

Independent Auditor's Report on the accounting treatment in the proposed composite scheme of amalgamation under Sections 230 to 232 of the Companies Act, 2013, relevant rules thereunder and SEBI Master circular SEBI/HO/CFD/POD2/P/CIR/2023/93

The Board of Directors
Sequent Scientific Limited
301, Dosti Pinnacle,
Plot No. E7, Road No. 22, Wagle Industrial Estate,
Thane (West) - 400 604,
Maharashtra

1. This Report is issued in accordance with the terms of our service scope letter dated September 23, 2024 and master engagement agreement dated November 07, 2022 (as amended) with Sequent Scientific Limited (hereinafter the "Company") pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the Bombay Stock Exchange (BSE), National Stock Exchange of India Limited (NSE), SEBI, National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the scheme of arrangement as mentioned in paragraph 2 below.
2. We, S R B C & CO LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the management of the Company, to examine the accounting treatment given in para 66.1 of the attached Proposed Composite Scheme of Amalgamation dated September 26, 2024 (the "Proposed Scheme" or "Proposed Scheme of Arrangement") amongst the Company and Syped Labs Limited, Vandana Life Sciences Private Limited, Appcure Labs Private Limited, Vindhya Pharma (India) Private Limited, S.V. Labs Private Limited, Vindhya Organics Private Limited, Viyash Life Sciences Private Limited, Geninn Life Sciences Private Limited, Sequent Research Limited, in terms of the provisions of sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ("the Act") and SEBI Master Circular SEBI/HO/CFD/POD2/P/CIR/2023/93 ('SEBI Master Circular') dated June 20, 2023, for compliance with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013, relevant rules thereunder and other generally accepted accounting principles in India (collectively referred to as 'applicable accounting standards'), read with General Circular No 09/2019 issued by the Ministry of Corporate Affairs dated August 21, 2019 (MCA Circular). The accounting treatment as prescribed in the proposed scheme has been included in Annexure.

Management's Responsibility

3. The preparation of the Proposed Scheme is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The proposed Scheme has been approved by the Board of Directors.
4. The management of the Company is also responsible for ensuring that the Company complies with the relevant laws and regulations, including the applicable accounting standards as aforesaid and circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also provides relevant information to the NCLT.

Sequent Scientific Limited

Page 2 of 3

Auditors Responsibility

5. Pursuant to the requirements of Section 230 of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and SEBI Master Circular, our responsibility is to provide reasonable assurance in the form of an opinion on whether the proposed accounting treatment as contained in the Annexure is in compliance with the applicable accounting standards read with MCA circular.
6. We audited the financial statements of the Company as of and for the financial year ended March 31, 2024, on which we issued an unmodified audit opinion vide our reports dated May 15, 2024. Our audits of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
7. We conducted our examination of the Annexure in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. Our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion on the specified elements, accounts or items thereof for the purpose of this report. Accordingly, we do not express such opinion. Further, our examination did not extend to any aspects of legal or propriety nature of the Scheme and other compliances thereof. Nothing contained in this report, nor anything said or done in the course of, or in connection with the services that are subject to this report, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.
10. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures included the following in relation to the Annexure:
 - a. Obtained and read the draft Scheme and the proposed accounting treatment specified therein.
 - b. Obtained copy of resolution passed by the Board of Directors of the Company dated September 26, 2024 approving the Scheme.
 - c. Examined whether the proposed accounting treatment as per clause 66.1 of the Scheme is in compliance with the Applicable Accounting Standards.
 - d. Performed necessary inquiries with the management and obtained necessary representations from the management.

Sequent Scientific Limited

Page 3 of 3

Opinion

11. Based on our examination and according to the information and explanations given to us, read with paragraph 10 above, in our opinion, the proposed accounting as contained in the Annexure, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable accounting standards notified by the Central Government under section 133 of the Act read with relevant rules thereunder and other Generally Accepted Accounting Principles and MCA circular.

Restriction on Use

12. This report has been issued at the request of the Company and is addressed to and provided to the Board of Directors pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the Bombay Stock Exchange (BSE), National Stock Exchange of India Limited (NSE), SEBI, NCLT and any other regulatory authority in connection with the Scheme, and should not be used for any other person or purpose or distributed to anyone or referred to in any document without our prior written consent. Our examination relates to the matters specified in this report, and does not extend to the Company as a whole. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Anil Jobanputra

Partner

Membership Number: 110759

UDIN: 24110759BKEBDS6901

Place of Signature: Mumbai

Date: September 26, 2024

Annexure: Extract from Composite Scheme of Amalgamation

PART VI: Amalgamation of Viyash Life Sciences Private Limited (“Amalgamating Company 1”) and Sequent Research Limited (“Amalgamating Company 2”) with Sequent Scientific Limited (“Amalgamated Company”):

66. Accounting Treatment

66.1.1. Notwithstanding anything else contained in the Scheme, the Amalgamated Company shall account for the amalgamation of the Amalgamating Company 2 in accordance with the Pooling of Interest Method of accounting as laid down in Appendix C of Indian Accounting Standard (“Ind AS”) 103 (Business Combinations of entities under common control) notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time, in its books of accounts such that:

- (i) The Amalgamated Company shall record the assets and liabilities, if any, of the Amalgamating Company 2 vested in it pursuant to this Scheme, at the carrying values thereof and in the same form as appearing in the consolidated financial statements of the Amalgamated Company;
- (ii) The identity of the reserves of the Amalgamating Company 2 shall be preserved and the Amalgamated Company shall record the reserves of the Amalgamating Company 2 in the same form and at the carrying value as appearing in the consolidated financial statements of the Amalgamated Company;
- (iii) Pursuant to the amalgamation of the Amalgamating Company 2 with the Amalgamated Company, inter-company balances, between the Amalgamated Company and the Amalgamating Company 2, if any, as appearing in the books of the Amalgamated Company shall stand cancelled and there shall be no further obligation in that behalf;
- (iv) The value of all the investments held by the Amalgamated Company in the Amalgamating Company 2 shall stand cancelled pursuant to amalgamation.
- (v) The surplus, if any arising after taking the effect of clause 66.1.1(i) to (iv) shall be transferred to Capital Reserve in the financial statements of the Amalgamated Company. The deficit, if any arising after taking the effect of clause 66.1.1(i) to (iv) and adjustment of previously existing credit balance in capital reserve, if any, shall be first debited to Retained Earnings in the financial statements of the Amalgamated Company to the extent of the balance available in the said account. If there is further deficit, the amount will be debited to the Amalgamation Adjustment Deficit Account and its nature shall be akin to Debit balance in Profit and Loss Account. The balance of this account shall be presented as part of reserves and a note explaining the nature shall be given in the financial statements of the Amalgamated Company.
- (vi) In case of any difference in accounting policy between the Amalgamating Company 2 and the Amalgamated Company, the accounting policies followed by the Amalgamated Company will prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies;

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- (vii) Comparative financial information in the financial statements of the Amalgamated Company shall be restated for the accounting impact of the merger of the Amalgamating Company 2, as stated above, as if the merger had occurred from the beginning of the comparative period presented. However, if the entities came under common control after that date, the prior period information shall be restated only from that date.
- (viii) For accounting purposes, the Scheme will be given effect on the date when all substantial conditions for the transfer of the Amalgamating Company 2 are completed;
- (ix) Any matter not dealt with hereinabove shall be dealt with in accordance with the requirement of applicable Ind AS.

66.1.2 Notwithstanding anything else contained in the Scheme, the Amalgamated Company shall account for the amalgamation of the Amalgamating 1 in accordance with the Pooling of Interest Method of accounting as laid down in Appendix C of Indian Accounting Standard (“Ind AS”) 103 (Business Combinations of entities under common control) notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time, in its books of accounts such that:

- (i) The Amalgamated Company shall record the assets and liabilities, if any, of the Amalgamating Company 1 vested in it pursuant to this Scheme, at the carrying values thereof and in the same form as appearing in the standalone financial statements of the Amalgamating Company 1;
- (ii) The identity of the reserves of the Amalgamating Company 1 shall be preserved and the Amalgamated Company shall record the reserves of the Amalgamating Company 1 in the same form and at the carrying value as appearing in the standalone financial statements of the Amalgamating Company 1, subject to clause 66.1.2(v);
- (iii) Pursuant to the amalgamation of the Amalgamating Company 1 with the Amalgamated Company, inter-company balances, between the Amalgamated Company and/or the Amalgamating Company 1, if any, as appearing in the books of the Amalgamated Company and/or the Amalgamating Company 1 shall stand cancelled and there shall be no further obligation in that behalf;
- (iv) The Amalgamated Company shall credit its share capital account with the aggregate face value of the equity shares issued by it to the shareholders of Amalgamating Company 1 pursuant to Clause 64 of the Scheme.
- (v) Existing share capital along with securities premium (including the treasury shares) of Amalgamating Company 1 will stand cancelled;

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- (vi) The surplus, if any arising after taking the effect of clause 66.1.2(i) to (v) shall be transferred to Capital Reserve in the financial statements of the Amalgamated Company. The deficit, if any arising after taking the effect of clause 66.1.2(i) to (v) and adjustment of previously existing credit balance in capital reserve, if any, shall be first debited to Retained Earnings in the financial statements of the Amalgamated Company to the extent of the balance available in the said account. If there is further deficit, the amount will be debited to the Amalgamation Adjustment Deficit Account and its nature shall be akin to Debit balance in Profit and Loss Account. The balance of this account shall be presented as part of reserves and a note explaining the nature shall be given in the financial statements of the Amalgamated Company.
- (vii) In case of any difference in accounting policy between the Amalgamating Company 1 and the Amalgamated Company, the accounting policies followed by the Amalgamated Company will prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies;
- (viii) Comparative financial information in the financial statements of the Amalgamated Company shall be restated for the accounting impact of the merger of the Amalgamating Company 1, as stated above, as if the merger had occurred from the beginning of the comparative period presented. However, if the entities came under common control after that date, the prior period information shall be restated only from that date.
- (ix) For accounting purposes, the Scheme will be given effect on the date when all substantial conditions for the transfer of the Amalgamating Company 1 are completed;
- (x) Any matter not dealt with hereinabove shall be dealt with in accordance with the requirement of applicable Ind AS.

For Sequent Scientific Limited

Rajaram Narayanan

Managing Director

DIN - 02977405

Date: September 26, 2024

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