



Healthcare through Innovation

42nd
ANNUAL REPORT
2020-2021

Lyka Labs Limited



Healthcare through innovation

LYKA LABS LIMITED

CIN: L24230GJ1976PLC008738

Regd Office: 4801/B & 4802/A, G.I.D.C. Industrial Estate,

Ankleshwar-393 002, Phone: 02646-221422/220549,

Corporate Office: Ground Floor, Spencer Building, 30, Forjett Street,

Grant Road (West), Mumbai-400 036. Phone: 022-66112200,

Email: companysecretary@lykalabs.com Website: www.lykalabs.com

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BOARD OF DIRECTORS

| | |
|-------------------------|-------------------------------------|
| Shri. Kunal N. Gandhi | - Chairman, Managing Director & CEO |
| Shri. Yogesh B. Shah | - Executive Director & CFO |
| Smt. Nehal N. Gandhi | - Non Executive Director |
| Shri. Vinod S. Shanbhag | - Independent Director |
| Shri. Atit N. Shukla | - Independent Director |
| Shri. Sandeep P. Parikh | - Independent Director |

AUDIT COMMITTEE

| | |
|-------------------------|------------|
| Shri. Sandeep P. Parikh | - Chairman |
| Shri. Vinod S. Shanbhag | - Member |
| Shri. Kunal N. Gandhi | - Member |

COMPANY SECRETARY

Shri. Piyush G. Hindia

STATUTORY AUDITORS

M/s D. Kothary & Co. Chartered
Accountants

BRANCH AUDITORS

M/s. M. I. Shah & Co. Chartered
Accountants

COST AUDITORS

M/s. Sarvottam Rege & Associates,
Cost Accountants

BANKERS

State Bank of India

IDBI Bank

AU Small Finance Bank Limited

REGISTERED OFFICE

4801/B & 4802/A, GIDC Industrial Estate,
Ankleshwar – 393 002

CORPORATE OFFICE

Ground Floor, Spencer Building, 30,
Forjett Street, Grant Road (West),
Mumbai-400 036

R & D CENTRE

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

Shri Narendra Ishwarlal Gandhi

(06.04.1950 to 10.07.2019)

Shri Narendra Ishwarlal Gandhi, Chairman and Managing Director of Lyka Labs Limited left for heavenly adobe on 10th July, 2019.

Late Shri Narendra Ishwarlal Gandhi was associated with the Company since its incorporation. He was the Managing Director of the Company since 1994.

He was instrumental in making alliance with many Pharma giants. Under his guidance, the Company has developed many new formulations, drug delivery system and fixed dose combinations and has received “Best Export Performance” Award, from the Hon’ble President of India and Chemexcil Award from Commerce Minister, Ministry of Commerce, Government of India.

He had also served the Indian Pharmaceutical Industry through Indian Drugs and Manufacturers’ Association (IDMA) for more than 15 years. He was one of the youngest presidents of IDMA. He was awarded “Udyog Ratna” Award and “Girnar” award for his contribution to the Industry.

We will remember our beloved Chairman and Managing Director Shri Narendra Ishwarlal Gandhi with pride and will miss him dearly. We stand committed to his vision and will continue building his legacy.



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NOTICE

NOTICE is hereby given that **Forty Second Annual General Meeting** (AGM) of the Members of Lyka Labs Limited will be held on Friday, 30th July, 2021 at 12:30 pm (IST) through Video Conference (VC)/Other Audio Visual Means (OAVM) to transact the following businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone Audited Financial Statements along with Balance Sheet as at 31st March, 2021, Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date and reports of Board of Directors and Auditors thereon.
2. To receive, consider and adopt the Consolidated Audited Financial Statements along with Balance Sheet as at 31st March, 2021, Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date and report of Auditors thereon.
3. 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.
4. Ratification of appointment of M/s M. I. Shah & Co., as Branch Auditors:-

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 as maybe applicable (including any statutory modification(s) or re-enactment(s) thereof) and pursuant to the resolution passed by the members at the 38th Annual General Meeting held on September 29, 2017 appointing M/s. M. I. Shah & Co., Chartered Accountants, having Firm Registration No. 119025W as branch auditors to hold office from the conclusion of the 38th Annual General Meeting till conclusion of the 43rd Annual General Meeting, be and is hereby ratified by the members of the Company to hold office from conclusion of 42nd Annual General Meeting till the conclusion of 43rd 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 plus out of pocket expenses as may be incurred by them in connection with the Audit.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.

SPECIAL BUSINESS

5. **Ratification of Remuneration of Cost Auditor for conducting cost audit for the financial year ended 31st March, 2022**

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 Rs.1,25,000/- p. a. out of pocket expenses as may be incurred in connection with the Cost Audit of the Company to M/s. Sarvottam Rege and Associates- Cost Accountants, having Firm Registration No. 104190 on his appointment as cost auditor for conducting the Cost Audit of Pharmaceutical Products of the Company for the financial year 2021-22.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.”

6. Approval of Related Party Transactions:-

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 188 and other applicable provisions if any, of the Companies Act, 2013 and rules made there under and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 (including any statutory modification or re-enactment 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:

- Sales, 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 otherwise disposing of or buying, renting, and leasing properties of any kind on such terms and conditions as may be mutually agreed upon between the Company and Lyka BDR International Ltd., a subsidiary, related party, for an amount not exceeding Rs. 50 crores (Rupees Fifty Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and rules made thereunder.
- Sales, 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 otherwise disposing of or buying, renting and leasing properties of any kind on such terms and conditions as may be mutually agreed upon between the Company and Lyka Exports Ltd., a subsidiary, related party, for an amount not exceeding Rs. 8 crores (Rupees Eight Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and rules made thereunder.
- Sales, 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 otherwise disposing of or buying, renting and leasing properties of any kind on such terms and conditions as may be mutually agreed upon between the Company and Lyka Animal Healthcare Ltd, related party, for an amount not exceeding Rs.15 crores (Rupees Fifteen Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and rules made thereunder.

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.

By Order of the Board

Place: Mumbai

Date: 02nd June, 2021

**Piyush G Hindia
Company Secretary**

Notes:

1. In view of the continuing Covid-19 pandemic, the holding of the Annual General Meeting (AGM) of the Company is conducted through Video Conference (VC)/Other Audio- Visual Means (OAVM) which is in compliance with the MCA Circulars.
2. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
3. The members can join the AGM through VC/OAVM mode 15 minutes before the scheduled time or any time thereafter till conclusion of the meeting by following the procedure mentioned in the notice for participation at the AGM through VC/OAVM.
4. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of members has been dispensed with, accordingly, the facility for appointment of proxies by the members will not be available for the AGM.
5. Corporate/Institutional members (i.e. other than Individuals, HUF, NRI, etc.) intending to attend the meeting in accordance with the terms of Section 113 of the Companies Act, 2013 are required to send scanned certified true copy (PDF Format) of the Board Resolution/ Power of Attorney/ Authority Letter, etc. to the Company at e-mail ID: companysecretary@lykalabs.com to attend the AGM through VC/OAVM on their behalf and to vote through remote e-voting.
6. Notice of the AGM along with the Annual Report 2020-21 is being sent through electronic mode to those members whose email addresses are registered with the Company's RTA agent/ Depositories. Members holding shares in dematerialised form who have not updated their email addresses, are requested to contact their Depository Participant for updation of their email id. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the RTA agent at rnt.helpdesk@linkintime.co.in along with the copy of the signed request letter mentioning their name and address, self-attested copy of the PAN card and self-attested copy of a valid proof of address (eg. Aadhaar Card, Passport, Voting Card In support of the member's address.
7. Members will be provided with a facility of electronic voting (e-voting) and for attending the AGM through VC/OAVM by the National Securities Depository Limited (NSDL) e-Voting system i.e. www.evoting.nsdl.com.
8. Members may please note that notice, annual report and other documents as mentioned in the annual report are available on the Company's website at www.lykalabs.com, and also on website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and also on website of the NSDL (i.e. www.evoting.nsdl.com).
9. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of business under Item Nos.5 and 6 are annexed to the Notice.
10. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday 24th July, 2021 to Friday 30th July, 2021 (both days inclusive) for the purpose of Annual General Meeting.
11. The Register of Directors and Key Managerial Personnel and their shareholdings maintained under Section 170 of the Companies Act, 2013 will be made available for inspection by the members at the venue of the meeting as well as on e-voting platform(weblink).

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12. Members holding shares in electronic mode are:
 - a. Requested to submit their Bank Account Details, email id and PAN to the Depository Participant (DP) respective DPs with whom they are maintaining their demat accounts, as mandated by SEBI.
 - b. For availing the nomination facility please contact respective DPs .
13. We are pleased to provide the facility of live webcast of proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the website of NSDL at [https: eservices.nsdl.com](https://eservices.nsdl.com) and on the webste of Central Depository Services Ltd (CDSL) [https: web.cdslindia.com](https://web.cdslindia.com) using their secure login credentials.
14. The Board of Directors of the Company has appointed Mr. Kaushal Doshi of M/s Kaushal Doshi & Associates, Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting process and e-voting in a fair and transparent manner and they have provided consent to be appointed as Scrutinizer.
15. The Cut off date for e-voting entitlement of voting through electronic means is Friday, 23rd July, 2021.
16. The remote e-voting period begins on Tuesday, 27th July, 2021, at 10:00 A.M. and ends on Thursday, 29th July, 2021 at 5:00 P.M.
17. Since the AGM will be held through VC/OAVM, the route map, proxy form and attendance slip are not attached to this notice.
18. Brief profile of the Directors seeking appointment/re-appointment, in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Secretarial Standard, is furnished below:

Smt. Nehal N Gandhi

| | |
|---|---|
| Name of Director | Smt. Nehal N. Gandhi |
| Date of Birth | 30th September, 1952 |
| Date of Appointment | 4 th February, 1995 |
| Qualification | Bachelor of Arts |
| Expertise in specific functional areas | Business Management |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies) | 1. Enai Trading and Investment Private Limited 2. Lyka Animal Healthcare Limited |
| 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 |
| Number of Board Meetings attended during the year | 2 |
| Remuneration | Sitting fees for attending Board Meeting |
| Disclosure of relationship with other Directors, Manager and other Key Managerial Personnel of the company | Mother of Shri Kunal N Gandhi. |

INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING:

The remote e-voting period begins on Tuesday, 27th July, 2021 at 10:00 A.M. and ends on Thursday, 29th July, 2021, at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Friday, 23rd July, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Friday, 23th July, 2021.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | <ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section. A new screen will open. |

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| | |
|--|---|
| | <p>You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |
| Individual Shareholders holding securities in demat mode with CDSL | <ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |

Important note:

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

| | |
|--|---|
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43 |
|--|---|

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12***** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.

- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
- 6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nSDL.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nSDL.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nSDL.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- 8. Now, you will have to click on "Login" button.
- 9. After you click on the "Login" button, Home page of e-Voting will open.
 - 1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
 - 2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
 - 3. Now you are ready for e-Voting as the Voting page opens.
 - 4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
 - 5. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - 6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 - 7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to doshikaushal20@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Sarita Mote at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to companysecretary@lykalabs.com
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to companysecretary@lykalabs.com If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

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3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at companysecretary@lykalabs.com . The same will be replied by the company suitably.

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

Item No. 5

Ratification of Remuneration of Cost Auditor for cost audit for the financial year 2021- 2022:-

Pursuant to Section 148 of the Companies Act, 2013, and Rule 14 of Companies (Audit and Auditors) Rules, 2014, M/s. Sarvottam Rege and Associates- Cost Accountants, have been appointed as a Cost Auditor for conducting Cost Audit of Pharmaceutical Products of the Company for the financial year 2021-22. Their appointment as Cost Auditor and payment of remuneration of Rs. 1,25,000 /- p.a. plus re-imbusement of out of pocket expenses was considered by the Board on the recommendation by the Audit Committee.

For payment of remuneration to Cost Auditor for the financial year 2021 - 22 requires shareholder's approval.

The Board of Directors therefore recommends the resolution as mentioned at Item No. 5 of the notice for your approval.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, in the passing of the said resolution.

Item No. 6**Approval of Related Party Transactions:-**

The Company is engaged in manufacturing and dealing of Pharmaceutical Products. During the course of business, the Company is required to sell, purchase or supply of any goods or material directly or through appointment of agents and leasing/renting of the propertie(s) to its subsidiaries namely, Lyka BDR International Limited, Lyka Exports Limited, Lyka Animal Healthcare Limited which are considered as the Related Parties within the definition 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 transaction of sell, purchase or supply of any goods, materials, services, dossiers, brands, patents directly or through agents and selling or otherwise disposing of or buying, renting and leasing of the propertie(s) to Lyka BDR International Ltd, Lyka Export Ltd and Lyka Animal Healthcare Ltd (Related Parties), is estimated at Rs. 50 Crores, 8 Crores, 15 Crores respectively in a financial year 2021-2022 as recommended by Audit Committee.

The Board of Directors recommends the resolution as mentioned at Item No. 6 of the notice for your approval.

Shri Sandeep P Parikh, Director of Company is also a Director in Lyka BDR International Limited, and Shri Vinod S. Shanbhag Director of the Company is also a Director in Lyka Exports Limited and Lyka BDR International Limited and Shri Kunal N Gandhi, Managing Director of the Company, is also a Director in Lyka BDR International Limited, Lyka Exports Limited, Lyka Animal Healthcare Limited and Smt. Nehal N Gandhi, Director of the Company is also a relative of Shri Kunal N Gandhi are deemed to be considered as interested directors in the transactions with the related parties.

None of the Directors or Key Managerial Personnel other than Smt. Nehal N Gandhi, Shri Kunal N Gandhi, Shri Sandeep P Parikh, and Shri Vinod Shanbhag are concerned or interested, in the above resolution.

By Order of the Board

Place: Mumbai

Date: 02nd June, 2021

Piyush G. Hindia

Company Secretary

Lyka Labs Limited

REPORT OF THE BOARD OF DIRECTORS

To,
The Members,
Lyka Labs Limited

The Directors are pleased to present the Forty Second Annual Report together with merged Annual Audited Financial Statements of Lyka Healthcare Ltd a wholly owned subsidiary with Lyka Labs Limited for the Financial Year from 1st April 2020 (appointed date of merger) to 31st March, 2021 in terms of the NCLT Ahmedabad Order dated 12th October, 2020.

1. FINANCIAL RESULTS:

(₹ in Lakhs)

| Particulars | For the Year ended 31.03.2021 | *For the year ended 31.03.2020 |
|--|-------------------------------|--------------------------------|
| Total revenue | 6447.33 | 4333.92 |
| Profit/(loss) before Interest, provision for depreciation & Taxes and Write offs | 1663.59 | (61.94) |
| Less: Interest | 2555.28 | 1901.21 |
| Operational Profit before Depreciation | (891.69) | (1963.15) |
| Less: Depreciation | 804.97 | 776.69 |
| Exceptional Items (Net) | 142.87 | 2775.29 |
| Less: Tax Expenses | (393.64) | 23.52 |
| Less: Other Comprehensive Income | (8.88) | 40.48 |
| Profit/(loss) for the year | (1437.01) | (5579.13) |

* Previous financial year 2019-2020 figures are reinstated as per Indian Accounting Standards.

2. DIVIDEND:

Since the Company has not earned profits, no Dividend is recommended for the financial year ended on 31st March, 2021.

3. RESERVE:

Since the Company has not earned profits, no amount was transferred to Reserve for the financial year ended on 31st March, 2021.

4. OPERATIONS:

During the financial year, the total Income from Operations was Rs 64.47 crores as against a total income of Rs 43.33 crores of the previous financial Year ended on 31st March, 2020. During the year under Report the company has earned operating profit of Rs 16.63 Crores before charging interest and depreciation as against loss of Rs 61.94 lakhs of the Previous Financial Year ended on 31st March 2020.

During the financial year, the overall performance of the Company has improved significantly compared to the previous financial year. P2P and Domestic Sales were higher. Due to Covid 19, the company received major orders for Remdesivir Injections under Job work from renowned Pharmaceutical Companies.

Its subsidiaries viz. Lyka BDR International Limited also increased its sales compared to the previous financial year in some of its international markets despite tight Lockdown conditions globally due to Pandemic. Lyka Exports Limited which had a slight setback in the first quarter due to Lockdown conditions, performed well during the remaining three quarters of the financial year.

5. KEY FEATURES:

The Company maintains high quality and GMP/GLP standards in manufacturing and testing of its products.

The Company manufactures pharmaceutical products such as Dry Powder, Liquid and Lyophilised Injections and external preparations and cosmetics covering various therapeutic areas.

The Company is also engaged in manufacturing on P2P basis and Job Work basis for Covid 19 medicines.

The Company's R&D Centre is engaged in the development of new formulations and has successfully developed several products in the following product categories:

1. Injectables- Liquid Injections, Lyophilised Injections in anti -bacterial, antifungal, NSAIDS, Proton Pump Inhibitors and Anaesthetics.
2. Topical preparations: Ointments/Creams and lotions.

Company's Core Competencies lie in:

1. Lyophilisation – Formulations/Sterile APIs.
2. New Product Development including Novel Drug Delivery Systems.
3. Quality Practices and Systems.
4. Experienced and responsive management.

6. FUTURE OUTLOOK:

Company is constantly exploring possibilities of entering into newer international markets with reputed partners and has also introduced new products in existing markets.

It is also modernising its existing manufacturing facilities to improve through put and reduce manufacturing costs thereby increasing profitability.

Company is also trying to add reputed customers to its clientele list in the Domestic P2P and Job work business.

The Company also expects to have Plant approvals from PICS and other Regulatory Authorities within the next financial year.

To meet the increase in demand for lyophilised products the company has embarked on an expansion project of its Lyophilization Plant at its Ankleshwar factory. This Project is likely to be completed in 9-12 months with a 50% enhancement in capacity for lyophilisation.

Company has received permission to manufacture and marketing of Liposomal Amphotericin B Injection 50 mg/vial from Government of India, Directorate General of Health Services, New Delhi.

7. REGISTRATIONS:

The company has submitted new applications for Registration of Products in various Countries many of which are expected to be received in 2021-22. A total of 83 submissions have been made for new Registration/Renewals in various countries in the previous years out of which 32 Renewals/New Registrations were received in 2020-21. A further 25 New Registrations/Renewals are expected to be received in 2021-22. This will enhance the product portfolio in the current year.

Lyka Labs Limited

8. MERGER:

National Company Law Tribunal (NCLT), Ahmedabad has approved merger of Lyka Healthcare Limited a wholly owned subsidiary with Lyka Labs Limited vide its Order dated 12th October, 2020. This will help in reduction of administrative cost and increase the sales and profitability in the coming years.

9. SEBI ORDER ON GDR:

SEBI Vide its adjudication order dated 28th September, 2020 imposed penalty of Rs 10 Lakhs u/s. 23E of Securities Contract (Regulation) Act, 1956 for not giving proper disclosures pertaining to GDR issue made by the Company in the year 2005. The penalty has since been paid by the Company.

10. SHARE CAPITAL:

Subsequent to the merger of Lyka Healthcare Ltd a wholly owned subsidiary with Lyka Labs Limited, the Authorised Share Capital of the Company has increased from Rs.42 crores to Rs.50 crores.

11. DIRECTORS:

A. BOARD DIVERSITY:

The Company recognizes and embraces 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 financial year four(4) Board Meetings were held. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report which is marked as **Annexure F** of this Annual Report.

C. INDEPENDENT DIRECTORS MEETING:

As required under, the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 the Company has to convene an Independent Directors Meeting once in a year. The Company has convened an Independent Directors Meeting on 30th March, 2021.

D. COMPOSITION OF THE BOARD AND APPOINTMENT AND CESSATION OF DIRECTORS:

The Company has appropriate mix of Executive, Non- Executive and Independent Directors. as on 31st March, 2021, the Board consist of Six Directors out of which two are Executive Directors, One is Non - Executive Director and Three are Independent Directors. During the financial year, Smt. Neha Thakore an Independent Director of the Company has resigned w.e.f 3rd July, 2020. The Board records its appreciation for services rendered by her.

E. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary Declarations from each of the 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 Requirements), Regulations 2015 (Listing Regulations 2015).

F. RETIREMENT BY ROTATION:

In accordance with the provisions of Section 152 of the Companies Act, 2013, Smt. Nehal N. Gandhi (DIN: 00021580), will retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. Brief resume of the Director seeking re-appointment along with other details are disclosed in the Notice convening the Annual General Meeting.

G. COMPLETION OF TERM OF AN INDEPENDENT DIRECTOR:

The Second term of Shri. Atit N. Shukla who was appointed as an Independent Director in the 40th Annual General Meeting will complete in the ensuing Annual General Meeting.

H. INDEPENDENT DIRECTORS FAMILIARIZATION PROGRAMME:

The Independent Directors have visited plant at Ankleshwar, Gujarat and are familiarised with company's operations. They are provided with quarterly and annual financial statements. They are also apprised with material events of the Company. They are also updated towards of legal cases filed against or by the Company. They are also apprised about the Compliances under various statutes in the Board Meeting.

I. EVALUATION OF DIRECTORS AND BOARD :

The Board has carried out performance evaluation of its own and Individual Directors pursuant to the provisions of the Companies Act, 2013 and applicable provisions of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015.

The performance evaluation is done once in a year. Performance evaluation is done on the basis of various criteria such as Active Participation, Financial Literacy, contribution by a Director, Positive Inputs, Effective Deployment of Knowledge and Expertise, Integrity and Maintenance of Confidentiality and Independence of Behavior and Judgement.

J. COMMITTEE OF BOARD:

Currently, the Board has five(5) Committees namely, Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship 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 is marked as **Annexure F**.

12. AUDITORS:

A. STATUTORY AUDITOR

The members of the Company at their 40th Annual General Meeting held on 18th September, 2019 appointed M/s. D Kothary & Co., Chartered Accountants (Firm Registration No. 105335W) as Statutory Auditor of the Company for a term of 5 years upto 45th Annual General Meeting. The Company has received their eligibility certificate pursuant to the provisions of section 139 and 141 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014.

B. BRANCH AUDITOR:

M/s. M.I. Shah & Co., Chartered Accountants (Firm Registration No. 119025W) were appointed as Branch Auditor of the Company in 38th Annual General Meeting for a term of 5 (five) years up to 43rd Annual General Meeting. Their appointment is proposed for ratification in the ensuing Annual General Meeting as Branch Auditor from conclusion of 42nd Annual General Meeting till conclusion of 43rd Annual General Meeting.

The Company has received a certificate from the Branch Auditors to the effect that they fulfill the eligibility criteria of the provisions of Section 141 of the Companies Act, 2013. The Audit Committee has recommended ratification of their appointment as Branch Auditors.

C. COST AUDITOR:

The Company has appointed M/s. Sarvottam Rege & Associates, Cost Accountants (Registration No. 104190) to audit the cost records of the Company for the Financial Year 2021-22. The remuneration payable to them is proposed to the Shareholders for their approval at the ensuing Annual General Meeting.

D. SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Kaushal Doshi & Associates, Practicing Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this report as “Annexure A”.

13. MATERIAL CHANGES AND COMMITMENT AFTER THE END OF THE FINANCIAL YEAR WHICH HAVE IMPACT ON FINANCIAL POSITION:

There are no material changes and commitment after the end of the Financial Year till the date of this report which have an impact on financial position.

14. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATION OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORT ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021:

The Statutory Auditors has not made any qualifications, reservations or adverse remarks or disclaimers in their report on the Financial Statements for Financial Year 2020– 21.

15. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information pertaining to particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is attached to this report and annexed as “Annexure B”.

16. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY:

The Company has constituted Risk Management Committee and formulated Risk Management policy.

17. PARTICULARS OF LOAN, GUARANTEE AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The Company has not provided any loan and guarantee during the year under review. The details of investments made under Section 186 of the Companies Act, 2013 are given in the notes to the Balance Sheet.

18. DETAILS OF ESTABLISHMENT OF WHISTLE BLOWER CUM VIGIL MECHANISM POLICY:

The Company has adopted Whistle Blower Policy/Vigil Mechanism. The details of establishment of such mechanism are disclosed on the website of the Company at www.lykalabs.com

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

The related party transactions during the financial year 2020-2021 are on arms length basis and in the ordinary course of business. The financial limits of related party transactions for the financial year 2021-2022 as recommended by Audit Committee and considered by the the Board is proposed for approval of the shareholders in the ensuing Annual General Meeting. The related party transactions affected during the financial year 2020-2021 are disclosed in the notes to the Financial Statements.

The particulars of contracts or arrangements with related parties referred to in Section 188 of the Companies Act, 2013, is attached to this report as “**Annexure C**”.

20. COMPANY’S POLICY:

The highest ethical standards are followed by the Company in business transactions. The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, mandated the formulation of certain policies. The 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, Code for Insider Trading etc which are displayed on the Company’s Website i.e. www.lykalabs.com

21. ANNUAL RETURN:

As per provision of Section 92(3) of the Companies Act, 2013, the Annual Return of the company is hosted on the website of the Company. the same can be assessed in weblink at <http://lykalabs.com/annual-return-2021.pdf>.

22. DIRECTORS’ RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, the annual return of the company is hosted on the website the same can be assessed in

- a. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give 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 Company has Proper system to ensure compliance with the provisions of all applicable laws were in place and that such system were adequate and operating effectively.

23. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES:

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

Lyka Labs Limited

a) **LYKA BDR INTERNATIONAL LIMITED (LBDR)**

Lyka Labs Limited is holding 65.22% of the Issued capital of Lyka BDR International Limited. During the financial year, the total revenue earned by the Company was Rs.26.79 Crores as against total revenue of previous year of Rs. 17.95 Crores. During the year, the Company has reported Net Profit of Rs. 3.66 Crores as against Net Loss of Rs.1.39 Crores of previous financial year.

b) **LYKA EXPORTS LIMITED (LEL)**

Lyka Labs Limited is holding 72.80% of Issued capital of Lyka Exports Limited. During the financial year, the Company has reported total revenue of Rs.12.69 Crores as against total revenue of Rs. 17.84 Crores of previous financial year. During the year, the Company has reported Net Profit of Rs. 0.73 Crores as against Net Loss of Rs.5.76 Crores of previous financial year.

The Performance and financial position of each of the above mentioned subsidiaries for the year ended 31st March, 2021 is attached in 'Annexure D' and forms part of this report.

24. DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY STATEMENT:

Corporate Social Responsibility is not applicable to the Company.

25. DEPOSIT:

During the financial year, the Company has not accepted any deposits under Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

The Company has repaid fixed deposits accepted under Companies Act, 1956 as per Company Law Board (CLB) order. As of 31st March, 2021, the company has unclaimed fixed deposits of Rs. 42 lakhs.

26. DEBENTURES:

During the financial year, the Company has not issued any Debentures under the Companies Act, 2013. As of 31st March, 2021, the Company has unclaimed debentures of Rs. 13 lakhs.

27. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNAL IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE :

During the year under review, no order was passed by Regulators, Courts or Tribunals which have Significant & Material impact on the going concern status and company's operations in future.

28. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, 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 have been received by the Committee during the year under review.

29. INTERNAL FINANCIAL CONTROL:

The Company maintains a system of internal financial control, including suitable monitoring procedures in various functional areas. The system is reviewed from time to time to update the

same with changing requirement. Internal Audit of Company's financial accounts and related records is conducted by independent firms of Chartered Accountants.

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

Disclosure with respect to the remuneration of Directors and Employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been annexed to this report as "Annexure E".

31. CORPORATE GOVERNANCE :

A Report on Corporate Governance along with certificate from Practicing Company Secretary confirming the Compliance of the condition of Corporate Governance as stipulated in the Listing Regulations 2015 is annexed as "Annexure F" and forms an integral part of this Annual report.

32. MANAGEMENT DISCUSSION ANALYSIS REPORT:

Management Discussion and Analysis Report is annexed as "Annexure G".

33. GREEN INITIATIVE:

The Ministry of Corporate Affairs had taken Green Initiative approach in Reporting of Corporate Governance by allowing paperless compliances by Companies through electronic mode.

The Company supports Green Initiative approach appeals to its Shareholders, who are yet to register their Email addresses with RTA or Depository parties. that they should take necessary steps for registering the same and contribute towards Green Initiative.

34. ACKNOWLEDGEMENT:

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 and loyal & committed Employees for their unstinted support.

**For and on behalf of the Board of
LYKA LABS LTD**

**Kunal N Gandhi
Chairman & Managing Director
(DIN:01516156)**

**Place: Mumbai
Date: 02nd June, 2021**

Lyka Labs Limited

“ANNEXURE A”

Form No. MR-3

For the financial year ended 31st March, 2021

[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- L24230GJ1976PLC008738

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 2020 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, 2021** 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; (**Not applicable as there was no reportable event during the financial year under review**)
- (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, 2018;
 - (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 as there was no reportable event during the financial year under review**)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not applicable as there was no reportable event during the financial year under review**)
 - (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 as there was no reportable event during the financial year under review**)and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (**Not applicable as there was no reportable event during the financial year under review**)

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. The Drugs and Magical Remedies (Objectionable Advertisements) Act;
- b. Drugs & Cosmetics Act, 1940;
- c. Factories Act, 1948;
- d. Income Tax Act and other Indirect Tax laws;
- e. The Essential Commodities Act;
- f. All Environmental related Acts & Rules;
- g. Boilers Act;
- h. The Poisons Act;
- i. The Prevention of Food Adulteration Act, 1954;
- j. Dangerous Drugs Act, 1940;
- k. Industrial Disputes Act, 1947;
- l. 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, During the year;

1. 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 Companies Act, 2013.
2. During the year NCLT of Ahmedabad Bench has passed an order on dated 12th October, 2020 approving merger of Lyka Healthcare Limited (Wholly Owned Subsidiary Company) with Lyka Labs Limited under review that.

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.

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.

During the year under review that;

- 1) *Company has received SEBI (Adjudication order No. order/AA/ JR/2020-21/9241) on dated 28th September, 2020 for Impose penalty of Rs. 10,00,000/- for failure to comply with provision of listing conditions or delisting conditions or grounds as per the Section 23 E of Securities Contracts (Regulation) Act, 1956.*
- 2) *SEBI passed order dated 05th June, 2020 in respect of GDR issue due to violation violation of Section 12A(a), (b), (c) of the SEBI Act 1992 read with regulation 3 (a), (b), (c), (d) and 4(1), 4(2) (f), (k), (r) of SEBI(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and SEBI passed order to company that The Company is restrained from accessing the Securities Market including by issuing prospectus, offer document or advertisement soliciting money from the public and is further prohibited from buying, selling or otherwise dealing*

Lyka Labs Limited

in securities, directly or indirectly in any manner , for a period of three years from the date of this order. It is clarified that during the period of restraint, the existing holding of securities of the Noticee including units of mutual funds, shall remain frozen.

We have conducted online verifications and examination of records and other papers of the company for the financial year ended 31st March, 2021, as facilitated by the company, due to COVID-19 and subsequent lockdown situation for the purpose of issuing this report.

Place: Mumbai

Date: 02nd June, 2021

For Kaushal Doshi & Associate

Company Secretary

Kaushal Doshi

(Proprietor)

FCS- 10609/COP- 13143

UDIN: F010609C000411042

This report is to be read with our letter which is annexed as Annexure I and forms an integral Part of the Report.



Annexure I (Integral part of Secretarial Audit Report)

To,
The Members,
Lyka Labs Limited,
CIN- L24230GJ1976PLC008738

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. Verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai
Date: 02nd June, 2021

For Kaushal Doshi & Associates
Company Secretary

Kaushal Doshi
(Proprietor)
FCS- 10609/ COP- 1314
UDIN: F010609C000411042

“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 period ended 31stMarch, 2021.

Energy Conservation measures taken

- The Company has taken several measures including reduction of transmission losses, rational organization of manufacturing activity and regular preventive maintenance.
- 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 equipment 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, 2021 (12 Months) | Year ended 31 st March, 2020 (12 Months) |
|--------------------------------------|--|---|---|
| A. POWER AND FUEL CONSUMPTION | | | |
| 1. | Electricity | | |
| a. | Purchased | | |
| | Units (in ‘000 kwh) | 2971 | 2455 |
| | Total Amount (Rs.in lacs) | 233.17 | 194.54 |
| | Rate per unit (Rs./kwh) | 7.85 | 7.92 |
| b. | Own Generation | | |
| | i. Through Diesel Generator | | |
| | Units (in ‘000 kwh) | 58 | 68 |
| | Units per litre of Diesel (kwh) | 2.90 | 2.95 |
| | Cost/Unit (Rs./kwh) | 30.68 | 23.54 |
| 2. | Coal | | |
| | Quantity | - | - |
| | Total Coast | - | - |
| | Average Rate | - | - |
| 3. | Furnace oil & Diesel oil | | |
| | Quantity (kl.) | 22.06 | 23.25 |
| | Total Amount (Rs.in lacs) | 17.77 | 16.06 |
| | Average Rate (Rs./Litre) | 80.54 | 69.09 |
| 4. | Others – Steam | | |
| a. | Purchased | | |
| | Quantity (MT) | 1046 | 1099 |
| | Total Amount (Rs.in lacs) | 39.99 | 41.27 |
| | Rate per unit (Rs./kg) | 3.82 | 3.75 |
| b. | Own Generation | | |
| | Quantity (MT) | 0 | 0 |
| | Units per litre of Furnace\Diesel (KG) | 0 | 0 |
| | Cost/Unit (Rs./kg) | 0 | 0 |

| B. CONSUMPTION PER UNIT OF PRODUCTION | | | | | |
|--|--------------------------------|-----------------------------|--------------------------------------|----------------------|-------------------------------|
| | | Bulk Drugs Per Tonne | Formulations per Million Pack | Bulk Drugs Per Tonne | Formulations per Million Pack |
| | Electricity - Units ('000 kwh) | 806.827 | 132.384 | 439.470 | 94.519 |
| | Coal (M. Tonnes) | - | - | - | - |
| | Furnace oil & Diesel oil (kl) | 6.156 | 1.010 | 4.248 | 0.914 |
| | Steam (M. Tonnes) | 291.784 | 47.876 | 200.881 | 43.204 |

A. **Research and Development**

Lyka Labs Limited is a reputed pharmaceutical and healthcare company. The Company has a modern well equipped Research and development facility in Mumbai managed by a team of technically qualified and well trained industry professionals.

Company's In-house R & D Centre at Mumbai is recognized by the Ministry of Science & Technology, Department of Scientific & Industrial Research, Government of India.

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

- Development of broad range of dosage forms such as traditional solid oral dosage forms, Sustained release tablets, Liquid orals, Ready Mix granules, Derma products, Neutraceuticals & Cosmeceuticals.
- Development of Formulations with New Molecules and development of Novel Drug Delivery Systems
- DCGI approvals for new drug molecules.
- Development of Cosmeceutical products for 'P to P business' such as Oat Body Wash, Oat Moisturizing Cream etc.
- Upgradation of products and processes to improve quality, stability, shelf-life and thus reduce cost.
- Tie ups with Medical Institutions to carry out clinical trials, Skin Irritation and Sensitivity studies, Comedogenesis Study etc.

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

- Company has introduced **many products** in the domestic market for P to P business.
 1. Thiocolchicoside, Methyl Salicylate, menthol & Absolute Alcohol Gel
 2. Skin Rejuvenating Face Wash gel
 3. Aceclofenac, Menthol, Methyl Salicylate & Linseed Oil Gel.
 4. Diclofenac Diethylamine, Thiocolchicoside, Methyl Salicylate, Menthol & Linseed Oil Gel
- Company has introduced many products in the Iraq market
 1. Mometasone Furoate Ointment
 2. Betamethasone Dipropionate and Salicylic Acid Ointment
 3. Betamethasone Valerate, Gentamicin, Clioquinol and Tolnaftate Cream
- Many derma products are under development for domestic and export market, which will be commercialized after completing stability studies. e.g.
 1. Aceclofenac & Menthol Spray
 2. Etoricoxib & menthol Spray
 3. Etoricoxib, Menthol, Methyl Salicylate & Linseed Oil Gel.
 4. Etoricoxib Roll On Topical Solution 1 %
 5. Tofacitinib Tablets 5 mg

Lyka Labs Limited

6. Tofacitinib Citrate Extended Release Tablets 11 mg
7. Tofacitinib Cream 2%
- Many Skin Care products are ready to be commercialized
- 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

1. For "Vitiligo"
2. For Neuropathic Pain
3. For Pain Management
4. For Anti Viral (Specially for Covid Treatment)
5. For Skin Lightening & Melasma
6. For Moisturizing

4. Achievements / Recognition:

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

**For and on behalf of the Board of
LYKA LABS LTD**

**Kunal N Gandhi
Chairman & Managing Director
(DIN:01516156)**

Place: Mumbai

Date: 02nd June, 2021

“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/ arrangements / transactions not at arm's length basis:
There are no contracts/ arrangements / transactions that are not at arm's length, basis
2. Details of contracts or arrangements or transactions are on arm's length basis in ordinary course of Business: -

All the related party transactions are entered in ordinary course of business.

| a) | Nature of Related Party | Lyka Exports Limited | Lyka BDR International Limited |
|----|--|----------------------|--------------------------------|
| b) | Nature of transactions | | |
| | Sale of Goods | 1,79,400 | 15,06,38,738 |
| | Rent Income | 3,05,000 | 33,55,000 |
| | Commssion | - | 27,68,999 |
| c) | Duration of the contracts/arrangements/ transactions | Continuous Basis | Continuous Basis |
| d) | Salient terms of the contracts or arrangements or transactions including the value, if any | As per terms of MOU | As per terms of MOU |
| e) | Date(s) of approval by the Board, if any | 10 June, 2020 | 10 June, 2020 |
| f) | Amount paid as advances, if any | - | - |

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

**For and on behalf of the Board of
LYKA LABS LTD**

**Kunal N Gandhi
Chairman & Managing Director
(DIN:01516156)**

**Place: Mumbai
Date: 02nd June, 2021**

“ANNEXURE D”

Form AOC-1

Statement of Subsidiaries Financials

**[Statement containing salient features of the financial statements of the Subsidiaries/Joint Ventures/
Associate Companies]**

Pursuant to Section 129(3) of the Companies Act, 2013

[Read with Rule 5 of the Companies (Accounts) Rules, 2014]

| Sr No | Particulars | Subsidiary 1 | Subsidiary 2 |
|--------------|---|--------------------------------|------------------------|
| 1. | Name of Subsidiaries | Lyka BDR International Limited | Lyka Exports Limited |
| 2. | Date of Acquisition | 04.05.2009 | 30.05.2014 |
| 3. | Reporting period for the Subsidiary concerned | April, 20 to March, 21 | April, 20 to March, 21 |
| 4. | Reporting currency and Exchange rate as on the last date of relevant Financial year | Indian Rupees | Indian Rupees |
| 5. | Share Capital | 225,000,000 | 73,954,240 |
| 6. | Reserve & Surplus | (23,62,16,623) | (3,37,23,421) |
| 7. | Total Asset | 8,92,66,770 | 6,11,71,136 |
| 8. | Total Liabilities | 10,04,83,393 | 2,09,40,317 |
| 9. | Investments | - | - |
| 10. | Turnover | 26,68,20,461 | 12,66,49,984 |
| 11. | Profit/ (Loss) before taxation | 3,76,18,057 | 48,94,164 |
| 12. | Provision for Taxation | - | - |
| 13. | Profit/ (Loss) after Taxation | 3,63,76,000 | 73,06,027 |
| 14. | Proposed Dividend | - | - |
| 15. | % of Shareholding | 65.22 | 72.80 |

Note : Lyka Healthcare Limited, a wholly owned subsidiary of Lyka Labs Limited is merged with Lyka Labs Limited vide Order of NCLT, Ahmedabad dated 12th October, 2020 which is registered by the Registrar of Companies, Ahmedabad on 13th November, 2020 (effective date).

**For and on behalf of the Board of
LYKA LABS LTD**

**Kunal N Gandhi
Chairman & Managing Director
(DIN:01516156)**

**Place: Mumbai
Date: 02nd June, 2021**

“Annexure E”

Disclosure for ratio of remuneration of each director to the median employee’s remuneration and other details as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- 1) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

| Name | % Increase in the remuneration | Ratio of the remuneration of each Directors/to median remuneration of the employees |
|----------------------|--------------------------------|---|
| Shri. Kunal N Gandhi | Nil | Nil |
| Shri. Yogesh B. Shah | Nil | Nil |

Note: Sitting fees is not included while calculating Remuneration to Director.

- 2) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company:

| Name | % Increase in the remuneration |
|------------------------|--------------------------------|
| Shri Kunal N Gandhi | Nil |
| Shri Yogesh B Shah | Nil |
| Shri. Piyush G. Hindia | Nil |

Note: Sitting fees is not included while calculating Remuneration to Director.

- 3) The Percentage increase in the median remuneration of employees in the financial year: **1.21 %**.
- 4) The number of permanent employees on the rolls of the Company: **99**
- 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. 2020-21 was **3.53 %**.
- 6) It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and other Employees is as per the Remuneration Policy of the Company: **The Company affirms that remuneration is as per remuneration policy.**
- 7) The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 : **Not Applicable.** Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection on all working days, during business hours, at the Registered Office of the Company. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

**For and on behalf of the Board of
LYKA LABS LTD**

**Kunal N Gandhi
Chairman & Managing Director
(DIN:01516156)**

**Place: Mumbai
Date: 02nd June, 2021**

“ANNEXURE F” CORPORATE GOVERNANCE REPORT

Pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘SEBI Listing Regulations’), the Company presents the Report on Corporate Governance for the Financial year ended 31st March, 2021 containing the matters detailed in the said Regulations with respect to Corporate Governance requirements.

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’s Insider Trading Code.

A report on Corporate Governance is given hereunder:

2. BOARD OF DIRECTORS:

- a) As on 31st March, 2021 the Company has Six (6) Directors consisting of a Managing Director, a Executive Director, a Non-Executive Women Director and Three (3) Non-Executive Independent Directors.
- b) The composition of the Board is in compliance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and Section 149 of the (“the Act”).

The composition of the Board of Directors of the Company as on 31st March, 2021 is given below:

| Name of Directors | Category | Shareholding as on 31 st March, 2021 |
|-------------------------|---|---|
| Smt. Nehal N. Gandhi | Non- Executive Director | 1144803 |
| Shri. Kunal N. Gandhi | Chairman, Managing Director & Chief Executive Officer | 1006642 |
| Shri. Yogesh B. Shah | Executive Director & Chief Financial Officer | 50 |
| Shri. Sandeep P. Parikh | Non -Executive Independent Director | 3534 |
| Shri. Atit N. Shukla | Non Executive Independent Director | 0 |
| Shri.Vinod S.Shanbhag | Non Executive Independent Director | 500 |

Smt. Neha A. Thakore, resigned from the position of an Independent Director of the Company w.e.f 03rd July, 2020.

- c) 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 conformity 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 along with rules framed thereunder. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

- d) The number of Directorships, Committee Membership(s)/ Chairmanship(s) of all Directors is within respective limits prescribed under the Act and Listing Regulations. None of the Directors are members in more than Ten (10) committees excluding private limited companies, foreign companies and companies under Section 8 of the The Act or act as Chairperson of more than Five (5) committees across all listed entities in which he/she is a Director. Chairmanships/ Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.
- e) The attendance at Board Meetings held during the year and the number of Directorships in public and private companies, Committee Chairmanships / Memberships held by them in other public companies as on 31st March, 2021 are given herein below.

During the financial year 2020-21 Four Board Meeting were held on 10th June 2020, 07th August 2020, 06st November, 2020 and 11th February, 2021 Details of Board Meetings are given in the table appended below:

| Name of Directors | No of Board Meetings Attended during the year 2020-2021 | Whether last Annual General Meeting held on 25 September, 2020 attended | No of Directorship in other Companies as on 31 st March, 2021 | No of Committee position in other public Companies as on 31 st March, 2021 . | |
|-------------------------|---|---|--|---|----------|
| | | | | Member | Chairman |
| Smt. Nehal N. Gandhi | 2 | No | 2 | 0 | 0 |
| Shri. Kunal N. Gandhi | 4 | Yes | 5 | 2 | 0 |
| Shri. Yogesh B. Shah | 4 | Yes | 0 | 0 | 0 |
| Shri. Sandeep P. Parikh | 3 | No | 3 | 2 | 1 |
| Shri. Vinod S. Shanbhag | 4 | Yes | 3 | 3 | 2 |
| Shri. Atit N. Shukla | 4 | No | 0 | 0 | 0 |
| Smt. Neha A Thakore* | 0 | No | NA | NA | NA |

*Smt. Neha A. Thakore resigned from the position of Independent Director w.e.f 3rd July, 2021.

Familiarisation Programme imparted to Independent Directors has been given on the Company's Website i.e. www.lykalabs.com

- f) The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

| Sr No. | Area of skills/expertise/ competencies |
|--------|--|
| 1. | Financial Skills/Accounts |
| 2. | Pharma marketing strategy |
| 3. | Legal and Regulatory Compliance and Governance |
| 4. | Risk Management |
| 5. | Plant Management |
| 6. | Supply Chain |

These skills/competencies are broad-based, encompassing several areas of expertise/experience. Each Director may possess varied combinations of skills/experience within the described set of parameters, and it is not necessary that all Directors possess all skills/experience listed therein.

3. AUDIT COMMITTEE

The terms of reference of the Audit Committee is as set out in Regulations 18 of the Listing Regulations and Section 177 of the Act and as adopted by the Board of Directors of the Company. This inter alia includes:

1. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

2. Review and monitor the auditor's independence and performance, and effectiveness of audit process
3. Examination of the financial statement and the auditors' report thereon;
4. Approval of transactions of the Company with related parties;
Provided that the Audit Committee may recommend omnibus approval for related party transactions proposed to be entered into by the company subject to conditions as prescribed under Rule 6A of Companies (Meeting of Board and its Power) Rules, 2014;
Provided that where the need for related party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
Provided also that the provisions of this clause shall not apply to a transaction, other than a transaction referred to in Section 188 of the The Act, between the company and its wholly owned subsidiary companies.
5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters.

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I. Role of Audit Committee:

- i. Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) Changes, if any, in accounting policies and practices and reasons for the same;
 - (b) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (c) Significant adjustments made in the financial statements arising out of audit findings;
 - (d) Compliance with listing and other legal requirements relating to financial statements;
 - (e) Disclosure of any related party transactions;
 - (f) Modified opinion(s) in the draft audit report;
- iii. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- iv. Valuation of undertakings or assets of the Company, wherever it is necessary;
- v. Evaluation of internal financial controls and risk management systems;
- vi. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- vii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- viii. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- ix. To review the functioning of the whistle blower mechanism;
- x. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- xi. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

II. Matters to be reviewed by Audit Committee:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. Statement of deviations:
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

As on 31st March, 2021, the Audit Committee comprises of Three (3) Directors, out of which Two (2) are Independent Directors and One (1) is Executive Director. In the financial year 2020-21, Four (4) meetings were held on 10th June, 2020, 06th August, 2020, 05th November, 2020 and 10th February, 2021 respectively.

The Details of Composition of Audit Committee and the number of Meetings held and attended by the Members during the financial year 2020-2021 are mentioned herein below:

| Name of Committee Members | Category | No of Meetings | No of Meetings |
|------------------------------------|----------------------|----------------|----------------|
| | | Held | Attended |
| Shri. Sandeep P. Parikh (Chairman) | Independent Director | 4 | 4 |
| Shri. Kunal N . Gandhi (Member) | Executive Director | 4 | 4 |
| Shri. Vinod S. Shanbhag (Member) | Independent Director | 4 | 4 |

4. NOMINATION AND REMUNERATION COMMITTEE

Pursuant to the Regulation 19(4) read with Part D of Schedule II of SEBI Listing Regulations and Section 178 of the Act and as adopted by the Board of Directors of the Company, the terms of reference of Nomination & Remuneration Committee shall include the following:

- i. 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;
- ii. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- iii. Devising a policy on diversity of Board of Directors;
- iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- v. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- vi. Recommend to the board, all remuneration, in whatever form, payable to senior management.

During the financial year 2020-21, One (1) meeting of Nomination & Remuneration Committee was held on 07th August, 2020.

As on 31st March, 2021, the Nomination & Remuneration Committee comprises of Three (3) Directors, out of which Two (2) are Independent Directors and One (1) is Non- Executive Director.

Lyka Labs Limited

The Details of Composition of Nomination & Remuneration Committee and the number of Meetings held and attended by the Members during the financial year 2020-2021 are mentioned herein below;

| Name of Committee Members | Category | No of Meeting Held | No of Meeting Attended |
|---------------------------------------|------------------------|--------------------|------------------------|
| Shri. Vinod S. Shanbhag (Chairman) | Independent Director | 1 | 1 |
| Smt. Nehal N. Gandhi (Member) | Non Executive Director | 1 | 1 |
| Shri. Sandeep P. Parikh (Member) | Independent Director | 1 | 1 |

Performance Evaluation

The manner of performance evaluation for the Board, its Committees and Individual Director is determined by indicative list of factors on which evaluation was carried out which includes participation, attendance, financial literacy, contribution by a director and maintenance of confidentiality of information etc.

5. REMUNERATION OF DIRECTORS:

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

As per policy, remuneration to Non-Executive and Independent Directors will only include sitting fees for attending Meetings of Board and Audit Committee as decided by the Board within the limits prescribed under the act.

Details of remuneration paid to Executive Directors and sitting fees paid to Non-Executive Director and Independent Directors during the year ended 31st March, 2021 are given as under;

| Name of Directors | Sitting Fees | Salary | Total |
|-------------------------|--------------|-----------|-----------|
| Shri. Kunal N. Gandhi | N.A | 84,08,000 | 84,08,000 |
| Smt. Nehal N. Gandhi | 60,000 | - | 60,000 |
| Shri. Vinod S. Shanbhag | 240,000 | - | 240,000 |
| Shri. Sandeep P. Parikh | 210,000 | - | 210,000 |
| Smt. Neha A. Thakore | NIL | - | NIL |
| Shri. Atit N. Shukla | 120,000 | - | 120,000 |

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of Stakeholders Relationship Committee is as per the framework prescribed under the Act & Rules thereunder and the Listing Regulations. The Committee comprises of Three (3) Directors out of which Two (2) are Independent Directors and One (1) is Executive Director.

During the financial year 2020-21, one (1) meeting of Stakeholder Relationship Committee was held on 10 February, 2021.

The Details of Composition of Stakeholders Relationship Committee and the number of Meetings held and attended by the Members during the financial year 2020-2021 are mentioned herein below;

| Name of Committee Members | Category | No of Meeting Held | No of Meeting Attended |
|---------------------------------------|----------------------|--------------------|------------------------|
| Shri. Vinod S. Shanbhag (Chairman) | Independent Director | 1 | 1 |
| Shri. Kunal N. Gandhi (Member) | Executive Director | 1 | 1 |
| Shri. Sandeep P. Parikh (Member) | Independent Director | 1 | 1 |

7. GENERAL BODY MEETINGS:

a. Location and Time of the last 3 (Three) Annual General Meetings:

| Financial Year | Date | Time | Items of Special Resolution at each meeting | Venue |
|----------------|----------------------------------|-----------|---|---|
| 2017-18 | 29 th September, 2018 | 12.30 P.M | - | 4801/B & 4802/A GIDC Industrial Estate Ankleshwar Gujarat 393002 |
| 2018-19 | 18 th September, 2019 | 12.30 P.M | <ol style="list-style-type: none"> 1. Appointment of Statutory Auditors 2. Ratification of Remuneration of Cost Auditor for cost audit for the financial year ended 31st March, 2020. 3. Appointment of Shri. Vinod S Shanbhag (DIN: 00555709) as an Independent Director 4. Appointment of Shri Atit N Shukla (DIN: 07238247) as an Independent Director 5. Re – appointment of Shri. N I Gandhi (DIN: 00021530) as Managing Director of the Company w.e.f. 1st April, 2019 upto 10th July, 2019. 6. Appointment of Shri Kunal N Gandhi as Joint Managing Director of the Company w.e.f. 12th February, 2019. 7. Change in designation of Shri Kunal Gandhi from Joint Managing Director to Managing Director of the Company and upward revision in his Remuneration. 8. Alteration of Articles of Association of the Company 9. Increase in Authorised Share Capital. 10. To amend the Memorandum of Association 11. Approval of Related Party Transaction | 4801/B & 4802/A GIDC Industrial Estate Ankleshwar Gujarat 393002 |

Lyka Labs Limited

| | | | | |
|---------|----------------------------------|----------|--|--|
| 2019-20 | 25 th September, 2020 | 12.30 PM | <ol style="list-style-type: none"> 1. Ratification of appointment and fixing Remuneration of Cost Auditor for the Financial year ended 31 March, 2021. 2. Ratification of Remuneration of Cost Auditor for the Financial year ended 31 March, 2021. 3. Appointment of Shri. Sandeep P. Parikh (DIN: 00022365) as an Independent Director. 4. Appointment of Shri. Yogesh B. Shah (DIN: 06396150) as a Director, 5. Appointment of Shri. Yogesh B. Shah (DIN: 06396150) as an Executive Director. 6. Approval of Related Party Transactions | <p>Due to COVID 19 Pandemic situation, 41st Annual General meeting of the Company was convened on 25th September, 2020 through Video Conference and Other Audio Visual Means (VC/OAVM).</p> |
|---------|----------------------------------|----------|--|--|

8. MEANS OF COMMUNICATION:

a. Quarterly results:

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 60 (sixty days) from the closure of the financial year as per the requirement of the SEBI (Listing Obligations Disclosure Requirement) Regulations, 2015.

b. Newspapers wherein results normally published;

The financial results are published in English language national daily newspaper circulating in the India and in one daily newspaper published in the language of the region, where the registered office of the Company is situated.

c. Website of the Company:

The Company disseminates information to its shareholders by way of filing quarterly, half yearly and annual financial statements with designated stock exchanges which are also uploaded on the website of the company i.e. www.lykalabs.com. Necessary communication required under the applicable laws to be made by the Company are disclosed on the abovementioned website for shareholders reference.

Green Initiative:

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs, and due to current ongoing COVID-19 pandemic situation, the notice convening 42nd Annual General Meeting (AGM) along with the Annual Report for the financial year 2020-2021 will be sent only through electronic mode on Thursday 08th July, 2021 to the member's whose email addresses are registered with Depository Participants/ M/s Link IntimeIndia Private Limited (Company's Registrar and Share Transfer Agent) as on Friday 02nd July, 2021 (Cut-off date for sending the AGM Notice along with Annual Report).

Accordingly, physical copies of the notice along with annual report will not be made available to the members.

9. GENERAL SHAREHOLDER INFORMATION:

a. The AGM of the Company for the financial year 2020-21 is scheduled on Friday, 30th July, 2021 at 12.30 pm through Video Conference/ Other Audio Visual Means (VC/OAVM).

By virtue of the above, the venue of the meeting shall be deemed to be the Registered Office of the Company.

b. Financial year:

The financial year of the Company starts from the 1st day of April and ends on 31st day of March of next year.

c. Dividend Payment Date:

No dividend is recommended for the financial year 2020-2021.

d. Listing on Stock Exchange:

The Company's equity shares are listed on BSE 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) | INE933A01014 |
| BSE- Stock Code | 500259 |
| NSE- Stock Code | LYKALABS |
| BSE Address | PhirozeJeejeebhoy Towers, Dalal Street, Mumbai 400 001; Website: www.bseindia.com . |
| NSE Address | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400 051; Website: www.nseindia.com . |
| Annual Listing Fees | The Annual listing fees of BSE Limited and National Stock Exchange of India Limited has been paid for the financial year 2021-22. |

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 2020-2021.

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

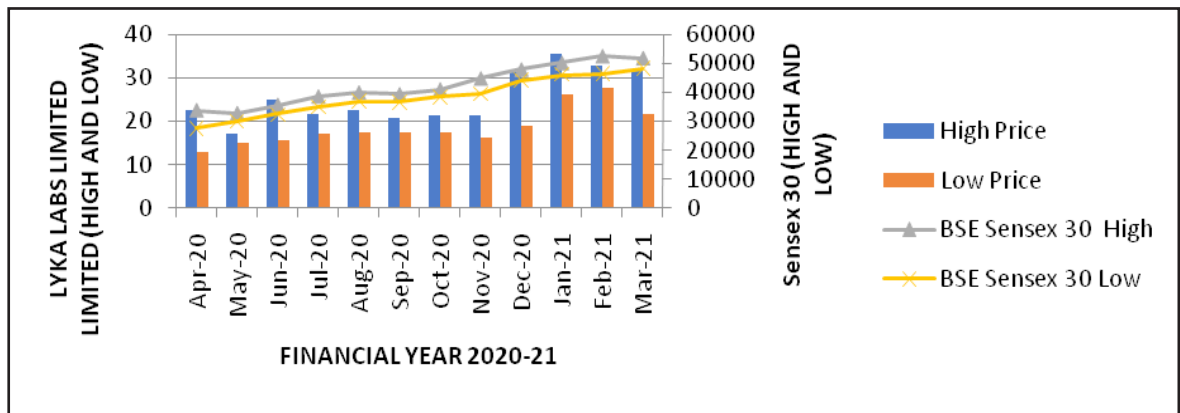
The Share price data for each month during the financial year 2020-21 on the BSE Limited and National Stock Exchange of India Limited are as mentioned below:

| Month | BSE Limited | | National Stock Exchange of India Limited | |
|--------|-------------|-----------|--|-----------|
| | High Price | Low Price | High Price | Low Price |
| Apr-20 | 22.55 | 12.90 | 21.50 | 12.50 |
| May-20 | 17 | 15.00 | 17.95 | 14.65 |
| Jun-20 | 24.85 | 15.65 | 24.70 | 15.05 |
| Jul-20 | 21.75 | 17 | 22 | 17 |
| Aug-20 | 22.50 | 17.35 | 22.60 | 17.25 |

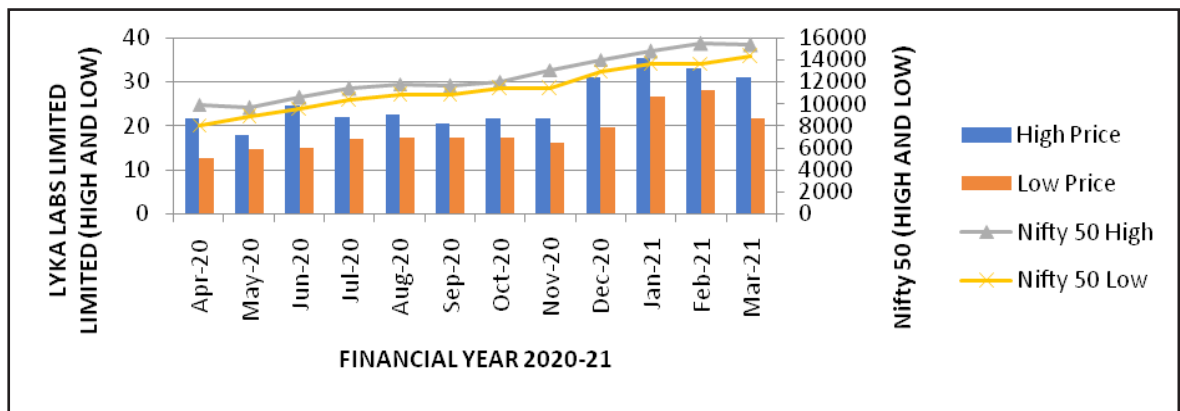
Lyka Labs Limited

| | | | | |
|--------|-------|-------|-------|-------|
| Sep-20 | 20.80 | 17.40 | 20.60 | 17.25 |
| Oct-20 | 21.35 | 17.35 | 21.65 | 17.25 |
| Nov-20 | 21.50 | 16.10 | 21.50 | 16 |
| Dec-20 | 31.25 | 19.05 | 31 | 19.5 |
| Jan-21 | 35.50 | 26.20 | 35.45 | 26.55 |
| Feb-21 | 32.80 | 27.65 | 32.90 | 28.15 |
| Mar-21 | 32 | 21.55 | 31 | 21.75 |

a) Company's Share price performance Versus BSE Sensex:



b) Company's Share price performance Versus Nifty 50 :



g. Registrar and Share Transfer Agent :

| | |
|---------|--|
| Name | M/s Link Intime India Private Limited |
| Address | C- 101, 247 Park, LBS Marg, Vikhroli (West) Mumbai- 400 038 |
| Tel No | + 91 22 4918 6720 |
| Email | rnt.helpdesk@linkintime.co.in |
| Website | www.linkintime.co.in |

h. Share Transfer System:

All share transfers subject to correctness and completion of all documents would normally be registered and returned within thirty days from the date of receipt to Registrar and Share Transfer Agent.

i. Distribution of Shareholding of Lyka Labs Limited :

| No. Equity Shares held | Shareholders | | Shareholding | |
|------------------------|-------------------------|---------------------------|-----------------------------------|---------------------------------|
| | Numbers of Shareholders | Percentage of holding (%) | Total shares held by Shareholders | Percentage of Shareholdings (%) |
| 001 to 500 | 16062 | 83.00 | 2356150 | 8.2124 |
| 501 to 1000 | 1553 | 8.258 | 1315374 | 4.5848 |
| 1001 to 2000 | 799 | 4.129 | 1260108 | 4.3922 |
| 2001 to 3000 | 259 | 1.338 | 678788 | 2.6359 |
| 3001 to 4000 | 124 | 0.4173 | 448344 | 1.5627 |
| 4001 to 5000 | 141 | 0.7286 | 681117 | 2.3741 |
| 5001 and 10000 | 202 | 1.0439 | 1531014 | 5.3364 |
| 10000 and above | 210 | 1.0852 | 20419105 | 71.1715 |
| Total | 19,350 | | 28690000 | 100 |

j. Dematerialization of Shares and Liquidity :

As on 31st March, 2021 the Company's 28449377 equity shares were held in dematerialized form and balance 240623 equity shares were held in physical form.

k. Plant Location:

4801/B & 4802/A, G.I.D.C., Industrial Estate, Ankleshwar- 393 002 District Bharuch, Gujarat.

l. Address for correspondence:

Registered Office: 4801/B & 4802/A, G.I.D.C., Industrial Estate, Ankleshwar- 393 002 District Bharuch, Gujarat

Contact no: 02646-21422/220549

Email: enquiry@lykalabs.com

Corporate Office: Ground Floor, Spencer Building, 30, Forjett Street, Grant Road (West), Mumbai-400036.

Contact No: 022-66112200

Email: companysecretary@lykalabs.com

10. **OTHER DISCLOSURES:**

a. **Related Party Transactions:**

There were no materially significant transactions with Related Parties during the financial year which were in conflict with the interests 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 by the Company, penalties, strictures imposed on the Company by stock exchange(s) or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

SEBI Order on GDR Issue:

SEBI Vide its adjudication order dated 28th September, 2020 imposed penalty of Rs. 10 Lakhs Under Section 23E of Securities Contract Regulations Act, 1956 for not giving proper disclosure pertaining to GDR issue made in the year 2005. The Company paid the penalty amount on 28th October, 2020.

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 behavior 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

d. **Mandatory requirements:**

The Company confirm that it has complied with all mandatory requirement prescribed in the SEBI Listing Regulations for the financial year 2020-2021. The Company has obtained a certificate from Mr. Kaushal Doshi of M/s Kaushal Doshi & Associates, Practicing Company Secretaries certifying compliance with the Paragraph E of Schedule V to the SEBI Listing Regulations. This certificate is annexed to the Director Report as **Annexure F-A**.

e. **Material Subsidiaries:**

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

f. **Related Party Transactions:**

The Company has formulated a Policy on related party transactions and the same is displayed on the Company's website www.lykalabs.com

g. **Disclosure of commodity price risks and commodity hedging activities:**

Disclosure of commodity price risks and commodity hedging activities are not applicable to the Company.

h. **Directors Qualification certificate:**

Certificate has been received from Mr. Kaushal Doshi of M/s Kaushal Doshi & Associates, Practicing Company Secretaries stating that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

i. **Statutory Audit Fees**

Total fees paid by the Company to Statutory Auditor their services to the Company for the Financial year 2020-21 is Rs. 20.35 Lakhs on Standalone basis and Rs. 27.85 on Consolidated basis.

j. **Disclosures in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

During the financial year 2020-21, there were no complaints received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;

- a. **number of complaints filed during the financial year - NIL**
- b. **number of complaints disposed of during the financial year - NIL**
- c. **number of complaints pending as on end of the financial year - NIL**

11. **Non- Mandatory requirements**

- a. **Chairman of the Board as on 31st March, 2021:** The Chairman of the Board is Executive.
 - b. **Shareholder Rights:** The Company's Quarterly, Half Yearly and Annually/Yearly results are published in leading English and Gujarati daily newspapers.
 - c. **Audit Qualification:** There is no Audit Qualification.
 - d. **Reporting of Internal Auditors:** The Internal Auditor's report is reviewed by the Audit Committee on quarterly basis.
12. The Company is in compliance with the corporate governance requirements specified under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of listing regulations.

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

I, Kunal N. Gandhi, Managing Director and Chief Executive Officer of the Company hereby confirms that the members of Board of Directors and Senior Management Personnel of the Company have complied with the code of conduct of Board of Directors and Senior Management Personnel.

**For and on behalf of the Board of
LYKA LABS LTD**

**Kunal N Gandhi
Chairman & Managing Director
(DIN:01516156)**

**Place: Mumbai
Date: 02nd June, 2021**

Compliance Certificate

[as per Regulation 17(8)]

- A. We have reviewed financial statements and the cash flow Statement for the Financial year 31 March, 2021 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 Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or volatile of the Company'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 Company 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. 1) There were no significant changes in internal control over financial reporting during the year;
2) There were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3) There were no 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 Company's internal control system over financial reporting.

Date: 02nd June, 2021
Place: Mumbai

Kunal N. Gandhi
Chief Executive Officer

Yogesh B. Shah
Chief Financial Officer



Annexure F-A

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Lyka Labs Limited
CIN- L24230GJ1976PLC008738

I have examined the compliance of conditions of Corporate Governance by Lyka Labs Limited ('the Company'), for the financial year ended 31st March, 2021 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 Secretaries
Kaushal Doshi
(Proprietor)
FCS- 10609 / COP- 13143
UDIN: F010609C000411108

Place : Mumbai
Date : 2nd June, 2021

“ANNEXURE G” MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview And Outlook

Over a year, the COVID-19 pandemic has hit us hard through public health crisis and economic disruption. In this scenario, high uncertainty surrounds the global economic outlook. There has been contraction of activity in 2020. As per IMF, the global economy contracted -3.3 percent in 2020. As per IMF, the global economy is projected to grow at 6 percent in 2021 and moderating to 4.4 percent in 2022. The COVID-19 recession is likely to leave smaller scars than the 2008 global financial crisis. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.

Pharmaceutical Sector Overview

Pharmaceutical has always been one of the significant contributors to the world economy. As per Global Medicines & Usage Trends: Outlook to 2025 report by IQVIA in April 2021, the total cumulative spending on Covid-19 vaccine through 2025 is projected to be USD 157 billion, largely focused on the initial wave of vaccinations to be completed by 2022.

Despite the unprecedented dynamics at play with the COVID-19 pandemic, medicine spending growth will continue to be driven by traditional factors including patent expiries, launches of new medicines as well as changing volume demand. As per the IQVIA report, the global medicine spending the amount spent purchasing medicines from manufacturers before off-invoice discounts and rebates is expected to reach about USD 1.6 trillion in total market size in 2025, registering 3-6% CAGR.

Company Overview

Lyka Labs Limited is a pharmaceutical company engaged in the development, manufacture and marketing of quality finished dosages. The Company has a well-diversified business model in terms of markets, therapies and products to fulfil unmet patient needs. This also helps us de-risk the business to a large extent from possible uncertainties in the business environment.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

The Company is engaged in only one segment viz. pharmaceuticals. The Company is one of the oldest company in Indian pharmaceuticals industry having presence in Domestic as well as International markets. The Company has commercial presence in various countries either on its own or through its subsidiary company. During the year, the total revenue of the Company is Rs.64 crores.

OUTLOOK:

1. Company is constantly exploring possibilities of entry into newer international markets with reputed partners and also introduce new products in existing markets.
2. It is also modernising its existing manufacturing facilities to improve through put and reduce manufacturing costs thereby increasing profitability.
3. Company is also trying to add reputed customers to its clientele list in the domestic P2P and Job work business.
4. The Company also expects to have Plant approvals from PICS and other regulatory Authorities within the next financial year.
5. To meet the increase in demand for lyophilised products the company has embarked on an expansion project of its Lyophilization Plant at its Ankleshwar factory. This Project is likely to be completed in 6 months with a 50% enhancement in capacity for lyophilisation.

RISKS AND CONCERNS :

Your Company does not perceive any risks or concerns other than those that are common to the industry such as regulatory risks, exchange risk, cyber risks and other commercial and business related risks.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

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 2021.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the financial year the total Income from Operations was Rs 64.47 crores as against a total income of Rs 43.33 crores of the previous financial Year ended on 31st March, 2020. During the Financial year the company has earned operating profit of Rs 16.63 Crores before charging interest and depreciation as against loss of Rs 61.94 lakhs of the Previous Financial Year ended on 31st March 2020.

HUMAN RESOURCE :

There has been no material development on human resources and industrial relations front. The relationship with employees and workers continued to be cordial at all levels. As on 31st March 2021, permanent employees and workers strength was **99**.

KEY FINANCIAL RATIOS :

The key financial ratio for 2020-21 and changes therein as compared to the immediately preceding financial year along with detailed explanation in cases where the change is 25% or more are as under:

- a. **Debtors Turnover ratio:** Net credit sales/Average Account Receivable. The ratio for the year was 7.55 (times) as against 3.81 (times) in the previous year. This year this ratio is lower as compared to previous year due to increase in revenue and decrease in average debtor.
- b. **Inventory Turnover ratio:** Cost of Goods Sold / Average Inventory. This ratio for the year was 4.70 (times) as against 3.48 (times) in the previous year. The ratio in the current year has increased due to increase in Cost of Goods Sold and reduction in average inventory.
- c. **Interest Coverage ratio:** EBIT / Interest Expense. The ratio for the year was 28% as against -190% in the previous year. This ratio has become positive in the current year due to increase in total income before interest and tax.
- d. **Current Ratio:** Current Assets/ Current Liabilities. This ratio for the year was 0.58 (times) as compared to 0.55 (times) in the previous year. This ratio in the current year has increased due to decrease in current assets and decrease in current liabilities.
- e. **Debt-Equity ratio:** Total Debt/ Shareholders Equity. This ratio for the year was 43.17 (times) as against 9.44 (times) in the previous year. This ratio has increased due to decrease in equity and increase in debt.
- f. **Operating Profit Margin:** EBIT/Sales operating profit margin for the year was -110% as against -83% in the previous year. The operating profit has become positive due to increase in operating profit.
- g. **Net Profit Margin:** Net Profit/Sales Net Profit Margin (including other income) for the year was -23% as against -136% in the previous year. Due to reduction in net loss as compared to previous year.

CHANGE IN RETURN ON NET WORTH

Return on Net Worth: This financial performance is calculated by dividing net income by shareholders equity. Return on networth or return on equity during the year was -328% as compared to -295% in the previous year. The negative return on net worth increased due to reduction in equity as compared to previous year.

For and Behalf of Board of Lyka Labs Limited
Kunal N. Gandhi
Managing Director
DIN: 01516156

Date: 02 June, 2021

Place: Mumbai

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of
Lyka Labs Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of **Lyka Labs Limited** ("the Company") (includes the Statement of Company's branch at Ankleshwar audited by other auditors and relied upon by us, after making such changes as are considered necessary for incorporation), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its loss, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no key audit matters to be disclosed.

Information Other than the financial Statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the Other Information. The Other Information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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 of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies

INDEPENDENT AUDITORS' REPORT (Cont...)

(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

Other Matter

The accompanying Statement includes the audited financial statement and other financial information, in respect of one branch at Ankleshwar, whose financial result include total assets of Rs 6,938.47 lakhs as at March 31, 2021, total revenues of Rs. 4,973.01 lakhs, total net profit/(loss) before tax of Rs. 1138.82 lakhs, total comprehensive income/(loss) of Rs. 1138.82 lakhs, for the year ended on that date, as considered in the Statement. These financial statement and other financial information have been audited by other auditor whose reports have been furnished to us by the management. Accordingly, our opinion, in so far as it relates to the affairs of branch is based solely on the report of other auditor.

Our opinion above on the financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above 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 and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.
 - (c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditor have been sent to us and have been properly dealt with by us in preparing this report.
 - (d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account and with the returns received from the branch not visited by us.
 - (e) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2021 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 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) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the pending litigations which has impact on its financial position in its financial statements – Refer Note 36 to the standalone financial statements.
 - ii. The Company has made provisions, as required under the applicable Law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring of amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2021.

For D. Kothary & Co
Chartered Accountants
Firm Regn No. 105335W
Mehul N. Patel
(Partner)

Place: Mumbai
Date: 02nd June, 2021.

Membership No. 132650
UDIN: 21132650AAAET1170

Annexure A to Independent Auditors' Report

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

- i. In respect of its Property, plant & Equipment:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant & equipment on the basis of available information.
 - b) As explained to us, all the property, plant & equipment have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) According to the information and explanations given to us, the title deeds of immovable properties including leasehold land, as disclosed in Note 3 on property, plant and equipment to the Financial Statements, are held in the name of the Company.
- ii. In respect of its inventories:
 - a) In our opinion and according to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to one body corporate, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which :
 - a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - c) There is no overdue amount remaining outstanding as at the year-end.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. According to the information and explanations given to us, the Company had received National Company Law Tribunal (NCLT) order dated 22nd January, 2016, granting extension of time for repayment of Fixed Deposits. During the year, the Company has repaid deposits that were claimed and as regards the balance Rs. 42.40 Lakhs, the same shall be paid as and when claimed. Refer note no. 37
- vi. We have broadly reviewed the Cost records maintained by the Company which have been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, in respect of the manufacture of Bulk Drugs and Formulations to which the said rules are made applicable, and are of the opinion that, prima-facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records, with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us in respect of statutory dues:
 - a) Undisputed statutory dues in respect of sales tax, service tax, withholding taxes, provident fund, and employees' state insurance, cess as applicable and any other statutory dues have been generally regularly deposited with the appropriate authorities. There were no undisputed amounts payable in respect of Income-tax, Custom Duty, GST, Cess and other material statutory dues in arrears as at 31st March 2021, for a period of more than six months from the date they became payable.

Lyka Labs Limited

b) Following statutory dues have not been deposited on account of disputes pending with various forums.

| Sr. No. | Nature of Dues | Amount (Rs. In Lakhs)* | Period to which the amount relates | Name of the forum |
|---------|--|------------------------|--------------------------------------|--|
| 1 | Demand under Drugs Price control Order | 1061.96 | Demands raised in 1987,1990 and 1995 | Gujarat High Court |
| 2 | Purchase Tax | 16.00 | 1991-1996 | Maharashtra Sales Tax Appellant Tribunal |
| 3 | Excise Duty | 11.22 | 2006-2007 | Commissioner Of Central Excise & Service Tax |
| | | 60.15 | 2008-2013 | Customs, Excise and Service Tax Appellant Tribunal |
| | | 83.75 | 1995 to February 2000 | Commissioner Of Central Excise & Service Tax |
| 4 | Bombay Sales Tax | 61.86 | 1998-1999 | Sales Tax Appellant Tribunal |
| 5 | Maharashtra Value Added Tax | 38.89 | 2005-2006 | Deputy Commissioner of sales tax |
| | | 34.14 | 2007-2008 | Deputy Commissioner of sales tax |
| | | 369.38 | 2014-2015 | Joint Commissioner of Sales Tax (Appeal) |
| | | 110.34 | 2015-2016 | Dy. Commissioner of Sales Tax |
| 6 | Central Sales Tax | 17.95 | 1998-1999 | Sales Tax Appellant Tribunal |
| | | 91.58 | 2005-2006 | Deputy Commissioner of sales tax |
| | | 5.92 | 2006-2007 | Sales Tax officer – Nodal |
| | | 59.45 | 2007-2008 | Deputy Commissioner of sales tax |
| | | 38.12 | 2011-2012 | Joint commissioner of Sales Tax (Appeal) |
| | | 22.24 | 2014-2015 | Joint Commissioner of Sales Tax (Appeal) |
| | | 37.45 | 2015-2016 | Deputy Commissioner of sales tax |
| 7 | Gujarat Sales Tax | 39.64 | 2002-2003 | Commissioner Of Sales Tax (Appeals) |
| 8 | Income Tax | 44.63 | AY 2002-2003 | Commissioner of Income Tax (Appeals) |
| | | 150.00 | AY 2004-2005 | Commissioner of Income Tax (Appeals) |
| | | 80.85 | AY 2010-2011 | Income Tax Appellate Tribunal |
| | | 155.40 | AY 2011-2012 | Income Tax Appellate Tribunal |
| | | 61.77 | AY 2014-2015 | Income Tax Appellate Tribunal |

(*net of amounts paid under protest)

INDEPENDENT AUDITORS' REPORT (Cont....)

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company had repaid the Debenture as per the Order of NCLT dated 22nd May, 2017 and 13 lakh is outstanding as on 31st March, 2021 due to cheques returned undelivered / unclaimed. Refer Note no. 38.
- ix. According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. The Company has paid/provided for managerial remuneration in the books of accounts in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 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 the 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.
- xiv. According to the information and explanations give 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.
- 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. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For D. Kothary & Co
Chartered Accountants
Firm Regn No. 105335W
Mehul N. Patel
(Partner)

Membership No. 132650
UDIN: 21132650AAAAET1170

Place: Mumbai
Date: 2nd June, 2021.

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

Annexure - B to the Auditors' Report

To the Members of
Lyka Labs Limited

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

We have audited the internal financial controls over financial reporting of **Lyka Labs Limited** ("the Company") as of 31 March 2021 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 Companies Act, 2013.

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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



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, 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 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Mumbai
Date: 02nd June, 2021.

For D. Kothary & Co
Chartered Accountants
Firm Regn No. 105335W
Mehul N. Patel
(Partner)
Membership No. 132650
UDIN: 21132650AAAAET1170

Lyka Labs Limited

BALANCE SHEET AS AT 31ST MARCH, 2021

| Particulars | Notes | As at 31st March, 2021 | As at 31st March, 2020 |
|---|-------|---------------------------|---------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 3 | 6,658.66 | 7,148.42 |
| (b) Capital Work- In- Progress | 3 | 1,618.18 | 1,660.18 |
| (c) Intangible assets | 4 | 2,874.87 | 3,016.72 |
| (d) Intangible assets under development | 4 | 821.76 | 979.87 |
| (e) Financial Assets | | | |
| (i) Investments | 5 | 3,240.30 | 3,240.30 |
| (ii) Other Financial Assets | 6 | 1,372.44 | 1,315.50 |
| (f) Other Non Current Assets | 7 | 140.56 | 124.86 |
| (g) Non Current Tax Assets | 8 | 414.71 | 342.72 |
| (h) Deferred tax assets(net) | 9 | 1,622.07 | 1,228.42 |
| | | <u>18,763.55</u> | <u>19,056.99</u> |
| Current Assets | | | |
| (a) Inventories | 10 | 429.86 | 570.64 |
| (b) Financial Assets | | | |
| (i) Investments | 5 | 0.77 | 0.75 |
| (ii) Trade Receivables | 11 | 989.91 | 659.48 |
| (iii) Cash and Cash Equivalents | 12 | 652.84 | 840.43 |
| (iv) Loans | 13 | 5.70 | 285.78 |
| (v) Other Financial Assets | 14 | 96.47 | 200.40 |
| (c) Other Current Assets | 15 | 397.95 | 512.34 |
| | | <u>2,573.50</u> | <u>3,069.82</u> |
| | | <u>21,337.05</u> | <u>22,126.81</u> |
| Total Assets | | | |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 16 | 2,869.00 | 2,869.00 |
| (b) Other Equity | 17 | (2,428.08) | (991.07) |
| | | <u>440.92</u> | <u>1,877.93</u> |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 15,105.54 | 12,569.00 |
| (ii) Other Financial Liabilities | 19 | 1,047.23 | 1,862.99 |
| (b) Provisions | 20 | 268.17 | 283.29 |
| | | <u>16,420.94</u> | <u>14,715.28</u> |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 21 | 1,008.95 | 1,059.09 |
| (ii) Trade Payable | | | |
| - Micro and Small Enterprise | 22 | 309.58 | 211.90 |
| - Other than Micro and Small Enterprise | 22 | 892.38 | 1,438.43 |
| (iii) Other Financial Liabilities | 23 | 1,874.07 | 2,234.73 |
| (b) Other Current Liabilities | 24 | 228.12 | 398.21 |
| (c) Provisions | 25 | 162.09 | 191.24 |
| | | <u>4,475.19</u> | <u>5,533.60</u> |
| | | <u>21,337.05</u> | <u>22,126.81</u> |

(See accompanying notes to the standalone financial statements)

In terms of our report of even date,
For D. Kothary & Co.
Chartered Accountants
Firm Registration No. 105335W

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

(**Mehul N. Patel**)
Partner
Membership No. 132650

(**Kunal. N. Gandhi**)
Managing Director &
Chief Executive Officer
DIN : 01516156

(**Vinod S Shanbaug**)
Director
DIN : 00555709

(**Y. B. Shah**)
Executive Director
& Chief Financial Officer
DIN : 06396150

(**Piyush Hindia**)
Company Secretary

Place : Mumbai
Date : 2nd June, 2021



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in lakh)

| Particulars | Notes | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|---|-------|--|--|
| INCOME | | | |
| Income from Operations | 26 | 4,472.67 | 3,640.87 |
| Other Operating Income | 27 | 1,753.63 | 433.47 |
| | | <u>6,226.30</u> | <u>4,074.34</u> |
| Other Income | 28 | 221.03 | 259.58 |
| Total Income | | <u>6,447.33</u> | <u>4,333.92</u> |
| EXPENSES | | | |
| Cost of Materials Consumed | 29 | 1,231.26 | 1,344.58 |
| Purchases of Stock-in-Trade | | 917.19 | 785.09 |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | 30 | 203.73 | (28.02) |
| Employee Benefits Expense | 31 | 1,302.58 | 1,171.14 |
| Finance Costs | 32 | 2,555.28 | 1,901.21 |
| Depreciation and Amortization Expense | 3 & 4 | 804.97 | 776.69 |
| Other Expenses | 33 | 1,128.98 | 1,123.07 |
| Total Expenses | | <u>8,143.99</u> | <u>7,073.76</u> |
| (Loss) before Exceptional items | | <u>(1,696.66)</u> | <u>(2,739.84)</u> |
| Exceptional items | 34 | 142.87 | 2,775.29 |
| (Loss) before tax | | <u>(1,839.53)</u> | <u>(5,515.13)</u> |
| Tax Expense: | | | |
| Deferred Tax | | (393.64) | 23.52 |
| (Loss) for the year | | <u>(1,445.89)</u> | <u>(5,538.65)</u> |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of defined benefit plans (net of tax) | | (8.88) | 40.48 |
| Total Other Comprehensive Income | | <u>(8.88)</u> | <u>40.48</u> |
| Total Other Comprehensive Income for the year | | <u>(1,437.01)</u> | <u>(5,579.13)</u> |
| Earnings per share (of ₹ 10/- each): | | | |
| Basic / Diluted | 47 | (5.08) | (19.48) |

(See accompanying notes to the standalone financial statements)

In terms of our report of even date,
For D. Kothary & Co.
 Chartered Accountants
 Firm Registration No. 105335W

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

(Mehul N. Patel)
 Partner
 Membership No. 132650

(Kunal. N. Gandhi)
 Managing Director &
 Chief Executive Officer
 DIN : 01516156

(Vinod S Shanbaug)
 Director
 DIN : 00555709

Place : Mumbai
 Date : 2nd June, 2021

(Y. B. Shah)
 Executive Director
 & Chief Financial Officer
 DIN : 06396150

(Piyush Hindia)
 Company Secretary

Lyka Labs Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. Equity Share Capital (Refer note 16)

(₹ In lakhs)

| Particulars | As at 31 st March, 2021 | | As at 31 st March, 2020 | |
|---|------------------------------------|-----------------|------------------------------------|-----------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Balance at the beginning of the reporting year | 2,86,90,000 | 2,869.00 | 2,81,40,000 | 2,814.00 |
| Changes in equity share capital during the year | - | - | 550,000 | 55.00 |
| Balance at the end of reporting year | 2,86,90,000 | 2,869.00 | 2,86,90,000 | 2,869.00 |

B. Other Equity (Refer note 17)

(₹ In lakhs)

| Particulars | Reserves and surplus | | | | Items of Other Comprehensive Income | Total |
|---|----------------------|----------------------------|-----------------|-----------------|---|-------------------|
| | Retained Earnings | Securities Premium Account | Capital Reserve | General Reserve | (Remeasurement of the defined benefit plan) | |
| Balance at 31st March, 2020 | (11,353.54) | 9,743.97 | 50.68 | 625.30 | (57.48) | (991.07) |
| (Loss) for the year | (1,445.89) | - | - | - | - | (1,445.89) |
| Other Comprehensive Income or the year, net of income tax | - | - | - | - | 8.88 | 8.88 |
| Balance at 31st March, 2021 | (12,799.43) | 9,743.97 | 50.68 | 625.30 | (48.60) | (2,428.08) |

In terms of our report of even date,
For D. Kothary & Co.
 Chartered Accountants
 Firm Registration No. 105335W

(Mehul N. Patel)
 Partner
 Membership No. 132650

Place : Mumbai
 Date : 2nd June, 2021

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

(Kunal. N. Gandhi)
 Managing Director &
 Chief Executive Officer
 DIN : 01516156

(Y. B. Shah)
 Executive Director
 & Chief Financial Officer
 DIN : 06396150

(Vinod S Shanbaug)
 Director
 DIN : 00555709

(Piyush Hindia)
 Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in lakh)

| Particulars | Current Year Ended 31st March, 2021 | Previous Year Ended 31st March, 2020 |
|---|--|---|
| A. Cash Flow from Operating Activities | | |
| (Loss) for the year before tax | (1,839.53) | (5,515.12) |
| Adjusted for : | | |
| Depreciation | 804.97 | 776.69 |
| Interest Income | (139.46) | (69.32) |
| Finance Cost | 2,555.28 | 1,901.21 |
| Provision for Doubtful Trade Receivables & Advances | 45.16 | (79.89) |
| Provision / Credit Balance no longer required Written Back | - | (0.00) |
| Exceptional Items | 130.87 | 2,949.92 |
| Return on Investment | (0.03) | (0.04) |
| | 3,396.79 | 5,478.57 |
| Operating Profit before Working Capital change | 1,557.26 | (36.55) |
| Changes in Working Capital : | | |
| (Increase) / Decrease in Other Non-Current Financial Assets | (83.32) | (125.36) |
| (Increase) / Decrease in Other Non-Current Assets | (15.70) | 2.78 |
| (Increase) / Decrease in Inventories | 140.78 | 65.84 |
| (Increase) / Decrease in Trade and other receivables | (324.45) | 951.63 |
| (Increase) / Decrease in Other Current Financial Assets | 103.93 | 150.23 |
| (Increase) / Decrease in Other Current Assets | 114.40 | 466.60 |
| (Increase) / Decrease in Current Loans | 280.08 | (905.61) |
| Increase / (Decrease) in Other Non-Current Financial Liabilities | (6.54) | 3.38 |
| Increase / (Decrease) in Non-Current Provisions | (15.12) | (7.72) |
| Increase / (Decrease) in Trade Payables | (448.37) | (686.07) |
| Increase / (Decrease) in Other Current Financial Liabilities | (414.44) | (2.99) |
| Increase / (Decrease) in Other Current Liabilities | (170.09) | (1,032.54) |
| Increase / (Decrease) in Current Provisions | (71.41) | (65.23) |
| | (910.25) | (1,185.06) |
| Cash Generated from Operations | 647.01 | (1,221.61) |
| Net Income Tax Payment | (71.98) | 76.77 |
| Net cashflow from operating activities (A) | 575.03 | (1,144.84) |
| B. Cashflow for Investing Activities | | |
| Purchase of Fixed Assets | (126.78) | (56.70) |
| Interest Received | 139.46 | 69.32 |
| Net cash used in Investing Activities (B) | 15.64 | 12.62 |
| C. Cashflow from Financing Activities | | |
| Proceed from / (Repayment) of Non Current Borrowings Net | 3.44 | 2,765.23 |
| Proceed from / (Repayment) of Current Borrowings Net | (129.96) | (409.84) |
| Proceeds from Issue of Equity Shares net (Including Premium) | - | 226.88 |
| Interest Paid | (648.78) | (621.60) |
| Net cash used in Financing Activities (C) | (775.30) | 1,960.67 |
| Net (decrease) / increase in Cash and Cash Equivalents (A+B+C) | (187.59) | 828.45 |

Lyka Labs Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

| Particulars | Current Year Ended 31st March, 2021 | Previous Year Ended 31st March, 2020 |
|---|--|---|
| Cash and Cash Equivalents at the beginning of the year | | |
| Cash and Cash Equivalents | 13.81 | 11.98 |
| Earmarked Balances | 826.62 | - |
| | <u>840.43</u> | <u>11.98</u> |
| Cash and Cash Equivalents at the end of the year | | |
| Cash and Cash Equivalents | 11.66 | 13.81 |
| Earmarked Balances | 641.18 | 826.62 |
| | <u>652.84</u> | <u>840.43</u> |

In terms of our report of even date,
For D. Kothary & Co.
Chartered Accountants
Firm Registration No. 105335W

(Mehul N. Patel)
Partner
Membership No. 132650
Place : Mumbai
Date : 2nd June, 2021

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

(Kunal. N. Gandhi)
Managing Director &
Chief Executive Officer
DIN : 01516156

(Y. B. Shah)
Executive Director
& Chief Financial Officer
DIN : 06396150

(Vinod S Shanbaug)
Director
DIN : 00555709

(Piyush Hindia)
Company Secretary

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, ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:**A. SIGNIFICANT ACCOUNTING POLICIES:****2.1 Basis of Preparation of Ind-AS Financial Statements**

The Ind-AS financial statements of the Company have been prepared in accordance with the relevant provisions of the Companies Act, 2013, the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with the Companies (Indian Accounting Standards) Amendment Rules, 2017 and the Guidance Notes and other authoritative pronouncements issued by the Institute of Chartered Accountants of India (ICAI).

The Ind-AS financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities measured at fair value (refer accounting policy no. 2.10 regarding financial instruments). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

2.2 CURRENT AND NON-CURRENT CLASSIFICATION OF ASSETS AND LIABILITIES AND OPERATING CYCLE:

An asset is considered as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is considered as current when:

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

All other liabilities are classified as non-current.

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

The Operating Cycle is the time between the acquisition of assets for business purposes and their realisation into cash and cash equivalents.

2.3 PROPERTY, PLANT AND EQUIPMENT:

Property, Plant and Equipment are recorded at their cost of acquisition, net of refundable taxes or levies, less accumulated depreciation and impairment losses, if any. The cost thereof comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost for bringing the asset to its working condition for its intended use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as on 1st April, 2016 (date of transition) measured as per previous GAAP as its deemed cost on the date of transition.

2.4 DEPRECIATION:

Depreciation on Property, Plant and Equipment is provided on different class of assets on the following basis:

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

Cost of Leasehold Land and Improvement is written off over the period of Lease.

Depreciation on additions to Property Plant and Equipment is provided on pro-rata basis from the date of acquisition or installation, and in case of new project from the date of commencement of commercial production.

Depreciation on Assets sold, discarded, demolished or scrapped, is provided upto the date on which the said Asset is sold, discarded, demolished or scrapped.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.5 CAPITAL WORK IN PROGRESS AND CAPITAL ADVANCES:

Expenses incurred for acquisition of capital assets outstanding at each balance sheet date are disclosed under capital work-in-progress. Advances given towards the acquisition of fixed assets are shown separately as capital advances under the head Other Non-Current Assets.

2.6 INTANGIBLE ASSETS AND AMORTISATION THEREOF:**2.6.1 INTERNALLY GENERATED INTANGIBLE ASSETS (RESEARCH AND DEVELOPMENT):**

- i) Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:
 - a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
 - b) Its intention to complete the asset.
 - c) Its ability to use or sell the asset.
 - d) How the asset will generate future economic benefits.
 - e) The availability of adequate resources to complete the development and to use or sell the asset.
 - f) The ability to measure reliably the expenditure attributable to the intangible asset during development.

2.6.2 OTHER INTANGIBLE ASSETS:

An intangible asset is recognised if

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- (b) the cost of the asset can be measured reliably.

An item of Intangible Asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

The residual values, useful lives and methods of amortisation of Intangible Assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.6.3. AMORTISATION OF INTANGIBLE ASSETS:

Amortization of the asset begins on a straight-line basis over the period of expected future benefit from the related project, the estimated useful life considered is ten years. Amortization is recognized in the Statement of Profit and Loss. During the period of development, the asset is tested for impairment annually.

The residual values, useful lives and methods of amortisation of Intangible Assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

For transition to Ind AS, the Company has elected to continue with the carrying value of all its Intangible Assets recognised as on 1st April, 2016 (date of transition) measured as per previous GAAP as its deemed cost on the date of transition.

2.7 IMPAIRMENT OF PROPERTY PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Carrying amount of tangible and intangible assets are reviewed at each Balance Sheet date. These are treated as impaired when the carrying cost thereof exceeds its recoverable value. Recoverable value is higher of the asset's net selling price or value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount receivable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. An impairment loss is charged for when an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.8 INVENTORIES

- 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/GST credit, rebates, trade discount etc.), costs of conversion and cost incurred to bring the inventories to the present location and condition.
- Stores and Spares (excluding capital spares) are charged to consumption as and when purchased.

Net realisable value is the estimated selling price in the ordinary course of business.

2.9 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government, discounts and rebates.

- Revenue from Domestic sale is recognised on transfer of significant risks and rewards of ownership which is based on the dispatch of goods.
- Revenue from Export sale is recognised on transfer of significant risks and rewards of ownership based on Bill of lading date.
- Revenue in respect of other income/claims, etc. is recognised only when it is reasonably certain that ultimate collection will be made.

- Interest Income:

For all financial instruments measured at amortised cost, interest income is measured using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash flows through the contracted or expected life of the financial instrument, as appropriate, to the net carrying amount of the financial asset.

- Dividend Income:

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.10 FINANCIAL INSTRUMENTS:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FINANCIAL ASSETS:

Initial Recognition and Measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent Measurement:

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- Investments measured at fair value through Profit & Loss (FVTPL)

Financial Assets at Amortised Cost:

A financial asset is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Equity Instruments at FVTOCI:

For equity instruments not held for trading, an irrevocable choice is made on initial recognition to measure it at FVTOCI. All fair value changes on such investments, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale or disposal of the investment. However, on sale or disposal the company may transfer the cumulative gain or loss within equity.

Financial Assets at FVTPL:

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. All other financial assets are measured at fair value through profit or loss.

DERECOGNITION:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- i) The rights to receive cash flows from the asset have expired, or
- ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either;
 - a. The Company has transferred substantially all the risks and rewards of the asset, or
 - b. The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

IMPAIRMENT OF FINANCIAL ASSETS:

The company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposures:

- Financial assets at amortised cost.
- Trade Receivables

The company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Under this approach the company does not track changes in credit risk but recognises impairment loss allowance based on lifetime ECLs at each reporting date. For this purpose the company uses a provision matrix to determine the impairment loss allowance on the portfolio of trade receivables. The said matrix is based on historically observed default rates over the expected life of the trade receivables duly adjusted for forward looking estimates.

For recognition of impairment loss on other financial assets and risk exposures, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the company reverts to recognising impairment loss allowance based on 12-month ECL.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. The ECL impairment loss allowance (or reversal) recognized during

the period in the statement of profit and loss and the cumulative loss is reduced from the carrying amount of the asset until it meets the write off criteria, which is generally when no cash flows are expected to be realised from the asset.

FINANCIAL LIABILITIES:

Initial Recognition and Measurement:

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

Subsequent Measurement:

This is dependent upon the classification thereof as under:

Loans and Borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

DERECOGNITION:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise an asset and settle the liabilities simultaneously.

EQUITY INSTRUMENTS:

An equity instrument is any contract that evidences a residual interest in the assets of an entity in accordance with the substance of the contractual arrangements. These are recognised at the amount of the proceeds received, net of direct issue costs.

2.11 EMPLOYEE BENEFITS

- Defined Contribution Plan:

The Company's contribution paid / payable during the year to Provident Fund , ESIC, Superannuation Fund etc., are recognized as expenses in the Statement of Profit and Loss. These are approved / recognised schemes of the Company.

- **Defined Benefit Plan:**

The Company's annual liability towards Gratuity is funded on the basis of actuarial valuation furnished by the Life Insurance Corporation of India under Group Gratuity Scheme.
- The undiscounted amount of short-term employee benefit expected to be paid in exchange for the service rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives and are determined using the Projected Unit Credit Method. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. Actuarial gains and losses are recognised immediately in the Balance Sheet with a corresponding effect in the Statement of Other Comprehensive Income. Past service cost is recognised immediately in the Statement of Profit or Loss.

2.12 BORROWING COST

Borrowing costs comprising of interest and other costs that are incurred in connection with the borrowing of funds, that are attributable to the acquisition or construction of qualifying assets are considered as a part of cost of such assets less interest earned on the temporary investment. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other borrowing costs are charged to Statement of Profit & Loss in the year in which they are incurred.

2.13 LEASES:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(i) Company as a lessee

The Company's lease asset classes primarily consist of leases for land, buildings and furniture. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain

that they will be exercised. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

(ii) Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

2.14 FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.15 TAXES ON INCOME:

Current Income Taxes:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Taxes:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, when the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternate Tax (MAT):

MAT paid in accordance with the tax laws in India, which give rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing

evidence that the Company will pay normal income tax after the specified years. Accordingly, MAT is recognised as a deferred tax asset in the Balance Sheet when the asset can be measured reliably, and it is probable that the future economic benefits associated with it will flow to the Company.

2.16 PROVISIONS AND CONTINGENT LIABILITIES:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

When the Company expects some or all of a provision to be reimbursed, the same is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A Contingent Liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of enterprise or a present obligation that arises from past events that may, but probably will not, require an outflow of resources.

Both provisions and contingent liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes.

2.17 EARNINGS PER SHARE:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events including a bonus issue, bonus element in right issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.18 CASH AND CASH EQUIVALENT:

Cash and cash equivalent for the purpose of Cash Flow Statement comprise cash at bank and in hand and short term highly liquid investments which are subject to insignificant risk of changes in value.

2.19 CASH FLOW STATEMENT:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.20 COMMITMENTS:

Commitments are future liabilities for contractual expenditure. The commitments are classified and disclosed as follows:

- (a) The estimated amount of contracts remaining to be executed on capital accounts and not provided for; and
- (b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the Management.

2.21 SEGMENT REPORTING:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.22 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:

The preparation of Financial Statements is in conformity with the recognition and measurement principles of Ind AS which requires the management to make judgements for estimates and assumptions that affect the amounts of assets, liabilities and the disclosure of contingent liabilities on the reporting date and the amounts of revenues and expenses during the reporting period and the disclosure of contingent liabilities. Differences between actual results and estimates are recognized in the period in which the results are known/ materialize.

2.23 ESTIMATES ASSUMPTIONS AND JUDGEMENTS:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

a) Estimation of current tax expense and deferred tax:

The calculation of the Company's tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

b) Recognition of deferred tax assets/ liabilities:

The recognition of deferred tax assets/ liabilities is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of

temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts.

c) Estimation of Provisions & Contingent Liabilities:

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision

d) Estimated useful life of Property, Plant and Equipment:

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life, its expected usage pattern and the expected residual value at the end of its life. The useful lives, usage pattern and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology etc.

e) Estimation of Provision for Inventory:

The Company writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

f) Estimation of Defined Benefit Obligation:

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post-employment plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

g) The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability.

h) Estimated fair value of Financial Instruments.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

3. Property Plant and Equipment

Carrying amounts of :

| Particulars | (₹ in lakh) | |
|-------------------------|------------------------|------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| Land | 2,763.73 | 2,809.21 |
| Buildings | 2,665.43 | 2,802.10 |
| Plant and Machinery | 942.72 | 1,118.77 |
| Computers | 6.04 | 8.93 |
| Vehicles | 19.39 | 21.05 |
| Furnitures and Fixtures | 146.61 | 196.27 |
| Office Equipments | 4.35 | 4.95 |
| Right To Use Property | 110.39 | 187.14 |

| Particulars | (₹ in lakh) | | | | | | | | | | Total | |
|--|-----------------|-----------------|---------------------|--------------|--------------|-------------------------|-------------------|-----------------------|--|--|-------|------------------|
| | Land | Buildings | Plant and Machinery | Computers | Vehicles | Furnitures and Fixtures | Office Equipments | Right To Use Property | | | | |
| Gross Block (Cost or Deemed Cost) : | | | | | | | | | | | | |
| Balance at 31st March, 2020 | 2,993.40 | 3,424.73 | 1,991.13 | 36.56 | 64.43 | 293.14 | 14.04 | 350.94 | | | | 9,168.37 |
| Additions | | 14.80 | 78.36 | 3.80 | 7.91 | - | 2.26 | | | | | 107.12 |
| Disposals / Written Off/ Adjustment | 104.84 | 723.22 | 1,227.16 | 1.24 | (37.65) | (25.91) | (2.93) | | | | | 1,989.97 |
| Balance at 31st March, 2021 | 3,098.24 | 4,162.75 | 3,296.65 | 41.60 | 34.69 | 267.23 | 13.36 | 350.94 | | | | 11,265.46 |
| Accumulated Depreciation and Impairment : | | | | | | | | | | | | |
| Balance at 31st March, 2020 | 184.20 | 622.63 | 872.35 | 27.63 | 43.38 | 96.88 | 9.08 | 163.80 | | | | 2,019.95 |
| Depreciation for the year | 45.47 | 151.47 | 211.40 | 2.55 | 6.35 | 23.50 | 1.02 | 76.75 | | | | 518.51 |
| Disposals / Written Off/ Adjustment | 104.84 | 723.22 | 1,270.18 | 5.38 | (34.43) | 0.24 | (1.09) | | | | | 2,361.60 |
| Balance at 31st March, 2021 | 334.51 | 1,497.32 | 2,353.93 | 35.56 | 15.30 | 120.62 | 9.01 | 240.55 | | | | 4,606.80 |
| Carrying amounts of : | | | | | | | | | | | | |
| Balance at 31st March, 2020 | 2,809.21 | 2,802.10 | 1,118.77 | 8.93 | 21.05 | 196.27 | 4.95 | 187.14 | | | | 7,148.43 |
| Balance at 31st March, 2021 | 2,763.73 | 2,665.43 | 942.72 | 6.04 | 19.39 | 146.61 | 4.35 | 110.39 | | | | 6,658.66 |

Building includes ₹ 26.92 Lakhs (as at 31st March, 2019 ₹ 26.92 Lakhs) 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. (For details of security created against the Property Plant and Equipment, refer note no. 18.1)

Details of Tangible Capital Work in Progress

| Particulars | (₹ in lakh) | |
|-------------------------------------|------------------------|------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| Opening balance | 1,660.18 | 1,755.18 |
| Capitalised | - | (95.01) |
| Additions during the year | 10.75 | - |
| Disposals / Written Off/ Adjustment | (52.74) | - |
| Closing Balance | 1,618.18 | 1,660.18 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
4. Intangible Assets

Carrying amounts of :

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| Internally Developed Intangible Assets (Research and development expenditure) | 441.41 | 368.41 |
| Computer Software | 45.20 | 57.07 |
| Intangible Assets (Trade Mark/Brand) | 1908.39 | 2080.89 |
| Technical and Marketing Knowhow | 479.87 | 510.35 |

(₹ in lakh)

| Particulars | Internally Developed Intangible Assets(Research and development expenditure) | Computer Software | Intangible Assets (Trade Mark/ Brand) | Technical and Marketing Knowhow | Total |
|--|---|----------------------|--|--|-----------------|
| Gross Block (Cost or Deemed Cost) : | | | | | |
| Balance at 31st March, 2020 | 679.01 | 145.55 | 3,450.00 | 609.50 | 4,884.05 |
| Additions | 142.24 | 2.50 | - | - | 144.74 |
| Disposals / Written Off/ Adjustment | (0.62) | - | - | - | (0.62) |
| Balance at 31st March, 2021 | 820.62 | 148.05 | 3,450.00 | 609.50 | 5,028.17 |
| Accumulated Amortisation and Impairment : | | | | | |
| Balance at 31st March, 2020 | 310.60 | 88.48 | 1,369.11 | 99.15 | 1,867.33 |
| Amortisation for the year | 69.11 | 14.37 | 172.50 | 30.48 | 286.46 |
| Disposals / Written Off/ Adjustment | (0.50) | | | | (0.50) |
| Balance at 31st March, 2021 | 379.21 | 102.85 | 1,541.61 | 129.63 | 2,153.30 |
| Carrying amounts of : | | | | | |
| Balance at 31st March, 2020 | 368.41 | 57.07 | 2,080.89 | 510.35 | 3,016.72 |
| Balance at 31st March, 2021 | 441.41 | 45.20 | 1,908.39 | 479.87 | 2,874.87 |

Details of Intangible Assets under Development

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--------------------------------------|---------------------------|---------------------------|
| Opening balance | 979.87 | 1,215.86 |
| Capitalised | (142.24) | (122.27) |
| Additions during the year | 10.25 | 172.07 |
| Disposals / Written Off / Adjustment | (26.13) | (285.78) |
| Closing Balance | 821.76 | 979.87 |

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

5. Non-Current Investments (₹ in lakh)

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|--|------------------------|-----------------|------------------------|-----------------|
| | No of Shares | Amount | No of Shares | Amount |
| Investments : | | | | |
| Investments in Equity Shares of Subsidiaries (Unquoted) (At cost): | | | | |
| (i) Equity Shares of ₹ 10 each fully paid up in Lyka BDR International Ltd | 1,46,74,995 | 1,469.05 | 1,46,74,995 | 1,469.05 |
| (ii) Equity Shares of ₹ 10 each fully paid up in Lyka Exports Ltd | 53,83,636 | 1,771.25 | 53,83,636 | 1,771.25 |
| Total | 2,00,58,631 | 3,240.30 | 2,00,58,631 | 3,240.30 |

Current Investments (₹ in lakh)

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|--------------------------------------|------------------------|-------------|------------------------|-------------|
| | No of units | Amount | No of units | Amount |
| Investments at FVTPL: | | | | |
| Investments in Mutual Fund: | | | | |
| Debt Mutual Fund: | | | | |
| Birla Sun Life Plus Collection | 12.66 | 0.04 | 12.66 | 0.04 |
| HDFC Liquid Fund Post IPO Collection | 18.15 | 0.73 | 18.15 | 0.71 |
| Total | | 0.77 | | 0.75 |

6. Other Non-current Financial Assets (₹ in lakh)

| Particulars | As at | As at |
|---|------------------|------------------|
| | 31st March, 2021 | 31st March, 2020 |
| (Unsecured, considered good) | | |
| Security Deposit | 339.99 | 283.05 |
| Others - Deposit with Drug Price Equalisation Account | 1,032.45 | 1,032.45 |
| Total | 1,372.44 | 1,315.50 |

7. Other Non-Current Assets (₹ in lakh)

| Particulars | As at | As at |
|-------------------------------------|------------------|------------------|
| | 31st March, 2021 | 31st March, 2020 |
| (Unsecured, considered good) | | |
| Capital Advances | 34.01 | 32.11 |
| Balance with Government Authorities | 106.54 | 92.75 |
| Total | 140.56 | 124.86 |

8. Non-Current Tax Assets (₹ in lakh)

| Particulars | As at | As at |
|--|------------------|------------------|
| | 31st March, 2021 | 31st March, 2020 |
| Advance Tax and Tax deducted at source | 414.71 | 342.72 |
| Total | 414.71 | 342.72 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| 9. Deferred Tax Assets (net) (₹ in lakh) | | |
|---|-----------------------------------|-----------------------------------|
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
| Deferred Tax Assets | 1,622.07 | 1,228.42 |
| Total | 1,622.07 | 1,228.42 |

| Deferred Tax Assets / (Liabilities) in relation to: (₹ in lakh) | | |
|--|-----------------------------------|-----------------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| On Account of Brought Forward Losses & Unabsorbed Depreciation | 176.91 | 711.48 |
| On Account of Section 43B Disallowances | 1,437.90 | 312.23 |
| On Account of IndAS Adjustments | 7.26 | 204.71 |
| Total | 1,622.07 | 1,228.42 |

| 10. Inventories (₹ in lakh) | | |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
| Raw Materials (Refer Note No. 42) | 195.78 | 153.87 |
| Packing Material (Refer note no.42) | 189.16 | 168.13 |
| Work-in-Progress | 26.77 | 117.06 |
| Finished Goods | 18.14 | 131.58 |
| Total | 429.86 | 570.64 |

Inventory write down is accounted, considering the nature of inventory, age, liquidation plan and net realisable value. Write down of inventories during the year amount to ₹ 10.01 lakh (Previous year ₹ 251.74 lakh). The effect of these write down were recognised in cost of materials consumed, and changes in value of inventories of work-in-progress, stock-in-trade and finished goods in the Statement of Profit and Loss.

| 11. Trade Receivables (₹ in lakh) | | |
|--|-----------------------------------|-----------------------------------|
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
| (Unsecured) | | |
| Considered Good | 989.91 | 659.48 |
| Considered Doubtful | 45.54 | 51.51 |
| Less: Provision for Expected Credit Loss | (45.54) | (51.51) |
| Total | 989.91 | 659.48 |

| 12 Cash and Cash Equivalents (₹ in lakh) | | |
|---|-----------------------------------|-----------------------------------|
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
| (A) Cash and Cash Equivalents | | |
| Balances with Banks | 10.96 | 8.17 |
| Cash on hand | 0.70 | 5.64 |
| (B) Bank Balances other than Cash and Cash Equivalents | | |
| Deposits with Banks (Lien against OD) (Refer Note No.21) | 641.18 | 826.62 |
| Total | 652.84 | 840.43 |

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| 13. Current Loans | | (₹ in lakh) | | |
|--|---------------------------|---------------------------|------------------------|-----------------|
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 | | |
| (Unsecured, considered good) | | | | |
| Loan to Employees | 5.70 | 5.24 | | |
| Loan to Subsidiaries | - | 280.54 | | |
| Total | 5.70 | 285.78 | | |
| 14. Other Current Financial Assets | | (₹ in lakh) | | |
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 | | |
| (Unsecured, considered good) | | | | |
| Deposits | 46.87 | 48.16 | | |
| Others | 49.60 | 152.24 | | |
| Total | 96.47 | 200.40 | | |
| 15. Other Current Assets | | (₹ in lakh) | | |
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 | | |
| Trade Advances | 116.50 | 94.88 | | |
| Prepaid Expenses | 192.80 | 249.68 | | |
| Balance with Government Authorities | 88.65 | 147.69 | | |
| Others | - | 20.08 | | |
| Total | 397.95 | 512.34 | | |
| 16. Share Capital | | (₹ in lakh) | | |
| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
| | Number of shares | Amount (₹) | Number of shares | Amount (₹) |
| Authorised | | | | |
| Equity Shares of ₹ 10/- each | 4,80,00,000 | 4,800.00 | 4,00,00,000 | 4,000.00 |
| Redeemable Preference Shares of ₹ 100/- each | 2,00,000 | 200.00 | 2,00,000 | 200.00 |
| | 4,82,00,000 | 5,000.00 | 4,02,00,000 | 4,200.00 |
| Issued, Subscribed and Fully Paid | | | | |
| Equity Shares of ₹ 10/- each | 2,86,90,000 | 2,869.00 | 2,86,90,000 | 2,869.00 |
| Total | 2,86,90,000 | 2,869.00 | 2,86,90,000 | 2,869.00 |

16.1 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
16.2 Reconciliation of number of shares outstanding as at the beginning and end of the year

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|--|------------------------|-------------------|------------------------|-------------------|
| | Equity Shares | Preference Shares | Equity Shares | Preference Shares |
| Balance as at the beginning of the Year | 2,86,90,000 | 1,08,570 | 2,81,40,000 | 1,08,570 |
| Add : Issued during the Year | - | - | 5,50,000 | - |
| Balance as at the end of the Year | 2,86,90,000 | 1,08,570 | 2,86,90,000 | 1,08,570 |

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

| Name of the shareholders | As at 31st March, 2021 | | As at 31st March, 2020 | |
|--|------------------------|-------------|------------------------|-------------|
| | No of Shares held | % of Shares | No of Shares held | % of Shares |
| Equity Shares of ₹10/- each | | | | |
| Mayank Jashwantlal Shah | 20,01,500 | 6.98% | 20,01,500 | 6.98% |
| Shruti Mayank Shah | 15,20,846 | 5.30% | 15,15,846 | 5.28% |
| Prasham Mayank Shah | 15,00,000 | 5.23% | 15,00,000 | 5.23% |
| 10% Cumulative Redeemable Preference Shares | | | | |
| Dr. D. B. Parikh | 1,08,570 | 100.00% | 1,08,570 | 100.00% |

16.4 The Company has allotted 5,50,000 convertible warrants at ₹ 55/- 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 August 3,2017 These warrants were converted (in the ratio of 1 share for 1 warrant) into equity shares of ₹ 10/- each at a premium of ₹ 45/- per share during the previous period.

17. Other Equity

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|----------------------------|------------------------|------------------------|
| Capital Reserve | 50.68 | 50.68 |
| Securities Premium Account | 9,743.97 | 9,743.97 |
| General Reserve | 625.30 | 625.30 |
| Retained Earning | (12,848.03) | (11,411.02) |
| Total | (2,428.08) | (991.07) |

Nature of Reserves:
Capital Reserves

The Capital reserve is created from the of forfeiture of equity warrants and receipts of subsidy for setting up the factories in backward areas for performing research on critical medicines for the betterment of the society.

Securities Premium

Securities Premium account comprises of the premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

General Reserves

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the statement of profit and loss.

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| 18. Non Current Borrowings | | (₹ in lakh) |
|--|-----------------------------------|--------------------------|
| Particulars | As at 31st March, 2021 | As at 31st March 2020 |
| Secured Loan: | | |
| Term Loans from Others (Refer Note no. 18.1) | 15,034.86 | 12,501.77 |
| Finance Lease Obligations | - | 2.98 |
| Unsecured Loan: | | |
| 10% Redeemable Preference Shares of ₹ 100/- each (for terms of preference shares Refer Note no. 18.2) | 70.68 | 64.25 |
| Total | 15,105.54 | 12,569.00 |

18.1 Details of terms of repayment and security provided for in respect of the Long-Term Borrowings as follows:

- a) Term Loan (RSF-I) of ₹ 11.50 crores From IARC repayable in bullet payment at the end of 36 months from the date of disbursement. PIK interest rate is @20% p.a. in 1st year and for 2nd & 3rd year cash interest rate is @12% p.a. & PIK interest rate is @8% p.a.
- b) Term Loan (RSF-II) of ₹ 17 crores from IARC repayable in bullet payment at the end of 36 months from the date of disbursement. Cash interest rate is @20% p.a.
- c) Term Loan (TL-I) of ₹ 64.70 crores from IARC repayable in bullet payment at the end of 36 months from cut off date. PIK interest is @20% p.a. in 1st year and for 2nd & 3rd year cash interest is @ 12% p.a. & PIK interest rate is @8% p.a.
- d) Term Loan (TL-II) of ₹ 36.47 crores from IARC, convertible into Equity Shares at the discretion of the lender on or before 36 months from the cut off date.
- e) The above term loans are secured by 1st charge on Stock-in-trade, Book debts, Other moveable assets, Movable Machinery, Intangible assets and Guaranteed by some of the directors of the Company. The above term loans are also secured by mortgage of company's immovable properties situated at Mumbai, Ankleshwar and Valsad & Secured by pledging of shares held in Subsidiaries.

18.2 108570 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.

18.3 Lease obligations repayable in equated monthly installments upto September, 2020 and July 2024 secured by respective Vehicles. Rate of interest ranges between 8.9% p.a. to 12.5% p.a.

19. Other Non-current Financial Liabilities

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|-----------------------------------|---------------------------|
| Security Deposit | 71.81 | 78.35 |
| Interest Accrued and Due on Borrowings | 882.45 | 1,611.85 |
| Lease Liabilities | 92.97 | 172.79 |
| Total | 1,047.23 | 1,862.99 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
20. Non Current Provisions (₹ in lakh)

| Particulars | As at 31st March 2021 | As at 31st March,2020 |
|--------------------------------|--------------------------|--------------------------|
| Employee Benefits: | | |
| Provision for Leave Encashment | 62.04 | 63.53 |
| Provision for Gratuity | 206.13 | 218.92 |
| Provision for Superannuation | - | 0.84 |
| Total | 268.17 | 283.29 |

21. Current Borrowings (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March,2020 |
|--|---------------------------|--------------------------|
| Secured Loans: | | |
| From Bank | | |
| Loans Repayable on Demand (Secured Against Fixed Deposits) (Refer Note No.12) | 86.02 | 167.98 |
| Unsecured: | | |
| Loans and Advances from Related Parties | 795.20 | 605.24 |
| Inter Corporate Deposits | 127.73 | 285.87 |
| Total | 1,008.95 | 1,059.09 |

Details of terms of repayment in respect of Short - Term Borrowings:

21.1 Interest on Loan Repayable on Demand is 8.15% p.a. (simple Interest).

21.2 Interest on Loans from related parties is 12% p.a. (simple Interest).

21.3 Interest on Inter Corporate Deposits is 21% p.a. (simple interest).

22. Trade Payables (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March,2020 |
|---|---------------------------|--------------------------|
| (i) Total outstanding dues of Micro Enterprises and Small Enterprises | 309.58 | 211.90 |
| (ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises | 892.38 | 1,438.43 |
| Total | 1,201.96 | 1,650.33 |

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

22.1 Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 as per the records of the Company. (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------------------------|---------------------------|
| Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date | 309.58 | 211.90 |
| Interest accrued on the dues to suppliers under MSMED Act, 2006 on the above amount | 17.94 | 20.16 |
| Payment made to suppliers (Other than interest) beyond the appointed date, during the year | NIL | NIL |
| Interest paid to suppliers under MSMED Act, 2006 (other than Section 16) | NIL | NIL |
| Interest paid to suppliers under MSMED Act, 2006 (Section 16) | NIL | NIL |
| Interest due and payable to suppliers under MSMED Act, 2006 for payments already made | NIL | NIL |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006 | 17.94 | 20.16 |

23. Other Current Financial Liabilities (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------------------------|---------------------------|
| Current Maturities of Long-Term Debt : | | |
| Debentures - Privately Placed Non Convertible | 13.00 | 13.00 |
| Finance Lease Obligations | 2.99 | 2.71 |
| Fixed Deposits | 42.40 | 43.42 |
| Interest Accrued and due | 305.32 | 202.51 |
| Book Overdraft | 0.09 | 80.43 |
| Employee dues | 192.14 | 283.97 |
| Creditors for: | | |
| Expenses | 345.29 | 303.88 |
| Capital Expenditure | 5.61 | 62.73 |
| Trade Acceptances | 736.85 | 825.88 |
| Other Outstanding Liabilities | 230.38 | 416.20 |
| Total | 1,874.07 | 2,234.73 |

24. Other Current Liabilities (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|------------------------|---------------------------|---------------------------|
| Other Payables: | | |
| Statutory dues | 76.70 | 201.84 |
| Advance from Customers | 151.42 | 196.37 |
| Total | 228.12 | 398.21 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
25. Current Provisions (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--------------------------------|---------------------------|---------------------------|
| Employee Benefits: | | |
| Provision for Bonus | 29.95 | 32.17 |
| Provision for Gratuity | 115.24 | 148.67 |
| Provision for Leave Encashment | 6.78 | 0.28 |
| Provision for Superannuation | 10.12 | 10.12 |
| Total | 162.09 | 191.24 |

26. Revenue From Operations (₹ in lakh)

| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|------------------|--|--|
| Sale of products | 4,472.67 | 3,640.87 |
| Total | 4,472.67 | 3,640.87 |

26.1 Details of sales of Products (₹ in lakh)

| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|--------------|--|--|
| Bulk Drugs | 350.37 | 292.74 |
| Formulations | 3,443.36 | 3,272.90 |
| Other | 678.94 | 75.23 |
| Total | 4,472.67 | 3,640.87 |

27. Other Operating Revenue (₹ in lakh)

| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|-----------------------------|--|--|
| Processing charges received | 1,199.25 | 313.73 |
| Export Incentives | 20.51 | 11.70 |
| Royalty | 33.27 | 37.74 |
| Analytical Charges | 72.48 | - |
| Commission Income | 428.11 | 70.30 |
| Total | 1,753.63 | 433.47 |

28. Other Income (₹ in lakh)

| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|--|--|--|
| Interest from Banks on Deposits | 46.92 | 11.26 |
| Other Interest | 92.54 | 58.06 |
| Rent Received | 42.60 | 48.00 |
| Sundry Credit Balances / Excess Provision Written Back (net) | - | 0.00 |
| Miscellaneous Income | 33.00 | 12.82 |
| ECL Provision Income | 5.97 | 129.46 |
| Total | 221.03 | 259.58 |

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| 29. Cost of material consumed (₹ in lakh) | | |
|--|--|--|
| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
| Opening stock of raw material and packing material | 322.00 | 415.85 |
| Add: Purchases | 1,294.20 | 1,250.71 |
| Less: Closing stock of raw material and packing material | (384.94) | (322.00) |
| Total | 1,231.26 | 1,344.58 |
| 30. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade (₹ in lakh) | | |
| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
| As at the beginning of the year: | | |
| Finished Goods | 131.58 | 94.92 |
| Work-in-Progress | 117.06 | 125.70 |
| Total Opening Stock (a) | 248.64 | 220.62 |
| As at the end of the year: | | |
| Finished Goods | 18.14 | 131.58 |
| Work-in-Progress | 26.77 | 117.06 |
| Total Closing Stock (b) | 44.91 | 248.64 |
| Net (increase) / decrease in Finished Goods, work-in-progress and stock in trade(a)-(b) | 203.73 | (28.02) |
| 31. Employee Benefit Expenses (₹ in lakh) | | |
| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
| Salaries and Wages | 1,085.98 | 975.89 |
| Contribution to Provident and Other Funds | | |
| Provident / ESI Fund | 72.70 | 66.70 |
| Superannuation Fund | - | 2.55 |
| Provision for Gratuity | 28.47 | 39.47 |
| Provision for Leave Encashment | 22.67 | 10.10 |
| Staff Welfare Expenses | 92.76 | 76.43 |
| Total | 1,302.58 | 1,171.14 |
| 32. Finance Costs (₹ in lakh) | | |
| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
| Interest Expenses on: | | |
| Borrowings From Banks: | | |
| Term Loans | - | 0.63 |
| Working Capital | 13.96 | 0.47 |
| Borrowing Others: | | |
| Bill Discounting Charges | 11.77 | 77.48 |
| Bank Charges | 2.71 | 3.78 |
| Term Loans | 2,236.54 | 1,369.73 |
| Other Interest Expenses | 290.30 | 449.11 |
| Total | 2,555.28 | 1,901.21 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
33. Other Expenses

(₹ in lakh)

| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|---|--|--|
| Consumption of Stores and Spare Parts | 21.73 | 7.35 |
| Power and Fuel | 290.93 | 251.87 |
| Processing Charges | 22.15 | 7.41 |
| Rent Including Lease Rentals | 61.58 | 71.07 |
| Repairs and Maintenance - Buildings | 20.20 | 6.82 |
| Repairs and Maintenance - Machinery | 74.64 | 53.50 |
| Repairs and Maintenance - Others | 44.88 | 20.96 |
| Insurance | 24.81 | 14.50 |
| Rates and Taxes | 13.92 | 17.85 |
| Commission & Discount | 77.13 | 11.73 |
| Communication Expenses | 6.14 | 7.90 |
| Travelling and Conveyance | 28.73 | 64.00 |
| Advertisement and Sales Promotion | 5.89 | 66.54 |
| Legal and Professional Charges | 139.71 | 150.91 |
| Payments to Auditors (Refer Note No.51) | 20.35 | 23.20 |
| Factory Expenses | 43.40 | 44.38 |
| Fees & Subscription | 22.90 | 27.13 |
| Security Service Expenses | 32.53 | 29.64 |
| Laboratory Chemicals & Expenses | 61.56 | 29.67 |
| Printing & Stationery | 21.15 | 14.17 |
| Miscellaneous Expenses | 48.06 | 187.74 |
| Directors Fees | 6.30 | 9.30 |
| Freight & Forwarding | 40.29 | 5.43 |
| Total | 1,128.98 | 1,123.07 |

34. Exceptional Items

(₹ in lakh)

| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|-----------------------------------|--|--|
| Interest On Margin Money | - | (174.63) |
| Other Balance/ Claims Written Off | 41.34 | 386.56 |
| Fixed Assets Discarded | 75.40 | - |
| CWIP Written Off - Intangible | 26.13 | 285.78 |
| Interest Paid To IARC | - | 2,277.58 |
| Total | 142.87 | 2,775.29 |

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Other Notes:

35. Estimated amounts of commitments remaining to be executed as on 31st March, 2021 are as follows:
[₹ In lakhs]

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-----------------------------------|------------------------|------------------------|
| Against Purchase of Capital Goods | 63.96 | 53.43 |
| Against Purchase of RM and PM | 65.57 | 69.66 |
| Total | 129.53 | 123.09 |

36. Contingent Liabilities are not provided for in respect of following:

- (i) Demands were raised against the Company aggregating to ₹ 680.62 Lakhs (as at 31st March 2020 ₹ 680.62 Lakhs) plus interest thereon under the Drug Price Control Order 1979 by the Government of India and the same was contested by the Company. In the earlier years, the Company had received recovery notices for recovery of ₹ 2,094.41 Lakhs (as at 31st March 2020 ₹ 2,094.41 Lakhs) 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 ₹ 1,032.45 Lakhs (as at 31st March 2020 ₹ 1,032.45 Lakhs).

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 ₹ 1,324.08 Lakhs 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 ₹ 85.45 Lakhs (as at 31st March 2020 ₹ 85.45 Lakhs) against which Company has made payment of ₹ 45.81 Lakhs (as at 31st March 2020 ₹ 45.81 Lakhs) under protest. The Company has further contested this demand before the Sales Tax Tribunal. The matter is sub-judice and the payments of ₹ 45.81 Lakhs (as at 31st March 2020 ₹ 45.81 Lakhs) are considered by the Company as good and recoverable.
- (b) There are disputed Sales Tax demands from state of Maharashtra in respect of prior years amounting to ₹ 903.33 Lakhs (as at 31st March 2020 ₹ 733.30 Lakhs) against which the Company has made payment of ₹ 23.78 Lakhs (as at 31st March 2020 ₹ 31.21 Lakhs) under protest. The Company has further contested these demands before the Sales Tax Commissioner / Tribunal. The matters are sub-judice and the payments of ₹ 23.78 Lakhs for the Maharashtra state demand (as at 31st March 2020 ₹ 31.21 Lakhs) are considered by the Company as good and recoverable.
- (iii) The Company has received notices from Central Excise department raising demands as stated below:
- (a) ₹ 108.75 Lakhs (as at 31st March 2020 ₹ 108.75 Lakhs) against which the Company has paid ₹ 25.00 Lakhs (as at 31st March 2020 ₹ 25.00 Lakhs). The matter is sub-judice and the payment of ₹ 25.00 Lakhs (as at 31st March 2020 ₹ 25.00 Lakhs) is considered by the Company as good and recoverable.
- (b) ₹ 71.37 Lakhs (as at 31st March 2020 ₹ 71.37 Lakhs) relating to disputed Central Excise duty, the matter is sub-judice.
- (iv) The Company has received orders from Income Tax Department raising demands aggregating to ₹ 492.67 Lakhs (as at 31st March 2020 ₹ 508.11 Lakhs) relating to prior years against which the Company has paid ₹ 15.44 Lakhs (as at 31st March 2020 ₹ 15.44 Lakhs). The matter is sub-judice and the payment of ₹ 15.44 Lakhs (as at 31st March 2020 ₹ 15.44 Lakhs) is considered by the Company as good and recoverable.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- (v) ₹ 7.95 Lakhs (as at March 2020 ₹ 7.95 Lakhs) being the claims against the company not acknowledged as debt.
- (vi) Employees (Including Ex-Employees) Claims relating to ex-gratia and other benefits aggregating to ₹ 433.05 Lakhs (as at 31st March 2020 ₹ 431.67 Lakhs) as the matter is sub-judice.
- (vii) Arrears of dividend on 10% Cumulative Redeemable Preference Shares aggregates to ₹ 168.29 Lakhs (as at 31st March 2020 ₹ 157.43 Lakhs).
- (viii) The Company has received order from Income Tax Department raising demand aggregating to ₹ 100.77 Lakhs (as at 31st March 2020 ₹ 100.77 Lakhs) relating to prior years against which the Company has paid ₹ 20.00 Lakhs (as at 31st March 2020 ₹ 20.00 Lakhs). The matter is sub-judice and the payment of ₹ 20.00 Lakhs (as at 31st March 2020 ₹ 20.00 Lakhs) is considered by the Company as good and recoverable.

37 Fixed Deposits:

During the year, the Company has repaid deposits that were claimed aggregating to ₹ 1.02 Lakhs. As regards the balance of unclaimed deposits ₹ 42.40 Lakhs (as at 31st March 2020 ₹ 43.42 Lakhs) the same shall be paid as and when claimed.

38 Debentures:

Debenture of ₹ 13.00 Lakhs (as at 31st March 2020 ₹ 13.00 Lakhs) is outstanding due to cheques returned undelivered / Unclaimed.

- 39 The balances relating to Trade Receivables, Trade Payables and Loans and Advances as on 31st March, 2021 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.

40 Scheme of Arrangements:

The Scheme of Merger of Lyka Healthcare Limited with Lyka Labs Limited effective from 1st April 2020 (Appointed Date of Merger) has been approved by NCLT, Ahmedabad vide its order dated 12th October 2020 which was registered with the Registrar of Companies, Gujarat on 13th November 2020 (Effective date of Merger). The merged annual accounts of Lyka Healthcare Limited with Lyka Labs Limited is prepared from 1st April 2020. This transaction has been accounted as per Ind AS 103 using the pooling of interest method and maintaining the identity of the reserves as those appeared in the standalone financial statements of LHL.

The Company has accounted for this merger under the “pooling of interest” method for common control transactions as per the guidance in Ind AS 103 “Business Combinations”. Further, in accordance with Ind AS 103 ‘Business Combinations’, the Company has restated the figures for all the past periods presented in these financial results. Accordingly, Other Equity of the Company as on 31st March, 2020 has decreased by Rs. 2827.19 lakh.

41 Capital Expenditure:

- (i) Tangible Project Capital Work-in-Progress ₹ 1,618.18 Lakhs as at 31st March 2021, (as at 31st March 2020 ₹ 1,660.18 Lakhs) includes allocable indirect expenditure in respect of modernization/ expansion of Ankleshwar unit aggregating to ₹ 10.75 (as at 31st March 2020 ₹ NIL) 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 2021 in respect of “new product development and applied research” aggregating to ₹ 821.76 Lakhs (as at 31st March 2020 ₹ 979.87 Lakhs) which is carried forward under “Capital Work in Progress – Intangibles”, to be recognized as “Self-Generated Intangible Assets” upon successful

Lyka Labs Limited

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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 ₹ 142.24 Lakhs (as at 31st March 2020 ₹ 122.27) as “Self-Generated Intangible Assets” upon successful development of respective products.

During the year, the Company has charged ₹ 26.13 Lakhs (as at 31st March 2020 ₹ 285.78) to profit and loss account under “exceptional items” for products are abandoned for further development.”

42 During the year, inventories include slow / non-moving raw-material and packing materials procured during the earlier years amounting ₹ 57.65 Lakhs (as at 31st March 2020 ₹ 25.02 Lakhs), which are valued at net realisable value or cost whichever is lower. The Company is evaluating to utilize / realize the same.

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, 2021. The following tables set out the amounts recognized in the financial statements as at 31st March, 2021 for the defined benefit plans.

(₹ in lakh)

| Sr. No | Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|-----------|--|-------------------------------------|-------------------------------------|
| a) | Liability recognized in Balance Sheet | | |
| | Change in Benefit Obligation | | |
| | Opening Balance of Present Value of Obligations | 368.54 | 320.68 |
| | Service Cost | 13.29 | 15.25 |
| | Interest Cost | 24.12 | 24.28 |
| | Actuarial Loss / (Gain) on Obligations | (8.88) | 40.48 |
| | Benefits Paid | (74.68) | (32.15) |
| | Closing Balance of Present Value of Obligations | 322.39 | 368.54 |
| | Less : Fair Value of Plan Assets | | |
| | Opening Balance of Plan Assets | 0.96 | 0.89 |
| | Expected Return on Plan assets | 0.06 | 0.07 |
| | Employers' Contribution | - | - |
| | Actuarial (Loss) on Plan Assets | - | - |
| | Benefits Paid | - | - |
| | Closing Balance of Plan Assets | 1.02 | 0.96 |
| | Net Liability | 321.37 | 367.58 |
| b) | Expense during the year | | |
| | Service Cost | 13.29 | 15.25 |
| | Interest Cost | 24.06 | 24.22 |
| | Expected Return on Plan Assets | | - |
| | Actuarial Loss / (Gain) on Obligations | (8.88) | 40.48 |
| | Total | 28.47 | 79.95 |
| c) | Principal Actuarial Assumptions | | |
| | Rate of Discounting | 6.25% | 6.55% |
| | Rate of Return on Plan Assets | 7.50% | 7.50% |
| | Salary Growth Rate | 3.00% | 3.00% |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- (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, 2021. The following tables set out the amounts recognized in the financial statements as at 31st March, 2021 for the defined benefit plan.

(₹ in lakh)

| Sr. No | Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|-----------|--|--|--|
| a) | Liability recognized in Balance Sheet | | |
| | Change in Benefit Obligation | | |
| | Opening balance of present value of obligations | 98.54 | 105.79 |
| | Service Cost | 14.90 | 11.47 |
| | Interest Cost | 6.45 | 8.02 |
| | Actuarial (Gain) on Obligations | 3.59 | (12.04) |
| | Benefits Paid | (17.66) | (14.69) |
| | Closing balance of present value of obligations | 105.82 | 98.55 |
| | Less : Fair Value of Plan Assets | | |
| | Opening Balance of Plan Assets | 34.73 | 32.29 |
| | Expected Return on Plan Assets | 2.27 | 2.44 |
| | Employers' Contribution | - | - |
| | Benefits Paid | - | - |
| | Closing Balance of Plan Assets | 37.00 | 34.73 |
| | Net Liability | 68.82 | 63.82 |
| b) | Expense during the year | | |
| | Service Cost | 14.90 | 12.77 |
| | Interest Cost | 4.18 | 7.49 |
| | Expected Return on Plan Assets | - | - |
| | Actuarial (Gain) / Loss on Obligations | 3.59 | (32.17) |
| | Total | 22.67 | (11.91) |
| c) | Principal Actuarial Assumptions | | |
| | Rate of Discounting | 6.25% | 6.55% |
| | Rate of Return on Plan Assets | 7.50% | 7.50% |
| | Salary Growth Rate | 3.00% | 3.00% |

Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakh)

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|-----------------------------------|--|--|
| Defined Benefit Obligation (Base) | 322.39 | 366.06 |

| Particulars | For the year ended 31st March, 2021 | | For the year ended 31st March, 2020 | |
|---|--|-----------------|--|-----------------|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (- / + 1%) (% change compared to base due to sensitivity) | 337.44 4.7 | 309.00 (4.2) | 380.74 4.0% | 352.82 -3.6% |
| Salary Growth Rate (- / + 1%) (% change compared to base due to sensitivity) | 308.5 (4.3) | 337.8 4.8 | 352.26 -3.8% | 381.12 4.1% |
| Attrition Rate (- / + 50% of attrition rates) (% change compared to base due to sensitivity) | 316.2 (1.9) | 327.3 1.5 | 358.48 -2.1% | 371.92 1.6% |
| Mortality Rate (- / + 10% of mortality rates) (% change compared to base due to sensitivity) | 322.3 (0.0) | 322.5 0.0 | 365.95 0.0% | 366.17 0.0% |

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

44. Assets taken on operating lease:

(₹ in lakh)

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---|--|--|
| Not later than one year | 121.84 | 80.32 |
| Later than one year but not later than five years | 66.25 | 154.59 |
| Total | 188.09 | 234.91 |

45. Segment Disclosures

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

Based on guiding principles given in the Indian Accounting standard on 'Operating Segments' (IndAS-108), 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.

(b) Segment information for secondary segment reporting (by geographical segments)

The Board of Directors evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by reportable segments.

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-----------------------------|---------------------------|---------------------------|
| Revenue by Geography | | |
| India | 3,766.27 | 3,361.67 |
| Rest of world | 706.40 | 279.20 |
| Total | 4,472.67 | 3,640.87 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
46. Disclosure of related parties/ related party transactions pursuant to Ind AS 24 “Related Party Disclosures”:

(a) List of related parties over which control exist and status of transactions entered during the year :
(₹ in lakh)

| Sr. No. | Name of the Related Party | Relationship |
|---------|--|--|
| 1 | Lyka BDR International Limited Lyka Export Limited | Subsidiaries |
| 2 | Mr. Kunal N. Gandhi (Managing Director & Chief Executive Officer) Mr. Yogesh B. Shah (Executive Director & Chief Financial Officer) Mr. Piyush G. Hindia (Company Secretary) | Personnel (KMP) Key Management |
| 3 | Mrs. Nehal N. Gandhi (Non - Executive Director) | Relative of KMP |
| 4 | Enai Trading & Investment Private Limited Lyka Animal Healthcare Limited. | Entities owned by / over which KMP is able to exercise significant influence |

(b). Disclosure of related party transactions: (₹ in lakh)

| Sr. No. | Description | Subsidiaries | KMP | Relative of KMP | Entities Owned by KMP | Total |
|---------|--|------------------------|--------------------|------------------|-----------------------|------------------------|
| 1 | Sales of Goods | 1,508.18 (1,206.37) | - - | - - | - - | 1,508.18 (1,206.37) |
| 2 | Purchases of Goods | - - | - - | - - | 116.55 (96.72) | 116.55 (96.72) |
| 3 | Reimbursement of Expenses (Received) | 4.25 (4.58) | - - | - - | - - | 4.25 (4.58) |
| 4 | Reimbursement of Expenses (Paid) | - - | 1.46 - | - - | - - | 1.46 - |
| 5 | Rent Income | 36.60 (36.00) | - - | - - | - - | 36.60 (36.00) |
| 6 | Other Income | 4.89 (7.13) | - - | - - | - - | 4.89 (7.13) |
| 7 | Commission Received | 27.69 - | - - | - - | - - | 27.69 - |
| 8 | Remuneration (Payments / Provisions) to | - - | 111.86 (118.33) | - - | - - | 111.86 (118.33) |
| 9 | Directors Sitting Fees | - - | - - | 0.60 (0.90) | - - | 0.60 (0.90) |
| 10 | Interest Income | 36.63 (2.86) | - - | - - | - - | 36.63 (2.86) |
| 11 | Interest Expenses | - - | 8.04 (50.49) | 63.03 (40.80) | 7.51 (8.83) | 78.58 (100.12) |
| 12 | Loan Received | 12.22 - | 50.75 (22.60) | 117.80 (5.00) | 25.40 (242.24) | 206.17 (269.84) |
| 13 | Loan Repaid | 37.85 - | - (47.23) | - (237.00) | - (230.67) | 37.85 (514.90) |
| 14 | Loan Given | 740.79 (280.54) | - - | - - | - - | 740.79 (280.54) |
| 15 | Loan (Principle) Received Back | 1,021.32 - | - - | - - | - - | 1,021.32 - |

(-) indicate previous year figures

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(c) Balance for the year ended

| Sr. No. | Description | Subsidiaries | KMP | Relative of KMP | Entities Owned by KMP | Total |
|---------|-----------------------------|--------------|---------|-----------------|-----------------------|------------|
| 1 | Security Deposit given | - | 251.25 | 251.25 | - | 502.50 |
| | | - | - | (502.50) | - | (502.50) |
| 2 | Loan & Advance Given | - | - | - | - | - |
| | | (280.54) | - | - | - | (280.54) |
| 3 | Unsecured Loan Taken | 105.00 | 109.88 | 600.86 | 58.71 | 874.45 |
| | | (130.63) | (59.13) | (483.06) | (33.31) | (706.13) |
| 4 | Sundry Debtors | 440.23 | - | - | - | 440.23 |
| | | (294.25) | - | - | - | (294.25) |
| 5 | Sundry Creditors | - | - | 1.37 | 2.43 | 3.80 |
| | | - | - | (1.37) | (97.36) | (98.73) |
| 6 | Other Payable (Interest) | - | 13.91 | 151.34 | 16.48 | 181.73 |
| | | - | (7.13) | (96.92) | (9.72) | (113.76) |
| 7 | Other Receivable (Interest) | 3.06 | - | - | - | 3.06 |
| | | - | - | - | - | - |
| 8 | Investments | 3,240.30 | - | - | - | 3,240.30 |
| | | (3,240.30) | - | - | - | (3,240.30) |

() indicate previous year figures

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

47. Earnings per Share (EPS):

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---|--|--|
| Adjusted (Loss)/Profit for the year (₹ in lakh) (A) | (1,456.74) | (5,549.51) |
| Weighted Average number of Equity Shares (B) | 2,86,90,000 | 2,84,94,110 |
| Face Value per Equity Share (₹) (C) | 10.00 | 10.00 |
| Basic and Diluted Earnings per Share (₹) (D = A/B) | (5.08) | (19.48) |

48. Taxation :

Current Tax :

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

Deferred Tax :

Reconciliation of tax expenses and accounting profit multiplied by India's domestic tax rate for the year ended 31st March 2021 and 31st March 2020. (₹ in lakh)

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|--|--|--|
| Accounting profit before tax (after exceptional items) | (1,839.53) | (5,515.13) |
| At India's statutory income tax rate of 26% (P.Y. 26%) | (478.28) | (1,433.93) |
| (Deferred Tax impact on:) | | |
| On Account of Brought Forward Losses & Unabsorbed Depreciation | (534.58) | (171.58) |
| On Account of Section 43B Disallowances | 1,125.67 | 101.11 |
| On Account of IndAS Adjustments | (197.45) | 46.95 |
| Less: Deferred Tax Assets not recognised in current year | (478.28) | (1,433.93) |
| Income tax expenses reported in the Statement of Profit and loss | 393.64 | (23.52) |

49. Disclosures on Financials Instruments
(a) Financial Instruments by category

The following table presents the carrying amounts of each category of financial assets and liabilities as at 31st March, 2021.

(₹ in lakh)

| Particulars | Measured at FVTOCI | Measured at FVTPL | Cost / Amotrised Cost | Total Carrying Amount |
|------------------------------|--------------------|-------------------|-----------------------|-----------------------|
| Financial Assets | | | | |
| Investment in subsidiaries | - | - | 3,240.30 | 3,240.30 |
| Other Investments | - | 0.77 | - | 0.77 |
| Other Financial Assets | - | - | 1,468.91 | 1,468.91 |
| Trade Receivables | - | - | 989.91 | 989.91 |
| Loans | - | - | 5.70 | 5.70 |
| Total | - | 0.77 | 5,704.82 | 5,705.59 |
| Financial Liabilities | | | | |
| Other Financial Liabilities | - | - | 2,921.30 | 2,921.30 |
| Borrowings | - | - | 16,114.48 | 16,114.48 |
| Trade Payable | - | - | 1,201.96 | 1,201.96 |
| Total | - | - | 20,237.74 | 20,237.74 |

The following table presents the carrying amounts of each category of financial assets and liabilities as at 31st March, 2020.

(₹ in lakh)

| Particulars | Measured at FVTOCI | Measured at FVTPL | Cost / Amotrised Cost | Total Carrying Amount |
|------------------------------|--------------------|-------------------|-----------------------|-----------------------|
| Financial Assets | | | | |
| Investment in subsidiaries | - | - | 3,240.30 | 3,240.30 |
| Investment | - | 0.75 | - | 0.75 |
| Other Financial Assets | - | - | 1,515.90 | 1,515.90 |
| Trade Receivables | - | - | 659.48 | 659.48 |
| Loans | - | - | 285.78 | 285.78 |
| Total | - | 0.75 | 5,701.46 | 5,702.21 |
| Financial Liabilities | | | | |
| Other Financial Liabilities | - | - | 4,097.71 | 4,097.71 |
| Borrowings | - | - | 13,628.09 | 13,628.09 |
| Trade Payable | - | - | 1,650.33 | 1,650.33 |
| Total | - | - | 19,376.13 | 19,376.13 |

(b) Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities that are measured at fair value or where fair value disclosure is required:

(₹ in lakh)

| Particulars | As at 31st March, 2021 | | | Total |
|-------------------------------|--------------------------------|------------------------------|---------------------------------|-------|
| | Fair Value Measurement Using | | | |
| | Quoted Price in active markets | Significant observable input | Significant unobservable inputs | |
| | (Level 1) | (Level 2) | (Level 3) | |
| Assets measured at fair value | | | | |
| FVTPL financial investments | | | | |
| Mutual Funds | - | 0.77 | - | 0.77 |
| Total | - | 0.77 | - | 0.77 |

(₹ in lakh)

| Particulars | As at 31st March, 2020 | | | Total |
|-------------------------------|--------------------------------|------------------------------|---------------------------------|-------|
| | Fair Value Measurement Using | | | |
| | Quoted Price in active markets | Significant observable input | Significant unobservable inputs | |
| | (Level 1) | (Level 2) | (Level 3) | |
| Assets measured at fair value | | | | |
| FVTPL financial investments | | | | |
| Mutual Funds | - | 0.75 | - | 0.75 |
| Total | - | 0.75 | - | 0.75 |

(c) Valuation technique to determine fair value

The following methods and assumptions were used to estimate the fair values of financial instruments:

- The management assesses that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair values of the equity investment which are quoted, are derived from quoted market prices in active markets. The Investments measured at fair value and falling under fair value hierarchy Level 3 are valued on the basis of valuation reports provided by external valuers with the exception of certain investments, where cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair values within that range. The carrying value of those investments are individually immaterial.

(d) Financial risk management objectives

The Company is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimise the potential adverse effects on its financial performance. The Company's senior management which is supported by a Treasury Management Group ('TMG') manages these risks with a six monthly rolling basis due to which a natural hedge exist. TMG that advises on financial risks and the appropriate financial risk governance framework for the Company and provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

All hedging activities are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company's policy is not to trade in derivatives for speculative purposes.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises of risks relating to interest rate risk and other price risks such as equity price risk and commodity price risk. Financial instruments affected by market risks mainly include borrowings, deposits and investments.

Foreign currency risk management

Foreign exchange risk arises on future commercial transactions and on all recognised monetary assets and liabilities, which are denominated in a currency other than the functional currency of the Company. The Company's management has set policy wherein exposure is identified, benchmark is set and monitored closely, and accordingly suitable hedges are undertaken. Policy also includes mandatory initial hedging requirements for exposure above a threshold.

The Company's foreign currency exposure arises mainly from foreign exchange imports, exports and other income/expenses in foreign currency, primarily with respect to USD.

As at the end of the reporting period, the carrying amounts of the company's foreign currency denominated monetary assets and liabilities in respect of the primary foreign currency i.e. USD and derivative to hedge the exposure, are as follows:

Particulars of unhedged foreign currency exposure and Derivatives (Outstanding) as at Balance Sheet date:

| Particulars | Currency | As on 31st March, 2021 | As on 31st March, 2020 |
|----------------------------|----------|------------------------|------------------------|
| Trade Receivable | USD \$ | 1,81,612.20 | - |
| Trade Receivable - Advance | USD \$ | - | (11,21,42.50) |
| Trade Payable | USD \$ | (4,19,71.13) | (4,00,00.00) |
| Net Exposure | USD \$ | 13,96,41.07 | (15,21,42.50) |
| Trade Payable | JPY ¥ | (1,02,30,00.00) | (1,02,30,00.00) |
| Net Exposure | JPY ¥ | (1,02,30,00.00) | (1,02,30,00.00) |

The company's exposure to foreign currency changes for all other currencies is not material.

Foreign currency sensitivity analysis

The following table demonstrate the sensitivity to a reasonable possible change in USD exchange rate, with all other variables held constant.

(₹ in lakh)

| Particulars | As on 31st March, 2021 | As on 31st March, 2020 |
|------------------------------------|------------------------|------------------------|
| Impact on profit before tax | | |
| INR / USD - Increase by 5% | 0.46 | 0.23 |
| INR / USD - Decrease by 5% | (0.46) | (0.23) |

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations and investments in debt instruments including debt mutual fund.

Interest rate sensitivity

The below table demonstrate the sensitivity of the company's profit before tax to a reasonable possible change in interest rate with all other variables being constant.

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars | Increase / Decrease | Change in interest rate | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|------------------|---------------------|-------------------------|-------------------------------------|-------------------------------------|
| Interest expense | Increase | 100 basis point | - | - |
| | Decrease | 100 basis point | - | - |

Accordingly there will be no effect of sensitivity on the Company's profit of loan from IARC which is fixed as per agreement with IARC.

(e) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade Receivable

Customer credit risk is managed by SCM team subject to the company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and followed up.

Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance

the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be low.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of bank deposits and cash credit facilities. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be low.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

(₹ in lakh)

| Particulars | Year | Less than 1 Year | More than 1 Year | Total |
|------------------------------|-----------------|------------------|------------------|---------------|
| Financial Liabilities | | | | |
| Trade Payable | 31st March 2021 | 1,202 | - | 1,202 |
| | 31st March 2020 | 1,650 | - | 1,650 |
| Borrowings | 31st March 2021 | 1,009 | 15,106 | 16,114 |
| | 31st March 2020 | 1,059 | 12,569 | 13,628 |
| Other Financial Liabilities | 31st March 2021 | 1,874 | 1,047 | 2,921 |
| | 31st March 2020 | 2,235 | 1,863 | 4,098 |

(f) Excessive risk concentration

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Company believes that there is no such excessive risk concentration.

50. Capital Management

The Company's objective when managing capital is to ensure the going concern operation and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and meet shareholders expectations. The policy of the company is to borrow through banks supported by committed borrowing facility to meet anticipated funding requirements. The capital structure is governed by policies approved by the Board of Directors.

The following table summarises the capital of the Company. (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Short Term Debt (including current maturities of long term loan) | 1,067.34 | 1,118.22 |
| Long Term Debt | 15,105.53 | 12,569.00 |
| Trade Payables | 1,201.96 | 1,650.33 |
| Less: Cash and cash equivalents | 652.84 | 840.43 |
| Net Debt | 16,721.99 | 14,497.12 |
| Equity | 2,869.00 | 2,869.00 |
| Capital and net debt | 19,590.99 | 17,366.12 |
| Net Debt to Capital Ratio (Debt / Equity plus debt) | 0.85 | 0.83 |

51. Payments to Auditors :

(₹ in lakh)

| Sr. No. | Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---------|--|-------------------------------------|-------------------------------------|
| (i) | Audit Fees | 16.85 | 19.10 |
| (ii) | Tax Audit Fees | 3.50 | 3.50 |
| (iii) | For other services (certification work etc.) | - | 0.60 |
| | Total | 20.35 | 23.20 |

52. The Company has regrouped / reclassified the previous years figures in order to confirm to the current year.

In terms of our report of even date,
For D. Kothary & Co.
 Chartered Accountants
 Firm Registration No. 105335W

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

(**Mehul N. Patel**)
 Partner
 Membership No. 132650

(**Kunal. N. Gandhi**)
 Managing Director &
 Chief Executive Officer
 DIN : 01516156

(**Vinod S Shanbaug**)
 Director
 DIN : 00555709

Place : Mumbai
 Date : 2nd June, 2021

(**Y. B. Shah**)
 Executive Director
 & Chief Financial Officer
 DIN : 06396150

(**Piyush Hindia**)
 Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of

Lyka Labs Limited

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Lyka Labs Limited (herein after referred as "the Holding Company") and its Subsidiaries (the Holding Company and its Subsidiaries together referred to as "the Group") , which comprise the Consolidated Balance Sheet as at 31st March, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "the Consolidated Ind AS Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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, of the consolidated state of affairs of the Group as at 31st March, 2021, their consolidated loss (including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We would like to draw your attention read with note no. 53 regarding the consolidated financial statement of the Company being prepared on a going concern basis, notwithstanding the fact that the company has negative net worth of Rs. 2,579.67 lakhs as at March 31, 2021. The appropriateness of the said basis is inter alia dependent on the fact that the management is hopeful of better prospects in future.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no key audit matters to be disclosed.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Shareholders' Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) 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. 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.

-
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We have audited the financial statements of two Subsidiaries whose financial statements / financial information reflect total assets of Rs. 1,504.38 lakhs as at 31st March, 2021, total revenues of Rs. 3,949.05 lakhs and net cash outflows amounting to Rs. 127.21 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by us whose reports have been furnished by us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid Subsidiaries, is based solely on the reports furnished by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of a Subsidiaries as noted in the 'other matter' paragraph, 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 Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules there under.

Lyka Labs Limited

- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its Subsidiaries company covered under the Act, none of the directors of the Group companies are disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” and
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of a Subsidiaries, as noted in the ‘Other matter’ paragraph:
 - i. The group has disclosed the pending litigations which has impact on its financial position in its financial statements – Refer Note 37 to the console financial statements.
 - ii. The group has made provisions, as required under the applicable Law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring of amounts required to be transferred to the Investor Education and Protection Fund by the group during the year ended 31st March, 2021.

For D. Kothary & Co.
Chartered Accountants
(Firm Registration No. 105335W)
Mehul N. Patel
Partner
Membership No. 132650
UDIN: 21132650AAAAEU6815

Place: Mumbai
Date: 2nd June 2021

Annexure - A**To the Independent Auditor's Report on the Consolidated Ind AS Financial Statements of Lyka Labs Limited****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Lyka Labs Limited ("the Company") as of 31st March 2021 in conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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, internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI 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 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company, have in all material respects, an adequate internal financial control system with reference to consolidated financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2021, based on the internal controls with reference to financial statements criteria established by the Company, considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

Place: Mumbai
Date: 2nd June 2021

For D.Kothary & Co
Chartered Accountants
(Firm Registration No. 105335W)
Mehul N. Patel
Partner
Membership No. 132650
UDIN: 21132650AAAAEU6815



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2021

(₹ in lakh)

| Particulars | Notes | As at 31 st March, 2021 | As at 31 st March, 2020 |
|---|-------|---------------------------------------|---------------------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 3 | 6,747.66 | 7,251.98 |
| (b) Capital Work- In- Progress | 3 | 1,618.18 | 1,660.18 |
| (c) Intangible assets | 4 | 3,071.36 | 3,226.05 |
| (d) Intangible assets under development | 4 | 957.32 | 1,115.44 |
| (e) Financial Assets | | | |
| (i) Investments | 5 | 0.89 | 0.89 |
| (ii) Loans | 6 | 11.84 | 43.83 |
| (ii) Other Financial Assets | 7 | 1,376.21 | 1,317.85 |
| (f) Other Non Current Assets | 8 | 141.45 | 134.84 |
| (g) Non Current Tax Assets | 9 | 529.38 | 449.19 |
| (h) Deferred tax assets(net) | 10 | 1,634.60 | 1,228.82 |
| | | <u>16,088.89</u> | <u>16,429.07</u> |
| Current Assets | | | |
| (a) Inventories | 11 | 430.62 | 673.28 |
| (b) Financial Assets | | | |
| (i) Investments | 5 | 0.77 | 0.75 |
| (ii) Trade Receivables | 12 | 867.21 | 804.26 |
| (iii) Cash and Cash Equivalents | 13 | 715.36 | 1,030.16 |
| (iv) Loans | 14 | 6.74 | 8.32 |
| (v) Other Financial Assets | 15 | 97.80 | 198.87 |
| (c) Other Current Assets | 16 | 793.82 | 872.10 |
| | | <u>2,912.32</u> | <u>3,587.74</u> |
| | | <u>19,001.21</u> | <u>20,016.81</u> |
| Total Assets | | | |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share Capital | 17 | 2,869.00 | 2,869.00 |
| (b) Other Equity | 18 | (5,448.67) | (4,303.46) |
| Equity attributable to owners of the company | | <u>(2,579.67)</u> | <u>(1,434.46)</u> |
| (c) Non-controlling Interest | 18 | 70.43 | (76.68) |
| | | <u>(2,509.24)</u> | <u>(1,511.14)</u> |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 15,136.07 | 12,609.63 |
| (ii) Other Financial Liabilities | 20 | 1,084.28 | 1,900.04 |
| (b) Provisions | 21 | 366.24 | 386.24 |
| | | <u>16,586.59</u> | <u>14,895.91</u> |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 22 | 1,036.53 | 1,441.37 |
| (ii) Trade Payables due to : | | | |
| - Micro and Small Enterprise | 23 | 338.51 | 211.90 |
| - Other than Micro and Small Enterprise | 23 | 1,133.41 | 1,673.58 |
| (iii) Other Financial Liabilities | 24 | 1,916.26 | 2,354.32 |
| (b) Other Current Liabilities | 25 | 329.11 | 728.36 |
| (c) Provisions | 26 | 170.04 | 222.51 |
| | | <u>4,923.86</u> | <u>6,632.04</u> |
| Total Equity and Liabilities | | <u>19,001.21</u> | <u>20,016.81</u> |

See accompanying notes to the consolidated financial statements

In terms of our report of even date,

For D. Kothary & Co.

Chartered Accountants

Firm Registration No. 105335W

(Mehul N. Patel)

Partner

Membership No. 132650

Place : Mumbai

Date : 2nd June, 2021

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

(Kunal N Gandhi)
Managing Director &
Chief Executive Officer
DIN : 01516156

(Vinod S Shanbaug)
Director
DIN : 00555709

(Y. B. Shah)
Executive Director &
Chief Financial Officer
DIN : 06396150

(Piyush Hindia)
Company Secretary

Lyka Labs Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in lakh)

| Particulars | Notes | For the Year Ended 31 st March, 2021 | For the Year Ended 31 st March, 2020 |
|---|-------|--|--|
| INCOME | | | |
| Income from Operations | 27 | 6,710.71 | 5,548.05 |
| Other Operating Income | 28 | 1,914.42 | 600.84 |
| | | 8,625.13 | 6,148.89 |
| Other Income | 29 | 156.17 | 308.87 |
| Total Income | | 8,781.30 | 6,457.76 |
| EXPENSES | | | |
| Cost of Materials Consumed | 30 | 1,231.26 | 1,344.58 |
| Purchases of Stock-in-Trade | | 2,259.80 | 2,301.68 |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | 31 | 305.61 | (66.91) |
| Employee Benefits Expense | 32 | 1,456.56 | 1,385.84 |
| Finance Costs | 33 | 2,593.77 | 2,006.63 |
| Depreciation and Amortization Expense | 3 & 4 | 832.38 | 800.95 |
| Other Expenses | 34 | 1,403.54 | 1,550.54 |
| Total Expenses | | 10,082.92 | 9,323.31 |
| (Loss) before Exceptional items | | (1,301.62) | (2,865.55) |
| Exceptional items | 35 | 112.79 | 3,322.15 |
| (Loss) before tax | | (1,414.41) | (6,187.70) |
| Tax Expense: | | | |
| Deferred Tax | | (405.78) | 73.61 |
| Current Tax / Earlier Year Tax | | 0.44 | 0.73 |
| (Loss) for the year | | (1,009.07) | (6,262.04) |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of defined benefit plans (net of tax) | | (10.97) | 33.11 |
| Total Other Comprehensive Income | | (10.97) | 33.11 |
| Total Comprehensive Income for the year | | (998.10) | (6,295.15) |
| Total Comprehensive Income attributable to: | | | |
| Owners of the Parent | | (1,145.21) | (6,089.84) |
| Non-controlling Interest | | 147.11 | (205.31) |
| (Loss) attributable to: | | | |
| Owners of the Parent | | (1,155.45) | (6,054.15) |
| Non-controlling Interest | | 146.38 | (207.89) |
| Other Comprehensive Income attributable to: | | | |
| Owners of the Parent | | (10.24) | 35.69 |
| Non-controlling Interest | | (0.73) | (2.58) |
| Earnings per share (of Rs. 10 /- each): | | | |
| Basic / Diluted | 48 | (4.07) | (21.29) |

See accompanying notes to the consolidated financial statements

In terms of our report of even date,
For D. Kothary & Co.
Chartered Accountants
Firm Registration No. 105335W

(Mehul N. Patel)
Partner
Membership No. 132650
Place : Mumbai
Date : 2nd June, 2021

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

(Kunal N Gandhi)
Managing Director &
Chief Executive Officer
DIN : 01516156

(Y. B. Shah)
Executive Director &
Chief Financial Officer
DIN : 06396150

(Vinod S Shanbaug)
Director
DIN : 00555709

(Piyush Hindia)
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. Equity Share Capital (Refer Note. 17)

(₹ in lakh)

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|---|------------------------|-----------------|------------------------|-----------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Balance at the beginning of the reporting year | 2,86,90,000 | 2,869.00 | 2,81,40,000 | 2,814.00 |
| Changes in equity share capital during the year | - | - | 5,50,000 | 55.00 |
| Balance at the end of reporting year | 2,86,90,000 | 2,869.00 | 2,86,90,000 | 2,869.00 |

B. Other Equity (Refer Note. 18)

(₹ in lakh)

| Particulars | Reserves and surplus | | | | Items of Other Comprehensive Income (Remeasurement of the defined benefit plan) | Total Non - controlling Interest | Total |
|--|----------------------|----------------------------|-----------------|-----------------|--|----------------------------------|-------------------|
| | Retained Earnings | Securities Premium Account | Capital Reserve | General Reserve | | | |
| Balance as at 31st March, 2020 | (14,989.11) | 9,743.97 | 49.13 | 952.57 | (60.02) | (76.68) | (4,380.14) |
| Profit / (Loss) for the year | (1,155.45) | - | - | - | - | 146.38 | (1,009.07) |
| Other Comprehensive Income for the year, net of income tax | - | - | - | - | 10.24 | 0.73 | 10.97 |
| Balance as at 31st March, 2021 | (16,144.56) | 9,743.97 | 49.13 | 952.57 | (49.78) | 70.43 | (5,378.24) |

In terms of our report of even date,

For D. Kothary & Co.

Chartered Accountants

Firm Registration No. 105335W

(Mehul N. Patel)

Partner

Membership No. 132650

Place : Mumbai

Date : 2nd June, 2021

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

(Kunal N Gandhi)

Managing Director &

Chief Executive Officer

DIN : 01516156

(Y. B. Shah)

Executive Director &

Chief Financial Officer

DIN : 06396150

(Vinod S Shanbaug)

Director

DIN : 00555709

(Piyush Hindia)

Company Secretary

Lyka Labs Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in lakh)

| Particulars | Current Year ended 31st March, 2021 | Previous Year Ended 31st March, 2020 |
|--|--|---|
| A. Cash Flow from Operating Activities | | |
| (Loss) for the year before tax | (1,414.41) | (6,187.69) |
| Adjusted for | | |
| Depreciation | 832.38 | 800.95 |
| Interest Income | (110.65) | (98.89) |
| Finance Cost | 2,593.77 | 2,006.63 |
| Provision for Doubtful Trade Receivables & Advances | 98.01 | (5.99) |
| Provision / Credit Balance no longer required Written Back | (0.15) | (0.00) |
| Exchange rate fluctuation | (4.39) | (31.89) |
| Exceptional Items | 130.87 | 2,905.35 |
| Return on Investment | (0.03) | (0.04) |
| | 3,539.81 | 5,576.12 |
| Operating profit before working capital change | 2,125.40 | (611.57) |
| Changes in Working Capital : | | |
| (Increase) / Decrease in Other Non-Current Financial Assets | (84.74) | (79.65) |
| (Increase) / Decrease in Other Non-Current Assets | (6.61) | 0.97 |
| (Increase) / Decrease in Inventories | 242.66 | 26.95 |
| (Increase) / Decrease in Trade and other receivables | (106.61) | 795.66 |
| (Increase) / Decrease in Other Current Financial Assets | 101.06 | 208.90 |
| (Increase) / Decrease in Other Current Assets | 78.28 | (111.46) |
| (Increase) / Decrease in Non-Current Loans | 31.99 | 637.83 |
| (Increase) / Decrease in Current Loans | 1.58 | (3.22) |
| Increase / (Decrease) in Other Non-Current Financial Liabilities | (6.54) | 1,564.02 |
| Increase / (Decrease) in Non-Current Provisions | (19.99) | (21.61) |
| Increase / (Decrease) in Trade Payables | (413.40) | (624.10) |
| Increase / (Decrease) in Other Current Financial Liabilities | (490.59) | 51.83 |
| Increase / (Decrease) in Other Current Liabilities | (399.25) | (1,240.73) |
| Increase / (Decrease) in Current Provisions | (91.45) | (111.55) |
| | (1163.61) | 1,093.84 |
| Cash generated from operations | 961.79 | 482.27 |
| Net Income Tax Payment | (80.63) | 50.07 |
| Net cashflow from operating activities (A) | 881.16 | 532.34 |
| B. Cashflow for Investing activities | | |
| Purchase of fixed assets | (126.78) | (109.84) |
| Interest Received | 110.65 | 98.88 |
| Net cash used in Investing activities (B) | (16.13) | (10.96) |

| Particulars | Current Year ended 31st March, 2021 | Previous Year Ended 31st March, 2020 |
|---|--|---|
| C. Cashflow from Financing activities | | |
| Proceed from / (Repayment) of Non Current Borrowings Net | (6.65) | 2,206.68 |
| Proceed from / (Repayment) of Current Borrowings Net | (484.65) | (145.05) |
| Proceeds from Issue of Equity Shares net (Including Premium) | - | 226.88 |
| Interest Paid | (688.53) | (1,950.24) |
| Net cash used in Financing activities (C) | (1,179.83) | 338.27 |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | (314.80) | 859.65 |
| Cash and Cash Equivalents at the beginning of the year | | |
| Cash and Cash Equivalents | 17.93 | 19.10 |
| Earmarked Balances | 1,012.23 | 151.41 |
| | 1,030.16 | 170.51 |
| Cash and Cash Equivalents at the end of the year | | |
| Cash and Cash Equivalents | 23.59 | 17.93 |
| Earmarked Balances | 691.77 | 1,012.23 |
| | 715.36 | 1,030.16 |

In terms of our report of even date,
For D. Kothary & Co.
Chartered Accountants
Firm Registration No. 105335W

(**Mehul N. Patel**)
Partner
Membership No. 132650
Place : Mumbai
Date : 2nd June, 2021

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

(**Kunal N Gandhi**)
Managing Director &
Chief Executive Officer
DIN : 01516156

(**Y. B. Shah**)
Executive Director &
Chief Financial Officer
DIN : 06396150

(**Vinod S Shanbaug**)
Director
DIN : 00555709

(**Piyush Hindia**)
Company Secretary

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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, ACCOUNTING JUDGEMENTS , ESTIMATES AND ASSUMPTIONS:

A. SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of Preparation of Ind-AS Consolidated financial statements

These Ind-AS consolidated financial statements of Lyka Labs Limited (“the Company”) and its subsidiaries (hereinafter referred to as “the Group”), have been prepared in accordance with the relevant provisions of the Companies Act, 2013, the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with the Companies (Indian Accounting Standards) Amendment Rules, 2017 and the Guidance Notes and other authoritative pronouncements issued by the Institute of Chartered Accountants of India (ICAI).

For all periods up to and including the year ended 31 March 2017, the Group prepared its consolidated financial statements in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These consolidated financial statements for the year ended 31 March 2018 are the first the Group has prepared in accordance with Ind-AS. Refer to note 55 for information on how the Group adopted IndAS, including the details of the first time adoption exemptions availed by the Group.

The Ind-AS consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities measured at fair value (refer accounting policy no. 2.11 regarding financial instruments). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

2.2 Principles of Consolidation:

Subsidiaries

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the Company and

its subsidiaries and jointly controlled entity have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies.

Upon loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the Consolidated Statement of Profit and Loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.3 CURRENT AND NON-CURRENT CLASSIFICATION OF ASSETS AND LIABILITIES AND OPERATING CYCLE:

An asset is considered as current when it is:

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

All other assets are classified as non-current.

A liability is considered as current when:

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

All other liabilities are classified as non-current.

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

The Operating Cycle is the time between the acquisition of assets for business purposes and their realization into cash and cash equivalents.

2.4 PROPERTY, PLANT AND EQUIPMENT:

Property, Plant and Equipment are recorded at their cost of acquisition, net of refundable taxes or levies, less accumulated depreciation and impairment losses, if any. The cost thereof comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost for bringing the asset to its working condition for its intended use.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on DE recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognized.

For transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognized as on 1st April, 2016 (date of transition) measured as per previous GAAP as its deemed cost on the date of transition.

2.5 DEPRECIATION:

Depreciation on Property, Plant and Equipment is provided on different class of assets on the following basis:

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

Cost of Leasehold Land and Improvement is written off over the period of Lease.

Depreciation on additions to Property Plant and Equipment is provided on pro-rata basis from the date of acquisition or installation, and in case of new project from the date of commencement of commercial production.

Depreciation on Assets sold, discarded, demolished or scrapped, is provided up to the date on which the said Asset is sold, discarded, demolished or scrapped.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.6 CAPITAL WORK IN PROGRESS AND CAPITAL ADVANCES:

Expenses incurred for acquisition of capital assets outstanding at each balance sheet date are disclosed under capital work-in-progress. Advances given towards the acquisition of fixed assets are shown separately as capital advances under the head Other Non-Current Assets.

2.7 INTANGIBLE ASSETS AND AMORTISATION THEREOF:

2.7.1 INTERNALLY GENERATED INTANGIBLE ASSETS (RESEARCH AND DEVELOPMENT):

- i) Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the group can demonstrate all the following:
 - a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
 - b) Its intention to complete the asset.
 - c) Its ability to use or sell the asset.
 - d) How the asset will generate future economic benefits.
 - e) The availability of adequate resources to complete the development and to use or sell the asset.
 - f) The ability to measure reliably the expenditure attributable to the intangible asset during development.

2.7.2 OTHER INTANGIBLE ASSETS:

An intangible asset is recognized if

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(b) the cost of the asset can be measured reliably.

An item of Intangible Asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on DE recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognized.

The residual values, useful lives and methods of amortization of Intangible Assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.7.3. AMORTISATION OF INTANGIBLE ASSETS:

Amortization of the asset begins on a straight line basis over the period of expected future benefit from the related project, the estimated useful life considered is ten years. Amortization is recognized in the Statement of Profit and Loss. During the period of development, the asset is tested for impairment annually.

Estimated useful life of the following assets of Lyka BDR Limited, Lyka Healthcare Limited and Lyka Exports Limited (Subsidiary Companies) are different from the useful lives as prescribed under Part C of Schedule II of Companies Act, 2013:

| Class of Assets | Useful life in years |
|----------------------------------|----------------------|
| Registration Rights | 15 |
| Technical and Marketing Know-How | 20 |
| Brands | 20 |

The residual values, useful lives and methods of amortization of Intangible Assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

For transition to Ind AS, the Group has elected to continue with the carrying value of all its Intangible Assets recognized as on 1st April, 2016 (date of transition) measured as per previous GAAP as its deemed cost on the date of transition.

2.8 IMPAIRMENT OF PROPERTY PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Carrying amount of tangible and intangible assets are reviewed at each Balance Sheet date. These are treated as impaired when the carrying cost thereof exceeds its recoverable value. Recoverable value is higher of the asset's net selling price or value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount receivable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. An impairment loss is charged for when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.9 INVENTORIES

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

Net realizable value is the estimated selling price in the ordinary course of business.

2.10 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government, discounts and rebates.

- Revenue from Domestic sale is recognized on transfer of significant risks and rewards of ownership which is based on the dispatch of goods.
- Revenue from Export sale is recognized on transfer of significant risks and rewards of ownership based on Bill of lading date.
- Revenue in respect of other income/claims, etc. is recognized only when it is reasonably certain that ultimate collection will be made.

- Interest Income:

For all financial instruments measured at amortized cost, interest income is measured using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash flows through the contracted or expected life of the financial instrument, as appropriate, to the net carrying amount of the financial asset.

- Dividend Income:

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.11 FINANCIAL INSTRUMENTS:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FINANCIAL ASSETS:

Initial Recognition and Measurement:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent Measurement:

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- Investments measured at fair value through Profit & Loss (FVTPL)

Financial Assets at Amortized Cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Equity Instruments at FVTOCI:

For equity instruments not held for trading, an irrevocable choice is made on initial recognition to measure it at FVTOCI. All fair value changes on such investments, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale or disposal of the investment. However, on sale or disposal the Group may transfer the cumulative gain or loss within equity.

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Financial Assets at FVTPL:

Even if an instrument meets the two requirements to be measured at amortized cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. All other financial assets are measured at fair value through profit or loss.

DERECOGNITION:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group’s statement of financial position) when:

- i) The rights to receive cash flows from the asset have expired, or
- ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement and either:
 - a. The Group has transferred substantially all the risks and rewards of the asset, or
 - b. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

IMPAIRMENT OF FINANCIAL ASSETS:

The Group applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposures:

- Financial assets at amortized cost.
- Trade Receivables

The Group follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables. Under this approach the Group does not track changes in credit risk but recognizes impairment loss allowance based on lifetime ECLs at each reporting date. For this purpose the Group uses a provision matrix to determine the impairment loss allowance on the portfolio of trade receivables. The said matrix is based on historically observed default rates over the expected life of the trade receivables duly adjusted for forward looking estimates.

For recognition of impairment loss on other financial assets and risk exposures, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12-month ECL.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. The ECL impairment loss allowance (or reversal) recognized during the period in the statement of profit and loss and the cumulative loss is reduced from the carrying amount of the asset until it meets the write off criteria, which is generally when no cash flows are expected to be realized from the asset.

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

FINANCIAL LIABILITIES:

Initial Recognition and Measurement:

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

Subsequent Measurement:

This is dependent upon the classification thereof as under:

Loans and Borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

DERECOGNITION:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize an asset and settle the liabilities simultaneously.

EQUITY INSTRUMENTS:

An equity instrument is any contract that evidences a residual interest in the assets of an entity in accordance with the substance of the contractual arrangements. These are recognized at the amount of the proceeds received, net of direct issue costs.

2.12 EMPLOYEE BENEFITS

- Defined Contribution Plan:

The Group's contribution paid / payable during the year to Provident Fund, ESIC, Superannuation Fund etc., are recognized as expenses in the Statement of Profit and Loss. These are approved / recognized schemes of the Group.

- Defined Benefit Plan:

The Group's annual liability towards Gratuity is funded on the basis of actuarial valuation furnished by the Life Insurance Corporation of India under Group Gratuity Scheme.

- The undiscounted amount of short-term employee benefit expected to be paid in exchange for the service rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives and are determined using the Projected Unit Credit Method. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. Actuarial gains and losses

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

are recognized immediately in the Balance Sheet with a corresponding effect in the Statement of Other Comprehensive Income. Past service cost is recognized immediately in the Statement of Profit or Loss.

2.13 BORROWING COST

Borrowing costs comprising of interest and other costs that are incurred in connection with the borrowing of funds that are attributable to the acquisition or construction of qualifying assets are considered as a part of cost of such assets less interest earned on the temporary investment. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other borrowing costs are charged to Statement of Profit & Loss in the year in which they are incurred.

2.14 LEASES:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(i) Company as a lessee

The Company's lease asset classes primarily consist of leases for land, buildings and furniture. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(ii) Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

2.15 FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

2.16 TAXES ON INCOME:

Current Income Taxes:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Taxes:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, when the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternate Tax (MAT):

MAT paid in accordance with the tax laws in India, which give rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company and its subsidiaries will pay normal income tax after the specified years. Accordingly, MAT is recognized as a deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefits associated with it will flow to the Group.

2.17 PROVISIONS AND CONTINGENT LIABILITIES:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

When the Group expects some or all of a provision to be reimbursed, the same is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A Contingent Liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of enterprise or a present obligation that arises from past events that may, but probably will not, require an outflow of resources.

Both provisions and contingent liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes.

2.18 EARNINGS PER SHARE:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events including a bonus issue, bonus element in right issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.19 CASH AND CASH EQUIVALENT:

Cash and cash equivalent for the purpose of Cash Flow Statement comprise cash at bank and in hand and short term highly liquid investments which are subject to insignificant risk of changes in value.

2.20 CASH FLOW STATEMENT:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

2.21 COMMITMENTS:

Commitments are future liabilities for contractual expenditure. The commitments are classified and disclosed as follows:

- (a) The estimated amount of contracts remaining to be executed on capital accounts and not provided for; and
- (b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the Management.

2.22 SEGMENT REPORTING:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.23 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:

The preparation of Consolidated financial statements is in conformity with the recognition and measurement principles of Ind AS which requires the management to make judgements for estimates and assumptions that affect the amounts of assets, liabilities and the disclosure of contingent liabilities on the reporting date and the amounts of revenues and expenses during the reporting period and the disclosure of contingent liabilities. Differences between actual results and estimates are recognized in the period in which the results are known/ materialize.

2.24 ESTIMATES ASSUMPTIONS AND JUDGEMENTS:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

a) Estimation of current tax expense and deferred tax:

The calculation of the Group's tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

b) Recognition of deferred tax assets/ liabilities:

The recognition of deferred tax assets/ liabilities is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts.

c) Estimation of Provisions & Contingent Liabilities:

The Group exercises judgement in measuring and recognizing provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision

d) Estimated useful life of Property, Plant and Equipment:

Property, Plant and Equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life, its expected usage pattern and the expected residual value at the end of its life. The useful lives, usage pattern and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology etc.

e) Estimation of Provision for Inventory:

The Group writes down inventories to net realizable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realized. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

f) Estimation of Defined Benefit Obligation:

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post-employment plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

g) The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds of maturity approximating the terms of the related plan liability.

h) Estimated fair value of Financial Instruments.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

3. Property Plant and Equipment

Carrying amounts of :

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------------|---------------------------|---------------------------|
| Land | 2,763.73 | 2,809.21 |
| Buildings | 2,666.35 | 2,803.04 |
| Plant and Machinery | 943.56 | 1,120.33 |
| Computers | 6.53 | 10.09 |
| Vehicles | 106.12 | 120.96 |
| Furnitures and Fixtures | 146.62 | 196.27 |
| Office Equipments | 4.36 | 4.95 |
| Right To Use Property | 110.39 | 187.14 |

| Particulars | Land | Buildings | Plant and Machinery | Computers | Vehicles | Furnitures and Fixtures | Office Equipments | Right To Use Property | Total |
|--|-----------------|-----------------|---------------------|--------------|---------------|-------------------------|-------------------|-----------------------|------------------|
| Gross Block (Cost or Deemed Cost) : | | | | | | | | | |
| Balance at 31st March, 2020 | 2,993.40 | 3,426.33 | 2,014.93 | 80.05 | 191.68 | 299.23 | 20.74 | 350.94 | 9,377.30 |
| Additions | - | 14.80 | 78.36 | 3.80 | 7.91 | - | 2.26 | - | 107.12 |
| Disposals/Written Off/Adjustment | - | - | 1,227.15 | 1.24 | (37.65) | (25.91) | (2.93) | - | 1,161.91 |
| Balance at 31st March, 2021 | 2,993.40 | 3,441.13 | 3,320.44 | 85.09 | 161.94 | 273.32 | 20.07 | 350.94 | 10,646.33 |
| Accumulated Depreciation and Impairment : | | | | | | | | | |
| Balance at 31st March, 2020 | 184.20 | 623.29 | 894.60 | 69.96 | 70.72 | 102.96 | 15.79 | 163.80 | 2,125.31 |
| Depreciation for the year | 45.47 | 151.49 | 212.10 | 3.22 | 19.52 | 23.50 | 1.02 | 76.75 | 533.07 |
| Disposals/Written Off/Adjustment | - | - | 1,270.18 | 5.38 | (34.42) | 0.24 | (1.10) | - | 1,240.28 |
| Balance at 31st March, 2021 | 229.67 | 774.78 | 2,376.88 | 78.56 | 55.82 | 126.70 | 15.71 | 240.55 | 3,898.67 |
| Carrying amounts of : | | | | | | | | | |
| Balance at 31st March, 2020 | 2,809.21 | 2,803.04 | 1,120.33 | 10.09 | 120.96 | 196.27 | 4.95 | 187.14 | 7,251.99 |
| Balance at 31st March, 2021 | 2,763.73 | 2,666.35 | 943.56 | 6.53 | 106.12 | 146.62 | 4.36 | 110.39 | 6,747.66 |

Building includes ₹ 26.92 Lakhs (as at 31st March, 2020 ₹ 26.92 Lakhs) 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. (For details of security created against the Property Plant and Equipment, refer note no. 19.1)

Details of Tangible Capital Work in Progress

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---------------------------------------|---------------------------|---------------------------|
| Opening balance | 1,660.18 | 1,755.18 |
| Capitalised Additions during the year | - | (95.01) |
| Disposals / Written Off / Adjustment | 10.75 | - |
| Closing Balance | 1,618.18 | 1,660.18 |

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
4. Intangible Assets
Carrying amounts of :

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| Internally Developed Intangible Assets(Research and development expenditure) | 441.41 | 368.41 |
| Computer Software | 45.22 | 57.13 |
| Intangible Assets (Trade Mark/Brand) | 2,100.41 | 2,283.86 |
| Technical and Marketing Knowhow | 479.87 | 510.35 |
| Registration Rights | 4.45 | 6.31 |

(₹ in lakh)

| Particulars | Internally Developed Intangible Assets (Research and development expenditure) | Computer Software | Intangible Assets (Trade Mark/ Brand) | Technical and Marketing Knowhow | Registration Rights | Total |
|--|---|-------------------|---------------------------------------|---------------------------------|---------------------|----------|
| Gross Block (Cost or Deemed Cost) : | | | | | | |
| Balance at 31st March, 2020 | 679.01 | 153.89 | 3,688.50 | 609.50 | 4,328.30 | 9,459.20 |
| Additions | 142.24 | 2.50 | - | - | - | 144.74 |
| Disposals / Written Off/ Adjustment | (0.62) | - | - | - | - | (0.62) |
| Balance at 31st March, 2021 | 820.63 | 156.39 | 3,688.50 | 609.50 | 4,328.30 | 9,603.32 |
| Accumulated Amortisation and Impairment : | | | | | | |
| Balance at 31st March, 2020 | 310.60 | 96.76 | 1,404.64 | 99.15 | 4,321.99 | 6,233.15 |
| Amortisation for the year | 69.12 | 14.41 | 183.45 | 30.48 | 1.86 | 299.30 |
| Disposals / Written Off/ Adjustment | (0.50) | - | - | - | - | (0.50) |
| Balance at 31st March, 2021 | 379.22 | 111.17 | 1,588.09 | 129.63 | 4,323.85 | 6,531.96 |
| Carrying amounts of : | | | | | | |
| Balance at 31st March, 2020 | 368.41 | 57.13 | 2,283.86 | 510.35 | 6.31 | 3,226.05 |
| Balance at 31st March, 2021 | 441.41 | 45.22 | 2,100.41 | 479.87 | 4.45 | 3,071.36 |

Details of Intangible Assets under Development

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------------------------|---------------------------|---------------------------|
| Opening balance | 1,115.44 | 1,351.43 |
| Capitalised | (142.24) | (122.27) |
| Additions during the year | 10.25 | 172.07 |
| Disposals / Written Off/ Adjustment | (26.13) | (285.78) |
| Closing Balance | 957.32 | 1,115.44 |

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

5. Non-Current Investments

(₹ in lakh)

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|--|----------------------------|-------------|----------------------------|-------------|
| | No of Shares / units | Amount | No of Shares / units | Amount |
| Investments : | | | | |
| (a) Other Investments (Quoted) - FVTOCI : | | | | |
| Equity Shares of Rs. 10 each fully paid up in Paramount Printpackaging Ltd | 10,000.00 | 0.08 | 10,000.00 | 0.08 |
| Equity Shares of Rs. 10 each fully paid up in Themis Medicare Ltd | 334.00 | 0.80 | 334.00 | 0.80 |
| b) Other Investments (Unquoted)- FVTPL : | | | | |
| Janata Sahakari Bank Ltd | 10.00 | 0.01 | 10.00 | 0.01 |
| Total | 10,344 | 0.89 | 10,344 | 0.89 |

Current Investments

(₹ in lakh)

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|--------------------------------------|----------------------------|-------------|----------------------------|-------------|
| | No of Shares / units | Amount | No of Shares / units | Amount |
| Investments at FVTPL : | | | | |
| Investments in Mutual Fund : | | | | |
| Debt Mutual Fund: | | | | |
| Birla Sun Life Plus Collection | 12.66 | 0.04 | 12.66 | 0.04 |
| HDFC Liquid Fund Post IPO Collection | 18.15 | 0.73 | 18.15 | 0.71 |
| Total | | 0.77 | | 0.75 |

6. Non - Current Loans

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|------------------------------|---------------------------|---------------------------|
| Loans and Advances to Others | 11.84 | 43.83 |
| Total | 11.84 | 43.83 |

7. Other Non - Current Financial Assets

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------------------------|---------------------------|
| (Unsecured, considered good) | | |
| Security Deposit | 343.76 | 285.40 |
| Others - Deposit with Drug Price Equalisation Account | 1,032.45 | 1,032.45 |
| Total | 1,376.21 | 1,317.85 |

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
8. Other Non - Current Assets

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------------------------|---------------------------|---------------------------|
| (Unsecured, considered good) | | |
| Capital Advances | 34.01 | 32.11 |
| Balance with Government Authorities | 107.44 | 102.73 |
| Total | 141.45 | 134.84 |

9. Non - Current Tax Assets

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| Advance Tax and Tax deducted at source | 529.38 | 449.19 |
| Total | 529.38 | 449.19 |

10. Deferred Tax Assets (net)

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---------------------|---------------------------|---------------------------|
| Deferred Tax Assets | 1,634.60 | 1,228.82 |
| Total | 1,634.60 | 1,228.82 |

10.1. Deferred Tax Assets / (Liabilities) in relation to :

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| On Account of Brought Forward Losses & Unabsorbed Depreciation | 177.74 | 1,041.53 |
| On Account of Section 43B Disallowances | 1,440.03 | 185.99 |
| On Account of IndAS Adjustments | 16.83 | 1.30 |
| Total | 1,634.60 | 1,228.82 |

11. Inventories

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--------------------------------------|---------------------------|---------------------------|
| Raw Materials (Refer Note No. 43) | 195.78 | 153.87 |
| Packing Material (Refer Note No. 43) | 189.16 | 168.13 |
| Work-in-Progress | 26.77 | 117.06 |
| Finished Goods | 18.90 | 234.22 |
| Total | 430.62 | 673.28 |

Inventory write down is accounted, considering the nature of inventory, age, liquidation plan and net realisable value. Write down of inventories during the year amount to ₹ 12.96 lakh (Previous year ₹ 266.64 lakh). The effect of these write down were recognised in cost of materials consumed, and changes in value of inventories of work-in-progress, stock-in-trade and finished goods in the Statement of Profit and Loss.

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

12. Trade Receivables (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| (Unsecured) | | |
| Considered Good | 874.38 | 863.77 |
| Considered Doubtful | 346.43 | 246.04 |
| Less: Provision for Expected Credit Loss | (52.71) | (111.02) |
| Less: Provision for Doubtful Debt | (300.89) | (194.53) |
| Total | 867.21 | 804.26 |

13. Cash and Cash Equivalents (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------------------------|---------------------------|
| (A) Cash and Cash Equivalents | | |
| Balances with Banks | 22.76 | 10.92 |
| Cash on hand | 0.84 | 7.01 |
| (B) Bank Balances other than Cash and Cash Equivalents | | |
| Deposits with Banks (Lien against OD) (Refer Note No. 22) | 691.77 | 1,012.23 |
| Total | 715.36 | 1,030.16 |

14. Current Loans (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------------------------|---------------------------|---------------------------|
| (Unsecured, considered good) | | |
| Loan to Employees | 6.74 | 8.32 |
| Total | 6.74 | 8.32 |

15. Other Current Financial Assets (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------------------------|---------------------------|---------------------------|
| (Unsecured, considered good) | | |
| Deposits | 46.87 | 48.16 |
| Advance payment of taxes | 4.28 | 1.04 |
| Others | 46.65 | 149.67 |
| Total | 97.80 | 198.87 |

16. Other Current Assets (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------------------------|---------------------------|---------------------------|
| Trade Advances | 167.27 | 147.21 |
| Prepaid Expenses | 195.25 | 253.26 |
| Balance with Government Authorities | 200.34 | 220.81 |
| Claims Receivable | 166.99 | 166.99 |
| Others | 63.97 | 83.83 |
| Total | 793.82 | 872.10 |

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
17. Share Capital

(₹ in lakh)

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|---|------------------------|-----------------|------------------------|-----------------|
| | Number of shares | Amount (In ₹.) | Number of shares | Amount (In ₹.) |
| Authorised | | | | |
| Equity Shares of ₹10/- each | 4,80,00,000 | 4,800.00 | 4,00,00,000 | 4,000.00 |
| Redeemable Preference Shares of ₹100/- each | 2,00,000 | 200.00 | 2,00,000 | 200.00 |
| | 4,82,00,000 | 5,000.00 | 4,02,00,000 | 4,200.00 |
| Issued, Subscribed and Fully Paid | | | | |
| Equity Shares of ₹10/- each | 2,86,90,000 | 2,869.00 | 2,86,90,000 | 2,869.00 |
| Total | 2,86,90,000 | 2,869.00 | 2,86,90,000 | 2,869.00 |

17.1 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.

17.2 Reconciliation of number of shares outstanding as at the beginning and end of the year

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|--|------------------------|-------------------|------------------------|-------------------|
| | Equity Shares | Preference Shares | Equity Shares | Preference Shares |
| Balance as at the beginning of the Year | 2,86,90,000 | 1,08,570 | 2,81,40,000 | 1,08,570 |
| Add : Issued during the Year | - | - | 5,50,000 | - |
| Balance as at the end of the Year | 2,86,90,000 | 1,08,570 | 2,86,90,000 | 1,08,570 |

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

| Name of the shareholders | As at 31st March, 2021 | | As at 31st March, 2020 | |
|--|------------------------|-------------|------------------------|-------------|
| | No of Shares held | % of Shares | No of Shares held | % of Shares |
| Equity Shares of ₹10/- each | | | | |
| Mayank J. Shah | 20,01,500 | 6.98% | 20,01,500 | 6.98% |
| Shruti Mayank Shah | 15,20,846 | 5.30% | 15,15,846 | 5.28% |
| Prasham M. Shah | 15,00,000 | 5.23% | 15,00,000 | 5.23% |
| 10% Cumulative Redeemable Preference Shares | | | | |
| Dr. D. B. Parikh | 1,08,570 | 100.00% | 1,08,570 | 100.00% |

17.4 The Company has allotted 5,50,000 convertible warrants at ₹55/- 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 August 3, 2017 These warrants were converted (in the ratio of 1 share for 1 warrant) into equity shares of ₹10/- each at a premium of ₹45/- per share during the previous years.

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NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| 18. Other Equity | | (₹ in lakh) |
|-------------------------------------|---------------------------|---------------------------|
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
| Retained Earning | (1,61,44.56) | (1,49,89.12) |
| Securities Premium Account | 97,43.97 | 97,43.97 |
| Capital Reserve | 49.13 | 49.13 |
| General Reserve | 952.57 | 952.57 |
| Items of Other Comprehensive Income | (49.78) | (60.02) |
| Non Controlling Interest | 70.43 | (76.68) |
| Total | (5,378.24) | (4,380.15) |

Nature of Reserves:

Capital Reserves

The Capital reserve is created from the of forfeiture of equity warrants and receipts of subsidy for setting up the factories in backward areas for performing research on critical medicines for the betterment of the society.

Securities Premium

Securities Premium account comprises of the premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

General Reserves

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the statement of profit and loss.

| 19. Non Current Borrowings | | (₹ in lakh) |
|---|---------------------------|---------------------------|
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
| Secured Loan: | | |
| Term Loans from Other (Refer Note No. 19.1) | 15,034.86 | 12,501.77 |
| Finance Lease Obligations | 30.53 | 43.61 |
| Unsecured Loan: | | |
| 10% Redeemable Preference Shares of ₹100/- each (for terms of preference shares Refer Note No. 19.2) | 70.68 | 64.25 |
| Total | 15,136.07 | 12,609.63 |

19.1 Details of terms of repayment and security provided for in respect of the Long-Term Borrowings as follows :

- Term Loan (RSF-I) of ₹ 11.50 crores From IARC repayable in bullet payment at the end of 36 months from the date of disbursement. PIK interest rate is @20% p.a. in 1st year and for 2nd & 3rd year cash interest rate is @12% p.a. & PIK interest rate is @8% p.a.
- Term Loan (RSF-II) of ₹ 17 crores from IARC repayable in bullet payment at the end of 36 months from the date of disbursement. Cash interest rate is @20% p.a.
- Term Loan (TL-I) of ₹ 64.70 crores from IARC repayable in bullet payment at the end of 36 months from cut off date. PIK interest is @20% p.a. in 1st year and for 2nd & 3rd year cash interest is @12% p.a. & PIK interest rate is @8% p.a.
- Term Loan (TL-II) of ₹ 36.47 crores from IARC, convertible into Equity Shares at the discretion of the lender on or before 36 months from the cut off date.

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- e) The above term loans are secured by 1st charge on Stock-in-trade, Book debts, Other moveable assets, Movable Machinery, Intangible assets and Guaranteed by some of the directors of the Company. The above term loans are also secured by mortgage of company's immovable properties situated at Mumbai, Ankleshwar and Valsad & Secured by pledging of shares held in Subsidiaries.

19.2 108570 10% Cumulative Redeemable Preference Shares of Rs.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.

19.3 Lease obligations repayable in equated monthly installments upto September, 2020 and July 2024 secured by respective Vehicles. Rate of interest ranges between 8.9% p.a. to 12.5% p.a.

20. Other Non-current Financial Liabilities: (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| Security Deposit | 108.86 | 115.40 |
| Lease Liabilities | 92.98 | 172.79 |
| Interest Accrued and Due on Borrowings | 882.44 | 1611.85 |
| Total | 1084.28 | 1900.04 |

21. Non Current Provisions: (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--------------------------------|---------------------------|---------------------------|
| Employee Benefits: | | |
| Provision for Leave Encashment | 72.86 | 75.98 |
| Provision for Gratuity | 227.66 | 243.70 |
| Provision for Superannuation | - | 0.84 |
| Provision for Taxation | 65.72 | 65.72 |
| Total | 366.24 | 386.24 |

22. Current Borrowings (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| Secured Loans: | | |
| From Bank | | |
| Loans Repayable on Demand (Secured against Fixed Deposit) (Refer Note No. 13) | 103.44 | 205.84 |
| Bill Discounting - UCO Bank | - | 101.71 |
| Packing Credit Loan From UCO Bank | - | 199.99 |
| Unsecured: | | |
| Loans and Advances from Related Parties | 805.36 | 646.06 |
| Inter Corporate Deposits | 127.73 | 287.77 |
| Total | 1,036.53 | 1,441.37 |

Details of terms of repayment in respect of Short -Term Borrowings:

21.1 Interest on Loans Repayable on Demand is from 8.15% p.a. to 9.25% p.a. (simple Interest).

21.2 Interest on Loans from Related Parties is 12% p.a. (simple Interest).

21.3 Interest on Inter Corporate Deposits is 21% p.a. (simple interest).

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| 23. Trade Payables | | (₹ in lakh) |
|---|-----------------------------------|---------------------------|
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
| (i) Total outstanding dues of Micro Enterprises and Small Enterprises | 338.51 | 211.90 |
| (ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises | 1,133.41 | 1,673.58 |
| Total | 1,471.92 | 1,885.48 |

23.1 Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 as per the records of the Company. (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|-----------------------------------|---------------------------|
| Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date | 338.51 | 211.90 |
| Interest accrued on the dues to suppliers under MSMED Act, 2006 on the above amount | 20.16 | 20.16 |
| Payment made to suppliers (Other than interest) beyond the appointed date, during the year | NIL | NIL |
| Interest paid to suppliers under MSMED Act, 2006 (other than Section 16) | NIL | NIL |
| Interest paid to suppliers under MSMED Act, 2006 (Section 16) | NIL | NIL |
| Interest due and payable to suppliers under MSMED Act, 2006 for payments already made | NIL | NIL |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006 | 20.16 | 20.16 |

| 24. Other Current Financial Liabilities | | (₹ in lakh) |
|--|-----------------------------------|---------------------------|
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
| Current Maturities of Long-Term Debt: | | |
| Debentures - Privately Placed Non Convertible | 13.00 | 13.00 |
| Finance Lease Obligations | 13.08 | 23.83 |
| Fixed Deposits | 42.40 | 43.42 |
| Interest Accrued and due | 366.70 | 265.14 |
| Book Overdraft | 0.09 | 80.43 |
| Employee dues | 251.59 | 393.80 |
| Creditors for: | | |
| Expenses | 361.57 | 360.52 |
| Capital Expenditure | 5.61 | 62.73 |
| Trade Acceptances | 736.85 | 825.89 |
| Other Outstanding Liabilities | 125.37 | 285.56 |
| Total | 1,916.26 | 2,354.32 |

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
25. Other Current Liabilities (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|------------------------|---------------------------|---------------------------|
| Other Payables: | | |
| Statutory dues | 104.83 | 232.31 |
| Advance from Customers | 197.56 | 490.54 |
| Provision of expenses | 26.72 | 5.51 |
| Total | 329.11 | 728.36 |

26. Current Provisions (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--------------------------------|---------------------------|---------------------------|
| Employee Benefits: | | |
| Provision for Bonus | 29.95 | 32.17 |
| Provision for Gratuity | 116.83 | 161.76 |
| Provision for Leave Encashment | 13.14 | 18.46 |
| Provision for Superannuation | 10.12 | 10.12 |
| Total | 170.04 | 222.51 |

27. Revenue From Operations (₹ in lakh)

| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|------------------|--|--|
| Sale of products | 6,710.71 | 5,548.05 |
| Total | 6,710.71 | 5,548.05 |

27.1 Details of sales of Products (₹ in lakh)

| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|--------------|--|--|
| Bulk Drugs | 352.81 | 302.63 |
| Formulations | 5678.96 | 5,162.90 |
| Others | 678.94 | 82.52 |
| Total | 6710.71 | 5,548.05 |

28. Other Operating Revenue (₹ in lakh)

| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|-----------------------------|--|--|
| Processing charges received | 1,199.26 | 313.73 |
| Royalty | 33.27 | 37.74 |
| Export Incentives | 107.08 | 84.79 |
| Commission Received | 502.33 | 164.58 |
| Analytical Charges | 72.48 | - |
| Total | 1,914.42 | 600.84 |

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| 29. Other Income (₹ in lakh) | | |
|--|--|--|
| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
| Interest from Banks on Deposits | 54.73 | 40.83 |
| Other Interest | 55.91 | 58.06 |
| Rent Received | 6.00 | - |
| Foreign Exchange Fluctuation | 4.39 | 31.88 |
| Profit on Sale of Vehicle | 2.00 | 1.53 |
| Sundry Credit Balances / Excess Provision Written Back (net) | 0.15 | 0.00 |
| Miscellaneous Income | 32.99 | 71.35 |
| ECL Provision Income | - | 105.22 |
| Total | 156.17 | 308.87 |
| 30. Cost of material consumed (₹ in lakh) | | |
| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
| Opening stock of raw material and packing material | 322.00 | 415.86 |
| Add: Purchases | 1,294.20 | 1,250.72 |
| Less: Closing stock of raw material and packing material | (384.94) | (322.00) |
| Total | 1,231.26 | 1,344.58 |
| 31. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade (₹ in lakh) | | |
| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
| As at the beginning of the year: | | |
| Finished Goods | 234.22 | 158.67 |
| Work-in-Progress | 117.06 | 125.70 |
| Total Opening Stock (a) | 351.28 | 284.37 |
| As at the end of the year: | | |
| Finished Goods | 18.90 | 234.22 |
| Work-in-Progress | 26.77 | 117.06 |
| Total Closing Stock (b) | 45.67 | 351.28 |
| Net (increase) / decrease in Finished Goods, work-in-progress and stock in trade(a)-(b) | 305.61 | (66.91) |
| 32. Employee Benefit Expenses (₹ in lakh) | | |
| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
| Salaries and Wages | 1,232.59 | 1,163.11 |
| Contribution to Provident and Other Funds : | | |
| Provident / ESI Fund | 80.32 | 74.48 |
| Superannuation Fund | - | 2.55 |
| Provision for Gratuity | 34.06 | 44.97 |
| Provision for Leave Encashment | 15.89 | 21.62 |
| Staff Welfare Expenses | 93.70 | 79.11 |
| Total | 1,456.56 | 1,385.84 |

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
33. Finance Costs

(₹ in lakh)

| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|--------------------------------|--|--|
| Interest Expenses on : | | |
| Borrowings From Banks : | | |
| Term Loans | - | 0.63 |
| Working Capital | 24.94 | 39.36 |
| Borrowing Others : | | |
| Bill Discounting charges | 15.29 | 97.12 |
| Bank Charges | 13.10 | 21.73 |
| Term Loans | 2,236.54 | 1,369.73 |
| Others Interest Expenses | 303.90 | 478.06 |
| Total | 2,593.77 | 2,006.63 |

34. Other Expenses

(₹ in lakh)

| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
|--|--|--|
| Consumption of Stores and Spare Parts | 21.73 | 7.35 |
| Power and Fuel | 293.99 | 256.42 |
| Processing Charges | 22.15 | 7.41 |
| Rent including Lease Rentals | 64.52 | 66.10 |
| Repairs and Maintenance - Buildings | 20.20 | 6.82 |
| Repairs and Maintenance - Machinery | 74.64 | 53.50 |
| Repairs and Maintenance - Others | 56.20 | 24.00 |
| Insurance | 28.35 | 24.32 |
| Rates and Taxes | 14.21 | 17.94 |
| Commission & Discount | 90.94 | 26.85 |
| Communication Expenses | 7.51 | 10.67 |
| Travelling and Conveyance | 44.29 | 111.82 |
| Advertisement and Sales Promotion | 34.98 | 97.89 |
| Legal and Professional Charges | 161.25 | 226.49 |
| Payments to Auditors (Refer Note No. 52) | 27.85 | 31.95 |
| Factory Expenses | 43.40 | 44.38 |
| Fees & Subscription | 22.90 | 27.13 |
| Security Service Expenses | 32.53 | 29.64 |
| Laboratory Chemicals & Expenses | 61.56 | 29.67 |
| Printing and Stationery | 21.15 | 14.17 |
| Miscellaneous Expenses | 65.81 | 251.14 |
| ECL Provision Expenses | 48.06 | - |
| Directors Fees | 6.30 | 9.30 |
| Freight & Forwarding Expenses | 139.02 | 102.40 |
| Quality Claims | - | 73.18 |
| Total | 1,403.54 | 1,550.54 |

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| 35. Exceptional Items | | (₹ in lakh) |
|--|--|--|
| Particulars | For the Year Ended 31st March, 2021 | For the Year Ended 31st March, 2020 |
| Doubtful Advances | - | 578.18 |
| Interest On Margin Money | - | (174.63) |
| Fixed Assets Discarded | 75.40 | - |
| CWIP Written Off - Intangible | 26.13 | 285.78 |
| Other Balance / Claims Written Off | 11.26 | 341.98 |
| Duty Drawback Refund- Past Years | - | 3.78 |
| Market Focus Income Receivable- Past Years | - | 9.48 |
| Interest Paid to IARC | - | 2,277.58 |
| Total | 112.79 | 3,322.15 |

Other Notes:

36. Estimated amounts of commitments remaining to be executed as on 31st March, 2021 are as follows:

| | | (₹ in lakh) |
|-----------------------------------|---------------------------|---------------------------|
| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
| Against Purchase of Capital Goods | 63.96 | 53.43 |
| Against Purchase of RM and PM | 65.57 | 69.66 |
| Total | 129.53 | 123.09 |

37. Contingent Liabilities are not provided for in respect of following:

- (i) "Demands were raised against the Holding Company aggregating to ₹ 680.62 Lakhs (as at 31st March 2020 ₹ 680.62 Lakhs) plus interest thereon under the Drug Price Control Order 1979 by the Government of India and the same was contested by the Holding Company. In the earlier years, the Holding Company had received recovery notices for recovery of ₹ 2,094.41 Lakhs (as at 31st March 2020 ₹ 2,094.41 Lakhs) 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 ₹ 1,032.45 Lakhs (as at 31st March 2020 ₹ 1,032.45 Lakhs).

The Holding Company expects favourable 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 ₹ 1,324.08 Lakhs 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 ₹ 85.45 Lakhs (as at 31st March 2020 ₹ 85.45 Lakhs) against which Holding Company has made payment of ₹ 45.81 Lakhs (as at 31st March 2020 ₹ 45.81 Lakhs) under protest. The Holding Company has further contested this demand before the Sales Tax Tribunal. The matter is sub-judice and the payments of ₹ 45.81 Lakhs (as at 31st March 2020 ₹ 45.81 Lakhs) are considered by the Holding Company as good and recoverable.
- (b) There are disputed Sales Tax demands from state of Maharashtra in respect of prior years amounting to ₹ 903.33 Lakhs (as at 31st March 2020 ₹ 733.30 Lakhs) against which the Holding Company has made payment of ₹ 23.78 Lakhs (as at 31st March 2020 ₹ 31.21 Lakhs) under protest. The Holding Company has further contested these demands before the Sales Tax Commissioner / Tribunal. The matters are sub-judice and the payments of ₹ 23.78 Lakhs for the Maharashtra state demand (as at 31st March 2020 ₹ 31.21 Lakhs) are considered by the Holding Company as good and recoverable.

- (iii) The Holding Company has received notices from Central Excise department raising demands as stated below:
- (a) ₹ 108.75 Lakhs (as at 31st March 2020 ₹ 108.75 Lakhs) against which the Holding Company has paid ₹ 25.00 Lakhs (as at 31st March 2020 ₹ 25.00 Lakhs). The matter is sub-judice and the payment of ₹ 25.00 Lakhs (as at 31st March 2020 ₹ 25.00 Lakhs) is considered by the Holding Company as good and recoverable.
- (b) ₹ 71.37 Lakhs (as at 31st March 2020 ₹ 71.37 Lakhs) relating to disputed Central Excise duty, the matter is sub-judice.
- (iv) The Holding Company has received orders from Income Tax Department raising demands aggregating to ₹ 492.67 Lakhs (as at 31st March 2020 ₹ 508.11 Lakhs) relating to prior years against which the Holding Company has paid ₹ 15.44 Lakhs (as at 31st March 2020 ₹ 15.44 Lakhs). The matter is sub-judice and the payment of ₹ 15.44 Lakhs (as at 31st March 2020 ₹ 15.44 Lakhs) is considered by the Holding Company as good and recoverable.
- (v) ₹ 7.95 Lakhs (as at March 2020 ₹ 7.95 Lakhs) being the claims against the Holding Company not acknowledged as debt.
- (vi) Employees (Including Ex-Employees) Claims relating to ex-gratia and other benefits aggregating to ₹ 433.05 Lakhs (as at 31st March 2020 ₹ 431.67 Lakhs) as the matter is sub-judice.
- (vii) Arrears of dividend on 10% Cumulative Redeemable Preference Shares aggregates to ₹ 168.29 Lakhs (as at 31st March 2020 ₹ 157.43 Lakhs).
- (viii) The Holding Company has received order from Income Tax Department raising demand aggregating to ₹ 100.77 Lakhs (as at 31st March 2020 ₹ 100.77 Lakhs) relating to prior years against which the Holding Company has paid ₹ 20.00 Lakhs (as at 31st March 2020 ₹ 20.00 Lakhs). The matter is sub-judice and the payment of ₹ 20.00 Lakhs (as at 31st March 2020 ₹ 20.00 Lakhs) is considered by the Holding Company as good and recoverable.
- (ix) Lyka BDR International Ltd. (Subsidiary Holding Company) has filed Income tax appeal against the income tax assessment order for Assessment year 2014-15 for disallowance of claim of ₹ 68 lacs due to reduction in Brand Value. As the matter is sub-judice, no liability is provided.
- (x) Lyka BDR International Ltd. (Subsidiary Holding Company) has received notice from Mumbai Port Trust for recovery of destruction and other charges of ₹ 21.83 Lakhs towards goods returned by overseas customer and for which legal suit for recovery of charges is filed by them. The same is contested in court for non-payment and no liability is provided as the matter is sub-judice.

38 Fixed Deposits:

During the year, the Holding Company has repaid deposits that were claimed aggregating to ₹ 1.02 Lakhs. As regards the balance of unclaimed deposits ₹ 42.40 Lakhs (as at 31st March 2020 ₹ 43.42 Lakhs) the same shall be paid as and when claimed.

39 Debentures:

Debenture of ₹ 13.00 Lakhs (as at 31st March 2020 ₹ 13.00 Lakhs) is outstanding due to cheques returned undelivered / Unclaimed.

- 40** The balances relating to Trade Receivables, Trade Payables and Loans and Advances as on 31st March, 2021 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 CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

41 Scheme of Arrangements:

The Scheme of Merger of Lyka Healthcare Limited with Lyka Labs Limited effective from 1st April 2020 (Appointed Date of Merger) has been approved by NCLT, Ahmedabad vide its order dated 12th October 2020 which was registered with the Registrar of Companies, Gujarat on 13th November 2020 (Effective date of Merger). The merged annual accounts of Lyka Healthcare Limited with Lyka Labs Limited is prepared from 1st April 2020. This transaction has been accounted as per Ind AS 103 using the pooling of interest method and maintaining the identity of the reserves as those appeared in the standalone financial statements of Lyka Healthcare Limited.

The Holding Company has accounted for this merger under the “pooling of interest” method for common control transactions as per the guidance in Ind AS 103 “Business Combinations. Further, in accordance with Ind AS 103 ‘Business Combinations’, the Holding Company has restated the figures for all the past periods presented in these financial results. Accordingly, Other Equity of the Holding Company as on 31st March, 2020 has decreased by Rs. 2827.19 lakhs.

42 Capital Expenditure (Holding Company):

- (i) Tangible Project Capital Work-in-Progress ₹ 1,618.18 Lakhs as at 31st March 2021, (as at 31st March 2020 ₹ 1,660.18 Lakhs) includes allocable indirect expenditure in respect of modernization/expansion of Ankleshwar unit aggregating to ₹ 10.75 lakhs (as at 31st March 2020 ₹ NIL) 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 2021 in respect of “new product development and applied research” aggregating to ₹ 821.76 Lakhs (as at 31st March 2020 ₹ 979.87 Lakhs) 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 ₹ 142.24 Lakhs (as at 31st March 2020 ₹ 122.27 lakhs) as “Self-Generated Intangible Assets” upon successful development of respective products.

During the year, the Holding Company has charged ₹ 26.13 Lakhs (as at 31st March 2020 ₹ 285.78 lakhs) to profit and loss account under “exceptional items” for products are abandoned for further development.”

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- During the year, inventories include slow / non-moving raw-material and packing materials procured during the earlier years amounting to ₹ 57.65 Lakhs (as at 31st March 2020 ₹ 25.02 Lakhs), which are valued at net realisable value or cost whichever is lower. The Holding Company is evaluating to utilize / realize the same.

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
44 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, 2021. The following tables set out the amounts recognized in the financial statements as at 31st March, 2021 for the defined benefit plans.

(₹ in lakh)

| Particulars | | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|-------------|--|--|--|
| a) | Liability recognized in Balance Sheet | | |
| | Change in Benefit Obligation | | |
| | Opening Balance of Present Value of Obligations | 406.42 | 361.33 |
| | Service Cost | 17.28 | 17.67 |
| | Interest Cost | 26.68 | 27.40 |
| | Actuarial Loss / (Gain) on Obligations | (10.97) | 32.92 |
| | Benefits Paid | (93.89) | (32.90) |
| | Closing Balance of Present Value of Obligations | 345.52 | 406.42 |
| | Less : Fair Value of Plan Assets | | |
| | Opening Balance of Plan Assets | 1.44 | 1.34 |
| | Expected Return on Plan assets | 0.10 | 0.10 |
| | Employers' Contribution | - | - |
| | Actuarial (Loss) on Plan Assets | - | - |
| | Benefits Paid | - | - |
| | Closing Balance of Plan Assets | 1.54 | 1.44 |
| | Net Liability | 343.98 | 404.98 |
| b) | Expense during the year | | |
| | Service Cost | 17.28 | 17.67 |
| | Interest Cost | 26.58 | 27.30 |
| | Expected Return on Plan Assets | - | - |
| | Actuarial Loss / (Gain) on Obligations | (10.97) | 44.15 |
| | Total | 32.89 | 89.12 |
| c) | Principal Actuarial Assumptions | | |
| | Rate of Discounting | 6.25% | 6.55% |
| | Rate of Return on Plan Assets | 7.50% | 7.50% |
| | Salary Growth Rate | 3.00% | 3.00% |

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- (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, 2021. The following tables set out the amounts recognized in the financial statements as at 31st March, 2021 for the defined benefit plan.

(₹ in lakh)

| Particulars | | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|-------------|--|--|--|
| a) | Liability recognized in Balance Sheet | | |
| | Change in Benefit Obligation | | |
| | Opening balance of present value of obligations | 132.84 | 147.43 |
| | Service Cost | 18.24 | 14.41 |
| | Interest Cost | 8.76 | 11.22 |
| | Actuarial (Gain) on Obligations | (7.49) | (24.41) |
| | Benefits Paid | (29.34) | (15.81) |
| | Closing balance of present value of obligations | 123.01 | 132.84 |
| | Less : Fair Value of Plan Assets | | |
| | Opening Balance of Plan Assets | 34.73 | 32.29 |
| | Expected Return on Plan Assets | 2.27 | 2.44 |
| | Employers' Contribution | - | - |
| | Benefits Paid | - | - |
| | Closing Balance of Plan Assets | 37.00 | 34.73 |
| | Net Liability | 86.01 | 98.11 |
| b) | Expense during the year | | |
| | Service Cost | 18.24 | 14.41 |
| | Interest Cost | 6.49 | 8.77 |
| | Expected Return on Plan Assets | - | (16.05) |
| | Actuarial (Gain) / Loss on Obligations | (7.49) | (8.36) |
| | Total | 17.24 | (1.23) |
| c) | Principal Actuarial Assumptions | | |
| | Rate of Discounting | 6.25% | 6.55% |
| | Rate of Return on Plan Assets | 7.50% | 7.50% |
| | Salary Growth Rate | 3.00% | 3.00% |

Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakh)

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|-----------------------------------|--|--|
| Defined Benefit Obligation (Base) | 345.51 | 361.33 |

| Particulars | For the year ended 31st March, 2021 | | For the year ended 31st March, 2020 | |
|---|--|------------------|--|-------------------|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (- / + 1%) (% change compared to base due to sensitivity) | 361.93 4.75 | 330.88 (4.24) | 367.50 1.71 | 339.93 (5.92) |
| Salary Growth Rate (- / + 1%) (% change compared to base due to sensitivity) | 330.30 (4.40) | 362.32 4.86 | 341.88 (5.38) | 365.34 1.11 |
| Attrition Rate (- / + 50% of attrition rates) (% change compared to base due to sensitivity) | 339.00 (1.89) | 350.66 1.49 | 305.13 (15.55) | 318.01 (11.99) |
| Mortality Rate (- / + 10% of mortality rates) (% change compared to base due to sensitivity) | 345.39 (0.03) | 345.63 0.03 | 312.29 (13.57) | 312.57 (13.49) |

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

45. Assets taken on operating lease:

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------------------------|---------------------------|
| Not later than one year | 121.84 | 80.32 |
| Later than one year but not later than five years | 66.25 | 154.59 |
| Total | 188.09 | 234.91 |

46. Segment Disclosures
(a) Segment information for primary segment reporting (by business segments):

Based on guiding principles given in the Indian Accounting standard on 'Operating Segments' (IndAS-108), 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.

(b) Segment information for secondary segment reporting (by geographical segments)

The Board of Directors evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by reportable segments.

(₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-----------------------------|---------------------------|---------------------------|
| Revenue by Geography | | |
| India | 3,422.68 | 3,814.32 |
| Rest of world | 3,288.03 | 1,733.73 |
| Total | 6,710.71 | 5,548.05 |

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

47. Disclosure of related parties/ related party transactions pursuant to Ind AS 24 “Related Party Disclosures” :

(a) List of related parties over which control exist and status of transactions entered during the year :

| Sr. No. | Name of the Related Party | Relationship |
|---------|--|--|
| 1 | Mr. Kunal N. Gandhi (Managing Director & Chief Executive Officer) Mr. Yogesh B. Shah (Executive Director & Chief Financial Officer) Mr. Piyush G. Hindia (Company Secretary) | Key Management Personnel (KMP) |
| 2 | Mrs. Nehal N. Gandhi (Non - Executive Director) Mrs. Alisha K. Gandhi | Relative of KMP |
| 3 | Enai Trading & Investment Private Limited Lyka Animal Healthcare Limited. | Entities owned by / over which KMP is able to exercise significant influence |

(b) Disclosure of related party transactions:

(₹ in lakh)

| Sr. No. | Description | KMP | Relative of KMP | Entities Owned by KMP | Total |
|---------|---|--------------------|-------------------|-----------------------|--------------------|
| 1 | Purchases of Goods | - | - | 116.55 (96.72) | 116.55 (96.72) |
| 2 | Reimbursement of Expenses (Paid) | 1.46 - | 3.00 (3.27) | - - | 4.46 (3.27) |
| 3 | Rent Expenses | - - | - - | 4.50 - | 4.50 - |
| 4 | Remuneration (Payments / Provisions) to | 111.86 (119.33) | 21.88 (23.50) | - - | 133.74 (142.83) |
| 5 | Professional Fees | 5.60 (11.00) | - - | - - | 5.60 (11.00) |
| 6 | Directors Sitting Fees | - - | 0.60 (0.90) | - - | 0.60 (0.90) |
| 7 | Interest Expenses | 11.33 (53.46) | 64.45 (40.80) | 7.70 (8.51) | 83.48 (102.77) |
| 8 | Loan Received | 50.75 (37.45) | 117.80 (13.02) | 25.40 (242.25) | 193.95 (292.72) |
| 9 | Loan Repaid | 28.64 (51.35) | 2.00 (237.00) | 1.90 (234.18) | 32.54 (522.53) |

() indicate previous year figures

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(c) Balance for the year ended

(₹ in lakh)

| Sr. No. | Description | KMP | Relative of KMP | Entities Owned by KMP | Total |
|---------|---------------------------|---------|-----------------|-----------------------|----------|
| 1 | Security Deposit given | 251.25 | 251.25 | - | 502.50 |
| | | - | (502.50) | - | (502.50) |
| 2 | Unsecured Loan Taken | 109.88 | 611.02 | 58.71 | 779.61 |
| | | (87.78) | (495.22) | (35.21) | (618.20) |
| 3 | Sundry Creditors | 0.46 | 1.62 | 2.68 | 4.76 |
| | | - | (7.40) | (97.36) | (104.77) |
| 4 | Other Payables (Interest) | 13.91 | 152.46 | 16.48 | 182.86 |
| | | (9.98) | (97.08) | (9.84) | (116.90) |

() indicate previous year figures

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

48. Earningsper Share (EPS) :

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------------------------|---------------------------|
| Adjusted (Loss)/Profit for the year (₹ in lakh) (A) | (1,166.31) | (6,065.00) |
| Weighted Average number of Equity Shares (B) | 2,86,90,000 | 2,84,94,110 |
| Face Value per Equity Share (₹) (C) | 10.00 | 10.00 |
| Basic and Diluted Earnings per Share (₹) (D = A/B) | (4.07) | (21.29) |

49. Taxation :
Current Tax :

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

Deferred Tax :

Reconciliation of tax expenses and accounting profit multiplied by India's domestic tax rate for the year ended 31st March 2021 and 31st March 2020.

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| Accounting profit before tax (after exceptional items) | (1,414.41) | (6,187.70) |
| At India's statutory income tax rate of 26% (P.Y. 26%) | (367.75) | (1,608.80) |
| Deferred Tax impact on: | | |
| On Account of Brought Forward Losses & Unabsorbed Depreciation | (863.79) | (115.73) |
| On Account of IndAS Adjustments | 1,254.04 | 48.09 |
| On Account of Section 43B Disallowances | 15.52 | (5.97) |
| Less: Deferred Tax Assets not recognised in current year | (367.75) | (1,608.80) |
| Income tax expenses reported in the Statement of Profit and Loss | 405.37 | (73.61) |

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

50. Disclosures on Financials Instruments

(a) Financial Instruments by category

The following table presents the carrying amounts of each category of financial assets and liabilities as at 31st March, 2021. (₹ in lakh)

| Particulars | Measured at FVTOCI | Measured at FVTPL | Cost / Amotrised Cost | Total Carring Amount |
|------------------------------|--------------------|-------------------|-----------------------|----------------------|
| Financial Assets | | | | |
| Investment | 0.88 | 0.78 | - | 1.66 |
| Other Financial Assets | - | - | 1,474.01 | 1,474.01 |
| Trade Receivables | - | - | 867.21 | 867.21 |
| Loans | - | - | 18.58 | 18.58 |
| Total | 0.88 | 0.78 | 2,359.80 | 2,361.46 |
| Financial Liabilities | | | | |
| Other Financial Liabilities | - | - | 3,000.54 | 3,000.54 |
| Borrowings | - | - | 16,172.60 | 16,172.60 |
| Trade Payable | - | - | 1,471.94 | 1,471.94 |
| Total | - | - | 20,645.08 | 20,645.08 |

The following table presents the carrying amounts of each category of financial assets and liabilities as at 31st March, 2020. (₹. in lakh)

| Particulars | Measured at FVTOCI | Measured at FVTPL | Cost / Amotrised Cost | Total Carring Amount |
|------------------------------|--------------------|-------------------|-----------------------|----------------------|
| Financial Assets | | | | |
| Investment | 0.88 | 0.76 | - | 1.64 |
| Other Financial Assets | - | - | 1,516.72 | 1,516.72 |
| Trade Receivables | - | - | 804.26 | 804.26 |
| Loans | - | - | 52.15 | 52.15 |
| Total | 0.88 | 0.76 | 2,373.13 | 2,374.77 |
| Financial Liabilities | | | | |
| Other Financial Liabilities | - | - | 4,254.36 | 4,254.36 |
| Borrowings | - | - | 14,051.00 | 14,051.00 |
| Trade Payable | - | - | 1,885.48 | 1,885.48 |
| Total | - | - | 20,190.84 | 20,190.84 |

(b) Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities that are measured at fair value or where fair value disclosure is required: (₹ in lakh)

| Particulars | As at 31st March, 2021 | | | Total |
|--------------------------------------|--------------------------------|------------------------------|---------------------------------|-------------|
| | Fair Value Measurement Using | | | |
| | Quoted Price in active markets | Significant observable input | Significant unobservable inputs | |
| | Level 1 | Level 2 | Level 3 | |
| Assets measured at fair value | | | | |
| FVTOCI financial investments | | | | |
| Quoted equity instruments | 0.88 | - | - | 0.88 |
| FVTPL financial investments | | | | |
| Unquoted equity instruments | - | 0.01 | - | 0.01 |
| Mutual Funds | - | 0.77 | - | 0.77 |
| Total | 0.88 | 0.78 | - | 1.66 |

(₹ in lakh)

| Particulars | As at 31st March, 2020 | | | Total |
|--------------------------------------|--------------------------------|------------------------------|---------------------------------|-------------|
| | Fair Value Measurement Using | | | |
| | Quoted Price in active markets | Significant observable input | Significant unobservable inputs | |
| | (Level 1) | (Level 2) | (Level 3) | |
| Assets measured at fair value | | | | |
| FVTOCI financial investments | | | | |
| Quoted equity instruments | 0.88 | - | - | 0.88 |
| FVTPL financial investments | | | | |
| Unquoted equity instruments | - | 0.01 | - | 0.01 |
| Mutual Funds | - | 0.75 | - | 0.75 |
| Total | 0.88 | 0.76 | - | 1.64 |

(c) Valuation technique to determine fair value

The following methods and assumptions were used to estimate the fair values of financial instruments:

- (i) The management assesses that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- (ii) The fair values of the equity investment which are quoted, are derived from quoted market prices in active markets. The Investments measured at fair value and falling under fair value hierarchy Level 3 are valued on the basis of valuation reports provided by external valuers with the exception of certain investments, where cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair values within that range. The carrying value of those investments are individually immaterial.

(d) Financial risk management objectives

The Company is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimise the potential adverse effects on its financial performance. The Company's

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

senior management which is supported by a Treasury Management Group ('TMG') manages these risks with a six monthly rolling basis due to which a natural hedge exist. TMG advises on financial risks and the appropriate financial risk governance framework for the Company and provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

All hedging activities are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company's policy is not to trade in derivatives for speculative purposes.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises of risks relating to interest rate risk and other price risks such as equity price risk and commodity price risk. Financial instruments affected by market risks mainly include borrowings, deposits and investments.

Foreign currency risk management

Foreign exchange risk arises on future commercial transactions and on all recognised monetary assets and liabilities, which are denominated in a currency other than the functional currency of the Company. The Company's management has set policy wherein exposure is identified, benchmark is set and monitored closely, and accordingly suitable hedges are undertaken. Policy also includes mandatory initial hedging requirements for exposure above a threshold.

The Company's foreign currency exposure arises mainly from foreign exchange imports, exports and other income/expenses in foreign currency, primarily with respect to USD.

As at the end of the reporting period, the carrying amounts of the company's foreign currency denominated monetary assets and liabilities in respect of the primary foreign currency i.e. USD and derivative to hedge the exposure, are as follows:

Particulars of unhedged foreign currency exposure and Derivatives (Outstanding) as at Balance Sheet date:

| Particulars | Currency | As on 31st March, 2021 | As on 31st March, 2020 |
|----------------------------|----------|---------------------------|---------------------------|
| Trade Receivable | USD | 575,670.20 | 504,968.00 |
| Trade Receivable - Advance | USD | (63,889.00) | (436,763.50) |
| Trade Payable | USD | (155,356.13) | (168,263.00) |
| Net Exposure | USD | 356,425.07 | (100,058.50) |
| Trade Payable | JPY ¥ | (1,023,000.00) | (1,023,000.00) |
| Net Exposure | JPY ¥ | (1,023,000.00) | (1,023,000.00) |

The company's exposure to foreign currency changes for all other currencies is not material.

Foreign currency sensitivity analysis

The following table demonstrate the sensitivity to a reasonable possible change in USD exchange rate, with all other variables held constant. (₹ in lakh)

| Particulars | As on 31st March, 2021 | As on 31st March, 2020 |
|------------------------------------|---------------------------|---------------------------|
| Impact on profit before tax | | |
| INR / USD - Increase by 5% | 0.68 | 1.83 |
| INR / USD - Decrease by 5% | (0.68) | (1.83) |

Interest rate risk management

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations and investments in debt instruments including debt mutual fund.

Interest rate sensitivity

The below table demonstrate the sensitivity of the company's profit before tax to a reasonable possible change in interest rate with all other variables being constant.

| Particulars | Increase / Decrease | Change in interest rate | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|------------------|---------------------|-------------------------|-------------------------------------|-------------------------------------|
| Interest expense | Increase | 100 basis point | - | - |
| | Decrease | 100 basis point | - | - |

Accordingly there will be no effect of sensitivity on the Company's profit of loan from IARC which is fixed as per agreement with IARC.

(e) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade Receivable

Customer credit risk is managed by SCM team subject to the company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and followed up.

Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of bank deposits and cash credit facilities. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be low.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments. (₹ in lakh)

| Particulars | Year | Less than 1 Year | More than 1 Year | Total |
|------------------------------|-----------------|------------------|------------------|-----------|
| Financial Liabilities | | | | |
| Trade Payable | 31st March 2021 | 1,471.94 | - | 1,471.94 |
| | 31st March 2020 | 1,885.48 | - | 1,885.48 |
| Borrowings | 31st March 2021 | 1,105.01 | 15,136.07 | 16,241.08 |
| | 31st March 2020 | 1,521.61 | 12,609.63 | 14,131.24 |
| Other Financial Liabilities | 31st March 2021 | 1,984.74 | 1,084.28 | 3,069.02 |
| | 31st March 2020 | 2,434.57 | 1,900.04 | 4,334.61 |

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(f) Excessive risk concentration

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Company believes that there is no such excessive risk concentration.

51. Capital Management

The Company's objective when managing capital is to ensure the going concern operation and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and meet shareholders expectations. The policy of the company is to borrow through banks supported by committed borrowing facility to meet anticipated funding requirements. The capital structure is governed by policies approved by the Board of Directors.

The following table summarises the capital of the Company. (₹ in lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| Short Term Debt (including current maturities of long term loan) | 1,105.01 | 1,521.61 |
| Long Term Debt | 15,136.07 | 12,609.63 |
| Trade Payables | 1,471.94 | 1,885.48 |
| Less: Cash and cash equivalents | 715.36 | 1,030.16 |
| Net Debt | 16,997.66 | 14,986.56 |
| Equity | 2,869.00 | 2,869.00 |
| Capital and net debt | 19,866.66 | 17,855.56 |
| Net Debt to Capital Ratio (Debt / Equity plus debt) | 0.86 | 0.84 |

52. Payments to Auditors :

(₹ in lakh)

| Sr. No. | Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---------|--|--|--|
| (i) | Audit Fees | 21.60 | 23.85 |
| (ii) | Tax Audit Fees | 6.25 | 6.25 |
| (iii) | For other services (certification work etc.) | - | 1.85 |
| | Total | 27.85 | 31.95 |

53. Considering the continuing substantial losses incurred by the Company, its net worth has been eroded. However, having regard to improved operational performance, financial support from its promoters, further restructuring exercise being implemented, non-cancellable customer orders received by the Company etc, the financial statements of the Company have been prepared on the basis of going concern and no adjustments are required to the carrying value of assets and liabilities.

54. The Company has regrouped / reclassified the previous years figures in order to confirm to the figures of the current year.

In terms of our report of even date,
For D. Kothary & Co.
Chartered Accountants
Firm Registration No. 105335W

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

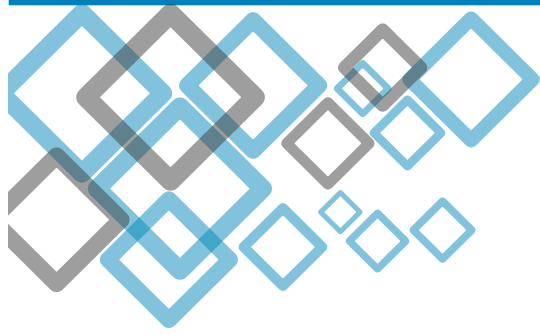
(Mehul N. Patel)
Partner
Membership No. 132650
Place : Mumbai
Date : 2nd June, 2021

(Kunal N Gandhi)
Managing Director &
Chief Executive Officer
DIN : 01516156

(Vinod S Shanbaug)
Director
DIN : 00555709

(Y. B. Shah)
Executive Director &
Chief Financial Officer
DIN : 06396150

(Piyush Hindia)
Company Secretary



BY COURIER / POST / REGD. AD

To,

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.....

If undelivered, please return to:

Lyka Labs Limited

Corporate Office:

Ground Floor, Spencer Building, 30, Forjett Street,
Grant Road (West), Mumbai - 400 036.