



Healthcare through Innovation



**Annual Report
2016-2017**

Lyka Labs Limited



Healthcare through Innovation

CIN: L24230GJ1976PLC008738

Regd Office: 4801/B & 4802/A, GIDC Industrial Estate,
Ankleshwar- 393002, Phone: 02646-221422/220549, Fax: 02646-250692.
Admin Office: 101, Shiv Shakti Industrial Estate, Sir M.V Road,
Andheri (East), Mumbai- 400 059. Phone: 022- 66112200, Fax: 66112249.
Email: companysecretary@lykalabs.com Website: www.lykalabs.com

BOARD OF DIRECTORS

SHRI N. I. GANDHI	–	CHAIRMAN & MANAGING DIRECTOR
SMT. N. N. GANDHI	–	NON EXECUTIVE DIRECTOR
SHRI V. S. SHANBHAG	–	INDEPENDENT DIRECTOR
SHRI Y. N. SHAH	–	INDEPENDENT DIRECTOR
SHRI A. N. SHUKLA	–	INDEPENDENT DIRECTOR
SHRI A. S. BAGADIA	–	INDEPENDENT DIRECTOR

AUDIT COMMITTEE

SHRI A. S. BAGADIA	–	CHAIRMAN
SHRI N. I. GANDHI		
SHRI V. S. SHANBHAG		
SHRI Y. N. SHAH		
SHRI A. N. SHUKLA		

CHIEF EXECUTIVE OFFICER

MR. KUNAL N. GANDHI

CHIEF FINANCIAL OFFICER

SHRI Y. B. SHAH

COMPANY SECRETARY

SHRI P. G. HINDIA

AUDITORS

M/s M. A. PARIKH & Co.
Chartered Accountants

BRANCH AUDITORS

M/s THACKER BUTALA DESAI
Chartered Accountants

COST AUDITORS

M/s KIRIT MEHTA & ASSOCIATES
Cost Accountants

BANKERS

Dena Bank
The Kapol Co-op. Bank Ltd
Bank of Maharashtra

REGISTERED OFFICE

4801/B & 4802/A,
G.I.D.C. Industrial Estate,
Ankleshwar – 393 002

ADMINISTRATIVE OFFICE

101, Shiv Shakti Industrial Estate,
Andheri-Kurla Road, Andheri (East),
Mumbai – 400 059

PLANT

Formulation & Bulk Drugs Division
4801/B & 4802/A, G.I.D.C. Industrial Estate,
Ankleshwar – 393002

R & D CENTRE

101, Memon Industrial Estate, 1st Floor,
MTNL Compound, Marol Maroshi Road, Marol,
Andheri (East), Mumbai - 400 059

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NOTICE

NOTICE is hereby given that Thirty Eighth Annual General Meeting of the Members of Lyka Labs Limited will be held at 4801/B & 4802/A, GIDC Industrial Estate, Ankleshwar-393002 on Friday, 29th September, 2017 at 12.45 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2017 and Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Smt. N. N Gandhi, Non-Executive Director (DIN 00021580) who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint statutory auditors and to fix their remuneration.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. Mehta Chokshi & Shah, Chartered Accountants having Firm Registration No. 106201W be and are hereby appointed as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of the 38th Annual General Meeting till the conclusion of the 43rd Annual General Meeting subject to ratification of their appointment by the Shareholders in each of the subsequent Annual General Meetings commencing from 39th Annual General Meeting at such a remuneration as may be decided by the Managing Director in consultation with the Auditors for conducting the Statutory Audit for the financial year ending on 31st March, 2018 plus out of pocket expenses as may be incurred by them in connection with the Audit.”

4. To appoint Branch Auditors and to fix their remuneration.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. M. I. Shah & Co. Chartered Accountants having Firm Registration No.119025W be and are hereby appointed as Branch Auditors of the Company to hold office for a period of five years from the conclusion of 38th Annual General Meeting till the conclusion of the 43rd Annual General Meeting subject to ratification of their appointment by the Shareholders in each of the subsequent Annual General Meetings commencing from 39th Annual General Meeting at such a remuneration as may be decided by the Managing Director in consultation with the Auditors for conducting the Branch Audit for the financial year ending on 31st March, 2018 plus out of pocket expenses as may be incurred by them in connection with the Audit.”

SPECIAL BUSINESS

5. To Fix the Remuneration of Cost Auditor

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Company be and is hereby accorded for payment of remuneration of ₹ 1,25,000/- plus out of pocket expenses as may be incurred in connection with cost audit to M/s. Kirit Mehta & Associates, Cost Auditor having Firm Registration No.000048 on his appointment as cost auditor for conducting the Cost Audit of Pharmaceutical Products of the Company for the financial year 2017-18.

6. Preferential Issue of Warrants to Promoter

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.

“RESOLVED THAT pursuant to the provisions of Section 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and the applicable Rules there under (**the “Act”**) and any applicable subsisting Sections of the Companies Act, 1956, as amended, and the enabling provisions of the Memorandum of Association and Articles of Association of the Company and subject to and in accordance with any other applicable law or regulation in India, the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the **“SEBI ICDR Regulations”**), the Listing Regulations of the stock exchanges where the shares of the Company are listed and in accordance with other applicable rules, regulations, circulars, notifications, clarifications and guidelines thereon issued from time to time by the Government of India (**“GOI”**), the Securities and Exchange Board of India (**“SEBI”**), the Reserve Bank of India (**“RBI”**) and the stock exchanges where the shares of the Company are listed (**“Stock Exchanges”**) and subject to requisite approvals, consents, permissions and/or sanctions, if any, of the GOI, the SEBI, the Stock Exchanges and other appropriate statutory, regulatory or other authority and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting any such approvals, consents, permissions, and/or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the **“Board”** which term shall be deemed to include any committee which the Board may have constituted or may hereinafter constitute to exercise one or more of its powers including the powers conferred hereunder), the consent of the Company, be and is hereby accorded to the Board to create, offer, issue and allot:

550000 Warrants having an option to apply for equity shares of face value of ₹ 10/- each on a preferential basis to Enai Trading & Investment Private Ltd of Promoter Group at an exercise price to be determined in accordance with Regulation 76 of the SEBI ICDR Regulations.

RESOLVED FURTHER THAT the relevant date, as per Regulation 71 of the SEBI ICDR Regulations for the determination of issue price of the Warrants to be allotted to Enai Trading & Investment Private Ltd (**“Proposed Allottee”**) is fixed as 30th August, 2017 i.e. 30 days prior to the date of passing of special resolution to approve the proposed preferential issue in terms of Section 62(1)(c) of the Act.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares upon exercise/conversion of such Warrants on or before the expiration of 18 months in accordance with Regulation 75 of the SEBI ICDR Regulations in one or more tranches.

RESOLVED FURTHER THAT the issue and allotment of equity shares arising out of exercise of option attached to Warrants, to the Proposed Allottee, shall be on the following terms and conditions:

- a) The Warrants shall be allotted within a period of 15 days from the date of passing of this resolution provided that any approval or permission by any Regulatory Authority or the Central Government is pending, the period of 15 days shall be computed from the date of Order on such application or the date of approval or permission, as the case may be.
- b) Pursuant to Regulation 74(4) of the SEBI ICDR Regulations, the Equity shares to be allotted pursuant to exercise/conversion of Warrants, shall only be made in dematerialized form;
- c) The price of each equity shares to be issued in lieu of each Warrant will be calculated in accordance with the provisions of Regulation 76(1) of Chapter VII of the SEBI ICDR Regulations on the basis of the relevant date being the date i.e. 30 days prior to the date of passing of special resolution to approve the proposed preferential issue;
- d) The amount to be paid on Warrant shall be equivalent to at least 25% of the price to be determined in terms of Regulation 77 of the SEBI ICDR Regulations which shall be paid against each Warrant at the time of allotment of Warrants and the balance consideration i.e. 75% shall be paid at the time of allotment of Equity Shares pursuant to exercise of option against each such Warrant;

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- e) The consideration for allotment of Warrants and Equity Shares arising out of exercise of option attached to Warrants shall be paid to the Company from the Bank Account of the Proposed Allottee;
 - f) In case the option to subscribe to Equity Shares against such Warrants is not exercised by the Proposed Allottee within eighteen months from the date of their respective allotment, the consideration paid by the Proposed Allottee in respect of such Warrants shall be forfeited by the Company as provided under regulation 77(4) of SEBI ICDR Regulations;
 - g) The Equity Shares allotted pursuant to exercise of options attached to Warrants issued on preferential basis shall remain locked-in from such date and for such periods as specified under Chapter VII of the SEBI ICDR Regulations; and
 - h) The entire pre-preferential allotment shareholding of the Proposed Allottees, if any, shall be 'locked-in' from the Relevant date up to a period of six months from the date of trading approval granted by the Stock Exchange for the equity shares allotted pursuant to such Warrants as specified under Chapter VII of the SEBI ICDR Regulations.

RESOLVED FURTHER THAT an offer to the Proposed Allottee through Private Placement Offer Letter (in the format of PAS-4) be made after passing of this resolution.

RESOLVED FURTHER THAT equity shares to be allotted upon exercise/conversion of Warrants shall rank paripassu in all respects including as to dividend, with the existing fully paid up equity shares of the Company, subject to the relevant provisions contained in the Memorandum of Association and Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, at its discretion deem necessary, desirable or expedient to effect issue or allotment of Equity Shares pursuant to exercise of the Warrants and listing of the said equity shares allotted upon conversion of warrants with the Stock Exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment of any of the said Warrants and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by the above resolutions to any director or directors or to any committee of directors or any other officer or officers of the Company to give effect to the aforesaid resolution.”

7. Ratification of Non Disclosure of ultimate beneficiaries.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.

“**RESOLVED THAT** consent of the Company be and is hereby accorded to ratify the non disclosure of identity of the ultimate beneficiaries of the Non Promoter Allottee viz M. J. Shah HUF and their Pre & post shareholding in an Explanatory Statement to the Notice dated 04th July, 2017 as required under Regulation 73 (1)(e) of Chapter VII, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

RESOLVED FURTHER THAT disclosure of identity of the ultimate beneficiaries of the Non Promoter Allottee – M.J. Shah HUF and their Pre & post shareholdings be disclosed in an Explanatory Statement to this notice.”

8. Related Party Transactions

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.

“**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013, and Regulation 23 of (Listing Obligation and Disclosure Requirements) Regulations, 2015, (including any modification(s) thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors to enter into contracts / arrangements / transactions with Related Parties for:

- (i) Sale, purchase or supply of any goods and/or materials and/or brands and/or dossiers and/or services directly or through appointment of agent and selling or disposing off, renting, leasing and buying propertie(s) of any kind on such terms and conditions as may be mutually agreed upon between the Company and Lyka BDR International Ltd a subsidiary and Related Party, for an amount not exceeding ₹ 50 crores (Rupees Fifty Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013.
- (ii) Sale, purchase or supply of any goods and/or materials and/or brands and/or dossiers and/or services directly or through appointment of agent and selling or disposing off, renting, leasing and buying propertie(s) of any kind, on such terms and conditions as may be mutually agreed upon between the Company and Lyka Exports Limited a subsidiary and Related Party, for an amount not exceeding ₹ 15 crores (Rupees Fifteen Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013.
- (iii) Sale, purchase or supply of any goods and/or materials and/or brands and/or dossiers and/or services directly or through appointment of agent and selling or disposing off, renting, leasing and buying propertie(s) of any kind, on such terms and conditions as may be mutually agreed upon between the Company and Lyka Healthcare Ltd a wholly owned subsidiary and Related Party, for an amount not exceeding ₹ 15 crores (Rupees Fifteen Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, matters, deeds and things, and to finalize the terms and conditions as may be considered necessary, expedient or desirable in order to give effect to this resolution.”

9. Authority for Sale of Office Premises at Andheri.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013, and subject to approval of the Bank of Maharashtra and any such other authorities, consent of the Company be and is hereby accorded for sale of office premises situated at 101, Shiv Shakti Industrial Estate, Andheri Kurla Road, Andheri East, Mumbai – 400 059 for a price not less than ₹ 10 crores (Rupees Ten Crores only) on such terms and conditions as the Board may deem fit.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to delegate the authority to Mr. Kunal Gandhi Chief Executive Officer (CEO) of the Company to negotiate the terms and conditions of the sale of office premises at Andheri East and to execute all such documents, deeds, papers etc. and to do all such acts, deeds, matters and things to give effect to this resolution.”

Notes:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of business under Item Nos. 5, 6, 7, 8 and 9 set out in the Notice is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No. 2 of the Notice, are also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A Person cannot act as proxy for members not exceeding 50 (Fifty) and holding in aggregate not more than ten percent of the total share capital of the Company.
3. The Proxy form, in order to be effective, must be duly completed, signed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting. Proxy form is sent herewith.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 23rd September, 2017 to Friday, 29th September, 2017 (both days inclusive) for the purpose of Annual General Meeting.
6. SEBI has mandated submission of Permanent Account Number (PAN) by every participant in securities market. In view thereof, members who have not furnished PAN are requested to furnish the same as under:
 - i) Members holding shares in electronic form to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts.
 - ii) Members holding shares in physical form to submit their PAN details to Registrar & Share Transfer Agent.
7. The Annual Report along with the attendance slip and proxy form is being sent by electronic mode to all members whose email id is registered with the Company/ Depository Participant(s). Members who have not registered their email address, physical copy of the Annual Report will be sent by the permitted mode.
8. Members may also note that the Annual Report will also be made available on the Company's Website: - www.lykalabs.com.
9. In Compliance with the provisions of Section 108 of the Act, read with Rule 20 of Companies (Management and Administrative) Rules, 2014 and Regulation 44 of Listing Regulations, 2015, the Company is pleased to offer the facility of voting through electronic means. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their vote at the meeting through ballot paper.
 - The voting through electronic means will commence on 26th September, 2017 at 10.00 am and will end on 28th September, 2017 at 5 pm. The cut-off date for entitlement of voting through electronic means is 22nd September, 2017.
10. Any member, who has voted by remote e-voting, cannot vote at the meeting.
11. Members are requested to bring their copy of the Annual Report at the Annual General Meeting, as no extra copy of Annual Report would be made available at the Annual General Meeting. Members/proxies should also bring the attached Attendance Slip, duly filled and hand it over at the entrance to the venue.
12. Members are requested to intimate immediately, any change in their address to their depository participants with whom they are maintaining their demat accounts or to the Company's Registrar & Share Transfer Agent, M/s. Sharex (India) Private Limited, if the shares are held by them in physical form.

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13. As required by the Listing Regulations, brief information of Smt. N.N. Gandhi, retiring Director in connection with her re-appointment as Director at the ensuing Annual General Meeting is given herein below:

Details of Director Seeking Re-appointment at the Annual General Meeting

Name of Director	Smt Nehal N Gandhi
Date of Birth	30 th September, 1952
Date of Appointment	4 th February, 1995
Expertise in specific functional areas	Business Management
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	Nil
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	Nil
Number of shares held in the Company	1144803 Shares
Disclosure of relationship between directors inter-se	Shri Narendra I Gandhi, Managing Director (Husband)

AN EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 5

Pursuant to Section 148 of the Companies Act, 2013, and Rule 14 of Companies (Audit and Auditors) Rules, 2014, M/s. Kirit Mehta & Associates, Cost Accountants have been appointed as a Cost Auditor for conducting Cost Audit of Pharmaceutical Products of the Company for the financial year 2017-18. Their appointment as Cost Auditor and payment of remuneration of ₹ 1,25,000/- plus reimburses of out of pocket expenses as may be incurred in connection with cost audit was considered by the Board on the recommendation by the Audit Committee. However, for payment of remuneration to Cost Auditor for the financial year 2017-18 require shareholder's approval.

The Resolution mentioned at Item No. 5 of the Notice is recommended for your approval.

None of the Directors and Key Managerial Personnel is concerned or interested in the said resolution.

Item No. 6

The Company is in need of funds to meet its working capital, capital expenditure and other requirements as mentioned herein below. It was therefore thought expedient to raise the funds through issue of Warrants to Promoter on Preferential basis. The Board of Directors have therefore decided to issue and offer 550000 warrants on preferential basis to Enai Trading & Investment Private Ltd of Promoter Group at a price to be determined in accordance with SEBI ICDR Regulations. Warrants shall be allotted within 15 days from the date of passing of this special resolution provided that if any approval or permission by any Regulatory Authority or the Central Government is pending, the period of 15 days shall be computed from the date of Order on such application or the date of approval or permission, as the case may be.

Pursuant to the provisions of section 62 (1) (c) of Companies Act, 2013, preferential allotment of Warrants needs to be approved by the shareholders by passing special resolution. In terms of Regulation 73 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('SEBI ICDR Regulations'), the following disclosures are made.

1. **Objects of the Preferential Issue of Warrants**

The Objects of the proposed Preferential issue of Warrants is for utilisation of:

- (1) Capital Expenditure,
- (2) R&D Expenditures,
- (3) Cost of Overseas Registration,
- (4) Working Capital Requirements,
- (5) Requirements of Regulatory Authorities and
- (6) Repayment of Debts

2. **The proposal of the promoters, directors or key management personnel of the Company to subscribe to the offer**

Enai Trading and Investment Private Ltd of Promoter Group intend to subscribe to the preferential issue of 550000 Warrants.

3. **Relevant Date**

Relevant date for the purpose of calculation of the price of the Warrants is 30th August, 2017, being 30 days prior to the date of the 38th Annual General Meeting i.e 29th September, 2017 to approve the proposed preferential issue in accordance with SEBI ICDR Regulations.

4. **Time within which the Preferential Issue to be completed**

The Warrants shall be allotted within a period of 15 days from the date of passing of this resolution provided that any approval or permission by any Regulatory Authority or the Central Government is pending, the period of 15 days shall be computed from the date of Order on such application or the date of approval or permission, as the case may be.

5. **Basis or justification of price**

The price will be determined in accordance with the provisions of Chapter VII of SEBI ICDR Regulations. Since the Company is listed on both Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., the trading volume of securities of the Company on both the stock exchanges has been considered to determine the higher trading volume for computation of price.

The proposed allotment of Warrants shall be made at the price which is computed as per pricing formula specified under regulation 76 of SEBI ICDR Regulations.

6. **Undertaking by the Company**

The Company hereby undertakes that:

- (a) It would re-compute the price of the Warrants as mentioned above in accordance with SEBI ICDR Regulations, wherever it is required to do so;
- (b) If the amount payable on account of the re-computation of the price is not paid by the Proposed Allottees within the time specified under SEBI ICDR Regulations, the specified securities/Warrants shall continue to be locked-in till the time such amount is paid by the Proposed Allottees.

7. **Terms of Warrants to be issued to the Proposed Allottee (Promoter)**

- (a) At any time after the allotment of Warrants but on or before expiry of 18 (eighteen) months from the date of allotment of Warrants, the Proposed Allottees shall be entitled, in one or more tranches, to apply for and obtain allotment of equal number of equity share for each of such warrant, as would be calculated at the price which is computed as per pricing formula specified under Regulation 76 of SEBI ICDR Regulations.

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- (b) An amount equivalent to 25% of the total consideration shall be payable at the time of subscription of Warrants.
- (c) Upon exercise of the right to subscribe for equity share, the warrant holders shall be liable to make the payment of balance sum (being 75% of the issue price) towards subscription to each equity share, as may be applied. The amount paid against the Warrants shall be adjusted/set off against the issue price of resultant equity shares.
- (d) on receipt of payment as above the Board (or the committee authorized by the Board) shall allot one equity share per warrant by appropriating ₹ 10/- towards equity share capital and balance amount paid against each warrant towards share premium.
- (e) In the event of entitlement attached to warrant to subscribe for equity shares is not exercised within the period of 18 months from the date of allotment, the same shall lapse and the amount paid on the Warrants shall stand forfeited.
- (f) The Warrants by itself does not give to the holders thereof any rights of the shareholders of the Company.
- (g) The equity shares to be issued and allotted by the Company on exercise/conversion of Warrants in the manner aforesaid shall be in de-materialized form and subject to the Memorandum and Articles of Association of the Company and shall rank paripassu in all respects with the then existing equity shares of the Company and be listed on the stock exchanges where the equity shares of the Company are listed.

8. Identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of post-preferential issued capital that may be held by the said allottees and change in control, if any, in the Company consequent to the preferential issue of Warrants and their conversion into Equity.

Name of the Proposed Allottees (Promoter)	Pre Issue Equity Holding		No. of warrants to be allotted	No. of shares to be allotted on conversion	Post Issue Equity Holding	
	No. of shares	%	No of warrants	No of shares*	No of Shares	%
Enai Trading & Investment Private Limited	432415	1.54	550000	550000	982415	3.42

Name of the Proposed Allottees	Ultimate Beneficial Owners	Pre Issue Equity Holding of ultimate beneficial owners		No. of Warrants to be allotted	Post Issue Equity Holding of ultimate beneficial owners (Subsequent to pref. issue)	
		No. of shares	%		No of Shares	%
Enai Trading & Investments Private Limited	Mr. N. I. Gandhi	1167629	4.15	NIL	1167629	4.07
	Mrs. N. N. Gandhi	1144803	4.07	NIL	1144803	3.99
	Mr. Kunal Gandhi	1116642	3.97	NIL	1116642	3.89
	Mr. N. I. Gandhi (HUF)	1400776	4.98	NIL	1400776	4.88

There shall be no change in control of the Company subsequent to issue of shares on conversion of Warrants into equity.

9. Lock-in Period

- a. Equity shares to be allotted pursuant to exercise of options attached to warrants issued on preferential basis to Enai Trading & Investment Private Ltd of promoter group shall be subject to lock-in for a period of three years from the date of trading approval from stock Exchanges for such equity shares in accordance with Regulation 78(1) of SEBI ICDR Regulations. Locked-in equity shares allotted to Enai Trading & Investment Private Ltd of promoter group may however be transferable amongst the promoters/promoters' group subject to Regulation 79 of SEBI ICDR Regulations.
- (b) The entire pre-preferential allotment shareholding of the Proposed Allottee, if any, shall be locked-in from the Relevant Date upto a period of six months from the date of trading approval granted by the Stock Exchange(s) as per Regulation 78(6) of SEBI ICDR Regulations.

10. The Shareholding Pattern before and after the preferential issue of Warrants and Conversion into Equity Shares.

Sr. No.	Category of Shareholder/ Investor	Pre-Issue*		Conversion of Warrants into equity		Post-Issue shareholding (After exercise / conversion of Warrants into equity)	
		No. of shares	%of share-holding	No. of shares	%of share-holding	No. of shares	%of share-holding
A	Promoter's Holding						
1	Promoters						
	Indian Promoters	5262265	18.70	550000	1.56	5812265	20.26
	Foreign Promoters	-	-	-	-	-	-
2	Persons Acting in Concert	-	-	-	-	-	-
	Sub – Total	5262265	18.70	550000	1.56	5812265	20.26
B	Non promoters Holding						
3	Institutional Investors						
a)	Mutual Funds and UTI	3400	0.01	-	-	3400	0.01
b)	Banks, Financial Institutions, Insurance Companies	160528	0.57	-	-	160528	0.56
	(Central/State Govt. Institutions/ Non Govt. institutions)	218007	0.77	-	-	218007	0.76
	Indian Public	-	-	-	-	-	-
c)	FII's	500	0.00	-	-	500	0.00
	Sub – Total	382435	1.35	-	-	382435	1.33

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Sr. No.	Category of Shareholder/ Investor	Pre-Issue		Conversion of Warrants into equity		Post-Issue shareholding (After exercise / conversion of Warrants into equity)	
		No. of shares*	%of share-holding	No. of shares	%of share-holding	No. of shares	%of share-holding
4	Others						
a)	Private Corporate Bodies	2621952	9.32	–	–	2621952	9.14
b)	Indian Public	17003106	60.42	–	–	17003106	59.27
c)	NRI's / OCB's	1482873	5.27	–	–	1482873	5.17
d)	Any Other (Foreign Coporate Bodies)	1045606	3.72	–	–	1045606	3.64
	ClearingMembers	341763	1.21	–	–	341763	1.19
	Sub - Total	22495300	79.95	–	–	22495300	78.41
	GRAND TOTAL	28140000	100	–	–	28690000	100

* Pre Issue shareholding as on 25.08.2017

12. Auditor's Certificate

A copy of the certificate from M/s M.A. Parikh & Co., Chartered Accountants, the Statutory Auditors of the Company, certifying that the proposed preferential issue of Warrants are being made in accordance with the requirements contained in Chapter VII of the SEBI ICDR Regulations, shall be placed before the 38th Annual General Meeting and shall also be displayed on the website of the Company i.e. www.lykalabs.com.

The Board recommends passing of the resolutions set out at Item Nos.6 as Special Resolution mentioned in the Notice.

As per section 102 (1) (a) of Companies Act, 2013, Shri. N. I. Gandhi and Smt. N.N Gandhi Directors of the Company are also Directors in Enai Trading & Investment Private Ltd and Mr. Kunal Gandhi CEO and KMP of the Company is related to Shri N. I. Gandhi and Smt. N. N. Gandhi Directors and hence they are considered as interested in passing of the proposed resolution mentioned at item no. 6 of Notice to the extent of shares to be allotted to Enai Trading & Investment Private Limited on conversion of warrants. None of the other directors and Key managerial persons are concerned or interested in the above mentioned resolution.

Item No. 7

In the Notice of EGM dated 4th July, 2017, the company has proposed resolution for issue of 6100000 equity shares to Non Promoters on preferential basis which includes issue of 300000 equity shares to M. J. Shah HUF. In an Explanatory Statement to this notice, identity of the beneficiaries of M. J. Shah HUF and their pre & post shareholdings were not disclosed which was required to be disclosed as per Regulation 73 of SEBI ICDR Regulations, 2009. While granting 'In Principle' approval for listing of the shares, the Company, as required, has confirmed to Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd that the required disclosures will be made in an Explanatory statement to the Notice of Annual General Meeting to be held by September, 2017. In view of this, Pre & Post preferential shareholdings of beneficiaries of M J Shah HUF are given hereunder:

Names of the Beneficiaries of M J Shah HUF	Pre Pref shareholding	%	post pref shareholding	%
1. Mayank J. Shah Karta	Nil	Nil	2000000	7.11
2. Shruti M Shah (Wife)	15,846	0.07	1515846	5.39
3. Pratiti M Shah (daughter)	Nil	Nil	Nil	Nil
4. Mauli M Shah (daughter)	Nil	Nil	40000*	0.14
5. Prasham M Shah (Son)	Nil	Nil	1500000	5.33

(*purchased from market on 14th July, 2017)

The Shares on preferential basis were allotted on 16th August, 2017 to allottees which was well within the time prescribed by Regulation 74 of SEBI ICDR Regulations, 2009.

The members are requested to pass the resolution mentioned at Item No. 7 of the Notice for ratification of non disclosure of the required information in an Explanatory Statement to the Notice of EGM dated 4th July, 2017 and to pass the resolution for disclosure of identity of ultimate beneficiaries of M J Shah HUF and their pre & post preferential share holdings as mentioned herein above.

None of the Directors or KMPs are interested in the above resolution.

Item No. 8

The Company is engaged in manufacturing and dealing in Pharmaceutical Products. During the course of business, the Company is required to sell, purchase or supply of any goods, materials, services, dossiers, brands, patents directly or through agent and leasing of the propertie(s) to its subsidiaries namely, Lyka BDR International Limited, Lyka Exports Limited and Lyka Healthcare Limited which are considered as Related Parties within the meaning of Section 2(76) of the Companies Act, 2013 and Regulation 23 of (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Considering the future business projections, the transactions of sell, purchase or supply of any goods, materials, services dossiers, brands, patents directly or through agents and leasing of the propertie(s) to Lyka BDR International Limited, Lyka Exports Limited and Lyka Healthcare Limited (Related Parties), the value of which is estimated at ₹ 50 Crores, ₹ 15 crores and ₹ 15 crores respectively in a financial year which might exceed the limit prescribed under Section 188 of the Companies Act, 2013 and/or limit prescribed under Regulation 23 of (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Shareholders approval is therefore recommended at Item No. 8 of the Notice by passing special resolution approving the related parties transactions as mentioned in the resolution.

Shri N. I. Gandhi & Shri V. S. Shanbhag, Directors of the Company are also Directors in Lyka BDR International Ltd, Lyka Exports Limited and Lyka Healthcare Limited and Smt. N. N. Gandhi, Director of the Company is a relative of Shri N.I. Gandhi are deemed to be considered as Interested Directors in the transactions with the subsidiaries.

None of the other Directors and Key Managerial Persons and their relatives are concerned or interested financially or otherwise in the above resolution.

Item No. 9

The Company is having office premises at 101, Shiv Shakti Industrial Estate, Andheri Kurla Road, Andheri East, Mumbai – 400 059. The said property is mortgaged in favour of Bank of Maharashtra to secure the Term Loan granted to the Company. At present, the Company has outstanding principal amount of ₹ 11.20 crores payable to Bank of Maharashtra. The Board of Directors is proposing to sell this premises at the value not less than ₹ 10 crores subject to consent of the said bank. The company will repay the outstanding dues of the bank out of the sale proceeds which will reduce the debts and interest cost of the company. As required under provision of Section 188 of the Companies Act, 2013, the members approval are required for sale of the property as proposed in the resolution mentioned at Item No. 9 of the Notice.

None of the Directors and Key Managerial Persons and their relatives are concerned or interested financially or otherwise in the above resolution.

By Order of the Board

Place: Mumbai
Date: 30.08.2017

P.G Hindia
Company Secretary

Lyka Labs Limited

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 26th September, 2017 at 10.00 am and ends on 28th September, 2017 at 5.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none">• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.



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- (xii) Click on the EVSN for the relevant Lyka Labs Ltd on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

By Order of the Board

Place: Mumbai
Date: 30.08.2017

P.G Hindia
Company Secretary

Lyka Labs Limited

REPORT OF THE BOARD OF DIRECTORS

To,

The Members,
Lyka Labs Limited

Your Directors are pleased to present their Thirty Eighth Annual Report and the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2017.

1. FINANCIAL RESULTS

₹ in Lacs

Particulars	For the Year ended 31.03.2017 (12 months)	For the Period ended 31.03.2016 (9 months)
Total revenue	8029.70	6851.07
Profit/(loss) before Interest, provision for depreciation & Taxes and Write offs	2217.23	1917.85
Less: Interest	(1512.49)	(1144.35)
Operational Profit before Depreciation	704.74	773.50
Less: Depreciation	(428.89)	(264.02)
Exceptional Items (Net)	(196.32)	0.23
Less: Extra Ordinary Items	(18.22)	0.00
Less: Prior year Expenses	(4.41)	(87.69)
Profit for the year/period	56.90	482.03

2. DIVIDEND

No Dividend was declared for the financial year ended 31st March 2017 as the Company wants to plough back the profit for its working capital requirement

3. RESERVE

No amount is transferred to Reserves.

4. OPERATIONS

During the year under review, the total revenue earned by the Company was ₹ 8029.70 lacs as against total revenue of ₹ 6851.07 lacs of previous year of nine months ended 31st March, 2016. The Company has reported Net Profit of ₹ 56.90 lacs for the year ended 31st March, 2017.

In order to meet the demand of Lypholized products, the Company is making all its efforts to install the new lyophilizers in order to increase the productivity and efficiency. The Company continues to operate mainly in a single segment i.e. Pharmaceuticals. Company has begun to diversify into Nutraceutical and Cosmetology segment.

5. KEY FEATURES

i. Company has emerged as a key player in development of specialized formulations of which are developed at Company's R&D Centre and offered on a 'Principal to Principal' basis to large companies like Lupin, IPCA, Alkem, etc. Lyka has recently successfully developed and commercialized certain formulations in the following category

a. Cosmeceutical Segment: Hair care, Anti-Ageing, Acne management, Skin Lightening, Face washes, Sunscreens, Facial scrubs and many more to name.

Innovative drug delivery system in Topical Steroids, Pain killers, Anti-Fungal and other emollients.

-
- b. Injectables: Liquid Injectables, Lyophilized Injectables in anti bacterial, antifungal segment.
 - c. API: Proton Pump Inhibitors, Antibiotics, Antifungals, Steroids etc.
 - ii. Company is manufacturing various new innovative products with improved quality and efficiency with the help of its dedicated team of scientists and chemists. One of the innovations includes micro emulsion cream which is developed to meet the therapeutic needs of patients. The developed formulation is hydrophobic in nature, so as to develop new Drug delivery system. Micro emulsion is an effective drug delivery with minimal side effect.
 - iii. Company's core competency lies in:
 - a. Development of formulations with new molecules and Novel Drug Delivery System.
 - b. Development of patient friendly formulation.
 - c. Upgradation of products and processes to improve quality, stability & shelf-life.
 - d. Development of Formulations meant for regulated markets.
 - e. Development of Lyosomal formulations.
 - f. Development of Sterile API.

6 FUTURE OUTLOOK

- i. Company plans to initiate & execute various strategies to ensure the achievements in accordance with the projections. Lyka with its expertise in Lyosomal technology will be able to introduce new formulations to ensure timely drug delivery with lower side effects to the patient in coming years.
- ii. Company plans to focus on medium sized enterprises along with large pharmaceutical companies which on P2P basis have presence in Cosmeceuticals and Dermatology segment.
- iii. Company is in the process to enter into E-marketing arrangement for its dermatological products.
- iv. Company has a product range of more than 50 cosmeceutical formulations and an equal number of formulations in its pipeline which are under various stages of development.
- v. With dedicated cosmetic block, Company is well equipped to expand its presence in cosmeceutical segment in coming years.
- vi. Company has entered into USA market by offering formulation Technology for some of its injectable products which would generate royalty to the Company post successful manufacturing & marketing of such products in USA.
- vii. Company has initiated steps to market Cosmetology products in CIS countries.
- viii. Company has plans to get Pharmaceutical Inspection Co-operation Scheme (PICs) approval for its Ankleshwar Plant and thus paving way for registration of its products in regulated markets as well as PICs signatory countries.
- ix. Company has plans to introduce products for OTC Segment for pain management.

With infusion of fresh capital, Company's Performance is likely to improve in subsequent years. Collectively by all the above strategies, planning, innovation in products and technology, Company hopes to scale new heights in the coming years.

7. DIRECTORS

A. BOARD DIVERSITY

The Company recognize and embrace the importance of a diverse board in its success. Diverse Board comprising of professionals from various fields helps in guiding the Company from time to time.

B. BOARD MEETING

During the year, Nine Board Meetings were held. The details of which are given in the Corporate Governance Report.

C. POLICY ON APPOINTMENT AND REMUNERATION POLICY

The Company has appropriate mix of Executive and Independent Directors. As on 31st March, 2017, the Board consist of 6 members, one is Executive/Managing Director, one is Non-Executive Director and four are Independent Directors.

D. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each of Independent Directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligation and Disclosure Requirement), Regulation 2015.

E. RETIREMENT BY ROTATION

Smt. Nehal N Gandhi retire by rotation at the ensuing Annual General Meeting and being eligible offer herself for reappointment. The Board recommends her re-appointment as a Director for approval of members.

F. INDEPENDENT DIRECTORS FAMILIARIZATION PROGRAMME

The Company has framed policy on familiarization programme. The Independent Directors are familiarized with company's operation. They also visited Plant at Ankleshwar. They are provided financial and other information in the Board Meeting. They are also appraised about their role and function. This will help them to effectively discharge their responsibilities.

G. EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

The Board has carried out performance evaluation of its own, the Committee and of the Directors pursuant to the provisions of the Act and applicable provisions of Listing Regulations, 2015.

The performance of the Board was evaluated after seeking inputs from all the Directors on the basis of factors which includes Active Participation, Financial Literacy, contribution by a Director, positive Inputs, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behaviour and judgement.

In the meeting of Independent Directors, performance of Non-Independent Directors, Performance of Board and Performance of the Chairman was evaluated.

H. COMMITTEE OF BOARD

Currently, the Board has five Committees namely, Audit Committee, Nomination and Remuneration Committee, Stakeholder Committee, Share Transfer Committee and Risk Management Committee. A detailed note on composition of the Board and its committee is provided in the Corporate Governance Report which forms part of the Board Report.

8 AUDITORS

A. STATUTORY AUDITOR

The Company's Statutory Auditor, M/s. M.A Parikh & Co., Chartered Accountants (Firm Registration No. 107556W), hold office till the conclusion of ensuing Annual General Meeting. Since they are completing their term, they are not eligible for re-appointment at the ensuing Annual General Meeting.

M/s. Abhay Chokshi & Shah, Chartered Accountants(Firm Registration No. 106201W) have expressed their willingness for appointment as Statutory Auditor of the Company at the ensuing Annual General Meeting. They have provided their confirmation that they are meeting the eligibility criteria as mentioned in sections 139 & 141 of the Companies Act, 2013.

The Board based on recommendation of Audit Committee, recommend appointment of M/s Abhay Chokshi & Shah, Chartered Accountants as Statutory Auditor for a term of 5 (Five) years at the ensuing Annual General Meeting of Members of the Company.

B. BRANCH AUDITOR

Branch Auditor of the Company, M/s. Thacker Butala Desai, Chartered Accountants, completes their term of office at the conclusion of ensuing Annual General Meeting.

M/s. M.I. Shah & Co., Chartered Accountants (Firm Registration No: 119025W) have expressed willingness for their appointment as Branch Auditor and confirmed that they are meeting eligibility criteria as mentioned under sections 139 & 141 of the Companies Act, 2013.

The Board based on recommendation of Audit Committee, recommend their appointment as Branch Auditor for approval of members at the ensuing Annual General Meeting.

C. COST AUDITOR

Pursuant to Section 148 of the Companies Act, 2013 and rules made thereunder, M/s. Kirit Mehta & Associates, Cost Accountant (Firm Registration No.000048) has been appointed as Cost Auditor by the Board on the recommendation of the Audit Committee to conduct Cost Audit of Cost Records of Pharmaceutical products of the Company for the financial year 2017-18. The Board recommends approval of their remuneration by members at the ensuing Annual General Meetings.

D. SECRETARIAL AUDITOR

M/s V. Sundaram & Co, Practicing Company Secretaries were appointed to conduct the Secretarial Audit of the Company for the year ended on 31st March, 2017. They have merged their business with a Legal firm. As a result, vacancy for appointment of Secretarial Auditor has arisen. The Board has appointed M/s. Kaushal Doshi & Associates, Practicing Company secretaries as Secretarial Auditor of the Company to conduct the Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report is attached as 'Annexure A' and forms part of the Board Report. The Board has also appointed M/s Kaushal Doshi & Associates, Practicing Company secretaries as Secretarial Auditor of the Company for the financial year 2017-18.

9 MATERIAL CHANGES AND COMMITMENT AFTER THE END OF THE FINANCIAL YEAR

I. MERGER:

The Board of Directors at their meeting held on 29th May, 2017, approved Scheme of Merger of Lyka Healthcare Limited (Wholly Owned Subsidiary) with Lyka Labs Limited, (Holding Company) w.e.f 1st April, 2017.

The 'Appointed Date' of merger of Lyka Exports Limited (Subsidiary) with Lyka Labs Limited (Holding Company) is reconsidered as 1st April, 2017 by the Board of Directors at their Meeting held on 30th August, 2017.

The benefits of merger are:

- Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity.
- Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholders value.
- Improved organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
- Greater access by the amalgamated company to different market segments in the conduct of its business.

- Cost savings are expected to flow from more focused operational efforts,
- Rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.
- Achieving economies of scale

II DEBENTURES

As per Order dated 22nd May, 2017 passed by National Company Law Tribunal (NCLT), Ahmedabad, the Company was required to make first payment of debentures of ₹ 3.85 Crores due upto 31st March, 2015 by 30th July, 2017. The Company has accordingly made the payment.

III ISSUE OF SHARES ON PREFERENTIAL BASIS

The Company has issued and allotted 61,00,000 equity shares of ₹ 10/- each on preferential basis to identified non promoters at a price of ₹ 55/- per share. The entire subscription monies have been received and shares have been allotted. As a result, the issued and subscribed capital has increased to ₹ 281400000.

10 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached to this report and marked as 'Annexure B'.

11 STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Company has formulated a policy on Risk Management and constituted Risk Management Committee. The Risk factors have been reviewed by Audit Committee.

12 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

13 PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The Related Party Transactions effected during the financial year were on Arm's length basis and in the ordinary course of business. Omnibus approval of Audit Committee is obtained as per RPT Policy. The Related Party transactions effected during the financial year are disclosed in the notes to the Financial Statement.

The particulars of Contracts or Arrangements made with related parties pursuant to Section 188 is attached to this report as per 'Annexure C'.

14 EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORT

A AUDITORS OBSERVATIONS:

The Statutory Auditor at point no. 36 (ii) of notes to their Auditors report qualified that the direct expenditure and allocable indirect expenditures incurred in respect of "new product development and applied research" aggregating to ₹ 1465.07 lacs including finance cost of ₹ 214.40 lacs which is carried forward under capital work in progress-intangibles.

B MANAGEMENT EXPLANATION:

1. Lyka has a separate R & D center at Mumbai which is approved by the department of Science and Technology, Government of India. It has well equipped laboratories with state of the art equipment to explore development of a wide range of formulation.

- 2 Like other Pharma companies, Lyka Labs also conducts clinical trials, toxicity studies, stability studies in a phased manner and detailed documentation required for obtaining regulatory approvals is compiled. The period involved could be as much as 8-10 years and result in substantial development costs.
- 3 The benefit of such substantial development costs by way of product development would accrue over a period of time and therefore such development costs are capitalized, as and when regulatory approvals are obtained and commercial operations commence, to the respective products or charged to statement of Profit and Loss in the year in which development is abandoned.
- 4 During the year, the Company has capitalized ₹ 93.27 Lacs as “Self- Generated Assets” upon successful development of respective products and there is no charge to Statement of Profit and Loss as there are no products, development of which is abandoned.

15 COMPANY’S POLICY

The highest ethical standards are followed by the Company in business transactions. The SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, mandated the formulation of certain policies for all listed Companies. Company has framed various policies such as Nomination and Remuneration Policy, Policy on materiality subsidiaries and related matters, Policy on Materiality of events, Related Party Transactions Policy, Risk Management Policy, Whistle Blower Policy, Insider Trading code etc which are displayed on the company’s Website i.e. www.lykalabs.com.

16 ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished as per ‘Annexure D’ and attached to this Report.

17 DIRECTORS’ RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, the Board hereby submits its responsibility statement:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that year;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has three subsidiaries namely Lyka BDR International Limited, Lyka Exports Limited and Lyka Healthcare Limited. The details of their performance are as under:

Lyka Labs Limited

LYKA BDR INTERNATIONAL LIMITED (LBDR)

Lyka Labs is holding 65.22% of the Issued Capital of Lyka BDR International Limited. During the year under review, the total revenue earned by LBDR was ₹ 53.30 cr as against total revenue of previous year of ₹ 67.06 cr. The Company has reported net loss of ₹ 2.80 cr as against net profit of ₹ 0.46 cr of previous financial year.

LBDR is facing acute challenges and competition due to stringent international regulatory requirement, as a result, profitability of LBDR has been affected.

LBDR has explored new markets and tied up marketing arrangement which contribute significantly to enhance revenue and profitability of LBDR in the coming years.

Main assets of LBDR are its registration rights in various overseas market. During the year, 108 fresh/renewed registration / dossier/ application are submitted to health Authority in Chile, Sudan, Myanmar, Vietnam and various other countries and 48 fresh registration /renewal have been received by the Company in Venezuela, Myanmar, Ecuador, Peru, Kenya, Philippines and other like countries. The Company is expecting 59 new registrations in Thailand, Kenya, Chile, Sudan and other various countries during the financial year 2017 -18. LBDR has performed well in territories such as Chile, Philippines, Sudan and Congo.

LYKA EXPORTS LIMITED (LEL)

Lyka Labs is holding 72.80% of Issued Capital of Lyka Exports Limited. Subsequent to sale of Animal Healthcare Division in the last year, the turnover has dropped to ₹ 37.03 lacs during the year under report. The Company has reported a loss of ₹ 15.57 lacs which was mainly due to reduction in business activities. The Company is now focusing on business of Generic Pharmaceutical products meant for human consumption in the subsequent financial year.

LYKA HEALTHCARE LIMITED (LHL)

Lyka Labs is holding 100% of Issued Capital of Lyka Healthcare Limited. During the year under review, the total revenue earned by LHL was ₹ 1,313.15 Lakhs as against total revenue of previous year of ₹ 1,417.32 Lakhs. The Company has reported Net loss of ₹ 330.63 Lakhs as against net loss of ₹ 208.50 Lakhs of previous financial year.

In order to save the cost and to economise the scale of operation, the Board of Directors of the Company has decided to merge with Lyka Labs Limited a holding Company w.e.f 1st April, 2017.

Performance and financial position of each of the subsidiaries for the year ended 31st March, 2017 is attached in 'Annexure E' and forms part of this report.

19. DEPOSITS

As per CLB order dated 22nd January 2016, the Company has repaid outstanding claimed Fixed Deposits. As of 31st March,2017, the unclaimed fixed deposit stands at ₹ 67.37 Lakhs.

20. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The Audit Committee consists of the following members

- | | | |
|----|-------------------------|------------|
| a) | Shri.Ajit S. Bagadia | : Chairman |
| b) | Shri. N. I. Gandhi | : Member |
| c) | Shri. Vinod S. Shanbhag | : Member |
| d) | Shri. Yatin N. Shah | : Member |
| e) | Shri. Atit N. Shukla | : Member |

The above composition of the Audit Committee consists of Independent Directors viz., Shri.Ajit S. Bagadia, Shri. Vinod S. Shanbhag and Shri. Yatin N. Shah and Shri. Atit N. Shukla who forms the majority.

The Company has established a vigil mechanism to oversee the genuine concerns expressed by the employees and other Directors. The Company has provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the employees.

21 DISCLOSURE OF CSR:

CSR is not applicable to Company.

22 SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS.

During the year under review, no order was passed by Regulators or court which have significant & Material impact on the interest of stakeholders.

23 DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION AND PROHIBITION AND REDRESSAL) ACT, 2013

The Company is complying with the Provisions of Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013. A Committee has been set up to redress complaints received regarding Sexual harassments. No Complaints has been received by the Committee during the year under review.

24 RELATED PARTY TRANSACTIONS

The Company has obtained approval from the shareholders by passing a special resolution approving the financial limit of all the related party transactions that was entered into, during the year under review. The Company has formulated a policy for dealing with 'Material Related Party' transaction and 'Related Party' transactions.

25 DISCLOSURE FOR RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEES REMUNERATION AND OTHER DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- 1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary of the Company and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17:

Name	% Increase in the remuneration	Ratio of the remuneration of each Directors/to median remuneration of the employees
Shri Narendra Ishwarlal Gandhi	Nil	12.23:1
Shri Kunal Gandhi	10%	NA
Shri Yogesh Shah	84%	NA
Shri Piyush Hindla	24%	NA

- 2) The Percentage increase in the median remuneration of employees in the financial year: 6.95%
- 3) The number of permanent employees on the rolls of the Company: 107
- 4) Explanation on the relationship between average increase in remuneration and the Company's performance:

Average Increase in remuneration is 7% as per standard policy of the Company. In Some cases higher increment was considered based on the performance of Individual Employee.

- 5) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average Percentage Increase made in the salaries of Employees other than the managerial personnel in the last financial year i.e 2016-17 was 9.28%. There is no increase in managerial remuneration.

- 6) **The key parameters for variable component of remuneration availed by the directors are as follow:**

NA

- 7) **It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and other Employees is as per the Remuneration Policy of the Company:**

NA.

26 PARTICULARS OF EMPLOYEES PURSUANT TO RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

The information required pursuant to Section 197 (12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company form part of this Report. However, as per the provision of Section 134 and 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy of such statement may write to the Company Secretary at the Company's Administrative Office at Mumbai.

27 CORPORATE GOVERNANCE

Report on Corporate Governance is annexed in '**Annexure F**' and forms an integral part of this Annual report. Certificate from the Secretarial Auditor regarding compliance of conditions of Corporate Governance as stipulated in the Listing regulations is attached.

29. MANAGEMENT DISCUSSION ANALYSIS REPORT

Management Discussion and Analysis Report is attached in '**Annexure G**'.

30. ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the continued assistance, co-operation and support received from various Ministries of the Government of India, Government of Maharashtra, Government of Gujarat, the Company's Bankers, Customers, Shareholders, Fixed Deposit Holders and loyal & committed Employees for their unstinted support.

By order of the Board

Ajit S Bagadia
Director
07229868

Vinod Shanbhag
Director
00555709

Place: Mumbai
Date: 30.08.2017

ANNEXURE A
SECRETARIAL AUDIT REPORT
Form No. MR-3

For the financial year ended 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Lyka Labs Limited
CIN-L2430GJ1976PLC008738

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Lyka Labs Limited (hereinafter called the company) Secretarial Audit as required under Companies Act was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon:

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Lyka Labs Limited ("the Company") for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings are not applicable.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014; (Not Applicable during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding Companies Act dealing with the company.
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable during the audit period)

Lyka Labs Limited

- (vi) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major heads/groups of Acts, laws and Regulations as applicable to the Company are listed below:
- a. Factories Act, 1948;
 - b. Boilers Act;
 - c. Drugs & Cosmetics Act, 1940;
 - d. Dangerous Drugs Act, 1940;
 - e. The Essential Commodities Act;
 - f. All Environmental related Acts & Rules;
 - g. The Poisons Act;
 - h. Industrial Disputes Act; 1947
 - i. Income Tax Act and other Indirect Tax laws;
 - j. The Drugs and Magical Remedies (Objectionable Advertisements) Act;
 - k. All applicable Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards in respect of Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement/SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 entered into by the Company with BSE Limited. and National Stock Exchange of India Limited.

To the best of our knowledge and belief, during the period under review, the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period the review were carried out in compliance with the provisions of the act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and notes on agenda were also provided to Directors for meaningful participation at the meeting. In few cases, the meeting was convened at shorter notice but the Independent Directors were present at the said meeting.

Decisions at the meetings of Board of Directors of the Company were carried through on the basis of majority.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As per information available from management, The scheme of merger of Lyka Healthcare Limited (wholly owned subsidiary) with Lyka Labs Limited is approved by the Board of Directors w.e.f 1st April, 2017 and the 'Appointed Date' of merger of Lyka Exports Limited (Subsidiary) with Lyka Labs Limited (Holding Company) is reconsidered as 1st April, 2017 by the Board of Directors at their Meeting held on 30th August, 2017.

We further report that during the audit period the company has co-operated with us and have produced before us all the required forms information, clarifications, returns and other documents as required for the purpose of audit.

For Kaushal Doshi & Associates
Company Secretaries

Kaushal Doshi
(Proprietor)

Place : Mumbai
Date : 30.08.2017

ACS- 32178 / COP- 13143

'ANNEXURE B'

Information under Section 134 of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014, and forming part of the Directors' Report for the year ended 31st March, 2017.

Energy Conservation measures taken :

(1) The Company has taken several measures including reduction of transmission losses, rational organization of manufacturing activity and regular preventive maintenance.

(2) Additional investments and proposals are being implemented for reduction of energy consumption:

The following measures are taken / being taken:

- Replacement of obsolete systems with improved energy saving systems.
- Use of balancing equipments to optimize production.
- Reduction in contract demand.
- Improve the process parameters to consume less energy.

(3) Impact of measures taken:

The adoption of energy conservation measures stated above is expected to save considerably in cost of production.

(4) Total energy consumption and energy consumption per unit of production

Sr no	Particulars	Year ended 31 st March, 2017 (12 months)	Period ended 31 st March, 2016 (9 months)
A	POWER AND FUEL CONSUMPTION		
1.	Electricity		
	a. Purchased		
	Units (in '000 kwh)	2028	1493
	Total Amount (₹ in lacs)	151.87	114.49
	Rate per unit (₹/kwh)	7.49	7.67
	b. Own Generation		
	i. Through Diesel Generator		
	Units (in '000 kwh)	50	35
	Units per litre of Diesel (kwh)	2.82	2.91
	Cost/Unit (₹/kwh)	21.55	18.63
2.	Coal		
	Quantity	-	-
	Total Cost	-	-
	Average Rate	-	-
3.	Furnace oil & Diesel oil		
	Quantity (kl.)	17.61	12.00
	Total Amount (₹ in lacs)	11.34	6.57
	Average Rate (₹/Litre)	64.43	54.78

Lyka Labs Limited

4.	Others - Steam		
	a. Purchased		
	Quantity (MT)	553	282
	Total Amount (₹ in lacs)	20.72	10.64
	Rate per unit (₹/kg)	3.75	3.77
	b. Own Generation		
	Quantity (MT)	0	0
	Units per litre of Furnace \ Diesel (KG)	0	0
	Cost/Unit (₹/kg)	0	0

B.	CONSUMPTION PER UNIT OF PRODUCTION	Year ended 31 st March, 2017 (12 months)		Period ended 31 st March, 2016 (9 months)	
		Bulk Drugs Per Tonne	Formulations Per Million Packs	Bulk Drugs Per Tonne	Formulations Per Million Packs
	Electricity - Units ('000 kwh)	354.559	47.884	350.237	50.178
	Coal (M.Tonnes)	-	-	-	-
	Furnace oil & Diesel oil (kl)	3.221	0.435	3.001	0.430
	Steam (M.Tonnes)	101.106	13.655	70.543	10.107

A. Research and Development

1. Specific Areas in which R & D work is carried on by the Company are:

- Development of Formulations with New Molecules and development of Novel Drug Delivery Systems e.g. Microemulsion based topical formulations, Topical Foam formulations etc.
- Development of lyophilised injectables, Liposomal lyophilized injectables.
- Development of Patient friendly formulations like sustained release products, mouth dissolving tablets, ready mix granules in sachet, Syrup etc.
- Development of Cosmeceutical products such as Hair Revitalizing serum/shampoo, Hair Protecting Serum with SPF 15, Hair Mask, Skin lightening Soap, Skin lightening cream, Moisturizing Cream, Anti-aging Cream using Stem cell technology, Foaming Face wash. Development of Day Cream with SPF 30.
- Upgradation of products and processes to improve quality, stability, shelf-life and thus reduce cost.
- Development of Nutraceutical products in the segment of Anti oxidant such as Glutathione & Pine bark Tablets, Bilberry & Silymarin Tablets and Olive leaf extract Capsules, Skin lightening tablets, Weight Management Tablets, Liver protectant tablets such as Glutathione, Pine bark & Silymarin Tablets etc.
- Tie ups with Medical Institutions to establish Bio availability/Bio equivalence/Animal Toxicity studies of new formulations and to carry out clinical trials, Skin Irritation studies and efficacy studies for cosmeceuticals, Evaluation of Sun protection factor for sunscreen formulations.
- Developing Products for P to P markets.

2. Benefits derived as a result of R & D efforts:

- Company has introduced many skin care products in domestic market under its own cosmetic division "Cerabelle" such as Hyglow Skin lightening Cream, Hyglow daily foaming face wash, Hyglow exfoliating facial scrub, Gomoist Moisturizing cream, Gomoist moisturizing Lotion, Gomoist Hydrating foaming face wash, Gomoist daily facial Cleanser, Sunsure Day – Night Sun screen, Agestop Collagen boosting cream. All these products are manufactured at Ankleshwar plant.
- Company has also introduced Neutraceutical product in the domestic market such as Glutathione, Alpha Lipoic Acid, Vitamin C Tablets (500 + 100 + 20)mg.
- Many more products are on the way to commercialization within next few months such as Hair Revitalizing serum, Halobetasol propionate microemulsion based cream, Halobetasol propionate topical solution.
- The Company derives long term benefits viz. better yield and Quality of the final product with cost effectiveness.

3. Future plans

- The company aims to consolidate its presence in the domestic market through focused development of various therapeutic segments such as Anti-infective, Dermatological, cardiovascular, pain management, Neuroprotectives, Cosmeceuticals, Anti-oxidants, Liposomal drugs, Nasal sprays etc. This will help the company to broaden its base for its domestic operation.

4. Achievements / Recognition:

Recognition as in-house R & D Centre by Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research.

By order of the Board

Ajit S Bagadia
Director
07229868

Vinod Shanbhag
Director
00555709

Place: Mumbai
Date: 30.08.2017

Lyka Labs Limited

'ANNEXURE C'
FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including arms length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: There are no contracts arrangements/transactions which are not on arm's length.
2. Details of material contracts or arrangement or transactions at arm's length basis.

a)	Nature of Related Party	Lyka Exports Limited	Lyka BDR International Limited	Lyka Healthcare Limited	Sharex Dynamic (India) Private Limited
b)	Nature of transactions				
	Purchase	-	-	-	-
	Sale of Goods	-	24,16,41,293	3,36,48,590	-
	Sale of Trademark	2,25,00,000	-	-	-
	Sale of Dossiers	-	-	5,75,00,000	-
	Rent received	-	27,90,000	5,40,000	-
	Rent paid	-	-	-	-
	Availing of Service	-	-	-	1,61,656
c)	Duration of the contracts/ arrangements/transactions	Continuous Basis	Continuous Basis	Continuous Basis	Continuous Basis
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A	N.A	N.A	N.A
e)	Date(s) of approval by the Board, if any	N.A	N.A	N.A	N.A
f)	Amount paid as advances, if any	N.A	N.A	N.A	N.A

All the related party transactions are on arm's length basis or in ordinary course of business.

By order of the Board

Ajit S Bagadia
Director
07229868

Vinod Shanbhag
Director
00555709

Place: Mumbai
Date: 30.08.2017

'ANNEXURE D'

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act,2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT-9

I. REGISTRATION AND OTHER DETAILS :

CIN	L24230GJ1976PLC008738
Registration Date	29/12/1976
Name of Company	LYKA LABS LIMITED
Category/ Sub-Category of the Company	Company having Share Capital
Address of the Registered office and contact details	4801/B & 4802/A GIDC Industrial Estate, Ankleshwar- 393 002, Gujarat. Contact No: 02646 214422
Whether Listed company	Yes Listed on BSE and NSE
Name, Address and Contact details of Registrar and Transfer agent, if any	Sharex Dynamic (India) Private Limited Unit-1, Luthra Industrial Premises, Safed pool, Andheri Kurla Road, Andheri(E), Mumbai-400 072. Contact No. 28515606

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10% or more of the total turnover of the company shall be stated :

Sr. No.	Name and Description of main products /services	NIC Code of the product / service	% of total turnover of the company
1.	Formulation	21001	88%

III. PRINCIPAL OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and Address of the Company	CIN /GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1.	Lyka BDR International Limited 101, Shivshakti Industrial Estate, Andheri Kurla Road, Andheri (East), Mumbai- 400 059.	U24234MH1993PLC072947	Subsidiary	65.22	2(87)
2.	Lyka Healthcare Limited 101, Shivshakti Industrial Estate, Andheri Kurla Road, Andheri (East), Mumbai- 400 059.	U85190MH2013PLC244062	Subsidiary	100	2(87)
3.	Lyka Exports Limited Plot No. C/4/10/B/2, Adarsh Commercial Complex, G.I.D.C. Alankeshwar - 393 002.	U51100GJ1992PLC023975	Subsidiary	72.80	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
A. Promoters							
(1) Indian							
a) Individual/ HUF	5054850	0	5054850	4854850	0	4854850	22.03
b) Central Govt.	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0
d) Bodies Corp.	432415	0	432415	432415	0	432415	1.96
e) Banks/ FI	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0
Sub-total (A)(1):	5487265	0	5487265	5287265	0	5287265	23.99
(2) Foreign							
a) NRIs-Individuals	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0
Sub-total (A)(2):	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	5487265	0	5487265	5287265	0	5287265	23.99
B. Public Shareholding							
(1) Institutions							
a) Mutual Funds	0	3400	3400	0	3400	3400	0.01
b) Banks/ FI	19421	650	20071	85595	650	86245	0.39
c) Central Govt.	0	0	0	0	0	0	0
d) State Govt(s)	144181	0	144181	220626	0	220626	1.001
							0.35

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
e) Venture Capital Funds	0	0	0	0	0	0	0	0
f) Insurance Companies	0	1000	1000	0.00	0	1000	1000	0.00
g) FIs	228568	500	229068	1.04	62810	500	63310	0.29
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0
Sub-total (B) (1):	392170	5550	397220	1.80	369031	5550	374581	1.69
(2) Non-Institutions								
a) Bodies Corp.	3453619	862	3454481	15.67	1388495	862	1389357	6.30
i) Indian	0	0	0	0	0	0	0	0
ii) Overseas								
b) Individuals								
i) Individual Shareholders holding nominal share capital upto ₹ 1 Lakh	5959512	264557	6224069	28.24	6828706	261763	7090469	32.17
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	5885088	0	5885088	26.70	4095539	0	4095539	18.58
c) Others (specify)	586420	4957	591377	2.68	3797832	4957	3802789	17.25
Sub-total (B) (2):	15884639	270376	16105515	73.30	16110572	267582	16378154	74.31
Total Public Shareholding (B)= (B)(1)+(B)(2)	16276809	275926	16552735	75.10	16479603	273132	16752735	76.01
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0
Grand Total (A) +(B) +(C)	21764074	275926	22040000	100	21766868	273132	22040000	100

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Narendra Ishwarlal Gandhi HUF	1500776	6.81	0	1500776	6.81	2.06	0
2.	Nehal Narendra Gandhi	1369803	6.21	5.49	1169803	5.31	5.27	-0.91
3.	Kunal Narendra Gandhi	1151642	5.22	3.04	1116642	5.07	4.81	-0.15
4.	Narendra Ishwarlal Gandhi	1032629	4.69	2.42	1067629	4.84	4.84	0.16
5.	Enai Trading And Investment Private Limited	432415	1.96	0	432415	1.96	0.91	0
	Total	5487265	24.89	10.95	5287265	23.99	17.89	-0.90

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	For Each of Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	5487265	24.90	5487265	24.90
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer/ bonus /sweat equity etc.,)	Decrease 200000	-0.91	Decrease 200000	-0.91
	At the end of the year	5287265	23.99	5287265	23.99

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr No	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
1	COBRA INDIA (MAURITIUS) LIMITED	228068	1.035	01-04-2016				
				15-04-2016	66299	Buy	294367	1.336
				06-05-2016	24532	Buy	318899	1.447
				13-05-2016	25000	Buy	343899	1.560
				10-06-2016	1045	Buy	344944	1.565
				17-06-2016	101882	Buy	446826	2.027
				15-07-2016	40004	Buy	486830	2.209
				22-07-2016	62761	Buy	549591	2.494
				29-07-2016	16625	Buy	566216	2.569
				05-08-2016	116110	Buy	682326	3.096
				12-08-2016	28189	Buy	710515	3.224
				19-08-2016	161035	Buy	871550	3.954
				26-08-2016	21113	Buy	892663	4.050
				09-09-2016	152443	Buy	1045106	4.742
	-Closing Balance			31-03-2017			1045106	4.742

Lyka Labs Limited

Sr No	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
2	AMEE PARIKH	975356	4.425	03-02-2017				
	-Closing Balance			31-03-2017		No Change	975356	4.425
3	DALAL & BROACHA STOCK BROKING PVT. LTD.	693300	3.146	01-04-2016				
				08-04-2016	-2800	Sold	690500	3.133
				15-04-2016	-400	Sold	690100	3.131
				29-04-2016	500	Buy	690600	3.133
				06-05-2016	16543	Buy	707143	3.208
				13-05-2016	5804	Buy	712947	3.235
				20-05-2016	-20297	Sold	692650	3.143
				27-05-2016	1040	Buy	693690	3.147
				03-06-2016	-2190	Sold	691500	3.137
				10-06-2016	1800	Buy	693300	3.146
				17-06-2016	22400	Buy	715700	3.247
				24-06-2016	58800	Buy	774500	3.514
				30-06-2016	850	Buy	775350	3.518
				01-07-2016	-100	Sold	775250	3.517
				08-07-2016	-950	Sold	774300	3.513
				22-07-2016	12411	Buy	786711	3.569
				29-07-2016	-12711	Sold	774000	3.512
				05-08-2016	300	Buy	774300	3.513
				12-08-2016	-100	Sold	774200	3.513
				02-09-2016	-100	Sold	774100	3.512
				16-09-2016	17100	Buy	791200	3.590
				23-09-2016	-17200	Sold	774000	3.512
				30-09-2016	37384	Buy	811384	3.681
				07-10-2016	-37384	Sold	774000	3.512
				14-10-2016	500	Buy	774500	3.514
				21-10-2016	15000	Buy	789500	3.582
				28-10-2016	-15000	Sold	774500	3.514
				04-11-2016	1000	Buy	775500	3.519

Sr No	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
				11-11-2016	300	Buy	775800	3.520
				18-11-2016	250	Buy	776050	3.521
				25-11-2016	11372	Buy	787422	3.573
				02-12-2016	6878	Buy	794300	3.604
				09-12-2016	-6000	Sold	788300	3.577
				16-12-2016	-2500	Sold	785800	3.565
				23-12-2016	-1000	Sold	784800	3.561
				30-12-2016	-800	Sold	784000	3.557
				06-01-2017	-2000	Sold	782000	3.548
				13-01-2017	1000	Buy	783000	3.553
				24-02-2017	-1000	Sold	782000	3.548
				10-03-2017	500	Buy	782500	3.550
				17-03-2017	24500	Buy	807000	3.662
				24-03-2017	-25000	Sold	782000	3.548
	Closing Balance			31-03-2017			782000	3.548
4	JAMNOTRI IMPEX PVT.LTD.	358044	1.625	01-04-2016				
				08-04-2016	-8000	Sold	350044	1.588
				06-05-2016	-20000	Sold	330044	1.497
				13-01-2017	-36000	Sold	294044	1.334
				10-02-2017	-1952	Sold	292092	1.325
	Closing Balance			31-03-2017			292092	1.325
5	VIPUL PRIYAKANT DALAL	230121	1.044	01-04-2016				
				10-06-2016	10000	Buy	240121	1.089
	Closing Balance			31-03-2017			240121	1.089
6	ABHISHEK SINGHAL	210000	0.953	01-04-2016				
	Closing Balance			31-03-2017		No Change	210000	0.953
7	RANJEET SINGH SIBIA	210000	0.953	01-04-2016				
	Closing Balance			31-03-2017		No Change	210000	0.953

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Sr No	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
8	RAJALAKSHMI R	180343	0.818	01-04-2016				
	Closing Balance			31-03-2017		No Change	180343	0.818
9	RAJESH DEVCHAND PASAD	169424	0.769	01-04-2016				
				19-08-2016	-15000	Sold	154424	0.701
				26-08-2016	-2500	Sold	151924	0.689
				02-09-2016	-5000	Sold	146924	0.667
				11-11-2016	4000	Buy	150924	0.685
	Closing Balance			31-03-2017			150924	0.685
10	RAKESH ARORA	70000	0.318	01-04-2016				
				08-04-2016	20000	Buy	90000	0.408
				03-06-2016	16000	Buy	106000	0.481
				10-06-2016	11000	Buy	117000	0.531
	-Closing Balance			31-03-2017			117000	0.531
11	IL & FS Securities Services Limited	188331	0.854	01-04-2016				
				08-04-2016	-489	Sold	187842	0.852
				22-04-2016	450	Buy	188292	0.854
				29-04-2016	-150	Sold	188142	0.854
				06-05-2016	-487	Sold	187655	0.851
				13-05-2016	200	Buy	187855	0.852
				20-05-2016	-290	Sold	187565	0.851
				27-05-2016	500	Buy	188065	0.853
				03-06-2016	2000	Buy	190065	0.862
				10-06-2016	-115	Sold	189950	0.862
				17-06-2016	-7400	Sold	182550	0.828
				24-06-2016	11350	Buy	193900	0.880
				30-06-2016	-9500	Sold	184400	0.837
				08-07-2016	-100000	Sold	84400	0.383
				15-07-2016	89000	Buy	173400	0.787
				22-07-2016	8075	Buy	181475	0.823
				29-07-2016	-3350	Sold	178125	0.808
				05-08-2016	8218	Buy	186343	0.845
				12-08-2016	-4156	Sold	182187	0.827
				19-08-2016	350	Buy	182537	0.828
				26-08-2016	12058	Buy	194595	0.883
				02-09-2016	-17117	Sold	177478	0.805

Sr No	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
				09-09-2016	3000	Buy	180478	0.819
				16-09-2016	-52450	Sold	128028	0.581
				23-09-2016	3905	Buy	131933	0.599
				30-09-2016	-43300	Sold	88633	0.402
				07-10-2016	-4500	Sold	84133	0.382
				21-10-2016	-950	Sold	83183	0.377
				28-10-2016	-215	Sold	82968	0.376
				04-11-2016	4750	Buy	87718	0.398
				11-11-2016	250	Buy	87968	0.399
				18-11-2016	200	Buy	88168	0.400
				25-11-2016	-6500	Sold	81668	0.371
				23-12-2016	33500	Buy	115168	0.523
				30-12-2016	-35558	Sold	79610	0.361
				06-01-2017	1000	Buy	80610	0.366
				13-01-2017	-300	Sold	80310	0.364
				20-01-2017	-23210	Sold	57100	0.259
				27-01-2017	200	Buy	57300	0.260
				03-02-2017	5000	Buy	62300	0.283
				10-02-2017	4000	Buy	66300	0.301
				17-02-2017	9000	Buy	75300	0.342
				24-02-2017	100	Buy	75400	0.342
				03-03-2017	-200	Sold	75200	0.341
				10-03-2017	395	Buy	75595	0.343
				17-03-2017	-100	Sold	75495	0.343
				24-03-2017	-23500	Sold	51995	0.236
	Closing Balance			31-03-2017	-725	Sold	51270	0.233
12	AMEE PARIKH	975356	4.425	01-04-2016				
	Closing Balance			03-02-2017	-975356	Sold	0	0
13	OWN LEASING AND FINANCE PVT LTD	226476	1.028	01-04-2016				
				16-09-2016	-100970	Sold	125506	0.569
	Closing Balance			23-09-2016	-125506	Sold	0	0

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(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Name of the Directors			
		Shareholding at beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Mr. Narendra I.Gandhi, KMP				
	At the beginning of the year	1032629	4.68	1032629	4.68
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	35000 (Transfer)	0.16	35000 (Transfer)	0.16
	At the end of the year	1067629	4.84	1067629	4.84
2.	Mrs Nehal N Gandhi				
	At the beginning of the year	1369803	6.21	1369803	6.21
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	20000 Decrease	-0.91	20000 Decrease	-0.91
	At the end of the year	1169803	5.30	1369803	5.30
3.	Vinod Shanbhag				
	At the beginning of the year	77757	0.35	77757	0.35
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	15478 (Transfer)	-0.07	15478 (Transfer)	-0.07
	At the end of the year	62279	0.28	62279	0.28
4.	Yatin Shah				
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-
	At the end of the year	-	-	-	-

5.	Atit Shukla				
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-
	At the end of the year	-	-	-	-
6.	Ajit Bagadia				
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-
	At the end of the year				
7.	Piyush Hindia (KMP)- Joint Holder				
	At the beginning of the year	26	0.00	26	0.00
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-
	At the end of the year	26	0.00	26	0.00
8.	Yogesh Shah (IKMP)				
	At the beginning of the year	50	0.00	50	0.00
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-
	At the end of the year	50	0.00	50	0.00

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V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment

	Secured Loan	Unsecured Loan	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	91,73,05,692	5,97,96,378	6,91,52,000	1,04,62,54,070
ii) Interest due but not paid	2,00,58,825	7,58,574	92,71,963	300,89,362
iii) Interest accrued but not due	26,57,677	-	-	26,57,677
Total (i + ii + iii)	94,00,22,194	605,54,952	784,23,963	1,07,90,01,109
Change in indebtedness during the financial year				
• Addition	8,46,48,045	-	-	8,46,48,045
• Reduction	-	5,62,82,590	(6,75,73,262)	(1,12,90,672)
Net Change	8,46,48,045	5,62,82,590	(6,75,73,262)	7,33,57,373
Indebtedness at the end of financial year				
i) Principal amount	99,83,74,996	11,56,61,214	67,37,000	1,12,07,73,210
ii) Interest due but not paid	2,62,95,243	11,76,328	41,13,701	3,15,85,272
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	1,02,46,70,239	11,68,37,542	1,08,50,701	1,15,23,58,482

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and /or Manager :

Sr. No.	Particulars of Remuneration	Mr. Narendra Ishwarlal Gandhi Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31,20,000
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	11,98,851
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, please specify...	-
	Total	43,18,851

B. Remuneration to other directors :

1. Non executive Director		
Sr. No.	Particulars of Remuneration	Mrs. Nehal Gandhi
a	Fees for attending Board/Committee meetings	₹ 90000
b	Commission	-
c	Others, please specify	-
	Total (1)	₹ 90000

2. Independent Director						
Sr. No.	Particulars of Remuneration	Name of Director				Total Amount
		Vinod Shanbhag	Yatin Shah	Ajit Bagadia	Atit Shukla	
a	Fees for attending Board/Committee meetings	₹ 3,90,000	₹ 3,60,000	₹ 3,60,000	₹ 3,90,000	₹ 15,00,000
b	Commission	-	-	-	-	-
c	Others, please specify	-	-	-	-	-
	Total (2)	₹ 3,90,000	₹ 3,60,000	₹ 3,60,000	₹ 3,90,000	₹ 15,00,000
	TOTAL B =(1+2)	-	-	-	-	₹ 15,90,000

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD :

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Kunal Gandhi, CEO	Mr. Yogesh Shah, CFO	Mr. Piyush Hindia, Company Secretary	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,75,000	4,20,000	8,66,520	43,61,520
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	9,29,917	5,79,303	5,30,464	20,39,684
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, please specify...	-	-	-	-

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VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Type	Section of Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

By order of the Board

Ajit S Bagadia
Director
07229868

Vinod Shanbhag
Director
00555709

Place: Mumbai
Date: 30.08.2017



'ANNEXURE E'
Statement of Subsidiaries Financial
In format of AOC 1

Sr No	Particulars	Subsidiary 1	Subsidiary 2	Subsidiary 3
1.	Name of Subsidiaries	Lyka BDR International Ltd	Lyka Exports Ltd.	Lyka Healthcare Ltd.
2.	Date of Acquisition	04.05.2009	30.05.2014	05.06.2013
3.	Reporting period for the Subsidiary concerned	April, 16 to Mar, 17	April, 16 to Mar, 17	April, 16 to Mar, 17
4.	Reporting currency and Exchange rate as on the last date of relevant Financial year	Indian Rupees	Indian Rupees	Indian Rupees
5.	Share Capital	225,000,000	73,954,240	75,500,000
6.	Reserve & Surplus	(10,67,57,515)	2,37,56,021	8,33,72,846
7.	Total Asset	43,33,98,137	13,61,28,763	44,35,02,360
8.	Total Liabilities	31,51,55,652	3,84,18,502	28,46,29,514
9.	Investments	-----	22,35,213	-----
10.	Turnover	50,65,32,720	-----	13,03,49,456
11.	Profit/ (Loss) before taxation	(3,36,39,689)	(15,57,016)	(3,77,10,507)
12.	Provision for Taxation	(56,58,000)	-----	(46,47,187)
13.	Profit/ (Loss) after Taxation	(2,79,81,689)	(15,57,016)	(3,30,63,320)
14.	Proposed Dividend	---	---	---
15.	% of Shareholding	65.22%	72.80%	100%

By order of the Board

Ajit S Bagadia
Director
07229868

Vinod Shanbhag
Director
00555709

Place: Mumbai
Date: 30.08.2017

'ANNEXURE F'

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Compliance with the code of Corporate Governance forms an integral part of the Company's philosophy. At Lyka Labs Limited, Corporate Governance is all about maintaining a valuable relationship & trust with all stakeholders and to carry out Company's activities and operation in a true and fair manner to achieve transparency, accountability and business prosperity. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials, performance and governance of the Company. The Company has code of conduct for employees including Directors. These codes are available on the Company's website. The Company's Corporate Governance philosophy has been further strengthened through Lyka Code of conduct for prevention of Insider Trading and the code of corporate Disclosure policy ("Insider Trading Code").

A report on Corporate Governance is given hereunder:

2. BOARD OF DIRECTORS

- a) As on 31st March, 2017, the Company has Six Directors consisting of a Managing Director, a Non-Executive Women Director and four Non-Executive & Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations and Section 149 of the Act.

Independent Directors are non-executive directors as defined under regulation 16 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013.

The composition of the Board of Directors of the Company as on March 31, 2017 is given below:

Name	Category	Shareholding as on 31st March, 2017
Shri Narendra I Gandhi	Chairman & Managing Director	1067629
Smt Nehal N Gandhi	Non Executive Director	1169803
Shri Vinod S Shanbhag	Non Executive Independent Director	62279
Shri Yatin N Shah	Non Executive Independent Director	Nil
Shri Atit N Shukla	Non Executive Independent Director	Nil
Shri Ajit S. Bagadia	Non Executive Independent Director	Nil

- b) None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director.
- i. Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.
- ii. The attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on 31st March, 2017 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee. During the financial year 2016-17, Nine Board Meetings were held on

27th May, 2016, 4th June, 2016, 29th June, 2016, 2nd July, 2016, 12th August, 2016, 5th November, 2016, 11th January, 2017, 14th February, 2017 and 28th March, 2017. Details of Board Meetings are given in the appended table:

Name	No. of Board Meetings Attended during the year 2016-2017	Whether attended last AGM held on 28 th September, 2016	No. of Directorships in other companies	No. of Committee positions in other public companies	
				Member	Chairman
Shri Narendra I Gandhi *	8	No	8	Nil	Nil
Smt Nehal N Gandhi*	3	No	5	Nil	Nil
Shri Vinod S Shanbhag	9	Yes	8	Nil	Nil
Shri Yatin N Shah	8	No	Nil	Nil	Nil
Shri Atit N Shukla	9	No	Nil	Nil	Nil
Shri Ajit S. Bagadia	8	Yes	Nil	Nil	Nil

*None of Directors are related except Narendra I Gandhi and Nehal N Gandhi.

- h. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.
- i. The Board periodically reviews the compliance of applicable laws.
- j. Familiarisation Policy for Independent Directors has been given on the Company's Website

3. AUDIT COMMITTEE

The terms of reference of the Audit Committee is as set out in Regulations 18 of the Listing Regulations, 2015 with the Stock Exchanges and Section 177 of the Companies Act, 2013. Which inter alia includes:

- (i) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) Examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) Evaluation of internal financial controls and risk management systems;
- (viii) Monitoring the end use of funds raised through public offers and related matters.
- (ix) Review of status of outstanding statutory dues and employee's dues and to recommend payment thereof.

The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the financial reporting process.

The Committee comprise of five Directors, out of which four are Independent Directors.

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In the financial year 2016-17, four meeting were held on 27th May, 2016; 12th August, 2016; 5th November, 2016 and 14th February, 2017.

The Details of Composition of Audit Committee and the number of Meetings held and attended by the Members during the financial year 2016- 2017 are given in below mentioned table.

Name	Category	Number of meeting during the financial year	
		Held	Attended
Shri.Ajit S. Bagadia (Chairman)	Non-executive Independent director	4	4
Shri. Vinod S. Shanbhag (Member)	Non-executive Independent director	4	4
Shri. Yatin N. Shah (Member)	Non-executive Independent director	4	4
Shri. Atit N. Shukla (Member)	Non-executive Independent director	4	4
Shri. Narendra. I. Gandhi (Member)	Executive Director	4	4

PERFORMANCE EVALUATION

The Board had evaluated performance of Directors after seeking inputs from all the directors on the basis of factors which include participation and contribution by a director, commitment, active participation and genuine efforts towards safeguarding the interest of the Stakeholders, integrity and maintenance of confidentiality.

SEPARATE MEETING OF INDEPENDENT DIRECTOR

During the year under review, one meeting of Independent Director was held on 14th February, 2017 and Independent Director have reviewed all the matters as per Schedule IV of the Companies Act, 2013.

4. NOMINATION AND REMUNERATION COMMITTEE

The function of this committee is to ensure remuneration to Directors, Key Managerial Personnel and Senior Management by maintaining the balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the Company's goal. The said Committee met on 14th February, 2017.

Pursuant to the regulation 19(4) read with part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the role of the Nomination & Remuneration Committee shall include the following:

- (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, key managerial personnel and other employees;
- (2) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- (3) Devising a policy on diversity of Board of Directors;

The Details of Composition of Nomination & Remuneration Committee and the number of Meetings held and attended by the Members during the financial year 2016- 2017 are given in below mentioned table.

Name	Category	Number of meeting during the financial year	
		Held	Attended
Shri. Yatin N. Shah (Chairman)	Non-executive Independent director	1	1
Shri. Vinod S. Shanbhag (Member)	Non-executive Independent director	1	1
Shri. Atit N. Shukla (Member)	Non-executive Independent director	1	1
Shri.Ajit S. Bagadia(Member)	Non-executive Independent director	1	1
Shri. Narendra. I. Gandhi (Member)	Executive Director	1	0

5. REMUNERATION OF DIRECTORS:

Nomination and Remuneration Committee has formulated the policy for Remuneration of Directors, Key Managerial Personnel (KMP) and other senior Employees and Payment to Managing Director shall be governed by Schedule V of the Companies Act, 2013.

As per policy, remuneration to Non-Executive and Independent Directors shall include sitting fees for attending Meetings of Board and Audit Committee as decided by the Board within the limit prescribed under Companies Act ,2013.

Details of remuneration paid to Executive and Non-Executive Directors during the year ended 31st March, 2017 is given as under

Name of Director	Sitting fees	Salary	Total
Shri Narendra I. Gandhi	NA	43,18,851	43,18,851
Smt Nehal N Gandhi	90,000	---	90,000
Shri Vinod S. Shanbhag	3,90,000	---	3,90,000
Shri Yatin N. Shah	3,60,000	---	3,60,000
Shri Atit N. Shukla	3,90,000	---	3,90,000
Shri Ajit S. Bagadia	3,60,000	---	3,60,000

6. STAKEHOLDER RELATIONSHIP COMMITTEE

The Stakeholder Relationship Committee are in line with the provisions of Regulation 20 of Listing regulations, 2015 and section 178 of the Companies Act, 2013.

The broad terms of reference of the stakeholders' relationship committee are as under:

- Review status of the grievances of security holders of the Company including redressal of investor complaints such as transfer, non-receipt of Annual Reports, etc.
- Consider and approve issue of share certificates (including issue of duplicate share certificates), transfer and transmission of securities, etc.

The Composition of Stakeholder Relationship Committee:

Name	Chairman/Members
Shri Vinod S. Shanbhag	Chairman
Shri Narendra. I. Gandhi	Member
Shri Yatin N. Shah	Member
Shri Atit N. Shukla	Member
Shri Ajit S. Bagadia	Member

Shri. P.G. Hindia, Company Secretary is Compliance Officer of the Committee.

During the year under review, two complaints were received and same has been resolved.

Lyka Labs Limited

7. GENERAL BODY MEETINGS:

- a. Location and Time of the last 3 (Three) General Meetings held so far:

Financial Year	Date	Time	Items of Special Resolution at each meeting	Venue
2013-14	26 th December, 2014	12.45 p.m.	Approval of Related Party Transactions.	4801/B & 4802/A, G.I.D.C., Industrial Estate, Ankleshwar- 393 002
2014-15	30 th December, 2015	12.45 p.m.	Approval of payment of remuneration to CEO and Related Party Transactions.	
2015-16	28 th September, 2016	12.30 p.m.	Issue & Allotment of further securities and Approval of Related Party Transactions	

- b. Details of special resolution proposed to be conducted through postal ballot:

No special resolution is proposed to be conducted through postal ballot during the year ended 31st March, 2017.

8. MEANS OF COMMUNICATION:

- a. The Unaudited quarterly/half yearly results are announced within 45 (forty-five) days of the close of the quarter. The audited annual results are announced within sixty days from the closure of the financial year as per the requirement of the Listing Regulations.
- b. The financial results are published in a National English and Gujarat Daily Newspaper.
- c. The Company's financial results are also uploaded on the Company's website i.e. www.lykalabs.com.

Green Initiative:

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs, the Company will send Annual Report for the Financial Year 2016 - 17 in electronic mode to those members whose email id are registered with the Registrar and Transfer Agents. Physical copies will be sent to those Members whose email ids are not registered.

9. GENERAL SHAREHOLDER INFORMATION:

- a. The Thirty Eighth Annual General Meeting (AGM) of the Company for the financial year 2017-2018 is scheduled on Friday, 29th September, 2017 at 12.45 pm at its Registered Office at 4801/B & 4802/A, G.I.D.C industrial Estate, Ankleshwar-393 002.

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Obligation and Disclosure Requirement Regulations, 2015, the Company has also extended e-voting facility to its Members to enable them to cast their votes electronically on the proposed resolutions in the Notice of the Thirty Eighth AGM, instead of Voting in the Annual General Meeting. Instructions for e-voting are mentioned under "Notes" to the Notice of 38th AGM.

Those Shareholders/ Members, who cannot attend the AGM in person, can appoint a proxy to represent them in the AGM, for which the Shareholder/ Member needs to fill in a proxy form and send it to the Company at its Registered Office address on or before 12.45 PM on 27th September, 2017.

Date of Book Closure:

The dates of Book Closure shall be from 23rd, September, 2017 to 29th September, 2017 (both days inclusive).

b. Financial Calendar (Tentative):

Results for Quarter ending 30th June, 2017- by 14th August, 2017.

Results for Quarter ending September, 2017- by 14th November, 2017.

Results for Quarter ending December, 2017- by 14th February 2018.

Audited Results for Quarter and financial year ending March, 2018 – by 30th May, 2018.

c. Dividend Payment Date: No dividend is recommended.

d. Listing on Stock Exchange:

The Company's equity shares are listed on the Bombay Stock Exchange Limited. (BSE) and National Stock Exchange of India Limited. (NSE). The following are the details of the Company's shares:

Type of Shares	Equity Shares
International Securities Identification Number (ISIN)	INE 933A01014
BSE- Stock Code	500259
NSE- Stock Code	Lykalabs
BSE Address	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001; www.bseindia.com .
NSE Address	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051; www.nseindia.com .
Annual Listing Fees	Annual Listing fees for financial year 2016-17 is paid by the Company.

e. Corporate Identity Number (CIN)

The Corporate Identity Number (CIN) allotted by the Ministry of Corporate Affairs, Government of India, is L24230GJ1976PLC008738. Your Company is registered in the State of Gujarat, India.

f. Market Price Data: High, Low during each month of the Financial Year 2016-17.

The Company's monthly high and low quotations at the NSE and BSE are given hereunder.

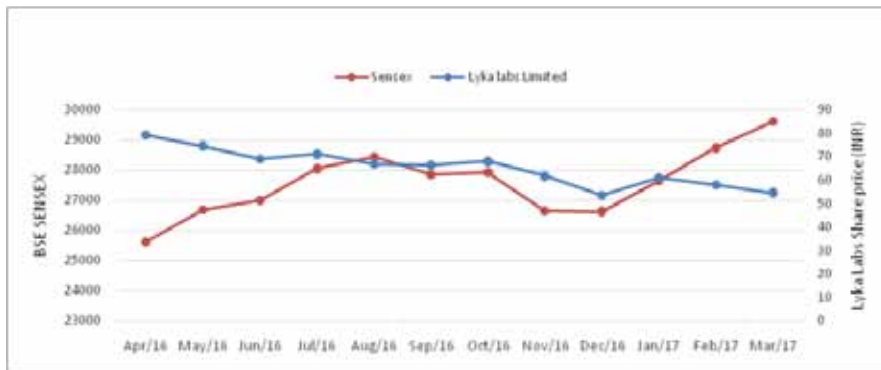
The equity shares of the Company are listed on the Stock Exchanges for Financial Year 2016-17. The Share price data for each month during the financial year 2016-17 on the Bombay Stock Exchange and National Stock Exchange of India Limited are mentioned below:

Stock Exchange	The Bombay Stock Exchange Ltd.		The National Stock Exchange of India Ltd.	
	High	Low	High	Low
Month				
April, 2016	91.00	76.45	90.80	75.00
May, 2016	79.60	68.00	79.40	67.70
June, 2016	76.40	63.00	76.10	62.60
July 2016	78.00	68.90	77.70	68.95
August 2016	73.50	61.00	73.70	61.10

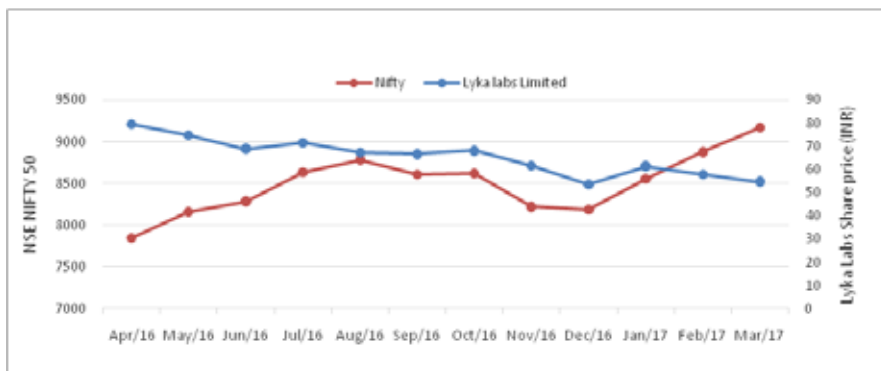
Lyka Labs Limited

September 2016	76.80	63.00	77.00	63.00
October 2016	71.50	66.00	71.50	66.10
November 2016	68.45	48.85	68.90	48.50
December 2016	62.90	50.15	62.95	50.50
January 2017	65.30	51.60	65.45	52.00
February 2017	63.35	56.00	62.90	56.10
March 2017	63.10	53.00	63.25	53.60

a) Company's Share price performance Versus BSE Sensex



b) Company's Share price performance Versus CNX Nifty



g. Registrar and Transfer System Agent

Name	Sharex Dynamic (India) Pvt. Ltd
Address	Unit-1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri(E), Mumbai- 400072
Contact no	28515606, 28515644
Fax No	28512885
Email Id	sharexindia@vsnl.com
Website	www.sharexindia.com

h. Share Transfer System

Shares are sent for transfer in physical form to Registrar & Share Transfer Agent and valid transfers are processed within 15 days from the receipt of proper documents subsequent to approval by the Share Transfer Committee. Share Transfers which are under objection are returned within 7 days. The Share Transfer Committee meets on a need basis to approve share transfers/ transmissions.

i. Distribution of Shareholding

No. Equity Shares held	Shareholders		Shareholding	
	Numbers	Percentage	Numbers	Percentage
001 to 500	16656	84.25	2469776	11.21
501 to 1000	1524	7.71	1294523	5.87
1001 to 2000	786	3.98	1218016	5.53
2001 to 3000	233	1.18	612962	2.78
3001 to 4000	117	0.59	422266	1.92
4001 to 5000	115	0.58	552341	2.51
5001 and 10000	162	0.82	1233429	5.60
10000 and above	176	0.89	14236687	64.59
Total	19769	100	22040000	100

j. Dematerialization of Shares and liquidity

As of 31st March, 2017, 98.77% of the Company's shares representing 21766868 shares were held in dematerialized form and the balance 1.23% representing 273132 shares were held in physical form.

k. Plant Location:

The Company's plant is located at Ankleshwar, District Bharuch, Gujarat.

l. Address for correspondence:

Registered Office: 4801/B & 4801/A, G.I.D.C., Industrial Estate, Ankleshwar- 393 002,
 Contact no. 02646 221422/220549
 Fax: 02646-250692
 Email: enquiry@lykalabs.com

Admin Office: 101, Shivshakti Industrial Estate, Sir M.V. Road, Andheri (East), Mumbai- 400059.
 Contact No: 022-66112200
 Fax: 022-6611 2249
 Email: companysecretary@lykalabs.com.

10. OTHER DISCLOSURE

a. Related Party Transactions

There were no materially significant transactions with Related Parties during the financial year which were in conflict with the interest of the Company at large. The Company has in place a policy on Related Party Transactions and the same is displayed on the Company's website www.lykalabs.com

b. Details of Non Compliance

There have been no instances of non-compliance during the past 3 years by the Company with the requirements of the Stock Exchanges, Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to capital markets.

c. Whistle Blower Policy

The Company has adopted Whistle Blower policy/Vigil Mechanism through which its Stakeholders, Directors and Employees can report their genuine concerns about unethical behaviour and actual or suspected fraud or violation of the Company's Code of Business Conduct and Ethics. The said Policy provides for adequate safeguards against victimization and also direct access to the Audit Committee. The details of establishment of such mechanism are disclosed on the website of the Company at www.lykalabs.com.

e. Material Subsidiary

The Company has formulated a Policy on material subsidiary and the same is displayed on the Company's website www.lykalabs.com.

f. Mandatory requirements:

The Company is complying with the mandatory requirements as required under Listing Regulations with the Stock Exchanges where the company's equity shares are listed.

g. Non- Mandatory requirements:

1. Chairman of the Board: The Chairman of the Board is Executive.

2. Shareholder Rights-Half yearly results

The Company's Quarterly Half yearly and Annually/Yearly results are published in leading English and Gujarati daily newspapers. The same are also posted on the website of the Company i.e. www.lykalabs.com.

3. Audit Qualification: Audit Qualification and its explanation is mentioned in the Report of the Board of Directors.

4. Separate Posts of Chairman and CEO/Managing Director: The Chairman is also a Managing Director of the Company.

5. Reporting of Internal Auditors: The Internal Auditors report on quarterly basis are reviewed by the Audit Committee.

By order of the Board

Ajit S Bagadia
Director
07229868

Vinod Shanbhag
Director
00555709

Place: Mumbai
Date: 30.08.2017



CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Lyka Labs Limited
CIN-L2430GJ1976PLC008738

I have examined the compliance of conditions of Corporate Governance by Lyka Labs Limited ('the Company'), for the financial year ended 31st March, 2017 as prescribed in Regulations 17-27, Clauses (b) to (i) of sub Regulations (2) of regulation 46 and paras C, D & E of Schedule V to the Securities and Exchange Board of India (Listing Obligation And Disclosure Requirements) Regulation, 2015 ('Listing Regulation').

I state that the compliance of the conditions of Corporate Governance is the responsibility of the Management, and my examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In my opinion, and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provision of Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Kaushal Doshi & Associates
Company Secretary**

Place: Mumbai
Date: 30.08.2017

**Kaushal Doshi
Membership No. 32178
COP No.13143**

“ANNEXURE G”

MANAGEMENT DISCUSSION AND ANALYSIS

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume of generic drugs. Indian pharmaceutical market is highly fragmented. India enjoys an important position in the global pharmaceuticals sector.

The Indian pharma industry, is expected to grow over 15 per cent per annum between 2015 and 2020. India's pharmaceutical exports stood at US\$ 16.4 billion in 2016-17 and are expected to grow by 30 per cent over the next three years to reach US\$ 20 billion by 2020, according to the Pharmaceuticals Export Promotion Council of India (PHARMEXCIL).

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62 per cent of the total revenues at ₹ 12,600 crore (US\$ 1.89 billion).

The implementation of the Goods and Services Tax (GST) is expected to be a game-changer for the Indian Pharmaceuticals industry. It will lead to tax-neutral inter-state transactions between two dealers, thereby reducing the dependency on multiple states and increasing the focus on regional hubs.

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new products is likely to be reduced to boost investments and new innovations in the market.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

OPPORTUNITIES

With upgradation of Company's present manufacturing facility it will help the Company to get its Plant approval from authorities and regulated markets and thus open up opportunity to offer products in such markets.

Company's efforts in development of lyphosomal technology is likely to yield benefits in coming years.

THREATS

The contract manufacturing activities is facing acute competition from the manufacturing units located in Excise Free Zone.

P2P customers shifting manufacturing of their current out sourced products to its own facility may have adverse impact on our earnings.

RISKS AND CONCERNS

Companies situated in tax free zones enjoy tax benefits which help them to offer lower price as compared to price charged by the Company. As a result, the Company's business of P2P and job work gets affected.

Competition in the international market, encouragement of Domestic manufacturing companies by the respective countries and fluctuation in the exchange rate might affect sales and profitability of Lyka BDR International Limited a subsidiary which in turn might affect the consolidated sales and profitability of the Company.

Strengthening of our currency vis-a-vis US dollar may have adverse impact on our earnings.

CAUTIONARY STATEMENT

Statements in the “Management Discussions and Analysis” describing the Company’s objectives, estimates, expectations or projections may be “forward looking statements”, within the meaning of applicable laws and regulations and the actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include Government regulations, patent laws, tax regimes, economic developments within India and countries in which the Company exports its products, litigation and other such factors, besides the normal business hazards.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for Board of Directors including the Managing Director, Non-Executive Director, Independent Directors and Senior Managerial Personnel. The Code of conduct is available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2017, received from the Senior Management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

Kunal N. Gandhi
Chief Executive Officer

Place: Mumbai
Date: 30.08.2017

COMPLIANCE CERTIFICATE [as per Regulation 17(8)]

- A. We have reviewed financial statements and cash flow statement for the year ended 31st March, 2017 and that to the best of their knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the financial year ended 31st March, 2017 which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting for the year ended 31st March, 2017;
 - (2) significant changes in accounting policies for the year ended 31st March, 2017 and that the same have been disclosed in the notes to the financial statements; and
 - (3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Kunal Gandhi
Chief Executive Officer

Yogesh Shah
Chief Financial Officer

Place: Mumbai
Date: 29.05.2017



INDEPENDENT AUDITORS' REPORT

To the Members of LYKA LABS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **LYKA LABS LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended (in which are incorporated the accounts of the Company's branch at Ankleshwar audited by another auditor after making such changes as were considered necessary for the purpose of incorporation), and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Basis for Qualified Opinion

We draw attention to Note No.36(ii) relating to "Intangible Assets Under Development".

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of the matter described in the Basis for Qualified Opinion paragraph*, these standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2017;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

- 1. Note No. 33 regarding Sundry Debtors outstanding for more than six months aggregating to ₹ 104,584,973 being considered good for recovery by the Company.
- 2. Note No. 34 regarding pending balance confirmation from Sundry Debtors, Sundry Creditors, Group Companies and Loans and Advances.
- 3. Note No. 35(ii) regarding non provision for diminution in value of investments.
- 4. Note No. 36(i) regarding Tangible Capital Work-in-Progress.
- 5. Note No. 38 regarding slow/non-moving material aggregating to ₹ 15,352,260/-.

Our opinion is not qualified in respect of all these matters.

Other Matters

We did not audit the Financial Statements of a Branch included in the standalone financial statements of the Company, whose financial statements reflect total assets of ₹ 725,111,401 as at 31st March, 2017 as well as total revenue of ₹ 583,974,179 for the year ended on that date, as considered in the standalone financial statements. These financial statements and other financial information have been audited by another auditor whose report has been furnished to us by the Management, and our opinion on these standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on the report of such auditor.

Our opinion is not qualified in respect of all this matter.

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 "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 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 reports on the accounts of the branch office of the Company audited under Section 143(8) of the Act by branch auditor has been sent to us and has been properly dealt with by us in preparing this report (Refer Other Matters);
 - (d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016;
 - (f) On the basis of the written representations received from the Directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;



INDEPENDENT AUDITORS' REPORT (Cont....)

- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "B"; and
- (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) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note No. 27(i) to (vii) of other notes to the standalone financial statements.
 - (ii) The Company does not have any long-term contracts including derivative contracts and hence there are no material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same are in accordance with books of account maintained by the Company. Refer Note No.58 of the financial statements.

For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL
Partner
Membership No. 032489

Place : Mumbai
Date : 29th May, 2017

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

ANNEXURE – A TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of our report on Other Legal and Regulatory Requirements of even date

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification, of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of Leasehold Land are held in the name of the Company.
- (ii) As explained to us, inventories, excluding inventories with third parties, were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of inventories lying with third parties, these have substantially been confirmed by them.
- (iii) During the year, the Company has not granted loan to any party covered in the register maintained under section 189 of the Act and hence clause 3(iii) of the Order is not applicable.
- (iv) The Company has not granted any loan, made investment, given guarantee or security and hence clause 3(iv) of the Order is not applicable.
- (v) The Company had received an Order of Company Law Board (CLB) dated 22nd January, 2016, granting extension of time for repayment of Fixed Deposits. During the year, the Company has repaid deposits that were claimed aggregating to ₹ 624.15 lacs. As regards the balance of ₹ 67.37 lacs, the same shall be paid as and when claimed. Refer Note No. 28.
- (vi) We have broadly reviewed the books of accounts and records maintained by the Company relating to the manufacture of Bulk Drugs and Formulations pursuant to the order made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been so made and maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
- (vii) According to the information and explanations given to us and as per relevant records produced before us in respect of statutory and other dues:
- (a) *During the year, the Company has not been regular in depositing undisputed statutory dues relating to Provident Fund, Professional Tax, E.S.I.C., Service Tax, Income-tax, Value Added Tax and Sales Tax. The arrears of the said dues as at the last day of the financial year and outstanding for more than six months from the date they become payable are as follows:*

Sr. No.	Nature of Dues	Amount (₹)
1.	Professional Tax	181,210
2.	Sales Tax deferral Scheme-SICOM	5,014,447

INDEPENDENT AUDITORS' REPORT (Cont....)

- (b) Following disputed dues have not been deposited since the matters are pending with the respective forums:

Sr. No.	Nature of dues	Amount (₹)*	Period to which the amount relates	Name of Forum
1.	Demand under Drugs Price Control Order	106,195,565	Demands raised in 1987, 1990 and 1995	Gujarat High Court
2.	Purchase Tax	1,600,442	1991-96	Gujarat Sales Tax Appellate Tribunal
3.	Excise duty	1,122,138	2006-2007	Commissioner of Excise & Customs
		6,015,116	2008-2013	Customs, Excise & Service Tax Appellate Tribunal
		8,375,257	Since September 1995 to February 2000	Customs, Excise & Service Tax Appellate Tribunal
4.	Bombay Sales Tax	6,186,400	1998-99	Sales Tax Appellate Tribunal
		9,824,035	2000-01	
		420,682	2002-03	
		379,164	2004-05	
5.	Maharashtra Value Added Tax	3,054,230	2005-06	Sales Tax Appellate Tribunal
		3,413,662	2007-08	Deputy Commissioner of Sales Tax Appeals
		5,642,668	2011-12	Joint Commissioner of Sales Tax Appeal
6.	Central Sales Tax	1,795,241	1998-99	Sales Tax Appellate Tribunal
		1,096,776	2000-01	
		4,667,834	2005-06	
		592,379	2006-07	
		5,944,865	2007-08	Deputy Commissioner of Sales Tax Appeal
		3,812,330	2011-12	Joint Commissioner of Sales Tax Appeal
7.	Service Tax	1,628,874	2011-12	Commissioner of Service Tax Appeal
8.	Gujarat Sales Tax	3,964,045	2002-03	Commissioner of Sales Tax Appeal
		4,531,617	2010-11	
		6,337,079	2011-12	
		14,601,842	2012-13	
9.	Income Tax	81,247,500	2001-02	Commissioner of Income Tax Appeals
		26,418,000	2002-03	
		4,462,530		
		71,750,000	2004-05	
		15,000,828		
		8,085,480	2010-11	
		15,539,749	2011-12	

(* net of amounts paid under protest)

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

(viii) Based on our audit procedures and according to the information and explanations given by the management, in respect of:

a. Loan from Banks: *The Company, has defaulted in repayment of dues to Banks, the defaults whereof are stated hereunder:*

Period of Default	Principal Amount			Interest	
	Kapol Bank	Dena Bank	Bank of Maharashtra	Dena Bank	Bank of Maharashtra
February,2016	-	-	-	-	15,17,959
March, 2016	-	-	-	-	16,29,613
April, 2016	-	-	-	-	15,50,830
May,2016	-	-	-	-	16,13,883
June, 2016	-	-	3,000,000	-	15,72,259
July, 2016	-	-	4,000,000	-	13,08,754
August, 2016	-	-	-	-	13,08,754
September, 2016	-	-	3,000,000	-	13,08,754
October, 2016	-	-	5,000,000	-	13,08,754
November, 2016	-	-	-	-	13,08,754
December, 2017	-	-	48,000,000	-	13,08,754
January, 2017	-	-	5,000,000	49,77,072	12,66,047
February, 2017	115,876	100,000,000	-	49,77,072	12,66,047
March, 2017	659,878	25,547,000	3,000,000	49,77,072	12,66,047
Total	775,754	125,547,000	71,000,000	14,931,217	19,535,208

b. Debentures : The Company has received Order of National Company Law Tribunal (Ahmadabad Bench) dated 22nd May, 2017, granting extension of time for repayment of Debentures Refer Note No. 29.

(ix) Based on our audit procedures and according to the information and explanations given by the management, the Company has not raised money by way of initial public offer or further public offer. Further, the Company has availed the term loans from Banks which were applied for the purpose for which those are raised.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has paid/provided managerial remuneration which is in accordance with the provisions of section 197 read with Schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company and hence clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards (Refer Note No. 46)

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Thus, paragraph 3(xiv) of the Order is not applicable.



INDEPENDENT AUDITORS' REPORT (Cont....)

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him and hence clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL
Partner
Membership No. 032489

Place : Mumbai
Date : 29th May, 2017

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

Annexure - B to the Auditors' Report

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 over financial reporting of **LYKA LABS LIMITED** ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



INDEPENDENT AUDITORS' REPORT (Cont....)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanation given to us and based on consideration of report of another auditor, as referred to in the Other Matters paragraph, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, 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 ICAI.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to financial statements of a branch of the Company is based on the corresponding reports of the auditor of such branch.

For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL
Partner
Membership No. 032489

Place : Mumbai
Date : 29th May, 2017

Lyka Labs Limited

BALANCE SHEET AS AT 31ST MARCH, 2017

		[Amount in ₹]	
	Note No.	As at 31 st March, 2017	As at 31 st March, 2016
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	231,257,000	231,257,000
(b) Reserves and Surplus	4	439,462,342	433,772,654
		670,719,342	665,029,654
2 Non-Current Liabilities			
(a) Long-Term Borrowings	5	347,344,608	252,698,843
(b) Other Long-Term Liabilities	6	1,395,000	1,395,000
(c) Long-Term Provisions	7	21,952,386	20,711,454
		370,691,994	274,805,297
3 Current Liabilities			
(a) Short-Term Borrowings	8	377,205,332	462,426,141
(b) Trade Payables	9		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises		7,633,977	12,389,419
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		349,890,555	290,038,564
(c) Other Current Liabilities	10	568,221,646	566,561,790
(d) Short-Term Provisions	11	11,273,658	9,021,986
		1,314,225,168	1,340,437,900
TOTAL		2,355,636,504	2,280,272,851
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		543,629,484	559,757,284
(ii) Intangible Assets		46,050,014	42,818,144
(iii) Capital Work-in-Progress		178,130,353	173,628,211
(iv) Intangible Assets under Development		146,506,534	128,065,611
		914,316,385	904,269,250
(b) Non-Current Investments	13	624,530,394	625,655,744
(c) Long-Term Loans and Advances	14	159,854,219	163,032,812
		1,698,700,998	1,692,957,806
2 Current Assets			
(a) Inventories	15	92,516,212	69,641,717
(b) Trade Receivables	16	314,208,761	264,484,652
(c) Cash and Cash Equivalents	17	14,574,164	17,341,397
(d) Short-Term Loans and Advances	18	221,812,383	221,896,006
(e) Other Current Assets	19	13,823,986	13,951,273
		656,935,506	587,315,045
TOTAL		2,355,636,504	2,280,272,851
See accompanying notes to the financial statements		1 to 60	

In terms of our report of even date,
For M.A. PARIKH & CO.
Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL
Partner
Membership No. 032489
Place : Mumbai
Date : 29th May, 2017

For and on behalf of the Board of
Directors of Lyka Labs Limited

N. I. Gandhi Chairman & Managing Director
DIN : 00021530
V. S. Shanbhag Director
DIN : 00555709
Y. B. Shah Chief Financial Officer
P. G. Hindia Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	For the year ended 31 st March, 2017	[Amount in ₹] For the period ended 31 st March, 2016
REVENUE			
Revenue from Operations	20	785,946,736	572,696,051
Other Income	21	17,023,449	112,411,004
Total Revenue		802,970,185	685,107,055
EXPENSES			
Cost of Materials Consumed		353,666,810	234,549,467
Purchases of Stock-in-Trade		27,305,655	90,825,169
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	(17,871,137)	16,756,042
Employee Benefits Expense	23	100,484,606	65,810,941
Finance Costs	24	151,249,260	114,434,861
Depreciation and Amortization Expense	12	42,889,441	26,401,514
Other Expenses	25	117,660,947	85,379,372
Total Expenses		775,385,582	634,157,366
Profit before Exceptional Items and Extra Ordinary Item and Tax		27,584,603	50,949,689
Exceptional Items (Net)	48	19,631,809	(6,022,855)
Prior Period Adjustments (Net)	49	441,110	8,769,512
Profit before Extra Ordinary Items and Tax		7,511,684	48,203,032
Extra Ordinary Items	39	1,821,996	-
Profit for the Year / Period		5,689,688	48,203,032
Earnings per equity share			
Basic / Diluted	47	0.21	2.17
See accompanying notes to the financial statements	1 to 60		

In terms of our report of even date,
For M.A. PARIKH & CO.
Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL
Partner
Membership No. 032489
Place : Mumbai
Date : 29th May, 2017

For and on behalf of the Board of
Directors of Lyka Labs Limited

N. I. Gandhi Chairman & Managing Director
DIN : 00021530
V. S. Shanbhag Director
DIN : 00555709
Y. B. Shah Chief Financial Officer
P. G. Hindia Company Secretary

Lyka Labs Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	Current Year ended 31 st March, 2017	Previous Period ended 31 st March, 2016
Profit for the year/period	5,689,688	48,203,032
Adjusted for		
Depreciation	42,889,441	26,401,514
Interest Income	(817,411)	(103,085,651)
Loss on sale of Investment	160,875	-
Loss on sale of fixed assets	1,120,311	324,263
Provision for Diminution in value of Investment written back	(389,400)	-
Finance Cost	151,249,260	114,434,861
Exchange rate fluctuation	(550,339)	1,147,583
Excess Provision no longer required written back	-	(8,796,385)
VAT paid under Amnesty Scheme	12,863,027	-
Irrecoverable Advances written off	5,487,596	2,449,267
	212,013,360	32,875,452
Operating profit before working capital change	217,703,048	81,078,484
Changes in		
Trade and other receivables	(52,917,021)	10,813,439
Inventories	(22,874,495)	55,941,339
Trade payable & other payables	(18,614,624)	(68,957,104)
	(94,406,140)	(2,202,326)
A. Cash generated from operations	123,296,908	78,876,158
Exchange rate fluctuation	550,339	(1,147,583)
Tax Payment	(11,768,207)	(689,965)
	(11,217,868)	(1,837,548)
Net cashflow from operating activities (A)	112,079,040	77,038,610
B. Cashflow for Investing activities		
Purchase of fixed assets	(57,162,579)	(49,042,139)
Proceeds from sale of Investments	1,353,875	-
Proceeds from sale of fixed assets	3,105,682	531,506
Interest Received	817,411	103,085,651
	817,411	103,085,651
Net cash used in Investing activities (B)	(51,885,611)	54,575,018



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	Current Year ended 31 st March, 2017	Previous Period ended 31 st March, 2016
C. Cashflow from Financing activities		
Debenture Repaid	(13,900,000)	(13,650,000)
Borrowings raised (Net)	150,834,149	21,960,369
Fixed Deposit repaid	(62,415,000)	(39,434,000)
Money Received against share warrants	-	9,660,000
Interest Paid	(137,479,811)	(109,843,481)
Net cash used in Financing activities (C)	(62,960,662)	(131,307,112)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(2,767,233)	306,516
Cash and Cash Equivalents at the beginning of the year/period		
Cash and Cash Equivalents	1,859,161	5,900,111
Earmarked Balances	15,482,236	11,134,770
	17,341,397	17,034,881
Cash and Cash Equivalents at the end of the year/period		
Cash and Cash Equivalents	6,643,615	1,859,161
Earmarked Balances	7,930,549	15,482,236
	14,574,164	17,341,397

In terms of our report of even date,
For M.A. PARIKH & CO.
Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL
Partner
Membership No. 032489
Place : Mumbai
Date : 29th May, 2017

For and on behalf of the Board of
Directors of Lyka Labs Limited

N. I. Gandhi Chairman & Managing Director
DIN : 00021530

V. S. Shanbhag Director
DIN : 00555709

Y. B. Shah Chief Financial Officer

P. G. Hindia Company Secretary

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. CORPORATE INFORMATION

Lyka Labs Limited (“the Company”) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (as amended by the Companies Act, 2013). Its shares are listed on two stock exchanges in India. The Company is engaged in the business of pharmaceutical and related activities, including research.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of Financial Statements

These financial statements have been prepared under the historical cost convention except certain Fixed Assets, which have been revalued on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in India (“Indian GAAP”) and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as prescribed under the Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”)/ Companies Act 1956 (“the 1956 Act”), as applicable.

b. Use of Estimates

The presentation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between the actual result and estimates are recognized in the year in which the results are known/materialized.

c. Property, Plant and Equipment (Fixed Assets) and Intangible Assets

1) Tangible Assets

- (i) Fixed Assets other than Land, Building and Plant and Machinery are recorded at cost of acquisition or construction.
- (ii) Land, Building and Plant and Machinery:
 - (a) These Fixed Assets are recorded at net present replacement value as on 30th September, 2010.
 - (b) Additions to Land, Buildings and Plant and Machinery after 30th September 2010 are recorded at cost.

Note: Cost comprises of all direct costs/ expenses (including borrowing costs referred to in 2(d)) incurred in order to bring such assets to their present condition and location including Indirect Taxes in the case of Land and Buildings but excluding applicable set-off in respect of indirect taxes relating to Plant and Machinery and Software.

- (iii) Fixed Assets include assets purchased under Hire Purchase Agreement.

2) Intangible Assets

Intangible Assets are initially measured at acquisition cost including any directly attributable costs of preparing the assets for their intended use.

Intangible Assets include:

- (i) Cost of acquired software and software design costs.
- (ii) Internally developed intangibles:

Expenditure incurred in respect of “new product development and applied research” held under Capital Work-in-Progress are recognized as Intangibles upon successful development of respective products. Refer Note 2(d) below for the policy on capitalization of borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

3) Depreciation /Amortization

(1) Tangible Assets

- (i) Depreciation on Tangible Assets (including Revalued Assets) is provided on straight-line method at the rates and manner in accordance with Schedule II to the Companies Act, 2013.
- (ii) Leasehold land is amortized over the period of lease.

(2) Intangible Assets

Amortization of Intangible Assets is provided on straight-line method basis over a period of 10 years from the date of commercialization based on the Management's estimate of useful life over which economic benefit will be derived from its use.

d. Borrowing Cost

Financing costs relating to borrowed funds attributable to construction or acquisition or development of qualifying assets are capitalized upto the commencement of commercial production and are included in the cost of the assets to which they relate.

A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

All other borrowing costs are charged to Statement of Profit and Loss.

e. Investments

Investments are stated at cost of acquisition. Provision is made for diminution in value of long-term investments, if such diminution is other than temporary in nature.

f. Inventories

- (i) Raw Materials, Packing Materials, Work-in-Process and Finished Goods are valued at lower of cost or net realisable value. Cost is determined by using FIFO method. Cost comprises of all costs of purchases (net of CENVAT credit, rebates, trade discount etc.), costs of conversion and cost incurred to bring the inventories to the present location and condition.
- (ii) Stores and Spares (excluding capital spares) are charged to consumption as and when purchased.

g. Employee Benefits

The Company's employee benefits primarily cover provident fund, superannuation, gratuity and compensated absences.

- (i) Provident fund and Superannuation fund are defined contribution schemes and the Company has no further obligation beyond the contributions made to the fund. The contribution on account of Provident Fund is made to the Employees Provident Fund and that for Superannuation, is made to The Life Insurance Corporation of India. The said contributions are charged to Statement of Profit and Loss in the year in which they accrue.
- (ii) Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the year. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. The Company makes contributions to a fund administered and managed by the Life Insurance Corporation of India (LIC) to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.
- (iii) Leave encashment / compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

h. Translation of Foreign Currency Transactions

Transactions in foreign currency are recorded at the prevalent rates of exchange in force at the time the transactions are effected. Monetary items denominated in foreign currencies are translated at year-end rates. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss except in cases where they relate to:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

- (i) Acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets; and
- (ii) Other long-term foreign currency monetary items that are amortized over the remaining life of the concerned monetary item.

i. Impairment

At the end of each year, the Company determines whether a provision should be made for impairment loss on Fixed Assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard - 28 "Impairment of Assets" (AS-28) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting period is reversed, if there has been a change in the estimate of recoverable amounts.

j. Revenue Recognition

Revenue is recognized when realisation is reasonably certain in respect of:

- a. Sale of goods on transfer of significant risk and reward.
- b. Processing charges are recognized on dispatch basis.
- c. Insurance claims, other claims, interest, commission, royalty and export incentive.
- d. Services for transfer of technology is recognized on completion of performance of the related services as per the agreement.

k. Leases:

(i) Finance Lease

Assets taken on Finance Lease are accounted for as Fixed Assets in accordance with the Accounting Standard -19 "Lease" (AS 19) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. Accordingly, the assets have been accounted at fair value.

(ii) Operating Lease

Assets taken on lease under which all the risks and rewards of ownership effectively retained by the Lessor are classified as operating lease. Lease payments under operating lease are recognized as expenses on accrual basis in accordance with the respective lease agreements.

l. Taxes on Income

- (i) Current tax is determined as the amount of Income Tax in respect of taxable income for the year in accordance with the applicable tax rates and the prevailing tax laws.
- (ii) Deferred Tax is recognized, subject to the consideration of prudence for deferred tax assets, on timing differences between taxable income and accounting income that originate in one period/s/year/s and are capable of reversal in one or more subsequent years. Deferred Tax Assets and Liabilities are measured in accordance with the applicable tax rates and the prevailing tax laws.

m. Cash Flow

The Cash Flow Statement is prepared by the "Indirect Method" as set out in Accounting Standard 3 – "Cash Flow Statement" (AS-3) and presents the Cash Flow by operating investing and financing activities of the Company.

n. Contingent Liabilities

Contingent liabilities are not provided for and are disclosed by way of notes to accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

3 SHARE CAPITAL

	As at 31 st March, 2017		As at 31 st March, 2016	
	Number of shares	Amount (In ₹)	Number of shares	Amount (In ₹)
Authorised				
Equity Shares of ₹ 10/- each	30,000,000	300,000,000	30,000,000	300,000,000
Redeemable Preference Shares of ₹ 100/- each	200,000	20,000,000	200,000	20,000,000
	<u>30,200,000</u>	<u>320,000,000</u>	<u>30,200,000</u>	<u>320,000,000</u>
Issued, Subscribed and Fully Paid				
Equity Shares of ₹ 10/- each	22,040,000	220,400,000	22,040,000	220,400,000
10% Cumulative Redeemable Preference Shares of ₹ 100/- each	108,570	10,857,000	108,570	10,857,000
Total	<u>22,148,570</u>	<u>231,257,000</u>	<u>22,148,570</u>	<u>231,257,000</u>

3.1 Reconciliation of number of shares outstanding as at the beginning and end of the year / period

	As at 31 st March, 2017		As at 31 st March, 2016	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
Balance as at the beginning of the Year / Period	22,040,000	108,570	21,580,000	108,570
Add : Issued during the Year / Period	-	-	460,000	-
Balance as at the end of the Year / Period	<u>22,040,000</u>	<u>108,570</u>	<u>22,040,000</u>	<u>108,570</u>

3.2 Rights, preferences and restriction attached to equity shares :

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

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

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

3.3 Details of Shares held by the Shareholders holding more than 5% shares in the Company

Name of the shareholders	As at 31 st March, 2017		As at 31 st March, 2016	
	No of Shares held	% of Shares	No of Shares held	% of Shares
Equity Shares of ₹ 10/- each				
Narendra I Gandhi (HUF)	1,500,776	6.81%	1,500,776	6.81%
Kunal Narendra Gandhi	1,116,642	5.07%	1,151,642	5.23%
Nehal Narendra Gandhi	1,169,803	5.31%	1,369,803	6.22%
10% Cumulative Redeemable Preference Shares				
Dr. D. B. Parikh	108,570	100.00%	108,570	100.00%

3.4 4,000,000 Equity shares of ₹ 10/- each were issued on 07.12.2005 by conversion of Global Depository Receipts.

3.5 108,570 10% Cumulative Redeemable Preference Shares of ₹ 100 each fully paid up were issued on 30th September, 2005 redeemable at the option of the company but not later than 20 years from the date of allotment.

3.6 The Company has allotted 460,000 convertible warrants at ₹ 28/- per warrant to Promoters / Promoters Group on preferential basis pursuant to the Special Resolution passed by the members of the Company at their Extra Ordinary General Meeting held on January 23, 2015

These warrants were converted (in the ratio of 1 share for 1 warrant) into equity shares of ₹ 10/- each at a premium of ₹ 18/- per share during the previous period.

4 RESERVES AND SURPLUS

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Capital Reserve		
Balance as at the beginning and end of the Year / Period	5,068,404	5,068,404
Securities Premium Account		
Balance as at the beginning of the Year / Period	675,146,662	666,866,662
Add : On Issue of Equity Shares	-	8,280,000
Balance as at the end of the Year / Period	675,146,662	675,146,662
Revaluation Reserve		
Balance as at the beginning of the Year / Period	26,172,073	30,654,422
Less: Depreciation on Revalued Assets	-	(4,482,349)
Balance as at the end of the Year / Period	26,172,073	26,172,073

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

4 RESERVES AND SURPLUS (Continued) [Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
General Reserve		
Balance as at the beginning and end of the Year / Period	95,257,370	95,257,370
Surplus		
Balance as at the beginning of the Year / Period	(367,871,855)	(416,074,887)
Add: Profit for the Year / Period	5,689,688	48,203,032
Balance as at the end of the Year / Period	(362,182,167)	(367,871,855)
Total	439,462,342	433,772,654

5 LONG TERM BORROWINGS [Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Secured Loans		
Term Loans from Banks (Refer Note No. 5.1 below)	342,191,866	251,045,983
Finance Lease Obligations (Refer Note No. 5.2 below)	5,152,742	1,652,860
Total	347,344,608	252,698,843

5.1 Details of terms of repayment and security provided for in respect of the Long-Term Borrowings as follows : (Including Current maturities of Term Loans from Banks and Finance Lease Obligation - Refer Note No. 10)

- (a) Term Loan (Expansion) from Dena Bank repayable in 8 quarterly installments of ₹ 18.09 Lacs each. Interest rate is MCLR + 1.10 % ##
- (b) Term Loan (R&D) from Dena Bank repayable in 8 quarterly installments of ₹ 6.77 Lacs each. Interest rate is MCLR + 1.10 % ##
- (c) Term Loan from Dena Bank repayable in 6 quarterly installments of ₹ 16.40 Lacs each. Interest rate is MCLR + 1.65 % ##
- (d) Term Loan (working capital) from Dena Bank repayable in 4 quarterly installments of ₹ 40 Lacs each. Interest rate is MCLR + 1.10 % ##
- (e) Term Loan (Lypholisation II) from Dena Bank repayable in 8 quarterly installments of ₹ 7.81 Lacs each. Interest rate is MCLR + 1.10 % ##
- (f) Term Loan (New Expansion) from Dena Bank repayable in 11 quarterly installments of ₹ 90.90 lacs each. Interest rate is MCLR + 1.10 % ##
- (g) Term Loan (Schedule - M Requirement) from Dena Bank repayable in 10 quarterly installments of ₹ 15.50 lacs each. Interest rate is MCLR + 1.10 % ##
- (h) Term Loan (working capital) from Dena Bank repayable in 4 quarterly installments of ₹ 60 Lacs each. Interest rate is MCLR + 1.15% ##
- (i) Term loan WCTL (Fresh) from Dena Bank repayable in 6 quarterly installments of ₹ 100 Lacs each and subsequently 10 quarterly installments of ₹ 140 Lacs commencing after 1 year of moratorium period from the date of disbursement. Interest rate is MCLR + 1.65% , ##

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

The above Term Loans are secured by first charge on stock in trade, book debts, other movable assets, movable machinery and guaranteed by some of the directors of the Company. These Loans are also secured by registered mortgage of Company's immovable properties at Ankleshwar and Valsad.

- (j) Term Loan from Bank of Maharashtra repayable in 16 quarterly installments of ₹ 30 Lacs each. Interest rate is MCLR + 3.5 % + 1 % . *
- (k) Term Loan from Bank of Maharashtra repayable in 4 quarterly installment of ₹ 50 lacs each. Interest rate is MCLR + 1.25 % . *

* Above Term Loans are Secured by extension of equitable mortgage of property situated at Shiv Shakti industrial Estate, Andheri - East, Mumbai - 400059

- (l) Term Loan from Kapol Co-Operative Bank Ltd. repayable in 62 equal monthly installments of ₹ 12.16 lacs each. Interest rate is @15%. **

**Above Term Loan are Secured by extension of equitable mortgage of property and machinery situated at Ankleshwar.

- 5.2 8 Lease obligations repayable in equated monthly installments upto March 2020 secured by respective Vehicles. Rate of interest ranges from 8.37% to 18.01%.

6 OTHER LONG-TERM LIABILITIES [Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Security Deposit	1,395,000	1,395,000
Total	1,395,000	1,395,000

7 LONG-TERM PROVISIONS [Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Employee Benefits:		
Provision for Leave Encashment	5,720,815	5,392,107
Provision for Gratuity	16,231,571	15,319,347
Total	21,952,386	20,711,454

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

8 SHORT TERM BORROWINGS

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Secured Loans		
From Bank		
Loans repayable on demand (Refer Note (8.1) below)	261,544,118	257,629,763
Term Loan	-	145,000,000
	<u>261,544,118</u>	<u>402,629,763</u>
Unsecured		
Loans and Advances from related parties (Refer Note (8.2) below)	56,301,597	4,778,131
Inter Corporate Deposits (Refer Note (8.3) below)	22,050,000	7,000,000
Short Term Loans (Refer Note (8.4) below)	37,309,617	48,018,247
	<u>115,661,214</u>	<u>59,796,378</u>
Total	<u><u>377,205,332</u></u>	<u><u>462,426,141</u></u>

8.1 Details of terms of repayment and securities provided in respect of Short -Term Borrowings:

(a) Interest on Dena Bank Cash Credit Loan is MCLR +1.10 % p.a. # #

(b) Interest on Dena Bank Buyers Credit Loan ranges from LIBOR + 0.75% to LIBOR + 2.00% # #

The above Loans are secured by first charge on stock in trade, book debts, other movable assets, movable machinery and guaranteed by some of the Directors of the Company. These Loans are also secured by registered mortgage of Company's immovable properties at Ankleshwar and Valsad.

8.2 Interest on Loans from related parties ranges between 10.25 % and 12% (simple Interest) payable on yearly basis.

8.3 Interest on Inter Corporate Deposits ranges between 16% and 25% (simple interest) and repayable at quarterly / half yearly / yearly basis.

8.4 Interest on Short Term Loans ranges between 12% and 21%

9 TRADE PAYABLES

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Trade Payables (Refer Note No.51)		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	7,633,977	12,389,419
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	349,890,555	290,038,564
Total	<u><u>357,524,532</u></u>	<u><u>302,427,983</u></u>

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

10 OTHER CURRENT LIABILITIES

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
(A) Current Maturities of Long-Term Debt		
(i) Debentures - Privately Placed Non Convertible (Refer Note No.29)	72,400,000	86,300,000
(ii) Term Loan from Banks (Refer Note No.5.1)	313,757,363	172,330,108
(iii) Finance Lease Obligations (Refer Note No.5.2)	3,328,907	3,346,978
(iv) Fixed Deposits (Refer Note No.28)	6,737,000	69,152,000
(B) Interest Accrued and due	46,516,488	30,400,609
(C) Interest Accrued but not due	-	2,346,430
(D) Other Payables		
(i) Statutory dues	45,504,341	21,178,094
(ii) Unclaimed Preference Share Dues	-	175,000
(iii) Book Overdraft	20,394,025	28,130,875
(iv) Employee dues	23,134,806	18,359,285
(v) Advance from Customers	543,903	93,909,741
(vi) Retention Money Payable	478,939	478,939
(vii) Creditors for :		
Expenses	10,929,302	10,664,974
Capital Expenditure	7,074,262	10,597,208
(viii) Other Outstanding Liabilities	12,407,863	14,177,102
(ix) Sales Tax Deferment Scheme	5,014,447	5,014,447
Total	568,221,646	566,561,790

10.1 Details of continuous default in repayment of Secured Loans and Interest thereon as on 31st March, 2017

[Amount in ₹]

Period of Default	Principal Amount	Interest Amount
February, 2016	-	1,517,959
March, 2016	-	1,629,613
April, 2016	-	1,550,830
May, 2016	-	1,613,883
June, 2016	3,000,000	1,572,259
July, 2016	4,000,000	1,308,754
August, 2016	-	1,308,754
September, 2016	3,000,000	1,308,754
October, 2016	5,000,000	1,308,754
November, 2016	-	1,308,754
December, 2016	48,000,000	1,308,754
January, 2017	5,000,000	6,243,119
February, 2017	100,115,876	6,243,119
March, 2017	29,206,878	6,243,119
Total	197,322,754	34,466,425



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

11 SHORT TERM PROVISIONS

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Employee Benefits:		
Provision for Bonus	2,261,508	2,246,730
Provision for Gratuity	8,464,511	6,605,223
Provision for Superannuation	547,639	170,033
Total	11,273,658	9,021,986

Description of Assets	Gross Block		Depreciation / Amortisation			Net Block					
	As on 01/04/16	Additions during the year	Deletions during the year	As on 31/03/17	As on 01/04/16	Additions during the year	Deletion during the year	on Revalued assets*	As on 31/03/17	As on 31/03/16	
TANGIBLE ASSETS :											
Land (Leasehold)	114,071,486	-	-	114,071,486	10,484,441	23,095	-	1,471,551	11,979,087	102,092,399	103,587,045
Buildings	318,797,783	6,394,199	-	325,191,982	72,322,041	3,019,752	-	4,248,583	79,590,376	245,601,606	246,475,742
Plant and Machinery	423,102,120	9,166,640	-	432,268,760	242,628,181	12,805,823	-	9,032,602	264,466,606	167,802,144	180,473,939
Computers	13,321,152	483,947	-	13,805,099	11,892,734	593,978	-	-	12,486,712	1,318,387	1,428,418
Vehicles	17,477,039	7,914,536	6,730,422	18,661,153	7,521,723	2,013,755	2,559,490	-	6,975,988	11,685,165	9,955,316
Furniture and Fixtures	51,573,031	887,724	55,061	52,405,694	33,984,012	3,557,300	-	-	37,541,312	14,864,382	17,589,019
Office Equipments	4,131,746	45,040	-	4,176,786	3,883,941	27,444	-	-	3,911,385	265,401	247,805
Total Tangible Assets	942,474,357	24,892,086	6,785,483	960,580,960	382,717,073	22,041,147	2,559,490	14,752,736	416,951,466	543,629,484	559,757,284
INTANGIBLE ASSETS :											
Internally Developed Intangible Assets	42,062,707	9,327,428	-	51,380,135	9,946,958	4,791,908	-	-	14,738,866	36,641,269	32,105,749
Computer Software	13,841,573	-	-	13,841,573	3,129,178	1,303,650	-	-	4,432,828	9,408,745	10,712,395
Total Intangible Assets	55,894,280	9,327,428	-	65,221,708	13,076,136	6,095,558	-	-	19,171,694	46,050,014	42,818,144
Total Assets	998,368,637	34,219,514	6,785,483	1,025,802,668	395,793,209	28,136,705	2,559,490	14,752,736	436,123,160	589,679,498	602,575,428
Total Previous Period	982,948,322	17,632,716	2,212,401	998,368,637	366,265,978	19,999,882	1,356,632	10,883,981	395,793,209	602,575,428	-
Capital Work-in-Progress											
(i) Tangible										178,130,353	173,628,211
(ii) Intangible (Refer Note No.36(iii))										146,506,534	128,065,611
Total (i+ii)										324,636,887	301,693,822
Grand Total										914,316,385	904,269,250
Notes:											
* Refer Note No.30 (ii)											
Building includes ₹ 26,91,755 (Previous Period ₹ 26,91,755) for premises in a co-operative society against which shares of the face value of ₹ 1,250 are held under the bye laws of the society.											
Gross block includes the following assets acquired under hire purchase arrangement on which the vendor has a lien											
Description of Asset	Gross Block Current Year (₹)	Gross Block Previous Period (₹)	Net Block Current Year (₹)	Net Block Previous Period (₹)							
Vehicles	13,848,822	14,219,564	10,266,853	9,459,467							

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

13 NON-CURRENT INVESTMENTS	As at 31st March, 2017			As at 31st March, 2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments :						
A Trade						
(a) Investments in Equity Shares of Subsidiaries (Refer Note No.35) :						
(i) 14,674,995 (Previous Period 14,674,995) Equity Shares of ₹ 10 each fully paid up in Lyka BDR International Ltd	-	146,904,950	146,904,950	-	146,904,950	146,904,950
(ii) 7,550,000 (Previous Period 7,550,000) Equity Shares of ₹ 10 each fully paid up in Lyka Healthcare Ltd.	-	300,500,000	300,500,000	-	300,500,000	300,500,000
(iii) 5,383,636 (Previous Period 5,383,636) Equity Shares of ₹ 10 each fully paid up in Lyka Exports Ltd	-	177,125,444	177,125,444	-	177,125,444	177,125,444
(b) Others						
Nil (Previous Period 16,500) Equity Shares of ₹10 each fully paid up in Gujarat Themis Biosyn Ltd	-	-	-	1,014,750	-	1,014,750
B Non - Trade						
Investments in Equity Shares						
Nil (Previous Period 50,000) Equity Shares of ₹ 10 each fully paid up in Kapol Co-operative Bank Ltd	-	-	-	-	500,000	500,000
Less: Provision for Diminution in value of Investment in Gujarat Themis Biosyn Ltd			624,530,394			626,045,144
Total			624,530,394			625,655,744
(i) Aggregate amount of Quoted Investments			-			1,014,750
Aggregate market value of Quoted Investments			-			838,200
(ii) Aggregate amount of Unquoted Investments			624,530,394			625,030,394

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
14 LONG TERM LOANS AND ADVANCES (Unsecured, considered good)		
Capital Advances	6,359,219	9,537,812
Security Deposit (Refer Note No.31)	50,250,000	50,250,000
Others - Deposit with Drug Price Equalisation Account (Refer Note No.27(i))	103,245,000	103,245,000
Total	159,854,219	163,032,812
15 INVENTORIES (At Lower of Cost and Net Realizable Value)		
Raw Materials (Refer Note No.38)	16,919,938	15,295,454
Packing Material (Refer Note No.38)	34,563,299	31,184,425
Work-in-Progress	37,213,560	15,675,100
Finished Goods	3,819,415	7,486,738
Total	92,516,212	69,641,717
16 TRADE RECEIVABLES (Unsecured, considered good)		
Outstanding for a period exceeding six months (Refer Note No.33)	104,584,973	101,090,003
Others	209,623,788	163,394,649
Total	314,208,761	264,484,652
17 CASH AND CASH EQUIVALENTS		
Balances with Banks	6,598,534	1,750,814
Cash on hand (Refer Note No. 58)	45,081	108,347
Other Bank Balance		
Deposits with Banks held as margin money	7,930,549	15,482,236
Total	14,574,164	17,341,397



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
18 SHORT TERM LOANS AND ADVANCES (Unsecured considered good)		
Related Parties (Refer Note No.18.1 below)	65,000,000	65,000,000
Employees	283,000	493,000
Prepaid Expenses	15,701,844	13,186,230
Balances with Government Authorities		
CENVAT Credit Receivable	6,714,384	9,522,287
Income Tax Payments	33,320,176	21,551,968
Other Advances	100,792,979	112,142,521
Total	221,812,383	221,896,006
18.1 Short-Term Loans and Advances include amounts due from		
Lyka Healthcare Ltd	65,000,000	65,000,000
Total	65,000,000	65,000,000
19 OTHER CURRENT ASSETS		
Foreign Currency Monetary item Translation Difference Account	13,823,986	13,823,986
Others	-	127,287
Total	13,823,986	13,951,273

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

20 REVENUE FROM OPERATIONS	For the year ended 31st March, 2017	For the period ended 31 st March, 2016
Sale of products	742,273,643	579,593,734
Other operating revenue (Refer Note No.20.1 below)	109,998,257	27,994,243
	852,271,900	607,587,977
Less: Excise Duty	66,325,164	34,891,926
Total	785,946,736	572,696,051
20.1 Other Operating Revenue		
Processing charges received	27,010,825	18,790,091
Technical Know-how	-	2,487,484
Sale of Dossiers	57,500,000	-
Sale of Trade Marks	22,500,000	-
Export Incentives	30,736	906,018
Royalty	2,956,696	5,810,650
Total	109,998,257	27,994,243
21 OTHER INCOME		
Interest Income (Refer Note 21.1 below)	817,411	103,085,651
Insurance Claim	3,855	379,023
Rent Received	3,330,000	2,902,500
Excess Provision for Diminution in value of Investment written back	389,400	-
Foreign Exchange Fluctuation	550,339	-
Sundry Credit Balances/Excess Provision Written Back (net)	10,059,478	4,008,715
Miscellaneous Income	1,872,966	2,035,115
Total	17,023,449	112,411,004

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	For the year ended 31 st March, 2017	For the period ended 31 st March, 2016
21.1 Interest Income		
(i) Interest from banks on deposits	792,309	536,437
(ii) Other interest	25,102	102,549,214
Total	817,411	103,085,651
22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
<i>As at the beginning of the year / period :</i>		
Finished Goods	7,486,738	13,121,266
Work-in-Progress	15,675,100	26,796,614
Total	23,161,838	39,917,880
<i>As at the end of the year / period :</i>		
Finished Goods	3,819,415	7,486,738
Work-in-Progress	37,213,560	15,675,100
Total	41,032,975	23,161,838
Net (increase)/decrease	(17,871,137)	16,756,042
23 EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	81,905,190	53,675,271
Contribution to Provident and Other Funds		
a) Provident / ESI Fund	6,799,113	4,827,093
b) Superannuation Fund	539,258	335,666
Provision for Gratuity	3,388,689	1,455,101
Provision for Leave Encashment	804,721	362,517
Staff Welfare Expenses	7,047,635	5,155,293
Total	100,484,606	65,810,941

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	For the year ended 31 st March, 2017	For the period ended 31 st March, 2016
24 FINANCE COSTS		
Interest Expenses on :		
(i) Borrowings From Banks		
Term Loans	65,225,753	42,212,194
Working Capital	22,064,074	18,650,751
(Net of capitalised of ₹ 7,960,325, Previous Period ₹ 6,206,184)		
(ii) Debentures	9,082,221	8,373,956
(iii) Borrowing Others		
Bill Discounting charges	27,358,010	22,161,942
Cash Discount	2,371,543	1,283,853
Bank Charges	9,829,366	6,696,635
Others	15,318,293	15,055,530
Total	151,249,260	114,434,861
25 OTHER EXPENSES		
Consumption of Stores and Spare Parts	868,559	1,123,685
Power and Fuel	18,393,200	13,170,866
Processing Charges	4,916,968	2,895,090
Rent including Lease Rentals	1,518,932	932,741
Repairs and Maintenance - Buildings	1,648,669	496,056
Repairs and Maintenance - Machinery	2,543,149	1,408,506
Repairs and Maintenance - Others	1,974,237	2,076,764
Insurance	2,044,298	1,434,655
Rates and Taxes	1,224,979	962,220
Commission for L/C	14,279,668	12,327,628
Communication Expenses	1,369,660	1,120,188
Travelling and Conveyance	11,457,364	7,899,348

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	For the year ended 31 st March, 2017	For the period ended 31 st March, 2016
25 OTHER EXPENSES (Contd.)		
Sales Commission	3,135,716	3,665,036
Advertisement and Sales Promotion	3,640,186	1,022,861
Legal and Professional Charges	9,260,106	9,105,925
Payments to Auditors (Refer Note No.52)	3,807,000	2,514,299
Miscellaneous Expenses	35,578,256	23,223,504
Total	117,660,947	85,379,372

Other Notes:

(26) Estimated amounts of commitments remaining to be executed as on 31st March, 2017 are as follows:

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
a)	Against purchase of Capital goods.	4,690,000	5,638,370
b)	Against purchase of Raw Materials and Packing Materials	16,905,589	7,454,201

(27) Contingent Liabilities are not provided for in respect of:

- (i) Demands raised against the Company aggregating to ₹ 68,061,957 plus interest thereon under the Drug Price Control Order 1979 by the Government of India which were contested by the Company. In the earlier year, the Company had received recovery notices for recovery of ₹ 209,440,565 to be deposited into "Drug Price Equalisation Account".

The Company has challenged the said notices in the writ petitions before the Hon'ble High Court of Gujarat. The Hon'ble High Court has admitted the writ petitions subject to the Company depositing certain amounts against the said demands. Accordingly, the Company has deposited ₹ 103,245,000.

The Company expects favourable outcome in the said writ petitions and hence, the amounts paid have been treated as advances which are considered by the Company as good and recoverable.

- (ii) (a) The Company has received an Order from the Gujarat Sales Tax Commissioner (Appeals) Baroda, dated 24th January, 2011 in respect of Company's appeal against the demand for Gujarat Sales Tax of ₹ 132,408,100 for the financial year 2002-2003 for non-submission of proof of export. The Commissioner of Sales Tax (Appeals) based on the facts as submitted, has revised the demand to ₹ 8,545,195 against which Company has made payment of ₹ 4,581,150 under protest. The Company has further contested this demand before the Sales Tax Tribunal. The matter is sub-judice and the payments of ₹ 4,581,150 are considered by the Company as good and recoverable.
- (b) ₹ 83,433,721 (Previous Period ₹ 67,770,889) relating to disputed Sales Tax demands in respect of prior years against which the Company has made payment of ₹ 9,532,475 under protest. The Company has further contested this demand before the Sales Tax Commissioner / Tribunal. The matter is sub-judice and the payments of ₹ 9,532,475 are considered by the Company as good and recoverable.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

- (iii) The Company has received notices from Central Excise department raising demands as stated below:
- (a) ₹ 10,875,257 against which the Company has paid ₹ 2,500,000. The matter is sub-judice and the payment of ₹ 2,500,000 is considered by the Company as good and recoverable.
- (b) ₹ 7,137,254 relating to disputed Central Excise duty, the matter is sub-judice.
- (iv) ₹ 1,809,830 relating to disputed Service Tax demand, against which the Company has made payment of ₹ 180,956/-. The matter is sub-judice, and the payment of ₹ 180,956/- is considered by the Company as good and recoverable.
- (v) The Company has received orders from Income Tax Department raising demands aggregating to ₹ 232,504,087 relating to prior years against which the Company has paid ₹ 10,000,000. The matter is sub-judice and the payment of ₹ 10,000,000 is considered by the Company as good and recoverable.
- (vi) ₹ 794,807 being claims against the Company not acknowledged as debt.
- (vii) Employee (Including Ex-Employees) Claims relating to ex-gratia and other benefits aggregating to ₹ 42,732,273 (Previous Period ₹ 42,456,862) as the matter is sub-judice.
- (viii) Bank Guarantees provided by a Bank on behalf of the Company ₹ 5,883,760 (Previous Period ₹ 9,633,220).

(28) FIXED DEPOSITS:

During the year, the Company has repaid deposits that were claimed aggregating to ₹ 62,415,000. As regard the balance of ₹ 6,737,000, the same shall be paid as and when claimed.

The additional liability of interest, if any, arising on account of delayed payment/ non-payment shall be provided for in the year in which the said liability is settled.

(29) DEBENTURES:

The Company has received Order of National Company Law Tribunal (Ahmedabad Bench) dated 22nd May, 2017, granting extension of time for repayment of Debentures as follows :

Sr. No.	Outstanding Debentures	Amount	Payable by
1	Upto 31 st March, 2015	37,500,000	30 th July, 2017
2	From 1 st April, 2015 to 31 st July, 2015	20,675,000	31 st December, 2017
3	From 1 st August, 2015 to 30 th April, 2016	14,225,000	30 th March, 2018
	Total	72,400,000	

The additional liability of interest, if any, arising on account of delayed payment/non-payment shall be provided for in the year in which the said liability is settled.

(30) FIXED ASSETS AND DEPRECIATION:

- (i) Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing on or after 1st April, 2014, the Company has re-worked depreciation with reference to the useful lives of Fixed Assets prescribed by PART 'C' of Schedule II to the Act. Where the remaining useful life of an Asset is nil, the carrying amount of the Asset after retaining the residual value, as at 1st April, 2014 has been adjusted to the General Reserve. In other cases, the carrying values have been depreciated over the remaining useful lives of the Assets and recognized in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Since then, as per the amendment dated 20th August, 2014, the useful life specified in Part C- of Schedule II has been defined to mean that if the cost of a Part of Asset is significant to the total cost of the Assets and useful life of that part is different from the useful life of the remaining Assets, useful life of that significant part shall be determined separately and depreciated accordingly.

In the opinion of the Management, the Company's Assets are such that there are no significant parts thereof whose life is different than the useful life of the whole Asset (The management opinion on component accounting being technical in nature, the same is relied upon by the Auditors). Consequently, the Company has continued to provide depreciation in respect of all its Assets on the basis as was followed in the financial year 2014-15, i.e. based on useful lives of the respective Assets.

- (ii) The depreciation and amortisation charged to Statement of Profit and Loss for the year ₹ 42,889,441 (Previous Period ₹ 26,401,514) includes ₹ 14,752,736 (Previous Period ₹ 6,401,632) being depreciation relating to Revaluation of Fixed Assets.
- (31) ₹ 50,250,000 (Previous Period ₹ 50,250,000) placed with the Managing Director, as security deposit for residential accommodation/garage taken on leave and license, which has been given by the Company to him, in accordance with the terms of his reappointment. The Company has been legally advised that the provisions of section 185 of the Companies Act, 2013 are not attracted in respect of the same.
- (32) Loans and Advances include ₹ 18,521,339 (Previous Period ₹ 23,101,339), granted to a Company as interest free financial assistance is considered good for recovery by the Management.
- (33) Sundry Debtors aggregating to ₹ 314,208,761 (Previous Period ₹ 264,484,652) include debtors of ₹ 104,584,973 (Previous Period ₹ 101,090,003) outstanding for more than six months which are considered good for recovery by the Management.
- (34) The balances relating to Sundry Debtors, Sundry Creditors, Group Companies and Loans and Advances as on 31st March, 2017 are subject to confirmation and adjustments, if any, on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts cannot be ascertained and shall be adjusted in the year in which the confirmation process is completed.
- (35) **INVESTMENTS IN SUBSIDIARIES:**
 - (i) The proposed merger of the Company's Subsidiaries i.e. Lyka Healthcare Limited and Lyka Exports Limited with the Company would be in the best interest of the Company, its shareholders, creditors and all other stakeholders. Accordingly, the Board of Directors at their meeting held on 10th March, 2016 resolved to merge Company's Subsidiaries i.e. Lyka Exports Limited and Lyka Healthcare Limited with it, effective from 1st April, 2015 ("appointed date") under the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 and SEBI circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015. Since then the "appointed date" of the said merger of Lyka Exports Limited is postponed to 1st April, 2016 by the Board of Directors at their meeting held on 4th June, 2016 and the "appointed date" of the said merger of Lyka Healthcare Limited is postponed to 1st April, 2017 by the Board of Directors at their meeting held on 1st April, 2017.
 - (ii) Though the present book values of the Company's investments in equity shares of the Company's Subsidiaries i.e. Lyka BDR International Limited, Lyka Healthcare Limited and Lyka Exports Limited are lower than their cost of acquisition, keeping in view their long-term business synergy and potential, the management is of the opinion that no provision for fall in their values is required to be made at this juncture.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(36) CAPITAL EXPENDITURE:

- (i) Tangible Project Capital Work-in-Progress ₹ 178,130,353 as on 31st March,2017, includes allocable indirect expenditure in respect of modernization/expansion of Ankleshwar unit aggregating to ₹ 55,781,092 (including interest of ₹ 29,966,218) which is pending allocation to Fixed Assets on completion of the project.
- (ii) The Company has incurred direct expenditure and allocable indirect expenditure up to 31st March,2017 in respect of “new product development and applied research” aggregating to ₹ 146,506,534 including finance cost of ₹ 21,440,067 which is carried forward under “Capital Work in Progress – Intangibles”, to be recognized as “Self-Generated Intangible Assets” upon successful development of respective products or to be charged to Statement of Profit and Loss in the year in which development is abandoned.

During the year, the Company has capitalized ₹ 9,327,428 as “Self-Generated Intangible Assets” upon successful development of respective products.

- (37) Arrears of dividend on 10% Cumulative Redeemable Preference Shares aggregates to ₹ 12,485,550 (Previous Period ₹ 11,399,850).
- (38) Inventories include slow/non-moving raw materials and packing materials procured during the prior years aggregating to ₹ 15,352,260 (Previous Period ₹ 12,663,008) for which steps are being taken to utilize/realise the same.
- (39) During a earlier period, the Company has recognized revenue by way of insurance claim aggregating to ₹ 27,097,850 on account of loss of certain fixed assets and materials due to fire. During the year, Company has received final payment from insurance company settled at ₹ 25,275,854 and hence the Company has written off balance claim of ₹ 1,821,996 in the Statement of Profit and Loss as an Extra-Ordinary item.
- (40) The Company has provided ₹ 10,924,391 being interest / damages on an estimated basis in respect of delays in depositing statutory dues with Government, Semi-Government and Local Authorities beyond the time allowed.
- (41) During the year, the Company has lodged a claim for refund of excess finance costs charged by a bank amounting to ₹ 3,991,482 which is adjusted against finance cost for the year.

During the previous period, the Company had lodged claims for refund of excess finance costs charged by two banks aggregating to ₹ 4,888,231.

The above claims are subject to confirmation by the respective banks and the same are considered good for recovery by the Management.

- (42) Pursuant to the Notification dated 31st March, 2009 issued by the Ministry of Company Affairs, (MCA), relating to AS 11 Accounting Standard on the “Effects of changes in Foreign Exchange Rates”, the Company was to amortize the balance loss on account of foreign currency translation of ₹ 27,647,973. Accordingly, the Company charged ₹ 13,823,987 during the previous period ended 30th September, 2010 to the Statement of Profit and Loss. Subsequently, pursuant to Notification dated 29th December, 2011, the Company exercised its option to amortize the balance loss of ₹ 13,823,986 on or before 31st March, 2020.

(43) EMPLOYMENT AND RETIREMENT BENEFITS.

- (i) The actuarial valuation of the present value of the defined benefit obligation in respect of Gratuity has been carried out as at 31st March, 2017. The following tables set out the amounts recognized in the financial statements as at 31st March,2017 for the defined benefit plans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present Value of Obligations as at 1 st April, 2016	23,285,209	23,058,985
	Service Cost	1,146,767	1,001,197
	Interest Cost	1,791,688	13,75,615
	Actuarial Loss/(Gain) on Obligations	15,002	(851,822)
	Benefits Paid	(517,177)	(1,298,766)
	As at 31 st March, 2017	25,721,489	23,285,209
	Less : Fair Value of Plan Assets		
	As at 1 st April, 2016	1,360,639	1,103,260
	Expected Return on Plan assets	115,572	69,889
	Employers' Contribution	100,000	14,75,000
	Actuarial (Loss) on Plan Assets	(550,804)	-
	Benefits Paid	-	(1,287,510)
	As at 31 st March, 2017	1,025,407	1,360,639
	Net Liability	24,696,082	21,924,570
b)	Expense during the year/period		
	Service Cost	1,146,767	10,01,197
	Interest Cost	1,791,688	13,75,615
	Expected Return on Plan Assets	(115,572)	(69,889)
	Actuarial Loss/(Gain) on Obligations	565,806	(851,822)
	Total	3,388,689	1,455,101
c)	Principal Actuarial Assumptions		
	Rate of Discounting	6.90%	7.70%
	Rate of Return on Plan Assets	7.50%	8.50%
	Salary Growth Rate	3.00%	3.00%

History of Defined Benefit Obligation, Asset Values, Surplus/Deficit and Experience Gains/Loss

Particulars	As on				
	31-Mar-17	31-Mar-16	30-Jun-15	30-Jun-14	31-Mar-13
Present Value of Obligation	25,721,489	23,285,209	23,058,985	18,666,838	19,528,549
Fair Value of Plan Assets	1,025,407	1,360,639	1,103,260	1,216,336	1,354,429
(Gain)/Loss on Plan Liabilities	(1,889,725)	(1,213,132)	(2,607,642)	(724,010)	135,543
Gain/(Loss) on Plan Assets	(550,804)	-	-	(120,572)	(27,660)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

- (ii) The actuarial valuation of the present value of the defined benefit obligation in respect of Compensated Absence Liabilities has been carried out as at 31st March, 2017. The following tables set out the amounts recognized in the financial statements as at 31st March, 2017 for the defined benefit plan.

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present value of obligations as at 1 st April, 2016	7,814,644	7,640,511
	Service Cost	439,960	816,925
	Interest Cost	601,300	455,805
	Actuarial (Gain) on Obligations	(24,718)	(793,967)
	Benefits Paid	(250,922)	(304,630)
	As at 31 st March, 2017	8,580,264	7,814,644
	Less : Fair Value of Plan Assets		
	As at 1 st April, 2016	2,422,537	17,83,138
	Expected Return on Plan Assets	211,821	116,246
	Employers' Contribution	300,000	750,000
	Benefits Paid	(74,909)	(226,847)
	As at 31 st March, 2017	2,859,449	2,422,537
	Net Liability	5,720,815	53,92,107
b)	Expense during the year/period		
	Service Cost	439,960	816,925
	Interest Cost	601,300	455,805
	Expected Return on Plan Assets	(211,821)	(116,246)
	Actuarial (Gain) on Obligations	(24,718)	(793,967)
	Total	804,721	362,517
c)	Principal Actuarial Assumptions		
	Rate of Discounting	6.90%	7.70%
	Rate of Return on Plan Assets	7.50%	8.75%
	Salary Growth Rate	3.00%	3.00%

History of Defined Benefit Obligation, Asset Values, Surplus/Deficit and Experience Gains/Loss

Particulars	As on				
	31-Mar-17	31-Mar-16	30-Jun-15	30-Jun-14	31-Mar-13
Present Value of Obligation	8,580,264	7,814,644	7,640,511	6,509,789	7,518,764
Fair Value of Plan Assets	2,859,449	2,422,537	1,783,138	796,164	1,153,353
(Gain)/Loss on Plan Liabilities	(65,447)	(883,334)	14,667	3,680,073	-
Gain/(Loss) on Plan Assets	-	-	-	25,355	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

- (44) Minimum Lease/Hire Purchase payments payable under Finance leases/Hire purchase agreements are as under: (Accounting Standard 19 – Leases)

Particulars	Minimum Lease payments		Future Interest		Present value	
	Current Year ₹	Previous Period ₹	Current Year ₹	Previous Period ₹	Current Year ₹	Previous Period ₹
Not later than 1 Year	3,965,381	3,809,098	636,474	462,120	3,328,907	3,346,978
Later than 1 Year and not later than 5 Years	5,596,505	1,817,710	443,763	164,849	5,152,742	1,652,861

- (45) **Segment information for primary segment reporting (by business segments):**

Based on guiding principles given in the Accounting standard on 'Segment Reporting' (AS-17), the primary segment of the Company is business segment, which comprises of pharmaceutical products/ pharma related services. As the Company operates in a single primary business segment, no segmental information thereof is given.

Segment information for secondary segment reporting (by geographical segments)

The company caters mainly to the needs of Indian market and the export turnover being below 10% of the total turnover of the company, there is no reportable geographical segment.

- (46) As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

- (a) List of related parties and their relationship

Category	Name of the Related Party	Relationship
1	Lyka BDR International Limited Lyka Healthcare Limited Lyka Exports Limited	Subsidiaries
2	Lyka Securities & Investment Private Limited	Associate
3	Mr. N. I. Gandhi (Chairman and Managing Director) Mr. Kunal N. Gandhi (Chief Executive Officer) Mr. Yogesh Shah (Chief Financial Officer) Mr. Piyush Hindia (Company Secretary)	Key Management Personnel (KMP)
4	Mrs. Nehal N. Gandhi (Non – Executive Director) Mrs. Alisha K. Gandhi	Relative of KMP
5	Enai Trading & Investment Private Limited	Entities owned by/over which KMP is able to exercise significant influence

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(b) Transactions during the year with related parties:

Sr. No.	Description	Related party	Current Year (₹)	Previous Period (₹)
(i)	Purchase of goods	Lyka Exports Ltd.	-	10,302,871
(ii)	Sale of goods	Lyka BDR International Ltd.	241,641,293	154,872,250
		Lyka Healthcare Ltd.	33,648,590	29,801,639
		Lyka Exports Ltd.	-	4,666,014
(iii)	Sale of Trade Marks	Lyka Exports Ltd.	22,500,000	-
(iv)	Sale of Dossiers	Lyka Healthcare Ltd.	57,500,000	-
(v)	Reimbursement of Expenses	Lyka BDR International Ltd.	757,617	636,309
		Lyka Exports Ltd.	-	10,266
(vi)	Rent Income	Lyka BDR International Ltd.	2,790,000	20,92,500
		Lyka Healthcare Ltd.	540,000	4,05,000
(vii)	Other Income	Lyka BDR International Ltd.	1,622,650	940,350
		Lyka Healthcare Ltd.	12,000	-
(viii)	Remuneration (Payments/ Provision) to	Mr. N.I. Gandhi	4,318,851	5,088,285
		Mr. Kunal N. Gandhi	4,004,917	18,71,919
		Mrs. Alisha K. Gandhi	5,87,800	439,200
		Mr. Yogesh Shah	9,99,303	507,693
		Mr. Piyush Hindia	13,96,984	847,325
(ix)	Directors Sitting Fees	Mrs. Nehal N. Gandhi	90,000	50,000
(x)	Rent Paid	Lyka Exports Ltd.	-	52,500
(xi)	Interest Income	Lyka Exports Ltd.	-	102,552,146
(xii)	Interest Paid	Enai Trading & Investment Pvt. Ltd	30,230	-
		Mrs. Nehal N. Gandhi	87,292	63,077
		Mr. N. I. Gandhi	2,250,089	10,770
(xiii)	Loan Received	Enai Trading & Investment Pvt. Ltd	800,000	400,000
		Mrs. Nehal N. Gandhi	10,000,000	4,671,882
		Mr. N. I. Gandhi	80,637,000	4,694,190
(xiv)	Loan Repaid	Enai Trading & Investment Pvt. Ltd	600,000	611,196
		Mrs. Nehal N. Gandhi	809,001	3,516,999
		Mr. N. I. Gandhi	43,681,670	2,899,428
(xv)	Conversion of Warrants into Equity Shares	Mr. N.I. Gandhi	-	12,880,000
(xvi)	Balance as on 31.03.2017			
	Advance from customers	Lyka BDR International Ltd.	-	60,202,644
		Lyka Exports Limited	-	30,450,793
	Loans & Advances given	Lyka Healthcare Limited	65,000,000	65,000,000
	Sundry Debtors	Lyka Exports Ltd.	25,832,312	-
		Lyka Healthcare Ltd	124,373,441	60,678,913
		Lyka BDR International Ltd.	21,311,067	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Sr. No.	Description	Related party	Current Year (₹)	Previous Period (₹)
	Security Deposit-given	Mr. N. I. Gandhi	50,250,000	50,250,000
	Unsecured Loan- from	Enai Trading & Investment Pvt. Ltd.	237,544	7,314
		Mrs. Nehal N. Gandhi	10,433,174	1,154,883
		Mr. N. I. Gandhi	41,321,353	2,115,934
	Investment	Lyka BDR International Ltd.	146,904,950	146,904,950
		Lyka Healthcare Ltd.	300,500,000	300,500,000
		Lyka Exports Ltd.	177,125,444	177,125,444

Note : Related party information is as identified by the Company and relied upon by the Auditors.

(47) Earnings per Share: (as per Accounting Standard 20 – Earnings per Share)

Particulars	Current Year (₹)	Previous Period (₹)
Adjusted Profit for the year/period (₹) (A)	46,03,988	47,388,756
Weighted Average number of Equity Shares(B)	22,040,000	21,831,825
Face value of Equity Share (₹) (C)	10	10
Basic and Diluted Earnings Per Share (₹) (D=A/B)	0.21	2.17

(48) Details of Exceptional Items (net) are as under:

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
(i)	Irrecoverable Debts/Advances Written off	5,487,596	2,449,267
(ii)	Loss on sale of Fixed Assets (Net)	1,120,311	324,263
(iii)	Loss on Sale of Investments	160,875	-
(iv)	VAT paid under Amnesty Scheme	12,863,027	-
(v)	Excess Provision no Longer Required Written Back	-	(8,796,385)
	Total	19,631,809	(6,022,855)

(49) Details of Prior Year Adjustments (Net) are as under:

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
(i)	Sales Commission	-	1,928,951
(ii)	Salary and Wages	-	1,113,600
(iii)	Penalty for Delayed Payment of Statutory Dues	-	1,145,050
(iv)	Sales Promotion Expenses	-	3,954,706
(v)	Legal and Professional Charges	-	2,113,878
(vi)	Finance Cost	441,110	5,440,004
(vii)	Reversal of Interest on Term Loan	-	(3,349,209)
(viii)	Reimbursement of Sales Commission	-	(3,577,468)
	Total	441,110	8,769,512

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(50) Taxation:

Current Tax:

In view of unabsorbed Business Losses and Depreciation of the earlier years, current tax has not been provided for the year.

Deferred Tax:

The Company has not recognized Deferred Tax Assets in view of virtual uncertainty of sufficient future taxable income to set off carried forward losses and unabsorbed depreciation.

(51) Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 as per the records of the Company.

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
(i)	Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	7,633,977	12,389,419
(ii)	Interest accrued on the dues to suppliers under MSMED Act, 2006 on the above amount	177,896	NIL
(iii)	Payment made to suppliers (Other than interest) beyond the appointed date, during the year	NIL	NIL
(iv)	Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	NIL	NIL
(v)	Interest paid to suppliers under MSMED Act, 2006 (Section 16)	NIL	NIL
(vi)	Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	NIL	NIL
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	177,896	NIL

Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company and relied upon by the Auditors.

(52) Payments to Auditors:

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
(i)	Audit Fees (including ₹ 270,000 to Branch Auditors - Previous Period ₹ 335,800)	2,857,500	1,851,800
(ii)	As Advisor for Company Law Matters (including ₹ Nil to Branch Auditors- Previous Period ₹ Nil)	402,500	-
(iii)	Tax Audit Fees (including ₹ 50,000 to Branch Auditors – Previous Period ₹ 50,000)	452,500	571,392
(iv)	For other services (certification work etc.)(including ₹ Nil to Branch Auditors- Previous Period ₹ Nil)	11,500	-
(v)	Reimbursement of Expenses (including ₹ Nil to Branch Auditors- Previous Period ₹ 25,813)	83,000	91,107
	Total	3,807,000	2,514,299

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(53) Additional Information to Notes to Accounts:

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
1	Turnover		
	i. Bulk Drugs	87,083,939	34,884,912
	ii. Formulations	655,189,704	484,606,444
	iii. Pharmaceutical Chemicals	-	60,102,378
	Total (i+ii+iii)	742,273,643	579,593,734
2	Consumption of Materials		
	i. Bulk Drugs	53,830,215	8,890,424
	ii. Formulations	299,836,595	225,659,043
	Total (i+ii)	353,666,810	234,549,467
3	Purchases of Finished Goods		
	i. Formulations	27,305,655	48,603,704
	ii. Pharmaceutical Chemicals	-	42,221,465
	Total (i+ii)	27,305,655	90,825,169
4	Finished Goods Stock		
	i. Bulk Drugs	503,438	3,351,054
	ii. Formulations	3,315,977	4,135,684
	Total (i+ii)	3,819,415	7,486,738

(54) Value of Imports calculated on C.I.F basis in respect of:

Particulars	Current Year (₹)	Previous Period (₹)
Raw Materials and Packing Materials	86,817,945	30,735,577
Total	86,817,945	30,735,577

(55) Expenditure in Foreign Currency in respect of:

Particulars	Current Year (₹)	Previous Period (₹)
Travelling	2,439,626	1,017,920
Total	2,439,626	1,017,920

(56) Earnings in Foreign Exchange

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
(i)	Export of goods on FOB basis	1,779,986	10,369,247
(ii)	Transfer of Technology/know-how	-	2,487,484
	Total	1,779,986	12,856,731

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(57) Breakup of Imported and Indigenous Materials and Stores and Spares Consumed

Sr. No.	Particulars	Current Year		Previous Period	
		Value (₹)	% of Total Consumption	Value (₹)	% of Total Consumption
1	Materials				
	a) Imported	69,995,878	19.79	30,602,700	13.05
	b) Indigenous	283,670,932	80.21	203,946,767	86.95
	Total	353,666,810	100.00	234,549,467	100.00
2	Stores & Spares				
	a) Imported	-	-	-	-
	b) Indigenous	868,559	100.00	1,123,685	100.00
	Total	868,559	100.00	1,123,685	100.00

(58) Disclosure regarding pursuant to circular No. G.S.R. 308(E) dated March 30, 2017.

Details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 are provided in the table below:

(Amount in ₹)

	SBNs*	Other Denomination Notes	Total
Closing Cash in hand as on 08/11/2016	1,097,000	326,017	1,399,627
Add : Permitted Receipts	-	-	-
Add: Withdrawals from Banks	-	490,000	490,000
Less : Permitted Payments	-	643,986	643,986
Less : Amount Deposited into Bank	1,097,000	21,500	1,118,500
Closing Cash in hand as on 30/12/2016	-	150,531	150,531

*For the purpose of the clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs number S.O. 3407(E), dated 8th November, 2016.

(59) The figures for the Current Year ended 31st March, 2017 being for 12 months are not comparable with those of the Previous Period of 9 months.

(60) The Company has regrouped/reclassified the Previous Period's figures in order to conform to the figures of the Current Year.

In terms of our report of even date,
For M.A. PARIKH & CO.
 Chartered Accountants
 Firm Registration No. 107556W

MUKUL PATEL
 Partner
 Membership No. 032489
 Place : Mumbai
 Date : 29th May, 2017

For and on behalf of the Board of
 Directors of Lyka Labs Limited
N. I. Gandhi Chairman & Managing Director
 DIN : 00021530
V. S. Shanbhag Director
 DIN : 00555709
Y. B. Shah Chief Financial Officer
P. G. Hindia Company Secretary



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of LYKA LABS LIMITED

We have audited the accompanying consolidated financial statements of **LYKA LABS LIMITED** ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising of the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year than ended (in which are incorporated the accounts of 3 subsidiaries and the Holding Company's branch at Ankleshwar audited by other auditors after making such changes as were considered necessary for the purpose of incorporation), and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016.

The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and by the other auditor in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Lyka Labs Limited

Basis for Qualified Opinion

We draw attention to Note No.36(ii) relating to Intangible Assets Under Development.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2017;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

1. Note No. 30(iv) regarding amortization in respect of Revalued Assets is charged to Revaluation Reserve by a Subsidiary Company.
2. Note No. 33 regarding Sundry Debtors outstanding for more than six months aggregating to ₹ 104,584,973 considered good for recovery by the Holding Company.
3. Note No. 34 regarding pending balance confirmation from Sundry Debtors, Sundry Creditors, and Loans & Advances.
4. Note No. 36(i) regarding Tangible Capital Work-in-Progress.
5. Note No. 38 regarding slow/non-moving material of the Holding Company aggregating to ₹ 15,352,260.

Our opinion is not qualified in respect of all these matters.

Other Matter

We did not audit the financial statements of subsidiaries and a branch of the Holding Company, whose financial statements reflect total assets of ₹ 1,738,140,661 as at 31st March, 2017 and total revenues of ₹ 1,251,900,621 for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below are not modified in respect of the above matter with respect to our reliance on work done and report of other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors;
 - (c) The reports on the accounts of the branch offices of the Holding Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report (Refer Other Matters);

-
- (d) The consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (e) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016;
- (f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and report of the statutory auditors of its Subsidiary Companies, none of the directors of the these entities is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure “A”; which is based on the auditor’s report of the Holding Company and Subsidiary Companies; and
- (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) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note No. 27 (i) to (vii) to the consolidated financial statements.
 - (ii) The Group does not have any long-term contracts including derivative contracts and hence there are no material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.
 - (iv) The Group has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same are in accordance with books of account maintained by the Group. Refer Note No.54 of the consolidated financial statements.

For M. A. Parikh & Co.
Chartered Accountants
(Firm Registration No. 107556W)

MUKUL PATEL
Partner
Membership No. 032489

Place : Mumbai
Date : 29th May, 2017

Annexure - A to the Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of **LYKA LABS LIMITED** ("the Holding Company") and its Subsidiary Companies, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its Subsidiary Companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities, 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 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.

Auditors' Responsibility

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

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

We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanation given to us and based on consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company and its Subsidiary Companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to financial statements of 3 subsidiaries and a branch of the Holding Company is based on the corresponding reports of the auditors of such companies and a branch.

For M. A. Parikh & Co.
Chartered Accountants
(Firm Registration No. 107556W)

MUKUL PATEL
Partner
Membership No. 032489

Place : Mumbai
Date : 29th May, 2017

Lyka Labs Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

		[Amount in ₹]	
	Note No.	As at 31 st March, 2017	As at 31 st March, 2016
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	231,257,000	231,257,000
(b) Reserves and Surplus	4	160,781,694	221,148,567
		<u>392,038,694</u>	<u>452,405,567</u>
2 Minority Interest			
		28,975,848	39,130,772
3 Non-Current Liabilities			
(a) Long-Term Borrowings	5	352,935,728	253,145,399
(b) Other Long-Term Liabilities	6	15,689,037	13,995,000
(c) Long-Term Provisions	7	31,676,456	29,169,885
		<u>400,301,221</u>	<u>296,310,284</u>
4 Current Liabilities			
(a) Short-Term Borrowings	8	499,457,278	599,480,712
(b) Trade Payables	9		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises		7,633,977	12,389,419
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		460,415,774	408,443,433
(c) Other Current Liabilities	10	656,321,877	565,456,437
(d) Short-Term Provisions	11	39,207,747	42,579,040
		<u>1,663,036,653</u>	<u>1,628,349,041</u>
TOTAL		<u><u>2,484,352,416</u></u>	<u><u>2,416,195,664</u></u>
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		550,846,490	566,408,736
(ii) Intangible Assets		505,124,658	475,864,634
(iii) Capital Work-in-Progress		178,130,353	173,628,211
(iv) Intangible Assets under Development		146,506,534	128,065,620
		<u>1,380,608,035</u>	<u>1,343,967,201</u>
(b) Non-Current Investments	13	2,235,213	3,864,763
(c) Deferred Tax Assets		15,771,137	11,123,950
(d) Long-Term Loans and Advances	14	231,705,433	239,156,920
		<u>1,630,319,818</u>	<u>1,598,112,834</u>
2 Current Assets			
(a) Inventories	15	132,406,674	108,115,742
(b) Trade Receivables	16	405,311,698	432,948,993
(c) Cash and Cash Equivalents	17	51,218,960	55,552,187
(d) Short-Term Loans and Advances	18	232,241,237	196,955,713
(e) Other Current Assets	19	32,854,029	24,510,195
		<u>854,032,598</u>	<u>818,082,830</u>
TOTAL		<u><u>2,484,352,416</u></u>	<u><u>2,416,195,664</u></u>
See accompanying notes to the financial statements		1 to 55	

In terms of our report of even date,
For M.A. PARIKH & CO.
Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL
Partner
Membership No. 032489
Place : Mumbai
Date : 29th May, 2017

For and on behalf of the Board of
Directors of Lyka Labs Limited

N. I. Gandhi Chairman & Managing Director
DIN : 00021530
V. S. Shanbhag Director
DIN : 00555709
Y. B. Shah Chief Financial Officer
P. G. Hindia Company Secretary



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

			[Amount in ₹]
	Note No.	For the year ended 31 st March, 2017	For the period ended 31 st March, 2016
REVENUE			
Revenue from Operations	20	1,165,824,357	1,304,089,443
Other Income	21	24,621,109	17,263,376
Total Revenue		1,190,445,466	1,321,352,819
EXPENSES			
Cost of Materials Consumed		353,666,810	234,549,467
Purchases of Stock-in-Trade		204,098,141	444,482,191
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	(19,287,574)	25,250,828
Employee Benefits Expense	23	174,524,928	147,118,732
Finance Costs	24	173,303,082	151,884,360
Depreciation and Amortization Expense	12	90,169,296	93,245,865
Other Expenses	25	237,560,687	247,693,324
Total Expenses		1,214,035,370	1,344,224,767
(Loss) before Exceptional Items and Extra Ordinary Items and Tax		(23,589,904)	(22,871,948)
Exceptional Items (Net)	47	41,364,510	(74,254,455)
Prior Period Adjustments (Net)	48	441,110	12,346,980
(Loss)/Profit before Extra Ordinary Items and Tax		(65,395,524)	39,035,527
Extra Ordinary Items	39	1,821,996	-
(Loss) /Profit before Tax		(67,217,520)	39,035,527
Tax Expense			
Current Tax for the year/ period		-	26,382,232
(Excess)/Short Provision for earlier years		(5,658,000)	257,167
Deferred Tax for the year /period		(4,647,187)	(28,502,623)
(Loss)/Profit before adjustment of Minority Interest		(56,912,333)	40,898,751
Share of Minority Interest in (Loss)/Profit		(10,154,924)	4,029,980
(Loss)/Profit for the year/ period		(46,757,409)	36,868,771
Earnings per equity share			
Basic / Diluted	49	(2.17)	1.65
See accompanying notes to the financial statements	1 to 55		

In terms of our report of even date,
For M.A. PARIKH & CO.
 Chartered Accountants
 Firm Registration No. 107556W

MUKUL PATEL
 Partner
 Membership No. 032489
 Place : Mumbai
 Date : 29th May, 2017

For and on behalf of the Board of
 Directors of Lyka Labs Limited

N. I. Gandhi Chairman & Managing Director
 DIN : 00021530
V. S. Shanbhag Director
 DIN : 00555709
Y. B. Shah Chief Financial Officer
P. G. Hindia Company Secretary

Lyka Labs Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

[Amount in ₹]

	Current Year ended 31 st March, 2017	Previous Period ended 31 st March, 2016	
(Loss)/Profit for the year/period after tax	(46,757,409)	36,868,771	
Adjusted for			
Depreciation	90,169,296	93,245,864	
Interest Income	(3,802,145)	(8,617,803)	
(Profit) on sale of Animal Healthcare Division	-	(134,911,083)	
Loss on sale of Investment	160,875	-	
Loss /(Profit) on sale of fixed assets	1,120,311	(111,732)	
Finance cost	173,303,082	151,884,360	
Foreign Exchange fluctuation	(1,642,153)	(45,488)	
Excess Provision for diminution in value of investments written back	(389,400)	(705,124)	
Provision for diminution in value of investments	4,200		
Liability no longer payable written back	-	(8,996,385)	
Vat Paid under Amnesty Scheme	12,863,027	-	
Irrecoverable Debts written Off	5,487,596	69,709,791	
Quality Claim	21,732,701	-	
Irrecoverable advance written Off	299,007,390	54,954	161,507,354
Operating profit before working capital change	252,249,981	198,376,125	
Changes in			
Trade and other receivables	(66,975,534)	73,779,534	
Inventories	(24,290,933)	84,341,215	
Trade payable and other payable	68,674,653	(22,591,814)	(233,827,254)
A. Cash generated from operations	229,658,167	122,669,620	
Foreign Exchange fluctuation	1,642,153	45,488	
Tax (Payment)	(4,606,677)	(2,964,524)	(3,217,095)
Net cashflow from operating activities (A)	226,693,643	119,452,525	
B. Cashflow for Investing activities			
Purchase of fixed assets	(147,475,178)	(50,076,548)	
Proceeds from sale of Fixed assets	5,935,263	214,325,212	
Proceeds from sales of Investments	1,853,875	-	
Interest Received	3,802,145	8,617,803	
Net cash used in Investing activities (B)	(135,883,895)	172,866,467	



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

[Amount in ₹]

	Current Year ended 31 st March, 2017	Previous Period ended 31 st March, 2016
C. Cashflow from Financing activities		
Money Received Against the Share Warrants	-	9,660,000
Borrowings raised/ (repaid)	140,407,662	(111,781,140)
Debenture repaid	(13,900,000)	(13,650,000)
Fixed deposit repaid	(62,415,000)	(38,128,848)
Interest Paid	(159,235,637)	(147,996,796)
Net cash used in Financing activities (C)	(95,142,975)	(301,896,784)
Net (decrease) in cash and cash equivalents (A+B+C)	(4,333,227)	(9,577,791)
Cash and Cash equivalents at the commencement of the year/period		
Cash and Cash equivalents	5,255,348	10,779,874
Earmarked balances	50,296,839	54,350,104
	55,552,187	65,129,978
Cash and Bank balance at the end of the year/period		
Cash and Cash equivalents at the end of the year/period	8,794,499	5,255,348
Earmarked balance at the commencement of the year/period	42,424,461	50,296,839
Cash and Bank balance at the end of the year/period	51,218,960	55,552,187

In terms of our report of even date,
For M.A. PARIKH & CO.
Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL
Partner
Membership No. 032489
Place : Mumbai
Date : 29th May, 2017

For and on behalf of the Board of
Directors of Lyka Labs Limited

N. I. Gandhi Chairman & Managing Director
DIN : 00021530
V. S. Shanbhag Director
DIN : 00555709
Y. B. Shah Chief Financial Officer
P. G. Hindia Company Secretary

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. CORPORATE INFORMATION

Lyka Labs Limited (“the Company”) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 (as amended by the Companies Act, 2013). Its shares are listed on two stock exchanges in India. The Company and its subsidiaries are engaged in the business of pharmaceutical and related activities, including research.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of Financial Statements

These financial statements have been prepared under the historical cost convention except certain Fixed Assets, which have been revalued on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in India (“Indian GAAP”) and are in conformity with mandatory accounting standards issued by the Institute of Chartered Accountants of India, as prescribed under the Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”)/ Companies Act 1956 (“the 1956 Act”), as applicable.

b. Use of Estimates

The presentation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between the actual result and estimates are recognized in the year in which the results are known / materialized.

c. Principles of Consolidation

The Consolidated Financial Statements relating to Lyka Labs Limited (“The Holding Company”) and its subsidiaries (as stated below) (“the group”) have been consolidated in accordance with Historical Cost Convention on going concern basis in accordance with Generally Accepted Accounting Principles in India and Accounting Standard 21 (AS-21) “Consolidated Financial Statements”, except the financial statements of Lyka Animal Healthcare Limited, subsidiary company of Lyka Exports Limited, which is considered by Lyka Exports Limited as an “Immaterial Subsidiary” and hence not considered for consolidation:

Name of the Subsidiary	Percentage of Holding
Lyka BDR International Limited	65.22%
Lyka Exports Limited	72.80%
Lyka Health Care Limited	100.00%

- (i) The consolidation of the financial statements of the Holding Company and its subsidiaries is done to the extent possible on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements. All inter-group transactions, unrealised inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.
- (ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s standalone financial statements.
- (iii) The excess of cost to the Company of its investment in the subsidiaries over the Company’s share of equity and reserves of the Subsidiaries is recognised in the financial statements as Goodwill, which is tested for impairment on every balance sheet date. The excess of Company’s share of equity and reserves of the subsidiaries over the cost of acquisition is treated as Capital Reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(iv) Accounting year/period for the Holding Company and its Subsidiaries are as follows:-

Particulars	Current Year	Previous Period
Lyka Labs Limited	1 st April, 2016 to 31 st March, 2017	1 st June 2015 to 31 st March, 2016
Lyka BDR International Ltd.,	1 st April, 2016 to 31 st March, 2017	1 st April, 2015 to 31 st March, 2016
Lyka Exports Limited	1 st April, 2016 to 31 st March, 2017	1 st April, 2015 to 31 st March, 2016
Lyka Healthcare Limited	1 st April, 2016 to 31 st March, 2017	1 st April, 2015 to 31 st March, 2016

d. Property, Plant and Equipment (Fixed Assets) and Intangible Assets

I) Tangible Assets

A. In respect of Holding Company:

- (i) Fixed Assets other than Land, Building and Plant and Machinery are recorded at cost of acquisition or construction.
- (ii) Land, Building and Plant and Machinery:
 - (a) These Fixed Assets are recorded at net present replacement value as on 30th September, 2010.
 - (b) Additions to Land, Buildings and Plant and Machinery after 30th September 2010 are recorded at cost.

Note: Cost comprises of all direct costs/ expenses (including borrowing costs referred to in 2(e)) incurred in order to bring such assets to their present condition and location including Indirect Taxes in the case of Land and Buildings but excluding applicable set-off in respect of Indirect Taxes relating to Plant and Machinery and Software.

- (iii) Fixed Assets include assets purchased under Hire Purchase Agreement.

B. In respect of Subsidiaries Companies:

Fixed Assets are recorded at cost of acquisition. Cost comprises of all direct costs / expenses incurred in order to bring such assets to their present condition and location.

II) Intangible Assets

Intangible Assets are initially measured at acquisition cost including any directly attributable costs of preparing the assets for their intended use.

Intangible Assets include:

- (i) Cost of acquired software and software design costs.
- (ii) Internally developed intangibles:

Expenditure incurred in respect of “new product development and applied research” held under Capital Work-in-Progress are recognized as Intangibles upon successful development of respective products. Refer Note 2(e) below for the policy on capitalization of borrowing costs.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

III) Depreciation/Amortization

(i) Holding Company:

(1) Tangible Assets

(a) Depreciation on Tangible Fixed Assets (including Revalued Assets) is provided on straight-line method at the rates and manner in accordance with Schedule II to the Companies Act, 2013.

(b) Leasehold land is amortized over the period of lease.

(2) Intangible Assets

Amortization of Intangible Fixed Assets is provided on straight-line method basis over a period of 10 years from the date of commercialization based on management's estimate of useful life over which economic benefit will be derived from its use.

(ii) Subsidiary Company-(Lyka BDR International Ltd.)

(a) Depreciation in respect of Fixed Assets, except amortization on "Registration Rights", is being provided on "written down value method" basis at the useful lives/rates specified as per Schedule II of the Companies Act, 2013.

(b) Depreciation in respect of additions to the Fixed Assets is provided on pro-rata basis from the date in which such assets are acquired/installed/put to use.

(c) In respect of Registration Rights amortized methods and useful lives are reviewed periodically, including at each financials year end. According to management evaluation, the Company has considered estimated useful life of Intangible Assets as 15 years, which is amortized under straight line method.

(iii) Subsidiary Company- (Lyka Exports Ltd.)

(a) Depreciation in respect of Tangible Assets, is being provided on "Straight-line method" basis at the rates specified as per Part C of Schedule II of the Companies Act, 2013.

(b) Amortization of Trade Marks and Marketing Know-How is provided on straight line method over the estimated useful life of 10 years.

(iv) Subsidiary Company - (Lyka Healthcare Ltd.)

(a) Depreciation in respect of Tangible Assets, is being provided on "straight-line method" at the rates specified as per Part C of Schedule II of the Companies Act, 2013.

(b) "Brands" and Technical and Marketing Know-how are amortized over 20 years based on the Management's estimate of the useful life of the Brands and Technical and Marketing Know-how.

e. **Borrowing Cost**

Financing costs relating to borrowed funds attributable to construction or acquisition or development of qualifying assets are capitalized up to the commencement of commercial production and are included in the cost of the assets to which they relate.

A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

All other borrowing costs are charged to Statement of Profit and Loss.

f. **Investments**

Investments are stated at cost of acquisition. Provision is made for diminution in value of Long-term investments, if such diminution is other than temporary in nature.

g. Inventories

- (i) Raw Materials, Packing Materials, Work-in-Process and Finished Goods are valued at lower of cost or net realisable value. Cost is determined by using FIFO method. Cost comprises of all costs of purchases (net of CENVAT credit, rebates, trade discount etc.), costs of conversion and cost incurred to bring the inventories to their present location and condition.
- (ii) Stores and Spares (excluding capital spares) are charged to consumption as and when purchased.

h. Employee Benefits

The Group's employee benefits primarily cover provident fund, superannuation, gratuity and compensated absences.

- (i) Provident fund and Superannuation fund are defined contribution schemes and the Group has no further obligation beyond the contributions made to the fund. The contribution on account of Provident Fund is made to the Employees Provident Fund and that for Superannuation, is made to The Life Insurance Corporation of India. The said contributions are charged to Statement of Profit and Loss in the year in which they accrue.
- (ii) Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the year. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. The Company makes contributions to a fund administered and managed by the Life Insurance Corporation of India (LIC) to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.
- (iii) Leave encashment / compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

i. Translation of Foreign Currency Transactions

Transactions in foreign currency are recorded at the prevalent rates of exchange in force at the time the transactions are effected. Monetary items denominated in foreign currencies are translated at year-end rates. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss except in cases where they relate to:

- (i) Acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets; and
- (ii) Other long-term foreign currency monetary items that are amortized over the remaining life of the concerned monetary item.

j. Impairment

At the end of each year, the Group determines whether a provision should be made for impairment loss on Fixed Assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard - 28 "Impairment of Assets" (AS-28) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting period is reversed, if there has been a change in the estimate of recoverable amounts.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

k. Revenue Recognition

Revenue is recognized when realisation is reasonably certain in respect of:

- a. Sale of goods on transfer of significant risk and reward.
- b. Processing charges are recognized on dispatch basis.
- c. Insurance claims, other claims, interest, commission, royalty and export incentive.
- d. Services for transfer of technology is recognized on completion of performance of the related services as per the agreement.

l. Taxes on Income

- (i) Current tax is determined as the amount of Income Tax in respect of taxable income for the year in accordance with the applicable tax rates and the prevailing tax laws.
- (ii) Deferred Tax is recognized, subject to the consideration of prudence for deferred tax assets, on timing differences between taxable income and accounting income that originate in one period/s/year/s and are capable of reversal in one or more subsequent years. Deferred Tax Assets and Liabilities are measured in accordance with the applicable tax rates and the prevailing tax laws.

m. Leases:

- (i) Finance Lease

Assets taken on Finance Lease are accounted for as Fixed Assets in accordance with the Accounting Standard -19 "Lease" (AS 19) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. Accordingly, the assets have been accounted at fair value.

- (ii) Operating Lease

Assets taken on lease under which all the risks and rewards of ownership effectively retained by the Lessor are classified as operating lease. Lease payments under operating lease are recognized as expenses on accrual basis in accordance with the respective lease agreements.

n. Cash Flow

The Cash Flow Statement is prepared by the "Indirect Method" as set out in Accounting Standard 3 – "Cash Flow Statement" (AS-3) and presents the Cash Flow by operating investing and financing activities of the Company.

o. Contingent Liabilities

Contingent liabilities are not provided for and are disclosed by way of notes to accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

3 SHARE CAPITAL

	As at 31 st March, 2017		As at 31 st March, 2016	
	Number of shares	Amount (In ₹)	Number of shares	Amount (In ₹)
Authorised				
Equity Shares of ₹ 10/- each	30,000,000	300,000,000	30,000,000	300,000,000
Redeemable Preference Shares of ₹ 100/- each	200,000	20,000,000	200,000	20,000,000
	<u>30,200,000</u>	<u>320,000,000</u>	<u>30,200,000</u>	<u>320,000,000</u>
Issued, Subscribed and Fully Paid				
Equity Shares of ₹ 10/- each	22,040,000	220,400,000	22,040,000	220,400,000
10% Cumulative Redeemable Preference Shares of ₹ 100/- each	108,570	10,857,000	108,570	10,857,000
Total	<u>22,148,570</u>	<u>231,257,000</u>	<u>22,148,570</u>	<u>231,257,000</u>

3.1 Reconciliation of number of shares outstanding as at the beginning and end of the year / period

	As at 31 st March, 2017		As at 31 st March, 2016	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
Balance as at the beginning of the Year / Period	22,040,000	108,570	21,580,000	108,570
Add : Issued during the Year / Period	-	-	460,000	-
Balance as at the end of the Year / Period	<u>22,040,000</u>	<u>108,570</u>	<u>22,040,000</u>	<u>108,570</u>

3.2 Rights, preferences and restriction attached to equity shares :

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

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

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

3.3 Details of Shares held by the Shareholders holding more than 5% shares in the Company

Name of the shareholders	As at 31 st March, 2017		As at 31 st March, 2016	
	No of Shares held	% of Shares	No of Shares held	% of Shares
Equity Shares of ₹ 10/- each				
Narendra I Gandhi (HUF)	1,500,776	6.81%	1,500,776	6.81%
Kunal Narendra Gandhi	1,116,642	5.07%	1,151,642	5.23%
Nehal Narendra Gandhi	1,169,803	5.31%	1,369,803	6.22%
10% Cumulative Redeemable Preference Shares				
Dr. D. B. Parikh	108,570	100.00%	108,570	100.00%

3.4 4,000,000 Equity shares of ₹ 10/- each were issued on 07.12.2005 by conversion of Global Depository Receipts.

3.5 108,570 10% Cumulative Redeemable Preference Shares of ₹ 100 each fully paid up were issued on 30th September, 2005 redeemable at the option of the company but not later than 20 years from the date of allotment.

3.6 The Company has allotted 460,000 convertible warrants at ₹ 28/- per warrant to Promoters / Promoters Group on preferential basis pursuant to the Special Resolution passed by the members of the Company at their Extra Ordinary General Meeting held on January 23, 2015

These warrants were converted (in the ratio of 1 share for 1 warrant) into equity shares of ₹ 10/- each at a premium of ₹ 18/- per share during the previous period.

4 RESERVES AND SURPLUS

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Capital Reserve		
Balance as at the beginning and end of the Year / Period	4,913,404	4,913,404
Securities Premium Account		
Balance as at the beginning of the Year / Period	658,224,238	649,944,238
Add : On Issue of Equity Shares	-	8,280,000
Balance as at the end of the Year / Period	658,224,238	658,224,238
Revaluation Reserve		
Balance as at the beginning of the Year/Period	68,218,642	92,950,716
Adjustment on accounts of sale of assets	-	(4,500,917)
Less: (Refer Note No. 30(iv))	(13,609,464)	(20,231,157)
Balance as at the end of the Year/Period	54,609,178	68,218,642

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

4 RESERVES AND SURPLUS

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
General Reserve		
Balance as at the beginning and end of the Year / Period	97,624,959	97,624,959
Surplus		
Balance as at the beginning of the Year / Period	(607,832,676)	(644,701,448)
Add: Profit for the Year / Period	(46,757,409)	36,868,771
Balance as at the end of the Year / Period	(654,590,085)	(607,832,676)
Total	160,781,694	221,148,567

5 LONG TERM BORROWINGS

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Secured Loans		
Term Loan from Banks (Refer Note No. 5.1 below)	342,191,866	251,045,983
Finance Lease Obligations (Refer Note No. 5.2 below)	8,060,662	2,099,416
	350,252,528	253,145,399
Unsecured		
Loans from Related Parties (Refer Note No. 5.3 below)	2,683,200	-
	2,683,200	-
Total	352,935,728	253,145,399

5.1 Details of terms of repayment and security provided for in respect of the Long-Term Borrowings as follows : (Including Current maturities of Term Loans from Banks and Finance Lease Obligation - Refer Note No. 10)

- (a) Term Loan (Expansion) from Dena Bank repayable in 8 quarterly installments of ₹ 18.09 Lacs each. Interest rate is MCLR + 1.10 % ##
- (b) Term Loan (R&D) from Dena Bank repayable in 8 quarterly installments of ₹ 6.77 Lacs each. Interest rate is MCLR + 1.10 % ##
- (c) Term Loan from Dena Bank repayable in 6 quarterly installments of ₹ 16.40 Lacs each. Interest rate is MCLR + 1.65 % ##
- (d) Term Loan (working capital) from Dena Bank repayable in 4 quarterly installments of ₹ 40 Lacs each. Interest rate is MCLR + 1.10 % ##
- (e) Term Loan (Lypholisation II) from Dena Bank repayable in 8 quarterly installments of ₹ 7.81 Lacs each. Interest rate is MCLR + 1.10 % ##
- (f) Term Loan (New Expansion) from Dena Bank repayable in 11 quarterly installments of ₹ 90.90 lacs each. Interest rate is MCLR + 1.10 % ##
- (g) Term Loan (Schedule - M Requirement) from Dena Bank repayable in 10 quarterly installments of ₹ 15.50 lacs each. Interest rate is MCLR + 1.10 % # #

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(h) Term Loan (working capital) from Dena Bank repayable in 4 quarterly installments of ₹ 60 Lacs each. Interest rate is MCLR + 1.15% ##

(i) Term loan WCTL (Fresh) from Dena Bank repayable in 6 quarterly installments of ₹ 100 Lacs each and subsequently 10 quarterly installments of ₹ 140 Lacs commencing after 1 year of moratorium period from the date of disbursement. Interest rate is MCLR + 1.65% , ##

The above Term Loans are secured by first charge on stock in trade, book debts, other movable assets, movable machinery and guaranteed by some of the directors of the Company. These Loans are also secured by registered mortgage of Company's immovable properties at Ankleshwar and Valsad.

(j) Term Loan from Bank of Maharashtra repayable in 16 quarterly installments of ₹ 30 Lacs each. Interest rate is MCLR + 3.5 % + 1 % . *

(k) Term Loan from Bank of Maharashtra repayable in 4 quarterly installment of ₹ 50 Lacs each. Interest rate is MCLR + 1.25 % . *

* Above Term Loans are Secured by extension of equitable mortgage of property situated at Shiv Shakti industrial Estate, Andheri - East, Mumbai - 400059

(l) Term Loans from Kapol Co-Operative Bank Ltd. repayable in 62 equal monthly installments of ₹ 12.16 Lacs each. Interest rate is @15%. **

**Above Term Loans are Secured by extension of equitable mortgage of property and machinery situated at Ankleshwar.

5.2 9 Lease obligations repayable in equated monthly installments upto March 2020 secured by respective Vehicles. Rate of interest ranges from 8.37% to 18.01%.

5.3 Unsecured loan from Director is repayable after one year but before 5 years. Interest rate is at 12% p.a.

6 OTHER LONG-TERM LIABILITIES [Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Security Deposit	15,689,037	13,995,000
Total	15,689,037	13,995,000

7 LONG-TERM PROVISIONS [Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Employee Benefits:		
Provision for Leave Encashment	11,485,160	10,941,633
Provision for Gratuity	19,451,296	17,728,252
Provision for Superannuation	740,000	500,000
Total	31,676,456	29,169,885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

8 SHORT TERM BORROWINGS

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Secured Loans		
From Bank		
Loans Repayable on Demand from Banks (Refer Note No. 8.1 below)	380,631,246	391,522,467
Term Loan	-	145,000,000
	<u>380,631,246</u>	<u>536,522,467</u>
Unsecured		
Loans from Related Parties (Refer Note No. 8.2 below)	56,304,548	4,778,131
Inter Corporate Deposits (Refer Note No. 8.3 below)	25,211,867	10,161,867
Short Term Loans (Refer Note No. 8.4 below)	37,309,617	48,018,247
	<u>118,826,032</u>	<u>62,958,245</u>
Total	<u><u>499,457,278</u></u>	<u><u>599,480,712</u></u>

8.1 Details of terms of repayment and securities provided in respect of Short -Term Borrowings:

(a) Interest on Dena Bank Cash Credit Loan is MCLR +1.10 % p.a. # #

(b) Interest on Dena Bank Buyers Credit Loan ranges from LIBOR + 0.75% to LIBOR + 2.00% # #

The above Loans are secured by first charge on stock in trade, book debts, other movable assets, movable machinery and guaranteed by some of the Directors of the Company. These Loans are also secured by registered mortgage of Company's immovable properties at Ankleshwar and Valsad.

(c) Interest on bill discounting from Dena Bank is at 10.7% p.a. # # #

(d) Interest on bill discounting and on Packing Credit from UCO Bank is at 10.5% p.a. # # #

The above Loans are secured by way of Bank Fixed Deposits of ₹ 2.45 crores and first charge on current assets and guaranteed by some of the Directors.

8.2 Interest on Loans from related parties ranges between 10.25 % and 12% p.a.(simple Interest) payable on yearly basis.

8.3 Interest on Inter Corporate Deposits ranges between 16% and 25% (simple interest) and repayable at quarterly / half yearly / yearly basis.

8.4 Interest on Short Term Loans ranges between 12% and 21%

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

9 TRADE PAYABLES [Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
Trade Payables (Refer Note No. 53)		
i) Total outstanding dues of Micro Enterprises and Small Enterprises	7,633,977	12,389,419
ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	460,415,774	408,443,433
Total	468,049,751	420,832,852

10 OTHER CURRENT LIABILITIES [Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
(A) Current Maturities of Long-Term Debt		
(i) Debentures - Privately Placed Non Convertible (Refer Note No.29)	72,400,000	86,300,000
(ii) Term Loan from Banks (Refer Note No. 5.1)	313,757,363	172,330,108
(iii) Term Loans from Others	-	12,381,945
(iv) Finance Lease Obligations (Refer Note No. 5.2)	3,983,089	4,769,576
(v) Fixed Deposits (Refer Note No.28)	6,737,000	69,152,000
(B) Interest Accrued and Due	49,158,368	32,744,503
(C) Interest Accrued and not Due	-	2,346,430
(D) Other Payables		
(i) Statutory Dues	49,165,340	24,114,076
(ii) Unclaimed Preference Share Dues	-	175,000
(iii) Book Overdraft	20,394,025	28,130,875
(iv) Employee Dues	33,644,684	18,359,285
(v) Advance from Customers	35,642,403	31,973,062
(vi) Retention Money Payable	478,939	478,939
(vii) Creditors for:		
Expenses	10,929,302	10,664,974
Capital Expenditure	7,074,262	10,597,208
(viii) Other Outstanding Liabilities	47,942,655	55,924,009
(ix) Sales Tax Deferment Scheme	5,014,447	5,014,447
Total	656,321,877	565,456,437

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

10.1 Details of continuous defaults in repayment of Secured Loans and Interest thereon as on 31st March, 2017 [Amount in ₹]

Period of Default	Principal Amount	Interest Amount
February, 2016	-	1,517,959
March, 2016	-	1,629,613
April, 2016	-	1,550,830
May, 2016	-	1,613,883
June, 2016	3,000,000	1,572,259
July, 2016	4,000,000	1,308,754
August, 2016	-	1,308,754
September, 2016	3,000,000	1,308,754
October, 2016	5,000,000	1,308,754
November, 2016	-	1,308,754
December, 2016	48,000,000	1,308,754
January, 2017	5,000,000	6,243,119
February, 2017	100,115,876	6,243,119
March, 2017	29,206,878	6,243,119
Total	197,322,754	34,466,425

11 SHORT TERM PROVISIONS

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
i) Employee Benefits:		
Provision for Bonus	2,261,508	2,246,730
Provision for Gratuity	8,470,643	6,613,183
Provision for Leave Encashment	425,920	389,057
Provision for Superannuation	547,639	170,033
ii) Provision for Tax	27,502,037	33,160,037
Total	39,207,747	42,579,040

[Amount in ₹]

Description of Assets	Gross Block			Depreciation / Amortisation			Net Block	
	As on 01/04/16	Additions during the year	Deletions during the year	As on 01/04/16	Additions during the year	Deletion during the year	As on 31/03/17	As on 31/03/16
Tangible Assets :								
Land (Lease Hold)	114,071,486	-	-	10,484,441	23,095	-	11,979,087	103,587,045
Buildings	318,957,833	6,394,199	-	72,377,654	3,022,440	-	79,648,677	246,580,179
Plant And Machinery	425,002,662	9,166,640	-	244,430,856	12,831,432	-	266,294,890	180,571,806
Computer & Printers	18,230,557	683,997	-	16,058,444	1,031,222	-	17,089,666	2,172,113
Vehicles	28,664,842	12,987,671	12,047,475	14,134,910	3,195,049	5,046,962	12,282,997	14,529,932
Furniture And Fixtures	54,917,783	898,167	55,061	36,483,844	3,734,883	-	40,218,727	18,433,939
Office Equipments	5,473,935	118,440	-	4,940,213	164,919	-	5,105,132	533,722
Total Tangible Assets	965,319,098	30,249,114	12,102,536	398,910,362	24,003,040	5,046,962	432,619,176	550,846,490
Intangible Assets :								
Internally Developed	42,052,707	9,327,428	-	9,946,958	4,791,908	-	14,738,866	32,105,749
Intangible Assets (Brand)	345,000,000	-	-	71,875,000	15,244,186	-	87,119,186	273,125,000
Computer Software	14,941,884	155,580	-	3,690,008	1,578,902	-	5,268,910	11,251,876
Technical and Marketing Know how	-	60,950,000	-	-	764,144	-	764,144	-
Registration Rights	636,807,827	23,850,000	-	477,425,818	29,034,380	-	520,069,662	159,382,009
Total Intangible Assets	1,038,802,418	94,283,008	-	562,937,784	51,413,520	-	627,960,768	475,864,634
Total Assets	2,004,121,516	124,532,122	12,102,536	961,848,146	75,416,560	5,046,962	1,060,579,944	1,042,273,370
Total Previous Period	2,135,106,256	18,667,117	149,651,857	918,720,584	86,844,233	70,349,460	961,848,146	1,042,273,370
Capital Work-in-Progress								
Tangible Assets							178,130,353	173,628,211
Intangible Assets (Refer Note No.36(ii))							146,506,534	128,065,620
Total							324,636,887	301,693,831
Grand Total							1,380,608,035	1,343,967,201

Notes :

* Refer Note No.30 (ii) and 30(iv)

Building includes ₹ 26,91,755 (Previous period ₹ 26,91,755) for premises in a co-operative society against which shares of the face value of ₹ 1,250 are held under the bye laws of the society.

Gross block includes the following assets acquired under hire purchase arrangement on which the vendor has a lien

Description of Asset	Gross Block Current Year (₹)	Gross Block Previous Period (₹)	Net Block Current Year (₹)	Net Block Previous Period (₹)
Vehicles	18,921,957	20,468,284	14,791,789	13,333,784

13 NON-CURRENT INVESTMENTS	As at 31st March, 2017		As at 31st March, 2016		Total	[Amount in ₹]
	Quoted	Unquoted	Quoted	Unquoted		
Investments :						
A Trade						
(a) in Subsidiary Company : (Unquoted)						
49,994 (Previous Period 49,994) Equity Shares of ₹ 10 each fully paid up in Lyka Animal Helathcare Ltd "	-	499,940	-	499,940	499,940	499,940
(b) Other (Quoted)						
(i) NIL (Previous Period 16,500) Equity Shares of ₹ 10 each fully paid up in Gujarat Themis Biosyn Ltd	-	-	1,014,750	-	1,014,750	-
(ii) 130,827 (Previous Period 130,827) Equity Shares of ₹ 10 each fully paid up in Relic Technologies Ltd.	1,696,540	-	1,696,540	-	1,696,540	-
(iii) 10,000 (Previous Period 10,000) Equity Shares of ₹ 10 each fully paid up in Paramount Printpackaging Ltd.	12,800	-	12,800	-	12,800	-
(iv) 334 (Previous Period 334) Equity Shares of ₹ 10 each fully paid up in Themis Medicare Ltd	29,133	-	29,133	-	29,133	-
B. Non - Trade (Unquoted)						
(i) NIL (Previous Period 100,000) Equity Shares of ₹ 10 each fully paid up in Kapol Co-operative Bank Ltd	-	-	-	1,000,000	1,000,000	-
(ii) 1,000 (Previous Period 1,000) Equity Shares of ₹ 10 each fully paid up in Janata Sahakari Bank Ltd	-	1,000	-	1,000	1,000	1,000
Less: Provision for Diminution in value of Investments					2,239,413	4,254,163
Total					(4,200)	(389,400)
(i) Aggregate amount of Quoted Investments					2,235,213	3,864,763
Aggregate market value of Quoted Investments					1,738,473	3,020,423
(ii) Aggregate amount of Unquoted Investments					2,111,002	3,037,338
					500,940	1,500,940

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
14 LONG TERM LOANS AND ADVANCES (Unsecured, considered good)		
Capital Advances	6,359,219	9,537,812
Security Deposit (Refer Note No. 31)	50,714,188	52,079,988
Others		
(i) Loans and Advances	68,854,330	70,665,330
(ii) Advances to Suppliers	2,532,696	2,539,183
(iii) Income Tax Payments	-	1,089,607
(iv) Deposit into Drug Price Equalisation Account (Refer Note No. 27(i))	103,245,000	103,245,000
Total	231,705,433	239,156,920
15 INVENTORIES (At Lower of Cost and Net Realizable Value)		
Raw Materials (Refer Note No. 38)	16,919,938	15,295,454
Packing Material (Refer Note No. 38)	34,563,299	31,184,425
Work-in-Progress	37,213,560	15,675,100
Finished Goods	43,709,877	45,960,763
Total	132,406,674	108,115,742
16 TRADE RECEIVABLES (Unsecured, considered good)		
Outstanding for a period exceeding six months (Refer Note No.33)	132,766,526	128,991,580
Others	272,545,172	303,957,413
Total	405,311,698	432,948,993
17 CASH AND CASH EQUIVALENTS		
Balances with Banks	8,735,924	5,111,076
Cash on hand (Refer Note No. 54)	58,575	144,272
Other Bank Balance		
Deposits with Banks held as margin money	42,424,461	50,296,839
Total	51,218,960	55,552,187



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	As at 31 st March, 2017	As at 31 st March, 2016
18 SHORT TERM LOANS AND ADVANCES (Unsecured considered good)		
Related Parties	173,831	170,880
Employees	578,963	1,215,706
Prepaid Expenses	16,953,270	13,078,395
Balances with Government Authorities		
CENVAT Credit Receivable	6,714,384	11,645,904
Income Tax Payments	36,490,763	31,884,086
L/C Margin Money	17,159,717	8,668,074
Advance for Supply of Goods and Services	30,781,575	-
Other Advances (Refer Note No. 32)	123,388,734	130,292,668
Total	232,241,237	196,955,713
19 OTHER CURRENT ASSETS		
Foreign Currency Monetary item Translation Difference Account (Refer Note No. 42)	13,823,986	13,823,986
Interest Accrued on Fixed Deposits	1,460,444	1,466,586
Export Incentive Receivable	11,431,956	7,775,564
Others	6,137,643	1,444,059
Total	32,854,029	24,510,195

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

20 REVENUE FROM OPERATIONS	For the year ended 31st March, 2017	For the period ended 31 st March, 2016
Sale of products	1,103,865,936	1,289,279,496
Other operating revenue (Refer Note No.20.1 below)	128,283,585	49,701,873
	1,232,149,521	1,338,981,369
Less: Excise Duty	66,325,164	34,891,926
Total	1,165,824,357	1,304,089,443
20.1 Other Operating Revenue		
Processing Charges Received	27,010,825	18,790,091
Technical Know-how	-	2,487,484
Export Incentives	18,316,064	22,613,648
Sale of Dossiers	57,500,000	-
Sale of Trade Mark	22,500,000	-
Royalty	2,956,696	5,810,650
Total	128,283,585	49,701,873
21 OTHER INCOME		
Interest Income (Refer Note No. 21.1 below)	3,802,145	8,617,803
Excess Provision for Diminution in Value of Investment Written Back	389,400	705,126
Insurance Claim	21,638	503,383
Rent Received	-	352,500
Foreign Exchange Fluctuation	1,642,153	45,488
Sundry Credit Balances/Excess Provision Written Back(Net)	12,696,978	4,378,523
Excise Duty Refund	482,688	24,941
Others	5,586,107	2,635,612
Total	24,621,109	17,263,376



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	For the year ended 31 st March, 2017	For the period ended 31 st March, 2016
21.1 Interest Income		
(i) Interest from banks on deposits	3,777,043	3,174,746
(ii) Other interest	25,102	5,443,057
Total	3,802,145	8,617,803
22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
<u>As at the beginning of the Year/Period</u>		
Finished Goods	45,960,763	79,995,166
Work-in-Progress	15,675,100	26,796,614
Less: Stock transfer to Alivira Animal Healthcare Ltd. under slump sale	-	19,905,089
Total	61,635,863	86,886,691
<u>As at the end of the Year/Period</u>		
Finished Goods	43,709,877	45,960,763
Work-in-Progress	37,213,560	15,675,100
Total	80,923,437	61,635,863
Net (increase)/decrease	(19,287,574)	25,250,828
23 EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	149,867,714	127,900,782
Contribution to Provident and Other Funds		
a) Provident and ESI Fund	10,911,680	9,690,977
b) Superannuation Fund	539,258	335,666
Provision for Gratuity	4,522,145	2,279,866
Provision for Leave Encashment	1,157,264	1,081,456
Staff Welfare Expenses	7,526,867	5,829,985
Total	174,524,928	147,118,732

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	For the year ended 31 st March, 2017	For the period ended 31 st March, 2016
24 FINANCE COSTS		
Interest Expenses on :		
(i) Borrowings From Banks		
Term Loans	65,567,402	46,293,944
Working Capital	23,297,795	19,713,325
(Net of capitalisation of ₹ 7,960,325 previous Period ₹ 6,206,184)		
(ii) Debentures	9,082,221	8,373,956
(iii) Bill Discounting Charges	34,827,134	28,764,745
(iv) Other Finance cost		
Cash Discount	2,371,543	1,283,853
Bank Charges	10,129,063	7,002,462
Others	28,027,924	40,452,075
Total	173,303,082	151,884,360
25 OTHER EXPENSES		
Consumption of Stores and Spare Parts	868,559	1,123,685
Product Related Expenses	2,522,467	4,415,197
Power and Fuel	18,979,322	13,852,765
Processing Charges	4,916,968	2,895,090
Rent including Lease Rentals	1,999,970	1,428,392
Repairs and Maintenance - Buildings	1,648,669	496,056
Repairs and Maintenance - Machinery	2,543,149	1,408,506
Repairs and Maintenance - Others	1,974,237	2,076,764
Insurance	2,183,083	1,884,715
Rates and Taxes	2,540,727	8,727,432
Commission for L/C	14,279,668	12,324,628
Communication Expenses	3,733,667	3,566,460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

[Amount in ₹]

	For the year ended 31 st March, 2017	For the period ended 31 st March, 2016
25 OTHER EXPENSES (Contd.)		
Travelling and Conveyance	31,184,314	33,610,703
Freight and Forwarding	24,697,425	32,721,775
Sales Commission	31,193,979	33,827,243
Advertisement and Sales Promotion	12,769,371	19,575,961
Legal and Professional Charges	12,517,160	13,487,788
Payments to Auditors (Refer Note No. 51)	4,864,462	3,507,789
Provision for Diminution in Value of Investment	4,200	-
Miscellaneous Expenses	62,139,290	56,762,375
Total	237,560,687	247,693,324

Other Notes:

(26) Estimated amounts of commitments remaining to be executed as on 31st March, 2017 are as follows:

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
a)	Against purchase of Capital goods.	4,690,000	5,638,370
b)	Against purchase of Raw Materials and Packing Materials	16,905,589	7,454,201

(27) **Contingent Liabilities are not provided for in respect of:**

- (i) Demands raised against the Holding Company aggregating to ₹ 68,061,957 plus interest thereon under the Drug Price Control Order 1979 by the Government of India which were contested by the Holding Company. In the earlier year, the Holding Company had received recovery notices for recovery of ₹ 209,440,565 to be deposited into "Drug Price Equalisation Account".

The Holding Company has challenged the said notices in the writ petitions before the Hon'ble High Court of Gujarat. The Hon'ble High Court has admitted the writ petitions subject to the Holding Company depositing certain amounts against the said demands. Accordingly, the Holding Company has deposited ₹ 103,245,000.

The Holding Company expects favorable outcome in the said writ petitions and hence, the amounts paid have been treated as advances which are considered by the Holding Company as good and recoverable.

- (ii) (a) The Holding Company has received an Order from the Gujarat Sales Tax Commissioner (Appeals) Baroda, dated 24th January, 2011 in respect of Holding Company's appeal against the demand for Gujarat Sales Tax of ₹ 132,408,100 for the financial year 2002-2003 for non-submission of proof of export. The Commissioner of Sales Tax (Appeals) based on the facts as submitted, has revised the demand to ₹ 8,545,195 against which the Holding Company has made payment of ₹ 4,581,150 under protest. The Holding Company has further contested this demand before the Sales Tax Tribunal. The matter is sub-judice and the payments of ₹ 4,581,150 are considered by it as good and recoverable.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

- (b) ₹ 83,433,721 (Previous Period ₹ 67,770,889) relating to disputed Sales Tax demands in respect of prior years against which the Holding Company has made payment of ₹ 9,532,475 under protest. The Holding Company has further contested this demand before the Sales Tax Commissioner / Tribunal. The matter is sub-judice and the payments of ₹ 9,532,475 are considered by it as good and recoverable.
- (c) Lyka BDR International Ltd (Subsidiary Company) has received notice from Maharashtra Value Added Tax for ₹ 997,769. The matter is sub-judice.
- (iii) The Holding Company has received notices from Central Excise department raising demands as stated below:
- (a) ₹ 10,875,257 against which the Holding Company has paid ₹ 2,500,000. The matter is sub-judice and the payment of ₹ 2,500,000 is considered by the Holding Company as good and recoverable.
- (b) ₹ 7,137,254 relating to disputed Central Excise duty, the matter is sub-judice.
- (iv) ₹ 1,809,830 relating to disputed Service Tax demand against which the Holding Company has made payment of ₹ 180,956. The matter is sub-judice and the payment of ₹ 180,956 is considered by the Holding Company as good and recoverable.
- (v) (a) The Holding Company has received orders from Income Tax Department raising demands aggregating to ₹ 232,504,087 of prior years against which the Holding Company has paid ₹ 10,000,000. The matter is sub-judice and the payment of ₹ 10,000,000 is considered by the Holding Company as good and recoverable.
- (b) Lyka Healthcare Ltd. (Subsidiary Company) has received order from Income Tax department raising a demand of ₹ 10,077,140 in respect of earlier year. The matter is sub-judice.
- (vi) ₹ 794,807 being claims against the Holding Company not acknowledged as debt.
- (vii) Employee (including Ex-Employee) Claims relating to ex-gratia and other benefits aggregating to ₹ 42,732,273 (Previous Period ₹ 42,456,862) as the matter is sub-judice.
- (viii) Bank Guarantees provided by a Bank on behalf of the Holding Company ₹ 5,883,760 (Previous Period ₹ 9,633,220).

(28) FIXED DEPOSITS:

During the year, the Holding Company has repaid deposits that were claimed aggregating to ₹ 62,415,000. As regards the balance of ₹ 6,737,000, the same shall be paid as and when claimed.

The additional liability of interest, if any, arising on account of delayed payment/ non-payment shall be provided for in the year in which the said liability is settled.

(29) DEBENTURES:

The Holding Company has received Order of National Company Law Tribunal (Ahmedabad Bench) dated 22nd May, 2017, granting extension of time for repayment of Debentures as follows:

Sr. No.	Outstanding Debentures	Amount	Payable by
1	Upto 31 st March, 2015	37,500,000	30 th July, 2017
2	From 1 st April, 2015 to 31 st July, 2015	20,675,000	31 st December, 2017
3	From 1 st August, 2015 to 30 th April, 2016	14,225,000	30 th March, 2018
	Total	72,400,000	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

The additional liability of interest, if any, arising on account of delayed payment/non-payment shall be provided for in the year in which the said liability is settled.

(30) FIXED ASSETS AND DEPRECIATION:

- (i) Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing on or after 1st April, 2014, the Group has re-worked depreciation with reference to the useful lives of Fixed Assets prescribed by PART 'C' of Schedule II to the Act. Where the remaining useful life of an Asset is nil, the carrying amount of the Asset after retaining the residual value, as at 1st April, 2014 has been adjusted to the General Reserve. In other cases, the carrying values have been depreciated over the remaining useful lives of the Assets and recognized in the Statement of Profit and Loss.

Since then, as per the amendment dated 20th August, 2014, the useful life specified in Part C- of Schedule II has been defined to mean that if the cost of a Part of Asset is significant to the total cost of the Assets and useful life of that part is different from the useful life of the remaining Assets, useful life of that significant part shall be determined separately and depreciated accordingly.

In the opinion of the Management, the Group's Assets are such that there are no significant parts thereof whose life is different than the useful life of the whole Asset (The management opinion on component accounting being technical in nature, the same is relied upon by the Auditors). Consequently, the Group has continued to provide depreciation in respect of all its Assets on the basis as was followed in the financial year 2014-15, i.e. based on useful lives of the respective Assets.

- (ii) The depreciation and amortization charged to Statement of Profit and Loss for the year ₹ 90,169,296 (Previous Period ₹ 93,245,865) includes ₹ 14,752,736 (Previous Period ₹ 6,401,632) being depreciation relating to Revaluation of Fixed Assets carried out by the Holding Company.
- (iii) During the year, based on Management's review of the best estimate of the useful life of Registration Rights (Intangible Assets), Lyka Healthcare Limited, a subsidiary of the Holding Company, has increased its useful life from 10 years to 20 years. Accordingly, the amortization charge has been revised during the year. Had the Subsidiary Company continued to amortize the assets based on useful life of 10 years, the charge on account of amortization would have been higher by ₹ 19,255,814.
- (iv) Amortization charged to Revaluation Reserve:
Subsidiary Company: The amortization for the year aggregating to ₹ 13,609,464 (Previous Period ₹ 15,748,808) in respect of Revalued Assets is charged to Revaluation Reserve.
- (31) ₹ 50,250,000 (Previous Period ₹ 50,250,000) placed with the Managing Director, as security deposit for residential accommodation/garage taken on leave and license, which has been given by the Holding Company to him, in accordance with the terms of his reappointment. The Holding Company has been legally advised that the provisions of section 185 of the Companies Act, 2013 are not attracted in respect of the same.
- (32) Loans and Advances of Group include ₹ 76,335,668 (Previous Period ₹ 82,790,668), granted to a Company as interest free financial assistance is considered good for recovery by the Management.
- (33) Sundry Debtors of Holding Company aggregating to ₹ 314,208,761 (Previous Period ₹ 264,484,652) include debtors of ₹ 104,584,973 (Previous Period ₹ 101,090,003) outstanding for more than six months which are considered good for recovery by the Management.
- (34) The balances relating to Sundry Debtors, Sundry Creditors and Loans and Advances as on 31st March, 2017 are subject to confirmation and adjustments, if any, on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts cannot be ascertained and shall be adjusted in the year in which the confirmation process is completed.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(35) INVESTMENTS IN SUBSIDIARIES:

The proposed merger of the Lyka Healthcare Limited and Lyka Exports Limited with the Holding Company would be in the best interest of the Group, its shareholders, creditors and all other stakeholders. Accordingly, the Board of Directors of Holding Company at their meeting held on 10th March, 2016 resolved to merge Lyka Exports Limited and Lyka Healthcare Limited with Holding Company, effective from 1st April, 2015 ("appointed date") under the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 and SEBI circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015. Since then the "appointed date" of the said merger of Lyka Exports Limited is postponed to 1st April, 2016 by the Holding Company's Board of Directors at their meeting held on 4th June, 2016 and the "appointed date" of the said merger of Lyka Healthcare Limited is postponed to 1st April, 2017 by the Holding Company's Board of Directors at their meeting held on 1st April, 2017.

(36) CAPITAL EXPENDITURE:

- (i) Tangible Project Capital Work-in-Progress of Holding Company amounting to ₹ 178,130,353 as on 31st March, 2017, includes allocable indirect expenditure in respect of modernization/expansion of Ankleshwar unit aggregating to ₹ 55,781,092 (including Interest of ₹ 29,966,218) which is pending allocation to Fixed Assets on completion of the project.
- (ii) The Holding Company has incurred direct expenditure and allocable indirect expenditure up to 31st March, 2017 in respect of "new product development and applied research" aggregating to ₹ 146,506,534 including finance cost of ₹ 21,440,067 which is carried forward under "Capital Work in Progress – Intangibles", to be recognized as "Self-Generated Intangible Assets" upon successful development of respective products or to be charged to Statement of Profit and Loss in the year in which development is abandoned.

During the year, the Holding Company has capitalized ₹ 9,327,428 as "Self-Generated Intangible Assets" upon successful development of respective products.

- (37) Arrears of dividend on 10% Cumulative Redeemable Preference Share aggregates to ₹ 12,485,550 (Previous Period ₹ 11,399,850).
- (38) Inventories of the Holding Company include slow/non-moving raw materials and packing materials procured during the prior years aggregating to ₹ 15,352,260 (Previous Period ₹ 12,663,008) for which steps are being taken to utilize/realise the same.
- (39) During a earlier period, the Holding Company has recognized revenue by way of insurance claim aggregating to ₹ 27,097,850 on account of loss of certain fixed assets and materials due to fire. During the year, Holding Company has received final payment from insurance company settled at ₹ 25,275,854 and hence the Holding Company has written off balance claim of ₹ 1,821,996 in the Statement of Profit and Loss as an Extra-Ordinary item.
- (40) The Holding Company has provided ₹ 10,924,391 being interest / damages on an estimated basis in respect of delays in depositing statutory dues with Government, Semi-Government and Local Authorities beyond the time allowed.
- (41) During the year, the Holding Company has lodged a claim for refund of excess finance costs charged by a bank amounting to ₹ 3,991,482 which is adjusted against finance cost for the year.
During the previous period, the Holding Company had lodged claims for refund of excess finance costs charged by two banks aggregating to ₹ 4,888,231.

The above claims are subject to confirmation by the respective banks and the same are considered good for recovery by the Management.

- (42) Pursuant to the Notification dated 31st March, 2009 issued by the Ministry of Company Affairs, (MCA), relating to AS 11 Accounting Standard on the "Effects of changes in Foreign Exchange Rates", the Holding Company was to amortize the balance loss on account of foreign currency translation of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

₹ 27,647,973. Accordingly, the Holding Company charged ₹ 13,823,987 during the Previous Period ended 30th September, 2010 to the Statement of Profit and Loss. Subsequently, pursuant to Notification dated 29th December, 2011, the Holding Company exercised its option to amortize the balance loss of ₹ 13,823,986 on or before 31st March, 2020.

- (43) Minimum lease/Hire purchase payments payable under Finance lease/Hire purchase agreements are as under: (Accounting Standard 19 – Leases)

Particulars	Minimum Lease payments		Future Interest		Present value	
	Current Year ₹	Previous Period ₹	Current Year ₹	Previous Period ₹	Current Year ₹	Previous Period ₹
Not later than 1 Year	4,968,545	5,400,618	985,456	632,145	3,983,089	4,768,473
Later than 1 Year and not later than 5 Years	8,818,266	2,278,725	757,604	179,309	8,060,662	2,099,416

- (44) **Employment and Retirement Benefits.**

The group has provided for liability in respect of Gratuity and Leave Encashment on actuarial basis.

A. Holding Company :

- (i) The actuarial valuation of the present value of the defined benefit obligation in respect of Gratuity has been carried out as at 31st March, 2017. The following tables set out the amounts recognized in the financial statements as at 31st March, 2017 for the defined benefit plans.

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present Value of Obligations as at 1 st April, 2016	23,285,209	23,058,985
	Service Cost	1,146,767	1,001,197
	Interest Cost	1,791,688	1,375,615
	Actuarial Loss/(Gain) on Obligations	15,002	(851,822)
	Benefits Paid	(517,177)	(1,298,766)
	As at 31 st March, 2017	25,721,489	23,285,209
	Less : Fair Value of Plan Assets		
	As at 1 st April, 2016	1,360,639	1,103,260
	Expected Return on Plan assets	115,572	69,889
	Employers' Contribution	100,000	1,475,000
	Actuarial (Loss) on Plan Assets	(550,804)	-
	Benefits Paid	-	(1,287,510)
	As at 31 st March, 2017	1,025,407	1,360,639
	Net Liability	24,696,082	21,924,570

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
b)	Expense during the year/period		
	Service Cost	1,146,767	1,001,197
	Interest Cost	1,791,688	1,375,615
	Expected Return on Plan Assets	(115,572)	(69,889)
	Actuarial Loss/(Gain) on Obligations	565,806	(851,822)
	Total	3,388,689	1,455,101
c)	Principal Actuarial Assumptions		
	Rate of Discounting	6.90%	7.70%
	Rate of Return on Plan Assets	7.50%	8.50%
	Salary Growth Rate	3.00%	3.00%

History of Defined Benefit Obligation, Asset Values, Surplus/Deficit and Experience Gains/Loss

Particulars	As on				
	31-Mar-17	31-Mar-16	30-Jun-15	30-Jun-14	31-Mar-13
Present Value of Obligation	25,721,489	23,285,209	23,058,985	18,666,838	19,528,549
Fair Value of Plan Assets	1,025,407	1,360,639	1,103,260	1,216,336	1,354,429
(Gain)/Loss on Plan Liabilities	(1,889,725)	(1,213,132)	(2,607,642)	(724,010)	135,543
Gain/(Loss) on Plan Assets	(550,804)	-	-	(120,572)	(27,660)

- (ii) The actuarial valuation of the present value of the defined benefit obligation in respect of Compensated Absence Liabilities has been carried out as at 31st March, 2017. The following tables set out the amounts recognized in the financial statements as at 31st March, 2017 for the defined benefit plan.

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present value of obligations as at 1 st April, 2016	7,814,644	7,640,511
	Service Cost	439,960	816,925
	Interest Cost	601,300	455,805
	Actuarial (Gain) on Obligations	(24,718)	(793,967)
	Benefits Paid	(250,922)	(304,630)
	As at 31st March, 2017	8,580,264	7,814,644
	Less : Fair Value of Plan Assets		
	As at 1 st April, 2016	2,422,537	1,783,138
	Expected Return on Plan Assets	211,821	116,246
	Employers' Contribution	300,000	750,000
	Benefits Paid	(74,909)	(226,847)
	As at 31st March, 2017	2,859,449	2,422,537
	Net Liability	5,720,815	5,392,107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
b)	Expense during the year/period		
	Service Cost	439,960	816,925
	Interest Cost	601,300	455,805
	Expected Return on Plan Assets	(211,821)	(116,246)
	Actuarial (Gain) on Obligations	(24,718)	(793,967)
	Total	804,721	362,517
c)	Principal Actuarial Assumptions		
	Rate of Discounting	6.90%	7.70%
	Rate of Return on Plan Assets	7.50%	8.75%
	Salary Growth Rate	3.00%	3.00%

History of Defined Benefit Obligation, Asset Values, Surplus/Deficit and Experience Gains/Loss

Particulars	As on				
	31-Mar-17	31-Mar-16	30-Jun-15	30-Jun-14	31-Mar-13
Present Value of Obligation	8,580,264	7,814,644	7,640,511	6,509,789	7,518,764
Fair Value of Plan Assets	2,859,449	24,22,537	17,83,138	7,96,164	11,53,353
(Gain)/Loss on Plan Liabilities	(65,447)	(883,334)	14,667	3,680,073	-
Gain/(Loss) on Plan Assets	-	-	-	25,355	-

B. The subsidiaries have not disclosed the information prescribed under Accounting Standard (AS 15) "Employee Benefits".

(45) Segment information for primary segment reporting (by business segments):

Based on guiding principles given in the Accounting standard on 'Segment Reporting' (AS-17), the primary segment of the group is business segment, which comprises of pharmaceutical products / pharma related services. As the group operates in a single primary business segment, no segmental information thereof is given.

Segment information for secondary segment reporting (by geographical segments)

The group has a customer base within and outside India.

Particulars	Domestic (₹)	Exports (₹)	Total (₹)
Revenues from customers			
From Sales of Goods (Net of Excise Duty)	700,426,669 (732,779,193)	337,114,103 (521,608,377)	1,037,540,772 (1,254,387,570)
From Other Operating Income	115,432, 857 (27,994,243)	12,850,728 (21,707,630)	128,283,585 (49,701,873)

Note:

- Segment assets and liabilities are not separately ascertained and therefore not disclosed.
- Figures in brackets denote those of Previous Period.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(46) As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(a) List of related parties and their relationship

Category	Name of the Related Party	Relationship
1	Lyka Securities & Investment Pvt. Ltd.	Associate
2	Mr. N. I. Gandhi (Chairman and Managing Director) Mr. Kunal N. Gandhi (Chief Executive Officer) Mr. Yogesh Shah (Chief Financial Officer) Mr. Piyush Hindia (Company Secretary)	Key Management Personnel (KMP)
3	Mrs. Nehal N. Gandhi (Non – Executive Director) Mrs. Alisha K. Gandhi	Relative of KMP
4	Enai Trading & Investment Pvt. Ltd.	Entities owned by/over which KMP is able to exercise significant influence

(b) Transactions during the Year with related parties

Sr. No.	Description	Related party	Year ended 31.03.2017	Period ended 31.03.2016
(i)	Remuneration (Payments/ Provision) to	Mr. N.I. Gandhi	4,318,851	5,088,285
		Mr. Kunal N. Gandhi	4,004,917	1,871,919
		Mrs. Alisha K. Gandhi	587,800	439,200
		Mr. Yogesh Shah	999,303	507,693
		Mr. Piyush Hindia	1,396,984	847,325
(ii)	Directors Sitting Fees	Mrs. Nehal N. Gandhi	90,000	50,000
(iii)	Professional Fees	Mrs. Nehal N. Gandhi	2,528,000	1,586,160
(iv)	Interest Paid	Enai Trading & Investment Pvt. Ltd	30,230	-
		Mr. N. I. Gandhi	2,408,226	10,770
		Mrs. Nehal N. Gandhi	87,292	65,247
		Mr. Kunal N. Gandhi	24,411	18,296
(v)	Loan Received	Mrs. Nehal N. Gandhi	10,000,000	4,671,882
		Mr. N. I. Gandhi	82,637,000	4,694,190
		Enai Trading & Investment Pvt. Ltd	800,000	400,000
		Mr. Kunal N. Gandhi	500,000	-
(vi)	Loan Repaid	Mrs. Nehal N. Gandhi	809,001	3,516,999
		Mr. N. I. Gandhi	43,681,670	2,899,428
		Enai Trading & Investment Pvt. Ltd	600,000	611,196

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Sr. No.	Description	Related party	Year ended 31.03.2017	Period ended 31.03.2016
		Mr. Kunal N. Gandhi	-	103,534
(vii)	Conversion of warrants into Equity Shares	Mr. N.I. Gandhi	-	12,880,000
(viii)	Balance as on 31.03.2017			
	Security Deposit given to	Mr. N.I. Gandhi	50,250,000	50,250,000
	Unsecured Loan from	Enai Trading & Investment Pvt. Ltd.	237,544	7,314
		Mrs. Nehal N. Gandhi	12,743,127	1,156,836
		Mr. Kunal N. Gandhi	540,877	16,466
		Mr. N.I. Gandhi	43,463,676	2,115,934

Note : Related party information is as identified by the Group and relied upon by the Auditors.

(47) Details of Exceptional Items (net) are as under:

Sr. No.	Particulars	Year ended 31.03.2017	Period ended 31.03.2016
(i)	Irrecoverable Advance / Debts Written off	5,487,596	69,764,745
(ii)	Loss on Sale of Investments	160,875	-
(iii)	Gain on Sale of Animal Healthcare Division	-	(134,911,083)
(iv)	Loss / (Profit) on sale of Fixed Assets (Net)	1,120,311	(111,732)
(v)	Liability no longer payable written back	-	(8,996,385)
(vi)	VAT paid under Amnesty Scheme	12,863,027	-
(vii)	Quality Claims	21,732,701	-
	Total	41,364,510	(74,254,455)

(48) Details of Prior Year Adjustments (Net) are as under

Sr. No.	Particulars	Year ended 31.03.2017	Period ended 31.03.2016
(i)	Sale Commission	-	1,928,951
(ii)	Salaries and Wages	-	1,113,600
(iii)	Penalty on delayed payment of Statutory Dues	-	1,145,050
(iv)	Sales Promotion Expenses	-	3,954,706
(v)	Legal and Professional Fees	-	2,113,878
(vi)	Finance Cost	441,110	5,440,004
(vii)	Reversal of Interest on Term Loan	-	(3,349,209)
	Total	441,110	12,346,980

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(49) Earnings per Share: (as per Accounting Standard 20 – Earning per Share)

Particulars	Year ended 31.03.2017	Period ended 31.03.2016
Adjusted Profit/(Loss) for the year/period (₹) (A)	(47,843,109)	36,054,499
Weighted average number of Equity Shares (B)	22,040,000	21,831,825
Face value of Equity Share (₹)(C)	10	10
Basic and Diluted Earnings Per Share (₹) (D=A/B)	(2.17)	1.65

(50) TAXATION :

(i) Current Tax:

In view of unabsorbed Business Losses and Depreciation of the earlier years, current tax has not been provided by the Holding Company and its subsidiaries.

(ii) Deferred tax:

The Holding Company and its two subsidiary companies have not recognized Deferred Tax Assets in view of virtual uncertainty of sufficient future taxable income to set off carried forward losses and unabsorbed depreciation. However one subsidiary company has recognized Deferred Tax Assets amounting to ₹ 4,647,187.

(51) Payments to Auditors: (comprising of fees paid to Holding Company, Subsidiary Companies and Branch Auditors)

Sr. No.	Particulars	Year ended 31.03.2017	Period ended 31.03.2016
(i)	Audit Fees	3,518,750	2,627,800
(ii)	As Advisor for Company Law Matters	660,712	-
(iii)	Tax Audit Fees	567,500	702,192
(iv)	For other services (certification work etc.)	34,500	86,690
(v)	Reimbursement of Expenses	83,000	91,107
	Total	4,864,462	3,507,789

(52) Information pursuant to Schedule III of the Companies Act, 2013

Sr. No.	Name of the Company	Relationship	For the year 1 st April, 2016 to 31 st March, 2017			
			Net Assets		Share in Profit and (Loss)	
			% of Consolidated Net Assets	Amount in (₹)	% of Consolidated Net Assets	Amount in (₹)
1	Lyka Labs Ltd	Holding Company	171.08	670,719,342	(12.17)	5,689,688
			(147.00)	(665,029,654)	(130.74)	(48,203,032)
2	Lyka Export Ltd	Subsidiary	24.92	97,710,263	3.33	(1,557,082)
			(21.94)	(99,267,275)	(24.38)	(8,987,682)
3	Lyka BDR International Ltd	Subsidiary	30.16	118,242,485	59.84	(27,981,689)
			(35.33)	(159,833,638)	(12.36)	(4,558,452)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Sr. No.	Name of the Company	Relationship	For the year 1 st April, 2016 to 31 st March, 2017			
			Net Assets		Share in Profit and (Loss)	
			% of Consolidated Net Assets	Amount in (₹)	% of Consolidated Net Assets	Amount in (₹)
4	Lyka Healthcare Ltd	Subsidiary	40.52	158,872,846	70.71	(33,063,320)
			(42.43)	(191,936,166)	(-56.55)	(-20,850,416)
Less:	Minority Interest		7.39	28,975,848	21.72	10,154,924
			(8.65)	(-39,130,772)	(-10.93)	(-4,029,980)
Less:	Consolidation Adjustment / Elimination		159.30	624,530,394	-	-
			(138.05)	(624,530,394)	-	-
Total	100%	392,038,694	100%	(46,757,479)		
	(100%)	(452,405,567)	(100%)	(36,868,771)		

Note :

- (i) Figures in brackets denote those of previous period.
- (ii) Lyka Animal Healthcare Limited, is considered by Lyka Exports Limited as an “Immaterial subsidiary” and hence not considered for consolidation.

- (53) Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 as per the records of the Group.

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
A	Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	7,633,977	12,389,419
B	Interest accrued on the due to suppliers under MSMED Act, 2006 on the above amount	177,896	NIL
C	Payment made to suppliers (Other than interest) beyond the appointed date, during the year	NIL	NIL
D	Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	NIL	NIL
E	Interest paid to suppliers under MSMED Act, 2006 (Section 16)	NIL	NIL
F	Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	NIL	NIL
G	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	177,896	NIL

Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Group and relied upon by the Auditors.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(54) Disclosure pursuant to circular No. G.S.R. 308(E) dated March 30, 2017.

Details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 are provided in the table below:

	SBNs*	Other Denomination Notes	Total
Closing Cash in hand as on 08/11/2016	1,588,000	370,019	1,958,019
Add : Permitted Receipts	-	322,050	322,050
Add: Withdrawals from Banks		490,000	490,000
Less : Permitted Payments	-	958,878	958,878
Less : Amount Deposited into Bank	1,588,000	21,500	1,609,500
Closing Cash in hand as on 30/12/2016	-	201,691	201,691

*For the purpose of the clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs number S.O. 3407(E), dated 8th November, 2016.

(55) Figures have been regrouped and reclassified for the Previous Period in order to conform to the figures of the Current Year.

In terms of our report of even date,
For M.A. PARIKH & CO.
Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL
Partner
Membership No. 032489
Place : Mumbai
Date : 29th May, 2017

For and on behalf of the Board of
Directors of Lyka Labs Limited

N. I. Gandhi DIN : 00021530	Chairman & Managing Director
V. S. Shanbhag DIN : 00555709	Director
Y. B. Shah	Chief Financial Officer
P. G. Hindia	Company Secretary



Annexure to the Consolidated Financial Statements

Statement containing the salient features of the financial statements of subsidiaries / associates companies / joint ventures for the year ended 31st March 2017

[Pursuant to first proviso to sub-section (3) of section 129 of the companies Act, 2013, read with rule 5 of the companies (Accounts) Rules, 2014 - AOC-1]

(Amount in ₹)

S. No.	Particulars	Exchange rate	Lyka BDR International Ltd.	Lyka Exports Ltd.	Lyka Healthcare Ltd.
1	Share capital	INR	22,50,00,000	7,39,54,240	7,55,00,000
2	Reserves & surplus	INR	-10,67,57,515	2,37,56,023	8,33,72,846
3	Total assets	INR	43,33,98,137	13,61,28,763	44,35,02,360
4	Total liabilities (excluding share capital and reserves & surplus)	INR	31,51,55,652	3,84,18,500	28,46,29,514
5	Investments	INR	-	22,35,213	-
6	Turnover	INR	52,71,62,782	-	13,03,49,456
7	(Loss)before taxation	INR	-3,36,39,689	-15,57,016	-3,77,10,507
8	Provision for taxation	INR	-56,58,000	-	-46,47,187
9	(Loss) after taxation	INR	-2,79,81,689	-15,57,016	-3,30,63,320
10	% of Share holding	INR	65.22%	72.80%	100.00%

For M.A. PARIKH & CO.

Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL

Partner
Membership No. 032489

Place : Mumbai
Date : 29th May, 2017

For and on behalf of the Board of
Directors of Lyka Labs Limited

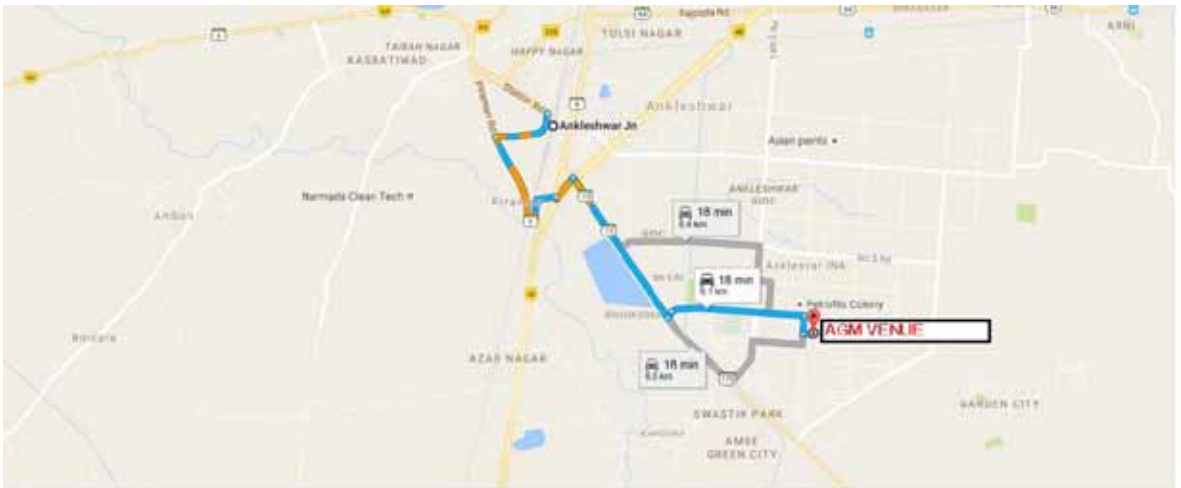
N. I. Gandhi Chairman & Managing Director
DIN : 00021530

V. S. Shanbhag Director
DIN : 00555709

Y. B. Shah Chief Financial Officer

P. G. Hindia Company Secretary

Route Map of AGM Venue



**Form No. MGT -11
Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rules 19(3) of
the Companies (Management and Administration) Rules, 2014]

CIN : L24230GJ1976PLC008738
Name of the Company : Lyka Labs Limited
Registered office : 4801/B & 4802/A GIDC INDUSTRIAL ESTATE, ANKLESHWAR, GUJARAT 393002

Name of the member (s):
Registered address:
E-mail Id:
Folio No/ Client Id:
DP ID:

I/We, being the member (s) of shares of the above named company , hereby appoint

1. Name:
Address:
E-mail Id:
Signature: or failing him
2. Name:
Address:
E-mail Id:
Signature: or failing him
3. Name:
Address:
E-mail Id:
Signature:

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 38th Annual General Meeting of members of the Company, to be held on Friday, 29th September, 2017 at 12.45 pm and at any adjournment thereof in respect of such resolutions as are indicated below:

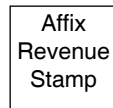
Resolution No.

1. Adoption of Annual Accounts for the financial year ended 31st March, 2017.
2. Appointment of Smt. N.N.Gandhi as Director who retires by rotation.
3. Appointment of Statutory Auditors for 5 years.
4. Appointment of Branch Auditors for 5 years.
5. Approval of remuneration to Cost Auditor.
6. Approval for issue of warrants on Preferential basis.
7. Ratification of non disclosure of information.
8. Approval of Related Party Transactions.
9. Approval for sale of premises.

Signed this day of 2017.

Signature of Shareholder

Signature of Proxy holder(s)



Note: This form of proxy in order to be effective should be duly completed and deposited at the Company's Registered Office at Ankleshwar, not less than 48 hour before the commencement of the Meeting.

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LYKA LABS LIMITED

Registered Office: 4801/B & 4802/A, G.I.D.C Industrial Estate, Ankleshwar- 393 002.
Admin Office: 101, Shivshakti Industrial Estate, Andheri Kurla Road, Andheri (East), Mumbai- 400 059.
CIN: L24230GJ1976PLC008738.

ATTENDANCE SLIP

38TH ANNUAL GENERAL MEETING ON 29TH SEPTEMBER, 2017

DP ID- Client ID/ Folio No:	
Name & Address of Sole Member:	
No. of Shares held:	

I certify that I am a member/ proxy holder of the Company.

I hereby record my presence at the 38th Annual General Meeting of the Company, to be held on Friday, 29th September, 2017 at 12.45 P.M at Registered Office of the Company.

Member/ Proxy Holder Signature

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ELECTRONIC VOTING PARTICULARS

EVS (Electronic Voting Sequence Number)	User ID	Password/Pin (Pan/Seq.No.)

Note: Please read the complete instructions given under the Notes (The instructions for shareholders voting electronically) to the Notice of 38th Annual General Meeting. The voting time starts from 26th September, 2017 at 10 A.M and ends on 28th September, 2017 at 5 P.M. The voting module shall be disabled by CDSL for voting thereafter.



Lyka Labs Limited

Regd Office: 4801/B & 4802/A, GIDC Industrial Estate,
Ankleshwar- 393002, Phone: 02646-221422/220549, Fax: 02646-250692.
Admin Office: 101, Shiv Shakti Industrial Estate, Sir M.V Road,
Andheri (East), Mumbai- 400 059. Phone: 022- 66112200, Fax: 661 12249.
Email: companysecretary@lykalabs.com Website: www.lykalabs.com

‘Go Green’

Dear Shareholder/s,

Green Initiative Every tonne of printing papers cost us 24 trees. Back of the envelope calculations indicate that we sacrifice a tree for printing every 132 Annual Reports. Realizing this truth and for maintaining the planet Earth evergreen, the Ministry of Corporate Affairs (MCA) has taken a ‘Green Initiative in the Corporate Governance’ by allowing paperless compliances by the companies. Through its Circulars 17/2011 dated 21st April 2011 and 18/2011 dated 29th April 2011, MCA has provided that the service of notice/documents by a company to its shareholders can now be made through electronic mode. In accordance with these circulars, Companies can now send various notices and documents, including Annual Report to its shareholders through electronic mode to the registered e-mail addresses of shareholders. To take part in Green Initiative in the Corporate Governance, we propose to send documents such as Notices of General Meeting(s), Financial Statements, Annual Report for the year ended 31st March 2017 in electronic form to the email addresses provided by you and/or made available to the Company by the Depositories. In case of shares held in physical form, shareholders should provide their e-mail ID to the Company for opting to receive notices/documents electronically. To register the e-mail ID with the Company, shareholders are requested to submit the following form duly filled & signed by the shareholders to the Compliance Officer or send the scanned copy of the form by an email to Companysecretary@lykalabs.com. In case of shares held in electronic form who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participants. All shareholders are further requested to ensure that registered Email Id with the Depository should be updated to receive notices/documents electronically. Please note that these documents will also be available on the Company’s website www.Lykalabs.com for download by the shareholders. Please note that even if you opt for electronic mode, you shall be entitled to be furnished free of cost, with a copy of the Balance Sheet of the Company and all other documents required by statute to be attached thereto including the Profit & Loss Account and Auditors’ Report etc., upon receipt of a requisition from you, any time, as a shareholder of the Company. We are sure that you would appreciate the “Green Initiative” taken by MCA and your Company’s desire to participate in such initiatives. Let’s be part of this ‘Green Initiative’.

Best Regards,

For **LYKA LABS LIMITED**
P. G. HINDIA
Company Secretary



E-COMMUNICATION REGISTRATION FORM

(In terms of circular no.17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Name of the Company : Lyka Labs Limited
Folio No./ DP ID & Client ID :
Name of 1st Registered Holder :
Name of Joint Holder :
Address :
Email Id(to be registered) :

I/we shareholder(s) of Lyka Labs Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail id in your records for sending communication through e-mail.

Date: Signature:
(First Holder)

Note: Shareholder(s) are requested to keep the Registrars/DP informed as and when there is any change in the e-mail address

BY COURIER / POST / REGD. AD

To,

.....
.....
.....
.....

If undelivered, please return to :

Lyka Labs Limited

101, Shiv Shakti Industrial Estate,
Andheri - Kurla Road, Andheri (E),
Mumbai 400 059.