

9<sup>th</sup> August, 2019

BSE Ltd 1 <sup>st</sup> Floor, New Trading Ring Rotunda Bldg, P.J. Towers Dalal Street, Mumbai- 400 001	The National Stock Exchange of India Ltd Exchange Plaza, 5 <sup>th</sup> Floor Plot No. C/1, G. Block Bandra Kurla Complex Bandra (East), Mumbai - 400 051
Script Code: 500259	Script Code: LYKALABS

Dear Sir/Madam,

**Sub.:** Outcome of Board Meeting held on Friday, 9<sup>th</sup> August, 2019

With reference to the captioned subject and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that at the meeting of Board of Directors held today i.e. 9<sup>th</sup> August, 2019, following decisions were taken:

1. Approval of Un-audited Standalone Financial Results for the quarter ended 30<sup>th</sup> June, 2019 along with limited review report provided by the statutory auditors thereon; (Enclosed)
2. Approval of Un-audited Consolidated Financial Results for the quarter ended 30<sup>th</sup> June, 2019 along with limited review report provided by the statutory auditors thereon; (Enclosed)
3. Appointment of Smt. Nehal N Gandhi, Non-Executive Director, as Chairman of the Company.
4. Board of Directors of the Company at their meeting held on 12<sup>th</sup> February, 2019, had appointed Shri. Kunal N. Gandhi as Joint Managing Director of the Company, for a period of five years with effect from 12<sup>th</sup> February, 2019. Now, the Board of Directors of the Company at their meeting held today, approved the change in designation of Shri. Kunal N Gandhi (DIN No: 01516156) from Joint Managing Director to Managing Director of the Company with effect from 11<sup>th</sup> July, 2019 for his remaining term, subject to shareholder's approval in the ensuing Annual General Meeting and such other approvals as may be required to be obtained pursuant to Sections 196, 197 and Schedule V of the Companies Act, 2013 before obtaining the approval of shareholders at the ensuing Annual General Meeting.
5. Decided to convene the 40<sup>th</sup> Annual General Meeting (AGM) of the Company on Wednesday, 18<sup>th</sup> September, 2019 at 12.30 P.M. at its registered office at 4801/B and 4802/A, G. I. D.C. Industrial Estate, Ankleshwar-393 002.
6. Decided to close the Register of Members and Share Transfer Books from 11<sup>th</sup> September, 2019 to 18<sup>th</sup> September, 2019 (both days inclusive) for the purpose of AGM.



7. Passed resolution to issue and allot 5,50,000 (Five Lakh Fifty Thousand) Equity Shares of Rs. 10/- each to M/s Enai Trading and Investment Private Limited, Promoter of the Company, upon exercise of option against each such warrants.
8. Decided to alter Article 130 of Articles of Association of the Company, subject to approval of shareholders at the ensuing AGM.

Existing Article 130	The Managing Director shall act as the chairperson of the Board meeting and the General Meeting to conduct the affairs of the meeting. In case, if the Chairman is not present within 15 minutes from time appointed to present at the meeting, then the director among themselves shall appoint one of them as a chairperson of the Board meeting and if no Director is present in General Meeting then members elect a Chairman amongst from themselves.
Proposed Article 130	The Board of Directors of the Company may appoint any Director as the chairperson of the Board meeting and the General Meeting to conduct the affairs of the meeting. In case, if the Chairman is not present within 15 minutes from time appointed to present at the meeting, then the director among themselves shall appoint one of them as a chairperson of the Board meeting and if no Director is present in General Meeting then members elect a Chairman amongst from themselves.

9. Decided to increase the Authorised share capital of the Company, subject to approval of shareholders at the ensuing AGM, from Rs. 32,00,00,000 (Rupees Thirty Two Crores only) divided into 3,00,00,000 (Three Crores) equity shares of Rs. 10/- (Rupees Ten only) each and 2,00,000 (Two Lacs) redeemable preference shares of Rs. 100/- each to Rs. 42,00,00,000 (Rupees Forty Two Crores only) divided into 4,00,00,000 (Four Crores) equity shares of Rs. 10/- (Rupees Ten only) each and 2,00,000 (Two Lacs only) redeemable preference shares of Rs. 100/- each.
10. Decided to amend the existing Clause V of Memorandum of Association of the Company, subject to approval of shareholders at the ensuing AGM, by substituting first four lines by following lines as mentioned here under:

V. The Authorised Share Capital of the Company is Rs. 42,00,00,000 (Rupees Forty Two Crores only) divided into 4,00,00,000 (Four Crores) equity shares of Rs. 10/- (Rupees Ten only) each and 2,00,000 (Two Lacs only) redeemable preference shares of Rs. 100/- (Rupees Hundred only) each.

Board meeting commenced at 5.35 P.M. and concluded at 11.20 pm.  
Kindly take the above on your record.

For Lyka Labs Limited

  
Raj Trivedi

Company Secretary and Compliance Officer

Encl.: A/a

## STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2019

Particulars	Rs. In Lakhs			
	Quarter Ended	Quarter Ended	Quarter Ended	Previous Year
	30-Jun-2019 (Unaudited)	31-Mar-2019 (Audited)	30-Jun-2018 (Unaudited)	31-Mar-2019 (Audited)
<b>I. Revenue</b>				
Revenue from Operations	674.31	1,473.73	1,135.46	4,118.28
Other Income	18.55	123.16	29.36	257.81
<b>II. Total Income</b>	<b>692.86</b>	<b>1,596.89</b>	<b>1,164.82</b>	<b>4,376.09</b>
<b>III. Expenses</b>				
(a) Cost of Materials Consumed	229.28	487.23	360.81	1,505.49
(b) Purchase of Stock in trade	36.22	272.26	304.09	658.77
(c) Change in inventories of finished goods,	(35.76)	95.11	4.97	60.44
(d) Employee benefits expense	241.81	246.76	281.23	999.18
(e) Finance Costs	141.01	228.21	105.84	573.24
(f) Depreciation and amortisation expense	140.99	123.93	155.05	443.86
(g) Other expenses	177.48	194.83	198.90	792.51
<b>Total Expenses</b>	<b>931.04</b>	<b>1,648.33</b>	<b>1,410.89</b>	<b>5,033.49</b>
<b>IV. (Loss) before Exceptional Items and Taxes (II - III)</b>	<b>(238.17)</b>	<b>(51.44)</b>	<b>(246.07)</b>	<b>(657.40)</b>
<b>V. Exceptional Items (Net)</b>	-	52.68	-	52.68
<b>VI. (Loss) before Tax</b>	<b>(238.17)</b>	<b>(104.12)</b>	<b>(246.07)</b>	<b>(710.08)</b>
<b>VII. Tax Expenses (Deferred Tax)</b>	3.03	(873.73)	(16.92)	(883.37)
<b>VIII. Net(Loss)/Profit after Tax</b>	<b>(241.20)</b>	<b>769.62</b>	<b>(229.15)</b>	<b>173.29</b>
<b>IX. Other Comprehensive (Income)/Loss</b>	(2.18)	(31.00)	7.43	(8.71)
<b>X. Total Comprehensive (Loss) / Income</b>	<b>(239.02)</b>	<b>800.62</b>	<b>(236.58)</b>	<b>182.00</b>
<b>XI. Paid up Equity Share Capital</b> ( Face value Rs.10/- each)	2814.00	2814.00	2814.00	2,814.00
<b>XII. Other Equity</b>				7,046.15
<b>XIII. Earnings Per Equity Share</b> of Rs 10/-each (not annualised)				
(a) Basic (Rs.)	(0.87)	2.73	(0.82)	0.58
(b) Diluted (Rs.)	(0.87)	2.73	(0.82)	0.58





## Notes:

1. The above un-audited standalone financial results as reviewed by the Audit Committee, have been approved and taken on record at the meeting of the Board of Directors held on 9<sup>th</sup> August, 2019.

2. **Compromise Settlement:**

- (a) **Compromise Settlement through One Time Settlement (OTS) of debts of Dena Bank and Assignment of debts in favour of International Asset Reconstruction Company Pvt Ltd (IARC)**

During the previous year, Dena Bank had entered into compromise settlement with the Company, whereby they had accepted OTS of Rs.5200 lakhs towards full and final settlement of its total dues through the funds arranged from IARC. In turn, they had assigned its total debts in favour of IARC, acting in its capacity as Trustee of IARF- III Trust Scheme vide Deed of Assignment dated 4<sup>th</sup> September, 2018. Accordingly, all underlying securities and security rights pertaining to the debts also stood assigned in favour of IARC.

On assignment of debts, Dena Bank had issued its No Dues Certificate on 17<sup>th</sup> September, 2018.

The Company has created charge in favour of IARC during the previous year. The Company is in the process of formalising the terms of repayment of debts to IARC.

The Company has not accounted for the effect of OTS as well as the treatment of assigned debts in favour of IARC, pending the terms of repayment of debts to IARC.

The effect of the settlement and assignment of debts would be accounted when the final terms are formalised with IARC.

- (b) **Assignment of debts by Kapol Co-op Bank Ltd in favour of International Asset Reconstruction Company Pvt Ltd (IARC)**

During the previous year, Kapol Co-op Bank Ltd was paid Rs.482.77 lakhs by the Company through the funds arranged from IARC towards repayment of outstanding debt along-with interest. In turn, Kapol Co-op Bank Ltd, had assigned its total debts in favour of IARC, acting in its capacity as Trustee of IARF- III Trust Scheme 1 vide Deed of Assignment dated 26<sup>th</sup> December, 2018. Accordingly, all underlying securities and security rights pertaining to the debts also stood assigned in favour of IARC.

The Company is in the process of formalising the terms of repayment of debts to IARC.



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The Company has not accounted for the treatment of assigned debts in favour of IARC, pending the terms of repayment of debts to IARC.

The effect of assignment of debts would be accounted when the final terms are formalised with IARC.

**3. Scheme of Arrangement: -**

The Board of Directors at their meeting held on 29<sup>th</sup> May 2017, resolved to merge Company's subsidiary Lyka Healthcare Limited with it effective from 1<sup>st</sup> April 2017 ("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 30<sup>th</sup> November, 2015.

The National Company Law Tribunal (NCLT), Ahmedabad approved the application vide its order dated 6<sup>th</sup> February 2018 and ordered to call Equity/ Preference Shareholders and Secured/ Unsecured Creditors meeting on 27<sup>th</sup> March 2018 for approving the arrangement

The Equity / Preference Shareholders at the meetings convened, approved the arrangements of merger. The Unsecured Creditors at their meeting also approved the arrangement of merger. However, the meeting of Secured Creditors has not yet proceeded due to lack of quorum. Accordingly, the Company filed an Interlocutory Application(IA) before NCLT seeking directions for re-convening/conducting a fresh meeting of the Secured Creditors. Meetings have been called on various dates but adjourned due to lack of quorum.

In the meanwhile in response to the IA by the Company, NCLT has issued a notice to the ROC, Ahmedabad inviting its response/comments on the maintainability of the IA. Accordingly the Company has filed a copy of the IA along with the notice to the ROC, Ahmedabad. The matter is to come up for hearing on 23rd August, 2019.

**4. Capital Expenditure:**

The Company reviews its portfolio of products under development and applied research regularly. Accordingly, a sum of Rs. 63.80 lakhs incurred during the quarter is carried forward as "Intangible Assets under development" to be recognized as "Self-Generated Intangible Assets" upon successful development and commercial viability of the respective products. However, the carrying cost of those product's which do not confirm to the test of commercial viability are charged to the Statement of Profit and Loss.

5. Other Expenses includes non recoverable receivables for Rs.53.40 Lakhs (Previous Year-Nil)
6. Ind AS 116 – Leases, has become applicable effective annual reporting period beginning April 1, 2019. The Company has adopted the standard beginning April 1, 2019, using the modified



retrospective approach for transition. Accordingly, the Company has not restated the comparative information, instead the cumulative effect of initially applying the standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019. This has resulted in recognizing (including reclassification from other assets) a "Right of use asset" of Rs.244.84 Lakhs and a corresponding "Lease liability" of Rs.300.70 Lakhs by adjusting retained earnings net of taxes of Rs.38.76 Lakhs and Capital Work in Progress of Rs 17.09 Lakhs as at April 1, 2019.

Consequently, in the statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease "Rent"/"Other expenses" in previous period to "Depreciation and amortization expense" for the right of use assets and "Finance cost" for Interest accrued on lease liability. As a result the "Rent"/"Other expenses", "Depreciation and amortization expense" and "Finance cost" of the current period is not comparable to the earlier periods.

To the extent the performance of the current period is not comparable with previous results, the reconciliation of above effect on statement of profit and loss for the quarter ended June 30, 2019 is as under:

Amount (Rs in Lakhs)

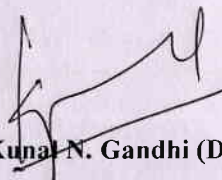
Adjustments to increase (decrease) in net profit	Quarter ended 30 <sup>th</sup> June, 2019 comparable basis	Changes in profit due to Ind AS 116 increase/ (decrease)	Quarter ended 30 <sup>th</sup> June, 2019 as reported
Rent	20.08	20.08	--
Depreciation and amortization expense	--	(12.52)	12.52
Finance cost	--	(3.01)	3.01
<b>Profit before tax</b>	(242.72)	4.55	(238.17)
Less: Tax expense	(1.62)	(1.41)	(3.03)
<b>Profit after tax</b>	(244.34)	3.14	(241.20)

7. The Company operates in one reportable business segment i.e. "Pharmaceuticals".

8. The figures for previous year /period have been regrouped/rearranged wherever considered necessary.

For LYKA LABS LIMITED



  
Kunal N. Gandhi (DIN 01516156)

(Managing Director)

Mumbai  
9<sup>th</sup> August, 2019



# *Mehta Chokshi & Shah*

## CHARTERED ACCOUNTANTS

### Independent Auditor's Review Report on Review of Interim Standalone Financial Results

To Board of Directors,  
Lyka Labs Limited

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of Lyka Labs Limited ("the Company") for the quarter ended June 30, 2019 (the Statement) (which includes the Statement of the Company's branch at Ankleshwar reviewed by other auditor and relied upon by us, after making such changes as are considered necessary for incorporation) attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulation) as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted and procedures performed as stated in paragraph 3 above and further read with emphasis of matters specified in para 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



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5. Emphasis of Matter

We draw attention to the following matters:

A. Compromise Settlement

Note No.2 (a) and (b) regarding compromise settlement with Dena Bank and Kapol Co-op Bank for assignment of debts in favour of International Assets Reconstruction Company Pvt Ltd (IARC).

B. Scheme of Arrangement

We draw attention to Note No. 3 regarding the status of the scheme of arrangement with Lyka Healthcare Limited.

C. Capital Expenditure:

We draw attention to Note No. 4 regarding the review of the portfolio of products under development and applied research.

Our opinion is not qualified in respect of these matters.

6. We did not review the financial results and other financial information of Ankaleshwar Branch ("the Branch"), whose financial results shows profit of Rs.36.22 lakhs. These financial results and other financial information have been reviewed by other auditor, and their review report has been furnished to us by the management. Our opinion, in so far as it relates to the affairs of the Branch is based solely on the report of other auditor.

Our opinion is not qualified in respect of these matters.

For Mehta Chokshi & Shah.  
Chartered Accountants  
Firm Reg. No. 106201W

  
Partner

Name: Abhay Mehta  
Membership No. 046088  
UDIN: 19046028AAAA BC/424



Place: Mumbai  
Date: 9<sup>th</sup> August, 2019



**STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 30TH JUNE, 2019**  
 (Rs.in lakhs)

Sr. No	Particulars	Quarter Ended	Previous Year Ended
		30-Jun-2019 (UnAudited)	31-Mar-2019 (Audited)
I	<b>Revenue</b>		
	Revenue from Operations	1,436.47	7,078.02
	Other Income	23.15	209.07
	<b>Total Revenue (I+II)</b>	<b>1,459.62</b>	<b>7,287.11</b>
II	<b>Expenses</b>		
	(a) Cost of Materials Consumed	229.28	1,505.49
	(b) Purchase of traded goods	592.40	2,074.40
	(c) Change in inventories of finished goods, work-in-progress and stock-in-trade,	(22.42)	344.51
	(d) Employee benefits expense	325.27	1,468.54
	(e) Finance Costs	167.33	716.90
	(f) Depreciation and amortisation expense	200.68	731.37
	(g) Other expenses	407.41	1,874.65
	<b>Total expenses</b>	<b>1,899.95</b>	<b>8,715.86</b>
III	<b>(Loss) before Exceptional Items and Taxes</b>	<b>(440.33)</b>	<b>(1,428.77)</b>
IV	<b>Exceptional Items (Net)</b>	-	113.71
		<b>(440.33)</b>	<b>(1,542.48)</b>
V	<b>Non Controlling Interest</b>	(65.36)	(74.66)
VI	<b>(Loss) before Tax</b>	<b>(374.97)</b>	<b>(1,467.82)</b>
Vii	Tax Expenses	(58.44)	(907.28)
Viii	<b>(Loss) for the period</b>	<b>(316.53)</b>	<b>(560.52)</b>
IX	Other Comprehensive Income	(2.18)	(28.03)
X	<b>Total Comprehensive Income</b>	<b>(314.35)</b>	<b>(532.50)</b>
XI	Paid up Equity Share Capital ( face value Rs.10/- each)	2,814.00	2,814.00
XII	Other equity		1,667.43
	<b>Earnings Per Share of Rs 10/-each (not annualised)</b>		
	(a) Basic (Rs.)	<b>(1.13)</b>	<b>(1.79)</b>
	(b) Diluted (Rs.)	<b>(1.13)</b>	<b>(1.79)</b>



Notes:

1. The above un-audited consolidated financial results as reviewed by the Audit Committee, have been approved and taken on record at the meeting of the Board of Directors held on 9<sup>th</sup> August, 2019.

2. **Compromise Settlement:**

(a) **Compromise Settlement through One Time Settlement (OTS) of debts of Dena Bank and Assignment of debts in favour of International Asset Reconstruction Company Pvt Ltd (IARC)**

During the previous year, Dena Bank had entered into compromise settlement with the Holding Company, whereby they had accepted OTS of Rs.5200 lakhs towards full and final settlement of its total dues through the funds arranged from IARC. In turn, they had assigned its total debts in favour of IARC, acting in its capacity as Trustee of IARF- III Trust Scheme vide Deed of Assignment dated 4<sup>th</sup> September, 2018. Accordingly, all underlying securities and security rights pertaining to the debts also stood assigned in favour of IARC.

On assignment of debts, Dena Bank had issued its No Dues Certificate on 17<sup>th</sup> September, 2018.

The Holding Company has created charge in favour of IARC during the previous year. The Holding Company is in the process of formalising the terms of repayment of debts to IARC.

The Holding Company has not accounted for the effect of OTS as well as the treatment of assigned debts in favour of IARC, pending the terms of repayment of debts to IARC.

The effect of the settlement and assignment of debts would be accounted when the final terms are formalised with IARC.

(b) **Assignment of debts by Kapol Co-op Bank Ltd in favour of International Asset Reconstruction Company Pvt Ltd (IARC)**

During the previous year, Kapol Co-op Bank Ltd was paid Rs.482.77 lakhs by the Holding Company through the funds arranged from IARC towards repayment of outstanding debt along-with interest. In turn, Kapol Co-op Bank Ltd, had assigned its total debts in favour of IARC, acting in its capacity as Trustee of IARF- III Trust Scheme 1 vide Deed of Assignment dated 26<sup>th</sup> December, 2018. Accordingly, all underlying securities and security rights pertaining to the debts also stood assigned in favour of IARC.

The Holding Company is in the process of formalising the terms of repayment of debts to IARC.

The Holding Company has not accounted for the treatment of assigned debts in favour of IARC, pending the terms of repayment of debts to IARC.



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The effect of assignment of debts would be accounted when the final terms are formalised with IARC.

**3. Scheme of Arrangement: -**

The Board of Directors at their meeting held on 29<sup>th</sup> May 2017, resolved to merge Company's subsidiary Lyka Healthcare Limited with it effective from 1<sup>st</sup> April 2017 ("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 30<sup>th</sup> November, 2015.

The National Company Law Tribunal (NCLT), Ahmedabad approved the application vide its order dated 6<sup>th</sup> February 2018 and ordered to call Equity/ Preference Shareholders and Secured/ Unsecured Creditors meeting on 27<sup>th</sup> March 2018 for approving the arrangement

The Equity / Preference Shareholders at the meetings convened, approved the arrangements of merger. The Unsecured Creditors at their meeting also approved the arrangement of merger. However, the meeting of Secured Creditors has not yet proceeded due to lack of quorum. Accordingly, the Company filed an Interlocutory Application (IA) before NCLT seeking directions for re-convening/conducting a fresh meeting of the Secured Creditors. Meetings have been called on various dates but adjourned due to lack of quorum.

In the meanwhile in response to the IA by the Company, NCLT has issued a notice to the ROC, Ahmedabad inviting its response/comments on the maintainability of the IA. Accordingly the Company has filed a copy of the IA along with the notice to the ROC, Ahmedabad. The matter is to come up for hearing on 23rd August, 2019.

**4. Capital Expenditure:**

The Holding Company reviews its portfolio of products under development and applied research regularly. Accordingly, a sum of Rs. 49.30 lakhs incurred during the quarter is carried forward as "Intangible Assets under development" to be recognized as "Self-Generated Intangible Assets" upon successful development and commercial viability of the respective products. However, the carrying cost of those product's which do not confirm to the test of commercial viability are charged to the Statement of Profit and Loss.

5. Other Expenses includes non-recoverable receivables and claims for Rs. 286.58 lakhs (Previous Year – Nil)

6. Ind AS 116 – Leases, has become applicable effective annual reporting period beginning April 1, 2019. The Company has adopted the standard beginning April 1, 2019, using the modified retrospective approach for transition. Accordingly, the Company has not restated the comparative information, instead the cumulative effect of initially applying the standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019. This has resulted



in recognizing (including reclassification from other assets) a “Right of use asset” of Rs.244.84 Lakhs and a corresponding “Lease liability” of Rs.300.70 Lakhs by adjusting retained earnings net of taxes of Rs.38.76 Lakhs and Capital Work in Progress of Rs 17.09 Lakhs as at April 1, 2019. Consequently, in the statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease “Rent”/“Other expenses” in previous period to “Depreciation and amortization expense” for the right of use assets and “Finance cost” for Interest accrued on lease liability. As a result the “Rent”/“Other expenses”, “Depreciation and amortization expense” and “Finance cost” of the current period is not comparable to the earlier periods. To the extent the performance of the current period is not comparable with previous results, the reconciliation of above effect on statement of profit and loss for the quarter ended June 30, 2019 is as under:

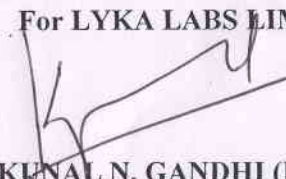
Amount (Rs in Lakhs)

Adjustments to increase (decrease) in net profit	Quarter ended 30 <sup>th</sup> June, 2019 comparable basis	Changes in profit due to Ind AS 116 increase/ (decrease)	Quarter ended 30 <sup>th</sup> June, 2019 as reported
Rent	20.08	20.08	--
Depreciation and amortization expense	--	(12.52)	12.52
Finance cost	--	(3.01)	3.01
Profit before tax	(379.51)	4.55	(374.96)
Less: Tax expense	59.85	(1.41)	58.44
Profit after tax	(319.66)	3.15	(316.52)

7. The Group operates in one reportable business segment i.e. “Pharmaceuticals”.
8. The figures for previous year /period have been regrouped/rearranged wherever considered necessary.

Mumbai  
9<sup>th</sup> August, 2019



For LYKA LABS LIMITED  
  
KUNAL N. GANDHI (DIN 01516156)  
(MANAGING DIRECTOR)

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# *Mehta Chokshi & Shah*

## CHARTERED ACCOUNTANTS

### Independent Auditor's Review Report on Review of Consolidated Financial Results

To Board of Directors,

Lyka Labs Limited

1. We have reviewed the accompanying statement of Consolidated Unaudited Financial Results of Lyka Labs Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), for the quarter ended June 30, 2019 ('the Statement') attached herewith, being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation') as amended. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended June 30, 2018, as reported in these financial results have been approved by the Parent's Board of Directors but have not been subjected to review.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Parent's personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. The Statement includes the results of the following entities:
  - (a) Lyka BDR International Limited
  - (b) Lyka Healthcare Limited
  - (c) Lyka Exports Limited



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5. We draw your attention to the following qualifications to the review report of the quarterly results of Lyka BDR International Limited, a subsidiary of the Parent issued by an independent firm of chartered accountants vide its report dated August 08, 2019 reproduced by us as under.
- (i) Due to defaults in repayment of Temporary Overdraft taken from Bank, the account of the company has been classified as Non-Performing Asset by bank; banks have not charged the interest from the date the account has been classified as Non-performing during financial year 2018-2019. No provision has been made in the books of accounts maintained by the Company for interest/penal interest, if any, on this temporary Overdraft amounting to about Rs. 22.18 lakhs (approx.), for period up to June 30, 2019; hence to that extent, finance cost, total loss and current financial liabilities is estimated to be understated by about Rs. 22.18 Lakhs.
  - (ii) The company has not made any provision with respect to Valuation of Financial Asset and Financial Liabilities as per requirement of IND AS and thus Profit or Loss on such valuation is not determined and accounted through Other Comprehensive Income.
6. Based on our review conducted and procedures performed as stated in para 3, further read with emphasis of matters specified in para 7 below, subject to Basis for Qualified matter in para 5 and based on the consideration of the review reports of other auditors referred to in paragraph 8 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



7. Emphasis of Matter:-

We draw attention to the following matters:

A. **Compromise Settlement**

Note No.2 (a) and (b) regarding compromise settlement with Dena Bank and Kapol Co-op Bank for assignment of debts in favour of International Assets Reconstruction Company Pvt Ltd (IARC).

B. **Scheme of Arrangement:**

We draw attention to Note No. 3 regarding the status of the schemes of arrangement with Lyka Exports Limited and Lyka Healthcare Limited.

C. **Capital Expenditure:**

We draw attention to Note No. 4 regarding the review of the portfolio of products under development and applied research.

8. We did not review the interim financial information of the subsidiaries stated in para 4 and Ankaleshwar Branch of the Parent, included in the consolidated unaudited financial results, whose interim financial information reflect total revenues of Rs. 1678.29 lakhs for the quarter ended June 30, 2019, total net (loss) after tax of Rs. (104.46) lakhs for the quarter ended June 30, 2019 and total comprehensive income of Rs. (104.46) lakhs for the quarter ended June 30, 2019, as considered in the Statement. These interim financial information reviewed by the other auditors whose reports have been furnished to us by the Parent's Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and branch are based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

For Mehta Chokshi & Shah.  
Chartered Accountants  
Firm Reg. No. 106201W



  
Partner

Name: Abhay Mehta  
Membership No. 046088  
UDIN: 19096088AAAAAD4039

Place: Mumbai  
Date: 9<sup>th</sup> August, 2019