

INDEPENDENT AUDITOR'S REPORT

To the Members of SeQuent Research Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SeQuent Research Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other 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 financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.



Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 with reference to financial statements 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



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Chartered Accountants

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

For **SRBC & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003



per **Vikas Kumar Pansari**
Partner
Membership Number: 093649
UDIN: 21093649AAAACE4179



Place of Signature: Mumbai
Date: June 30, 2021

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: SeQuent Research Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have been physically verified by the management in the previous year in accordance with a planned programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management and audit procedures performed by us, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) Undisputed statutory dues including employees' state insurance, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases of provident fund and income-tax.
- (b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and services tax and cess which have not been deposited on account of any dispute.
- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.



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- (xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **SRBC & COLLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003



per **Vikas Kumar Pansari**
Partner

Membership Number: 093649
UDIN: 21093649AAAACE4179



Place of Signature: Mumbai
Date: June 30, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SEQUENT RESEARCH LIMITED

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

We have audited the internal financial controls with reference to financial statements of SeQuent Research Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the 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 ("ICAI"). 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 the 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 with reference to these financial statements 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") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these financial statements 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, 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 with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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 issued by the ICAI.

For SRBC & COLLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Vikas Kumar Pansari

Partner

Membership Number: 093649

UDIN: 21093649AAAACE4179



Place of Signature: Mumbai

Date: June 30, 2021

SeQuent Research Limited
Balance Sheet as at 31 March 2021
All amounts are in ₹ unless otherwise stated

| | Notes | As at 31 March 2021 | As at 31 March 2020 |
|--|-------|------------------------|------------------------|
| A. ASSETS | | | |
| 1. Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 87,724,293 | 134,049,736 |
| (b) Capital work-in-progress | 3 | - | 405,250 |
| (c) Other intangible assets | 4 | 1,175,078 | 3,198,751 |
| (d) Financial assets | | | |
| (i) Other financial assets | 5 | 4,654,197 | 7,181,000 |
| (e) Deferred tax assets (net) | 32 | 17,973,902 | 16,040,122 |
| (f) Income tax assets (net) | 6 | 11,168,770 | 16,547,060 |
| (g) Other non-current assets | 7 | 99,567 | 527,442 |
| Total non-current assets | | 122,795,807 | 177,949,361 |
| 2. Current assets | | | |
| (a) Inventories | 8 | 262,462 | 479,689 |
| (b) Financial assets | | | |
| (i) Investments | 9 | 38,672,491 | - |
| (ii) Trade receivables | 10 | 25,883,289 | 24,281,806 |
| (iii) Cash and cash equivalents | 11 | 2,227,019 | 5,513,412 |
| (iv) Bank balances other than (iii) above | 12 | 267,966 | 200,000 |
| (v) Other financial assets | 13 | 3,334,594 | 57,310 |
| (c) Other current assets | 14 | 3,718,227 | 4,592,623 |
| Total current assets | | 74,366,048 | 35,124,840 |
| Total assets | | 197,161,855 | 213,074,201 |
| B. EQUITY AND LIABILITIES | | | |
| I Equity | | | |
| (a) Equity share capital | 15 | 44,100,000 | 44,100,000 |
| (b) Other equity | 16 | 61,337,958 | 34,658,671 |
| Total equity | | 105,437,958 | 78,758,671 |
| II Liabilities | | | |
| 1. Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17 | - | 9,386,295 |
| (ii) Other financial liabilities | 18 | 73,288,818 | 90,593,534 |
| (b) Provisions | 19 | 4,633,172 | 6,558,998 |
| Total non-current liabilities | | 77,921,990 | 106,538,827 |
| 2. Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 20 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 541,643 | 446,251 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 9,038,647 | 23,336,627 |
| (ii) Other financial liabilities | 21 | 988,606 | 1,047,108 |
| (b) Other current liabilities | 22 | 1,302,694 | 2,029,094 |
| (c) Provisions | 23 | 1,600,909 | 917,623 |
| (d) Current tax liabilities (net) | 24 | 329,408 | - |
| Total current liabilities | | 13,801,907 | 27,776,703 |
| Total liabilities | | 91,723,897 | 134,315,530 |
| Total equity and liabilities | | 197,161,855 | 213,074,201 |
| Significant Accounting Policies | 2 | | |
| The accompanying notes are integral part of these financial statements | | | |

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E / E300003

Per Vikas Kumar Pansari
Partner
Membership No. 093649

Mumbai, 30 June 2021



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 2021
All amounts are in ₹ unless otherwise stated

| | Notes | Year ended 31 March 2021 | Year ended 31 March 2020 |
|--|-------|-----------------------------|-----------------------------|
| I Revenue from operations | 25 | 173,348,902 | 178,141,591 |
| II Other income | 26 | 7,277,983 | 4,659,810 |
| III Total income (I+II) | | <u>180,626,885</u> | <u>182,801,401</u> |
| IV Expenses | | | |
| (a) Analytical cost | 27 | 43,395,958 | 43,810,831 |
| (b) Employee benefits expense | 28 | 39,446,037 | 54,803,408 |
| (c) Finance costs | 29 | 9,437,119 | 14,372,395 |
| (d) Depreciation and amortisation expenses | 30 | 21,754,713 | 26,882,654 |
| (e) Other expenses | 31 | 31,515,661 | 24,403,021 |
| Total expenses (IV) | | <u>145,549,488</u> | <u>164,272,309</u> |
| V Profit before tax (III-IV) | | <u>35,077,397</u> | <u>18,529,092</u> |
| VI Tax expense: | 32 | | |
| (a) Current tax | | 11,300,000 | 7,000,000 |
| (b) Deferred tax | | (2,216,580) | (1,757,030) |
| (c) Current tax of prior period | | 96,396 | 155,992 |
| Total tax expenses | | <u>9,179,816</u> | <u>5,398,962</u> |
| VII Profit after tax (V-VI) | | <u>25,897,581</u> | <u>13,130,130</u> |
| VIII Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements gain of the defined benefit plan | 16 | 1,064,506 | 25,277 |
| Income tax relating to items that will not be reclassified to profit or loss | | (282,800) | - |
| Total other comprehensive income for the year | | <u>781,706</u> | <u>25,277</u> |
| IX Total comprehensive income for the year, net of tax (VII+VIII) | | <u>26,679,287</u> | <u>13,155,407</u> |
| Earnings per equity share: | 33 | | |
| (a) Basic & Diluted (in ₹) | | 5.87 | 2.98 |
| Significant Accounting Policies | 2 | | |
| The accompanying notes are integral part of these financial statements | | | |

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E / E300003

Per Vikas Kumar Pansari
Partner
Membership No. 093649

Mumbai, 30 June 2021



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 cash flows for the year ended 31 March 2021
All amounts are in ₹ unless otherwise stated

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|-----------------------------|-----------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 35,077,397 | 18,529,092 |
| Adjustments for: | | |
| Depreciation and amortisation expenses | 21,754,713 | 26,882,654 |
| Unrealised forex (gain) / loss | 54,005 | (953,906) |
| Property, plant and equipment written off | 8,695,634 | 408,894 |
| Bad trade receivables written off | 622,221 | - |
| Allowances for doubtful trade receivables | 209,903 | - |
| Preclosure of lease arrangement | (5,049,410) | - |
| Liability no longer required written back | - | (2,590,106) |
| Finance costs | 9,437,119 | 14,372,395 |
| Interest income | (232,456) | (2,063,274) |
| Fair value gain on financial instruments at fair value through profit or loss | (172,491) | - |
| Profit on sale of property, plant and equipment (net) | (738,310) | (5,430) |
| Operating profit before working capital changes | 69,658,325 | 54,580,319 |
| Changes in working capital | | |
| Decrease in inventories | 217,227 | 566,136 |
| (Increase) / decrease in trade receivables, loans and advances and other assets | (3,960,210) | 54,203,173 |
| (Decrease) in trade payables, other payables and provisions | (13,997,638) | (35,207,492) |
| Net change in working capital | (17,740,621) | 19,561,817 |
| Cash generated from operations | 51,917,704 | 74,142,136 |
| Income taxes (paid) / refund (net) | (5,688,698) | 10,360,224 |
| Net cash generated from operating activities (A) | 46,229,006 | 84,502,360 |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment and intangible assets | (632,801) | (1,092,808) |
| Proceeds from sale of property, plant and equipment | 9,262,051 | 422,952 |
| (Purchase) of current investments | (38,500,000) | - |
| Interest received | 284,755 | 2,032,437 |
| Net cash (used in) / generated from investing activities (B) | (29,585,995) | 1,362,581 |
| Cash flow from financing activities | | |
| Repayment of loan to parent company | (9,386,295) | (73,000,000) |
| Repayment of lease liabilities | (1,373,287) | (912,682) |
| Interest and other borrowing cost | (9,169,822) | (10,319,635) |
| Net cash used in financing activities (C) | (19,929,404) | (84,232,317) |
| Net increase in cash and cash equivalents during the year(A+B+C) | (3,286,393) | 1,632,624 |
| Cash and cash equivalents at the beginning of the year (refer note 11) | 5,513,412 | 3,880,788 |
| Cash and cash equivalents at the end of the year (refer note 11) | 2,227,019 | 5,513,412 |

Note: The statement of cash flows has been prepared under the indirect method, as set out in Ind AS 7 'Statement of Cash Flows', whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Significant Accounting Policies (refer note 2)

The accompanying notes are integral part of these financial statements

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E / E300003

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Per Vikas Kumar Pansari
Partner
Membership No. 093649



Manish
Manish Gupta
Director
DIN: 06805265

Tushar
Tushar Mistry
Director
DIN: 06951371

Sharat
Sharat Narasapur
Director
DIN: 02808651

Mumbai, 30 June 2021



SeQuent Research Limited
Statement of changes in equity (SOCIE) for the year ended 31 March 2021
All amounts are in ₹ unless otherwise stated

(a) Equity share capital

Balance at the beginning of the year
Balance at the end of the year

| As at 31 March 2021 | | As at 31 March 2020 | |
|---------------------|------------|---------------------|------------|
| No. of Shares | Amount | No. of Shares | Amount |
| 4,410,000 | 44,100,000 | 4,410,000 | 44,100,000 |
| 4,410,000 | 44,100,000 | 4,410,000 | 44,100,000 |

(b) Other equity

| | Reserves & surplus [note 16] | | Total |
|--|------------------------------|-------------------|--------------|
| | Securities premium account | Retained earnings | |
| Balance as at 31 March 2019 | 9,500,000 | 26,800,351 | 36,300,351 |
| Less: Transition impact of Ind AS 116 | - | (19,774,079) | (19,774,079) |
| Add: Transition impact of Ind AS 116 (Deferred tax) | - | 4,976,992 | 4,976,992 |
| Restated balance as at 01 April 2019 | 9,500,000 | 12,003,264 | 21,503,264 |
| Profit for the year | - | 13,130,130 | 13,130,130 |
| Other comprehensive income for the year | - | 25,277 | 25,277 |
| Balance as at 31 March 2020 | 9,500,000 | 25,158,671 | 34,658,671 |
| Profit for the year | - | 25,897,581 | 25,897,581 |
| Other comprehensive income for the year | - | 781,706 | 781,706 |
| Balance as at 31 March 2021 | 9,500,000 | 51,837,958 | 61,337,958 |
| Significant Accounting Policies (refer note 2) | | | |
| The accompanying notes are integral part of these financial statements | | | |

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E / E300003

Per Vikas Kumar Pansari
Partner
Membership No. 093649

Mumbai, 30 June 2021



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Manish Gupta
Manish Gupta
Director
DIN: 06805265

Tushar Mistry
Tushar Mistry
Director
DIN: 06951371

Sharat Narasapur
Sharat Narasapur
Director
DIN: 02808651



1. CORPORATE INFORMATION

SeQuent Research Limited (the "Company") is a Company incorporated in India and has its registered office at 120 / A&B, Industrial area Baikampady, Mangalore - 575 001, Karnataka, 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.

2.1 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 and as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

2.2 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.

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

- Leasing transaction as defined in Ind AS 116 – 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.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.3 Functional and presentation currency

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

2.4 Significant Accounting Policies

i. Revenue Recognition

Service Revenue

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. Revenue is recognized net of taxes and discounts.

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.

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.

ii. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the of the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies XII Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. 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 recognised in the statement of profit and 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.

Exchange difference on capital expenditure are not capitalised but charged to the statement of profit and loss.

iv. 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.

v. Employee Benefits

a) Defined contribution plans

The Company has defined contribution plans for post-employment benefits in the form of provident fund which is administered through Government of India. Provident fund is classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The company's contributions to defined contribution plans are charged to the statement of profit and loss as and when employee renders related service.



b) Defined benefit plans

Payments to defined 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.

For defined 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 recognised 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 gain / (loss).

The Company presents the service cost of defined benefit plan in the line item 'Employee benefits expense' and the net interest expense or income in the line item 'Finance costs' of the statement of profit and loss. 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.

c) Short-term employee benefits

A liability is recognised for short-term employee benefit in respect of wages and salaries, annual leaves, 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.

d) Other employee benefits

Other employee benefits comprise of leave encashment which is provided for, based on the actuarial valuation carried out as at the end of the year. Liabilities recognised in respect of other 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 employees up to the reporting date.

vi Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to items directly recognised 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. Provision for current tax is made at the rate of tax as applicable for the income of the previous year as defined under Income Tax Act, 1961.

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. MAT is recognised as an asset 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.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

The Company applies significant judgement in identifying uncertainties over income tax treatments.



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 the 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 utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised 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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised either in other comprehensive income or in equity.

vii. Property, plant and equipment

a) Recognition and measurement

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any.

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 recognised 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 | 15 |
| Furniture and fixtures | 3-10 |
| Plant and machinery | 2-16 |

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

Depreciation on additions / deletions to property, plant and equipments is provided prorata from the month of addition / till the month of deletion.

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 recognised in the statement of profit and loss as incurred.

c) Derecognition of property, plant and 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 the statement of profit and loss.



viii. 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

Estimated useful lives of the intangible assets are as follow:

| Nature of the assets | Useful life in years |
|----------------------|----------------------|
| Software | 5 |

b) Subsequent costs

Subsequent costs are 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 the 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.

ix. 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.

x. Provisions and contingent liabilities

Provisions are recognised 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 recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each 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 recognised 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 disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised but are disclosed in the notes to financial statements. Contingent assets are not recognised but are disclosed in the notes to financial statements when economic inflow is probable.

xi. 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 fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (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 amortised 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) Financial assets at fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorisation 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.

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

(iii) 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 the profit and loss except for debt and equity instruments carried through FVTOCI which shall be recognised in OCI.

b) Non-derivative financial liabilities

(i) Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the EIR method.

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

Financial liabilities at FVTPL 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.

xii Impairment

a) 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 period, 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. Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

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 receivables.

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.

b) 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.

xiii Earnings per share

Basic EPS is computed by dividing the net profit for the period attributable to the equity shareholders by 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.



xiv 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.

xv Cash dividend

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

xvi Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

xvii Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.



2A. 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:

i. 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 or is not prescribed in Schedule II, it is based on technical advice, taking into account amongst other things, 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.

ii. 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.

iii. Deferred tax

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets 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.

iv. 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.

v. 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 each financial year end on the government bonds.

vi. 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 each reporting period.



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

| Carrying amount of: | As at 31 March 2021 | As at 31 March 2020 |
|---------------------------------|------------------------|------------------------|
| Lease hold property development | 4,561,073 | 11,422,398 |
| Furniture and fixtures | 1,805,312 | 2,599,307 |
| Office equipments | 287,326 | 673,733 |
| Computers | 448,474 | 617,206 |
| Plant and machinery | 29,147,833 | 51,503,338 |
| Right-of-use (ROU) Building | 51,474,275 | 67,233,754 |
| | 87,724,293 | 134,049,736 |
| Capital work-in-progress | - | 405,250 |

| Cost | Lease hold property development | Furniture and fixtures | Office equipments | Computers | Plant and machinery | ROU Building | Total |
|---------------------------------|---------------------------------------|---------------------------|----------------------|-----------|------------------------|--------------|-------------|
| Balance as on 31 March 2019 | 46,263,103 | 4,938,681 | 2,242,121 | 5,456,891 | 111,866,260 | - | 170,767,056 |
| Transition impact of Ind AS 116 | - | - | - | - | - | 72,670,270 | 72,670,270 |
| Restated as at 01 April 2019 | 46,263,103 | 4,938,681 | 2,242,121 | 5,456,891 | 111,866,260 | 72,670,270 | 243,437,326 |
| Additions | - | - | - | 240,958 | 677,033 | - | 917,991 |
| Deletions | - | 8,259 | 15,191 | - | 3,908,568 | - | 3,932,018 |
| Balance as on 31 March 2020 | 46,263,103 | 4,930,422 | 2,226,930 | 5,697,849 | 108,634,725 | 72,670,270 | 240,423,299 |
| Additions | - | 84,550 | 15,000 | 380,300 | 1,041,584 | - | 1,521,434 |
| Deletions | 31,613,951 | 835,788 | 729,769 | 389,828 | 33,793,738 | 12,616,956 | 79,980,030 |
| Balance as on 31 March 2021 | 14,649,152 | 4,179,184 | 1,512,161 | 5,688,321 | 75,882,571 | 60,053,314 | 161,964,703 |

| Accumulated depreciation | Lease hold property development | Furniture and fixtures | Office equipments | Computers | Plant and machinery | ROU Building | Total |
|---|---------------------------------------|---------------------------|----------------------|-----------|------------------------|--------------|-------------|
| Balance as on 31 March 2019 | 27,419,257 | 1,838,242 | 1,181,730 | 4,132,401 | 49,627,674 | - | 84,199,304 |
| Depreciation expense for the year (refer note 30) | 7,421,448 | 500,023 | 386,655 | 948,242 | 10,995,871 | 5,436,516 | 25,688,755 |
| Deletions | - | 7,150 | 15,188 | - | 3,492,158 | - | 3,514,496 |
| Balance as on 31 March 2020 | 34,840,705 | 2,331,115 | 1,563,197 | 5,080,643 | 57,131,387 | 5,436,516 | 106,373,563 |
| Depreciation expense for the year (refer note 30) | 4,706,211 | 522,517 | 234,497 | 471,180 | 9,924,799 | 4,863,017 | 20,722,221 |
| Deletions | 29,458,837 | 479,760 | 562,859 | 311,976 | 20,321,448 | 1,720,494 | 52,855,374 |
| Balance as on 31 March 2021 | 10,088,079 | 2,373,872 | 1,224,835 | 5,239,847 | 46,734,738 | 8,579,039 | 74,240,410 |

| Carrying amount | Lease hold property development | Furniture and fixtures | Office equipments | Computers | Plant and machinery | ROU Building | Total |
|-----------------------------|---------------------------------------|---------------------------|----------------------|-----------|------------------------|--------------|-------------|
| Balance as on 31 March 2020 | 11,422,398 | 2,599,307 | 673,733 | 617,206 | 51,503,338 | 67,233,754 | 134,049,736 |
| Balance as on 31 March 2021 | 4,561,073 | 1,805,312 | 287,326 | 448,474 | 29,147,833 | 51,474,275 | 87,724,293 |



SeQuent Research Limited
Notes to the financial statements for the year ended 31 March 2021
All amounts are in ₹ unless otherwise stated

4 Other intangible assets

| Carrying amounts of: | As at 31 March 2021 | As at 31 March 2020 |
|----------------------|------------------------|------------------------|
| Software | 1,175,078 | 3,198,751 |
| | 1,175,078 | 3,198,751 |

| Cost | Software |
|-----------------------------|-------------------|
| Balance as on 31 March 2019 | 11,599,949 |
| Additions | 162,500 |
| Balance as on 31 March 2020 | 11,762,449 |
| Deletions | 3,712,477 |
| Balance as on 31 March 2021 | 8,049,972 |

| Accumulated amortisation | Software |
|---|------------------|
| Balance as on 31 March 2019 | 7,369,799 |
| Amortisation expense for the year (refer note 30) | 1,193,899 |
| Balance as on 31 March 2020 | 8,563,698 |
| Amortisation expense for the year (refer note 30) | 1,032,492 |
| Deletions | 2,721,296 |
| Balance as on 31 March 2021 | 6,874,894 |

| Carrying amount | Software |
|-----------------------------|-----------|
| Balance as on 31 March 2020 | 3,198,751 |
| Balance as on 31 March 2021 | 1,175,078 |

5 Other non-current financial assets

| | As at 31 March 2021 | As at 31 March 2020 |
|-------------------|------------------------|------------------------|
| Security deposits | 4,654,197 | 7,181,000 |
| Total | 4,654,197 | 7,181,000 |



SeQuent Research Limited
Notes to the financial statements for the year ended 31 March 2021
All amounts are in ₹ unless otherwise stated

6 Income tax assets (net)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Advance income tax (net of provisions ₹ 1,29,41,512) (As at 31 March 2020 ₹ 1,75,89,433) | 11,168,770 | 16,547,060 |
| Total | 11,168,770 | 16,547,060 |

7 Other non-current assets

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------------|------------------------|------------------------|
| Unsecured, considered good | | |
| Capital advances | - | 527,442 |
| Prepaid expenses | 99,567 | - |
| Total | 99,567 | 527,442 |

8 Inventories

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------|------------------------|------------------------|
| Consumables | 262,462 | 479,689 |
| Total | 262,462 | 479,689 |



9 Current investments

| | Face value | As at 31 March 2021 | | As at 31 March 2020 | |
|---|------------|---------------------|-------------------|---------------------|----------|
| | | No. of units | ₹ | No. of units | ₹ |
| <i>Unquoted mutual funds carried at fair value through profit or loss</i> | | | | | |
| UTI Liquid Cash Plan Regular Plan (Growth) | ₹ 1,000 | 1,805 | 6,051,593 | - | - |
| Nippon India Liquid Fund (Growth) | ₹ 1,000 | 2,208 | 11,032,231 | - | - |
| Tata Liquid Fund Regular Plan (Growth) | ₹ 1,000 | 2,805 | 9,045,090 | - | - |
| Aditya Birla Sun Life Liquid Fund Regular Plan (Growth) | ₹ 100 | 22,776 | 7,500,402 | - | - |
| ICICI Prudential Ultra Short Term Fund - Regular Plan (Growth) | ₹ 10 | 233,845 | 5,043,175 | - | - |
| Total | | | 38,672,491 | | - |

10 Trade receivables

| | As at 31 March 2021 | As at 31 March 2020 |
|--|---------------------|---------------------|
| Unsecured, considered good | 25,883,289 | 24,281,806 |
| Unsecured, considered doubtful | 628,002 | 418,099 |
| | 26,511,291 | 24,699,905 |
| Less: Allowance for doubtful trade receivables | 628,002 | 418,099 |
| Total | 25,883,289 | 24,281,806 |

Notes:

1. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 34.

2. Refer note 38.3 for terms and other details.

11 Cash and cash equivalents

| | As at 31 March 2021 | As at 31 March 2020 |
|--|---------------------|---------------------|
| Balances with banks | | |
| - In current accounts | 2,227,019 | 5,511,551 |
| Cash on hand | - | 1,861 |
| Total | 2,227,019 | 5,513,412 |
| Cash and cash equivalents as defined in Ind AS 7 - Statements of Cash Flow | 2,227,019 | 5,513,412 |

12 Bank balances other than (note 11) above

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---------------------|---------------------|
| In earmarked accounts | | |
| - Margin money deposit (refer note below) | 267,966 | 200,000 |
| | 267,966 | 200,000 |

Note:

Balances in margin money deposits are held as security against guarantees.

13 Other current financial assets

| | As at 31 March 2021 | As at 31 March 2020 |
|------------------------------------|---------------------|---------------------|
| Secured, considered good | | |
| Security deposits | 290,929 | - |
| Interest accrued on fixed deposits | 5,011 | 57,310 |
| Other receivables | 3,038,654 | - |
| | 3,334,594 | 57,310 |

14 Other current assets

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------------|---------------------|---------------------|
| Unsecured, considered good | | |
| Advance to suppliers | 85,317 | 833,731 |
| Balances with government authorities | 2,121,985 | 1,943,220 |
| Prepaid expenses | 1,510,925 | 1,815,672 |
| Total | 3,718,227 | 4,592,623 |



SeQuent Research Limited
Notes to the financial statements for the year ended 31 March 2021
All amounts are in ₹ unless otherwise stated

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---------------------|-------------------|---------------------|-------------------|
| | No. of Shares | ₹ | No. of Shares | ₹ |
| 15 Share capital | | | | |
| (a) Authorised | | | | |
| Equity shares of ₹10 each | 4,700,000 | 47,000,000 | 4,700,000 | 47,000,000 |
| (b) Issued, subscribed and fully paid-up | | | | |
| Equity shares of ₹10 each | 4,410,000 | 44,100,000 | 4,410,000 | 44,100,000 |
| Total | | <u>44,100,000</u> | | <u>44,100,000</u> |

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

| | No. of Shares | ₹ |
|---------------------------------|------------------|-------------------|
| Fully paid equity shares | | |
| Balance at 01 April 2019 | 4,410,000 | 44,100,000 |
| Shares issued during the year | - | - |
| Balance at 31 March 2020 | <u>4,410,000</u> | <u>44,100,000</u> |
| Shares issued during the year | - | - |
| Balance at 31 March 2021 | <u>4,410,000</u> | <u>44,100,000</u> |

(ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹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. The dividend proposed by board of directors is subject to approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend.

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 2021 | | As at 31 March 2020 | |
|----------------------------|------------------------|--------------|------------------------|--------------|
| | 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 2021 | | As at 31 March 2020 | |
|----------------------------|------------------------|--------------|------------------------|--------------|
| | 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
Notes to the financial statements for the year ended 31 March 2021
All amounts are in ₹ unless otherwise stated

16 Other equity

| | As at 31 March 2021 | As at 31 March 2020 |
|----------------------------|------------------------|------------------------|
| Retained earnings | 51,837,958 | 25,158,671 |
| Securities premium account | 9,500,000 | 9,500,000 |
| Total | 61,337,958 | 34,658,671 |

(a) Retained earnings

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Balance at the beginning of year | 25,158,671 | 26,800,351 |
| Less: Transition impact of Ind AS 116 | - | (19,774,079) |
| Add: Transition impact of Ind AS 116 (Deferred tax) | - | 4,976,992 |
| Add: Profit for the year | 25,897,581 | 13,130,130 |
| Add: Other comprehensive income arising from remeasurement of defined benefit obligations | 781,706 | 25,277 |
| Balance at the end of year | 51,837,958 | 25,158,671 |

(b) Securities premium account

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------------|------------------------|------------------------|
| 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 |

17 Non-current borrowings

| | As at 31 March 2021 | As at 31 March 2020 |
|------------------------------------|------------------------|------------------------|
| Unsecured loan - at amortised cost | - | 9,386,295 |
| From related party (refer note 34) | - | - |
| Total | - | 9,386,295 |

Note:

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

18 Other non-current financial liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------------|------------------------|------------------------|
| Lease liabilities (refer note 41) | 73,288,818 | 90,593,534 |
| Total | 73,288,818 | 90,593,534 |

19 Non-current provisions

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Provision for employee benefits | 3,465,090 | 3,759,663 |
| Gratuity (refer note 35) | 1,168,082 | 2,799,335 |
| Compensated absences (refer note below) | - | - |
| Total | 4,633,172 | 6,558,998 |

Note:

- (i) The provision for compensated absences includes annual leave and vested long service leave entitlement accrued.

20 Trade payables

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Total outstanding dues of micro enterprises and small enterprises (refer note 40) | 541,643 | 446,251 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 9,038,647 | 23,336,627 |
| Total | 9,580,290 | 23,782,878 |

Notes:

- (i) Trade payables (other than due to micro, small and medium enterprises) are non-interest bearing and are normally settled in 30 - 60 days.
(ii) The Company's exposures to currency and liquidity risks related to trade payables is disclosed in note 38.
(iii) Refer note 34 for dues payable to related parties.

21 Other current financial liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Payables on purchase of property, plant and equipments | 64,916 | 108,975 |
| Lease liabilities (refer note 41) | 923,690 | 938,133 |
| Total | 988,606 | 1,047,108 |



SeQuent Research Limited

Notes to the financial statements for the year ended 31 March 2021

All amounts are in ₹ unless otherwise stated

22 Other current liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|------------------------|------------------------|------------------------|
| Statutory remittances | 1,302,694 | 1,400,828 |
| Advance from customers | - | 628,266 |
| Total | 1,302,694 | 2,029,094 |

23 Current provisions

| | As at 31 March 2021 | As at 31 March 2020 |
|---------------------------------|------------------------|------------------------|
| Provision for employee benefits | | |
| Gratuity (refer note 35) | 413,949 | 387,733 |
| Compensated absences | 1,186,960 | 529,890 |
| Total | 1,600,909 | 917,623 |

24 Current tax liabilities (net)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Provision for tax (net of advance tax of ₹ 1,09,70,592) | 329,408 | - |
| Total | 329,408 | - |



SeQuent Research Limited

Notes to the financial statements for the year ended 31 March 2021

All amounts are in ₹ unless otherwise stated

| | | | |
|----|--|-----------------------------|-----------------------------|
| 25 | Revenue from operations | Year ended 31 March 2021 | Year ended 31 March 2020 |
| | Sale of services | 173,348,902 | 178,141,591 |
| | Total | 173,348,902 | 178,141,591 |
| 26 | Other income | Year ended 31 March 2021 | Year ended 31 March 2020 |
| | Interest income (refer note (i) below) | 232,456 | 2,063,274 |
| | Fair value gain on financial instrument at fair value through profit or loss | 172,491 | - |
| | Preclosure of lease arrangement | 5,049,410 | - |
| | Miscellaneous income | 146,452 | 2,591,106 |
| | Net loss on foreign currency transactions and translation | 938,864 | - |
| | Profit on sale of property, plant and equipment (net) | 738,310 | 5,430 |
| | Total | 7,277,983 | 4,659,810 |
| | (i) Interest income comprises: | | |
| | Interest on: | | |
| | Bank deposits | 21,181 | 32,470 |
| | Income tax refund | 211,275 | 2,030,804 |
| | Total | 232,456 | 2,063,274 |
| 27 | Analytical costs | Year ended 31 March 2021 | Year ended 31 March 2020 |
| | Consumables | | |
| | Opening stock | 479,689 | 1,045,825 |
| | Add: Purchases | 22,237,091 | 22,139,745 |
| | Less: Closing stock | 262,462 | 479,689 |
| | | 22,454,318 | 22,705,881 |
| | Analytical charges | 15,500 | 133,100 |
| | Power, water and fuel | 6,776,166 | 8,364,534 |
| | Repairs and maintenance | 14,149,974 | 12,607,316 |
| | Total | 43,395,958 | 43,810,831 |
| 28 | Employee benefit expenses | Year ended 31 March 2021 | Year ended 31 March 2020 |
| | Salaries and wages | 33,637,641 | 47,559,286 |
| | Contributions to provident fund, gratuity and other funds (refer note 35) | 3,283,760 | 3,895,776 |
| | Staff welfare expenses | 2,524,636 | 3,348,346 |
| | Total | 39,446,037 | 54,803,408 |



SeQuent Research Limited
Notes to the financial statements for the year ended 31 March 2021
All amounts are in ₹ unless otherwise stated

29 Finance costs

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---------------------------------------|-----------------------------|-----------------------------|
| Interest expense on borrowings | 231,454 | 4,242,022 |
| Interest expense on lease liabilities | 8,170,163 | 9,845,318 |
| Other borrowing costs | 1,035,502 | 285,055 |
| Total | 9,437,119 | 14,372,395 |

30 Depreciation and amortisation expenses

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|-----------------------------|-----------------------------|
| Depreciation on property, plant and equipment and ROU assets (refer note 3) | 20,722,221 | 25,688,755 |
| Amortisation on intangible assets (refer note 4) | 1,032,492 | 1,193,899 |
| Total | 21,754,713 | 26,882,654 |

31 Other expenses

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|-----------------------------|-----------------------------|
| Travel expenses | 447,861 | 1,456,019 |
| Communication expenses | 843,640 | 2,125,103 |
| Printing and stationery | 1,124,371 | 1,352,971 |
| Contract labour charges | 1,268,255 | 2,696,187 |
| Legal and professional charges | 835,119 | 472,216 |
| Insurance | 963,789 | 480,968 |
| Corporate and IT support service charges (refer note 34) | 15,685,229 | 14,000,000 |
| Rates and taxes | 54,877 | 400,463 |
| Payments to auditors (refer note (i) below) | 300,000 | 250,000 |
| Bad trade receivables written off | 622,221 | - |
| Allowances for doubtful trade receivables | 209,903 | - |
| Property, plant and equipment written off | 8,695,634 | 408,894 |
| Net loss on foreign currency transactions and translation | | 182,056 |
| Other expenses | 464,762 | 578,144 |
| Total | 31,515,661 | 24,403,021 |

Note:

- (i) Payments to the auditors comprises (net of Goods and Services tax):
(a) As auditors - statutory audit

| | | |
|--|----------------|----------------|
| | 300,000 | 250,000 |
| | 300,000 | 250,000 |



SeQuent Research Limited
Notes to the financial statements for the year ended 31 March 2021
All amounts are in ₹ unless otherwise stated

32 Reconciliations of tax expenses and details of deferred tax balances

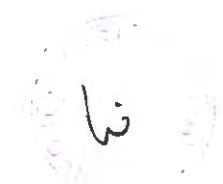
(a) Income tax expense recognised in statement of profit and loss

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|--|-----------------------------|-----------------------------|
| i) Tax expense recognised in the statement of profit and loss | | |
| Current tax | 11,300,000 | 7,000,000 |
| Total (I) | 11,300,000 | 7,000,000 |
| Deferred tax charge / (income) | | |
| Origination and reversal of temporary differences | (2,216,580) | (1,757,030) |
| Total (II) | (2,216,580) | (1,757,030) |
| Current tax of prior period (III) | 96,396 | 155,992 |
| Total (IV = I+II+III) | 9,179,816 | 5,398,962 |
| ii) Tax expense recognised in the other comprehensive income | | |
| Income tax on Re-measurement gains on defined benefit plans | 282,800 | - |
| Total (V) | 282,800 | - |
| Total tax expenses (IV+V) | 9,462,616 | 5,398,962 |

(b) Reconciliation of effective tax rate

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|--|-----------------------------|-----------------------------|
| Profit before tax | 35,077,397 | 18,529,092 |
| Statutory Income Tax Rate | 25.17% | 25.17% |
| Tax as per applicable tax rate | 8,828,279 | 4,663,402 |
| Differences due to: | | |
| - Expenses not allowed for tax purpose | 5,874 | 3,649 |
| - Effect of change in tax rate | - | 887,124 |
| - Current tax of prior period | 96,396 | 155,992 |
| - Others | 249,267 | (311,205) |
| Income tax expenses charged to the statement of profit and loss | 9,179,816 | 5,398,962 |
| Effective Tax Rate | 26.17% | 29.14% |



(c) Movement in deferred tax assets

| | As at 01 April 2020 | Credit / (charge) in the statement of profit and loss | Credit / (charge) in other comprehensive income | As at 31 March 2021 |
|--|------------------------|--|--|------------------------|
| - Temporary differences on account of depreciation | 7,794,800 | 2,692,800 | - | 10,487,600 |
| - Expenses allowable on payment basis | 2,024,500 | (92,800) | (282,800) | 1,648,900 |
| - Right-of-use assets | 6,115,622 | (392,678) | - | 5,722,944 |
| - Others | 105,200 | 9,258 | - | 114,458 |
| Total | 16,040,122 | 2,216,580 | (282,800) | 17,973,902 |

| | As at 01 April 2019 | Credit / (charge) in the statement of profit and loss | Credit / (charge) in other comprehensive income | As at 31 March 2020 |
|--|------------------------|--|--|------------------------|
| - Temporary differences on account of depreciation | 7,105,100 | 689,700 | - | 7,794,800 |
| - Expenses allowable on payment basis | 2,201,000 | (176,500) | - | 2,024,500 |
| - Right-of-use assets (^) | 4,976,992 | 1,138,630 | - | 6,115,622 |
| - Others | - | 105,200 | - | 105,200 |
| Total | 14,283,092 | 1,757,030 | - | 16,040,122 |

(^) Opening balances is on account of transition impact of Ind AS 116.

33 Earnings per share

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|----------------------------|-----------------------------|-----------------------------|
| Basic earnings per share | 5.87 | 2.98 |
| Diluted earnings per share | 5.87 | 2.98 |

Profit attributable to equity shareholders

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|--|-----------------------------|-----------------------------|
| Profit for the year attributable to equity holders | 25,897,581 | 13,130,130 |
| Profit attributable to equity shareholders for basic and diluted earnings | 25,897,581 | 13,130,130 |

Weighted average number of equity shares

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|--|-----------------------------|-----------------------------|
| 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 |



34 Related party transactions

34.1 List of related parties

(I) Related parties where control exists

Ultimate Holding Company
CA Harbor Investments (w.e.f. 17 August 2020)

a) Holding Company

SeQuent Scientific Limited

(II) Other related parties with whom transactions have taken place during the year

a) Fellow Subsidiaries :

Alivira Animal Health Limited, India
Elysian Life Sciences Private Limited
Bremer Pharma GmbH

b) Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company

Strides Pharma Sciences Limited (Till 17 August 2020)
Strides Emerging Markets Limited (Till 17 August 2020)
Solara Active Pharma Sciences Limited (Till 17 August 2020)
Stelis Biopharma Private Limited (Till 17 August 2020)
Tenshi Kaizen Private Limited (Till 17 August 2020)
Sequent Penems Private Limited (Till 17 August 2020)

All the transactions entered with related parties are in the ordinary course of business and on arm's length basis.

The following table provides the transactions and balances that have been entered into with related parties for the relevant financial year:

34.2 Transactions for the year

| Particulars | Holding company | | Fellow subsidiaries | | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--|--------------------------|
| | Year ended 31 March 2021 | Year ended 31 March 2020 | Year ended 31 March 2021 | Year ended 31 March 2020 | Year ended 31 March 2021 | Year ended 31 March 2020 |
| (i) Sale of services | | | | | | |
| SeQuent Scientific Limited | 5,607,027 | 6,933,907 | | | | |
| Alivira Animal Health Limited, India | | | 48,236,269 | 42,075,783 | - | 619,500 |
| Strides Pharma Sciences Limited | | | | | 44,000 | 2,688,900 |
| Strides Emerging Markets Limited | | | | | 15,947,018 | 46,693,794 |
| Solara Active Pharma Sciences Limited | | | | | - | 1,730,500 |
| Stelis Biopharma Private Limited | | | | | - | 58,500 |
| Tenshi Kaizen Private Limited | | | | | | |
| (ii) Sale of machinery / assets | | | | | | |
| SeQuent Scientific Limited | 2,881,001 | 10,057 | | | | |
| Alivira Animal Health Limited, India | | | 4,533,452 | 4,000 | | |
| Bremer Pharma GmbH | | | 3,038,654 | - | | |
| (iii) Interest expenses * | | | | | | |
| SeQuent Scientific Limited | 231,454 | 4,242,022 | | | | |
| (iv) Corporate and IT support service charges | | | | | | |
| SeQuent Scientific Limited | 5,046,635 | 14,000,000 | | | | |
| Alivira Animal Health Limited, India | | | 10,638,594 | - | | |
| (v) Payment towards lease obligation and finance costs | | | | | | |
| Sequent Penems Private Limited | | | | | 726,000 | 2,358,000 |
| Solara Active Pharma Sciences Limited | | | | | 2,800,000 | 8,400,000 |
| (vi) Balance written off | | | | | | |
| Elysian Life Sciences Private Limited | | | 133,118 | - | | |
| (vii) Loan repaid by the Company | | | | | | |
| SeQuent Scientific Limited | 9,600,392 | 73,000,000 | | | | |

* Interest expense is included in previous year in loan outstanding amount.



34.3 Balance at Balance sheet date

| | Holding company | | Fellow subsidiaries | | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company | |
|--|------------------------|------------------------|------------------------|------------------------|--|------------------------|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| (i) Trade receivables / other current assets | | | | | | |
| Elysian Life Sciences Private Limited | | | - | 133,118 | | |
| SeQuent Scientific Limited | 1,468,152 | - | | | | |
| Alivira Animal Health Limited, India | | | 3,011,698 | - | | |
| Bremer Pharma GmbH | | | 3,038,654 | - | | |
| Strides Pharma Sciences Limited | | | | | - | 405,082 |
| Strides Emerging Markets Limited | | | | | - | 1,031,616 |
| Solara Active Pharma Sciences Limited | | | | | - | 8,150,577 |
| Stelis Biopharma Private Limited | | | | | - | 1,221,380 |
| Tenshi Kaizen Private Limited | | | | | - | 3,200 |
| (ii) Security deposit | | | | | | |
| Sequent Penems Private Limited | | | | | - | 2,500,000 |
| Solara Active Pharma Sciences Limited | | | | | - | 4,200,000 |
| (iii) Trade payable / other current liability | | | | | | |
| SeQuent Scientific Limited | - | 3,748,386 | | | | |
| Alivira Animal Health Limited, India | | | | 8,958 | | |
| Sequent Penems Private Limited | | | | | - | 392,040 |
| (iv) Loan payable | | | | | | |
| SeQuent Scientific Limited | - | 9,386,295 | | | | |



35 Employee benefit plans

(i) Defined contribution plans:

The Company makes Provident Fund (PF) and Employee State Insurance Scheme (ESIC) 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 ₹ 22,11,098 (year ended 31 March 2020 ₹ 29,33,892) for PF contributions and ₹ 1,84,211 (Year ended 31 March 2020 ₹ 2,32,044) for ESIC contributions in the statement of profit and loss. As at 31 March 2021, contribution of ₹ 3,30,166 (year end 31 March 2020 - ₹ 4,05,322) 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. Gratuity is payable to all eligible employees of the Company on superannuation, death and resignation. 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 2021 | 31 March 2020 |
|--|--------------------|-----------------|
| Expense recognised in the statement of profit and loss: | | |
| Current service cost | 888,451 | 729,840 |
| Net interest expenses | 257,375 | 234,941 |
| Component of defined benefit costs recognised in the statement of profit and loss | 1,145,826 | 964,781 |
| Expense / (income) recognised in other comprehensive income: | | |
| Actuarial (gains) / losses arising from changes in financial assumptions | (18,168) | 249,351 |
| Actuarial (gains) / losses arising from changes in demographic assumptions | - | 151 |
| Actuarial (gains) / losses arising from changes in experience adjustments | (1,046,338) | (274,779) |
| Component of defined benefit costs recognised in other comprehensive income | (1,064,506) | (25,277) |
| Total | 81,320 | 939,504 |

Net defined benefit obligation as reflected in Balance Sheet.

| | 31 March 2021 | 31 March 2020 |
|---|------------------|------------------|
| Present value of defined benefit obligation (DBO) | 3,879,039 | 4,147,396 |
| Fair value of plan assets | - | - |
| Net liability recognised in Balance sheet | 3,879,039 | 4,147,396 |

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

| | 31 March 2021 | 31 March 2020 |
|--|------------------|------------------|
| Opening defined benefit obligation | 4,147,396 | 3,337,426 |
| Current service cost | 888,451 | 729,840 |
| Interest cost | 257,375 | 234,941 |
| Benefits paid | (349,677) | (129,534) |
| Actuarial loss (gain) arising from: | | |
| Actuarial (gains) / losses arising from changes in financial assumptions | (18,168) | 249,351 |
| Actuarial (gains) / losses arising from changes in demographic assumptions | - | 151 |
| Actuarial (gains) / losses arising from changes in experience adjustments | (1,046,338) | (274,779) |
| Closing defined benefit obligation | 3,879,039 | 4,147,396 |

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 2021 | 31 March 2020 |
|--------------------------------|--------------------|--------------------|
| Financial assumption: | | |
| Discount rate | 6.58% | 6.51% |
| Salary escalation rate | 8.00% | 8.00% |
| Demographic assumption: | | |
| Withdrawal rate | 12.00% | 12.00% |
| Mortality rate | IALM (2012-14) | IALM (2012-14) |
| Retirement Age | Ultimate 58 yrs | Ultimate 58 yrs |

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.

| | 31 March 2021 | 31 March 2020 |
|-----------------------------------|---------------|---------------|
| Expected future cash flows | | |
| Within 1 Year | 413,949 | 387,733 |
| 2-5 years | 1,550,776 | 1,607,879 |
| 6-10 years | 1,934,620 | 2,038,405 |

Average expected future working life is 7.76 years (previous year 7.83 years)

Sensitivity Analysis

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

| | Impact on the defined benefit obligations | |
|------------------------|---|-------------------------|
| | 100 bps increase | 100 bps decrease |
| 31 March 2021 | | |
| Discounting rate | (257,113) | 290,594 |
| Salary escalation rate | 284,754 | (256,983) |
| | 100 bps increase | 100 bps decrease |
| 31 March 2020 | | |
| Discounting rate | (275,480) | 311,304 |
| Salary escalation rate | 304,365 | (274,826) |



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

i The Company is not having contingent liabilities as on 31 March 2021 and 31 March 2020.

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|--|-----------------------------|-----------------------------|
| ii Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | | |
| - Property, plant and equipment | - | 512,305 |

37 Segment Reporting

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the Geographic segment of its business separately for the purpose of making decisions about resource allocation and performance assessment.

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 2021 | 31 March 2020 |
|---|--------------------|--------------------|
| I. Revenue from operations | | |
| Europe | 23,835,269 | 34,318,442 |
| Asia | 115,705,375 | 133,993,834 |
| Rest of the world | 33,808,258 | 9,829,315 |
| Total | 173,348,902 | 178,141,591 |
| II. Total assets | | |
| Europe | 6,858,168 | 8,026,466 |
| Asia | 151,622,717 | 172,054,372 |
| Rest of the world | 9,538,298 | 406,181 |
| Total segment assets | 168,019,183 | 180,487,019 |
| Unallocated (*) | 29,142,672 | 32,587,182 |
| Total | 197,161,855 | 213,074,201 |
| III. Cost incurred during the year to acquire segment assets | | |
| Asia | 1,116,184 | 1,485,741 |
| Rest of the world | - | - |
| Total | 1,116,184 | 1,485,741 |

Information about major customer

For information about major customer, refer note 38.3

Note: In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

(*) Unallocable assets comprises of income tax assets (net) and deferred tax assets (net).



38 Financial instruments

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

| Particulars | Carrying value and fair value | |
|--|-------------------------------|--------------------|
| | 31 March 2021 | 31 March 2020 |
| Financial assets | | |
| Measured at amortised cost | | |
| Trade receivables | 25,883,289 | 24,281,806 |
| Cash and cash equivalents | 2,227,019 | 5,513,412 |
| Other bank balance | 267,966 | 200,000 |
| Other financial assets | 7,988,791 | 7,238,310 |
| Measured at fair value through profit or loss (FVTPL) | | |
| Investment in mutual fund | 38,672,491 | - |
| Total | 75,039,556 | 37,233,528 |
| Financial liabilities | | |
| Measured at amortised cost | | |
| Borrowings | - | 9,386,295 |
| Trade payables | 9,580,290 | 23,782,878 |
| Lease liabilities | 74,212,508 | 91,531,667 |
| Other financial liabilities | 64,916 | 108,975 |
| Total | 83,857,714 | 124,809,815 |

38.1 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2021 and 31 March 2020:

| Particulars | Date of valuation | Total | Fair value measurement using | | |
|---|-------------------|------------|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Financial assets designated at fair value through profit or loss (refer note 9): | | | | | |
| Investment in mutual funds | 31 March 2021 | 38,672,491 | - | 38,672,491 | - |
| Investment in mutual funds | 31 March 2020 | - | - | - | - |

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes:

(i) Refer note 2(xi) under significant accounting policy for recognition and measurement of financial assets.



38.2 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 trade receivables, investments, cash and 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.

38.3 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 customers, 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 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 2021 | 31 March 2020 |
|------------------------------------|-------------------|-------------------|
| Outstanding for more than 6 months | 168,918 | 1,461,242 |
| Others | 25,714,371 | 22,820,564 |
| | <u>25,883,289</u> | <u>24,281,806</u> |

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 for export customers.

Information about major Customer

Two largest customers group has total exposure in sales ₹ 10,42,51,411 (60.14 % of total sales) in current year and ₹ 9,93,97,145 (55.80 % of total sales) in FY 2019-20. The receivables from these customers are ₹ 1,71,34,687 (66.20 % of total receivable) in current year and ₹ 1,90,58,121 (78.49% of total receivable) in FY 2019-20. Apart from the aforesaid customers, the Company does not have a significant credit risk exposure to any other external counterparty.



38.4 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 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 2021 and 31 March 2020.

| Particulars | As at 31 March 2021 | | | |
|-----------------------------|---------------------|-----------|-------------------|------------|
| | Less than 1 year | 1-2 years | 2 years and above | Total |
| Trade payables | 9,580,290 | - | - | 9,580,290 |
| Lease liabilities | 923,690 | 1,490,802 | 71,798,016 | 74,212,508 |
| Other financial liabilities | 64,916 | - | - | 64,916 |

| Particulars | As at 31 March 2020 | | | |
|-----------------------------|---------------------|-----------|-------------------|------------|
| | Less than 1 year | 1-2 years | 2 years and above | Total |
| Borrowings | - | - | 9,386,295 | 9,386,295 |
| Trade payables | 23,782,878 | - | - | 23,782,878 |
| Lease liabilities | 938,133 | 1,604,930 | 88,988,604 | 91,531,667 |
| Other financial liabilities | 108,975 | - | - | 108,975 |

38.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates 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 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.

Foreign currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense is denominated in a foreign currency).

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

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 2021 | | As at 31 March 2020 | |
|---------------------|--------------------------|--|--------------------------|---|
| | Receivables / (payables) | Receivables / (payables) in foreign currency | Receivables / (payables) | Receivables / (payable) in foreign currency |
| GBP | 13,061,376 | 129,383 | - | - |
| EURO | 3,394,843 | 39,430 | 8,570,613 | 103,199 |
| USD | - | - | 632,638 | 8,392 |
| Net Exposure | 16,456,219 | | 9,203,251 | |



b) Foreign currency sensitivity analysis

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

The following table details the Company's sensitivity to a 10% increase and decrease in the ₹ 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 numbers below indicates an increase in profit or equity where the ₹ strengthens 10% against the relevant currency. For a 10% weakening of the ₹ 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 2021 | 31 March 2020 |
| 10% increase in foreign currency | | |
| GBP | 1,306,138 | - |
| Euro | 339,484 | 857,061 |
| USD | - | 63,264 |
| 10% decrease in foreign currency | | |
| GBP | (1,306,138) | - |
| Euro | (339,484) | (857,061) |
| USD | - | (63,264) |

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.

38.6 Financial instrument- risk exposure and fair value

Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate risk

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

| | 31 March 2021 | 31 March 2020 |
|----------------------------------|----------------|------------------|
| Fixed-rate instruments | | |
| Financial assets | | |
| - Margin money deposit | 267,966 | 200,000 |
| Total | 267,966 | 200,000 |
| Variable-rate instruments | | |
| Financial liabilities | | |
| - Borrowings from others | - | 9,386,295 |
| Total | - | 9,386,295 |

Interest rate 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.

| Effect | Profit and loss | |
|---------------------------|------------------|------------------|
| | 100 bps increase | 100 bps decrease |
| 31 March 2021 | | |
| Variable-rate instruments | - | - |
| 31 March 2020 | | |
| Variable-rate instruments | (93,863) | 93,863 |
| | (93,863) | 93,863 |



39 Capital management

For the purpose of Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity share holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents.

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 (offset by cash and bank balances and current investment) and total equity of the Company.

The Company's gearing ratio is as follows:

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---------------------|-------------------|
| Debt (i) | - | 9,386,295 |
| Cash and cash equivalents (ii) | 2,227,019 | 5,513,412 |
| Other bank balance (margin money) (iii) | 267,966 | 200,000 |
| Current investment (iv) | 38,672,491 | - |
| Net debt [(i) - (ii) - (iii) - (iv)] | (41,167,476) | 3,672,883 |
| Total equity | 105,437,958 | 78,758,671 |
| Gearing ratio | - | 4.66% |

(i) Debt is defined as long-term borrowings.

(ii) Gearing ratio : Net debt / Equity.

40 Due to micro, small and medium enterprises (refer note 20)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | 541,643 | 446,251 |
| Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 9,921 | - |
| 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 | 9,921 | - |
| 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.



41 Lease Accounting

a. Refer note 3 for movement of ROU assets.

b. Lease liabilities as on 31 March 2021 and 31 March 2020 is as below:

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------|------------------------|------------------------|
| Opening Balance | 91,531,667 | 92,444,349 |
| Deletion | (15,945,872) | - |
| Accretion of interest | 8,170,163 | 9,845,318 |
| Payment | (9,543,450) | (10,758,000) |
| Closing Balance | 74,212,508 | 91,531,667 |
| Current | 923,690 | 938,133 |
| Non-current | 73,288,818 | 90,593,534 |

The effective interest rate for lease liabilities is 10.70%.

c. The amounts recognised in statement profit or loss is as below:

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|-----------------------------|-----------------------------|
| Depreciation expense of right-of-use assets | 4,863,017 | 5,436,516 |
| Interest expense on lease liabilities | 8,170,163 | 9,845,318 |
| Other expenses | - | - |
| | 13,033,180 | 15,281,834 |

d. Maturity analysis of leases

Refer note 38.4 for maturity analysis of lease liabilities.

e. Impact on the statement of cash flows is as below:

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|-----------------------------|-----------------------------|
| Payment of principal portion of lease liabilities | 1,373,287 | 912,682 |
| Payment of interest portion of lease liabilities | 8,170,163 | 9,845,318 |
| Net cash used in financing activities | 9,543,450 | 10,758,000 |

42 Following outbreak of COVID-19 pandemic globally and in India, the Company has adopted measures to curb the spread of infections in order to protect health of its employees and business continuity with minimal disruption. Considering that the Company is in business of providing analytical services to pharmaceuticals companies which is considered to be an essential service, the Company's operations do not have any significant impact as its lab is operating and sales continuing. The Company's management, based on internal and external information available, has assessed its impact on carrying value of receivables. The impact of the global health pandemic may be different from that estimates as at the date of approval of these financial statements and the management will continue to closely monitor any material changes to future economic conditions.

43 During the year, the Company has merged its operations being conducted at Bangalore location with its other facility situated at Mangalore and also transferred few lab equipment's to other group companies. This has resulted following impact in the financials of the company –
 > Other Income of ₹ 5,049,410/- due to pre-closure of lease agreement of Bangalore location which is as per Ind AS 116.
 > Written off fixed non-movable structures under other expenses amounting to ₹ 7,679,417/-.

44 The previous year figures have been regrouped wherever necessary to conform to current year's presentation.

45 The financial statements were approved for issue by the Board of Directors on 30 June 2021.

For SRBC & CO LLP
 Chartered Accountants
 ICAI firm registration number: 324982E / E300003

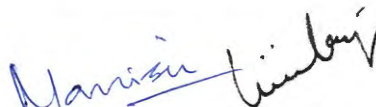


Per Vikas Kumar Pansari
 Partner
 Membership No. 093649

Mumbai, 30 June 2021

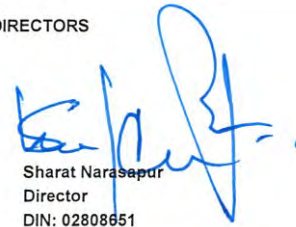


FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



Manish Gupta
 Director
 DIN: 06805265

Tushar Mistry
 Director
 DIN: 06951371



Sharat Narasapur
 Director
 DIN: 02808651

