171	-
Employee benefits	2,352,671	(1,544,842)	-	807,829	807,829	-
Tax assets	4,852,300	1,836,700	-	6,689,000	6,689,000	-

30 Earnings per share

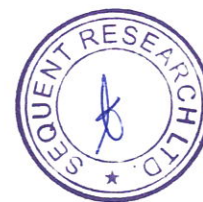
	31 March 2019	31 March 2018
Basic earnings per share	2.54	1.10
Diluted earnings per share	2.54	1.10

Profit attributable to equity shareholders

	Year ended 31 March 2019	Year ended 31 March 2018
Profit for the year attributable to equity holders	11,182,375	4,842,484
Profit attributable to equity shareholders for basic and diluted earnings	11,182,375	4,842,484

Weighted average number of equity shares

	Year ended 31 March 2019	Year ended 31 March 2018
Issued equity shares at beginning of the year	4,410,000	4,410,000
Effect of shares issued during the year	-	-
Weighted average number of equity shares at end of the year for basic and diluted EPS	4,410,000	4,410,000



31 Related party transactions

31.1 List of related parties

- a) **Key Management Personnel**
Mr. Manish Gupta, Director
Mr. Tushar Mistry, Director (From 02 August 2017)
Mr. Sharat Narasapur, Director (From 22 May 2017)
Ms. Kumud Sampath, Chief Executive Officer and Director (Upto 02 August 2017)
- b) **Holding Company**
SeQuent Scientific Limited
- c) **Fellow Subsidiaries :**
Elysian Life Sciences Private Limited
Alivira Animal Health Limited
SeQuent Penems Private Limited (Upto 30 September 2017)
- d) **Enterprises owned or Significantly influenced by individuals who have control/significant influence over the Company**
Strides Pharma Sciences Limited (Formerly Strides Shasun Limited)
SeQuent Penems Private Limited (From 01 October 2017)
Solara Active Pharma Sciences Limited (From 01 October 2017)

31.2 Transactions for the year

Particulars	Holding company		Fellow subsidiaries		Key management personnel		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
(i) Sale of services								
SeQuent Scientific Limited	8,470,387	22,997,328						
Alivira Animal Health Limited			30,170,104	18,117,249			647,000	14,189,279
Strides Pharma Sciences Limited							82,918,880	54,188,167
Solara Active Pharma Sciences Limited								
(ii) Sale of machinery/assets								
SeQuent Scientific Limited	586,762	-						
Alivira Animal Health Limited			8,022,000	1,518,569				
(iii) Interest expenses								
Sequent Scientific Limited	8,341,458	1,734,627						
(iv) Managerial remuneration (excluding costs relating to post employment benefits)								
Ms Kumud Sampath								
Short term benefits						2,417,396		
(v) Coporate and IT support service charges								
SeQuent Scientific Limited	14,174,020	15,353,878						
(vi) Rent Expense								
SeQuent Scientific Limited	-	2,805,000					1,800,000	900,000
SeQuent Penems Pvt Ltd				900,000			8,400,000	2,805,000
Solara Active Pharma Sciences Limited								
(vii) Purchase of fixed assets								
SeQuent Scientific Limited	39,277	13,798,579						
Alivira Animal Health Limited			17,523	-				
(viii) Loans received by the Company								
SeQuent Scientific Limited	-	69,500,000						
(ix) Security deposit given to								
SeQuent Penems Pvt Ltd				2,500,000			4,200,000	-
Solara Active Pharma Sciences Limited								
(x) Loan repaid by the Company								
SeQuent Scientific Limited	-	13,382,678						

31.3 Balance at Balance sheet date

Particulars	Holding company		Fellow subsidiaries		Key management personnel		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
(i) Trade receivables/other current assets								
Elysian Life Sciences Private Limited			133,118	133,118				
Alivira Animal Health Limited			27,056,395	5,248,233			515,657	6,724,545
Strides Pharma Sciences Limited							28,997,700	18,882,081
Solara Active Pharma Sciences Limited								
(ii) Security deposit								
SeQuent Penems Pvt Ltd							2,500,000	2,500,000
Solara Active Pharma Sciences Limited							4,200,000	-
(iii) Trade payable								
SeQuent Scientific Limited	26,036,699	31,470,807					1,944,000	-
Sequent Penems Pvt Ltd							4,091,346	-
Solara Active Pharma Sciences Limited								
(iv) Loan payable								
SeQuent Scientific Limited	78,568,476	71,061,164						



32 Employee benefit plans

(i) Defined contribution plans:

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 2,240,667 (year ended 31 March 2018 Rs. 2,613,459) for Provident Fund contributions and Rs. 268,050 (Year ended 31 March 2018 Rs. 322,004) for Employee State Insurance Scheme contributions in the Statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the respective schemes. As at 31 March 2019, contribution of Rs. 404,877 (year end 31 March 2018 - Rs. 458,054) is outstanding which is paid subsequent to the end of respective reporting periods.

(ii) Defined benefit plan:

The Company has a defined gratuity benefit plan. The following table summarizes the components of net employee benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

	31 March 2019	31 March 2018
	Gratuity	Gratuity
Expense recognised in the statement of profit and loss:		
Current service cost	745,660	1,038,196
Net interest expenses	302,650	329,972
Component of defined benefit costs recognised in the statement of profit and loss	1,048,310	1,368,168
Remeasurement on the defined benefit liability:		
Actuarial (gains) / losses arising from changes in financial assumptions	63,832	(1,520,630)
Actuarial (gains) / losses arising from changes in experience adjustments	(406,882)	(121,561)
Component of defined benefit costs recognised in other comprehensive income	(343,050)	(1,642,191)
Total	705,260	(274,023)

The current service cost is included in 'Employee benefits expense' and the net interest cost is included in the 'Finance costs' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.
Net defined benefit obligation as reflected in Balance Sheet.

	31 March 2019	31 March 2018
	Gratuity	Gratuity
Present value of defined benefit obligation (DBO)	3,337,426	3,940,745
Funded status [surplus / (deficit)]	(3,337,426)	(3,940,745)
Net defined benefit obligation	(3,337,426)	(3,940,745)

A. Movements in the present value of the defined benefit obligation are as follows.

	31 March 2019	31 March 2018
	Gratuity	Gratuity
Opening defined benefit obligation	3,940,745	4,255,828
Current service cost	745,660	1,038,196
Interest cost	302,650	329,972
Benefits paid	(1,308,579)	(1,081,024)
Liability transferred in / acquisitions	-	1,039,964
Actuarial loss (gain) arising from:		
Actuarial (gains) / losses arising from changes in financial assumptions	63,832	(1,520,630)
Actuarial (gains) / losses arising from changes in experience adjustments	(406,882)	(121,561)
Closing defined benefit obligation	3,337,426	3,940,745

Actuarial assumptions

The principal assumptions used for the purpose of actuarial valuations are shown in the table below. The assumptions as at the balance sheet date are used to determine the present value of defined benefit obligation at that date.

	31 March 2019	31 March 2018
Financial assumption:		
Discount rate	7.40%	7.68%
Salary escalation rate	8.00%	8.00%
Demographic assumption:		
Withdrawal rate	12.00%	12.00%
Mortality rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate

As per para 83 of Ind AS 19- Employee benefits, the rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of each reporting period on government bonds.

Sensitivity analysis for significant actuarial assumptions for the determination of the defined benefit obligations is as follows:

	Impact on the defined benefit obligations	
	100 bps increase	100 bps decrease
31 March 2019		
Discounting rate	(218,472)	246,775
Salary escalation rate	242,952	(219,242)
31 March 2018		
Discounting rate	(238,741)	269,409
Salary escalation rate	265,942	(240,169)



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33 Contingent liabilities and commitments (to the extent not provided for)

	31 March 2019	31 March 2018
Contingent liabilities		
Claims against the company not acknowledged as debts	-	-
Commitments	31 March 2018	31 March 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	-	-

34 Deferred tax asset (net) (Refer note 29)

	31 March 2019	31 March 2018
Deferred tax assets		
Depreciation	7,105,100	5,881,181
Disallowances u/s 43B of Income Tax Act, 1961	2,201,000	807,819
Total deferred tax assets	9,306,100	6,689,000
Net deferred tax (liability) / asset	9,306,100	6,689,000

35 Operating leases

i) **Leases as lessee**

a) The Company's significant leasing arrangements are in respect of factory building and office premises. The Company has not entered into any noncancelable lease arrangement for longer tenure.

ii) **Payments recognised as an expense**

	31 March 2019	31 March 2018
Lease payments (Refer note 28)	10,200,000	7,449,123
	10,200,000	7,449,123

There is no non-cancellable operating lease commitments as at 31 March 2019 and 31 March 2018.

36 Segment Reporting

A. Primary segment (Business segment):

The Company is mainly engaged in the business of providing analytical services. Considering the nature of business and financial reporting of the Company, the Company has only one business segment viz. Analytical service as primary reportable segment.

B. Secondary segment (Geographical segment):

The Company operates in three principal geographic locations.

- (i) Europe
(ii) Asia
(iii) Rest of the world

	31 March 2019	31 March 2018
I. Revenue from operations		
Europe	27,402,015	26,273,426
Asia	142,252,853	152,054,441
Rest of the world	3,564,158	4,110,217
Total	173,219,026	182,438,084
II. Total assets		
Europe	11,763,205	10,581,671
Asia	170,875,776	177,024,789
Rest of the world	1,078,833	1,635,309
Total segment assets	183,717,814	189,241,769
Unallocated	43,372,023	29,100,231
Total	227,089,837	218,342,000
III. Cost incurred during the year to acquire segment assets		
Asia	2,697,938	33,416,234
Total	2,697,938	33,416,234

37 Financial instruments

The carrying value and fair value of financial instruments by categories are as

Particulars	Carrying value and fair value	
	31 March 2019	31 March 2018
Financial assets		
Measured at amortised cost		
Loans	2,647	57,592
Trade receivables	74,610,662	49,326,269
Cash and cash equivalents	3,880,788	3,018,646
Other bank balance	200,000	200,000
Other financial assets	7,248,558	3,042,779
Total	85,942,655	55,645,286
Financial liabilities		
Measured at amortised cost		
Borrowings (including current maturity of long-term borrowing)	78,568,476	71,061,164
Trade payables	46,269,465	50,537,060
Other financial liabilities	3,270,022	7,103,264
Total	128,107,963	128,701,488



37.1 Financial risk management objective and policies

The Company's principal financial liabilities comprise borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and short-term deposits that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Company's activities makes it susceptible to various risks. The Company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

37.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from the Company's trade receivables. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of accounts receivable spread by period of six months:

	31 March 2019	31 March 2018
Outstanding for more than 6 months	4,374,206	6,885,503
Others	70,236,456	42,440,766
	74,610,662	49,326,269

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased.

Information about major Customer

Revenue from single external customer is approximately Rs. 82,918,880 (previous year Rs. 54,188,167) representing 47.91% (previous year 29.70%) of Company's total revenue for the year ended 31 March 2019. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

37.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for managing the short-term and long-term liquidity requirements of the Company. Short-term liquidity situation is reviewed daily by Treasury. Long-term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018.

Particulars	As at 31 March 2019			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings (including current maturity of long-term borrowing)	-	-	78,568,476	78,568,476
Trade payables	46,269,465	-	-	46,269,465
Other financial liabilities	3,270,022	-	-	3,270,022

Particulars	As at 31 March 2018			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings (including current maturity of long-term borrowing)	-	-	71,061,164	71,061,164
Trade payables	50,537,060	-	-	50,537,060
Other financial liabilities	7,103,264	-	-	7,103,264



37.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to interest rate risk arising mainly from debt. The Company is exposed to interest rate risk because the fair value of fixed rate borrowings and the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

The Company is also exposed to foreign currency risk on certain transactions that are denominated in a currency other than the respective entity's functional currency, hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates.

a) Foreign currency risk from financial instruments are given below:

(ii) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Foreign currency	As at 31 March 2019		As at 31 March 2018	
	Receivables/ (payables)	Receivables/ (payables) in Foreign currency	Receivables/ (payables)	Receivables/ (payable) in Foreign currency
USD	-	-	1,748,781	26,886
EURO	12,179,063	156,740	11,384,271	141,205
USD	(2,154,833)	(31,152)	(3,427,499)	(52,695)
EURO	(25,642)	(330)	(1,338,329)	(16,600)

b) Foreign currency sensitivity analysis

The Company is mainly exposed to currency fluctuation of USD and Euro.

The following table details the Company's sensitivity to a 10% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balance below would be negative.

Impact in the statement of profit and loss and total equity

	31 March 2019	31 March 2018
Currency of U.S.A (USD)	(215,483)	(167,872)
Currency of Europe (Euro)	1,215,342	1,004,594

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

37.5 Financial instrument- risk exposure and fair value

Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	31 March 2019	31 March 2018
Fixed-rate instruments		
Financial assets		
-Margin money deposit	200,000	200,000
Total	200,000	200,000
Variable-rate instruments		
Financial liabilities		
-Borrowings from others	78,568,476	71,061,164
Total	78,568,476	71,061,164

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on same basis for 2017.

Effect	Profit and loss	
	100 bps increase	100 bps decrease
31 March 2019		
Variable-rate instruments	(785,685)	785,685
	(785,685)	785,685
31 March 2018		
Variable-rate instruments	(710,612)	710,612
	(710,612)	710,612



38 Capital management

The Company manages its capital to ensure that Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 16 offset by cash and bank balances as detailed in note 10) and total equity of the Company.

The Company's gearing ratio is as follows:

Particulars	31 March 2019	31 March 2018
Debt (i)	78,568,476	71,061,164
Cash and cash equivalents (ii)	3,880,788	3,018,646
Other bank balance (margin money) (iii)	200,000	200,000
Net debt [(i) - { (ii)+(iii) }]	74,487,688	67,842,518
Total equity	80,400,351	68,874,926
Gearing ratio	92.65%	98.50%

(i) Debt is defined as long-term borrowings (including current maturity) and short-term borrowings.

39 Due to micro, small and medium enterprises

	31 March 2019	31 March 2018
The amounts remaining unpaid to micro and small suppliers as at the end of the year	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-


Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management based on enquiries made by the Management with the creditors which have been relied upon by the auditors.

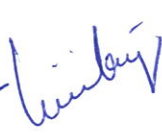
40 The financial statements were approved for issue by the Board of Directors on 14 May 2019.

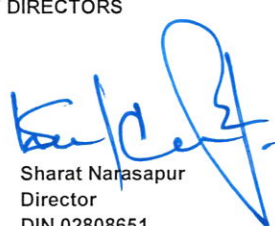


Thane, 14 May 2019

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS


 Manish Gupta
 Director
 DIN 06805265


 Tushar Mistry
 Director
 DIN 06951371


 Sharat Narasapur
 Director
 DIN 02808651

