



Healthcare through Innovation

43rd
ANNUAL
R E P O R T
2021-2022

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 GJ IN,

Phone: 02646-221422/220549, **Fax:** 02640-250692.

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

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Lyka Labs Limited

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. Sandeep P. Parikh	- Independent Director
Smt. Dhara P. Shah	- Independent Director (w.e.f. 4th August, 2021)
Shri. Atit N. Shukla	- Independent Director (up to 30th July, 2021)

AUDIT COMMITTEE

Shri. Sandeep P. Parikh	- Chairman
Shri. Vinod S. Shanbhag	- Member
Shri. Kunal N. Gandhi	- Member
Smt. Dhara P. Shah	- Member (w.e.f. 20th January, 2022)

COMPANY SECRETARY

Shri. Piyush G. Hindia

STATUTORY AUDITORS

M/s D. Kothary & Co. Chartered
Accountants

BRANCH AUDITORS

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

COST AUDITORS

M/s Sarvottam Rege & Associates
Cost Accountant

REGISTRAR AND TRANSFER AGENT (RTA)

M/s Link Intime India Pvt. Ltd.

BANKERS

State Bank of India
HDFC Bank
IDBI Bank
AU Small Finance Bank

REGISTERED OFFICE

4801/B & 4802/A GIDC Industrial Estate
Ankleshwar 393002 GJ IN

CORPORATE OFFICE

Ground Floor, Spencer Building,
30, Forjett Street, Grant Road West, Mumbai – 400036,
MH IN

R & D CENTRE

101, Memon Industrial Estate, 1st Floor, MTNL
Compound, Marol Maroshi Road, Marol, Andheri (East).
Mumbai - 400059

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 Third Annual General Meeting (AGM) of the Members of Lyka Labs Limited will be held on Monday, 1st August, 2022 at 12:15 pm (IST) through video conferencing (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, 2022, 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, 2022, 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.

SPECIAL BUSINESS

4. **APPROVAL FOR PAYMENT OF REMUNERATION TO COST AUDITOR FOR CONDUCTING COST AUDIT OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023.**

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 Members of the Company be and is hereby accorded for payment of remuneration of Rs.1,60,000/- to M/s. Sarvottam Rege and Associates- Cost Auditors, having Firm Registration No. 104190 and out of pocket expenses as may be incurred by them in connection with conducting Cost Audit of Pharmaceutical Products of the Company for the financial year 2022-23.

RESOLVED FURTHER THAT the Board of Directors 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.

5. **REVISION IN REMUNERATION OF MR. KUNAL N. GANDHI, MANAGING DIRECTOR.**

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

“RESOLVED THAT pursuant to provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act including the relevant Rules as applicable and (any statutory modification(s) or re-enactment thereof for the time being in force), and subject to provisions of Schedule V of the Companies Act, 2013 and provisions of Articles of Association of the Company, Shri Kunal N. Gandhi (DIN : 01516156) Managing Director be paid revised salary of Rs. 11.75 Lakhs p.m. plus perquisites and allowances w.e.f. 1st April, 2022 which shall be increased upto Rs. 24.25 Lakhs p.m. plus perquisites and allowances during remainder tenure of his office.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits of the Company in any subsequent financial years during the remainder tenure of Mr. Kunal N. Gandhi as Managing Director, he shall be paid minimum Salary upto Rs. 24.25 Lakhs p.m. plus perquisites and allowances as may be decided by the Board of Directors.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of Directors) be and is hereby authorised to vary and/or revise the remuneration of Shri Kunal N. Gandhi as Managing Director within the overall limits under the Act and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to vary and / or revise his remuneration and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid Resolution.”

6. APPROVAL OF APPOINTMENT OF MRS. DHARA P SHAH AS AN INDEPENDENT DIRECTOR.

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

“**RESOLVED THAT** pursuant to the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the rules framed there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mrs. Dhara P. Shah (DIN: 07530998) who was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board of Directors effective from 4th August, 2021 and whose term expires at 43rd Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and who has provided a declaration that she meets the criteria for independence as mentioned in Section 149(6) of the Act, consent of the members of the Company be and is hereby accorded to the appointment of Mrs. Dhara P. Shah as an Independent Director of the Company for a term of 1 (One) year from 4th August, 2021, and her term is not subject to retirement by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

7. APPROVAL FOR RE-APPOINTMENT OF MRS. DHARA P SHAH AS AN INDEPENDENT DIRECTOR.

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

“**RESOLVED THAT** pursuant to the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the rules framed there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) consent of the members of the company be and is hereby accorded to re-

appointment of Mrs. Dhara P. Shah as an Independent Director of the Company for a second term of 3 (three) years with effect from 4th August, 2022 and her term shall not be subject to retirement by rotation.

“**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

8. APPROVAL OF FINANCIAL LIMIT OF RELATED PARTY TRANSACTIONS DURING FINANCIAL YEAR 2022 – 2023 :

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

“**RESOLVED THAT** pursuant to the provisions of section 188 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 Members 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 upto Rs. 40 crores (Rupees Forty Crores) in a Financial Year 2022 – 2023 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 upto Rs. 8 crores (Rupees Eight Crores) in a Financial Year 2022 - 2023 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 Generics Ltd., related party, for an amount upto Rs.15 crores (Rupees Fifteen Crores) in a Financial Year 2022 – 2023 which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and rules made thereunder.

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- 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 IPCA Laboratories Ltd., related party, for an amount upto Rs. 50 crores (Rupees Fifty Crores) in a Financial Year 2022 – 2023 which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and rules made thereunder.

“RESOLVED FURTHER THAT consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to increase the financial limit of the transactions with each of the related parties upto 50% over and above the limit mentioned herein above on recommendation by the Audit Committee, in case the financial limit of the transactions of the company with any of the related parties get exhausted during financial year 2022-23.

“RESOLVED FURTHER THAT 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
Lyka labs Limited**

Place: Mumbai

Date: 20th May, 2022

**Piyush G Hindia
Company Secretary**

Notes:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.lykalabs.com <https://www.lykalabs.com/>. The Notice can also be accessed from the websites 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 the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

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8. 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:

i. Smt. Nehal N Gandhi – Non Executive Director

Name of Director	Smt. Nehal N. Gandhi
Date of Birth	30th September, 1952
Date of Appointment	4th 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	11,57,453
Number of Board Meetings attended during the Financial year	3
Remuneration	Sitting fees for attending Board Meeting
Disclosure of relationship with other Directors, Manager and other Key Managerial Personnel of the company	Shri Kunal N Gandhi- Managing Director and Chief Executive Officer (Son).

ii. Mrs. Dhara P. Shah – Independent Director

Name of Director	Mrs. Dhara P.Shah
Date of Birth	22nd November, 1987
Date of Appointment	04th August, 2021
Qualification	Company Secretary
Experience	Company Secretarial matters
Directorships held in other companies	Lyka BDR International Limited
Memberships / Chairmanships of committees of other companies	Member-Audit Committee (Lyka BDR International Limited)
Number of shares held in the Company	1
Number of Board Meetings attended during the Financial year	1
Remuneration	Sitting fees for attending Board Meeting
Disclosure of relationship with other Directors, Manager and other Key Managerial Personnel of the company	N.A

INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING:

The remote e-voting period begins on 29th July, 2022 by 10.00 A.M and ends on 31st July, 2022 by 05.00 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. 25th July, 2022, 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 25th July, 2022.

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"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are 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 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. You will have to enter your User ID (i.e. your sixteen digit demat account number hold 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 company name or e-Voting service provider i.e. 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. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div>

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<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<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.
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<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
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>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</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>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</p>

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?

- 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.
- 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. 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.

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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.

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?

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 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. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on “Upload Board Resolution / Authority Letter” displayed under “e-Voting” tab in their login.
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 Kautilya Joshi 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 shareholder 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.
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 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. 4

Approval of Remuneration to Cost Auditor for the financial year 2022- 2023

Pursuant to provisions of 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 having Firm Registration No.104190, have been appointed as a Cost Auditor for conducting Cost Audit of Pharmaceutical Products of the Company for the financial year 2022-23. The remuneration proposed to be payable to them is Rs. 1,60,000 /- p.a. plus re-imbursment of out of pocket expenses to be incurred by them in connection with cost audit which was considered by the Board on the recommendation by the Audit Committee. For payment of remuneration to Cost Auditor for the financial year 2022 – 23, shareholder’s approval is required.

The Board of Directors therefore recommend the resolution as mentioned at Item No. 4 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. 5

Revision in Remuneration of Mr. Kunal N. Gandhi – Managing Director

As per provisions of Section 197 of the Companies Act, 2013, the maximum remuneration payable to Managing Director shall not exceed 5% of the net profits of the Company computed in the manner referred to in Section 198 of the Companies Act 2013. During the Financial Year 2021 – 2022, the net profit computed as per provision of Section 198 of the Companies Act 2013, arrives at Rs. 60 crores. Accordingly, Mr. Kunal N. Gandhi-Managing Director is eligible to receive the remuneration upto 5% of the net profit i.e. Rs. 25 lakhs per month.

The Board of Directors at their meeting held on 20th May, 2022 approved payment of salary of Rs. 11,75,000/- (Rupees Eleven Lakhs Seventy Five Thousand only) per month w.e.f 1st April, 2022 with such an annual increment in salary as may be decided by the Board upto a ceiling of Rs. 24,25,000/- p.m. plus Allowances and Perquisites during remainder term of his appointment.

The details of the proposed salary plus allowance, perquisites payable to Shri Kunal N Gandhi as Managing Director is mentioned hereunder:

-
- i. **Salary** of Rs. 11,75,000/- (Rupees Eleven Lakhs Seventy Five Thousand only) per month with such an annual increment as may be decided by the Board upto a ceiling of Rs. 24,25,000/- (Rupees Twenty Four Lakhs Twenty Five Thousand Only) per month during his remainder term of office as Managing Director.
 - ii. **Housing Allowance and Allowance for other amenities** - The Company will provide fully furnished accommodation and will pay not exceeding Rs. 75,000/- p.m towards .maintenance expenses, Society charges, repairing, expenses on Gas, Electricity and water
 - iii. **Medical, hospitalization and health-care expenses:** Actual expenses incurred for the Managing Director and his family including mediclaim insurance policy premium to be paid by the Company
 - iv. **Leave travel concession:** For the Managing Director and his family, once in a year incurred in accordance with rules specified by the Company subject to a ceiling of one month salary.
 - v. **Club fees:** Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
 - vi. **Personal accident insurance:** As per rules specified by the Company.
 - vii. Provision of a car with a driver and telephone, Mobile, I-pad, Computer and other communication facilities at residence for official purpose.
 - viii. Contribution to Provident Fund, Superannuation Fund and Gratuity as per rules of the Company.
 - ix. Encashment of un-availed privilege leave at the end of the tenure of the appointment.

Perquisites mentioned at v, vi, vii, viii and ix above shall not be considered in computation of the ceiling on remuneration.

Reimbursement of Travelling and Accommodation Expenses actually incurred within India and abroad for business purposes of the Company shall not be considered as Perquisite.

In case of inadequacy of the profit or loss, if any, incurred during the financial years during the tenure of the appointment of Managing Director, he shall be paid minimum remuneration upto Rs. 24.25 Lakhs p.m. plus Allowance and Perquisites as may be decided by the Board of Directors.

The Board of Directors recommend passing of the special resolution as proposed at item No.5 of the Notice.

Shri Kunal N Gandhi is considered as interested Director as the resolution pertains to increase in his remuneration. Smt. Nehal N Gandhi being relative of Shri Kunal N Gandhi is deemed to be considered as concerned or interested in the same. None of the other Directors and Key Managerial Personnel of the Company are in any way concerned or interested, in the said resolution.

Draft Deed of Amendment to the original Agreement with respect to revision in the remuneration payable to Managing Director w.e.f. 1st April, 2022 is open for inspection by the Members at the

Lyka Labs Limited

Registered Office of the Company during 11.00 am to 5.00 pm on all working days up to date of Meeting.

Item Nos. 6 & 7

Approval for Appointment/ Re- Appointment of Mrs. Dhara P. Shah as an Independent Director

Mrs. Dhara P. Shah(DIN:07530998) was appointed as an additional Independent Director by the Board of Directors at their meeting held on 4th August,2021 for a term of 1(one) year on the recommendation of Nomination and Remuneration Committee .

The first term of Mrs. Dhara P. Shah as an Independent Director will end on 3rd August, 2022. The Board of Directors on recommendation of Nomination and Remuneration committee has re-appointed her for a second term of 3 (Three) years w.e.f 4th August,2022 at their meeting held on 20th May 2022.

Mrs. Dhara P. Shah is not disqualified from appointment/reappointment as an independent Director of the Company.She meets the criteria of independence. She is not subject to retirement by rotation.

The special resolutions are proposed at item Nos 6 & 7 of the Notice for approval of her appointment as an independent Director of the Company for first term of 1 (one) year w.e.f 4th August,2021 and re-appointment as an Independent Director of the Company for a second term of 3(three) years w.e.f 4th August,2022.

None of the Directors ,Key Managerial Personnel and their relatives except Mrs Dhara P. Shah is concerned or interested in passing of the above resolutions

Item Nos. 8

Approval for Financial Limit of Related Party transactions during 2022 – 2023.

The Company is engaged in manufacturing and dealing in Pharmaceutical Products and during the course of business it sells, purchase or supply goods or material directly or through appointment of agents and leasing of the propertie(s) to its subsidiaries/Associates namely, Lyka BDR International Ltd., Lyka Exports Ltd, Lyka Generics Ltd and IPCA Laboratories Ltd (joint promoter) which are considered as Related Parties within the meaning of Section 2(76) of the Companies Act, 2013 and Regulation 23 of (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the Financial year 2022-2023, financial value of the transactions with:

- 1) Lyka BDR International Ltd is estimated at Rs. 40 Crores
- 2) Lyka Export Ltd is estimated at Rs. 8 Crores
- 3) Lyka Generics Ltd is estimated at Rs. 15 Crores and
- 4) IPCA Laboratories Ltd is estimated at Rs. 50 Crores



The Board of Directors recommend the special resolution at item No. 8 of the Notice for approval of the proposed financial limit of the transactions with aforesaid related parties during financial year 2022 – 2023 and also to authorize the Board of Directors to increase the financial limit of the transactions with each of the abovementioned parties upto 50% over and above the limit mentioned herein above on recommendation by the Audit Committee, in case, the financial limit of the transactions of the company with any of the above parties gets exhausted during financial year 2022-23.

Shri Vinod S. Shanbhag Director of the Company is also a Director in Lyka Exports Limited. Shri Kunal N. Gandhi, Managing Director of the Company, is also a Director in Lyka BDR International Ltd, Lyka Exports Ltd and Lyka Generics Limited. Smt Nehal N. Gandhi, Director of the Company is also a Director in Lyka Generics Limited, Ipca Laboratories Ltd. is joint promoter are deemed to be considered as interested in the proposed transactions with the Company.

None of the other Directors or Key Managerial Personnel is concerned or interested, in the above resolution.

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

Place: Mumbai

Date: 20th May, 2022

**Piyush G. Hindia
Company Secretary**

Lyka Labs Limited

To,
The Members,
Lyka Labs Limited

The Directors are pleased to present the Forty Third Annual Report together with Audited Financial Statements of Lyka Labs Ltd for the Financial Year from 1st April 2021 to 31st March 2022.

1. FINANCIAL RESULTS:

(₹ in Lakhs)

Particulars	For the Financial year ended 31st March, 2022	For the Financial year ended 31st March, 2021
Total Revenue	16706.86	6447.33
Profit before interest, provision for depreciation & taxes and write offs	10021.89	1663.59
Less: Interest	1,992.13	2555.28
Operational Profit/ (Loss) before Depreciation	8029.76	(891.69)
Less: Depreciation	1538.87	804.97
Exceptional Items (Net)	466.83	142.87
Less: Tax Expenses	2033.83	(393.64)
Add: Other Comprehensive Income	12.69	(8.88)
Profit/(Loss) for the year	4,002.92	(1437.01)

2. DIVIDEND:

The Company has earned net profit of Rs. 40.03 Crores for the financial year ended on 31st March, 2022. The Board decided to plough back the profit for Working Capital and Capital Expenditure requirements of the Company. The Board therefore does not recommend any dividend on Equity Capital for the Financial Year ended 31st March, 2022.

3. RESERVE:

The Company has not transferred any amount to reserve for the financial year ended on 31st March, 2022.

4. OPERATIONS:

During the financial year, the total Income was Rs. 167.07 Crores as against total income of Rs 64.47 Crores in the previous financial year. During the year under report, the company has earned profit of Rs. 100.22 Crores before charging interest and depreciation and taxes and write offs as against Profit of Rs. 16.63 crores of the Previous Financial year ended on 31st March 2021.

During the financial year under report, the overall performance of the Company has improved phenomenally compared to the previous financial year. Sales of P2P and Domestic sales were significantly higher. Due to second wave of Covid 19 and large number of incidences of Mucormycosis post covid nationally, the company received major Government Contracts for Liposomal Amphotericin Injection. The company's profitability jumped significantly due to sales of this product.

5. KEY FEATURES:

The company continues to maintain high quality GMP/GLP standards in manufacturing and testing of its pharmaceutical products.

The company manufactures pharmaceutical products such as Dry Powder, Lyophilised Injections and External Preparations for several International Markets and the Domestic Market.

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

1. Injectables : Lyophilised Injection, Liquid Injections & Dry Powder Injections.
2. Topical Preparation: Ointment /Creams and Lotions.

Company's Core competencies:

1. Lyophilisation – Formulations/Bulk 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 new international markets with reputed partners and is also introducing new products in existing markets. Company is also trying to add reputed customers to its clientele in the Domestic B2B business.

It has also embarked on a modernization plan of its existing manufacturing facilities to improve productivity and reduce manufacturing costs. To meet the increase in demand for lyophilised products, the company has embarked on an expansion project of its Lyophilisation Plant at Ankleshwar. The project is likely to be completed within 9-12 months with a 50% enhancement in capacity for Lyophilisation.

7. ACQUISITION OF SHARES BY IPCA LABORATORIES LTD (IPCA).

During the year under review, IPCA together with persons acting in concert have acquired 26.70% shares of Lyka Labs Ltd through Public Offer. Their total shareholding is 27.76% of the Paid-up Equity Capital of the Company. They have become Joint Promoters of Lyka Labs Ltd. Both IPCA and Promoters of LYKA entered Joint Management Control Agreement. The Joint participation between Lyka and IPCA will help the Company to grow the business globally.

8. REGISTRATIONS :

During the Financial Year 2021 – 22, the company has submitted 14 new applications for Registration of its Products. It has received registration of 8 products and renewal of 27 products. The registration for 17 products are expected in the coming year.

9. 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 year, five Board Meetings were held. The particulars of meetings held and attended by each Director are mentioned in the Corporate Governance Report

C. INDEPENDENT DIRECTORS MEETING:

As required under the provisions of the Companies Act, 2013 and LODR Regulations, 2015, the Company has to convene the Independent Directors Meeting once in a year. The Independent Directors Meeting was convened on 13th January, 2022.

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, 2022, the Board consist of six Directors, Two are Executive Directors, one is Non - Executive Director and three are Independent Directors. The term of Shri Atit N. Shukla as an independent Director ended on 30th July, 2021. Smt. Dhara P. Shah was appointed as an Additional independent Director on 4th August, 2021 for a period of one year which will end on 3rd August 2022. Her appointment as an Additional Independent Director will be regularized at ensuing Annual General Meeting. Board as per recommendation of Nomination and Remuneration Committee has appointed her as an independent Director for a second term of three years commencing from 4th August, 2022 subject to approval of share-holders in ensuing Annual General Meeting. . Her brief resume along with other details are disclosed in the Notice convening the Annual General Meeting. The Second term of Mr. Vinod S. Shabhag as an Independent director will end at the conclusion of the ensuing Annual General Meeting.

E. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received declaration from each of Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligation and Disclosure Requirement), 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 as a Director by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. Her brief resume along with other details are disclosed in the Notice convening the Annual General Meeting.

G. INDEPENDENT DIRECTORS FAMILIARIZATION PROGRAMME:

The Independent Directors are familiarized with company's operations located at Ankleshwar, Gujarat. They are provided quarterly financial statements of the Company in the Board Meeting. They are also appraised about legal cases filed by and against the Company. Independent Directors have also visited plant at Ankleshwar and they were appraised about operation of the factory. They are also informed about material events of the Company.

H. EVALUATION OF DIRECTORS AND BOARD :

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

The performance evaluation is done once in a year. Performance evaluation is done on the basis of factors 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 judgment.

I. COMMITTEE OF BOARD:

Currently, the Board has five 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 forms part of the Board Report.

10. 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. The Company has received their eligibility certificates pursuant to the provisions of section 139 and 141 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014.

B. BRANCH AUDITOR:

The term of appointment of M/s. M.I. Shah & Co., Chartered Accountants (Firm Registration No. 119025W), for a period of 5 years as Branch Auditor is ending on the conclusion of the 43rd Annual General Meeting. M/s. D Kothary & Co., Chartered Accountants (Firm Registration No. 105335W) Statutory Auditor of the Company will conduct the Branch Audit of the Company.

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 2022-23. The remuneration payable to them is proposed to the Shareholders for their approval at the ensuing Annual General Meeting. The Audit Committee recommended their appointment as a Cost Auditor for Financial Year 2022 – 2023.

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, Practising Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this report as “Annexure A”.

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

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

12. 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, 2022:

The Statutory Auditors has not made any qualifications, reservation or adverse remarks or disclaimers in their report on the Financial Statement for Financial Year 2021– 22.

13. 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**”.

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

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

15. 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.

16. 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

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

The Related Party Transactions effected during the financial year are on Arm’s length basis and in the ordinary course of business. Approval of Audit Committee is obtained for Related Party Transactions. The Related Party transactions effected during the financial year are disclosed in the notes to the Financial Statement.

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**”.

18. 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 for all listed Companies. 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.

19. ANNUAL RETURN:

The extract of Annual Return pursuant to the provision of Section 92 of the Act read with Rule 12 of The Companies (Management and Administration) Rules, 2014, will be available on the website of the Company at www.lykalabs.com

20. DIRECTORS’ RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013(the “Act”) with respect to Directors Responsibility Statement, the Board hereby submits its responsibility statement:

-
- 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. 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.

21. 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:

i) LYKA BDR INTERNATIONAL LIMITED (LBDR)

Lyka Labs Ltd is holding 65.22% of the Issued capital of Lyka BDR International Limited. During the year under review, the Company has reported total income of Rs. 20.30 crores as against total income of Rs. 26.79 crores of previous financial year and reported Net Loss of Rs. 2.08 crores as against Net profit of Rs. 3.64 crores earned in previous financial year.

ii) LYKA EXPORTS LIMITED (LEL)

Lyka Labs Ltd is holding 72.80% of Issued capital of Lyka Exports Limited. During the year under review, the Company has reported total income of Rs. 18.72 crores as against total income of Rs. 12.70 crores of previous financial year and reported Net profit of Rs. 0.65 crores as against Net profit of Rs. 0.73 crores earned in previous financial year.

The Performance and financial position of each of the above mentioned subsidiaries for the year ended 31st March, 2022 is attached in “**Annexure D**” and forms part of this report.

22. CORPORATE SOCIAL RESPONSIBILITY (CSR) :

The Company has earned net profit of Rs 60.24 Crores before tax during the financial year ended 31st March, 2022 is more than Rs. 5 crores and as required under provision of Section 135 of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility Committee consisting of three Directors of which one of the Director is Independent Director. The committee will frame Corporate Social Responsibility (CSR) policy.

The Company is required to spend in every financial year atleast 2% of the average net profit of the Company made during the three immediately preceding financial years. Since the average net profit during the three preceding financial years is not available, the Company does not spend any amount towards CSR in current financial year.

23. DEPOSIT:

During the year, the Company has not invited nor accepted any deposit under the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. As of 31st March, 2022, the company has unclaimed fixed deposits of Rs. 41.55 lakhs.

24. MERGER:

The Board has decided 01st April, 2022 as appointed date for merger of Lyka Exports Ltd a subsidiary with Lyka Labs Ltd. The Company will finalize the Scheme of Merger shortly and obtain the requisite approval of SEBI and other statutory authorities wherever applicable.

25. 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 or Court or Tribunal which have significant & Material impact on the going concern status and company's operations in future.

26. 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.

27. INTERNAL FINANCIAL CONTROL:

The Company maintains a system of internal 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.

28. 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".

29. 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.

30. MANAGEMENT DISCUSSION ANALYSIS REPORT:

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

31. GREEN INITIATIVE:

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



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

32. 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 LIMITED**

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

**Place: Mumbai
Date: 20th May, 2022**

“ANNEXURE A”

Form No. MR-3

For the financial year ended 31st March, 2022

[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 2022 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, 2022 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)

-
- (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) and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major heads/groups of Acts, laws and Regulations as applicable to the Company are listed below:

- a. Factories Act, 1948;
- b. Income Tax Act and other Indirect Tax laws;
- c. The Essential Commodities Act;
- d. All Environmental Related Acts & Rules;
- e. Boilers Act;
- f. The Poisons Act;
- g. The Prevention of Food Adulteration Act, 1954;
- h. Dangerous Drugs Act, 1940;
- i. Industrial Disputes Act, 1947;
- j. The Drugs and Magical Remedies (Objectionable Advertisements) Act;
- k. Drugs & Cosmetics Act, 1940;
- l. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013;
- m. 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, IPCA together with persons acting in concern have acquired 26.70% shares of Lyka Labs Limited through Public Offer. They have become Joint Promoters of Lyka Labs Limited under review.

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.

Lyka Labs Limited

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.

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

Place: Mumbai
Date: 20th May, 2022

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: 20th May, 2022

For Kaushal Doshi & Associates
Company Secretary

Kaushal Doshi
(Proprietor)
FCS:10609/ COP:13143
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 31st March, 2022.

Energy Conservation measures taken

- (1) The Company has taken several measures including reduction of transmission losses, rational organization of manufacturing activity and regular preventive maintenance.
- (2) Additional investments and proposals are being implemented for reduction of energy consumption:

The following measures are taken / being taken for:

- Replacement of obsolete systems with improved energy saving systems.
- Use of balancing equipment’s to optimize production.
- Reduction in contract demand.
- Improve the process parameters to consume less energy.
- Own generation of steam.

- (3) Impact of measures taken:

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

Sr. No.	Particulars	Year ended 31stMarch, 2022 (12 months)	Year ended 31stMarch, 2021 (12 months)
A. POWER AND FUEL CONSUMPTION			
1.	Electricity		
a.	Purchased		
	Units (in '000 kwh)	3399	2971
	Total Amount (Rs.in lacs)	267.63	233.17
	Rate per unit (Rs./kwh)	7.87	7.85
b.	Own Generation		
	i. Through Diesel Generator		
	Units (in '000 kwh)	142	58
	Units per litre of Diesel (kwh)	3.30	2.90
	Cost/Unit (Rs./kwh)	24.45	30.68
2.	Coal		
	Quantity	-	-
	Total Cost	-	-
	Average Rate	-	-
3.	Furnace oil & Diesel oil		
	Quantity (kl.)	37.20	22.06
	Total Amount (Rs.in lacs)	34.63	17.77
	Average Rate (Rs./Litre)	93.10	80.54
4.	Others – Steam		
a.	Purchased		
	Quantity (MT)	1262	1046
	Total Amount (Rs.in lacs)	62.36	39.93
	Rate per unit (Rs./kg)	4.94	3.82

b.	Own Generation		
	Quantity (MT)	585	0.00
	Units per litre of Furnace\Diesel (KG)	18.267	0.00
	Cost/Unit (Rs./kg)	4.38	0.00
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)	414.233	105.666
	Coal (M. Tonnes)	-	-
	Furnace oil & Diesel oil (kl)	4.527	1.155
	Steam (M. Tonnes)	331.559	57.346

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 and Government of India.

1. SPECIFIC AREAS IN WHICH R&D WORK IS CARRIED OUT BY THE COMPANY ARE:

- Development of broad range of dosage forms such as conventional Solid oral dosage forms, Sustained release tablets, Liquid orals, Ready Mix granules, Derma products, Nutraceuticals & 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- Anhydrous Sunscreen, Oil Free Non-Comedogenic Sunscreen Gel, Skin Lightening Gel, Skin Lightening Cream etc.
- Development of Cosmeceutical products for Export Market such as- Intimate Gel lubricant for men, Bust care Cream, Cream for Legs 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, Dermal Toxicity, Skin Irritation and Sensitivity studies, Comedogenicity Study etc.

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

- Company has introduced following products in the domestic market for P to P business.
- Many derma products are under development for domestic, which will be commercialized after completing stability studies; subsequent DCGI approval.
- Clinical Trials will be conducted for following products once company receives Clinical Trial Protocol approval from CDSCO.
- Many more derma products are under stability for domestic and export market, which will be commercialized after completing stability studies.

3. Future plans

The company aims to consolidate its presence in the domestic market through focused development of various therapeutic segments such as:

- a. Neuropathic Pain
- b. Atopic Dermatitis
- c. Treatment of Acne
- d. Anti-Aging
- e. Treatment of Fungal infections
- f. Skin Lightening & Melasma
- g. Moisturizing
- h. Treatment of Psoriasis

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: 20th May, 2022

“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 arm’s 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.

	Nature of Related Party	Lyka Exports Limited	Lyka BDR International Limited	Lyka Generics Limited	Ipca Laboratories Limited (w.e.f. 23rd November 2022)
b)	Nature of transactions				
	Sale of Goods	1,12,200	8,36,71,944	-	6,73,08,139
	Purchase of Goods	-	-	6,07,20,161	-
	Rent Income	3,30,000	36,30,000	-	-
	Car Rent Paid	-	-	4 41 ,429	-
	Commission Income	-	58,90,437	-	-
	Analytical Charges Paid	-	-	-	17575
b)	Duration of the contracts/	Continuous Basis	Continuous Basis	Continuous Basis	Continuous Basis
c)	Salient terms of the contracts or arrangements or transactions including the value, if any	As per MOU	As per MOU	Ongoing arrangement	As per Agreement
d)	Date(s) of approval by the Board, if any	20 th May, 2022	20 th May, 2022	20 th May, 2022	20 th May, 2022
e)	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: 20th May, 2022**

“ANNEXURE D”

Statement of Subsidiaries Financial

Form AOC-1

**[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 Ltd	Lyka Exports Ltd.
2.	Date of Acquisition	04.05.2009	30.05.2014
3.	Reporting period for the Subsidiary concerned	April, 21 to Mar, 22	April, 21 to Mar, 22
4.	Reporting currency and Exchange rate as on the last date of relevant Financial year	Indian Rupees	Indian Rupees
5.	Share Capital	22,50,00,000	7,39,54,240
6.	Reserve & Surplus	(2,57,139,205)	(2,72,59,612)
7.	Total Asset	4,40,81,657	7,21,69,183
8.	Total Liabilities	7,62,20,864	2,54,74,557
9.	Investments	-	89,360
10.	Turnover	20,30,85,834	18,72,40,500
11.	Profit/ (Loss) before taxation	(1,92,82,209)	93,46,590
12.	Provision for Taxation	(17,90,706)	(28,64,332)
13.	Profit/ (Loss) after Taxation	(2,10,72,915)	64,82,258
14.	Proposed Dividend	-	-
15.	% of Shareholding	65.22%	72.80%

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

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

**Place: Mumbai
Date: 20th May, 2022**

“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	26.34
Shri. Yogesh B. Shah	31.76%	5.23

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	31.76%
Shri. Piyush G. Hindia	10.00%

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: 1.31 %.
- 4) The number of permanent employees on the rolls of the Company: 164
- 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 previous F.Y. i.e. 2020-21 was 8.62%.
- 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: 20th May, 2022**

“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, 2022 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, 2022 the Company has Six (6) Directors consisting of a Managing Director, an 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, 2022 is given below:

Name of Directors	Category	Shareholding
Smt. Nehal N. Gandhi	Non- Executive Director	1157453
Shri. Kunal N. Gandhi	Chairman, Managing Director & Chief Executive Officer	1018376
Shri. Yogesh B. Shah	Executive Director & Chief Financial Officer	1000
Shri. Sandeep P. Parikh	Non -Executive Independent Director	808
Smt. Dhara P. Shah	Non Executive Independent Director	1
Shri.Vinod S.Shanbhag	Non Executive Independent Director	500

- 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 are 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 are within respective limits prescribed under the Act and Listing Regulations. None of the Directors is member in more than Ten (10) committees excluding private limited companies, foreign companies and companies under Section 8 of the Act or act as Chairperson of more than Five (5) committees across all listed entities in which he/she is a Director. Chairmanship/ Membership 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, 2022 are given herein below.

During the financial year 2021-22 Five (5) Board Meeting were held on 02nd June 2021, 04th August, 2021, 29th October, 2021, 24th November, 2021 and 20th January, 2022 Details of Board Meetings are given in the table appended below:

Name of Directors	No. of Board Meetings Attended during the year 2021-2022	Whether last Annual General Meeting held on 30 th July, 2021 attended	No of Directorship in other Companies as on 31 st March, 2022	No. of Committee position in other public Companies as on 31 st March, 2022	
				Member	Chairman
Smt. Nehal N. Gandhi	3	No	2	0	0
Shri. Kunal N. Gandhi	5	Yes	5	3	0
Shri. Yogesh B. Shah	5	Yes	1	0	0
Shri. Sandeep P. Parikh	4	Yes	7	2	1
Shri. Vinod S. Shanbhag	5	Yes	2	2	1
Smt. Dhara P. Shah	1	No	1	2	0
Shri. Atit N. Shukla	1	No	0	0	0

- The term of Shri. Atit N. Shukla, as an Independent Director of the company ended on 30th July, 2021.
- Smt. Dhara P. Shah, was appointed as an Independent Director of the Company for a term of one year w.e.f. 04th August, 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 is 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 recommend financial limit 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;
5. Valuation of undertakings or assets of the company, wherever it is necessary;
6. Evaluation of internal financial controls and risk management systems;

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, 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;
 - (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 issued by the statutory auditors;
4. Internal audit reports; and
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee.

As on 31st March, 2022, the Audit Committee comprises of Four (4) Directors, out of which Three (3) are Independent Directors and One (1) is Executive Director.

In the financial year 2021-22, Four (4) meetings were held on 01st June, 2021, 04th August, 2021, 29th October, 2021 and 20th January, 2022 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	Independent Director	4	4
Shri. Vinod S. Shanbhag (Member)	Independent Director	4	4
Smt. Dhara P. Shah (Member)	Independent Director	0	0

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 about remuneration of the Directors, key managerial personnel;
- 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.

Lyka Labs Limited

During the financial year 2021-22, One (1) meeting of Nomination & Remuneration Committee was held on 04th August, 2021.

As on 31st March, 2022, the Nomination & Remuneration Committee comprises of Three (3) Directors, out of which Two (2) are Independent Directors and One (1) is Non- Executive Director.

The Details of Composition of Nomination & Remuneration Committee and the number of Meetings held and attended by the Members during the financial year 2021-2022 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), of the Company and Payment to Managing Director shall be governed by Schedule V of 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, 2022 are given as under;

Name of Directors	Sitting Fees	Salary	Total
Shri. Kunal N. Gandhi	N.A.	89,40,000	89,40,000
Shri. Yogesh B. Shah	N.A.	14,22,878	14,22,878
Smt. Nehal N. Gandhi	90,000	N.A.	90,000
Shri. Vinod S. Shanbhag	2,70,000	N.A.	2,70,000
Shri. Sandeep P. Parikh	2,40,000	N.A.	2,40,000
Smt. Dhara P. Shah	1,20,000	N.A.	1,20,000

Shri. Atit N. Shukla	30,000	N.A.	30,000
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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 2021-22, one (1) meeting of Stakeholder Relationship Committee was held on 25th February, 2022.

The Details of Composition of Stakeholders Relationship Committee and the number of Meetings held and attended by the Members during the financial year 2021-2022 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
2018-19	18 th September, 2019	12.30 P.M.	1.Appointment of Statutory Auditors 2.Ratification of Remuneration of Cost Auditor for cost audit for the F.Y. 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 AOA of the Company 9.Increase in Authorised Share Capital. 10.To amend the MOA 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 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 	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).
2020-21	30 th July, 2021	12.30 P.M.	<ol style="list-style-type: none"> 1. Ratification of Remuneration of Cost Auditor for conducting cost audit for the financial year ended 31st March, 2022 2. Approval of Related Party Transactions 	42nd AGM of the company was convened on 30th July, 2021 through Video Conference and Other Audio Visual Means (VC/OAVM).

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. [Error! Hyperlink reference not valid.](#) 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 43rd Annual General Meeting (AGM) along with the Annual Report for the financial year 2021-2022 will be sent only through electronic mode on Saturday 09th July, 2022 to the member’s whose email addresses are registered with Depository Participants/ M/s Link Intime India Private Limited (Company’s Registrar and Share Transfer Agent) as on Friday 08th July, 2022 (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 2021-22 is scheduled on Monday, 1st August, 2022 at 12.15 P.M. through Video Conference/ Other Audio Visual Means (VC/OAVM).
- 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 2021-2022.
- 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, Fort 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.

Lyka Labs Limited

f. Market Price Data: High, Low during each month of the Financial Year 2020-2021.

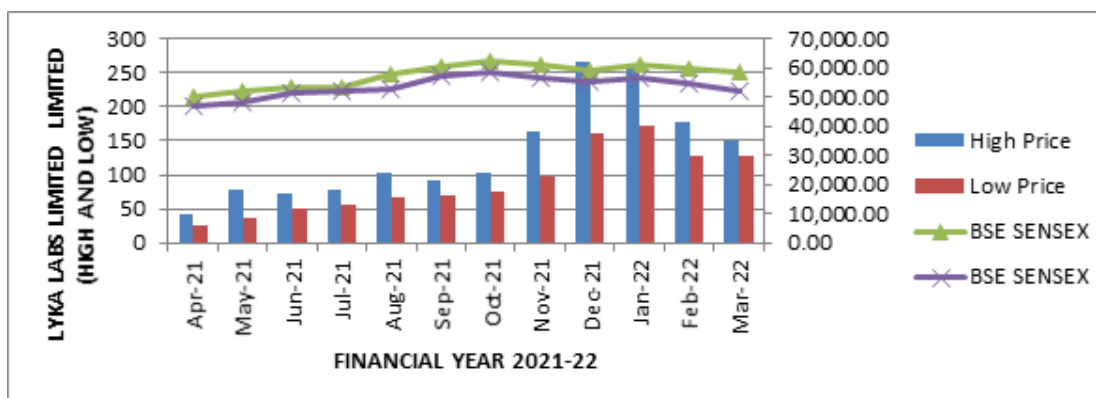
The Company's monthly high and low quotations at the NSE and BSE are given hereunder.

The Share price data for each month during the financial year 2021-22 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-21	41.25	24.80	41.30	24.70
May-21	76.80	37.05	76.95	37.10
Jun-21	71.75	50.70	69.95	50.30
Jul-21	79.35	55.75	79.60	56.15
Aug-21	102.70	67.15	102.90	67.05
Sep-21	91.75	70.00	92.00	70.20
Oct-21	102.80	75.25	103.00	75.10
Nov-21	164.70	97.10	164.00	97.10
Dec-21	267.20	160.30	267.00	160.30
Jan-22	259.80	172.20	260.00	171.85
Feb-22	176.70	129.00	175.50	128.10
Mar-22	149.70	128.50	148.40	127.40

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

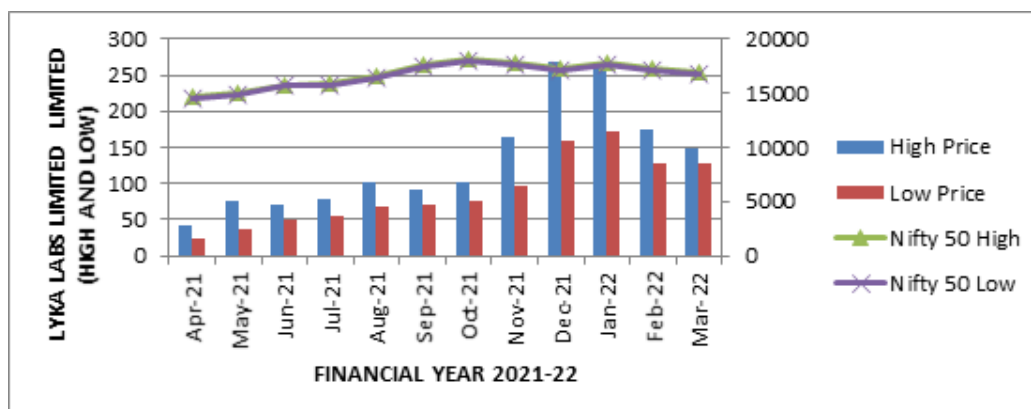
The monthly high and low share prices of the Company in comparison with the BSE Sensex during the year are as under:



Month	Lyka Labs Limited (BSE)		BSE SENSEX	
	High Price	Low Price	High Price	Low Price
Apr-21	41.25	24.80	50,375.77	47,204.50
May-21	76.80	37.05	52,013.22	48,028.07
Jun-21	71.75	50.70	53,126.73	51,450.58
Jul-21	79.35	55.75	53,290.81	51,802.73
Aug-21	102.70	67.15	57,625.26	52,804.08
Sep-21	91.75	70.00	60,412.32	57,263.90
Oct-21	102.80	75.25	62,245.43	58,551.14
Nov-21	164.70	97.10	61,036.56	56,382.93
Dec-21	267.20	160.30	59,203.37	55,132.68
Jan- 22	259.80	172.20	61,475.15	56,409.63
Feb-22	176.70	129.00	59,618.51	54,383.20
Mar-22	149.70	128.50	58,890.92	52,260.82

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

The monthly high and low share prices of the Company in comparison with the NSE Nifty during the year are as under:



Month	Lyka Labs Limited (NSE)		NSE NIFTY50	
	High Price	Low Price	High Price	Low Price
Apr-21	41.3	24.7	14714.81	14487.31
May-21	76.95	37.1	15044.09	14893.03
Jun-21	69.95	50.3	15799.07	15656.16
Jul-21	79.6	56.15	15842.32	15720.36
Aug-21	102.9	67.05	16516.49	16372.00
Sep-21	92	70.2	17581.47	17420.85
Oct-21	103	75.1	18136.47	17932.95
Nov-21	164	97.1	17846.72	17607.06
Dec-21	267	160.3	17284.05	17073.56
Jan- 22	260	171.85	17866.77	17635.91
Feb-22	175.5	128.1	17350.48	17073.36
Mar-22	148.4	127.4	16965.36	16716.87

Lyka Labs Limited

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	23741	88.9743	2567785	8.9501
501 to 1000	1385	5.1906	1137093	3.9634
1001 to 2000	702	2.6309	1083457	3.7764
2001 to 3000	246	0.9219	642167	2.2383
3001 to 4000	120	0.4497	435302	1.5173
4001 to 5000	105	0.3935	499872	1.7423
5001 and 10000	185	0.6933	1388846	4.8409
10000 and above	199	0.7458	20935478	72.9713
Total			28690000	100.00

j. Dematerialization of Shares and Liquidity :

As on 31st March, 2022 the Company's 28455224 equity shares were held in dematerialized form and remaining 234776 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:

1. SEBI vide its Order dated 5th June 2020, in respect of GDR Issue made in 2005, restricted the Company to access to the Capital Market for a period of 3 (three) years from the date of the Order due to not giving proper disclosure pertaining to GDR Issue.
2. 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 2021-2022. 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.

Lyka Labs Limited

i. **Statutory Audit Fees**

Total fees paid by the Company to Statutory Auditor their services to the Company for the Financial year 2021-22 is Rs. 20.10 Lakhs on Standalone basis and Rs. 27.60 Lakhs on Consolidated basis.

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

During the financial year 2021-22, 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, 2022:** 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: 20th May, 2022.**

Compliance Certificate

[as per Regulation 17(8)]

- A. We have reviewed financial statements and the cash flow Statement for the Financial year 31 March, 2022 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: 20th May, 2022

Place: Mumbai

Kunal N. Gandhi
Managing Director & CEO
(DIN:01516156)

Yogesh B. Shah
Executive Director & CFO
(DIN:06396150)

Annexure F-A

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Lyka Labs Limited
CIN- L24230GJ1976PLC008738

We have examined the compliance of conditions of Corporate Governance by Lyka Labs Limited ('the Company'), for the financial year ended 31st March, 2022 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').

We state that the compliance of the conditions of Corporate Governance is the responsibility of the Management, and our 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 our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provision of Listing Regulations.

We 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)

Place : Mumbai
Date : 20th May, 2022

FCS- 10609 / COP- 13143

UDIN: F010609C000411108Annexure F-A



“Annexure F – B”

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

**To,
The Members,
LYKA LABS LIMITED
CIN: L24230GJ1976PLC008738**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **LYKA LABS LIMITED** having CIN: L24230GJ1976PLC008738 and having its registered office situated at 4801/B & 4802/A GIDC Industrial Estate Ankleshwar Gujarat 393002 , (hereinafter referred to as ‘the Company’), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on **31st March, 2022** have 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, Reserve Bank of India or any such other Statutory Authority.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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 : 20th May, 2022**

**For Kaushal Doshi & Associates
Company Secretary**

**Kaushal Doshi
(Proprietor)
FCS- 10609/COP- 13143
UDIN: F010609D000356009**

“ANNEXURE G”

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview And Outlook

India's economy will grow 7.5% in fiscal year (FY) 2022 and 8% in FY2023, supported by increased public investment in infrastructure and a pickup in private investment, the Asian Development Bank (ADB) forecasts.

The outlook assumes sustained progress in coronavirus disease (COVID-19) vaccinations and that any new variants of the virus are of limited severity. It also factors in the impacts of Russia's invasion of Ukraine—primarily higher global oil and commodity prices that will contribute to rising inflation and a widening of the current account deficit.

India is on the path to a sustained economic recovery, thanks to the vigorous countrywide drive to deliver safe and wide-reaching COVID-19 vaccinations, which helped reduce the severity of the third pandemic wave with minimal disruptions to mobility and economic activity.

Pharmaceutical Sector Overview

India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. India enjoys an important position in the global pharmaceuticals sector.

The market is expected to develop at a 37 percent CAGR from 2020 to 2025, reaching US\$ 50 billion. According to the Indian Economic Survey 2021, the house market is expected to grow in the next years. By 2024, the domestic pharmaceutical market in India is estimated to be valued US\$ 65 billion, rising to US\$ 120-130 billion by 2030.

India is the world's largest supplier of generic pharmaceuticals, providing more than 60% of worldwide vaccination demand and 20% of global supply by volume.

The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies

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. The Company believes in Innovation. It provides state-of-the-art prepositions to advance the company's relevance and foster a spirit of experimentation. Pharmaceutical products of the Company are consistent in term of quality and reliability.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

The Company is engaged in only one segment viz. pharmaceuticals. The Company has 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.

OUTLOOK:

1. Development of broad range of dosage forms such as conventional Solid oral dosage forms, Sustained release tablets, Liquid orals, Ready Mix granules, Derma products, Neutraceuticals & Cosmeceuticals.
2. Development of Formulations with New Molecules and Development of Novel Drug Delivery Systems.
3. DCGI approvals for new drug molecules.
4. Development of Cosmeceutical products for 'P to P business' such as- Anhydrous Sunscreen, Oil Free Non-Comedogenic Sunscreen Gel, Skin Lightening Gel, Skin Lightening Cream etc.
5. Development of Cosmeceutical products for Export Market such as- Intimate Gel lubricant for men, Bust care Cream, Cream for Legs etc.

6. Upgradation of products and processes to improve quality, stability, shelf-life and thus reduce cost.
7. Tie ups with Medical Institutions to carry out Clinical Trials, Dermal Toxicity, Skin Irritation and Sensitivity studies, Comedogenicity Study etc.

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 2022.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the financial year, the total Income was Rs. 167.07 Crores. The Company has earned profit of Rs. 100.22 Crores before charging interest and depreciation and taxes and write offs during the financial year 2021-22.

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 2022, permanent employees inclusive of workers strength was 164.

KEY FINANCIAL RATIOS :

The key financial ratio for 2021-22 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 11.26 (times) as against 5.42 (times) in the previous year. This year this ratio is higher as compared to previous year due to higher revenue.
- b. **Inventory Turnover ratio:** Cost of Goods Sold / Average Inventory. This ratio for the year was 6.00 (times) as against 5.00 (times) in the previous year.
- c. **Interest Coverage ratio:** EBIT / Interest Expense. The ratio for the year was 4.02(times) as against 0.28 (times) in the previous year. This ratio has become positive in the current year due to increase in Profit before interest and tax.
- d. **Current Ratio:** Current Assets/ Current Liabilities. This ratio for the year was 0.51 (times) as compared to 0.57 (times) in the previous year.
- e. **Debt-Equity ratio:** Total Debt/ Shareholders Equity. This ratio for the year was 02.89 (times) as against 36.76 (times) in the previous year. This ratio has decrease due Repayment of Loans during the year and operating margin also improved resulted in improved ratio.
- f. **Operating Profit Margin:** EBIT/Sales operating profit margin for the year was 48% as against 11% in the previous year. Increase in Operating profit margin due to sales of higher realisation price.
- g. **Net Profit Margin:** Net Profit/Total Revenue from operations for the year was 24% as against -23% in the previous year. Due to increase in net profit as compared to loss in 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: 20th May, 2022

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, 2022, 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 standalone 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, 2022, and its profit, 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 The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such 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 is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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

INDEPENDENT AUDITORS' REPORT (Cont....)

India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. 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 7,379.38 lakhs as at 31st March, 2022, total revenues of Rs. 15,719.97 lakhs, total net profit/(loss) before tax of Rs. 10,329.29 lakhs, total comprehensive income/(loss) of Rs. 10329.29 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, 2020 ("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.
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 standalone 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, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2022 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) In our opinion, the managerial remuneration for the year ended 31st March, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
 - (i) 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.

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- 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, 2022
- iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in note no. 50(v) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The management has represented that, to the best of its knowledge and belief, as disclosed in note no. 50(vi) to the Standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The dividend has not been declared or paid during the year by the Company.

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

Membership No. 132650
UDIN: 22132650AJIKCH2092

Place: Mumbai
Date: 20th May, 2022.

Lyka Labs Limited

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) (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) The company has maintained proper records showing full particulars of intangible assets.
 - 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 documents provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date.
 - d) According to the information and explanations given to us the Company has not revalued its Property, Plant and Equipment (including Right-of-use assets) or intangible assets during the year.
 - e) There are no proceedings initiated and are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- 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 coverage and procedure of such verification is appropriate and no material discrepancies were noticed.
 - b) In our opinion and according to the information and explanations given to us, the Company has not been sanctioned working capital limits, in excess of five crore rupees, during any point of time of the year, in aggregate, from banks or financial institutions on the basis of security of current assets.
- iii. In respect of loans and advances, guarantee or security provided:
 - a) In our opinion and according to the information and explanations given to us, the company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity.

The aggregate amount during the year is Rs. 147.75 lakhs, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiaries is Rs. Nil.
 - b) The investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided during the year are not prejudicial to the company's interest.
 - c) In respect of loans granted or advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.
 - d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

INDEPENDENT AUDITORS' REPORT (Cont....)

- e) No loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- 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 granted, investments made and guarantees and securities provided.
- 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. 41.55 Lakhs, the same shall be paid as and when claimed. (Refer note no. 37)
- vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for manufacturing Bulk Drugs and Formulations. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. In respect of statutory dues:
- a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.
- There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2022 for a period of more than six months from the date they became payable.
- b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st March, 2022 on account of disputes are given below:

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	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
3	Bombay Sales Tax	56.86	1998-1999	Sales Tax Appellant Tribunal has referred to Bombay High Court

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

Sr. No.	Nature of Dues	Amount (Rs. In Lakhs)*	Period to which the amount relates	Name of the forum
4	Maharashtra Value Added Tax	9.62	2005-2006	Deputy Commissioner of Sales Tax
		5.48	2007-2008	Deputy Commissioner of Sales Tax
		3.02	2009-2010	Deputy Commissioner of Sales Tax
		369.38	2014-2015	Joint Commissioner of Sales Tax (Appeal)
		110.34	2015-2016	Deputy Commissioner of Sales Tax
5	Central Sales Tax	1.22	2017-2018	Sales Tax Office
		17.95	1998-1999	Sales Tax Appellant Tribunal has referred to Bombay High Court
		67.05	2005-2006	Deputy Commissioner of Sales Tax
		60.31	2006-2007	Deputy Commissioner of Sales Tax
		166.47	2007-2008	Deputy Commissioner of Sales Tax
		32.59	2009-2010	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)
		30.65	2015-2016	Deputy Commissioner of Sales Tax
		33.97	2015-2016	Deputy Commissioner of Sales Tax
		4.84	2017-2018	Deputy Commissioner of Sales Tax
6	Gujarat Sales Tax	39.63	2002-2003	Commissioner Of Sales Tax (Appeals)
7	Income Tax	150.01	AY 2004-2005	Commissioner of Income Tax (Appeals)
		80.85	AY 2010-2011	Commissioner of Income Tax (Appeals)
		155.40	AY 2011-2012	Commissioner of Income Tax (Appeals)
		61.78	AY 2014-2015	Commissioner of Income Tax (Appeals)
		0.42	AY 2018-2019	Commissioner of Income Tax (Appeals)
		80.76	AY 2014-2015	Commissioner of Income Tax (Appeals)

(* Net of amount paid under protest)

INDEPENDENT AUDITORS' REPORT (Cont....)

- viii. There are no transactions which are not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) Based on our audit procedures and as per the information and explanations given by management, the Company has not defaulted in repayment of dues to any lender. 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, 2022 due to cheques returned undelivered / unclaimed. (Refer Note no. 38)
- (b) The Company has not declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long term purposes by the Company.
- (e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries.
- x. (a) 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 (x) of the Order is not applicable.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- xi. (a) To the best of our knowledge, 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.
- (b) To the best of our knowledge, no report under Sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and up to the date of this report.
- xii. The Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto 31st March 2022.
- xv. In our opinion during the year the Company has not entered into non-cash transactions with any of its directors or directors of its holding company, subsidiary company or persons connected with such directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
- xvii. The company has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.

Lyka Labs Limited

- xviii. There has not been any resignation of the statutory auditors during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The provisions of section 135 are not applicable to the Company. Accordingly, paragraph 3(xx) of the Order is not applicable.
- xxi. According to the information and explanations given to us, and based on the CARO report issued by and the information provided by the auditors of the companies included in the consolidated financial statements of the Company we report that there have been no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements.

Place: Mumbai
Date: 20th May, 2022.

For D. Kothary & Co
Chartered Accountants
Firm Regn No. 105335W
Mehul N. Patel
(Partner)
Membership No. 132650
UDIN: 22132650AJIKCH2092

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 31st March 2022 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.

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 31st March 2022, 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.

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

Place: Mumbai
Date: 20th May, 2022.

Membership No. 132650
UDIN: 22132650AJIKCH2092



BALANCE SHEET AS AT 31ST MARCH, 2022

(₹ In lakhs)

Particulars	Notes	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	6,717.78	6,658.66
(b) Capital Work- In- Progress	3	1,623.49	1,618.18
(c) Intangible assets	4	2,293.50	2,874.87
(d) Intangible assets under development	4	150.82	821.76
(e) Financial Assets			
(i) Investments	5	3,240.30	3,240.30
(ii) Other Financial Assets	6	1,433.01	1,372.44
(f) Other Non Current Assets	7	131.63	140.56
(g) Non Current Tax Assets	8	469.74	414.71
(h) Deferred tax assets(net)	9	-	1,622.07
		<u>16,060.28</u>	<u>18,763.55</u>
Current Assets			
(a) Inventories	10	818.44	429.86
(b) Financial Assets			
(i) Investments	5	0.80	0.77
(ii) Trade Receivables	11	1,758.84	989.91
(iii) Cash and Cash Equivalents	12	1,538.31	652.84
(iv) Loans	13	3.71	5.70
(v) Other Financial Assets	14	177.46	96.47
(c) Other Current Assets	15	493.42	397.95
		<u>4,790.96</u>	<u>2,573.50</u>
Total Assets		<u>20,851.24</u>	<u>21,337.05</u>
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	16	2,869.00	2,869.00
(b) Other Equity	17	1,574.85	(2,428.08)
		<u>4,443.85</u>	<u>440.92</u>
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	6,162.74	15,105.53
(ii) Lease Liabilities		-	28.76
(iii) Other Financial Liabilities	19	221.20	954.25
(b) Provisions	20	244.15	268.17
(c) Deferred Tax Liabilities (net)	21	411.76	-
		<u>7,039.85</u>	<u>16,356.72</u>
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	6,658.75	1,011.94
(ii) Lease Liabilities		28.76	64.22
(iii) Trade Payable			
- Micro and Small Enterprise	23	445.98	309.58
- Other than Micro and Small Enterprise	23	422.28	892.38
(iv) Other Financial Liabilities	24	1,116.60	1,871.08
(b) Other Current Liabilities	25A	593.44	228.12
(c) Provisions	25B	101.73	162.09
		<u>9,367.54</u>	<u>4,539.41</u>
Total Equity and Liabilities		<u>20,851.24</u>	<u>21,337.05</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

(Mehul N. Patel)
Partner
Membership No. 132650
Place : Mumbai
Date : 20th May, 2022

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

(Piyush Hindia)
Company Secretary

Lyka Labs Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in lakhs)			
Particulars	Notes	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
INCOME			
Income from Operations	26	15,477.08	4,472.67
Other Operating Income	27	957.80	1,753.63
		16,434.88	6,226.30
Other Income	28	271.98	221.03
Total Income		16,706.86	6,447.33
EXPENSES			
Cost of Materials Consumed	29	2,693.80	1,231.26
Purchases of Stock-in-Trade		432.83	917.19
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	30	(40.43)	203.73
Employee Benefits Expense	31	1,621.96	1,302.58
Finance Costs	32	1,992.13	2,555.28
Depreciation and Amortization Expense	3 & 4	1,538.87	804.97
Other Expenses	33	1,976.81	1,128.98
Total Expenses		10,215.97	8,143.99
Profit/(Loss) before Exceptional items		6,490.89	(1,696.66)
Exceptional items	34	466.83	142.87
Profit/(Loss) before tax		6,024.06	(1,839.53)
Tax Expense:			
Deferred Tax		2,033.83	(393.64)
Profit/(Loss) for the year		3,990.23	(1,445.89)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans (net of tax)		12.69	(8.88)
Total Other Comprehensive Income		12.69	(8.88)
Total Other Comprehensive Income for the year		4,002.93	(1,437.01)
Earnings per share (of ₹ 10/- each):			
Basic / Diluted	45	13.87	(5.08)

(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

(Mehul N. Patel)
Partner
Membership No. 132650
Place : Mumbai
Date : 20th May, 2022

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

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

(Piyush Hindia)
Company Secretary



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

A. Equity Share Capital (Refer note 16)

(₹ In lakhs)

Particulars	As at 31 st March, 2022		As at 31 st March, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting year	2,86,90,000	2,869.00	2,86,90,000	2,869.00
Changes in equity share capital during the year	-	-	-	-
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, 2021	(12,799.42)	9,743.97	50.68	625.30	(48.61)	(2,428.08)
Profit for the year	3,990.23	-	-	-	-	3,990.23
Other Comprehensive Income or the year, net of income tax	-	-	-	-	12.69	12.69
Balance at 31st March, 2022	(8,809.19)	9,743.97	50.68	625.30	(35.91)	1,574.85

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 : 20th May, 2022

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

(Kunal. N. Gandhi)
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(Piyush Hindia)
Company Secretary

Lyka Labs Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in lakhs)		
Particulars	Current Year Ended 31st March, 2022	Previous Year Ended 31st March, 2021
A. Cash Flow from Operating Activities		
Profit / (Loss) for the year before tax	6,024.06	(1,839.53)
Adjusted for		
Depreciation	1,538.87	804.97
Interest Income	(159.06)	(139.46)
Finance Cost	1,992.13	2,555.28
Provision for Doubtful Trade Receivables, Advances and Employee Benefits	29.72	45.16
Exchange rate fluctuation	(35.27)	-
Exceptional Items	394.05	130.87
Return on Investment	(0.03)	(0.03)
	3,760.41	3,396.79
Operating Profit before Working Capital change	9,784.47	1,557.26
Changes in Working Capital :		
(Increase) / Decrease in Other Non-Current Financial Assets	(213.58)	(83.32)
(Increase) / Decrease in Other Non-Current Assets	8.93	(15.70)
(Increase) / Decrease in Inventories	(388.58)	140.78
(Increase) / Decrease in Trade and other receivables	(710.49)	(324.45)
(Increase) / Decrease in Other Current Financial Assets	(80.99)	103.93
(Increase) / Decrease in Other Current Assets	(95.47)	114.40
(Increase) / Decrease in Current Loans	1.99	280.08
Increase / (Decrease) in Other Non-Current Financial Liabilities	(3.34)	(6.54)
Increase / (Decrease) in Non-Current Provisions	(24.02)	(15.12)
Increase / (Decrease) in Trade Payables	(333.70)	(448.37)
Increase / (Decrease) in Other Current Financial Liabilities	(501.53)	(414.44)
Increase / (Decrease) in Other Current Liabilities	365.32	(170.09)
Increase / (Decrease) in Current Provisions	(100.56)	(71.41)
	(2,076.02)	(910.25)
Cash Generated from Operations	7,708.45	647.01
Net Income Tax Payment	(55.03)	(71.98)
Net cashflow from operating activities (A)	7,653.42	575.03
B. Cashflow for Investing Activities		
Purchase of Fixed Assets	(592.03)	(126.78)
Interest Received	159.06	139.46
Net cash used in Investing Activities (B)	(432.97)	12.68



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in lakhs)

Particulars	Current Year Ended 31st March, 2022	Previous Year Ended 31st March, 2021
C. Cashflow from Financing Activities		
Proceed from / (Repayment) of Non Current Borrowings Net	(5,038.92)	3.44
Proceed from / (Repayment) of Current Borrowings Net	949.00	(129.96)
Interest Paid	(2,245.08)	(648.78)
Net cash used in Financing Activities (C)	(6,334.99)	(775.30)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	885.47	(187.59)
Cash and Cash Equivalents at the beginning of the year		
Cash and Cash Equivalents	11.66	13.81
Earmarked Balances	641.18	826.62
	652.84	840.43
Cash and Cash Equivalents at the end of the year		
Cash and Cash Equivalents	28.03	11.66
Earmarked Balances	1,510.29	641.18
	1,538.31	652.84

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 : 20th May, 2022

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

(Piyush Hindia)
Company Secretary

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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:

2.1A 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.

2.1B Accounting estimates, assumptions and judgements

The preparation of the Standalone Financial Statements requires management to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities and disclosures as at the date of the Standalone Financial Statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are Deferred Income tax assets and liabilities, Useful lives of property, plant and equipment ('PPE') and intangible assets, Employee benefit obligations, Provisions and contingencies, Impairment of investment in subsidiaries and goodwill

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,
- 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. 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 :

Class of Assets	Useful life in years
Internally Developed Intangible	05
Computer Software	05
Technical and Marketing Know-How	10
Brands	10

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 Independent Actuarial Valuer / 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, 2022

3. Property Plant and Equipment

Particulars	As at 31st March, 2022	As at 31st March, 2021
Land	2,733.33	2,763.73
Buildings	2,530.57	2,665.43
Plant and Machinery	1,255.32	942.70
Computers	9.86	6.04
Vehicles	13.12	19.38
Furnitures and Fixtures	127.85	146.61
Office Equipments	9.74	4.36
Right To Use Property	38.00	110.40

(₹ in lakhs)

(₹ in lakhs)

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, 2021	3,098.25	4,162.75	3,296.64	41.60	34.69	267.23	13.36	350.94	11,265.47
Additions	15.07	17.12	546.84	6.41	-	7.33	7.71	-	600.47
Deletion	-	-	(1.11)	-	(16.88)	-	-	-	(18.00)
Disposals / Written Off / Adjustment	-	-	-	(8.71)	-	(8.26)	(5.80)	(88.72)	(111.49)
Balance at 31st March, 2022	3,113.31	4,179.87	3,842.37	39.30	17.80	266.29	15.27	262.22	11,736.45
Accumulated Depreciation and Impairment :									
Balance at 31st March, 2021	334.51	1,497.32	2,353.94	35.56	15.30	120.62	9.01	240.55	4,606.80
Depreciation for the year	45.48	151.99	233.55	2.48	2.85	23.30	2.33	72.40	534.37
Deletion	-	-	-	-	(13.47)	-	-	-	(13.47)
Disposals / Written Off / Adjustment	-	-	(0.44)	(8.60)	-	(5.47)	(5.80)	(88.72)	(109.03)
Balance at 31st March, 2022	379.99	1,649.30	2,587.05	29.45	4.68	138.45	5.53	224.22	5,018.67
Carrying amounts of :									
Balance at 31st March, 2021	2,763.73	2,665.43	942.70	6.04	19.38	146.61	4.36	110.40	6,658.66
Balance at 31st March, 2022	2,733.33	2,530.57	1,255.32	9.86	13.12	127.85	9.74	38.00	6,717.78

Building includes ₹ 26.92 Lakhs (as at 31st March, 2021 ₹ 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)

The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
3.1 Details of Tangible Capital Work in Progress

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance	1,618.18	1,660.18
Additions during the year	5.31	10.75
Disposals / Written Off/ Adjustment	-	(52.74)
Closing Balance	1,623.49	1,618.18

3.2 Capital Work In Progress (CWIP) Tangible Ageing Schedule :
As at 31st March, 2022

(₹ in lakhs)

Particulars	<1 Year	1-2 Year	2-3 Years	> 3 Years	Total
Projects in Progress	5.31	10.80	-	1,077.85	1,093.96
Projects temporarily suspended	-	-	-	529.53	529.53
Total	5.31	10.80	-	1,607.38	1,623.49

Expected Completion schedule of Capital Work in Progress :

(₹ in lakhs)

Particulars	To be completed				Total
	<1 Year	1-2 Year	2-3 Years	> 3 Years	
Project - I	30.00	-	-	-	30.00
Project - II	-	1,350.00	-	-	1,350.00
Project - III	-	-	-	529.53	529.53
Total	30.00	1,350.00	-	529.53	1,909.53

As at 31st March, 2021

(₹ in lakhs)

Particulars	<1 Year	1-2 Year	2-3 Years	> 3 Years	Total
Projects in Progress	10.80	-	-	1,077.85	1,088.65
Projects temporarily suspended	-	-	-	529.53	529.53
Total	10.80	-	-	1,607.38	1,618.18

Expected Completion schedule of Capital Work in Progress :

(₹ in lakhs)

Particulars	To be completed				Total
	<1 Year	1-2 Year	2-3 Years	> 3 Years	
Project - I	-	30.00	-	-	30.00
Project - II	-	-	1,350.00	-	1,350.00
Project - III	-	-	-	529.53	529.53
Total	-	30.00	1,350.00	529.53	1,909.53

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

4. Intangible Assets

Carrying amounts of :

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Internally Developed Intangible Assets (Research and development expenditure)	570.16	441.41
Computer Software	9.34	45.20
Intangible Assets (Trade Mark/Brand)	1,312.34	1,908.39
Technical and Marketing Knowhow	401.66	479.88

(₹ in lakhs)

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, 2021	820.62	148.05	3,450.00	609.50	5,028.17
Additions	422.55	0.58	-	-	423.13
Balance at 31st March, 2022	1,243.17	148.63	3,450.00	609.50	5,451.30
Accumulated Amortisation and Impairment :					
Balance at 31st March, 2021	379.21	102.85	1,541.61	129.62	2,153.29
Amortisation for the year	293.80	36.44	596.05	78.21	1,004.50
Balance at 31st March, 2022	673.01	139.29	2,137.66	207.84	3,157.80
Carrying amounts of :					
Balance at 31st March, 2021	441.41	45.20	1,908.39	479.88	2,874.87
Balance at 31st March, 2022	570.16	9.34	1,312.34	401.66	2,293.50

The management has reviewed useful life of intangible assets & decided to change the estimated useful life of certain intangible assets like Brand, Technical Knowhow, Product development and software.

4.1 Details of Intangible Assets under Development :

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance	821.76	979.87
Capitalised	(422.55)	(142.24)
Additions during the year	-	10.25
Disposals / Written Off / Adjustment	(248.39)	(26.13)
Closing Balance	150.82	821.76

4.2 Capital Work In Progress (CWIP) Intangible Ageing Schedule :

As at 31st March, 2022

(₹ in lakhs)

Particulars	<1 Year	1-2 Year	2-3 Years	> 3 Years	Total
Projects in Progress	-	-	63.62	87.20	150.82
Projects temporarily suspended	-	-	-	-	-
Total	-	-	63.62	87.20	150.82

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

As at 31st March, 2021					(₹ in lakhs)
Particulars	<1 Year	1-2 Year	2-3 Years	> 3 Years	Total
Projects in Progress	-	121.62	97.43	602.71	821.76
Projects temporarily suspended	-	-	-	-	-
Total	-	121.62	97.43	602.71	821.76

5. Non-Current Investments (₹ in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	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, 2022		As at 31st March, 2021	
	No of units	Amount	No of units	Amount
Investments at FVTPL:				
Investments in Mutual Fund:				
Debt Mutual Fund:				
Birla Sun Life Plus Collection	12.664	0.04	12.664	0.04
HDFC Liquid Fund Post IPO Collection	18.154	0.75	18.154	0.73
Total		0.80		0.77

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good)		
Security Deposit	400.56	339.99
Others - Deposit with Drug Price Equalisation Account	1,032.45	1,032.45
Total	1,433.01	1,372.44

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good)		
Capital Advances	37.27	34.01
Balance with Government Authorities	94.36	106.54
Total	131.63	140.56

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

8. Non-Current Tax Assets		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance Tax and Tax deducted at source	469.74	414.71
Total	469.74	414.71

9. Deferred Tax Assets (net)		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Deferred Tax Assets	-	1,622.07
Total	-	1,622.07

Deferred Tax Assets / (Liabilities) in relation to:		(₹ in lakhs)
	As at 31st March, 2022	As at 31st March, 2021
On Account of Brought Forward Losses & Unabsorbed Depreciation	-	176.91
On Account of Section 43B Disallowances	-	1,437.90
On Account of IndAS Adjustments	-	7.26
Total	-	1,622.07

The Company has recognized deferred tax assets on carried forward losses of earlier years & using the estimated future taxable income till previous year. The Company has generated taxable income in the current financial year, hence deferred tax assets have been reversed in the current year.

10. Inventories		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Raw Materials (Refer Note No. 40)	313.04	195.78
Packing Material (Refer Note No. 40)	420.06	189.16
Work-in-Progress	38.79	26.77
Finished Goods	46.56	18.14
Total	818.44	429.86

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 ₹ 10.72 lakh (Previous year ₹ 10.01 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 lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured)		
Considered Good	1,758.84	989.91
Considered Doubtful	22.37	45.54
Less: Provision for Expected Credit Loss	(22.37)	(45.54)
Total	1,758.84	989.91

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
11.1 Trade receivables ageing :
As at 31st March, 2022

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	1,599.83	77.26	5.24	10.27	-	1,692.60
(ii) Disputed Trade receivables - considered good	-	-	4.32	-	84.28	88.61
Total : Trade receivables	1,599.83	77.26	9.56	10.27	84.28	1,781.21

As at 31st March, 2021

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	805.47	20.47	18.92	4.52	-	849.38
(ii) Disputed Trade receivables - considered good	-	-	4.32	-	181.74	186.06
Total : Trade receivables	805.47	20.47	23.24	4.52	181.74	1,035.45

12 Cash and Cash Equivalents

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(A) Cash and Cash Equivalents		
Balances with Banks	26.49	10.96
Cash on hand	1.53	0.70
(B) Bank Balances other than Cash and Cash Equivalents		
Deposits with Banks (Lien against OD) (Refer Note No.22)	1,510.29	641.18
Total	1,538.31	652.84

13. Current Loans

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good)		
Loan to Employees	3.71	5.70
Total	3.71	5.70

14. Other Current Financial Assets

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good)		
Deposits	96.12	46.87
Others	81.34	49.60
Total	177.46	96.47

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

15. Other Current Assets		(₹ in lakhs)	
Particulars	As at 31st March, 2022	As at 31st March, 2021	
Trade Advances	141.54	116.50	
Prepaid Expenses	139.28	192.80	
Balance with Government Authorities	212.60	88.65	
Total	493.42	397.95	

16. Share Capital		(₹ in lakhs)		
Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Authorised				
Equity Shares of ₹ 10/- each	4,80,00,000	4,800.00	4,80,00,000	4,800.00
Redeemable Preference Shares of ₹ 100/- each	200,000	200.00	200,000	200.00
	4,82,00,000	5,000.00	4,82,00,000	5,000.00
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.

16.2 Reconciliation of number of shares outstanding as at the beginning and end of the year

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
Balance as at the beginning of the Year	2,86,90,000	108,570	2,86,90,000	108,570
Add : Issued during the Year	-	-	-	-
Balance as at the end of the Year	2,86,90,000	108,570	2,86,90,000	108,570

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, 2022		As at 31st March, 2021	
	No of Shares held	% of Shares	No of Shares held	% of Shares
Equity Shares of ₹10/- each				
Ipca Laboratories Limited	76,24,463	26.58%	-	0.00%
Mayank Jashwantlal Shah	-	0.00%	20,01,500	6.98%
Shruti Mayank Shah	-	0.00%	15,20,846	5.28%
Prasham Mayank Shah	-	0.00%	15,00,000	5.23%
10% Cumulative Redeemable Preference Shares				
Dr. D. B. Parikh	1,08,570	100%	1,08,570	100.00%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
16.4 Details of shares held by promoter / promoter group

As at 31st March, 2022					
Name of the promoter / promoter group	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Equity Shares of ₹ 10/- each					
Kunal Narendra Gandhi	10,06,642	11,734	10,18,376	3.55%	1.17%
Nehal Narendra Gandhi	11,44,803	12,650	11,57,453	4.03%	1.10%
Narendra Ishwarlal Gandhi	11,67,629	-	11,67,629	4.07%	0.00%
Narendra Ishwarlal Gandhi HUF	14,00,776	-	14,00,776	4.88%	0.00%
Enai Trading & Investment Pvt. Ltd.	9,82,415	11,412	9,93,827	3.46%	1.16%
Bhawna Godha	-	6,000	6,000	0.02%	100.00%
Neetu Godha	-	10,000	10,000	0.03%	100.00%
Usha Premchand Godha	-	10,686	10,686	0.04%	100.00%
Premchand Godha	-	10,900	10,900	0.04%	100.00%
Pranay Godha	-	3,00,000	3,00,000	1.05%	100.00%
Lyka Generics Limited (formerly known as Lyka Animal Healthcare Limited)	-	12,100	12,100	0.04%	100.00%
Ipca Laboratories Limited-Buyback Account Operated by Ms Arihant Capital Markets Ltd	-	76,24,463	76,24,463	26.58%	100.00%

As at 31st March, 2021					
Name of the promoter / promoter group	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Equity Shares of ₹10/- each					
Kunal Narendra Gandhi	10,06,642	-	10,06,642	3.51%	0.00%
Nehal Narendra Gandhi	11,44,803	-	11,44,803	3.99%	0.00%
Narendra Ishwarlal Gandhi	11,67,629	-	11,67,629	4.07%	0.00%
Narendra Ishwarlal Gandhi HUF	14,00,776	-	14,00,776	4.88%	0.00%
Enai Trading & Investment Pvt. Ltd.	982,415	-	982,415	3.42%	0.00%

17. Other Equity

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Capital Reserve	50.68	50.68
Securities Premium Account	9,743.97	9,743.97
General Reserve	625.30	625.30
Retained Earning	(8,845.11)	(12,848.03)
Total	1,574.85	(2,428.08)

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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.

18. Non Current Borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Secured Loan:		
Term Loans from Others (Refer Note no. 18.1)	-	15,034.86
Unsecured Loan:		
10% Redeemable Preference Shares of ₹ 100/- each (for terms of preference shares Refer Note no. 18.2)	77.74	70.68
Loans and Advances from related parties (Refer Note no. 18.3)	6,085.00	-
Total	6,162.74	15,105.53

18.1 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 (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.
- 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 Interest on Loan and Advances from related parties ranges between 9% p.a. to 12% p.a. (simple interest).

19. Other Non-current Financial Liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Security Deposit	68.47	71.81
Interest Accrued and Due on Borrowings	152.73	882.45
Total	221.20	954.25

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

20. Non Current Provisions		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Employee Benefits:		
Provision for Leave Encashment	55.17	62.04
Provision for Gratuity	188.98	206.13
Total	244.15	268.17

21. Deferred Tax Liabilities (net)		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Deferred Tax Liabilities	411.76	-
Total	411.76	-

21. Deferred Tax Assets / (Liabilities) in relation to:		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
On Account of Property, Plant and Equipment	708.43	-
On Account of Section 43B Disallowances	(291.60)	-
On Account of IndAS Adjustments	(5.07)	-
	411.76	-

22. Current Borrowings		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Secured Loans:		
From Bank		
Loans Repayable on Demand (Secured Against Fixed Deposits) (Refer Note No.12)	364.69	86.02
From Others		
Finance Lease Obligations	-	2.99
Current Maturities of Long-Term Borrowings (Refer Note No.22.3)	4,669.06	-
Unsecured:		
Loans and Advances from Related Parties (Refer Note No.22.2)	1,625.00	795.20
Inter Corporate Deposits	-	127.73
Total	6,658.75	1,011.94

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

22.1 Interest on Loans repayable on demand ranges from 5.90% p.a. to 7.50% p.a. (simple Interest).

22.2 Interest on Loans from related parties ranges from 9% p.a. to 12% p.a. (simple Interest).

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

22.3 “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 (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.”

23. Trade Payables

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	445.98	309.58
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	422.28	892.38
Total	868.26	1,201.96

23.1 Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 as per the records of the Company.

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	160.52	309.58
Interest accrued on the dues to suppliers under MSMED Act, 2006 on the above amount	2.72	17.94
Payment made to suppliers (Other than interest) beyond the appointed date, during the	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	NIL	NIL

23.2 Trade payables ageing :

As at 31st March, 2022

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	445.06	0.47	0.02	0.43	445.98
Others	159.99	10.98	2.07	103.38	276.42
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	145.86	145.86
Total	605.05	11.45	2.09	249.66	868.26

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

As at 31st March, 2021

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	
MSME	252.57	26.53	4.88	25.60	309.58
Others	302.08	40.32	107.82	296.30	746.52
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	145.86	145.86
Total	554.65	66.85	112.70	467.76	1,201.96

24. Other Current Financial Liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current Maturities of Long-Term Debt:		
Debentures - Privately Placed Non Convertible	13.00	13.00
Fixed Deposits	41.55	42.40
Interest Accrued and due	52.38	305.32
Book Overdraft	-	0.09
Employee dues	153.82	192.14
Creditors for:		
Expenses	233.01	345.29
Capital Expenditure	87.14	110.61
Trade Acceptances	57.60	736.85
Other Outstanding Liabilities	478.11	125.38
Total	1,116.60	1,871.08

25A. Other Current Liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Other Payables:		
Statutory dues	160.11	76.70
Advance from Customers	108.33	151.42
Advance Received for Sale of Assets	325.00	-
Total	593.44	228.12

25B. Current Provisions

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Employee Benefits:		
Provision for Bonus	28.11	29.95
Provision for Gratuity	45.83	115.24
Provision for Leave Encashment	19.48	6.78
Provision for Superannuation	8.31	10.12
Total	101.73	162.09

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

26. Revenue From Operations (₹ in lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Sale of products	15,477.08	4,472.67
Total	15,477.08	4,472.67

26.1 Details of sales of Products (₹ in lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Bulk Drugs	817.05	292.74
Formulations	14,660.04	3,272.90
Other	-	75.23
Total	15,477.08	3,640.87

27. Other Operating Revenue (₹ in lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Processing charges received	792.19	1,199.25
Export Incentives	38.64	20.51
Royalty	37.69	33.27
Analytical Charges	4.51	72.48
Commission Income	84.78	428.11
Total	957.80	1,753.63

28. Other Income (₹ in lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Interest from Banks on Deposits	64.11	46.92
Other Interest	94.95	92.54
Rent Received	41.10	42.60
Foreign Exchange Fluctuation	35.27	-
Miscellaneous Income	13.39	32.99
ECL Provision Income	23.17	5.97
Total	271.98	221.03

29. Cost of material consumed (₹ in lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Opening stock of raw material and packing material	384.94	322.00
Add: Purchases	3,041.95	1,294.21
Less: Closing stock of raw material and packing material	(733.09)	(384.94)
Total	2,693.80	1,231.26

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
30. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade (₹ in lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
As at the beginning of the year:		
Finished Goods	18.14	131.58
Work-in-Progress	26.77	117.06
Total Opening Stock (a)	44.92	248.64
As at the end of the year:		
Finished Goods	46.56	18.14
Work-in-Progress	38.79	26.77
Total Closing Stock (b)	85.34	44.92
Net (increase) / decrease in Finished Goods, work-in-progress and stock in trade(a)-(b)	(40.43)	203.73

31. Employee Benefit Expenses (₹ in lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Salaries and Wages	1,351.49	1,085.98
Contribution to Provident and Other Funds:		
Provident / ESI Fund	88.84	72.70
Provision for Gratuity	20.75	28.47
Provision for Leave Encashment	32.14	22.67
Staff Welfare Expenses	128.74	92.76
Total	1,621.96	1,302.58

32. Finance Costs (₹ in lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Interest Expenses on:		
Borrowings From Banks:		
Working Capital	10.79	13.96
Borrowing Others:		
Bill Discounting Charges	7.34	11.77
Bank Charges	10.43	2.72
Term Loans	1,453.73	2,236.54
Other Interest Expenses	509.85	290.30
Total	1,992.13	2,555.28

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

33. Other Expenses		(₹ in lakhs)
Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Consumption of Stores and Spare Parts	32.92	21.73
Power and Fuel	388.20	290.93
Processing Charges	0.42	22.15
Rent Including Lease Rentals	73.04	61.58
Repairs and Maintenance - Buildings	28.47	20.20
Repairs and Maintenance - Machinery	90.87	74.64
Repairs and Maintenance - Others	26.77	44.88
Insurance	26.81	24.81
Rates and Taxes	13.47	13.92
Commission & Discount	285.16	77.13
Communication Expenses	5.53	6.14
Travelling and Conveyance	64.98	28.73
Advertisement and Sales Promotion	57.62	5.89
Legal and Professional Charges	236.39	139.71
Payments to Auditors (Refer Note No.49)	20.10	20.35
Factory Expenses	45.66	43.40
Fees & Subscription	65.47	22.90
Security Service Expenses	32.35	32.53
Laboratory Chemicals & Expenses	188.33	61.56
Printing & Stationery	15.88	21.15
Miscellaneous Expenses	159.55	48.06
Directors Fees	7.50	6.30
Freight & Forwarding	111.32	40.29
Total	1,976.81	1,128.98

34. Exceptional Items		(₹ in lakhs)
Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Sales tax Paid	72.78	-
Other Balance/ Claims Written Off	153.00	41.34
Fixed Assets Discarded	2.90	75.40
CWIP Written Off - Intangible	238.14	26.13
Total	466.83	142.87

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

35. Estimated amounts of commitments remaining to be executed as on 31stMarch, 2022 are as follows: (₹ In lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Against Purchase of Capital Goods	47.07	63.96
Against Purchase of RM and PM	186.28	65.57
Total	233.35	129.53

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 2021 ₹ 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 2021 ₹ 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 2021 ₹ 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 ₹ 85.44 Lakhs (as at 31st March 2021 ₹ 85.44 Lakhs) against which Company has made payment of ₹ 45.81 Lakhs (as at 31st March 2021 ₹ 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 2021 ₹ 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 ₹ 1176.93 Lakhs (as at 31st March 2021 ₹ 927.12 Lakhs) against which the Company has made payment of ₹ 56.99 Lakhs (as at 31st March 2021 ₹ 23.78 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 ₹ 56.99 Lakhs for the Maharashtra state demand (as at 31st March 2021 ₹ 23.78 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 2021 ₹ 108.75 Lakhs) against which the Company has paid ₹ 25.00 Lakhs (as at 31st March 2021 ₹ 25.00 Lakhs). The matter is sub-judice and the payment of ₹ 25.00 Lakhs (as at 31st March 2021 ₹ 25.00 Lakhs) is considered by the Company as good and recoverable.
- (b) ₹ 71.37 Lakhs (as at 31st March 2021 ₹ 71.37 Lakhs) relating to disputed Central Excise duty, the matter is sub-judice.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- (iv) The Company has received orders from Income Tax Department raising demands aggregating to ₹ 463.91 Lakhs (as at 31st March 2021 ₹ 492.67 Lakhs) relating to prior years against which the Company has paid ₹ 15.44 Lakhs (as at 31st March 2021 ₹ 15.44 Lakhs). The matter is sub-judice and the payment of ₹ 15.44 Lakhs (as at 31st March 2021 ₹ 15.44 Lakhs) is considered by the Company as good and recoverable.
- (v) Employees (Including Ex-Employees) Claims relating to ex-gratia and other benefits aggregating to ₹ 433.66 Lakhs (as at 31st March 2021 ₹ 433.05 Lakhs) as the matter is sub-judice.
- (vi) Arrears of dividend on 10% Cumulative Redeemable Preference Shares aggregates to ₹ 179.15 Lakhs (as at 31st March 2021 ₹ 168.29 Lakhs).
- (vii) The Company has received order from Income Tax Department raising demand aggregating to ₹ 100.76 Lakhs (as at 31st March 2021 ₹ 100.76 Lakhs) relating to prior years against which the Company has paid ₹ 20.00 Lakhs (as at 31st March 2021 ₹ 20.00 Lakhs). The matter is sub-judice and the payment of ₹ 20.00 Lakhs (as at 31st March 2021 ₹ 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 ₹ 0.60 Lakhs and transferred to IEPF ₹ 0.25 Lakhs. As regards the balance of unclaimed deposits ₹ 41.55 Lakhs (as at 31st March 2021 ₹ 42.40 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 Capital Expenditure:

- (i) Tangible Project Capital Work-in-Progress ₹ 1,623.49 Lakhs as at 31st March 2022, (as at 31st March 2021 ₹ 1,618.18 Lakhs) includes allocable indirect expenditure in respect of modernization/ expansion of Ankleshwar unit aggregating to ₹ 5.31 Lakhs (as at 31st March 2021 ₹ 10.75 Lakhs) 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 2022 in respect of “new product development and applied research” aggregating to ₹ 150.82 Lakhs (as at 31st March 2021 ₹ 821.76 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 Company has capitalized ₹ 422.55 Lakhs (as at 31st March 2021 ₹ 142.24 Lakhs) as “Self-Generated Intangible Assets” upon successful development of respective products. During the year, the Company has charged ₹ 238.14 Lakhs (as at 31st March 2021 ₹ 26.13 Lakhs) to profit and loss account under “exceptional items” for products are abandoned for further development.”

- 40 During the year, inventories include slow / non-moving raw-material and packing materials procured during the earlier years amounting to ₹ 74.91 Lakhs (as at 31st March 2021 ₹ 57.65 Lakhs), which are valued at lower of net realisable value or cost whichever is lower. The Company is evaluating to utilize / realize the same.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
41 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, 2022. The following tables set out the amounts recognized in the financial statements as at 31st March, 2022 for the defined benefit plans.

(₹ in lakhs)

Sr. No	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Opening Balance of Present Value of Obligations	322.39	368.54
	Service Cost	13.37	13.29
	Interest Cost	20.14	24.12
	Actuarial Loss / (Gain) on Obligations	(12.69)	(8.88)
	Benefits Paid	(93.86)	(74.68)
	Closing Balance of Present Value of Obligations	249.36	322.39
	Less : Fair Value of Plan Assets		
	Opening Balance of Plan Assets	1.02	0.96
	Expected Return on Plan assets	0.06	0.06
	Employer's Contribution	13.46	-
	Employee's Contribution	-	-
	Actuarial (Loss) on Plan Assets	-	-
	Benefits Paid	-	-
	Return on plan assets, excluding amount recognised in net interest expenses	0.01	0.00
	Transfer In / (Out)	-	-
	Closing Balance of Plan Assets	14.55	1.02
	Net Liability	234.81	321.38
b)	Expense during the year		
	Service Cost	13.37	13.29
	Interest Cost	20.07	24.06
	Expected Return on Plan Assets	-	-
	Actuarial Loss / (Gain) on Obligations	(12.69)	(8.88)
	Total	20.75	28.47
c)	Principal Actuarial Assumptions		
	Rate of Discounting	7.10%	6.25%
	Rate of Return on Plan Assets	7.50%	7.50%
	Salary Growth Rate	3.00%	3.00%

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- (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, 2022. The following tables set out the amounts recognized in the financial statements as at 31st March, 2022 for the defined benefit plan.

(₹ in lakhs)

Sr. No	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a) Liability recognized in Balance Sheet			
	Change in Benefit Obligation		
	Opening balance of present value of obligations	105.83	98.54
	Service Cost	6.22	14.90
	Interest Cost	6.61	6.45
	Actuarial (Gain) on Obligations	(6.11)	3.59
	Benefits Paid	(21.31)	(17.66)
	Closing balance of present value of obligations	91.23	105.82
Less : Fair Value of Plan Assets			
	Opening Balance of Plan Assets	37.00	34.73
	Expected Return on Plan Assets	0.67	2.27
	Employer's Contribution	5.00	-
	Employee's Contribution	-	-
	Benefits Paid	-	-
	Return on plan assets, excluding amount recognised in net interest expenses	0.12	-
	Adjustment to the Opening Value of Plan Assets	(26.21)	-
	Closing Balance of Plan Assets	16.58	37.00
	Net Liability	74.65	68.82
b) Expense during the year			
	Service Cost	6.22	14.90
	Interest Cost	5.94	4.18
	Expected Return on Plan Assets	-	-
	Actuarial (Gain) / Loss on Obligations	(6.11)	3.59
	Return on plan assets, excluding amount recognised in net interest expenses	(0.12)	-
	Re-measurement (or Actuarial) (gain) / loss arising because of change in effect of assets ceiling	-	-
	Total	5.93	22.67
c) Principal Actuarial Assumptions			
	Rate of Discounting	7.10%	6.25%
	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, 2022

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:

(₹ in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Defined Benefit Obligation (Base)	249.36	322.39

Particulars	For the year ended 31st March, 2022		For the year ended 31st March, 2021	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	262.64	237.50	337.44	309.00
(% change compared to base due to sensitivity)	5.33%	-4.76%	4.67%	-4.15%
Salary Growth Rate (- / + 1%)	236.9	263.1	308.47	337.78
(% change compared to base due to sensitivity)	-4.98%	5.50%	-4.32%	4.77%
Attrition Rate (- / + 50% of attrition rates)	242.24	255.04	316.24	327.29
(% change compared to base due to sensitivity)	-2.85%	2.28%	-1.91%	1.52%
Mortality Rate (- / + 10% of mortality rates)	249.2	249.5	322.29	322.50
(% change compared to base due to sensitivity)	(0.00)	0.00	(0.00)	0.00

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.

42. Assets taken on operating lease:

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Not later than one year	66.25	121.84
Later than one year but not later than five years	-	66.25
Total	66.25	188.09

43. 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.

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(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 lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Revenue by Geography		
India	12,119.12	3,766.27
Rest of world	3,357.96	706.40
Total	15,477.08	4,472.67

44. 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	Lyka BDR International Limited Lyka Export Limited	Subsidiaries
2	Ipca Laboratories Limited Resonance Specialities Limited Trophic Wellness Private Limited	Entity Exercising Significant Influence (w.e.f. 24 November 2021)
3	Mr. Kunal N. Gandhi (Managing Director & Chief Executive Officer) Mr. Yogesh B. Shah (Executive Director & Chief Financial Officer) Mr. Piyush G. Hindia (Company Secretary) Mr. Atit. N. Shukla (Independent Director) (upto 30th July, 2021) Mr. Vinod. S. Shanbhag (Independent Director) Mr. Sandeep. P. Parikh (Independent Director) Mr. Dhara P. Shah (Independent Director)	Key Management Personnel (KMP)
4	Mrs. Nehal N. Gandhi (Non - Executive Director)	Relative of KMP
5	Enai Trading & Investment Private Limited Lyka Generics Limited (formerly known as Lyka Animal Healthcare Limited)	Entities owned by / over which KMP is able to exercise significant influence

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(b). Disclosure of related party transactions:

(₹ in lakhs)

Sr. No.	Description	Subsidiaries	Entity Exercising Significant Influence	KMP	Relative of KMP	Entities Owned by KMP	Total
1	Sale of Goods & Services	837.84 (1,508.18)	673.08 -	- -	- -	- -	1,510.92 (1,508.18)
2	Purchases of Goods	- -	- -	- -	- -	607.20 (116.55)	607.20 (116.55)
3	Purchases of Service	- -	0.18 -	- -	- -	- -	0.18 -
4	Rent Expenses	- -	- -	- -	- -	4.50 -	4.50 -
5	Rent Income	39.60 (36.60)	- -	- -	- -	- -	39.60 (36.60)
6	Other Income	3.76 (4.89)	- -	- -	- -	- -	3.76 (4.89)
7	Remuneration (Payments / Provisions) to	- -	- -	154.40 (111.33)	- -	- -	154.40 (111.33)
8	Commission Received	58.90 (27.69)	- -	- -	- -	- -	58.90 (27.69)
9	Directors Sitting Fees	- -	- -	6.60 (5.70)	0.90 (0.60)	- -	7.50 (6.30)
10	Interest Income	28.34 (36.63)	- -	- -	- -	- -	28.34 (36.63)
11	Interest Expenses	- -	175.74 -	6.29 (8.04)	78.78 (63.03)	41.48 (7.51)	302.29 (78.58)
12	Loan Received	- (12.22)	6,600.00 -	23.12 (50.75)	124.14 (117.80)	565.54 (25.40)	7,312.80 (206.17)
13	Loan Repaid	- (37.85)	100.00 -	100.00 -	50.00 -	155.00 -	405.00 (37.85)
14	Loan Given	147.75 (740.79)	- -	- -	- -	- -	147.75 (740.79)
15	Loan (Principle) Received Back	147.75 (1,021.32)	- -	- -	- -	- -	147.75 (1,021.32)

() indicate previous year figures

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(c) Balance for the year ended

(₹ in lakhs)

Sr. No.	Description	Subsidiaries	Entity Exercising Significant Influence	KMP	Relative of KMP	Entities Owned by KMP	Total
1	Security Deposit given	-	-	251.25 (251.25)	251.25 (251.25)	-	502.50 (502.50)
2	Security Deposit Received	13.95 (13.95)	-	-	-	-	13.95 (13.95)
3	Loan Given	- (280.54)	-	-	-	-	- (280.54)
4	Loan Taken	-	6,500.00	40.00 (109.88)	675.00 (600.86)	495.00 (58.71)	7,710.00 (769.45)
5	Sundry Debtors	136.61 (440.23)	196.93	-	-	-	333.55 (440.23)
6	Sundry Creditors	72.00 (105.00)	0.63	-	- (1.37)	38.35 (2.43)	110.98 (108.80)
7	Other Payable (Interest)	-	-	0.37 (13.91)	6.19 (151.34)	4.83 (16.48)	11.39 (181.73)
8	Other Receivable (Interest)	1.03 (3.06)	-	-	-	-	1.03 (3.06)
9	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.

45. Earnings per Share (EPS):

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Adjusted Profit / (Loss) for the year (₹ in lakhs) (A)	3,979.37	(1,456.74)
Weighted Average number of Equity Shares (B)	2,86,90,000	2,86,90,000
Face Value per Equity Share (₹) (C)	10.00	10.00
Basic and Diluted Earnings per Share (₹) (D = A/B)	13.87	(5.08)

46. Taxation :

Current Tax :

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
Deferred Tax :

Reconciliation of tax expenses and accounting profit multiplied by India's domestic tax rate for the year ended 31st March 2022 and 31st March 2021.

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Accounting profit before tax (after exceptional items)	6,024.06	(1,839.53)
At India's statutory income tax rate of 26% (P.Y. 26%)	1,566.26	(478.28)
Deferred Tax impact on:		
On Account of Property, Plant and Equipment	708.43	(534.58)
On Account of Section 43B Disallowances	(114.69)	1,125.67
On Account of IndAS Adjustments	1,432.83	(197.45)
Less: Deferred Tax Assets not recognised in current year	1,566.26	(478.28)
Income tax expenses reported in the Statement of Profit and loss	2,026.57	393.64

47. 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, 2022.

(₹ in lakhs)

Particulars	Measured at FVTOCI	Measured at FVTPL	Cost / Amortised Cost	Total Carrying Amount
Financial Assets:				
Investment in subsidiaries	-	-	3,240.30	3,240.30
Other Investments	-	0.80	-	0.80
Other Financial Assets	-	-	1,610.47	1,610.47
Trade Receivables	-	-	1,758.84	1,758.84
Loans	-	-	3.71	3.71
Total	-	0.80	6,613.31	6,614.11
Financial Liabilities:				
Other Financial Liabilities	-	-	1,337.80	1,337.80
Borrowings	-	-	12,821.49	12,821.49
Trade Payable	-	-	868.26	868.26
Total	-	-	15,027.55	15,027.55

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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

(₹ in lakhs)

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	-	0.77	-	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	5,704.81	5,705.59
Financial Liabilities:				
Other Financial Liabilities	-	-	2,825.33	2,825.33
Borrowings	-	-	16,117.47	16,117.47
Trade Payable	-	-	1,201.96	1,201.96
Total	-	-	20,144.75	20,144.75

(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.

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 lakhs)

Particulars	As at 31st March, 2022			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	-	0.80	-	0.80
Total	-	0.80	-	0.80

(₹ in lakhs)

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

(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 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.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 at 31st March, 2022	As at 31st March, 2021
Trade Receivable	USD \$	375,048.05	181,612.20
Trade Receivable - Advance	USD \$	(45,314.91)	-
Trade Payable	USD \$	(41,971.13)	(41,971.13)
Net Exposure (\$)	USD \$	287,762.01	139,641.07
Trade Receivable	EURO €	10,090.41	-
Trade Receivable - Advance	EURO €	(12,915.33)	-
Net Exposure (€)	EURO €	(2,824.92)	-
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.

Particulars	(₹ in lakhs)	
	As at 31st March, 2022	As at 31st March, 2021
Impact on profit before tax		
INR / USD - Increase by 5%	1.76	0.46
INR / USD - Decrease by 5%	(1.76)	(0.46)

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.

Particulars	Increase / Decrease	Change in interest rate	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Interest expense	Increase	100 basis point	-	-
	Decrease	100 basis point	-	-

* There will be no effect of sensitivity on the Company's profit as interest on 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.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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

(₹ in lakhs)

Particulars	Year	Less than 1 Year	More than 1 Year	Total
Financial Liabilities				
Trade Payable	31st March 2022	868	-	868
	31st March 2021	1,202	-	1,202
Borrowings	31st March 2022	6,659	6,163	12,821
	31st March 2021	1,012	15,106	16,117
Other Financial Liabilities	31st March 2022	1,117	221	1,338
	31st March 2021	1,871	954	2,825

(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.

48. 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.

49 Payments to Auditors

(₹ in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(i)	Audit Fees	16.60	16.85
(ii)	Tax Audit Fees	3.50	3.50
	Total	20.10	20.35

50 Other Statutory Information

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off.
- (iii) Company has created various charges in favour of Banks, Financial Institutions and Others for securing loan to the Company. The Company is in process of satisfaction of Charges and filing with the Registrar of Companies, Ahamadabad in respect of which dues are settled.

- (iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Company have no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (viii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (ix) The Company has not been declared as a Wilful Defaulter by any bank or financial institution or government or any government authority.

51 Ratio Analysis

Sr. No.	Ratio	As at 31st March, 2022	As at 31st March, 2021	% change	Reason for variance
1	Current Ratio	0.51	0.57	-9.79%	
2	Debt Equity Ratio	2.89	36.76	-92.13%	Repayment of Loans during the year and operating margin also improved resulted in improved ratio
3	Debt Service Coverage Ratio	1.47	1.68	-12.59%	
4	Return on Equity Ratio	1.63	-1.25	-231.01%	Profit for the year is higher due to increase in revenue & sales of higher price realisation
5	Inventory Turnover Ratio	5.57	5.28	5.36%	
6	Trade Receivables Turnover Ratio	11.26	5.42	107.64%	Due to higher revenue
7	Trade Payables Turnover Ratio	3.36	1.85	81.11%	Higher materials consumed in line with higher revenue.

Lyka Labs Limited

Sr. No.	Ratio	As at 31st March, 2022	As at 31st March, 2021	% change	Reason for variance
8	Net Capital Turnover Ratio	-3.38	-2.28	48.64%	Due to increase in cost of goods sold as revenue has improved
9	Net Profit Ratio	25.78%	-32.33%	-179.75%	Profit for the year is higher due to increase in revenue & sales of higher price realisation
10	Return on Capital employed	23.39%	9.59%	143.82%	Profit for the year is higher due to increase in revenue & sales of higher price realisation
11	Return on Investment	5.96%	6.39%	-6.78%	

52. The Company has made an assessment of the impact of the continuing COVID-19 pandemic on its current and future operations, liquidity position and cash flow giving due consideration to the internal and external factors. The Company is continuously monitoring the situation and does not foresee any significant impact on its operations and the financials position as at March 31, 2022.

53. 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

(Mehul N. Patel)

Partner

Membership No. 132650

Place : Mumbai

Date : 20th May, 2022

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

(Piyush Hindia)

Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of

Lyka Labs Limited

Report on the Audit of 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, 2022, 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 Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows 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 Act. 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 Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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 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.

Management Responsibility for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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 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 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 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 and other financial information in respect of two Subsidiaries whose financial statements reflect total assets of Rs. 1,174.09 lakhs as at 31st March, 2022, total revenues of Rs. 3,881.84 lakhs and net cash inflow amounting to Rs. 104.22 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

1. 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 subsidiary 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 financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors.
 - (c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules there under.

- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2022 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies are disqualified as on 31st March, 2022 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”.
- (g) In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended 31st March, 2022 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
- (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 Auditor’s) Rules, 2014, as amended 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 other financial information of the subsidiaries as noted in the “Other matter” paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiaries during the year ended 31st March, 2022.
 - iv.
 - (a) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or any of such subsidiaries from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. No dividend has been declared or paid during the year by the Holding Company and its subsidiaries, incorporated in India.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiaries included in the consolidated financial statements of the Holding Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports

Place: Mumbai
Date : 20th May, 2022

For D. Kothary & Co.
Chartered Accountants
(Firm Registration No. 105335W)
Mehul N. Patel
Partner
Membership No. 132650
UDIN: 22132650AJIKGY1990

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, 2022 in conjunction with our audit of the Consolidated Ind AS Financial Statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Companies included in the Group, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Holding 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 Holding 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 Holding 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 authorizations

of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 Group, have in all material respects, an adequate internal financial control system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2022, based on the internal controls with reference to financial statements criteria established by the Holding Company, considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

Place: Mumbai
Date: 20th May, 2022

For D.Kothary & Co.
Chartered Accountants
(Firm Registration No. 105335W)
Mehul N. Patel
Partner
Membership No. 132650
UDIN: 22132650AJIKGY1990

Lyka Labs Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2022

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	6,936.36	6,747.66
(b) Capital Work- In- Progress	3	1,623.49	1,618.18
(c) Intangible assets	4	2,459.17	3,071.36
(d) Intangible assets under development	4	150.82	957.33
(e) Financial Assets			
(i) Investments	5	0.89	0.89
(ii) Loans	6	-	11.84
(ii) Other Financial Assets	7	1,436.28	1,376.21
(f) Other Non Current Assets	8	131.63	141.45
(g) Non Current Tax Assets	9	602.98	533.67
(h) Deferred tax assets(net)	10	-	1,634.60
		13,341.62	16,093.19
Current Assets			
(a) Inventories	11	819.81	430.62
(b) Financial Assets			
(i) Investments	5	0.80	0.77
(ii) Trade Receivables	12	1,845.27	867.21
(iii) Cash and Cash Equivalents	13	1,705.05	715.36
(iv) Loans	14	4.45	6.74
(v) Other Financial Assets	15	176.43	93.52
(c) Other Current Assets	16	668.01	793.82
		5,219.82	2,908.04
		18,561.44	19,001.23
Total Assets			
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	17	2,869.00	2,869.00
(b) Other Equity	18	(1,535.16)	(5,448.67)
Equity attributable to owners of the company			
(c) Non-controlling Interest	18	15.25	70.43
		1,349.09	(2,509.24)
Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	6,248.60	15,136.07
(ii) Lease Liabilities		-	28.76
(iii) Other Financial Liabilities	20	258.25	991.30
(b) Provisions	21	346.88	366.24
(c) Deferred Tax Liabilities (net)	22	423.34	-
		7,277.08	16,522.37
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	6,711.86	1,049.61
(ii) Lease Liabilities		28.76	64.22
(iii) Trade Payables due to :			
- Micro and Small Enterprise	24	557.40	338.51
- Other than Micro and Small Enterprise	24	642.12	1,132.59
(iv) Other Financial Liabilities	25	1,205.61	1,930.73
(b) Other Current Liabilities	26	684.81	302.40
(c) Provisions	27	104.69	170.04
		9,935.26	4,988.09
		18,561.44	19,001.23
Total Equity and Liabilities			

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

For and on behalf of the Board of
Directors of Lyka Labs Limited
(Kunal N Gandhi)
Managing Director & Chief Executive Officer
DIN : 01516156

(Mehul N. Patel)
Partner
Membership No. 132650
Place : Mumbai
Date : 20th May 2022

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

(Piyush Hindia)
Company Secretary



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022
(₹ in lakhs)

Particulars	Notes	For the Year Ended 31 st March, 2022	For the Year Ended 31 st March, 2021
INCOME			
Income from Operations	28	18,358.59	6,710.71
Other Operating Income	29	1,049.89	1,914.42
		19,408.49	8,625.13
Other Income	30	209.42	156.17
Total Income		19,617.91	8,781.30
EXPENSES			
Cost of Materials Consumed	31	2,693.80	1,231.26
Purchases of Stock-in-Trade		2,644.56	2,259.80
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	32	(41.04)	305.61
Employee Benefits Expense	33	1,805.76	1,456.56
Finance Costs	34	2,012.88	2,593.77
Depreciation and Amortization Expense	3 & 4	1,734.94	832.38
Other Expenses	35	2,190.43	1,403.54
Total Expenses		13,041.33	10,082.93
Profit / (Loss) before Exceptional items		6,576.58	(1,301.62)
Exceptional items	36	651.88	112.79
Profit / (Loss) before tax		5,924.70	(1,414.41)
Tax Expense:			
Deferred Tax		2,057.94	(405.78)
Earlier Year Tax		22.43	0.44
Profit / (Loss) for the year		3,844.32	(1,009.07)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans (net of tax)		14.01	10.97
Total Other Comprehensive Income (Net of Tax) - Net Credit / (Charge)		14.01	10.97
Total Comprehensive Income for the year		3,858.34	(998.10)
Total Comprehensive Income attributable to:			
Owners of the Parent		3,913.52	(1,145.21)
Non-controlling Interest		(55.18)	147.11
Profit/ (Loss) attributable to:			
Owners of the Parent		3,899.97	(1,155.45)
Non-controlling Interest		(55.65)	146.38
Other Comprehensive Income attributable to:			
Owners of the Parent		13.54	(10.24)
Non-controlling Interest		0.47	(0.73)
Earnings per share (of Rs. 10/- each):			
Basic / Diluted	47	13.57	(4.07)

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 : 20th May, 2022

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

(Piyush Hindia)
Company Secretary

Lyka Labs Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

A. Equity Share Capital (Refer Note. 17)

(₹ in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting year	2,86,90,000	2,869.00	2,86,90,000	2,869.00
Changes in equity share capital during the year	-	-	-	-
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 lakhs)

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, 2021	(16,144.56)	9,743.97	49.13	952.57	(49.77)	70.43	(5,378.24)
Profit for the year	3,899.97	-	-	-	-	(55.65)	3,844.32
Other Comprehensive Income for the year, net of income tax	-	-	-	-	13.54	0.47	14.01
Balance as at 31st March, 2022	(12,244.60)	9,743.97	49.13	952.57	(36.23)	15.25	(1,519.91)

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 : 20th May, 2022

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

(Piyush Hindia)
 Company Secretary


AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in lakhs)

Particulars	Current Year ended 31st March, 2022	Previous Year Ended 31st March, 2021
A. Cash Flow from Operating Activities		
Profit / (Loss) for the year before tax	5,924.70	(1,414.41)
Adjusted for		
Depreciation	1,734.94	832.38
Interest Income	(134.09)	(110.65)
Finance Cost	2,012.88	2,593.77
Provision for Doubtful Trade Receivables & Advances , Employee Benefits	53.26	98.01
Provision / Credit Balance no longer required Written Back	-	(0.15)
Exchange rate fluctuation	(53.08)	(4.39)
Exceptional Items	579.09	130.87
Return on Investment	(0.03)	(0.03)
	4,192.97	3,539.82
Operating profit before working capital change	10,117.67	2,125.41
Changes in Working Capital :		
(Increase) / Decrease in Other Non-Current Financial Assets	(398.12)	(84.74)
(Increase) / Decrease in Other Non-Current Assets	9.82	(6.61)
(Increase) / Decrease in Inventories	(389.19)	242.66
(Increase) / Decrease in Trade and other receivables	(923.24)	(106.61)
(Increase) / Decrease in Other Current Financial Assets	(82.91)	101.06
(Increase) / Decrease in Other Current Assets	125.81	78.28
(Increase) / Decrease in Non-Current Loans	11.84	31.99
(Increase) / Decrease in Current Loans	2.29	1.58
Increase / (Decrease) in Other Non-Current Financial Liabilities	(3.34)	(6.54)
Increase / (Decrease) in Non-Current Provisions	(19.36)	(19.99)
Increase / (Decrease) in Trade Payables	(271.58)	(413.40)
Increase / (Decrease) in Other Current Financial Liabilities	(439.43)	(490.59)
Increase / (Decrease) in Other Current Liabilities	382.42	(399.25)
Increase / (Decrease) in Current Provisions	(106.34)	(91.45)
	(2,101.33)	(1,163.63)
Cash generated from operations	8,016.34	961.78
Net Income Tax Payment	(91.73)	(80.63)
Net cashflow from operating activities (A)	7,924.61	881.15

Lyka Labs Limited

(₹ in lakhs)		
Particulars	Current Year ended 31st March, 2022	Previous Year Ended 31st March, 2021
B. Cashflow for Investing activities		
Purchase of fixed assets	(751.28)	(126.78)
Interest Received	134.09	110.65
Net cash used in Investing activities (B)	(617.19)	(16.13)
C. Cashflow from Financing activities		
Proceed from / (Repayment) of Non Current Borrowings Net	(4,976.89)	(6.65)
Proceed from / (Repayment) of Current Borrowings Net	957.73	(484.65)
Interest Paid	(2,298.57)	(688.52)
Net cash used in Financing activities (C)	(6,317.73)	(1,179.82)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	989.69	(314.80)
Cash and Cash Equivalents at the beginning of the year		
Cash and Cash Equivalents	23.59	17.93
Earmarked Balances	691.77	1,012.23
	715.36	1,030.16
Cash and Cash Equivalents at the end of the year		
Cash and Cash Equivalents	134.66	23.59
Earmarked Balances	1,570.39	691.77
	1,705.05	715.36

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 : 20th May, 2022

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

(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:****2.1A 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.

2.1B Accounting estimates, assumptions and judgements

The preparation of the Consolidated Financial Statements requires management to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities and disclosures as at the date of the Consolidated Financial Statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are Deferred Income tax assets and liabilities, Useful lives of property, plant and equipment ('PPE') and intangible assets, Employee benefit obligations, Provisions and contingencies, Impairment of investment in subsidiaries and goodwill.

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
- (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. 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, and Lyka Exports Limited (Subsidiary Companies)

Class of Assets	Useful life in years
Registration Rights	10
Technical and Marketing Know-How	10
Brands	10

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.

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.

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 DE recognition 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 Independent Actuarial Valuer / 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 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.

(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.

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.

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.

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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
3. Property Plant and Equipment

Carrying amounts of :

Particulars	₹ in lakhs)	
	As at 31st March, 2022	As at 31st March, 2021
Land	2,733.33	2,763.73
Buildings	2,531.46	2,666.35
Plant and Machinery	1,255.34	943.56
Computers	9.86	6.53
Vehicles	230.80	106.13
Furnitures and Fixtures	127.85	146.61
Office Equipments	9.74	4.36
Right To Use Property	38.00	224.22

(₹ in lakhs)

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, 2021	2,993.40	3,441.13	3,320.45	85.09	161.94	273.32	20.07	350.94	10,646.33
Additions	15.07	17.12	546.84	6.41	159.26	7.33	7.71	-	759.73
Deletion	-	-	(1.11)	-	(16.88)	-	-	-	(18.00)
Disposals / Written Off / Adjustment	-	-	(22.21)	(34.70)	(16.42)	(8.26)	(6.42)	(88.72)	(176.73)
Balance at 31st March, 2022	3,008.47	3,458.25	3,843.96	56.80	287.89	272.38	21.35	262.22	11,211.33
Accumulated Depreciation and Impairment :									
Balance at 31st March, 2021	229.67	774.78	2,376.89	78.57	55.81	126.70	15.71	240.55	3,898.67
Depreciation for the year	45.48	152.01	234.38	2.97	31.18	23.30	2.33	72.40	564.05
Deletion	-	-	-	-	(13.47)	-	-	-	(13.47)
Disposals / Written Off / Adjustment	-	-	(22.65)	(34.59)	(16.42)	(5.47)	(6.42)	(88.72)	(174.27)
Balance at 31st March, 2022	275.14	926.79	2,588.62	46.94	57.10	144.54	11.62	224.22	4,274.97
Carrying amounts of :									
Balance at 31st March, 2021	2,763.73	2,666.35	943.56	6.53	106.13	146.61	4.36	110.40	6,747.66
Balance at 31st March, 2022	2,733.33	2,531.46	1,255.34	9.86	230.80	127.85	9.74	38.00	6,936.36

Building includes Rs. 26.92 Lakhs (as at 31st March, 2021 Rs.26.92 Lakhs) for premises in a co-operative society against which shares of the face value of Rs. 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)

The Group has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

Details of Tangible Capital Work in Progress

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance	1,618.18	1,660.18
Additions during the year	5.31	10.75
Disposals / Written Off / Adjustment	-	(52.74)
Closing Balance	1,623.49	1,618.18

3.2 Capital Work In Progress (CWIP) Tangible Ageing Schedule :
As at 31st March, 2022

(₹ in lakhs)

Particulars	<1 Year	1-2 Year	2-3 Years	> 3 Years	Total
Projects in Progress	5.31	10.80	-	1,077.85	1,093.96
Projects temporarily suspended	-	-	-	529.53	529.53
Total	5.31	10.80	-	1,607.38	1,623.49

Expected Completion schedule of Capital Work in Progress :

(₹ in lakhs)

Particulars	To be completed				Total
	<1 Year	1-2 Year	2-3 Years	> 3 Years	
Project - I	30.00	-	-	-	30.00
Project - II	-	1,350.00	-	-	1,350.00
Project - III	-	-	-	529.53	529.53
Total	30.00	1,350.00	-	529.53	1,909.53

As at 31st March, 2021

(₹ in lakhs)

Particulars	<1 Year	1-2 Year	2-3 Years	> 3 Years	Total
Projects in Progress	10.80	-	-	1,077.85	1,088.65
Projects temporarily suspended	-	-	-	529.53	529.53
Total	10.80	-	-	1,607.38	1,618.18

Expected Completion schedule of Capital Work in Progress :

(₹ in lakhs)

Particulars	To be completed				Total
	<1 Year	1-2 Year	2-3 Years	> 3 Years	
Project - I	-	30.00	-	-	30.00
Project - II	-	-	1350.00	-	1,350.00
Project - III	-	-	-	529.53	529.53
Total	-	30.00	1350.00	529.53	1,909.53

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

4. Intangible Assets

Carrying amounts of :		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Internally Developed Intangible Assets (Research and development expenditure)	570.16	441.41
Computer Software	9.34	45.22
Intangible Assets (Trade Mark/Brand)	1,473.07	2,100.41
Technical and Marketing Knowhow	401.66	479.88
Registration Rights	4.94	4.45

(₹ in lakhs)						
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, 2021	820.62	156.39	3,688.50	609.50	4,328.30	9,603.32
Additions	422.55	0.58	-	-	135.57	558.70
Disposals / Written Off/ Adjustment	-	(8.35)	-	-	(4,427.98)	(4,436.33)
Balance at 31st March, 2022	1,243.17	148.63	3,688.50	609.50	35.89	5,725.68
Accumulated Amortisation and Impairment :						
Balance at 31st March, 2021	379.21	111.17	1,588.09	129.62	4,323.85	6,531.96
Amortisation for the year	293.80	36.47	627.34	78.21	135.08	1,170.89
Disposals / Written Off/ Adjustment	-	(8.35)	-	-	(4,427.98)	(4,436.33)
Balance at 31st March, 2022	673.01	139.29	2,215.43	207.84	30.95	3,266.52
Carrying amounts of :						
Balance at 31st March, 2021	441.41	45.22	2,100.41	479.88	4.45	3,071.36
Balance at 31st March, 2022	570.16	9.34	1,473.07	401.66	4.94	2,459.17

The management of Group Companies has reviewed useful life of intangible assets & decided to change the estimated useful life of certain intangible assets like Brand, Technical Knowhow, Product development and software.

4.1 Details of Intangible Assets under Development

(₹ in lakhs)		
Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance	957.32	1,115.44
Capitalised	(558.11)	(142.24)
Additions during the year	(10.25)	10.25
Disposals / Written Off/ Adjustment	(238.14)	(26.13)
Closing Balance	150.82	957.32

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

4.2 Capital Work In Progress (CWIP) Intangible Ageing Schedule :

As at 31st March, 2022					(₹ in lakhs)
Particulars	<1 Year	1-2 Year	2-3 Years	> 3 Years	Total
Projects in Progress	-	-	63.62	87.20	150.82
Projects temporarily suspended	-	-	-	-	-
Total	-	-	63.62	87.20	150.82

As at 31st March, 2021					(₹ in lakhs)
Particulars	<1 Year	1-2 Year	2-3 Years	> 3 Years	Total
Projects in Progress	-	121.62	97.43	602.71	821.76
Projects temporarily suspended	-	-	-	-	-
Total	-	121.62	97.43	602.71	821.76

5. Non-Current Investments (₹ in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	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 lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	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	0.75	18.15	0.73
Total		0.80		0.77

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

6. Non - Current Loans		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Loans and Advances to Others	-	11.84
Total	-	11.84

7. Other Non - Current Financial Assets		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good)		
Security Deposit	403.83	343.76
Others - Deposit with Drug Price Equalisation Account	1,032.45	1,032.45
Total	1,436.28	1,376.21

8. Other Non - Current Assets		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good)		
Capital Advances	37.27	34.01
Balance with Government Authorities	94.36	107.44
Total	131.63	141.45

9. Non - Current Tax Assets		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance Tax and Tax deducted at source	602.98	533.66
Total	602.98	533.66

10. Deferred Tax Assets (net)		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Deferred Tax Assets	-	1,634.60
Total	-	1,634.60

The holding Company has recognized deferred tax assets on carried forward losses of earlier years & using the estimated future taxable income till previous year. The holding Company has generated taxable income in the current financial year, hence deferred tax assets have been reversed in the current year.

10.1. Deferred Tax Assets / (Liabilities) in relation to :		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
On Account of Brought Forward Losses & Unabsorbed Depreciation	-	177.74
On Account of Section 43B Disallowances	-	1,440.03
On Account of IndAS Adjustments	-	16.83
Total	-	1,634.60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

11. Inventories		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Raw Materials (Refer Note No. 42)	313.04	195.78
Packing Material (Refer Note No. 42)	420.06	189.16
Work-in-Progress	38.79	26.77
Finished Goods	47.93	18.90
Total	819.81	430.62

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 ₹ 10.72 lakh (Previous year ₹ 12.96 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.

12. Trade Receivables		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured)		
Considered Good	1,873.87	874.38
Considered Doubtful	323.26	346.43
Less: Provision for Expected Credit Loss	(50.97)	(52.71)
Less: Provision for Doubtful Debt	(300.89)	(300.89)
Total	1,845.27	867.21

12.1 Trade receivables ageing :
As at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	1,692.12	81.90	23.35	10.27	-	1,807.64
(ii) Undisputed Trade receivables - considered doubtful	-	-	-	52.43	248.47	300.89
(iii) Disputed Trade receivables - considered good	-	-	4.32	-	84.28	88.61
Total : Trade receivables	1,692.12	81.90	27.67	62.70	332.75	2,197.14

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

As at 31st March, 2021						(₹ in lakhs)
Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	672.81	20.47	18.92	18.94	2.72	733.86
(ii) Undisputed Trade receivables - considered doubtful	-	-	52.43	-	248.47	300.89
(iii) Disputed Trade receivables - considered good	-	-	4.32	-	181.74	186.06
Total : Trade receivables	672.81	20.47	75.67	18.94	432.93	1,220.82

13. Cash and Cash Equivalents (₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(A) Cash and Cash Equivalents		
Balances with Banks	133.12	22.76
Cash on hand	1.54	0.84
(B) Bank Balances other than Cash and Cash Equivalents		
Deposits with Banks (Lien against OD) (Refer Note No. 23)	1,570.39	691.77
Total	1,705.05	715.36

14. Current Loans (₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good)		
Loan to Employees	4.45	6.74
Total	4.45	6.74

15. Other Current Financial Assets (₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good)		
Deposits	96.12	46.87
Others	80.31	46.65
Total	176.43	93.52

16. Other Current Assets (₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Trade Advances	154.38	167.27
Prepaid Expenses	142.96	195.25
Balance with Government Authorities	306.93	200.34
Claims Receivable	-	166.99
Others	63.74	63.97
Total	668.01	793.82

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
17. Share Capital

(₹ in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Authorised				
Equity Shares of ₹10/- each	4,80,00,000	4,800.00	4,80,00,000	4,800.00
Redeemable Preference Shares of ₹100/- each	2,00,000	200.00	2,00,000	200.00
	4,82,00,000	5,000.00	4,82,00,000	5,000.00
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, 2022		As at 31st March, 2021	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
Balance as at the beginning of the Year	2,86,90,000	1,08,570	2,86,90,000	1,08,570
Add : Issued during the Year	-	-	-	-
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, 2022		As at 31st March, 2021	
	No of Shares held	% of Shares	No of Shares held	% of Shares
Equity Shares of ₹10/- each				
Ipcalaboratories Limited	76,24,463	26.58%	-	0.00%
Mayank J. Shah	-	0.00%	20,01,500	6.98%
Shruti Mayank Shah	-	0.00%	15,15,846	5.28%
Prasham M. Shah	-	0.00%	15,00,000	5.23%
10% Cumulative Redeemable Preference Shares				
Dr. D. B. Parikh	1,08,570	100%	1,08,570	100.00%

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

17.4 Details of shares held by promoter / promoter group

As at 31st March, 2022					
Name of the promoter / promoter group	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Equity Shares of ₹ 10/- each					
Kunal Narendra Gandhi	10,06,642	11,734	10,18,376	3.55%	1.17%
Nehal Narendra Gandhi	11,44,803	12,650	11,57,453	4.03%	1.10%
Narendra Ishwarlal Gandhi	11,67,629	-	11,67,629	4.07%	0.00%
Narendra Ishwarlal Gandhi HUF	14,00,776	-	14,00,776	4.88%	0.00%
Enai Trading & Investment Pvt. Ltd.	9,82,415	11,412	9,93,827	3.46%	1.16%
Bhawna Godha	-	6,000	6,000	0.02%	100.00%
Neetu Godha	-	10,000	10,000	0.03%	100.00%
Usha Premchand Godha	-	10,686	10,686	0.04%	100.00%
Premchand Godha	-	10,900	10,900	0.04%	100.00%
Pranay Godha	-	300,000	3,00,000	1.05%	100.00%
Lyka Generics Limited (formerly known as Lyka Animal Healthcare Limited)	-	12,100	12,100	0.04%	100.00%
Ipca Laboratories Limited-Buyback Account Operated by Ms Arihant Capital Markets Ltd	-	76,24,463	76,24,463	26.58%	100.00%

As at 31st March, 2021					
Name of the promoter / promoter group	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Equity Shares of ₹ 10/- each					
Kunal Narendra Gandhi	10,06,642	-	10,06,642	3.51%	0.00%
Nehal Narendra Gandhi	11,44,803	-	11,44,803	3.99%	0.00%
Narendra Ishwarlal Gandhi	11,67,629	-	11,67,629	4.07%	0.00%
Narendra Ishwarlal Gandhi HUF	14,00,776	-	14,00,776	4.88%	0.00%
Enai Trading & Investment Pvt. Ltd.	9,82,415	-	9,82,415	3.42%	0.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

18. Other Equity		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Retained Earning	(12,244.60)	(16,144.56)
Securities Premium Account	9,743.97	9,743.97
Capital Reserve	49.13	49.13
General Reserve	952.57	952.57
Items of Other Comprehensive Income	(36.23)	(49.77)
Non Controlling Interest	15.25	70.43
Total	(1,519.91)	(5,378.24)

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 lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Secured Loan:		
Term Loans from Other (Refer Note No. 19.1)	-	15,034.86
Finance Lease Obligations	85.86	30.54
Unsecured Loan:		
10% Redeemable Preference Shares of Rs. 100/- each (for terms of preference shares Refer Note no. 19.2)	77.74	70.68
Loans and Advances from related parties (Refer Note no. 19.3)	6,085.00	-
Total	6,248.60	15,136.07

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 (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.
- 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 ₹.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 Interest on Loan and Advances from related parties ranges between 9% p.a. to 12% p.a. (simple interest).

19.4 Lease obligations repayable in equated monthly installments upto October 2024 and June 2025 secured by respective Vehicles. Rate of interest ranges between 8.75% p.a. to 9.50% p.a.

20. Other Non-current Financial Liabilities:

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Security Deposit	105.52	108.86
Interest Accrued and Due on Borrowings	152.73	882.45
Total	258.25	991.30

21. Non Current Provisions:

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Employee Benefits:		
Provision for Leave Encashment	67.18	72.86
Provision for Gratuity	213.99	227.66
Provision for Taxation	65.72	65.72
Total	346.88	366.24

22 Deferred Tax Liabilities (net)

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Deferred Tax Liabilities	423.34	-
Total	423.34	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
22.1 Deferred Tax Assets / (Liabilities) in relation to: (₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
On Account of Property, Plant and Equipment	736.65	-
On Account of Section 43B Disallowances	(300.71)	-
On Account of IndAS Adjustments	(12.60)	-
Total	423.34	-

23. Current Borrowings (₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Secured Loans:		
From Bank:		
Loans repayable on demand (Secured Against Fixed Deposits with AU Small Finance Bank and IDBI Bank) (Refer Note No. 13)	381.55	103.44
From Others:		
Finance Lease Obligations	36.25	13.08
Current Maturities of Long-Term Borrowings	4,669.06	-
Unsecured:		
Loans and Advances from Related Parties	1,625.00	805.36
Inter Corporate Deposits	-	127.73
Total	6,711.86	1,049.61

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

23.1 Interest on Loans repayable on demand ranges from 5.90% p.a. to 7.50% p.a. (simple Interest).

23.2 Interest on Loans from related parties ranges from 9% p.a. to 12% p.a. (simple Interest).

23.3 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 (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.

24. Trade Payables (₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	557.40	338.51
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	642.12	1,132.59
Total	1,199.53	1,471.10

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	341.99	338.51
Interest accrued on the dues to suppliers under MSMED Act, 2006 on the above amount	3.80	17.94
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	NIL	NIL

24.2 Trade payables ageing :

As at 31st March, 2022

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1year	1-2 years	2-3 years	More than 3 years	
MSME	553.00	3.01	0.02	1.37	557.40
Others	356.90	15.25	4.67	119.46	496.27
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	145.86	145.86
Total :	909.89	18.26	4.69	266.69	1,199.53

As at 31st March, 2021

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1year	1-2 years	2-3 years	More than 3 years	
MSME	274.10	29.87	7.43	27.11	338.51
Others	498.06	48.60	114.05	326.03	986.73
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	145.86	145.86
Total :	772.15	78.47	121.48	499.00	1,471.10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

25. Other Current Financial Liabilities		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Current Maturities of Long-Term Debt:		
Debentures - Privately Placed Non Convertible	13.00	13.00
Fixed Deposits	41.55	42.40
Interest Accrued and due	81.01	366.70
Book Overdraft	-	0.09
Employee dues	169.03	251.59
Creditors for:		
Expenses	194.38	362.40
Capital Expenditure	15.14	110.61
Trade Acceptances	193.73	736.85
Other Outstanding Liabilities	497.77	47.09
Total	1,205.61	1,930.73
26. Other Current Liabilities		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Other Payables:		
Statutory dues	193.34	104.83
Advance from Customers	166.47	197.56
Advance Received for Sale of Assets	325.00	-
Total	684.81	302.40
27. Current Provisions		(₹ in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Employee Benefits:		
Provision for Bonus	28.11	29.95
Provision for Gratuity	47.12	116.83
Provision for Leave Encashment	21.16	13.14
Provision for Superannuation	8.31	10.12
Total	104.69	170.04
28. Revenue From Operations		(₹ in lakhs)
Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Sale of products	18,358.59	6,710.71
Total	18,358.59	6,710.71

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

28.1 Details of sales of Products		(₹ in lakhs)
Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Bulk Drugs	819.16	352.81
Formulations	17,539.43	5,678.95
Others	-	678.94
Total	18,358.59	6,710.71
29. Other Operating Revenue		(₹ in lakhs)
Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Processing charges received	792.19	1,199.25
Royalty	37.69	33.27
Export Incentives	50.47	107.08
Commission Received	168.79	502.33
Analytical Charges	0.75	72.48
Total	1,049.89	1,914.42
30. Other Income		(₹ in lakhs)
Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Interest from Banks on Deposits	67.84	54.73
Other Interest	66.25	55.91
Foreign Exchange Fluctuation	53.08	4.39
Profit on Sale of Vehicle	-	2.00
Sundry Credit Balances / Excess Provision Written Back (net)	-	0.15
Miscellaneous Income	19.00	32.99
ECL Provision Income	1.75	-
Total	209.42	156.17
31. Cost of material consumed		(₹ in lakhs)
Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Opening stock of raw material and packing material	384.94	322.00
Add: Purchases	3,041.95	1,294.21
Less: Closing stock of raw material and packing material	(733.09)	(384.94)
Total	2,693.80	1,231.26

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
32. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade (₹ in lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
As at the beginning of the year:		
Finished Goods	18.90	234.22
Work-in-Progress	26.77	117.06
Total Opening Stock (a)	45.67	351.28
As at the end of the year:		
Finished Goods	47.93	18.90
Work-in-Progress	38.79	26.77
Total Closing Stock (b)	86.71	45.67
Net (increase) / decrease in Finished Goods, work-in-progress and stock in trade(a)-(b)	(41.04)	305.61

33 Employee Benefit Expenses (₹ in lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Salaries and Wages	1,525.21	1,232.59
Contribution to Provident and Other Funds:		
Provident / ESI Fund	94.13	80.32
Provision for Gratuity	25.25	34.06
Provision for Leave Encashment	29.76	15.89
Staff Welfare Expenses	131.42	93.70
Total	1,805.76	1,456.56

34. Finance Costs (₹ in lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Interest Expenses on:		
Borrowings From Banks:		
Working Capital	11.70	24.94
Borrowing Others:		
Bill Discounting charges	7.34	15.29
Bank Charges	16.70	13.10
Term Loans	1,453.73	2,236.54
Others Interest Expenses	523.42	303.91
Total	2,012.88	2,593.77

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

35. Other Expenses		(₹ in lakhs)
Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Consumption of Stores and Spare Parts	32.92	21.73
Power and Fuel	391.64	293.99
Processing Charges	0.42	22.15
Rent including Lease Rentals	77.10	64.52
Repairs and Maintenance - Buildings	32.53	20.20
Repairs and Maintenance - Machinery	90.87	74.64
Repairs and Maintenance - Others	29.57	56.20
Insurance	30.81	28.35
Rates and Taxes	13.70	14.21
Commission & Discount	298.16	90.94
Communication Expenses	6.46	7.51
Travelling and Conveyance	95.68	44.29
Advertisement and Sales Promotion	63.57	34.98
Legal and Professional Charges	255.15	161.25
Payments to Auditors (Refer Note No. 51)	27.60	27.85
Factory Expenses	45.66	43.40
Fees & Subscription	65.47	22.90
Security Service Expenses	32.35	32.53
Laboratory Chemicals & Expenses	188.33	61.56
Printing and Stationery	15.88	21.15
Miscellaneous Expenses	174.47	65.82
ECL Provision Expenses	-	48.06
Directors Fees	8.85	6.30
Freight & Forwarding Expenses	213.25	139.03
Total	2,190.43	1,403.54

36. Exceptional Items		(₹ in lakhs)
Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Fixed Assets Discarded	2.90	75.40
CWIP Written Off - Intangible	238.14	26.13
Sales tax Paid	72.78	-
Other Balance / Claims Written Off	338.05	11.26
Total	651.88	112.79

Other Notes:
37. Estimated amounts of commitments remaining to be executed as on 31st March, 2022 are as follows: (₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Against Purchase of Capital Goods	47.07	63.96
Against Purchase of RM and PM	186.28	65.57
Total	233.35	129.53

38. 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 2021 ₹ 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 2021 ₹ 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 2021 ₹ 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 ₹ 85.44 Lakhs (as at 31st March 2021 ₹ 85.44 Lakhs) against which Holding Company has made payment of ₹ 45.81 Lakhs (as at 31st March 2021 ₹ 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 2021 ₹ 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 ₹ 1176.93 Lakhs (as at 31st March 2021 ₹ 927.12 Lakhs) against which the Holding Company has made payment of ₹ 56.99 Lakhs (as at 31st March 2021 ₹ 23.78 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 ₹ 56.99 Lakhs for the Maharashtra state demand (as at 31st March 2021 ₹ 23.78 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 2021 ₹ 108.75 Lakhs) against which the Holding Company has paid ₹ 25.00 Lakhs (as at 31st March 2021 ₹ 25.00 Lakhs). The matter is sub-judice and the payment of ₹ 25.00 Lakhs (as at 31st March 2021 ₹ 25.00 Lakhs) is considered by the Holding Company as good and recoverable.
- (b) ₹ 71.37 Lakhs (as at 31st March 2021 ₹ 71.37 Lakhs) relating to disputed Central Excise duty, the matter is sub-judice.

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- (iv) The Holding Company has received orders from Income Tax Department raising demands aggregating to ₹ 463.91 Lakhs (as at 31st March 2021 ₹ 492.67 Lakhs) relating to prior years against which the Holding Company has paid ₹ 15.44 Lakhs (as at 31st March 2021 ₹ 15.44 Lakhs). The matter is sub-judice and the payment of ₹ 15.44 Lakhs (as at 31st March 2021 ₹ 15.44 Lakhs) is considered by the Holding Company as good and recoverable.
- (v) Employees (Including Ex-Employees) Claims relating to ex-gratia and other benefits aggregating to ₹ 433.66 Lakhs (as at 31st March 2021 ₹ 433.05 Lakhs) as the matter is sub-judice.
- (vi) Arrears of dividend on 10% Cumulative Redeemable Preference Shares aggregates to ₹ 179.15 Lakhs (as at 31st March 2021 ₹ 168.29 Lakhs).
- (vii) The Holding Company has received order from Income Tax Department raising demand aggregating to ₹ 100.76 Lakhs (as at 31st March 2021 ₹ 100.76 Lakhs) relating to prior years against which the Holding Company has paid ₹ 20.00 Lakhs (as at 31st March 2021 ₹ 20.00 Lakhs). The matter is sub-judice and the payment of ₹ 20.00 Lakhs (as at 31st March 2021 ₹ 20.00 Lakhs) is considered by the Holding Company as good and recoverable.
- (viii) Lyka BDR International Ltd. (Subsidiary Company) has filed Income tax appeal against the income tax assessment order for Assessment year 2014-15 for disallowance of claim of ₹ 68 Lakhs due to reduction in Brand Value. As the matter is sub-judice, no liability is provided.
- (ix) Lyka BDR International Ltd. (Subsidiary 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.

39 Fixed Deposits:

During the year, the Holding Company has repaid deposits that were claimed aggregating to ₹ 0.60 Lakhs and transferred to IEPF ₹ 0.25 lakhs. As regards the balance of unclaimed deposits ₹ 41.55 Lakhs (as at 31st March 2021 ₹ 42.40 Lakhs) the same shall be paid as and when claimed.

40 Debentures:

Debenture of ₹ 13.00 Lakhs (as at 31st March 2021 ₹ 13.00 Lakhs) is outstanding due to cheques returned undelivered / Unclaimed.

41 Capital Expenditure:

- (i) Tangible Project Capital Work-in-Progress ₹ 1,623.49 Lakhs as at 31st March 2022, (as at 31st March 2021 ₹ 1,618.18 Lakhs) includes allocable indirect expenditure in respect of modernization/expansion of Ankleshwar unit aggregating to ₹ 5.31 Lakhs (as at 31st March 2021 ₹ 10.75) 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 2022 in respect of “new product development and applied research” aggregating to ₹ 150.82 Lakhs (as at 31st March 2021 ₹ 821.76 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 ₹ 422.55 Lakhs (as at 31st March 2021 ₹ 142.24 Lakhs) as “Self-Generated Intangible Assets” upon successful development of respective products. During the year, the Holding Company has charged ₹ 238.14 Lakhs (as at 31st March 2021 ₹ 26.13 Lakhs) to profit and loss account under “exceptional items” for products are abandoned for further development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

42 During the year, inventories include slow / non-moving raw-material and packing materials procured during the earlier years amounting to ₹ 74.91 Lakhs (as at 31st March 2021 ₹ 57.65 Lakhs), which are valued at lower of net realisable value or cost whichever is lower. The Holding Company is evaluating to utilise / realise 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, 2022. The following tables set out the amounts recognized in the financial statements as at 31st March, 2022 for the defined benefit plans.

Particulars	(₹ in lakhs)	
	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a) Liability recognized in Balance Sheet		
Change in Benefit Obligation		
Opening Balance of Present Value of Obligations	345.51	406.42
Service Cost	16.34	17.28
Interest Cost	21.70	26.68
Actuarial Loss / (Gain) on Obligations	(14.04)	(10.97)
Benefits Paid	(93.86)	(93.89)
Closing Balance of Present Value of Obligations	275.66	345.52
Less : Fair Value of Plan Assets		
Opening Balance of Plan Assets	1.54	1.44
Expected Return on Plan assets	0.10	0.10
Employer's Contribution	13.46	-
Return on plan assets, excluding amount recognised in net interest expenses	(0.03)	-
Closing Balance of Plan Assets	15.06	1.54
Net Liability	260.60	343.98
b) Expense during the year		
Service Cost	16.34	17.28
Interest Cost	21.60	26.58
Actuarial Loss / (Gain) on Obligations	(14.01)	(10.97)
Total	23.93	32.89
c) Principal Actuarial Assumptions		
Rate of Discounting	7.10%	6.25%
Rate of Return on Plan Assets	7.50%	7.50%
Salary Growth Rate	3.00%	3.00%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- (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, 2022. The following tables set out the amounts recognized in the financial statements as at 31st March, 2022 for the defined benefit plan.

(₹ in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a) Liability recognized in Balance Sheet		
Change in Benefit Obligation		
Opening balance of present value of obligations	123.02	132.84
Service Cost	7.71	18.24
Interest Cost	7.77	8.76
Actuarial (Gain) on Obligations	(11.00)	(7.49)
Benefits Paid	(22.57)	(29.34)
Closing balance of present value of obligations	104.91	123.01
Less : Fair Value of Plan Assets		
Opening Balance of Plan Assets	37.00	34.73
Expected Return on Plan Assets	0.67	2.27
Employer's Contribution	5.00	-
Return on plan assets, excluding amount recognised in net interest expenses	0.12	-
Adjustment to the Opening Value of Plan Assets	(26.21)	-
Closing Balance of Plan Assets	16.58	37.00
Net Liability	88.33	86.00
b) Expense during the year		
Service Cost	7.71	18.24
Interest Cost	7.10	6.49
Actuarial (Gain) / Loss on Obligations	(11.00)	(7.49)
Return on plan assets, excluding amount recognised in net interest expenses	(0.12)	-
Total	3.68	17.24
c) Principal Actuarial Assumptions		
Rate of Discounting	7.10%	6.25%
Rate of Return on Plan Assets	7.50%	7.50%
Salary Growth Rate	3.00%	3.00%

(iii) 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: (₹ in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Defined Benefit Obligation (Base)	275.65	345.51

Particulars	For the year ended 31st March, 2022		For the year ended 31st March, 2021	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	290.43	262.45	361.93	330.88
(% change compared to base due to sensitivity)	5.4%	(4.8%)	4.8%	(4.2%)
Salary Growth Rate (- / + 1%)	261.83	290.90	330.30	362.32
(% change compared to base due to sensitivity)	(5.0%)	5.5%	(4.4%)	(4.9%)
Attrition Rate (- / + 50% of attrition rates)	267.92	281.80	339.00	350.66
(% change compared to base due to sensitivity)	(2.8%)	2.2%	(1.9%)	(1.5%)
Mortality Rate (- / + 10% of mortality rates)	275.52	275.79	345.39	345.63
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	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 lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Not later than one year	66.25	121.84
Later than one year but not later than five years	-	66.25
Total	66.25	188.09

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(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 lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Revenue by Geography		
India	13,004.48	3,422.68
Rest of world	5,354.11	3,288.03
Total	18,358.58	6,710.71

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 :

Sr. No.	Name of the Related Party	Relationship
1	Ipca Laboratories Limited Resonance Specialities Limited Trophic Wellness Private Limited	Entity Exercising Significant Influence (w.e.f. 24 November 2021)
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) Mr. Atit. N. Shukla (Independent Director) (upto 30th July, 2021) Mr. Vinod. S. Shanbhag (Independent Director) Mr. Sandeep. P. Parikh (Independent Director) Mr. Dhara P. Shah (Independent Director)	Key Management Personnel (KMP)
3	Mrs. Nehal N. Gandhi (Non - Executive Director) Mrs. Alisha K. Gandhi	Relative of KMP
4	Enai Trading & Investment Private Limited Lyka Generics Limited.	Entities owned by / over which KMP is able to exercise significant influence

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(b) Disclosure of related party transactions:

(₹ in lakhs)

Sr. No.	Description	Entity Exercising Significant Influence	KMP	Relative of KMP	Entities Owned by KMP	Total
1	Sales of Goods	673.08	-	-	-	673.08
		-	-	-	-	-
2	Purchases of Goods	-	-	-	607.20	607.20
		-	-	-	(116.55)	(116.55)
3	Purchases of Service	0.18	-	-	-	0.18
		-	-	-	-	-
4	Rent Expenses	-	-	-	23.25	23.25
		-	-	-	(4.50)	(4.50)
5	Remuneration (Payments / Provisions) to	-	154.40	29.47	-	183.87
		-	(111.86)	(21.88)	-	(133.74)
6	Professional Fee	-	6.75	-	-	6.75
		-	(5.60)	-	-	(5.60)
7	Directors Sitting Fees	-	6.60	0.90	-	7.50
		-	(5.70)	(0.60)	-	(6.30)
8	Interest Expenses	175.74	6.29	80.11	43.37	305.51
		-	(11.33)	(64.50)	(7.70)	(83.53)
9	Loan Received	6,600.00	23.12	124.14	765.54	7,512.80
		-	(50.75)	(117.80)	(25.40)	(193.95)
10	Loan Repaid	100.00	100.00	50.00	355.00	605.00
		-	(28.64)	(2.00)	(1.90)	(32.54)
11	Loan Given	-	-	-	1.59	1.59
		-	-	-	-	-

() indicate previous year figures

(c) Balance for the year ended

(₹ in lakhs)

Sr. No.	Description	Entity Exercising Significant Influence	KMP	Relative of KMP	Entities Owned by KMP	Total
1	Security Deposit given	-	251.25	251.25	-	502.50
		-	(251.25)	(251.25)	-	(502.50)
2	Loan Given	-	-	-	1.59	1.59
		-	-	-	-	-
3	Loan Taken	6,500.00	40.00	675.00	495.00	7,710.00
		-	(109.88)	(611.02)	(58.71)	(779.61)
4	Sundry Debtors	196.93	-	-	-	196.93
		-	-	-	-	-
5	Sundry Creditors	0.63	0.53	-	39.90	41.05
		-	(0.46)	(1.62)	(2.68)	(4.76)
6	Other Payable (Interest)	-	0.37	6.19	4.83	11.39
		-	(13.91)	(152.46)	(16.48)	(182.85)

() indicate previous year figures

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

Lyka Labs Limited

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

47. Earnings per Share (EPS) :

Particulars	As at 31st March, 2022	As at 31st March, 2021
Adjusted Profit / (Loss) for the year (₹ in lakhs) (A)	3,889.12	(1,166.31)
Weighted Average number of Equity Shares (B)	2,86,90,000	2,86,90,000
Face Value per Equity Share (₹) (C)	10.00	10.00
Basic and Diluted Earnings per Share (₹) (D = A/B)	13.57	(4.07)

48. Taxation :

Current Tax :

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

Deferred Tax :

Reconciliation of tax expenses and accounting profit multiplied by India's domestic tax rate for the year ended 31st March 2022 and 31st March 2021.

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Accounting profit before tax (after exceptional items)	5,924.70	(1,414.41)
At India's statutory income tax rate of 26% (P.Y. 26%)	1,540.42	(367.75)
Deferred Tax impact on:		
On Account of Property, Plant and Equipment	(914.39)	(863.79)
On Account of Section 43B Disallowances	(1,139.32)	1,254.04
On Account of IndAS Adjustments	(4.23)	15.52
Less: Deferred Tax Assets not recognised in current year	1,540.42	(367.75)
Income tax expenses reported in the Statement of Profit and loss	(2,057.94)	405.78

49. Disclosures on Financial 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, 2022.

(₹ in lakhs)

Particulars	Measured at FVTOCI	Measured at FVTPL	Cost / Amortised Cost	Total Carrying Amount
Financial Assets				
Investment	0.88	0.81	-	1.69
Other Financial Assets	-	-	1,612.71	1,612.71
Trade Receivables	-	-	1,845.27	1,845.27
Loans	-	-	4.45	4.45
Total	0.88	0.81	3,462.43	3,464.12
Financial Liabilities				
Other Financial Liabilities	-	-	1,463.86	1,463.86
Borrowings	-	-	12,960.47	12,960.47
Trade Payable	-	-	1,199.53	1,199.53
Total	-	-	15,623.85	15,623.85

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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

Particulars	(₹ in lakhs)			
	Measured at FVTOCI	Measured at FVTPL	Cost / Amortised Cost	Total Carrying 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	2,361.47
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

(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.

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 lakhs)

Particulars	As at 31st March, 2022			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	-	0.80	-	0.80
Total	0.88	0.81	-	1.69

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Particulars	As at 31st March, 2021			(₹ in lakhs)
	Fair Value Measurement Using			Total
	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

(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 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 at 31st March, 2022	As at 31st March, 2021
Trade Receivable	USD \$	664,334.05	575,670.20
Trade Receivable - Advance	USD \$	(122,632.88)	(63,889.00)
Trade Payable	USD \$	(71,986.80)	(155,356.13)
Net Exposure (\$)	USD \$	469,714.37	356,425.07
Trade Receivable	EURO €	10,090.41	-
Trade Receivable - Advance	EURO €	(12,915.33)	-
Net Exposure (€)	EURO €	(2,824.92)	-
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 lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Impact on profit before tax		
INR / USD - Increase by 5%	2.65	0.68
INR / USD - Decrease by 5%	(2.65)	(0.68)

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.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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, 2022	For the year ended 31st March, 2021
Interest expense	Increase	100 basis point	-	-
	Decrease	100 basis point	-	-

*There will be no effect of sensitivity on the Company's profit as interest on loan from IARC 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 lakhs)

Particulars	Year	Less than 1 Year	More than 1 Year	Total
Financial Liabilities				
Trade Payable	31st March 2022	1,199.53	-	1,199.53
	31st March 2021	1,471.10	-	1,471.10
Borrowings	31st March 2022	6,711.86	6,248.60	12,960.47
	31st March 2021	1,049.61	15,136.07	16,185.68
Other Financial Liabilities	31st March 2022	1,205.61	258.25	1,463.86
	31st March 2021	1,930.73	991.30	2,922.03

(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.

51 Payments to Auditors

(₹ in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2022	As at 31st March, 2021
(i)	Audit Fees	21.35	21.60
(ii)	Tax Audit Fees	6.25	6.25
	Total	27.60	27.85

52. Other Statutory Information

- (i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group do not have any transactions with companies struck off.
- (iii) The Holding Company has created various charges in favour of Banks, Financial Institutions and Others for securing loan to the Holding Company. The Holding Company is in process of satisfaction of Charges and filing with the Registrar of Companies, Ahamadabad in respect of which dues are settled.
- (iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall
 - (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - (b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Group have no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
- (viii) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (ix) The Group has not been declared as a Wilful Defaulter by any bank or financial institution or government or any government authority.

Lyka Labs Limited

- 53 The Group has made an assessment of the impact of the continuing COVID-19 pandemic on its current and future operations, liquidity position and cash flow giving due consideration to the internal and external factors. The Company is continuously monitoring the situation and does not foresee any significant impact on its operations and the financials position as at March 31, 2022.
- 54 The Group 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

(Mehul N. Patel)
Partner
Membership No. 132650
Place : Mumbai
Date : 20th May, 2022

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

(Piyush Hindia)
Company Secretary

BY COURIER / POST / REGD. AD

To,

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