



Lyka Labs Limited

MANUFACTURERS OF PHARMACEUTICALS.

Regd. Office: 4801/B & 4802/A, GIDC Industrial Estate, Ankleshwar-393002.
Administrative Office: 101, Shiv Shakti Industrial Estate, Andheri-Kurla Rd., Andheri (East), Mumbai - 400059.

UNAUDITED FINANCIAL RESULTS [PROVISIONAL] OF QUARTER ENDED 31ST MARCH, 2007

(Rs. in Lacs)

| | Quarter Ended 31.03.2007 (Unaudited) | Quarter Ended 31.03.2006 (Unaudited) | 18 Months Ended 31.03.2007 (Unaudited) | 12 Months Ended 30.09.2005 (Audited) |
|--|--|--|--|--|
| 1. Net Sales/Income from operations | 2691.90 | 1858.76 | 13387.66 | 4840.57 |
| 2. Other Income | 78.26 | 467.90 | 767.57 | 1454.16 |
| 3. Total Expenditure | | | | |
| (a) (Increase)/Decrease in Stock in Trade | (68.26) | (19.62) | (97.50) | (95.98) |
| (b) Consumption of Materials | 1817.73 | 1478.23 | 8810.64 | 3790.09 |
| (c) Staff Cost | 139.42 | 129.54 | 830.73 | 530.51 |
| (d) Other Expenditure (Note 10) (Incl. Excise Duty) | 682.36 | 470.13 | 3273.28 | 1194.02 |
| 4. Operational Profit / (Loss) before Interest, Depreciation and Taxation | 2571.25 | 2058.28 | 12817.15 | 5418.64 |
| 5. Interest | 198.91 | 268.38 | 1338.08 | 876.09 |
| 6. Depreciation | 94.76 | 124.56 | 603.13 | 752.41 |
| 7. Profit / (Loss) before Tax (4-5-6) | 43.63 | 50.13 | 258.85 | 171.92 |
| 8. Bad Debts/Advances Written off (Note 11) | 60.52 | 93.69 | 476.10 | (48.24) |
| 9. Loss on Investment | (1761.56) | - | (1761.56) | - |
| 10. Provision for Tax (FBT) | - | (368.00) | (368.00) | - |
| 11. Net Profit / (Loss) (7-8-9-10) | (3.00) | (1.00) | (9.57) | (2.02) |
| 12. Paid-up Equity Share Capital (Face Value Rs.10/- per Share) | (1704.04) | (275.31) | (1663.03) | (50.26) |
| Paid up Pref. Share Capital (Face Value Rs. 100/- per Share) | 1527.50 | 1455.00 | 1527.50 | 962.00 |
| 13. Reserves excluding Revaluation Reserve | 108.57 | 108.57 | 108.57 | 108.57 |
| 14. Earning Per Share on PBT (Rs.) (Basic & Diluted) | | | | 1,761.72 |
| 15. Aggregate of Non-promoter Share-holding | 0.43 | (2.37) | 3.41 | (0.55) |
| Number of Shares | 11,892,785 | 11,742,785 | 11,892,785 | 6,852,474 |
| Percentage of Shareholding | 77.86 | 80.17 | 77.86 | 71.23 |

Notes:

- The above results, were duly considered by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 30th April, 2007.
- The Company has one Single Segment "Pharmaceuticals".
- Net sales/Income from operations includes Processing & Development Charges of Rs.481.62 Lacs.
- The Company allotted on 14/03/2006, on a preferential basis 9,30,000 Equity Shares of Rs.10/- each at a premium of Rs.62/- per Equity Share.
- The Company allotted on 15.07.2005, 4,25,000 Equity Share Warrants on a preferential basis to Promoters/Domestic Investors, (which will be converted into 4,25,000 Equity Shares @ Rs.64/- per warrant on or before 14.01.2007) out of which 1,00,000 Equity Share Warrants have been converted into Equity Shares of Rs.10/- each at a premium of Rs. 54/- on 30/05/2006 and 2,50,000 Equity Share Warrants have been converted into Equity shares of Rs.10/- each at a premium of Rs.54/- on 13/01/2007.
- The Company allotted on 06.01.2006, 6,75,000 Equity Share Warrants on a preferential basis to Promoters/Domestic Investors, which will be converted into 6,75,000 Equity Shares @ Rs.68/- per warrant on or before 05.07.2007.
- The Company allotted on 12.12.2006, 14,50,000 Equity Share Warrants on a preferential basis to Promoters/Domestic Investors, which will be converted into 14,50,000 Equity Shares @ Rs.41.50 per warrant on or before 12.06.2008. Out of these 3,75,000 Equity Warrants have been converted into 3,75,000 Equity Shares of Rs.10/- each at a premium of Rs.31.50 on 30.03.2007. Consequent upon this, the Company's paid-up share capital stands enhanced to Rs.1527.50 lacs.
- (i) R & D Expenses have been deferred for a period of 5 years of Rs.172.12 lacs, which is not in compliance with Accounting Standard (A.S.26) – Intangible Assets.
(ii) Interest expenses are net off interest capitalized of Rs.43.72 lacs in respect of Capital Expenditure incurred on expansion at factories.
- Deferred Tax Assets/Liabilities as per Accounting Standard (AS-22) for the quarter and for the earlier years have not been recognized/provided for since the Company has past years carried forward losses and unabsorbed depreciation.
- The Company's manufacturing facility at Ankleshwar was shutdown for upgradation, as a result of which it had to outsource production, resulting in additional processing charges.
- The Company is pursuing recovery of old overdue debtors and advances. The Company has written off bad debts of previous years.
- The Company during the year have revalued all tangibles at its replacement cost through approved valuer and have created revaluation reserve being the difference of replacement cost and WDV as at 30.09.2005 at Rs. 3627.18 lacs as on 31.03.2007.
- The Company proposes to pay dividend on 10% Preference Shares of Rs.18.57 lacs including Dividend tax thereon.
- There was 1 (one) complaint of Investors received during the quarter and resolved.
- Audit qualifications in respect of Audited Accounts for 2004-05 and management comments thereon are detailed below:
 - Regarding non-transfer of balances amounting to Rs.46,23,454/- to the Investor Education Protection fund. The company is making efforts to deposit the same.
 - Regarding non-provision of debtors considered doubtful of recovery amounting to Rs.7,24,75,306/- and overdue sundry debtors of Rs.41,18,69,078/-. The company is deciding on the option of either arriving at a claim settlement or write-off to an amount, after the follow-up is over and on knowing the outcome of litigation.
 - The deferment of R & D expenditure of Rs.64,05,135/- which is not in compliance with Accounting Standard (AS-26). The Company has explained at note No.16 to the accounts.
 - Regarding non-provision of arrears of ex-gratia at Rs.4,00,16,044/-, the matter presently is subjudice.

For LYKA LABS LIMITED

(N. I. GANDHI)

Chairman & Managing Director

Mumbai
30th April, 2007

PRESSMAN