



**Healthcare through Innovation**

**40<sup>th</sup>**

**ANNUAL REPORT  
2018-2019**

***Lyka Labs Limited***





Healthcare through innovation

**LYKA LABS LIMITED**

**CIN: L24230GJ1976PLC008738**

Regd Office: 4801/B & 4802/A, G.I.D.C. Industrial Estate,  
Ankleshwar-393 002, Phone: 02646-221422/220549, Fax: 02640-250692.

Admin Office: Ground Floor, Spencer Building, 30, Forjett Street,  
Grant Road (West), Mumbai-400 036. Phone: 022-661 12200, Fax: 661 12249

Email: [companysecretary@lykalabs.com](mailto:companysecretary@lykalabs.com) Website: [www.lykalabs.com](http://www.lykalabs.com)

<b>CONTENTS</b>	<b>PAGE NO.</b>
Notice	1
Director's Report	19
Auditor's Report	67
Balance sheet	78
Statement of Profit & Loss	79
Cash Flow Statements	82
Notes to Financial Statements	84
Auditors Report (Consolidated)	128
Balance sheet (Consolidated)	137
Statement of Profit & Loss (Consolidated)	138
Cash Flow Statment (Consolidated)	140
Notes to Financial Statements (Consolidated)	142
Proxy Form	183
Attendance Slip	185
Route Map of AGM Venue	186
Go Green	187

## BOARD OF DIRECTORS

Shri. Narendra I Gandhi	- Chairman & Managing Director (upto 10 <sup>th</sup> July, 2019)
Shri. Kunal N Gandhi	- Chief Executive Officer & Joint Managing Director (from 12 <sup>th</sup> February, 2019 upto 10 <sup>th</sup> July, 2019) Managing Director (w.e.f 11 <sup>th</sup> July, 2019)
Smt. Nehal N Gandhi	- Non-Executive Director & Chairperson (w.e.f 09 <sup>th</sup> August, 2019)
Shri. Yatin N Shah	- Independent Director (upto 29 <sup>th</sup> December, 2018)
Shri. Ajit S Bagadia	- Independent Director (Upto 29 <sup>th</sup> December, 2018)
Shri. Atit N Shukla	- Independent Director (upto 29 <sup>th</sup> December, 2018) & Additional Independent Director (w.e.f. 12 <sup>th</sup> February, 2019)
Smt. Neha A Thakore	- Additional Independent Director (w.e.f. 5 <sup>th</sup> April, 2019) & Independent Director (w.e.f. 29 <sup>th</sup> September, 2018)
Shri. Vinod S Shanbhag	- Additional Independent Director (w.e.f. 01 <sup>st</sup> November, 2018)

## AUDIT COMMITTEE

Shri. Ajit S Bagadia	- Chairman (upto 29 <sup>th</sup> December,2018)
Shri. Vinod S Shanbhag	- Chairman (w.e.f. 30 <sup>th</sup> December, 2018)
Shri. Yatin N Shah	- Member (upto 29 <sup>th</sup> December, 2018)
Shri. Atit N Shukla	- Member (Ceased to be a member from 29 <sup>th</sup> December, 2018 & re-appointed as member w.e.f. 12 <sup>th</sup> February, 2019)
Shri. Narendra I Gandhi	- Member (upto 10 <sup>th</sup> July, 2019)
Shri. Kunal N Gandhi	- Member (w.e.f. 07 <sup>th</sup> August, 2019)

### CHIEF FINANCIAL OFFICER

Shri. Yogesh B Shah

### COMPANY SECRETARY

Shri. Dinesh J Darji (upto 30<sup>th</sup> November, 2018)  
Shri. Raj T Trivedi (w.e.f. 1<sup>st</sup> December, 2018)

### AUDITORS

M/s. Mehta Chokshi & Shah Chartered  
Accountants (upto 09<sup>th</sup> August, 2019)  
M/s. D. Kothary & Co. (w.e.f. 10<sup>th</sup> August, 2019)

### BRANCH AUDITORS

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

### COST AUDITORS

M/s. Kirit Mehta & Associates  
Cost Accountants

### BANKERS

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

### REGISTERED OFFICE

4801/B & 4802/A, G.I.D.C. Industrial Estate,  
Ankleshwar-3930 032

### ADMINISTRATIVE OFFICE

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

### PLANT

Formulation & bulk drug division  
4801/B & 4802/A, G.I.D.C.,Industrial Estate,  
Ankleshwar-393 002

### R & D CENTRE

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

---

---

## Shri Narendra Ishwarlal Gandhi

(06.04.1950 to 10.07.2019)

Shri Narendra Ishwarlal Gandhi, Chairman and Managing Director of Lyka Labs Limited left for heavenly adobe on 10<sup>th</sup> 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.



**THIS PAGE HAS BEEN INTENTIONALLY KEPT BLANK**



## NOTICE

---

**NOTICE** is hereby given that **Fortieth** Annual General Meeting of the Members of Lyka Labs Limited will be held on Wednesday, 18<sup>th</sup> September, 2019 at 12.30 p.m. at 4801/B & 4802/A, GIDC Industrial Estate, Ankleshwar-393002, Gujarat to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone audited financial statement including Balance Sheet as at 31<sup>st</sup> March, 2019, 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 statement including Balance Sheet as at 31<sup>st</sup> March, 2019, Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date and reports of Auditors thereon.
3. To appoint a Director in place of Smt Nehal N. Gandhi, Non - Executive Director (DIN 00021580) who retires by rotation and being eligible, offers herself for re-appointment.
4. Ratification of appointment of M/s. M. I. Shah & Co., as Branch Auditors

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

**“RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 as may be applicable (including any statutory modification(s) or re-enactment(s) thereof) and pursuant to the resolution passed by the members at the 38<sup>th</sup> Annual General Meeting held on September 29, 2017 appointing M/s. M. I. Shah & Co., Chartered Accountants, having Firm Registration No. 119025W as branch auditors to hold office from the conclusion of the 38<sup>th</sup> Annual General Meeting till conclusion of the 43<sup>rd</sup> Annual General Meeting, be and is hereby ratified by the members of the Company to hold office from conclusion of 40<sup>th</sup> Annual General Meeting till the conclusion of next Annual General Meeting at such a remuneration as may be decided by the Managing Director in consultation with the Auditors for conducting the Branch Audit plus out of pocket expenses as may be incurred by them in connection with the Audit.

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

### SPECIAL BUSINESS

5. Appointment of Statutory Auditors

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** (a) approving the appointment of M/s. D. Kothary & Co., Chartered Accountants as Statutory Auditors of the Company from 10<sup>th</sup> August, 2019 till the conclusion of 40<sup>th</sup> Annual General Meeting arising out of the casual vacancy caused by the resignation of M/s. Mehta Chokshi & Shah, Chartered Accountants, and (b) appointing M/s. D. Kothary & Co., Chartered Accountants as Statutory Auditors of the Company for a term of up to 5 years and fixing their remuneration:

**“RESOLVED THAT** pursuant to Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder, as amended, and pursuant to recommendation of Audit Committee, the appointment of M/s. D. Kothary & Co., Chartered Accountants (ICAI Firm Registration No. 105335W) as Statutory Auditors of the Company from 10<sup>th</sup> August, 2019 till the conclusion of 40<sup>th</sup> Annual General Meeting, as approved by the Board of Directors of the Company, for filling the casual vacancy caused by the resignation of M/s. Mehta Chokshi & Shah, Chartered Accountants (ICAI Firm Registration No. 106201W) be and is hereby approved.

**RESOLVED FURTHER THAT** pursuant to Section 139, 140 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder, as amended, M/s. D. Kothary & Co., Chartered Accountants (ICAI Firm Registration No. 105335W), be and are hereby appointed as Statutory Auditors of the Company for a term of upto 5 years and to hold office from the conclusion of the 40<sup>th</sup> Annual General Meeting till conclusion of the 45<sup>th</sup> Annual General Meeting on such remuneration as annexed in explanatory statement of this notice.

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

6. Ratification of Remuneration of Cost Auditor for cost audit for the financial year ended 31<sup>st</sup> March, 2020

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Company be and is hereby accorded for payment of remuneration of Rs.1,25,000/- to M/s. Kirit Mehta & Associates, Cost Auditor having Firm Registration No.000048 on his appointment as cost auditor for conducting the Cost Audit of Pharmaceutical Products of the Company for the financial year 2019-20.

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

7. Appointment of Shri. Vinod S Shanbhag (DIN: 00555709) as an Independent Director

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

“**RESOLVED THAT** pursuant to recommendation of Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, for the time being in force, Shri. Vinod S Shanbhag (DIN: 00555709), who was appointed as an Additional Director of the Company effective from 1<sup>st</sup> November, 2018, and whose term expires at 40<sup>th</sup> Annual General Meeting and who has provided a declaration that he meets the criteria for independence as mentioned in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company for a period of three (3) years effective from conclusion of 40<sup>th</sup> Annual General Meeting of the Company and that he is not liable to retire by rotation.

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

8. Appointment of Shri Atit N Shukla (DIN: 07238247) as an Independent Director

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

“**RESOLVED THAT** pursuant to recommendation of Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, for the time being in force, Shri. Atit Shukla (DIN: 07238247), who was appointed as an Additional Director of the Company effective from 12<sup>th</sup> February, 2019, and whose term expires at 40<sup>th</sup> Annual General Meeting and who has provided a declaration that he meets the criteria for independence as mentioned in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company for a period of two (2) years effective from conclusion of 40<sup>th</sup> Annual General Meeting of the Company and that he is not liable to retire by rotation.

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

9. Re – appointment of Shri. N I Gandhi (DIN: 00021530) as Managing Director of the Company w.e.f. 1<sup>st</sup> April, 2019 upto 10<sup>th</sup> July, 2019



---

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Act including the relevant Rules as applicable and relevant (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Act and Articles of Association of the Company, the approval of the Members of the Company be and is hereby accorded for the re-appointment and payment of remuneration to Shri N I Gandhi (DIN 00021530), as Managing Director of the Company for a period with effect from 1<sup>st</sup> April, 2019 upto 10<sup>th</sup> July, 2019 on the terms and conditions as detailed in the explanatory statement attached hereto and to authorise Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be deemed fit by the Board of Directors.

**RESOLVED FURTHER THAT** the terms of remuneration as set out in the Explanatory Statement of this Resolution shall be deemed to form part hereof and in the event of loss or inadequacy of profits in any financial year during the tenure of Shri N I Gandhi as Managing Director, he shall be paid salary, perquisites and other allowances as the minimum remuneration, subject to ceiling as specified in Schedule V of the Companies Act, 2013 from time to time and subject to such other approvals as may be required, in accordance with the provisions of the Companies Act, 2013.

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

10. Appointment of Shri Kunal N Gandhi as Joint Managing Director of the Company w.e.f. 12<sup>th</sup> February, 2019.

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

**“RESOLVED THAT** that pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) Shri Kunal N Gandhi (DIN : 01516156) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 12<sup>th</sup> February, 2019 and who holds office up to the date of 40<sup>th</sup> Annual General Meeting of the Company, being eligible for appointment be and is hereby appointed as a Director of the Company.

**RESOLVED FURTHER** that pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and other approvals as required and pursuant to the provisions of Sections 196, 197, 203 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, of the Act including the relevant rules as applicable (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Act and Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the appointment of Shri Kunal N Gandhi as Joint Managing Director of the Company for a period of five years commencing from 12<sup>th</sup> February, 2019 on such remuneration and other terms and conditions as contained in the agreement and in the explanatory statement.

**RESOLVED FURTHER THAT** the terms of remuneration as set out in the Explanatory Statement of this Resolution shall be deemed to form part hereof and in the event of loss or inadequacy of profits in any financial year during the tenure of the appointment of Shri Kunal N Gandhi, as Joint Managing Director, he shall be paid salary, perquisites and other allowances as the minimum remuneration, subject to ceiling as specified in Schedule V of the Companies Act, 2013 from time to time and subject to such other approvals as may be required, in accordance with the provisions of the Companies Act, 2013.

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

11. Change in designation of Shri Kunal Gandhi from Joint Managing Director to Managing Director of the Company and upward revision in his Remuneration

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

**“RESOLVED FURTHER** that pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 196, 197, 203 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, of the Act including the relevant rules as applicable (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Act and Articles of Association of the Company, Shri Kunal N Gandhi (DIN : 01516156) who was appointed as Joint Managing Director for a period of five years commencing from 12<sup>th</sup> February, 2019, be and is hereby re-designated as Managing Director of the Company with effect from 11<sup>th</sup> July, 2019 on such remuneration and other terms and conditions contained in the agreement.

**RESOLVED FURTHER THAT** that pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and other approvals as required and pursuant to the provisions of Sections 196, 197, 203 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, of the Act including the relevant rules as applicable (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Act and Articles of Association of the Company, consent of the members of the Company be and is hereby accorded for upward revision of remuneration of Shri Kunal N Gandhi, as Managing Director of the Company as explained in the explanatory statement, for the period of three years commencing from 11<sup>th</sup> July, 2019.

**RESOLVED FURTHER THAT** the terms of remuneration as set out in the Explanatory Statement of this resolution shall be deemed to form part hereof and in the event of loss or inadequacy of profits in any financial year during the tenure of the appointment of Shri Kunal N Gandhi, as Managing Director, he shall be paid salary, perquisites and other allowances as the minimum remuneration, subject to ceiling as specified in Schedule V of the Companies Act, 2013 from time to time and subject to such other approvals as may be required, in accordance with the provisions of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee of Directors) and Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

12. Alteration of Articles of Association of the Company

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

**“RESOLVED THAT** pursuant to Section 14 and other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) consent of the shareholders of the Company be and is hereby accorded for the modification of Article 130 of the Articles of Association of the Company, as follows:

The existing Article 130 be replaced as follows:

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

**RESOLVED FURTHER THAT** the Board of Directors and Company Secretary be and are hereby severally authorised to sign all such forms and returns and other documents and to do all such acts, deeds and things as may be necessary to give effect to the aforesaid resolution.”

13. Increase in Authorised Share Capital

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

“**RESOLVED THAT** pursuant to provision of Section 61(1)(a) of the Companies Act, 2013, and any other applicable provisions and the relevant rules framed there under and in accordance with the provisions of the Articles of Association of the Company, the authorised share capital of the Company be and is hereby increased from Rs. 32,00,00,000/- (Rupees Thirty Two Crores only) divided in to 3,00,00,000 (Three Crores) equity shares of Rs. 10/- each (Rupees Ten only) and 2,00,000 (Two Lacs) redeemable preference shares of Rs. 100/- each (Rupees One Hundred only) to Rs. 42,00,00,000/- (Rupees Forty Two Crores only) divided in to 4,00,00,000 (Four Crores) equity shares of Rs. 10/- each (Rupees Ten only) and 2,00,000 (Two Lacs) redeemable preference shares of Rs. 100/- each (Rupees One Hundred only) by creating additional 1,00,00,000 (One Crore) equity shares of Rs. 10/- each (Rupees Ten only).

**RESOLVED FURTHER THAT** the new equity shares shall rank pari passu with the existing equity shares.

**RESOLVED FURTHER THAT** the Board of Directors or Company Secretary of the Company, be and are hereby severally authorised to do file, sign, verify and execute all such e-forms, papers or documents, as may be required and do all such, deeds, matters and things as may be necessary and incidental for giving effect to this resolution.”

14. To amend the Memorandum of Association

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

“**RESOLVED THAT** the consent of the Company be and is hereby accorded under provisions of section 13 and other applicable provisions if any, of the Companies Act, 2013 to amend the existing Clause V of Memorandum of Association of the Company by substituting first four lines by following lines as mentioned here under:

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

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company, be and are hereby severally authorised to do file, sign, verify and execute all such e-forms, papers or documents, as may be required and do all such, deeds, matters and things as may be necessary and incidental for giving effect to this resolution.”

15. Approval of Related Party Transaction

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

“**RESOLVED THAT** pursuant to the provisions of section 188 and other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 (including any statutory modification or re – enactment thereof for the time being in force), consent of the company be and is hereby accorded to the Board of Directors to enter into contracts/ arrangements/ transactions with Related Parties for:

Sales, purchase or supply of any good and/or material and/or brands and/or dossiers and/or services directly or through appointment of agent and selling or otherwise disposing of or buying, renting, and leasing properties of any kind on such terms and conditions as may be mutually agreed upon between the Company and Lyka BDR International Ltd., a subsidiary, related party, for an amount not exceeding Rs. 50 crores (Rupees Fifty Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and rules made thereunder.

Sales, purchase or supply of any good and/or material and/or brands and/or dossiers and/or services directly or through appointment of agent and selling or otherwise disposing of or buying, renting and leasing properties of any kind on such terms and conditions as may be mutually agreed upon between the Company and Lyka Exports Ltd., a subsidiary, related party, for an amount not exceeding Rs. 25 crores (Rupees Twenty Five Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and rules made thereunder.

# Lyka Labs Limited

---

Sales, purchase or supply of any good and/or material 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 Healthcare Ltd., a wholly owned subsidiary, related party, for an amount not exceeding Rs. 25 crores (Rupees Twenty Five Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and rules made thereunder.

Sales, purchase or supply of any good and/or material and/or brands and/or dossiers and/or services directly or through appointment of agent and selling or otherwise disposing of or buying, renting and leasing properties of any kind on such terms and conditions as may be mutually agreed upon between the Company and Lyka Animal Healthcare Ltd., related party, for an amount not exceeding Rs. 25 crores (Rupees Twenty Five Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and rules made thereunder.

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

By Order of the Board

Place: Mumbai

Raj Trivedi

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

Company Secretary

## Notes:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of business under Item Nos. 5 to 15 set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
A Person can act as proxy for members not exceeding 50 (Fifty) and holding in aggregate not more than ten percent of the total share capital of the Company.
3. The Proxy Form, in order to be effective, must be duly completed, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting. Proxy Form is sent herewith.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 11<sup>th</sup> September, 2019 to 18<sup>th</sup> September, 2019 (both days inclusive) for the purpose of Annual General Meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 will be made available for inspection by the members at the venue of the meeting.
7. The Register of Contracts or arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be made available for inspection by the members at the venue of the meeting.
8. Members holding shares in physical mode are:
  - a. required to submit their Bank Account details, e-mail ID and Permanent Account Number (PAN) to the Company/ RTA, as mandated by the Securities and Exchange Board of India (SEBI).
  - b. requested to send their share certificates to RTA for consolidation, in case shares are held under two or more folios.
  - c. informed that the shares in physical mode will not be accepted for transfer.
9. Members holding shares in electronic mode are:
  - a. requested to submit their Bank Account Details, email id and PAN to the Depository Participant (DP) respective DPs with whom they are maintaining their demat accounts, as mandated by SEBI.
  - b. advised to contact their respective DPs for availing the nomination facility.

10. The Annual Report along with the attendance slip and proxy form is being sent by electronic mode to all members whose email id is registered with the Company/ Depository Participant(s). Members who have not registered their email address, physical copy of the Annual Report will be sent by the permitted mode.
11. Members may also note that the Annual Report will also be made available on the Company's Website: - [www.lykalabs.com](http://www.lykalabs.com).
12. In Compliance with the provisions of section 108 of the Act, read with rule 20 of Companies (Management and Administrative) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer the facility of voting through electronic means. The facility for voting through ballot paper shall be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their vote at the meeting through ballot paper.
- The voting through electronic means will commence on 14<sup>th</sup> September, 2019 at 10.00 a.m. and will end on 17<sup>th</sup> September, 2019 at 5.00 pm. The cut off date for entitlement of voting through electronic means is 11<sup>th</sup> September, 2019.
13. Any member who has voted by remote e – voting cannot vote at the meeting.
14. Members are requested to bring their copy of the Annual Report at the Annual General Meeting, as no extra copy of Annual Report would be made available at the Annual General Meeting. Members/proxies should also bring the attached Attendance Slip, duly filled and hand it over at the entrance to the venue.
15. Members are informed that, in case of joint holders attending the Annual General Meeting, the members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
16. Members are requested to address all correspondence relating to the shareholding to the Registrar & Share Transfer Agent (RTA) of the Company, i.e. M/s. Sharex Dynamic (India) Private Limited
17. Members are requested to intimate immediately, any change in their address to their depository participants with whom they are maintaining their demat accounts or to the Company's Registrar & Share Transfer Agent, M/s. Sharex Dynamic (India) Private Limited, if the shares are held by them in physical form.
18. Brief profile of the Directors seeking appointment/re-appointment, in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Secretarial Standard, is furnished below:

1. Smt. Nehal N. Gandhi

Name of Director	Smt. Nehal N. Gandhi
Date of Birth	30 <sup>th</sup> September, 1952 (Aged 66 years)
Date of Appointment	4 <sup>th</sup> February, 1995
Qualification	Bachelor of Arts
Expertise in specific functional areas	She has more than 32 years of experience in Business Management
Directorships held in other 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 companies	Nil
Number of shares held in the Company	1144803
Number of Board Meetings attended during the 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)

# Lyka Labs Limited

## 2. Shri Narendra I Gandhi

Name of Director	Shri Narendra I Gandhi*
Date of Birth	6 <sup>th</sup> April, 1950
Date of Appointment	3 <sup>rd</sup> January, 1977
Qualification	Set out in the explanatory statement of the Notice
Expertise in specific functional areas	Extensive experience and leadership in pharmacy business
Directorships held in other companies (excluding foreign companies and Section 8 companies)	Nil*
Memberships / Chairmanships of committees of other companies	Nil*
Number of shares held in the Company	1167629
Number of Board Meetings attended during the year	5
Remuneration	Set out in the explanatory statement of the Notice
Disclosure of relationship with other Directors, Manager and other Key Managerial Personnel of the company	Not Applicable*

\* Due to demise, Shri. Narendra I. Gandhi ceased to be Director or Member of any Company/committee w.e.f. 10<sup>th</sup> July, 2019.

## 3. Shri Kunal N Gandhi

Name of Director	Shri Kunal N Gandhi
Date of Birth	5 <sup>th</sup> April, 1987
Date of Appointment	12 <sup>th</sup> February, 2019
Qualification	Set out in the explanatory statement of the Notice
Expertise in specific functional areas	Set out in the explanatory statement of the Notice
Directorships held in other companies (excluding foreign companies and Section 8 companies)	1. Lyka BDR International Limited 2. Enai Trading and Investment Private Limited 3. Lyka Exports Limited 4. Lyka Animal Healthcare Limited 5. Lyka Healthcare Limited
Memberships / Chairmanships of committees of other companies	Member in Audit Committee and Nomination & Remuneration Committee of Lyka BDR International Limited and Chairman in Stakeholder Relationship and Share Transfer Committee of Lyka Exports Limited
Number of shares held in the Company	956642
Number of Board Meetings attended during the year	Not Applicable (NA)*
Remuneration	Set out in the explanatory statement of the Notice
Disclosure of relationship with other Directors, Manager and other Key Managerial Personnel of the company	Smt. Nehal N Gandhi, Director (Mother)

\*NA as Shri Kunal N Gandhi was appointed as Additional Director w.e.f. 12<sup>th</sup> February, 2019 and thereafter no Board Meeting was conducted till 31<sup>st</sup> March, 2019.



#### 4. Shri. Vinod S Shanbhag

Name of Director	Shri Vinod S Shanbhag
Date of Birth	27 <sup>th</sup> July, 1953
Date of Appointment	1 <sup>st</sup> November, 2018
Qualification	Set out in the explanatory statement of the Notice
Expertise in specific functional areas	Experience of more than 27 years in the field of Financial Sector
Directorships held in other companies (excluding foreign companies and Section 8 companies)	1. Lyka Exports Limited 2. Placecord Consultants Private Limited 3. Lyka BDR International Ltd
Memberships / Chairmanships of committees of other companies	Member in Stakeholder Relationship and Share Transfer Committee of Lyka Exports Limited and Member in Audit Committee and Nomination & Remuneration Committee of Lyka BDR International Ltd
Number of shares held in the Company	500
Number of Board Meetings attended during the year	1
Remuneration	Sitting fees for attending Board Meeting and Audit Committee Meeting.
Disclosure of relationship with other Directors, Manager and other Key Managerial Personnel of the company	Nil

#### 5. Shri Atit N Shukla

Name of Director	Shri Atit N Shukla
Date of Birth	19 <sup>th</sup> May, 1985
Date of Appointment	12 <sup>th</sup> February, 2019
Qualification	Set out in the explanatory statement of the Notice
Expertise in specific functional areas	Set out in the explanatory statement of the Notice
Directorships held in other companies (excluding foreign companies and Section 8 companies)	1. Lyka BDR International Limited 2. Lyka Exports Limited
Memberships / Chairmanships of committees of other companies	Member in Audit Committee and Nomination & Remuneration Committee of Lyka BDR International Limited and Member in Stakeholder Relationship and Share Transfer Committee of Lyka Exports Limited
Number of shares held in the Company	Nil
Number of Board Meetings attended during the year	6
Remuneration	Sitting fees for attending Board Meeting and Audit Committee Meeting
Disclosure of relationship with other Directors, Manager and other Key Managerial Personnel of the company	Nil

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

### **Item No. 5**

The members of the Company had, at their 38<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2017, appointed M/s. Mehta Chokshi & Shah, Chartered Accountants, as Statutory Auditors of the Company for a term of 5 years. However, M/s. Mehta Chokshi & Shah have resigned with effect from 9<sup>th</sup> August, 2019. In order to fill up such casual vacancy, the Board of Directors of the Company at their meeting held on 9<sup>th</sup> August, 2019 appointed M/s. D. Kothary & Co., Chartered Accountants as Statutory Auditors of the Company with effect from 10<sup>th</sup> August, 2019 till the conclusion of 40<sup>th</sup> Annual General Meeting. As per the provisions of Companies Act, 2013 read with rules made thereunder a casual vacancy caused due to resignation of Statutory Auditor need to be approved by the members in a general meeting within three months. Accordingly, on the recommendation of the Audit Committee, the Board of Directors have proposed the following for the approval of shareholders:

- i. Appointment M/s. D. Kothary & Co., Chartered Accountants as Statutory Auditors of the Company from 10<sup>th</sup> August, 2019 till the conclusion of 40<sup>th</sup> Annual General Meeting; and
- ii. Appointment M/s. D. Kothary & Co., Chartered Accountants as Statutory Auditors of the Company for a period of 5 years from the conclusion of 40<sup>th</sup> Annual General Meeting till the conclusion of 45<sup>th</sup> Annual General Meeting.

#### Credentials of M/s. D. Kothary & Co., Chartered Accountants:

D. Kothary & Co. commenced its business in 1989 under its founder Mr. Dhiren Kothary to provide Professional Service in the field of Audit, Tax and Advisory. Since inception, the firm has built its credential and knowledge with expert advisory across various sector under the guidance of their experienced partners. The firm has built a reputation in knowledge driven advisory to support organisations with Audit, Internal and Process Assurance, IS Audit, Tax and Corporate Law services. The firm has assisted and advised large number of companies from various sectors in last 29 years.

The proposed fees payable to D. Kothary & Co. is Rs. 11,50,000/- p.a There is no material change in the fee payable to D. Kothary & Co, statutory auditor from what was paid to the outgoing statutory auditor.

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

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

### **Item No. 6**

Pursuant to Section 148 of the Companies Act, 2013, and Rule 14 of Companies (Audit and Auditors) Rules, 2014, M/s. Kirit Mehta & Associates, Cost Accountants have been appointed as a Cost Auditor for conducting Cost Audit of Pharmaceutical Products of the Company for the financial year 2019-20. Their appointment as Cost Auditor and payment of remuneration of Rs. 1,25,000/- was considered by the Board on the recommendation by the Audit Committee. However, payment of remuneration to Cost Auditor for the financial year 2019-20 requires to be ratified by the shareholder of the Company.

The Board of Directors recommends the resolution as mentioned at Item No. 6 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. 7**

The Board of Directors based on recommendations of Nomination and Remuneration Committee has appointed Shri Vinod S Shanbhag (DIN: 00555709), who is meeting the criteria as Independent Director, as Additional Director to the Board. He holds the office till 40<sup>th</sup> Annual General Meeting. His appointment as Independent Director is proposed for a period of 3 (three) year from 40<sup>th</sup> Annual General Meeting. He is not liable to retire by rotation under Section 149 of the Companies Act, 2013. His appointment is subject to approval by the members.

Shri Vinod S Shanbhag is not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Independent Director of the Company. The Company has also received a declaration from him that he meets the criteria of Independence as prescribed under sub section (6) of Section 149 of the Companies Act, 2013. In the opinion of the Board, Shri Vinod S Shanbhag, who is proposed to be appointed as Independent Director of the Company, fulfils the conditions specified in



---

the Companies Act, 2013 and the rules made thereunder and he is independent of the management. The brief particulars of Shri. Vinod S Shanbhag are as follows:

Shri. Vinod S Shanbhag , Age 66 years, B.Com, is having vast experience and knowledge of more than 27 years in financial sector and has capacity to hold responsibilities and challenges for development and growth of the Company. Considering his knowledge, skill and experience, appointment of Shri Vinod S Shanbhag will be beneficial to the Company.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India are set out in the notes above.

The Board of Directors recommend the resolution as mentioned at Item No. 7 of the notice for your approval.

Except Shri Vinod S Shanbhag, none of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the passing of the said resolution.

**Item No. 8**

The Board of Directors based on recommendations of Nomination and Remuneration Committee has appointed Shri Atit N Shukla (DIN: 07238247), who is meeting the criteria as Independent Director, as Additional Director to the Board. He holds the office till 40<sup>th</sup> Annual General Meeting. His appointment as Independent Director is proposed for a period of 2 (two) year from 40<sup>th</sup> Annual General Meeting. He is not liable to retire by rotation under Section 149 of the Companies Act, 2013. His appointment is subject to approval by the members.

Shri Atit N Shukla is not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Independent Director of the Company. The Company has also received a declaration from him that he meets the criteria of Independence as prescribed under sub section (6) of Section 149 of the Companies Act, 2013. In the opinion of the Board, Shri Atit N Shukla, who is proposed to be appointed as Independent Director of the Company, fulfils the conditions specified in the Companies Act, 2013 and the rules made thereunder and he is independent of the management. The brief particulars of Shri. Atit N Shukla are as follows:

Shri Atit N Shukla, Age 34 years, LLB from Government Law College, is a practicing Counsel (Litigation Matters) in High Court. His main areas of Practice are Corporate, Commercial, Property, Intellectual Property, Banking, Constitutional, Admirally, Arbitration and Matters pertaining to personal laws. Considering his knowledge, skill and experience, appointment of Shri Atit N Shukla will be beneficial to the Company.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India are set out in the notice.

The Board of Directors recommend the resolution as mentioned at Item No. 8 of the notice for your approval.

Except Shri Atit N Shukla, none of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the passing of the said resolution.

**Item No. 9**

Shri N I Gandhi has worked with the Company for more than 40 years and was Lyka Labs Limited's Managing Director since 1994. Shri N I Gandhi was re-appointed as Managing Director of the Company for a period of 5 years from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2019. Considering the valuable contributions made by Shri N I Gandhi, the Board of Directors of the Company, on recommendations of Nomination and Remuneration Committee, at their meeting held on 12<sup>th</sup> February, 2019 re – appointed Shri. N I Gandhi as Managing Director of the Company for a period of 5 years w.e.f. 1<sup>st</sup> April, 2019, subject to approval of shareholders and such other approvals as may be required. However, Shri. N I Gandhi passed away on 10<sup>th</sup> July, 2019, hence, the present proposal is to seek the Shareholders' approval for the re-appointment of Shri N I Gandhi as the Managing Director from 1<sup>st</sup> April, 2019 to 10<sup>th</sup> July, 2019 in terms of the applicable provisions of the Companies Act, 2013 and the terms and conditions as set out hereunder:

The remuneration shall be categorized as follows:-

# Lyka Labs Limited

## **Salary:**

1. Rs.2,60,000/- p.m. with an authority to the Board of Directors to revise the salary from time to time as, may be recommended by the Nomination and Remuneration Committee within the limits prescribed under Schedule V of the Companies Act, 2013 as may be applicable.

## **Perquisites and Allowances:**

i.	<b>Housing &amp; other amenities:</b>	The Company will provide fully furnished accommodation and will pay house rent and maintenance allowance, Society charges, Repairing and expenses on Gas, Electricity and Water not exceeding Rs.40,000/- p.m
ii.	<b>Soft Furnishing and Hard Furnishing Allowance:</b>	Rs. 8,500/- p.m. separately for Soft Furnishing and Hard Furnishing.
iii.	<b>Medical reimbursement:</b>	Payable monthly but not exceeding Rs.50,000/- p.a. incurred by him and his family. Any medical expenses paid over and above the ceiling specified under Income Tax Act shall be subject to tax.
iv.	<b>Newspaper Allowance :</b>	Rs.1,500/- p.m.
v.	<b>Leave Travel Concession :</b>	Not exceeding one month salary.
vi.	<b>Annual Club Membership Fees :</b>	Annual Club Membership Fees shall be paid upto Rs. 60,000/- p.a.
vii.	<b>Medical &amp; Personal Accident Insurance :</b>	Coverage of Mediclaim & Personal Accident Insurance as per policy of the Company.
viii.		Provision of a car with driver and telephone, Mobile, Ipad, Computers and other communication facilities at residence for official purpose.
ix.		Contribution to Provident Fund, Superannuation Fund, and Annuity Fund as per rules of the Company.
x.		The Gratuity payable shall not exceed half a month's salary for each completed year of service.

Perquisites mentioned at sr. no vii to x above are not included in the ceiling on remuneration. Reimbursement of Traveling and Accommodation Expenses actually incurred within India and abroad for business purposes of the Company shall not be considered as Perquisites. The above may be treated as a written memorandum setting out the terms & conditions of appointment of Shri N I Gandhi under Section 190 of the Act.

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

Shri N I Gandhi has satisfied all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 (including any amendments thereto) as also the conditions set out under sub-section (3) of Section 196 of the Companies Act, 2013 for being eligible for re-appointment. Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the note no. 18 of this Notice. Since, the Company has no profit or inadequate profit, approval of shareholders by passing Special Resolution is required for payment of proposed remuneration to him. Accordingly, consent of the Members is sought for passing Special Resolution as set out in this item of the Notice for re-appointment of Shri N I Gandhi as Managing Director of the Company w.e.f. 1<sup>st</sup> April, 2019 upto 10<sup>th</sup> July, 2019.

The Company is engaged in the pharmaceutical business since its incorporation in 1976. During the year under review, the total revenue earned by the Company was Rs. 4376.09 lakhs and Net Profit of the Company was Rs. 182 lakhs. Detailed Financial performance of the Company has been explained

---

in the Directors Report for the year ended 31st March, 2019. Taking into consideration the size of the Company, the profile, knowledge, skills and responsibilities shouldered by Shri N I Gandhi, the Board on recommendation of Nomination and remuneration Committee, proposed the remuneration to be paid to Shri N I Gandhi which will be commensurate with the remuneration packages paid in the comparable companies.

The Company has not made any Foreign Investments and neither entered into any collaborations during the year.

During the financial year the company is having profit however the profit is inadequate for payment of managerial remuneration.

Steps taken or proposed to be taken for improvement

with overall growth of lyophilized product market, demand for lyophilized injectables are expected to increase. Company proposes to enhance and improve it's existing infrastructure in order to cater the increased requirement for lyophilized products. The Company plans to initiate further international GMP approvals from PICS and EU for its current manufacturing facility. With these GMP approvals, Company looks forward to expand it's global business. The Company tends to grow its business by entering into new business relationship with large and medium scale pharmaceutical companies in the cosmeceuticals, dermatology and injectables segment.

Barring unforeseen circumstances, the Company hopes to increase the revenue and profits by improved margins in next few years.

The Board of Directors recommend the resolution as mentioned at Item No. 9 of the notice for your approval.

Smt. Nehal N Gandhi and Shri Kunal N Gandhi may be considered as concerned or interested in the same, being relatives of Shri N I Gandhi. None of the other Directors and Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, in the said resolution.

#### **Item No. 10 and 11**

Shri Kunal N. Gandhi, aged 32 years, has done Master of Science from Lancaster University, Lancaster, U.K. He was appointed as Vice President – Business Development of the Company w.e.f 1st April 2010 and as Chief Executive Officer (CEO) of the Company w.e.f. 1<sup>st</sup> January, 2016. During his tenure, he has expanded business of the Company by introducing new clients and new products. He was instrumental in expanding business of the Company with overseas entities by entering into “Technical Know how” Agreement with companies based in Indonesia and Turkey. He has given a new dimension to the Company by diversifying the business into Cosmetology and Dermatology products which have provided better returns. Considering the valuable contribution made by him, the Board of Directors at their meeting held on 12<sup>th</sup> February, 2019, on recommendation of Nomination and Remuneration Committee appointed him as an Additional Director of the Company and also designated him as Joint Managing Director (JMD) of the Company for period of five years commencing from 12<sup>th</sup> February, 2019, subject to approval of the shareholders and such other approvals as may be required, on such remuneration as mentioned in below table and other terms and conditions as contained in the agreement. Last drawn remuneration of Shri Kunal N Gandhi before his appointment as Joint Managing Director was Rs. 57,00,000/-.

As a consequence of unexpected demise of Shri N I Gandhi, Chairman and Managing Director of the Company on 10<sup>th</sup> July, 2019, the Board of Directors, on recommendation of the Nomination and Remuneration Committee, approved the change in designation of Shri Kunal N Gandhi from Joint Managing Director to Managing Director of the Company w.e.f. 11<sup>th</sup> July, 2019 for his remaining term, subject to approval of the members at 40<sup>th</sup> Annual General Meeting and such other approvals as may be required.

In view of the increased responsibilities of Shri Kunal N Gandhi as Managing Director, the Board of Directors on recommendation of Nomination and Remuneration Committee, have proposed to increase the remuneration of Shri Kunal N Gandhi as mentioned in below table for a period of three years w.e.f. 11<sup>th</sup> July, 2019, as per the provisions of Sections 196, 197, read with schedule V of the Companies Act, 2013 and all other provisions as may be applicable from time to time.

# Lyka Labs Limited

The details of remuneration payable to Shri Kunal N Gandhi are set out below:

Sr. No.	Particulars	Remuneration Payable to Shri Kunal N Gandhi as Joint Managing Director from 12 <sup>th</sup> February, 2019 to 10 <sup>th</sup> July 2019	Remuneration Payable to Shri Kunal N Gandhi as Managing Director for the period of three years w.e.f. 11 <sup>th</sup> July, 2019
i.	Basic	The Company will provide basic salary of Rs. 4,04,000/- p.m	Rs. 7,20,000/- p.m.
ii.	Soft Furnishing Reimbursement	Rs. 17,100 p. m separately for Soft Furnishing.	-
iii.	Hard Furnishing Reimbursement	Rs. 17,085 p.m. separately for Hard Furnishing.	-
iv.	Medical Allowance	Coverage of Mediclaim of Rs. 1,815 p.m	as per company's policy
v.	LTA	Leave Travel Allowance of Rs. 30,000 p.m	Rs. 3,00,000/- p.a.
vi.	Annual Club Membership	Annual Club Membership for 2 clubs shall be paid upto Rs.60,000/- p.a.	Annual Club Membership for 2 clubs shall be paid upto Rs.60,000/- p.a.
vii	Housing & other amenities:	-	The Company will provide fully furnished accommodation and will pay house rent and maintenance allowance, Society charges, Repairing and expenses on Gas, Electricity and Water not exceeding Rs.75,000/- p.m
viii	Shri Kunal N Gandhi will be provided a car with a driver.		Provision of a car with driver and telephone, Mobile Ipad, Computer and other communication facilities at residence for official purpose.
ix.	Contribution to Provident Fund, Superannuation Fund and	Gratuity as per rules of the Company.	

Perquisites mentioned at sr. no vii to ix above are not included in the ceiling on remuneration. Reimbursement of Traveling and Accommodation Expenses actually incurred within India and abroad for business purposes of the Company shall not be considered as Perquisites.

## **Other Terms and Conditions:**

The terms and conditions of the said re-appointment and/or agreement may be altered, amended, varied and modified from time to time by the Board or Committee thereof as it may be permissible and if deem fit, within the limits prescribed in Schedule V to the Companies Act, 2013 or any subsequent amendments or modifications made thereto.

The Company is engaged in the pharmaceutical business since its incorporation in 1976. During the year under review, the total revenue earned by the Company was Rs. 4376.09 lakhs and Net Profit of the Company was Rs. 182 lakhs. Detailed Financial performance of the Company has been explained in the Directors Report for the year ended 31st March, 2019. Taking into consideration the size of the Company, the profile, knowledge, skills and responsibilities shouldered by Shri Kunal N Gandhi, the Board on recommendation of Nomination and remuneration Committee, proposed the remuneration to be paid to Shri Kunal N Gandhi which will be commensurate with the remuneration packages paid in the comparable companies.

The Company has not made any Foreign Investments and neither entered into any collaborations during the year.

During the financial year the company is having profit however the profit is inadequate for payment of managerial remuneration.

Steps taken or proposed to be taken for improvement

with overall growth of lyophilized product market, demand for lyophilized injectables are expected to increase.

Company proposes to enhance and improve its existing infrastructure in order to cater the increased requirement for lyophilized products. The Company plans to initiate further international GMP approvals from PICS and EU for its current manufacturing facility. With these GMP approvals, Company looks forward to expand its global business. The Company tends to grow its business by entering into new business relationship with large and medium scale pharmaceutical companies in the cosmeceuticals, dermatology and injectables segment.

Barring unforeseen circumstances, the Company hopes to increase the revenue and profits by improved margins in next few years.

Shri Kunal N Gandhi satisfied all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 (including any amendments thereto) as also the conditions set out under sub-section (3) of Section 196 of the Companies Act, 2013 for being eligible for appointment as Joint Managing Director and re designation as Managing Director of the Company. Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the note no. 18 of this Notice. Since, the Company has no profit or inadequate profit, approval of shareholders by passing Special Resolution is required for payment of proposed remuneration to him.

Draft agreement is open for inspection by the Members at the Registered Office of the Company during 11.00 am to 5.00 pm on all working days up to date of Meeting. A copy of the draft agreement will also be available for inspection at the corporate office of the Company on the days and during the time aforesaid and as well as at the meeting.

The approval of the Members is now sought for:

1. Appointment of Shri Kunal Gandhi as Joint Managing Director of the Company w.e.f. 12th February, 2019 upto 10<sup>th</sup> July, 2019; and
2. Change in designation of Shri Kunal Gandhi from Joint Managing Director to Managing Director of the Company and upward revision in his Remuneration from 11<sup>th</sup> July, 2019.

The Board of Directors recommend the resolution as mentioned at Item No. 10 and 11 of the notice for your approval.

Smt. Nehal N Gandhi may be considered as concerned or interested in the same, being relatives of Shri Kunal N Gandhi. Except Shri Kunal N Gandhi and his relative, none of the other Directors and Key Managerial Personnel of the Company are in any way concerned or interested, in the said resolution.

**Item No. 12**

Current Article 130 of Articles of Association of the Company states that “The Managing Director shall act as the chairperson of the Board Meeting and the General Meeting to conduct the affairs of the meeting.”

Subsequent to Shri N I Gandhi’s demise, it is proposed to appoint Smt Nehal N Gandhi as Chairman. Hence, it is proposed to substitute the existing Article 130 with the following:

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

The Board at its meeting held on 9<sup>th</sup> August, 2019 has considered alteration of the Articles of Association of the Company and the Board now seek Members’ approval for the same.

Articles of Association of the Company together with the proposed alterations are open for inspection by the Members at the Registered Office of the Company during 11.00 am to 5.00 pm on all working days up to date of Meeting. A copy of Articles of Association of the Company together with the proposed alterations will also be

# Lyka Labs Limited

---

available for inspection at the corporate office of the Company on the days and during the time aforesaid and as well as at the meeting.

The Board of Directors recommend the resolution as mentioned at Item No. 12 of the notice for your approval.

None of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested or otherwise in the above resolution.

## **Item No. 13 & 14**

The Company proposes to increase authorised share capital of the Company to facilitate any fund raising in future via issue of further equity shares on preferential basis/ Qualified Institutional Placement (QIP)/compulsorily or optionally Convertible Debentures or any other securities in one or more combination thereof.

In view of that, the Company proposes to increase the existing authorised equity capital from Rs. 32,00,00,000/- (Rupees Thirty Two Crores only) divided in to 3,00,00,000 (Three Crores) equity shares of Rs. 10/- each and 2,00,000 (Two Lacs) redeemable preference shares of Rs. 100/- each to Rs. 42,00,00,000/- (Rupees Forty Two Crores only) divided in to 4,00,00,000 (Four Crores) equity shares of Rs. 10/- each and 2,00,000 (Two Lacs) redeemable preference shares of Rs. 100/- each by creating additional 1,00,00,000 (One Crore) equity shares of Rs. 10/- each.

The proposed increase in Authorised Capital will consequently require alteration in Capital clause V of Memorandum of Association of the Company.

The Ordinary resolution is therefore proposed at item no. 13 of the notice to increase the Authorised Share Capital of the Company and Special resolution is proposed at item no 14 of the notice for making necessary alterations in Capital clause V of Memorandum of Association of the Company.

The Memorandum of Association of the Company together with the proposed alterations are open for inspection by the Members at the Registered Office of the Company during 11.00 am to 5.00 pm on all working days up to date of Meeting. A copy of Memorandum of Association of the Company together with the proposed alterations will also be available for inspection at the corporate office of the Company on the days and during the time aforesaid and as well as at the meeting.

The Board of Directors recommend the resolutions as mentioned at Item No. 13 and 14 of the notice for your approval.

None of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested or otherwise in the above resolution.

## **Item No. 15**

The Company is engaged in manufacturing and dealing / trading of Pharmaceutical Products. During the course of business, the Company is required to sell, purchase or supply of any goods or material directly or through appointment of agents and leasing of the propertie(s) to its subsidiaries namely, Lyka BDR International Ltd., Lyka Exports Ltd. and Lyka Healthcare Ltd and its related party, Lyka Animal Healthcare Ltd who are all considered as the Related Parties within the meaning of Section 2(76) of the Companies Act, 2013 and Regulation 23 of (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Considering the future business projections, the transaction of sell, purchase or supply of any goods, materials, services, dossiers, brands, patents directly or through agents and selling or otherwise disposing of or buying, renting and leasing of the propertie(s) to Lyka BDR International Ltd, Lyka Export Ltd and Lyka Healthcare Ltd and Lyka Animal Healthcare Ltd (Related Parties), the value of which is estimated at Rs. 50 crores, Rs. 25 crores, Rs. 25 crores and Rs. 25 crores respectively in a financial year which might exceed the limit prescribed under Section 188 of the Companies Act, 2013 read with rules framed thereunder and/or limit prescribed under Regulation 23 of (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors recommends the resolution as mentioned at Item No. 15 of the notice for your approval.

Shri Atit N Shukla Director of the Company is also a Director in Lyka BDR International Ltd and Lyka Export Ltd and Shri Vinod Shanbhag Director of the Company is also a Director in Lyka Exports Limited and Lyka BDR International Ltd and Shri Kunal N Gandhi, Managing Director of the Company, is also a Director in Lyka BDR





International Ltd, Lyka Exports Ltd, Lyka Animal Healthcare Ltd and Lyka Healthcare Ltd. and Smt. N N Gandhi, Director of the Company is also a relative of Shri Kunal N Gandhi are deemed to be considered as an interested director in the transactions with the related parties.

None of the Directors or Key Managerial Personnel other than Shri Kunal N Gandhi, Shri Atit N. Shukla, Shri Vinod Shanbhag and Smt. N. N. Gandhi, and their relatives are concerned or interested, in the above resolution.

By Order of the Board

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

Raj T Trivedi  
Company Secretary

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 14<sup>th</sup> September, 2019 at 10.00 am and ends on 17<sup>th</sup> September, 2019 at 5.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 11<sup>th</sup> September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.

# Lyka Labs Limited

---

- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Lyka Labs Ltd on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

By Order of the Board

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

Raj Trivedi  
Company Secretary





## REPORT OF THE BOARD OF DIRECTORS

To,  
The Members,  
**Lyka Labs Limited**

Your Directors are pleased to present their Fortieth Annual Report and the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2019.

### 1. FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2019	For the Year ended 31.03.2018
Total revenue	4376.09	4438.30
Profit/(loss) before Interest, provision for depreciation & Taxes and Write offs	359.7	(24.96)
Less: Interest	573.24	613.47
Operational Profit before Depreciation	(213.53)	(638.43)
Less: Depreciation	443.86	(630.89)
Exceptional Items (Net)	(52.68)	147.12
Less: Tax Expenses	(883.37)	(38.26)
Less: Other Comprehensive Income	8.71	29.71
Profit/(loss) for the year	182.00	(1113.65)

### 2. DIVIDEND

No Dividend was declared for the financial year ended 31<sup>st</sup> March, 2019 as the Company wants to plough back the profit for its working capital requirements.

### 3. RESERVE

Rs. 182 Lakhs was transferred to Reserves during the financial year ended 31<sup>st</sup> March, 2019.

### 4. OPERATIONS

During the year under review, the total revenue earned by the Company was Rs. 4376.09 lakhs as against total revenue of Rs. 4438.30 lakhs of previous year ended 31<sup>st</sup> March, 2018. The Company has reported Net Profit of Rs. 182 lakhs for the year ended 31<sup>st</sup> March, 2019 as against Net Loss of Rs. 1113.65 lakhs for the previous year ended 31<sup>st</sup> March, 2018.

### 5. KEY FEATURES

- The Company is engaged in the research, manufacturing and marketing of formulations. Company also manufactures formulations on P to P basis.
- Highest standards of principles and practices are followed in production and testing of formulations.
- The Company manufactures Products of various categories including cosmeceuticals, external preparations, dry powder injections, liquid and lyophilized injectable preparations.
- The Production of lyophilized injections including lyophilized bulk with outstanding output has been one of the important key features of the company.

### 6. FUTURE OUTLOOK

- With overall growth of lyophilized product market, demand for lyophilized injectables are expected to increase. Company proposes to enhance and improve it's existing infrastructure in order to cater the increased requirement for lyophilized products.
- During the year under review, the Company has received GMP approval from Philippines. The

Company plans to initiate further international GMP approvals from PICS and EU for its current manufacturing facility. With these GMP approvals, Company looks forward to expand its global business.

- c. The Company tends to grow its business by entering into new business relationship with large and medium scale pharmaceutical companies in the cosmeceuticals, dermatology and injectables segment.

## **7. DIRECTORS**

### **A. BOARD DIVERSITY**

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

### **B. BOARD MEETING**

During the year, Seven Board Meetings were held. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report.

### **C. POLICY ON APPOINTMENT AND REMUNERATION POLICY**

The Company has appropriate mix of Executive, Non- Executive and Independent Directors. As on 31<sup>st</sup> March, 2019, the Board consist of 6 Directors, two are Executive Directors, one is Non-Executive Director and three are Independent Directors.

### **D. DECLARATION BY INDEPENDENT DIRECTORS**

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

### **E. RETIREMENT BY ROTATION**

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

### **F. INDEPENDENT DIRECTORS FAMILIARIZATION PROGRAMME**

The Company has framed policy on familiarization programme. The Independent Directors are familiarized with company's operation. They are provided with financial and other information in the Board Meeting. They are also appraised about their role and function. This will help them to effectively discharge their responsibilities. Independent Directors have visited our factory/plant located at Ankleshwar, Gujarat and they were also familiarised with production operations of the Company.

### **G. EVALUATION OF BOARD, COMMITTEES AND DIRECTORS**

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

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

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

---

## H. 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.

## I. CHANGES IN THE BOARD AND KMP

During the year under review, following changes took place at the closure of the Financial Year:

1. Smt. Neha Thakore (DIN No: 00893957) was appointed as an Additional Independent Director w.e.f 5<sup>th</sup> April, 2018 and is appointed as an Independent Director w.e.f 29<sup>th</sup> September, 2018.
2. Shri. Piyush G Hindia, Company Secretary and Compliance Officer has retired after closing hours of 5<sup>th</sup> April, 2018.
3. Shri. Dinesh J Darji was appointed as Company Secretary and Compliance Officer w.e.f 6<sup>th</sup> April, 2018 and has resigned w.e.f 30<sup>th</sup> November, 2018.
4. Shri. Vinod Shanbhag (DIN No: 00555709) is appointed as an Additional Independent Director w.e.f 1<sup>st</sup> November, 2018.
5. Shri. Raj T. Trivedi is appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 1<sup>st</sup> December, 2018.
6. Shri Yatin Shah (DIN No: 07155634), Shri Atit Shukla (DIN No: 07238247) and Shri Ajit Bagadia (DIN No: 07229868) completed their tenure as Independent Directors on 29<sup>th</sup> December, 2018.
7. Shri. Kunal Narendra Gandhi (DIN: 01516156) is appointed as Joint Managing Director of the Company w.e.f 12<sup>th</sup> February, 2019.
8. Shri. Atit Shukla (DIN: 07238247) is appointed as an Additional Independent Director of the Company w.e.f 12<sup>th</sup> February, 2019.

## 8. AUDITORS

### A. STATUTORY AUDITOR

The members of the Company had, at their 38<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2017, appointed M/s. Mehta Chokshi & Shah, Chartered Accountants, as Statutory Auditors of the Company for a term of 5 years. However, M/s. Mehta Chokshi & Shah have resigned with effect from 9<sup>th</sup> August, 2019. In order to fill up such casual vacancy, the Board of Directors of the Company at their meeting held on 9<sup>th</sup> August, 2019 appointed M/s. D. Kothary & Co., Chartered Accountants as Statutory Auditors of the Company with effect from 10<sup>th</sup> August, 2019 till the conclusion of 40<sup>th</sup> Annual General Meeting. Accordingly, on the recommendation of the Audit Committee, the Board of Directors have proposed the following for the approval of shareholders:

- i. Appointment of M/s. D. Kothary & Co., Chartered Accountants as Statutory Auditors of the Company from 10<sup>th</sup> August, 2019 till the conclusion of 40<sup>th</sup> Annual General Meeting; and
- ii. Appointment of M/s. D. Kothary & Co., Chartered Accountants as Statutory Auditors of the Company for a period of 5 years from the conclusion of 40<sup>th</sup> Annual General Meeting till the conclusion of 45<sup>th</sup> Annual General Meeting.

### B. BRANCH AUDITOR

M/s. M.I. Shah & Co., Chartered Accountants (Firm Registration No. 119025W), were appointed as Branch Auditor of the Company in 38<sup>th</sup> Annual General Meeting to hold office till the conclusion of the 43<sup>rd</sup> Annual General Meeting, subject to ratification of their appointment by the Shareholders in each of the subsequent Annual General Meetings.

Accordingly, the appointment of M/s. M.I. Shah & Co, as Branch Auditors of the Company, will be placed for ratification of the shareholders at the ensuing Annual General Meeting. Company

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

## **C. COST AUDITOR**

Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules 2014, as amended from time to time, the cost audit records maintained by the Company are required to be audited by cost accountant. The Company has appointed M/s. Kirit Mehta & Associates, Cost Accountant (Firm Registration No. 000048) to audit the cost records of the Company for the financial year 2019-20. The remuneration payable to them is required to be ratified by the Shareholders at the ensuing Annual General Meeting and accordingly, a resolution seeking ratification has been included as Item No. 6 of the Notice convening the Annual General Meeting.

## **D. SECRETARIAL AUDITOR**

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

## **9. MATERIAL CHANGES AND COMMITMENT AFTER THE END OF THE FINANCIAL YEAR WHICH HAVE IMPACT ON FINANCIAL POSITION**

There are no material changes and commitment after the end of the financial year which have impact on financial position of the Company.

## **10. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATION OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

### **AUDITORS QUALIFICATION:**

Due to defaults in repayment of temporary Overdraft taken from Bank by a subsidiary i.e. Lyka BDR International Limited, the account of the subsidiary has been classified as Non-performing Asset by the bank, due to which the bank has not charged the interest from the date the account has been classified as Non-performing. No provision has been made in the books of accounts maintained by the subsidiary for Interest/penal interest, if any, on this temporary Overdraft amounting to about Rs. 20,65,581/- (approx.), hence to that extent, finance cost, total loss and current financial liabilities is estimated to be understated by about Rs. 20,65,581/- for the financial year ending March 31, 2019.

### **MANAGEMENT EXPLANATION:**

As the account is classified as NPA, the Bank has not debited the interest, hence not provided. The NPA account shall be settled as per ongoing negotiation with bank.

## **11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

## **12. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

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

## **13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans and guarantees given by the Company during the year under review and details of Investment made under Section 186 of the Companies Act, 2013 are given in the notes to the Balance Sheet.

---

#### **14. DETAILS OF ESTABLISHMENT OF WHISTLE BLOWER CUM VIGIL MECHANISM POLICY DIRECTORS AND EMPLOYEES:**

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

#### **15. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

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

The particulars of Contracts or Arrangements made with related parties pursuant to Section 188 of the Companies Act, 2013 is attached to this report as per "**Annexure C**".

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

#### **16. 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](http://www.lykalabs.com).

#### **17. ANNUAL RETURN**

The extracts of Annual Return of the Company as on 31<sup>st</sup> March, 2019 in form MGT-9 in accordance with section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 is available on the website of the Company [www.lykalabs.com](http://www.lykalabs.com) and is set out in "**Annexure D**" to this Report.

#### **18. DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

## 19. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

### LYKA BDR INTERNATIONAL LIMITED (LBDR)

Lyka Labs Ltd is holding 65.22% of the Issued capital of Lyka BDR International Limited. During the period under review, the total sales earned by the Company was Rs. 2811.88 Lakhs as against total sales of previous year of Rs. 2186.11 Lakhs. The Company has reported Net Loss of Rs. 128.72 Lakhs as against Net Loss of Rs. 501.34 Lakhs of previous financial year.

### LYKA EXPORTS LIMITED (LEL)

Lyka Labs Ltd is holding 72.80% of Issued capital of Lyka Exports Limited. During the year, the Company has reported total sales of Rs. 1033.29 Lakhs as against total sales of Rs. 503.23 Lakhs of previous financial year and Net Loss of Rs. 76.38 Lakhs as against Net profit of Rs. 4.95 Lakhs in previous financial year.

### LYKA HEALTHCARE LIMITED (LHL) - WHOLLY OWNED SUBSIDIARY

Lyka Labs Limited is holding 100% of Issued Capital of Lyka Healthcare Limited. During the year under review, the Company has reported total sales of Rs. 1004.33 Lakhs as against total sales of Rs. 1357.71 Lakhs of previous financial year and Net Loss after Tax is Rs. 554.39 Lakhs as against Net Loss of Rs. 320.16 Lakhs in previous financial year.

Performance and financial position of each of the above mentioned subsidiaries for the year ended 31<sup>st</sup> March, 2019 is attached in 'Annexure E' and forms part of this report.

## 20. DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY STATEMENT:

Corporate Social Responsibility is not applicable to the Company.

## 21. SCHEME OF MERGER (BY ABSORPTION)

A. The Board of Directors at their meeting held on 29<sup>th</sup> May, 2017 had approved the Scheme of Merger of Lyka Healthcare Limited, Wholly Owned Subsidiary ("the transferor") with Lyka Labs Limited, Holding Company ("the Transferee") and their respective shareholders (The Scheme of Amalgamation).

The Scheme was approved by Equity Shareholders, Preference Shareholder and Unsecured Creditors at their respective meetings held on 27<sup>th</sup> March, 2018. The meeting of Secured Creditors could not be proceeded with due to lack of quorum.

The Company's management is taking necessary steps to implement the merger.

B. The Board of Directors at their meeting held on 10<sup>th</sup> March, 2016 had resolved to merge Company's Subsidiary i.e. Lyka Exports Limited with it, effective from 1<sup>st</sup> April, 2015 ("Appointed Date") under the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 and SEBI circular No. CIR/CFD/CMD/16/2015 dated 30<sup>th</sup> November, 2015. Since then the "appointed date" of the said merger of Lyka Exports Limited was postponed to 1<sup>st</sup> April, 2017 by the Board of Directors at their meeting held on 30<sup>th</sup> August, 2017. However, boards of both the Companies have decided to call off the merger at their meeting held on 15<sup>th</sup> May, 2019 (Lyka Exports Limited) and 18<sup>th</sup> May, 2019.

## 22. DEPOSITS

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

Further, the Company has repaid fixed deposits accepted under Companies Act, 1956 as per CLB order.

As of 31<sup>st</sup> March, 2019, the company has unclaimed fixed deposits of Rs. 44,82,000/-.

---

### 23. DEBENTURES

During the year under review, the Company has not accepted any Debentures under the Companies Act, 2013.

As of 31<sup>st</sup> March, 2019, the Company has unclaimed debentures of Rs. 13,00,000/-

### 24. ONE TIME SETTLEMENT/ASSIGNMENT OF BANK LIABILITIES

#### Dena Bank:

Dena Bank has vide assignment agreement dated 4<sup>th</sup> September, 2018, assigned our entire loan account along with all underlying balances, rights and securities to International Asset Reconstruction Company Private Limited.

#### Kapol Co-operative Bank Ltd.

Kapol Co-operative Bank Ltd. has vide assignment agreement dated 26<sup>th</sup> December, 2018 assigned our entire loan account along with all underlying balances, rights and securities to International Asset Reconstruction Company Private Limited.

#### Bank of Maharashtra:

The Company has entered into One Time Settlement with the Bank of Maharashtra and arranged to make upfront payment of Rs. 11.00 Crores as settlement amount and Rs. 6.49 lakh as processing fees to the Bank.

### 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 AND PROHIBITION AND REDRESSAL) ACT, 2013.

The Company is complying with the Provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. A Committee has been set up to redress complaints received regarding Sexual harassments. No Complaints 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 and read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been annexed to this report as "Annexure F".

Further, the information as required under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, pertaining to the name and other particulars of employees is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy of such statement may write to the Company Secretary at the Company's Administrative Office at Mumbai.



## 29. CORPORATE GOVERNANCE

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

## 30. MANAGEMENT DISCUSSION ANALYSIS REPORT

Management Discussion and Analysis Report is attached in “**Annexure H**”.

## 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 has accordingly decided to send necessary communications to its Shareholders to their respective registered Email address.

The Company appeals to its Shareholders, who are yet to register the Email addresses that they take necessary steps for registering the same so that we can also become a part of the initiative and contribute towards Green Initiative.

## 32. ACKNOWLEDGEMENTS

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

**By the order of the Board**

**Nehal N Gandhi**  
**(DIN:00021580)**  
**Non-Executive Director**

**Kunal N. Gandhi**  
**(DIN:01516156)**  
**Managing Director**

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



---

**‘ANNEXURE A’**  
**SECRETARIAL AUDIT REPORT**  
**Form No. MR-3**

**For the financial year ended 31st March, 2019**

[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 2019 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, 2019 according to the provisions of:

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

# Lyka Labs Limited

---

- (vi) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major heads/groups of Acts, laws and Regulations as applicable to the Company are listed below:
- a. Factories Act, 1948;
  - b. Drugs & Cosmetics Act, 1940;
  - c. The Essential Commodities Act;
  - d. Income Tax Act and other Indirect Tax laws;
  - e. Boilers Act;
  - f. The Poisons Act;
  - g. The Drugs and Magical Remedies (Objectionable Advertisements) Act;
  - h. All Environmental related Acts & Rules;
  - i. Dangerous Drugs Act, 1940;
  - j. Industrial Disputes Act, 1947;
  - k. The Prevention of Food Adulteration Act, 1954;
  - l. All applicable Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc;

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

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

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

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period the review were carried out in compliance with the provisions of the act. Further we noted that Company has appointed Mr. Vinod Shridhar Shanbhag, Mr. Atit Nitin Shukla as additional Independent Director, Ms. Neha Anant Thakore appointed as Independent Director and Mr. Kunal Narendra Gandhi as Additional Director & designated him as Joint Managing Director of the Company.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and notes on agenda were also provided to Directors for meaningful participation at the meeting.

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

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

We further report that the during the year under review;

- 1) During the year under review, the company has received show cause notice and other notices from NSE for following reasons:
  - a) Show cause notice for non-compliance/delayed compliance with regulation 13(3) for the quarter ended December 31,2018. And penalty imposed by NSE Rs. 2360/- & Company has paid the same on 13.02.2019.

- 
- b) Show cause Notice for Non-Compliance/ delayed compliance of Listing Regulation 31 for quarter ended December 31,2018 and NSE penalty imposed Rs. 4720/- & Company has paid the same on 13.02.2019.
  - c) Notice issue by NSE on 24th July, 2018 for clarification on Quarterly submission of shareholding pattern for June 30, 2018 on which company given reply on 27.07.2018.
  - d) Notice issue by NSE for Observation In Consolidated Financial Result for the year ended 31st March 2018 on which company given Reply letter to NSE on 21.09.2018.
- 2) Company received Show cause notice and notice from BSE are following are there.
- a) Show cause notice for non-payment of arrears of annual Listing fees to BSE limited dated 19.02.2019, as per regulation 14 of SEBI (Listing Obligations And Disclosure Requirements 2015) and company has paid annual listing fees Rs. 1,95,000/- on 14.03.2019 and other outstanding fees Rs. 2,12,400/- on 11.04.2019.
  - b) Action taken by BSE, for Late-Submission of Statement on Investor Complaints for the Quarter ended December 2018 as per regulation 13(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, penalty imposed by BSE Rs.2360/- & Company has paid the same on 13.02.2019.
  - c) Action taken by BSE, for Late-Submission of Statement on Investor Complaints for the Quarter ended December 2018 as per regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, penalty imposed by BSE Rs.4720/- & Company has paid the same on 13.02.2019

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: 09<sup>th</sup> August 2019**

**For Kaushal Doshi & Associates**  
**Company Secretaries**

**Kaushal Doshi**  
**(Proprietor)**  
**ACS- 32178 / COP- 13143**

# Lyka Labs Limited

---

## 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. Where ever 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: 09<sup>th</sup> August 2019**

**For Kaushal Doshi & Associates  
Company Secretaries**

**Kaushal Doshi  
(Proprietor)**

**ACS- 32178 / COP- 13143**

**‘ANNEXURE B’**

Information under Section 134 of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014, and forming part of the Directors’ Report for the period ended 31<sup>st</sup> March, 2019

**Energy Conservation measures taken.**

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

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

The following measures are taken / being taken:

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

(3) Impact of measures taken:

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

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

Sr No	Particulars	Year ended 31 <sup>st</sup> March, 2019 (12 months)	Year ended 31 <sup>st</sup> March, 2018 (12 months)
<b>A.</b>	<b>POWER AND FUEL CONSUMPTION</b>		
1.	<b>Electricity</b>		
a.	Purchased		
	Units (in ‘000 kwh)	2265	1845
	Total Amount (Rs.in lacs)	170.21	140.85
	Rate per unit (Rs./kwh)	7.51	7.63
b.	Own Generation		
	i.Through Diesel Generator		
	Units (in ‘000 kwh)	47	43
	Units per litre of Diesel (kwh)	2.93	2.90
	Cost/Unit (Rs./kwh)	26.54	21.75
2.	<b>Coal</b>		
	Quantity	-	-
	Total Cost	-	-
	Average Rate	-	-
3.	<b>Furnace oil &amp; Diesel oil</b>		
	Quantity (kl.)	17.08	14.40
	Total Amount (Rs.in lacs)	12.48	9.57
	Average Rate (Rs./Litre)	73.07	66.47
4.	<b>Others – Steam</b>		
a.	Purchased		
	Quantity (MT)	896	746
	Total Amount (Rs.in lacs)	39.09	29.19
	Rate per unit (Rs./kg)	4.36	3.91
b.	Own Generation		
	Quantity (MT)	0	0
	Units per litre of Furnace\Diesel (KG)	0	0
	Cost/Unit (Rs./kg)	0	0

# Lyka Labs Limited

<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>					
		<b>Bulk Drugs Per Tonne</b>	<b>Formula- tions per Million Pack</b>	<b>Bulk Drugs Per Tonne</b>	<b>Formula- tions per Million Pack</b>
	Electricity - Units ('000 kwh)	280.615	74.825	357.043	64.262
	Coal (M.Tonnes)	-	-	-	-
	Furnace oil & Diesel oil (kl)	2.205	0.588	2.951	0.531
	Steam (M.Tonnes)	115.690	30.848	152.861	27.512

## 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.

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

- Development of broad range of dosage forms such as traditional solid oral dosage forms, Sustained release tablets, liquid orals, oral Jelly, ready mix granules, Derma products, Nutraceuticals & Cosmeceuticals.
- Development of formulations with new molecules and development of novel drug delivery systems.
- Obtaining DCGI permission for new drug molecules.
- Development of Cosmeceutical products for 'P to P business'.
- Development of Nutraceutical products in different segments.
- Upgradation of products and processes to improve quality, stability, shelf-life and thus reduce cost.
- Tie ups with Medical Institutions to establish bio availability /bio equivalence/ animal toxicity studies of new formulations and to carry out clinical trials, skin irritation studies and efficacy studies for Cosmeceuticals, evaluation of sun protection factor for sunscreen formulations.

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

- Company has introduced '**Oat Moisturizing Lotion**' in the domestic market for P to P business.
- Many more derma products are under stability for domestic and export market, which will be commercialized after completing stability studies.
- Company has offered many products to other companies on P to P basis.
- Many Skin Care products and Nutraceutical products are ready to be commercialized.
- The Company derives long term benefits viz. better yield and Quality of the final product with cost effectiveness.

### 3. **Future plans**

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

1. For "Vitiligo"
2. For acne treatment
3. For makeup removing & cleansing purpose
4. Daily defense cream
5. Head to toe body wash

The company is in advance stage of registering various cosmetics products in **Ukraine**.

This will help the company to broaden its base for its domestic as well as Export operation.

The Company's aim is to take Plant approval from PICS & EU Countries.



---

**4. Achievements / Recognition:**

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

**By the order of the Board**

**Nehal N Gandhi  
(DIN:00021580)  
Non-Executive Director**

**Kunal N. Gandhi  
(DIN:01516156)  
Managing Director**

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

## 'ANNEXURE C'

### FORM NO. AOC.2

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

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

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

a)	Nature of Related Party	Lyka Exports Limited	Lyka BDR International Limited	Lyka Healthcare Limited
b)	Nature of transactions			
	Sale of Goods	-	19,52,34,664	1,88,23,550
	Rent Income	3,00,000	33,00,000	12,00,000
	Availing of services	-	-	-
c)	Duration of the contracts/arrangements/ transactions	Continuous Basis	Continuous Basis	Continuous Basis
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A	N.A	N.A
e)	Date(s) of approval by the Board, if any	N.A	N.A	N.A
f)	Amount paid as advances, if any	N.A	N.A	N.A

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

**By the order of the Board**

**Nehal N Gandhi**  
(DIN:00021580)  
Non-Executive Director

**Kunal N. Gandhi**  
(DIN:01516156)  
Managing Director

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



## ‘ANNEXURE D’

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2019

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

### FORM NO. MGT-9

#### I. REGISTRATION AND OTHER DETAILS :

CIN	L24230GJ1976PLC008738
Registration Date	29/12/1976
Name of Company	LYKA LABS LIMITED
Category/ Sub-Category of the Company	Company having Share Capital
Address of the Registered office and contact details	4801/B & 4802/A GIDC Industrial Estate, Ankleshwar- 393 002, Gujarat. Contact No: 02646 214422
Whether Listed company	Yes Listed on BSE and NSE
Name, Address and Contact details of Registrar and Transfer agent, if any	Sharex Dynamic (India) Private Limited C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai - 400 083. Contact No. 28515606

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

Sr. No.	Name and Description of main products /services	NIC Code of the product / service	% of total turnover of the company
1.	Formulation	21001	94%

#### III. PRINCIPAL OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and Address of the Company	CIN /GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1.	Lyka BDR International Limited Gala No. P/ 4, 5 & 6 Rajlaxmi Commercial Complex Kalher, Bhiwandi Road, Thane – 421302, Maharashtra, India	U24234MH1993PLC072947	Subsidiary	65.22	2(87)
2.	Lyka Healthcare Limited Building No. M, Gala No. 16, Shree Rajlaxmi Complex Bhiwandi, Thane – 421302, Maharashtra, India.	U85190MH2013PLC244062	Subsidiary	100	2(87)
3.	Lyka Exports Limited Plot No. C/4/10/B/2, Adarsh Commercial Complex, G.I.D.C. Ankleshwar - 393 002.	U51100GJ1992PLC023975	Subsidiary	72.80	2(87)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>A. Promoters</b>							
<b>(1) Indian</b>							
a) Individual/ HUF	4819850	-	4819850	4669850	0	4669850	16.595
b) Central Govt.	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-
d) Bodies Corp.	432415	-	432415	432415	0	432415	1.537
e) Banks /FI	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-
<b>Sub-total (A)(1):</b>	5252265	0	5252265	5102265	0	5102265	18.132
<b>(2) Foreign</b>							
a) NRIs-Individuals	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-
<b>Sub-total (A)(2):</b>	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	5252265	0	5102265	5102265	0	5102265	18.132
<b>B. Public Shareholding</b>							
<b>(1) Institutions</b>							
a) Mutual Funds	51505	3400	54905	51505	3400	54905	0.195
b) Banks /FI	71179	650	71829	70281	650	70931	0.252
c) Central Govt.	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-
f) Insurance Companies	157000	1000	158000	157000	1000	158000	0.561

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

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Physical		% of Total Shares		Physical		% of Total Shares		
	Demat	Total	Demat	Total	Demat	Total	Demat	Total	
g) FIs	1004659	500	1005159	3.572	1024659	500	1025159	3.643	0.071
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):</b>	<b>1284343</b>	<b>5550</b>	<b>1289893</b>	<b>4.583</b>	<b>1303445</b>	<b>5550</b>	<b>1308995</b>	<b>4.651</b>	<b>0.068</b>
<b>(2) Non- Institutions</b>									
a) Bodies Corp.									
i) Indian	2088682	862	2089544	7.426	1728909	862	1729771	6.147	-1.279
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto ` 1 Lakh	7491424	252281	7743705	27.518	7844059	237367	8081426	28.719	1.201
ii) Individual Shareholders holding nominal share capital in excess of ` 1 Lakh	10087546	0	10087546	35.848	10582832	0	10582832	37.608	1.760
c) Others (specify)	1672090	4957	1677047	5.959	1329754	4957	1334711	4.743	-1.216
<b>Sub-total (B) (2):</b>	<b>21339742</b>	<b>258100</b>	<b>21597842</b>	<b>76.751</b>	<b>21485554</b>	<b>243186</b>	<b>21728740</b>	<b>77.217</b>	<b>0.466</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>22624085</b>	<b>263650</b>	<b>22887735</b>	<b>81.334</b>	<b>22788999</b>	<b>248736</b>	<b>23037735</b>	<b>81.868</b>	<b>0.534</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A) +(B) +(C)</b>	<b>27876350</b>	<b>263650</b>	<b>28140000</b>	<b>100.00</b>	<b>27876350</b>	<b>263650</b>	<b>28140000</b>	<b>100.00</b>	<b>0</b>

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

### (ii) Category-wise Share Holding

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Narendra Ishwarlal Gandhi HUF	1400776	4.978	0	1400776	4.978	0	0
2.	Nehal Narendra Gandhi	1144803	4.068	4.067	1144803	4.068	4.067	0
3.	Narendra Ishwarlal Gandhi	1167629	4.149	4.149	1167629	4.149	4.149	0
4.	Kunal Narendra Gandhi	1106642	3.933	3.731	956642	3.400	3.198	-0.533
5.	Enai Trading And Investment Private Limited	432415	1.537	0	432415	1.537	0	0
	<b>Total</b>	<b>5252265</b>	<b>18.665</b>	<b>11.947</b>	<b>5102265</b>	<b>18.132</b>	<b>11.414</b>	<b>(0.533)</b>

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

Sr. No.	For Each of Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	Shareholding at the beginning of the year of Mr. Kunal N. Gandhi	1106642	3.933		
	<b>Change during the year</b>				
	Invoked on 03.04.2018	-50000	0.178	1056642	3.755
	Invoked on 19.04.2018	-50000	0.178	1006642	3.577
	Invoked on 08.06.2018	-50000	0.178	956642	3.400
	Shareholding at the end of the year	956642	3.400	956642	3.400

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

Sr No	Name	No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
1	MAYANK J SHAH -Closing Balance	2000000	7.107	01-04-2018 31-03-2019		No Change	2000000	7.107
2	SHRUTI MAYANK SHAH -Closing Balance	1515846	5.387	01-04-2018 06-04-2018 15-06-2018 31-03-2019	-1500000 1500000	Sold Buy	15846 1515846 1515846	0.072 5.387 5.387
3	PRASHAM M SHAH -Closing Balance	1500000	5.330	01-04-2018 31-03-2019		No Change	1500000	5.330
4	COBRA INDIA (MAURITIUS) LIMITED -Closing Balance	1004659	3.570	01-04-2018 31-03-2019		No Change	1004659	3.570
5	AMEE PARIKH	975356	3.466	01-04-2018 31-03-2019		No Change	975356	3.466

# Lyka Labs Limited

Sr No	Name	No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
6	DALAL & BROACHA STOCK BROKING PVT. LTD.	788534	2.802	01-04-2018				
				04-05-2018	400	Buy	788934	3.580
				11-05-2018	-400	Sold	788534	3.578
				25-05-2018	2000	Buy	790534	3.587
				08-06-2018	-1300	Sold	789234	3.581
				15-06-2018	-700	Sold	788534	2.802
				22-06-2018	500	Buy	789034	2.804
				06-07-2018	6900	Buy	795934	2.828
				13-07-2018	-7400	Sold	788534	2.802
				27-07-2018	2000	Buy	790534	2.809
				03-08-2018	-2000	Sold	788534	2.802
				10-08-2018	2000	Buy	790534	2.809
				17-08-2018	-2000	Sold	788534	2.802
				31-08-2018	5000	Buy	793534	2.820
				21-09-2018	-5000	Sold	788534	2.802
				12-10-2018	500	Buy	789034	2.804
				02-11-2018	-500	Sold	788534	2.802
22-03-2019	1500	Buy	790034	2.808				
	-Closing Balance			31-03-2019			790034	2.808
7	SHREYANS J SHAH	500000	1.777	01-04-2018				
				31-03-2019		No Change	500000	1.777
8	M J SHAH	300000	1.066	01-04-2018				
				31-03-2019		No Change	300000	1.066
9	PRANAY GODHA	300000	1.066	01-04-2018				
				31-03-2019		No Change	300000	1.066

Sr No	Name	No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
10	VIPUL PRIYAKANT DALAL -Closing Balance	240121	0.853	01-04-2018 31-03-2019		No Change	240121	0.853

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Name of the Directors			
		Shareholding at beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Mr. N I Gandhi				
	At the beginning of the year	1167629	4.149	1167629	4.149
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc..)	No Change during the year			
	At the end of the year	1167629	4.149	1167629	4.149
2.	Nehal N Gandhi				
	At the beginning of the year	1144803	4.068	1144803	4.068
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc..)	No Change during the year			
	At the end of the year	1144803	4.068	1144803	4.068
3.	Vinod Shanbhag*				
	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc..)	No Change during the year			
	At the end of the year	500	0.002	500	0.002
4.	Yatin Shah				
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc..)	-	-	-	-

# Lyka Labs Limited

5.	At the end of the year	-	-	-	-	
	Atit Shukla					
	At the beginning of the year	-	-	-	-	
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-	
6.	At the end of the year	-	-	-	-	
	Ajit Bagadia					
	At the beginning of the year	-	-	-	-	
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-	
	At the end of the year	-	-	-	-	
7.	Kunal N Gandhi					
	At the beginning of the year	1106642	3.933	1106642	3.933	
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	Decrease in Shareholding due to invocation				
		-50000 Invoked on 03.04.2019		0.178	1056642	3.755
-50000 invoked on 19.04.2019			0.178	1006642	3.577	
-50000 invoked on 08.06.2019			0.178	956642	3.400	
	At the end of the year	956642	3.400	956642	3.400	
8.	Neha Anant Thakore**					
	At the beginning of the year	N.A.	N.A.	N.A.	N.A.	
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	No Change during the year				
	At the end of the year	800	0.002	800	0.002	
9.	Dinesh Darji ***					
	At the beginning of the year	-	-	-	-	
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-	
	At the end of the year	-	-	-	-	
10.	Raj Trivedi (KMP)****					
	At the beginning of the year	N.A.	N.A.	N.A.	N.A.	



	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-
	At the end of the year	1	-	1	-
<b>11.</b>	Yogesh Shah	-	-	-	-
	At the beginning of the year	50	-	50	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-
	At the end of the year	50	-	50	-

\* NA, as Shri Vinod Shanbhag was appointed as Additional Director on the Board of the Company w.e.f. 1<sup>st</sup> November, 2018

\*\* Smt. Neha A Thakore was appointed as Independent on the Board of the Company w.e.f. 29.09.2018

\*\*\*Shri Dinseh Darji resigned w.e.f. 30.11.2018

\*\*\*\*Shri Raj Trivedi appointed as Company Secretary and Compliance Officer of the Company w.e.f. 01.12.2018

## V. INDEBTEDNESS

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

	Secured Loan	Unsecured Loan	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	899828951	10,79,98,779	4952000	<b>1,01,27,79,730</b>
ii) Interest due but not paid	9067279	3964081	1012262	<b>1,40,43,622</b>
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>90,88,96,230</b>	<b>11,19,62,860</b>	<b>59,64,262</b>	<b>1,02,68,23,352</b>
<b>Change in indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	(12,81,05,834)	2,51,32,654	(4,92,944)	<b>(10,34,66,124)</b>
<b>Net Change</b>				
<b>Indebtedness at the end of financial year</b>				
i) Principal amount	78,03,13,638	12,41,27,873	44,82,000	<b>90,89,23,512</b>
ii) Interest due but not paid	4,76,757	1,29,67,641	9,89,318	<b>1,44,33,716</b>
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>78,07,90,396</b>	<b>13,70,95,514</b>	<b>54,71,318</b>	<b>92,33,57,228</b>

# Lyka Labs Limited

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Mr. Narendra Ishwarlal Gandhi Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31,20,000
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	10,31,919
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, please specify...	-
	<b>Total</b>	<b>41,51,919</b>

### B. Remuneration to other directors :

#### 1. Non executive Director

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

#### 2. Independent Director

Sr. No.	Particulars of Remuneration	Name of Director					Total Amount
		Vinod Shanbhag	Neha Anant Thakore	Atit Shukla	Yatin Shah	Ajit Bagadia	
a	Fees for attending Board/Committee meetings	60,000	1,80,000	2,70,000	2,70,000	2,70,000	10,50,000
b	Commission	-	-	-	-	-	-
c	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>60,000</b>	<b>1,80,000</b>	<b>2,70,000</b>	<b>2,70,000</b>	<b>2,70,000</b>	<b>10,50,000</b>
	<b>TOTAL B =(1+2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,40,000</b>

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		Mr. Kunal Gandhi, Chief Executive Officer	Mr. Yogesh Shah, Chief Finance Officer	Mr. Dinesh Darji, Company Secretary	Mr. Raj Trivedi, Company Secretary	
1.	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36,30,000	4,80,000	5,59,355	1,52,333	4821688
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	11,00,697	6,31,800	5,08,857	1,36,816	23,78,170
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, please specify...	-	-	-	-	-
	<b>Total</b>	<b>47,30,697</b>	<b>11,11,800</b>	<b>10,68,212</b>	<b>2,89,149</b>	<b>71,99,858</b>

*\*Mr. Dinesh Darji resigned w.e.f. 30.11.2018*

*\*Mr. Raj Trivedi appointed w.e.f. 01.12.2018*

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :**

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

By the order of the Board

Nehal N Gandhi  
(DIN:00021580)  
Non-Executive Director

Kunal N. Gandhi  
(DIN:01516156)  
Managing Director

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

# Lyka Labs Limited

## 'ANNEXURE E'

### Statement of Subsidiaries Financial

#### In format of 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	Subsidiary 3
1.	Name of Subsidiaries	Lyka BDR International Ltd	Lyka Exports Ltd.	Lyka Healthcare Ltd.
2.	Date of Acquisition	04.05.2009	30.05.2014	05.06.2013
3.	Reporting period for the Subsidiary concerned	April, 18 to Mar, 19	April, 18 to Mar, 19	April, 18 to Mar, 19
4.	Reporting currency and Exchange rate as on the last date of relevant Financial year	Indian Rupees	Indian Rupees	Indian Rupees
5.	Share Capital	225,000,000	73,954,240	75,500,000
6.	Reserve & Surplus	(2,58,891,693)	1,66,60,815	(3,61,22,307)
7.	Total Asset	18,98,89,392	13,72,20,512	32,69,90,807
8.	Total Liabilities	18,98,89,392	13,72,20,512	32,69,90,807
9.	Investments	-	1,08,214	-
10.	Turnover	28,11,87,515	10,33,28,870	10,04,32,830
11.	Profit/ (Loss) before taxation	(1,42,44,997)	(1,04,07,854)	(5,85,86,173)
12.	Provision for Taxation	(13,73,275)	(27,69,994)	(31,46,936)
13.	Profit/ (Loss) after Taxation	(1,28,71,722)	(76,37,860)	(5,54,39,237)
14.	Proposed Dividend	-	-	-
15.	% of Shareholding	65.22%	72.80%	100%

By the order of the Board

**Nehal N Gandhi**  
(DIN:00021580)  
Non-Executive Director

**Kunal N. Gandhi**  
(DIN:01516156)  
Managing Director

Place: Mumbai

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

## Annexure F

### 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 Narendra I Gandhi	Nil	12.35

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 Narendra I Gandhi	Nil
Shri Kunal N Gandhi	9.86
Shri Yogesh B Shah	23.48
Shri Dinesh J Darji	Nil
Shri Raj T Trivedi	Nil

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

- 3) The Percentage increase in the median remuneration of employees in the financial year: 0.94 %
- 4) The number of permanent employees on the rolls of the Company: 132
- 5) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Average Percentage Increase made in the salaries of Employees other than the managerial personnel in the last financial year i.e. 2018-19 was 3.45%.
- 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, is provided in a separate annexure forming part of this report. 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.

**By the order of the Board**

**Nehal N Gandhi**  
(DIN:00021580)  
Non-Executive Director

**Kunal N. Gandhi**  
(DIN:01516156)  
Managing Director

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

## 'ANNEXURE G'

### 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 31<sup>st</sup> March, 2019 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 31<sup>st</sup> March, 2019, the Company has Six Directors consisting of a two Managing Directors, one Non-Executive Women Director and three Non-Executive Independent Directors. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Section 149 of the Companies Act, 2013 ("the Act").

The composition of the Board of Directors of the Company as on 31<sup>st</sup> March, 2019 is given below:

Name	Category	Shareholding as on 31 <sup>st</sup> March, 2019
Shri Narendra I Gandhi	Chairman & Managing Director	1167629
Shri Kunal N Gandhi	CEO & Joint Managing Director	956642
Smt Nehal N Gandhi	Non-Executive Director	1144803
Smt Neha A Thakore	Non-Executive Independent Director	800
Shri Atit N Shukla	Additional Non-Executive Independent Director	0
Shri Vinod S Shanbhag	Additional Non-Executive Independent Director	500

- b) Independent Directors are Non-Executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. 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.

- c) The number of Directorships, Committee Membership(s)/ Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 (“The Act”) and SEBI Listing Regulations. None of the Directors are members in more than 10 committees excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 or act as Chairperson of more than 5 committees across all listed entities in which he/she is a Director. Chairmanships/ Memberships of Board Committees shall only include Audit Committee and Stakeholders’ Relationship Committee.
- d) The attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on 31<sup>st</sup> March, 2019 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. During the financial year 2018-19, Seven Board Meetings were held on 5<sup>th</sup> April, 2018, 29<sup>th</sup> May, 2018, 21<sup>st</sup> July, 2018, 13<sup>th</sup> August, 2018, 27<sup>th</sup> September, 2018, 1<sup>st</sup> November, 2018 and 12<sup>th</sup> February, 2019. Details of Board Meetings are given in the appended table:

Name	No. of Board Meetings Attended during the year 2018-19	Whether attended last AGM held on 29 <sup>th</sup> September, 2018	No. of Directorships in other companies as on 31 <sup>st</sup> March, 2019	No. of Committee positions in other public companies as on 31 <sup>st</sup> March, 2019	
				Member	Chairman
Shri Narendra I Gandhi *****	5	No	4	2	0
Smt. Nehal N Gandhi*****	3	No	1	0	0
Smt Neha A Thakore	5	No	0	0	0
Shri Vinod S Shanbhag**	1	NA	0	2	2
Shri Yatin N Shah*	6	No	NA	NA	NA
Shri Ajit S Bagadia*	6	Yes	NA	NA	NA
Shri Atit N Shukla[* (***)]	6	No	2	2	0
Shri Kunal N Gandhi*****	NA****	No	3	0	0

\*Shri Yatin N Shah, Shri Atit Shukla and Shri. Ajit S. Bagadia, ceased to be Independent Director of the Company w.e.f. 29<sup>th</sup> December, 2018.

\*\*Shri Vinod S Shanbhag was appointed as Additional Independent Director w.e.f 1<sup>st</sup> November, 2018.

\*\*\*Shri Atit Shukla was appointed as Additional Independent Director for the Second term w.e.f 12<sup>th</sup> February, 2019.

\*\*\*\*Shri Kunal N Gandhi was appointed as a Joint Managing Director w.e.f. 12<sup>th</sup> February, 2019.

\*\*\*\*\*None of Directors are related except Shri Narendra I Gandhi, Shri Kunal N Gandhi and Smt Nehal N Gandhi.

- e) Familiarisation Programme imparted to Independent Directors has been given on the Company's Website i.e. [www.lykalabs.com](http://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:

<b>Sr No.</b>	<b>Area of skills/expertise/ competencies</b>
1.	Financial Skills/Accounts
2.	Pharma marketing strategy
3.	Legal and Regulatory Compliance and Governance
4.	Risk Management
5.	Plant Management
6.	Human Resource/Leadership
7.	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 SEBI Listing Regulations and Section 177 of the Companies Act, 2013 and as adopted by the Board of Directors of the Company. This inter alia includes:

1. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. Examination of the financial statement and the auditors' report thereon;
4. Approval or any subsequent modification of transactions of the Company with related parties;

Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to conditions as prescribed under Rule 6A of Companies (Meeting of Board and its power) Rules, 2014.

Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

Provided also that the provisions of this clause shall not apply to a transaction, other than a transaction referred to in section 188 of the Companies Act, 2013, between the company and its wholly owned subsidiary company.

5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters



---

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

### I. Role of Audit Committee:

- i. Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - ii. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
    - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    - (b) changes, if any, in accounting policies and practices and reasons for the same;
    - (c) major accounting entries involving estimates based on the exercise of judgment by management;
    - (d) significant adjustments made in the financial statements arising out of audit findings;
    - (e) compliance with listing and other legal requirements relating to financial statements;
    - (f) disclosure of any related party transactions;
    - (g) 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. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
  - v. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  - vi. Valuation of undertakings or assets of the Company, wherever it is necessary;
  - vii. Evaluation of internal financial controls and risk management systems;
  - viii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - ix. 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;
  - x. Discussion with internal auditors of any significant findings and follow up there on;
  - xi. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  - xii. 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;
  - xiii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - xiv. To review the functioning of the whistle blower mechanism;
  - xv. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
-

- xvi. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- xvii. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision

## II. Mandatory matters to be reviewed by Audit Committee:

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

As on 31<sup>st</sup> March, 2019, the Audit Committee comprise of three Directors, out of which two are Independent Directors.

In the financial year 2018-19, four meetings were held on 29<sup>th</sup> May, 2018; 13<sup>th</sup> August, 2018, 1st November, 2018 and 12<sup>th</sup> February, 2019 respectively.

The Details of Composition of Audit Committee and the number of Meetings held and attended by the Members during the financial year 2018- 2019 are given in below mentioned table:

Name	Category	Number of meeting during the financial year	
		Held	Attended
Shri Vinod S Shanbhag (Chairman)***	Additional Non-Executive Independent Director	1	1
Shri Narendra I Gandhi (Member)	Executive Director	4	3
Smt Neha A Thakore (Member) [**(****)]	Non-Executive Independent Director	1	1
Shri Ajit S Bagadia(Chairman upto 29 <sup>th</sup> December, 2019)*	Non-Executive Independent director	3	3
Shri Atit N Shukla (Member)[*(****)]	Additional Non-Executive Independent Director	3	3
Shri Yatin N Shah (Member)*	Non-Executive Independent Director	3	3

\*Shri Ajit S Bagadia ceased to be Chairman of the Audit Committee consequent to completion of his tenure as Independent Director i.e. w.e.f. 29<sup>th</sup> December, 2018 and also Shri Yatin N Shah & Shri Atit N Shukla ceased to be Members of the Audit Committee consequent to completion of their tenure as Independent Director i.e. w.e.f. 29<sup>th</sup> December, 2018.

\*\* Smt. Neha A Thakore appointed as member w.e.f 30<sup>th</sup> December, 2018.

\*\*\*Shri Vinod S Shanbhag is appointed as Chairman of the Audit Committee w.e.f. 30<sup>th</sup> December, 2018 & Shri Atit N Shukla is appointed as member w.e.f 12<sup>th</sup> February, 2019.

\*\*\*\* Smt Neha A Thakore ceased to be a member w.e.f. 12<sup>th</sup> February, 2019.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

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

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

During the financial year 2018-19, three Committee Meetings were held on 5<sup>th</sup> April, 2018, 1<sup>st</sup> November, 2018 and 12<sup>th</sup> February, 2019 respectively.

As on 31<sup>st</sup> March, 2019, the Nomination and Remuneration Committee of Directors is comprised of Shri Vinod S Shanbhag, Shri Narendra I Gandhi, Smt Neha A Thakore, Smt Nehal N Gandhi and Shri Atit N Shukla.

The Details of Composition of Nomination & Remuneration Committee and the number of Meetings held and attended by the Members during the financial year 2018- 2019 are given in the below mentioned table:

Name	Category	Number of meeting during the financial year	
		Held	Attended
Shri. Yatin N. Shah (Chairman upto 29th December, 2019)*	Non-Executive Independent Director	2	2
Shri. Vinod S Shanbhag (Chairman)**	Additional Non-Executive Independent Director	1	1
Shri. Narendra I Gandhi (Member)	Executive Director	3	2
Smt. Neha A Thakore (Member)**	Non-Executive Independent Director	1	1
Smt. Nehal N Gandhi (Member)**	Non-Executive Director	1	0
Shri. Ajit S Bagadia (Member)*	Non-Executive Independent Director	2	2
Shri. Atit N Shukla (Member)[* (**)]	Additional Non-Executive Independent Director	2	2

\*Shri Yatin N. Shah ceased to be Chairman of the Nomination and Remuneration Committee consequent to completion of his tenure as Independent Director i.e. w.e.f. 29<sup>th</sup> December, 2018 and also & Shri Atit N Shukla ceased to be Members of the Nomination and Remuneration Committee consequent to completion of their tenure as Independent Director i.e. w.e.f. 29<sup>th</sup> December, 2018.

\*\*Shri Vinod S Shanbhag is appointed as Chairman of the Nomination and Remuneration Committee and Smt Neha A Thakore & Smt Nehal N Gandhi is appointed as members in the Nomination and Remuneration Committee w.e.f 30<sup>th</sup> December, 2018. Shri Atit N Shukla is appointed as member w.e.f 12<sup>th</sup> February, 2019.

## Performance Evaluation

The manner of performance evaluation for the Board, its Committees and Individual Directors is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation, attendance, active participation, Financial Literacy, contribution by a director and maintenance of confidentiality of information etc.

## 5. REMUNERATION OF DIRECTORS:

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

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

Details of remuneration paid to Executive and Non-Executive Directors during the year ended 31<sup>st</sup> March, 2019 is given as under

Name of Director	Sitting fees	Salary	Total
Shri Narendra I Gandhi	NA	Rs. 41,51,919	Rs. 41,51,919
Smt Nehal N Gandhi	Rs. 90,000	-	Rs. 90,000
Shri Vinod S Shanbhag	Rs. 60,000	-	Rs. 60,000
Shri Yatin N Shah	Rs. 2,70,000	-	Rs. 2,70,000
Shri Atit N Shukla	Rs. 2,70,000	-	Rs. 2,70,000
Shri Ajit S Bagadia	Rs. 2,70,000	-	Rs. 2,70,000
Smt Neha A Thakore	Rs. 1,80,000	-	Rs. 1,80,000
Shri kunal N Gandhi*	NA	NA	NA

\*Shri. Kunal Gandhi was appointed as Joint Managing Director w.e.f 12<sup>th</sup> February, 2019.

## 6. STAKEHOLDER RELATIONSHIP COMMITTEE

As on 31<sup>st</sup> March, 2019, the Composition of Stakeholder Relationship Committee are given in the below mentioned table:

Name	Chairman/Members
Shri Ajit S Bagadia (Chairman upto 29 <sup>th</sup> December, 2018)*	Chairman
Shri Vinod S Shanbhag**	Chairman
Shri Narendra I Gandhi	Member
Shri Atit N Shukla [*(***)]	Member
Shri Yatin N Shah*	Member
Smt Neha A Thakore [**(***)]	Member

\*Shri Ajit S Bagadia ceased to be Chairman of the Stakeholder Relationship Committee consequent to completion of his tenure as Independent Director i.e. w.e.f. 29<sup>th</sup> December, 2018 and also Shri Yatin N Shah & Shri Atit N Shukla ceased to be Members of the Stakeholder Relationship Committee consequent to completion of their tenure as Independent Director i.e. w.e.f. 29<sup>th</sup> December, 2018.

\*\*Shri Vinod S Shanbhag is appointed as Chairman of the Committee & Smt Neha A Thakore was appointed as member w.e.f 30<sup>th</sup> December, 2018.

\*\*\*Shri Atit N Shukla is appointed as member and Smt Neha Thakore ceased to be member w.e.f 12th February, 2019.

Shri Raj Trivedi is designated as the compliance officer of the Company and acts as Secretary of the Committee.

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

## 7. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Items of Special Resolution at each meeting	Venue
2015-16	28 <sup>th</sup> September, 2016	12.30 p.m.	1. Issue and allotment of further shares/securities; 2. Approval of Related Party Transactions	4801/B & 4802/A, GIDC Industrial Estate, Gujarat Ankleshwar 393002
2016-17	29 <sup>th</sup> September, 2017	12.45 p.m.	1. Preferential issue of warrants to promoter; 2. Ratification of Non Disclosure of ultimate beneficiaries; 3. Approval of Related Party Transactions 4. Authority for Sale of Office Premises at Andheri.	
2017-18	29 <sup>th</sup> September, 2018	12.30 p.m.	-	

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

The Company had sought the approval of the shareholders by way of a Special Resolution through notice of postal ballot dated 12<sup>th</sup> February, 2018 for Approval of Scheme of Merger (By Absorption) of Lyka Healthcare Limited ("The Transferor Company") with Lyka Labs Limited (' The Transferee Company") which was duly passed and the results of which were announced on 29<sup>th</sup> March, 2018. M/s. Kaushal Doshi and Associates, Practising Company Secretaries, was appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner. Details of voting pattern are as follows:

Category	Mode of Voting	No. of shares held	No of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes - Against	% of Votes in	% of Votes against on votes polled
		1	2	$(3)=[(2)/(1)]*100$	4	5	$(6)=[(4)/(2)]*100$	$(7)=[(5)/(2)]*100$
Promoter and Promoter group	E-voting	5262265	0	0.00	0	0	0.000	0.000
	Poll	5262265	5029850	95.58	5029850	0	100.000	0.000
	Postal Ballot	5262265	0	0.00	0	0	0.000	0.000
	<b>Total</b>	<b>5262265</b>	<b>5029850</b>	<b>95.58</b>	<b>5029850</b>	<b>0</b>	<b>100.000</b>	<b>0.000</b>

# Lyka Labs Limited

Public Institutions	E-voting	341656	0	0.00	0	0	0.000	0.000
	Poll	341656	0	0.00	0	0	0.000	0.000
	Postal Ballot	341656	0	0.00	0	0	0.000	0.000
	<b>Total</b>	<b>341656</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0.000</b>
Public Non-Institutions	E-voting	16436079	1219	0.01	684	535	56.110	43.890
	Poll	16436079	868855	5.29	868855	0	100.000	0.000
	Postal Ballot	16436079	6640	0.04	6640	0	100.000	0.000
	<b>Total</b>	<b>16436079</b>	<b>876714</b>	<b>5.33</b>	<b>876179</b>	<b>535</b>	<b>99.940</b>	<b>0.060</b>
<b>Total</b>		<b>22040000</b>	<b>5906564</b>	<b>26.80</b>	<b>5906029</b>	<b>535</b>	<b>99.991</b>	<b>0.009</b>

## Procedure for postal ballot:

The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder.

Details of special resolution proposed to be conducted through postal ballot: None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

## 8. MEANS OF COMMUNICATION:

- a. The Unaudited quarterly/half yearly results are announced within 45 (forty-five) days of the close of the quarter. The audited annual results are announced within 60 (sixty days) from the closure of the financial year as per the requirement of the SEBI (Listing Obligations Disclosure Requirement) Regulations, 2015.

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.

- b. The Company's financial results are also uploaded on the Company's website i.e. [www.lykalabs.com](http://www.lykalabs.com).

### Green Initiative:

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs, the Company will send Annual Report for the Financial Year 2018- 19 in electronic mode to those members whose email id are registered with the Registrar and Transfer Agents. Physical copies will be sent to those Members whose email ids are not registered.

## 9. GENERAL SHAREHOLDER INFORMATION:

- a. The Fortieth Annual General Meeting (AGM) of the Company for the financial year 2018-2019 is scheduled on Wednesday, 18th September, 2019 at 12.30 pm at its Registered Office at 4801/B & 4802/A, G.I.D.C industrial Estate, Ankleshwar- 393 002.

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI Listing Regulations, the Company has also extended e-voting facility to its Members to enable them to cast their votes electronically on the proposed resolutions in the Notice of the 40<sup>th</sup> Annual General Meeting, instead of Voting in the Annual General Meeting. The Instructions for e-voting are mentioned under "Notes" to the Notice of 40<sup>th</sup> Annual General Meeting.

Those Shareholders/ Members, who cannot attend the Annual General Meeting in person, can appoint a proxy to represent them in the Annual General Meeting, for which the Shareholder/ Member needs to fill in a proxy form and send it to the Company at its Registered Office address on or before 12.30 PM on 16<sup>th</sup> September, 2019.

**Date of Book Closure:**

The dates of Book Closure shall be from 11th September, 2019 to 18th September, 2019 (both days inclusive).

**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.

**d. Listing on Stock Exchange:**

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

Type of Shares	Equity Shares
International Securities Identification Number ( ISIN)	INE 933A01014
BSE- Stock Code	500259
NSE- Stock Code	Lykalabs
BSE Address	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001; <a href="http://www.bseindia.com">www.bseindia.com</a> .
NSE Address	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051; <a href="http://www.nseindia.com">www.nseindia.com</a> .
Annual Listing Fees	Annual Listing fees of BSE Limited for financial year 2018-19 has been paid by the Company. Annual Listing fees of National Stock Exchange of India Limited for financial year 2018-19 has not been paid.

**e. Corporate Identity Number (CIN)**

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

**f. Market Price Data: High, Low during each month of the Financial Year 2018-19.**

The Company's monthly high and low quotations at the National Stock Exchange of India Limited and BSE Limited are given hereunder.

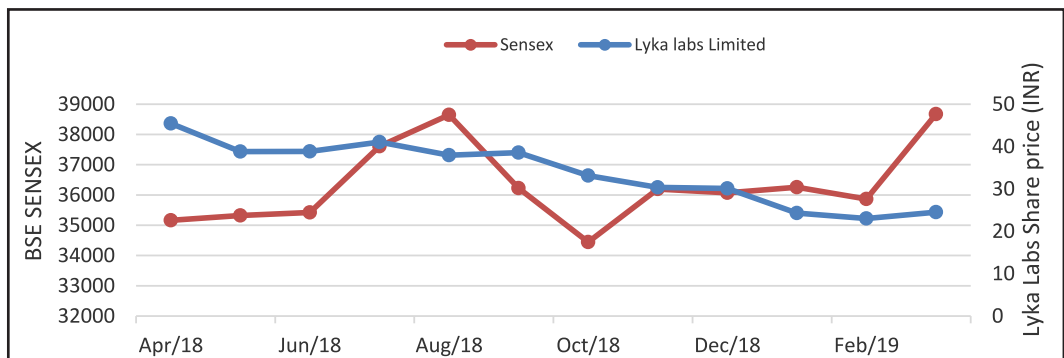
The equity shares of the Company are listed on the Stock Exchanges for Financial Year 2018-19. The Share price data for each month during the financial year 2018-19 on the BSE Limited and National Stock Exchange of India Limited are as mentioned below:

Stock Exchange	BSE Limited		National Stock Exchange of India Limited	
	High	Low	High	Low
Apr-18	51.65	45.05	51.7	45.1
May-18	45.75	36.15	46	36.05
Jun-18	50.7	31.5	50.75	31.15
Jul-18	44	34.85	43.85	34.9
Aug-18	42	37	41.9	37.1
Sep-18	52.2	37.2	52.25	36.35

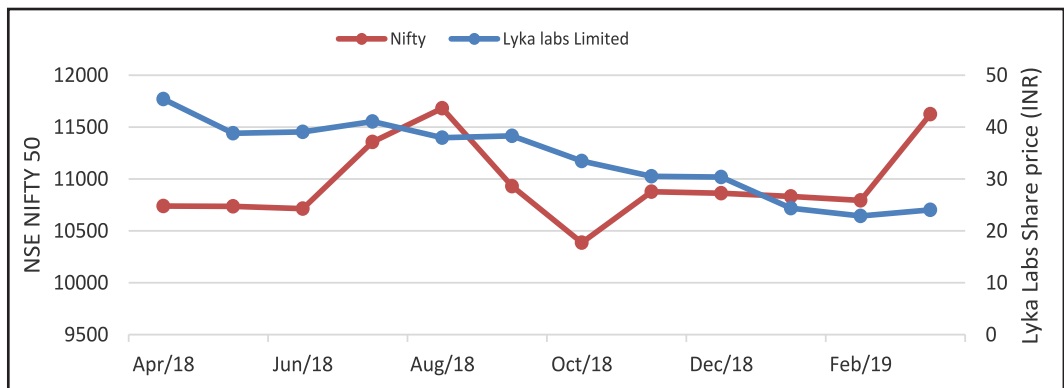
# Lyka Labs Limited

Oct-18	38.1	31	40.5	30.4
Nov-18	34.75	29.75	34.85	30.1
Dec-18	31.8	26.1	32	26.3
Jan-19	30.55	22.7	30.75	22.55
Feb-19	25.9	21.25	25.3	21
Mar-19	28.25	22.05	27.5	22.7

a) Company's Share price performance Versus BSE Sensex



b) Company's Share price performance Versus Nifty





**g. Registrar and Transfer System Agent**

Name	Sharex Dynamic (India) Pvt. Ltd
Address	C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai- 400083
Contact no	28515606, 28515644
Fax No	28512885
Email Id	sharexindia@vsnl.com
Website	www.sharexindia.com

**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.

**i. Distribution of Shareholding**

No. Equity Shares held	Shareholders		Shareholding	
	Numbers	Percentage	Numbers	Percentage
001 to 500	16841	83.038	24759270	8.799
501 to 1000	1697	8.367	14386140	5.112
1001 to 2000	781	3.851	12154220	4.319
2001 to 3000	279	1.376	7292210	2.591
3001 to 4000	134	0.661	4895440	1.740
4001 to 5000	140	0.690	6687560	2.377
5001 and 10000	214	1.055	16104160	5.723
10000 and above	195	0.961	195121000	69.339
<b>Total</b>	<b>20281</b>	<b>100</b>	<b>281400000</b>	<b>100</b>

**j. Dematerialization of Shares and liquidity**

As of 31<sup>st</sup> March, 2019, 98.81% of the Company's shares representing 2,78,04,405 shares were held in dematerialized form and the balance 1.19% representing 3,35,595 shares were held in physical form.

**k. Plant Location:**

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

**l. Address for correspondence:**

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

**Admin Office:** Ground Floor, Spencer Building 30, Forjett Street, Grant Road (West), Mumbai - 400 036.  
 Contact No: 022-66112200  
 Fax: 022-6611 2249  
 Email: companysecretary@lykalabs.com.

## 10. OTHER DISCLOSURE

### a. Related Party Transactions

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

### b. Details of Non Compliance

In the year 2017-18, BSE Limited and National Stock Exchange India Limited has levied the Penalty of Rs. 4,82,040/- & Rs. 8,99,207/- for the delay in making Listing Application for 6100000 Equity Shares. The Company has paid the penalty and 6100000 Equity Shares are Listed on Stock exchange.

During the year under review, BSE Limited and National Stock Exchange India Limited has levied the Penalty of Rs. 7080/- and Rs. 7080/- respectively due to delay in filing Shareholding pattern and Report on Investor complaints.

### c. Whistle Blower Policy

The Company has adopted Whistle Blower policy/Vigil Mechanism through which its Stakeholders, Directors and Employees can report their genuine concerns about unethical behaviour and actual or suspected fraud or violation of the Company's Code of Business Conduct and Ethics. The said Policy provides for adequate safeguards against victimization and also direct access to the Audit Committee. The details of establishment of such mechanism are disclosed on the website of the Company at [www.lykalabs.com](http://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 2018-19. The Company has obtained a certificate from Auditor certifying compliance with the Paragraph E of Schedule V to the SEBI Listing Regulations. This certificate is annexed to the Director Report as Annexure G-A.

### e. Material Subsidiary

The Company has formulated a Policy on material subsidiary and the same is displayed on the Company's website [www.lykalabs.com](http://www.lykalabs.com).

### f. Web link where policy on dealing with related party transactions

The Company has formulated a Policy of related party transaction and the same is displayed on the Company's website [www.lykalabs.com](http://www.lykalabs.com).

### g. Disclosure of commodity price risks and commodity hedging activities : Not Applicable

### h. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):

Money received under preferential issue of warrants: Rs. Rs. 75,62,500/-

Money utilised: Rs. 75,62,500/-

Utilised for: Working Capital

### i. A certificate has been received from M/s. Kaushal Doshi and Associates, Practising Company Secretaries, 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.

### j. During the financial year 2018-19, there were no instances, wherein the Board had not accepted recommendations made by any Committee of the Board.

- 
- k. Total fees paid by the Company to statutory auditor for their services for the Financial year 2018-19 is Rs. 23,13,757/- on Standalone basis and Rs. 34,04,042/- on Consolidated basis.
- l. During the financial year 2018-19, there were no complaints received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
11. The Company has complied with requirement of sub-paras (2) to (10) above. Generally, there were no instances of non- Compliance except the details as mentioned in point no. 10 b.
- 12. Non- Mandatory requirements:**
- a. Chairman of the Board as on 31<sup>st</sup> March, 2019 : The Chairman of the Board is Executive.
- b. Shareholder Rights-Half yearly results  
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 Auditors report on quarterly basis is reviewed by the Audit Committee
13. The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance of the annual report.

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

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

I confirm that the Company has in respect of the year ended March 31, 2019, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

**By the order of the Board**

**Nehal N Gandhi**  
**(DIN:00021580)**  
**Non-Executive Director**

**Kunal N. Gandhi**  
**(DIN:01516156)**  
**Managing Director**

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

**Compliance Certificate**  
[as per Regulation 17(8)]

- A. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2019 and that to the best of our 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 Lyka Labs Limited's (the Company) affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative 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 are no significant changes in internal control over financial reporting during the year;  
(2) There are no significant changes in accounting policies during the year ended 31<sup>st</sup> March, 2019 and  
(3) There are 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: 18.05.2019  
Place: Mumbai

Kunal N. Gandhi  
Chief Executive Officer

Yogesh B. Shah  
Chief Financial Officer



---

Annexure G-A

**CERTIFICATE ON CORPORATE GOVERNANCE**

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

I have examined the compliance of conditions of Corporate Governance by Lyka Labs Limited ('the Company'), for the financial year ended 31<sup>st</sup> March, 2019 as prescribed in Regulations 17-27, Clauses (b) to (i) of sub Regulations (2) of regulation 46 and paras C, D & E of Schedule V to the Securities and Exchange Board of India (Listing Obligation And Disclosure Requirements) Regulation, 2015 ('Listing Regulation').

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

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

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

**For Kaushal Doshi & Associates**  
Company Secretaries  
**Kaushal Doshi**  
(Proprietor)  
ACS- 32178 / COP- 13143

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

## “ANNEXURE H”

### MANAGEMENT DISCUSSION AND ANALYSIS

To,

The Shareholders,

#### **CAVEAT**

Shareholders are cautioned that certain data and information external to the Company is included in this section. Though these data and information are based on sources believed to be reliable, no representation is made on their accuracy or comprehensiveness. Further, though utmost care has been taken to ensure that the opinions expressed by the management herein contain their perceptions on most of the important trends having a material impact on the Company's operations, no representation is made that the following presents an exhaustive coverage on and of all issues related to the same. The opinions expressed by the management may contain certain forward-looking statements in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Shareholders are hence cautioned not to place undue reliance on these statements and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events, or otherwise.

#### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

Indian pharmaceutical industry has been a significant contributor to the Indian economy. According to the IQVIA Institute paper published in January 2019, global spending on medicines reached USD 1.2 trillion in 2018 and is set to exceed USD 1.5 trillion by 2023.

As per IQVIA, in FY 2019, the Indian Pharmaceutical Market stood at about USD 19.5 billion, growth being contributed almost equally by volume, price and new launches.

The Indian pharma industry today seems to have adjusted to external factors such as demonetization and GST, which has affected the market growth in the financial year 2018 - 2019. Indian Pharmaceutical Market (IPM) growth trend is as follows:

⇒ 2016: 13%    ⇒ 2017: 10%    ⇒ 2018: 5%    ⇒ 2019: 10%

#### **OPPORTUNITIES AND THREATS**

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

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

#### **SEGMENT WISE OR PRODUCT WISE PERFORMANCE**

The Company is engaged in only one segment viz. pharmaceuticals. The Company is one of the oldest company in Indian pharmaceuticals industry having presence in Domestic as well as International markets. The Company has major commercial presence in Myanmar, Saudi Arabia, Sudan (Vet) and Cuba, Vietnam, Russia, Chile, Indonesia and Bangladesh either on its own or through its subsidiary company. During the year, the total revenue of the Company was Rs. 4376.09 Lakhs.

---

## **OUTLOOKS**

- a. The Production of lyophilized injections including lyophilized bulk with outstanding output has been one of the important key features of the company.
- b. With overall growth of lyophilized product market, demand for lyophilized injectables are expected to increase. Company proposes to enhance and improve it's existing infrastructure in order to cater the increased requirement for lyophilized products.
- c. During the year under review, the Company has received GMP approval from Phillipines. The Company plans to initiate further international GMP approvals from PICS and EU for its current manufacturing facility. With these GMP approvals, Company looks forward to expand it's global business.
- d. The Company tends to grow its business by entering into new business relationship with large and medium scale pharmaceutical companies in the cosmeceuticals, dermatology and injectables segment.

## **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 31<sup>st</sup> March 2019.

## **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

During the year under review, the total revenue earned by the Company was Rs. 4376.09 lakhs as against total revenue of Rs. 4438.30 lakhs of previous year ended 31<sup>st</sup> March, 2018. The Company has reported Net Profit of Rs. 182 lakhs for the year ended 31<sup>st</sup> March, 2019 as against Net Loss of Rs. 1113.65 lakhs for the previous year ended 31<sup>st</sup> March, 2018.

## **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 March 2019, permanent employees and workers strength was 182.

## **KEY FINANCIAL RATIOS**

The key financial ratio for 2018-19 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 This ratio for the year was 1.24 (times) as against 1.30 (times) in the previous year.
- b. Inventory Turnover ratio: Cost of Goods sold/Average inventory. This ratio for the year was 3.36 (times) as against 2.60 (times) in the previous year.
- c. Interest Coverage ratio: EBITDA/Interest Payment. This ratio for the year was -24% (times) as against -45% (times) in the previous year. For the purpose of this ratio, other income has been included in EBITDA as other income is available for servicing the debt.

During the year, Company has done Compromise Settlement with Dena Bank and assigned its debts in favour of International Asset Reconstruction Company Private Limited (IARC). Hence there is a reduction in Interest Cost.

- d. Current Ratio: Current assets/Current liabilities This ratio for the year was 0.72 (times) as against 0.38 (times) in the previous year. Current Ratio has increased during the year, as Company has done Compromise Settlement with Dena Bank and assigned its debts in favour of IARC, hence, there is reduction in current liabilities compared to previous year.

# Lyka Labs Limited

---

- e. Debt-Equity ratio: Total Debt/Shareholders' Equity. This ratio for the year was 1.52 (times) as against 1.53 (times) in the previous year.
- f. Operating Profit Margin: EBIT/Sales Operating profit margin for the year was -8% as against -16% in the previous year. The operating profit margin improved due to favourable product mix, that resulted in lower cost of materials and lower depreciation.
- g. Net Profit Margin: Net Profit/Sales Net profit margin (including other income) for the year was 5% as against -27% in the previous year. The net profit margin improved mainly due to favourable product mix that resulted in lower cost of materials, higher other income and reduction in finance cost and provision for deferred Tax Assets.

## **CHANGE IN RETURN ON NET WORTH**

Return on Net worth: This financial performance is calculated by dividing net income by shareholders' equity. Return on Net worth or Return on Equity during the year was 2% as against -11% in the previous year. This return improved during the year mainly due to (a) higher operating profit on account of favourable product mix that resulted in lower cost of materials, (b) higher other income (c) reduction in finance cost and (d) provision for deferred Tax Assets.

**By Order of the Board**

**Nehal N Gandhi**  
**(DIN:00021580)**  
**Non-Executive Director**

**Kunal N. Gandhi**  
**(DIN:01516156)**  
**Managing Director**

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





## INDEPENDENT AUDITORS' REPORT

---

### INDEPENDENT AUDITOR'S REPORT

To the Members of,

**LYKA LABS LIMITED**

**Report on the Audit of the Standalone Financial Statements**

#### I. Opinion

We have audited the Standalone Financial Statements of **LYKA LABS LIMITED** ( hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

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 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("IndAS") specified under Section 133 of the Act, of the state of affairs of the Company as at March 31, 2019, its profit, including total comprehensive income, its cash flows and change in equity for the year ended on that date.

#### II. Basis for Opinion

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

Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and 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.

#### III. EMPHASIS OF MATTER

##### 1. Compromise Settlement

Note No. 41 (a) & (b) regarding compromise settlement with Dena Bank and Kapol Co-op Bank for assignment of debts in favour of International Assets Reconstruction Company Pvt Ltd (IARC).

##### 2. Pledged shares of Jt.MD encashed by a Lender

We draw attention to Note No. 42 regarding claims from Jt.MD aggregating to Rs. 51.46 lakhs being the value of equity shares of the Company pledged as security.

##### 3. Scheme of Arrangements

We draw attention to Note No.43 (a) & (b) regarding the status of the schemes of arrangement with LykaExports Limited and Lyka Healthcare Limited.

##### 4. Capital Expenditure:

We draw attention to Note No. 44 (ii) regarding the review of the portfolio of products under development and applied research.

Our report is not qualified in respect of the above matters.

#### IV. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our

# Lyka Labs Limited

## INDEPENDENT AUDITORS' REPORT (Cont....)

audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### 1. Key Audit Matter identified by us:

Key Audit Matter (KAM)	How Our Audit Addressed The Key Audit Matter
<p><b>Accuracy of recognition, Measurement, presentation and disclosure of deferred tax assets (DTA) amounting to Rs 883.37 Lakhs in terms of Ind AS 12 – Income Taxes (Refer Note No: 9 to the Standalone Financial Statements);</b></p> <p>Deferred tax assets are the amount of income tax recoverable in future periods in respect of;</p> <p>a. Deductible temporary differences;</p> <p>b. The carry forward of unused tax losses; and</p> <p>c. The carry forward of unused tax credits.</p> <p>Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base.</p> <p>As Company incurred losses during past several years and was not recognizing DTA upto last year, but during the year the Company is recognizing DTA by considering that taxable profits will be available against which the DTA created on temporary differences would be set off in future years.</p> <p>We are considering this recognition of DTA as a KAM in view of the effect of DTA turning loss before tax to profit after tax.</p> <p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers” (new revenue accounting standard)</b></p> <p>(Refer Note No: 2.9 to the Standalone Financial Statements)</p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>	<p><b>Our procedures included, but were not limited to the following:</b></p> <p><b>Recognition of DTA:</b></p> <p>We have tested the Management’s assessment of the recoverability of the deferred tax assets, including the evaluation of management’s assessment on the sufficiency of future taxable profits in support of the recognition of deferred tax assets by comparing forecasts of future profits as provided and evaluating the assumptions used in those forecasts.</p> <p><b>Measurement of DTA:</b></p> <p>Our audit procedures included, among others, procedures on the completeness and accuracy of the deferred tax assets. We have assessed whether profit forecasts provided by external agency are reasonable in relation to historical revenue trends, current year performance, launch of new products and formulations, and future funding plans for commencing production at the spare capacity of the plant.</p> <p><b>Presentation and Disclosure of DTA:</b></p> <p>We have verified that the effect of DTA recognized is adequately disclosed in the financial statements.</p> <p><b>Our procedures included, but were not limited to the following:</b></p> <p>We assessed the process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> </ul>

## INDEPENDENT AUDITORS' REPORT (Cont....)

<p><b><u>Existence and valuation of inventories</u></b></p> <p>(Refer Note No. 10 to the Standalone Financial Statements)</p> <p>Total inventories of the Company amounting to Rs. 594.51 Lakhs represent 15.99% of operating revenue as at March 31, 2019.</p> <p>These inventories mainly consist of inventories of raw material, packing material, work in progress, traded goods and finished goods.</p> <p>Valuation of the inventories is at lower of cost and net realizable value.</p> <p>Cost of raw material and traded goods comprises cost of purchases, cost of work in progress and finished goods comprises direct materials, appropriate share of labour and manufacturing overheads and valued at the lower of cost and net realizable value. Cost of inventories also includes all other cost incurred in bringing the inventories to their present location and condition. Cost of purchase of inventory is determined after deducting rebate and discounts.</p> <p>Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.</p> <p><b><u>We have considered Inventory as KAM because of:</u></b></p> <ul style="list-style-type: none"> <li>• Significance of the inventory balance to the profit and statement of financial position.</li> <li>• Management judgment/ estimation involved in determination of whether inventory will be realized for value less than cost.</li> </ul>	<ul style="list-style-type: none"> <li>• Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</li> <li>• Selected sample of revenues disaggregated by type of sales and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type of sales and service offerings.</li> <li>• We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> </ul> <p><b><u>Conclusion</u></b></p> <p>Our procedures did not identify any material exceptions</p> <p><b><u>Our procedures included, but were not limited to the following:</u></b></p> <p>To address the risk for material errors on inventories our audit procedures included amongst others:</p> <ul style="list-style-type: none"> <li>• Assessing the compliance of the Company's accounting policy of inventory with applicable Ind AS.</li> <li>• Assessing inventory valuation process and practices by verification of cost sheets prepared for selected Raw Material and Finished Goods. Physical verification of inventories lying at Ankleshwar division (comprising of 89% of total inventories) was performed by branch auditor as at balance sheet date.</li> <li>• Assessing the analyses and assessment made by the management with respect to valuation of slow moving and obsolete stock.</li> </ul> <p>We assessed the adequacy of the Company's disclosure related to inventories.</p>
--	---

## **V. Information other than the Standalone Financial Statements and Auditor's Report thereon**

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 Financial Statements and our auditor's report thereon.

Our opinion on the Standalone 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 Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone 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.

## **VI. Management's Responsibility for the Standalone Financial Statements and Those charged with Governance for the Financial Statement.**

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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 implementation and maintenance of 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 Standalone Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management 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 management 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.

## **VII. Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone 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 Standalone 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 Standalone 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 Standalone Financial Statements, including the disclosures, and whether the Standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

### **VIII. Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure 'A'** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

# Lyka Labs Limited

## INDEPENDENT AUDITORS' REPORT (Cont....)

---

- f. 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**”.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 36 to the Standalone Financial Statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

**For Mehta Chokshi & Shah**  
**Chartered Accountants**  
**Firm Registration No: 106201W**

**A.R. Mehta**  
**Partner**  
**Membership No.046088**

**Place: Mumbai**  
**Date: May 18, 2019**

## INDEPENDENT AUDITORS' REPORT (Cont....)

---

### Annexure A to the Independent Auditor's Report

(Referred to in paragraph VIII, 1 of "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date on the accounts of **LYKA LABS LIMITED** for the year ended March 31, 2019)

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that: -

- i. In respect of the fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) There is a regular programme of verification of fixed assets adopted by the Management whereby part of fixed assets were verified during the year. In our opinion the programme of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) The title deeds of immovable properties including leasehold land, as disclosed in Note 3 on property, plant and equipment to the Financial Statements, are held in the name of the Company.
- ii. The inventory has been physically verified at reasonable intervals during the year by the Management. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act.

As the Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly paragraph 3(iii), sub-clauses (a), (b) and (c) of the Order 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 Companies Act, 2013 in respect of the loans and investments made and security provided by it.
- 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. 44.82 Lakhs, the same shall be paid as and when claimed. Refer note no.37
- vi. We have broadly reviewed the Cost records maintained by the Company which have been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, in respect of the manufacture of Bulk Drugs and Formulations to which the said rules are made applicable, and are of the opinion that, prima-facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records, with a view to determine whether they are accurate or complete.
- vii. According to the information and explanation given to us and as per relevant records produced before us in respect of the statutory and other dues
  - a. During the year the Company has not been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, and any other statutory dues with the appropriate authorities. The arrears of the Sales Tax deferral Scheme-SICOM dues as at the last day of the financial year and outstanding for more than six months from the date they become payable are as is Rs. 50.14 Lakhs.
  - b. Following disputed dues have not been deposited since the matters are pending with the respective forums:



# 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
1.	Demand under Drugs Price Control order	1061.96	Demands raised in 1987,1990 and 1995	Gujarat High Court
2.	Purchase Tax			
3.	Excise Duty	16.00	1991-96	Maharashtra Sales Tax Appellant Tribunal
		11.22	2006-07	Commissioner Of Central Excise & Service Tax
		60.15	2008-2013	Customs, Excise and Service Tax Appellant Tribunal
4.	Bombay Sales Tax	83.75	1995 to February 2000	Commissioner Of Central Excise & Service Tax
5.	Maharashtra Value Added Tax	61.86	1998-1999	Bombay High Court
		30.54	2005-06	Deputy Commissioner of sales tax appeals
6.	Central Sales Tax	34.14	2007-08	Deputy Commissioner of sales tax appeals
		17.95	1998-1999	Sales Tax Appellant Tribunal.
		46.68	2005-06	Deputy Commissioner of sales tax appeals
		5.92	2006-07	Sales Tax Appellant Tribunal
		59.45	2007-08	Deputy Commissioner of sales tax appeals
7.	Service Tax	38.12	2011-12	Joint commissioner of Sales Tax
8.	Gujarat Sales Tax	16.29	2011-12	Commissioner of Service Tax
		39.60	2002-03	Commissioner of Sales Tax
		25.16	2013-14	Commissioner of Sales Tax
9.	Income Tax	8.66	2014-15	Asst. Commissioner of Sales Tax
		44.63	AY 2002-03	Commissioner of Income Tax Appeals
		150.00	AY 2004-05	Commissioner of Income Tax Appeals
		80.85	AY 2010-11	Commissioner of Income Tax Appeals
		155.40	AY 2011-12	Commissioner of Income Tax Appeals
		61.77	AY 2014-15	Commissioner of Income Tax Appeals

(\*net of amounts paid under protest)

- viii. According to the records of the Company examined by us and the information and explanation given to us, during the year the Company has entered into compromise settlement through one time settlement (OTS) of debts of the Banks and Assignment of debts in favour of International Assets Reconstruction Company (IARC), refer note no 41 (a) & (b). As the borrowings from bank had been assigned to IARC, there is no default in repayment of loans or borrowings. The Company did not have any outstanding loans or borrowings from financial institutions or government.



## INDEPENDENT AUDITORS' REPORT (Cont....)

---

The Company had repaid Debenture as per Order of National Company Law Tribunal dated 22nd May, 2017 and Rs 13 Lakhs is outstanding as on March 31, 2019 due to cheques returned undelivered/ unclaimed. Refer note no. 38

- ix. Based on our audit procedure and according to the information and explanations given by management, the Company has not raised money by way of initial public offer and term loan during the year. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it and hence paragraph 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Companies Act. The details of such related party transactions have been disclosed in the Standalone Financial Statements as required under Indian Accounting Standard (Ind. AS) 24, Related Party Disclosures.
- xiv. According to the information and explanations given to us the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us the company is not required to get registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

**For Mehta Chokshi & Shah  
Chartered Accountants  
Firm Registration No: 106201W**

**A.R.Mehta  
Partner  
Membership No.046088**

**Place: Mumbai  
Date: May 18, 2019**

## INDEPENDENT AUDITORS' REPORT (Cont....)

---

### **Annexure B to the Independent Auditor's Report**

(Referred to in paragraph VIII,2(f) of "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date on the accounts of **LYKA LABS LIMITED** for the year ended March 31, 2019)

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

We have audited the internal financial controls over financial reporting of **LYKA LABS LIMITED** ("the Company") as at March 31, 2019 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 financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. as required under the Act.

### **Auditor's 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, deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts 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 Standalone Financial Statements.



## **INDEPENDENT AUDITORS' REPORT (Cont....)**

---

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal financial 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 Mehta Chokshi & Shah  
Chartered Accountants  
Firm Registration No: 106201W**

**A.R. Mehta  
Partner  
Membership No.046088**

**Place: Mumbai  
Date: May 18, 2019**

# Lyka Labs Limited

## BALANCE SHEET AS AT MARCH 31, 2019

Particulars	Notes	[₹ In lakhs]	
		As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	3	7,251.76	7,678.19
(b) Capital Work- In- Progress	3	1,755.18	1,666.25
(c) Intangible assets	4	371.26	438.10
(d) Intangible assets under development	4	1,215.86	976.53
<b>(e) Financial Assets</b>			
(i) Investments	5	6,245.30	6,245.30
(ii) Other Financial Assets	6	1,576.70	1,510.38
(f) Other Non Current Assets	7	127.23	124.16
(g) Non Current Tax Assets	8	399.50	377.72
(h) Deferred tax assets(net)	9	1,024.62	140.85
		<b>19,967.41</b>	<b>19,157.49</b>
<b>Current Assets</b>			
(a) Inventories	10	594.51	729.90
<b>(b) Financial Assets</b>			
(i) Investments	5	0.70	0.06
(ii) Trade Receivables	11	2,968.16	3,025.71
(iii) Cash and Cash Equivalents	12	9.01	46.91
(iv) Loans	13	654.25	654.39
(v) Other Financial Assets	14	348.96	374.08
(c) Other Current Assets	15	327.15	493.25
		<b>4,902.73</b>	<b>5,324.30</b>
		<b>24,870.14</b>	<b>24,481.79</b>
<b>Total Assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	16	2,814.00	2,814.00
(b) Other Equity	17	7,046.15	6,864.14
		<b>9,860.15</b>	<b>9,678.14</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	18	7,879.69	471.35
(ii) Other Financial Liabilities	19	23.97	31.88
(b) Provisions	20	277.12	254.16
		<b>8,180.78</b>	<b>757.39</b>
<b>Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	21	1,241.28	3,558.64
(ii) Trade Payable	22	2,209.79	2,133.97
(iii) Other Financial Liabilities	23	1,819.40	8,023.06
(b) Other Current Liabilities	24	1,407.99	168.18
(c) Provisions	25	150.75	162.41
		<b>6,829.21</b>	<b>14,046.26</b>
		<b>24,870.14</b>	<b>24,481.79</b>
<b>Total Equity and Liabilities</b>			

### See accompanying notes to the Standalone financial statements

In terms of our report of even date,  
**For Mehta Chokshi & Shah**  
Chartered Accountants  
Firm Registration No. 106201W

**(A. R. Mehta)**  
Partner  
Membership No. 046088

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

**(N. I. Gandhi)**  
Chairman & Managing Director  
DIN : 00021530

**(Y. B. Shah)**  
Chief Financial Officer

**(V. S. Shanbhag)**  
Director  
DIN : 00555709

**(Raj Trivedi)**  
Company Secretary

Place : Mumbai  
Date : 18<sup>th</sup> May, 2019



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Notes	[₹ In lakhs]	
		For the year ended 31 <sup>st</sup> March, 2019	For the period ended 31 <sup>st</sup> March, 2018
<b>Income</b>			
<b>Income from Operations</b>	26	<b>3,716.83</b>	3,995.08
Other Operating Income	27	<b>401.45</b>	254.01
		<b>4,118.28</b>	4,249.09
<b>Other Income</b>	28	<b>257.81</b>	189.21
		<b>4,376.09</b>	4,438.29
<b>EXPENSES</b>			
Cost of Materials Consumed	29	<b>1,505.49</b>	1,848.03
Purchases of Stock-in-Trade		<b>658.77</b>	134.25
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	30	<b>60.44</b>	171.25
Excise Duty		-	81.00
Employee Benefits Expense	31	<b>999.18</b>	1,089.96
Finance Costs	32	<b>573.24</b>	775.94
Depreciation and Amortization Expense	3 & 4	<b>443.86</b>	630.89
Other Expenses	33	<b>792.50</b>	976.30
<b>Total Expenses</b>		<b>5,033.48</b>	5,707.61
<b>(Loss) before Exceptional items</b>		<b>(657.39)</b>	(1,269.32)
Exceptional items	34	<b>52.68</b>	(147.12)
<b>(Loss) before tax</b>		<b>(710.08)</b>	(1,122.20)
<b>Tax Expense:</b>			
Deferred Tax		<b>(883.37)</b>	(38.26)
<b>Profit / (Loss) for the year</b>		<b>173.30</b>	(1,083.94)
<b>Other Comprehensive Income:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit plans (net of tax)		<b>(8.71)</b>	29.71
<b>Total Other Comprehensive Income for the year</b>		<b>182.01</b>	(1,113.65)
<b>Earnings per share (of Rs. 10 /- each):</b>			
Basic / Diluted	53	<b>0.58</b>	(4.24)

See accompanying notes to the Standalone financial statements

In terms of our report of even date,

**For Mehta Chokshi & Shah**

Chartered Accountants

Firm Registration No. 106201W

**(A. R. Mehta)**

Partner

Membership No. 046088

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

**(N. I. Gandhi)**

Chairman & Managing Director

DIN : 00021530

**(Y. B. Shah)**

Chief Financial Officer

**(V. S. Shanbhag)**

Director

DIN : 00555709

**(Raj Trivedi)**

Company Secretary

Place : Mumbai

Date : 18<sup>th</sup> May, 2019

# Lyka Labs Limited

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

### A. Equity Share Capital (Refer note 16)

[₹ In lakhs]

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting year	2,81,40,000	2,814	220,40,000	2,204
Changes in equity share capital during the year	-	-	61,00,000	610
<b>Balance at the end of reporting year</b>	<b>2,81,40,000</b>	<b>2,814</b>	<b>281,40,000</b>	<b>2,814</b>

### B. Other Equity (Refer note 17)

Particulars	Reserves and Surplus				Items of Other Comprehensive Income	Money received against share warrants (Refer note no.16.2)	Total
	Retained Earnings	Securities Premium Account	Capital Reserve	General Reserve	Other item of OCI (Remeasurement of the defined benefit plan)		
<b>Balance as at 31st March, 2018</b>	(3,675.94)	9,496.47	50.68	952.57	(35.26)	75.63	<b>6,864.14</b>
Profit for the year	173.30	-	-	-	-	-	<b>173.30</b>
Other Comprehensive Income for the year, net of income tax	-	-	-	-	8.71	-	<b>8.71</b>
<b>Balance as at 31st March, 2019</b>	<b>(3,502.65)</b>	<b>9,496.47</b>	<b>50.68</b>	<b>952.57</b>	<b>(26.55)</b>	<b>75.63</b>	<b>7,046.15</b>

In terms of our report of even date,  
**For Mehta Chokshi & Shah**  
 Chartered Accountants  
 Firm Registration No. 106201W

**(A. R. Mehta)**  
 Partner  
 Membership No. 046088

Place : Mumbai  
 Date : 18<sup>th</sup> May, 2019

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

**(N. I. Gandhi)**  
 Chairman & Managing Director  
 DIN : 00021530

**(Y. B. Shah)**  
 Chief Financial Officer

**(V. S. Shanbhag)**  
 Director  
 DIN : 00555709

**(Raj Trivedi)**  
 Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

Particulars	[₹ In lakhs]	
	Current Year ended 31st March, 2019	Previous Year ended 31st March, 2018
<b>A. Cash Flow from Operating Activities</b>		
<b>(Loss) for the year before tax</b>	<b>(710.08)</b>	<b>(1,122.20)</b>
Adjusted for		
Depreciation	<b>443.86</b>	630.89
Interest Income	<b>(6.89)</b>	(7.06)
Loss on sale of fixed assets	<b>21.65</b>	1.52
Finance Cost	<b>573.24</b>	775.94
Provision for Doubtful Trade Receivables/Advances/Deposits	<b>(8.59)</b>	56.78
Provision/ Credit Balance no longer required Written Back	<b>(1.14)</b>	(54.22)
Exchange rate fluctuation	<b>(0.97)</b>	-
Non Payable interest written back	-	(344.35)
VAT paid under Amnesty Scheme	-	81.61
Irrecoverable Advances written off	<b>12.46</b>	39.84
	<b>1,033.63</b>	<b>1,180.94</b>
<b>Operating profit before working capital change</b>	<b>323.55</b>	58.74
<b>Changes in Working Capital :</b>		
(Increase) / Decrease in Trade and other receivables	<b>59.55</b>	(603.65)
(Increase) / Decrease in Other Current Assets	<b>166.10</b>	(65.53)
(Increase) / Decrease in Other Current Financial Assets	<b>25.28</b>	(166.68)
(Increase) / Decrease in Other Non-Current Financial Assets	<b>(66.32)</b>	(73.26)
(Increase) / Decrease in Other Non-Current Assets	<b>(3.06)</b>	241.13
(Increase) / Decrease in Inventories	<b>135.39</b>	195.26
Increase / (Decrease) in Other Non-Current Financial Liabilities	<b>(7.91)</b>	19.66
Increase / (Decrease) in Other Current Liabilities	<b>1,239.81</b>	(342.45)
Increase / (Decrease) in Other Current Financial Liabilities	<b>(106.31)</b>	2087.15
Increase / (Decrease) in Non-Current Provisions	<b>22.96</b>	34.64
Increase / (Decrease) in Current Provisions	<b>(11.66)</b>	19.96
Increase / (Decrease) in Trade Payables	<b>75.82</b>	(676.95)
	<b>1529.66</b>	<b>669.28</b>
<b>Cash generated from operations</b>	<b>1853.21</b>	728.01
Net Income Tax Payment	<b>(21.78)</b>	(44.27)
<b>Net cashflow from operating activities (A)</b>	<b>1831.43</b>	<b>683.75</b>

# Lyka Labs Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Current Year ended 31st March, 2019	Previous Year ended 31st March, 2018
<b>B. Cashflow for Investing activities</b>		
Purchase of fixed assets	(350.94)	(346.21)
Proceeds from sale of fixed assets	50.42	4.59
Interest Received	6.89	7.06
<b>Net cash used in Investing activities (B)</b>	<b>(293.62)</b>	<b>(334.56)</b>
<b>C. Cashflow from Financing activities</b>		
Proceed from / Repayment of Non Current Borrowings Net	7408.34	(3076.80)
Proceed from / Repayment of Current Borrowings Net	(8414.71)	(207.99)
Proceeds from Issue of Equity Shares	-	610.00
Securities Premium Received	-	2745.00
Money Received Against Share warrant	-	75.63
Interest Paid	(569.34)	(593.85)
<b>Net cash used in Financing activities (C)</b>	<b>(1575.71)</b>	<b>(448.01)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(37.90)</b>	<b>(98.83)</b>
<b>Cash and Cash Equivalents at the beginning of the year/period</b>		
Cash and Cash Equivalents	7.70	66.44
Earmarked Balances	39.21	79.31
	<b>46.91</b>	<b>145.74</b>
<b>Cash and Cash Equivalents at the end of the year/period</b>		
Cash and Cash Equivalents	9.01	7.70
Earmarked Balances	-	39.21
	<b>9.01</b>	<b>46.91</b>

In terms of our report of even date,  
**For Mehta Chokshi & Shah**  
 Chartered Accountants  
 Firm Registration No. 106201W

**(A. R. Mehta)**  
 Partner  
 Membership No. 046088

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

**(N. I. Gandhi)**  
 Chairman & Managing Director  
 DIN : 00021530

**(Y. B. Shah)**  
 Chief Financial Officer

**(V. S. Shanbhag)**  
 Director  
 DIN : 00555709

**(Raj Trivedi)**  
 Company Secretary

Place : Mumbai  
 Date : 18<sup>th</sup> May, 2019



**1. CORPORATE INFORMATION**

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

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

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

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

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

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

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

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

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

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

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

An asset is considered as current when it is:

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

All other assets are classified as non-current.

A liability is considered as current when:

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

All other liabilities are classified as non-current.

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

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

### **2.3 PROPERTY, PLANT AND EQUIPMENT:**

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

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

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

### **2.4 DEPRECIATION:**

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

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

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

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

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

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

## **2.5 CAPITAL WORK IN PROGRESS AND CAPITAL ADVANCES:**

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

## **2.6 INTANGIBLE ASSETS AND AMORTISATION THEREOF:**

### **2.6.1 INTERNALLY GENERATED INTANGIBLE ASSETS (RESEARCH AND DEVELOPMENT):**

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

### **2.6.2 OTHER INTANGIBLE ASSETS:**

An intangible asset is recognised if

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

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

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

### **2.6.3.AMORTISATION OF INTANGIBLE ASSETS:**

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

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

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

### **2.7 IMPAIRMENT OF PROPERTY PLANT & EQUIPMENT AND INTANGIBLE ASSETS**

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

### **2.8 INVENTORIES**

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

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

### **2.9 REVENUE RECOGNITION**

- The Company derives revenues primarily from sale of manufactured goods, traded goods and related services. Effective April1,2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, ap-

plied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant.

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

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

- Interest Income:

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

- Dividend Income:

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

## **2.10 FINANCIAL INSTRUMENTS:**

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

### FINANCIAL ASSETS:

- Initial Recognition and Measurement:

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

- Subsequent Measurement:

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

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

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

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

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

- **Equity Instruments at FVTOCI:**

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

- **Financial Assets at FVTPL:**

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

**DERECOGNITION:**

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

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

**IMPAIRMENT OF FINANCIAL ASSETS:**

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

- Financial assets at amortised cost.
- Trade Receivables

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

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

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

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

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

**FINANCIAL LIABILITIES:****Initial Recognition and Measurement:**

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

### **Subsequent Measurement:**

This is dependent upon the classification thereof as under:

Loans and Borrowings:

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

### **Derecognition:**

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

### **OFFSETTING OF FINANCIAL INSTRUMENTS:**

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

### **EQUITY INSTRUMENTS:**

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

## **2.11 EMPLOYEE BENEFITS**

- **Defined Contribution Plan:**  
The Company's contribution paid / payable during the year to Provident Fund , ESIC, Superannuation Fund etc., are recognized as expenses in the Statement of Profit and Loss. These are approved / recognised schemes of the Company.
- **Defined Benefit Plan:**  
The Company's annual liability towards Gratuity is funded on the basis of actuarial valuation furnished by the Life Insurance Corporation of India under Group Gratuity Scheme.
- The undiscounted amount of short-term employee benefit expected to be paid in exchange for the service rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives and are determined using the Projected Unit Credit Method. Compensated absences which are not expected to occur



within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. Actuarial gains and losses are recognised immediately in the Balance Sheet with a corresponding effect in the Statement of Other Comprehensive Income. Past service cost is recognised immediately in the Statement of Profit or Loss.

## **2.12 BORROWING COST**

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

## **2.13 LEASES:**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment 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.

### As a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate the lessor.

## **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.

## **B. 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.

### **2.22 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.

### 2.23 STANDARDS ISSUED BUT NOT YET EFFECTIVE

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116.

**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax

Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

**Amendment to Ind AS 12 – Income taxes :** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

**Amendment to Ind AS 19 – plan amendment, curtailment or settlement-** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

---

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the Standalone Financial Statements.

The company is in the process of evaluating the impact of above on its Financial Statements.

### 3. Property Plant and Equipment [₹ In lakhs]

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Land	2,854.79	2,883.37
Buildings	2,953.95	3,039.72
Plant and Machinery	1,317.61	1,522.11
Computers	9.30	12.85
Vehicles	18.36	94.18
Furnitures and Fixtures	91.62	118.68
Office Equipments	6.16	7.27



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

[₹ In lakhs]

Particulars	Land	Buildings	Plant and Machinery	Computers	Vehicles	Furnitures and Fixtures	Office Equipments	Total
<b>Gross Block</b>								
Cost or deemed cost								
Balance at 31st March, 2018	2,993.40	3,424.73	1,956.49	24.82	133.68	190.09	7.98	8,731.19
Additions	-	-	17.92	0.82	-	3.69	0.26	22.69
Disposals	-	-	-	-	(79.15)	(30.64)	-	(109.79)
<b>Balance at 31st March, 2019</b>	<b>2,993.40</b>	<b>3,424.73</b>	<b>1,974.41</b>	<b>25.64</b>	<b>54.53</b>	<b>163.14</b>	<b>8.24</b>	<b>8,644.08</b>
<b>Accumulated Depreciation and Impairment</b>								
Balance at 31st March, 2018	110.03	385.01	434.37	11.97	39.50	71.41	0.71	1,053.00
Depreciation for the year	28.58	85.78	222.43	4.37	13.50	21.00	1.37	377.04
Disposals	-	-	-	-	(16.82)	(20.89)	-	(37.71)
<b>Balance at 31st March, 2019</b>	<b>138.61</b>	<b>470.78</b>	<b>656.80</b>	<b>16.34</b>	<b>36.17</b>	<b>71.52</b>	<b>2.08</b>	<b>1,392.32</b>
<b>Carrying amounts of :</b>								
Balance at 31st March, 2018	2,883.37	3,039.72	1,522.11	12.85	94.18	118.68	7.27	7,678.19
Balance at 31st March, 2019	2,854.79	2,953.95	1,317.61	9.30	18.36	91.62	6.16	7,251.76

Building includes Rs. 26.92 Lakhs (as at 31st March, 2018 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. 18.1)

**Details of Tangible Capital Work in Progress [₹ In lakhs]**

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Opening balance</b>	<b>1,666.25</b>	<b>1,669.63</b>
Capitalised	(6.07)	(13.75)
Additions during the year	95.01	10.37
<b>Closing Balance</b>	<b>1,755.18</b>	<b>1,666.25</b>

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

4 Intangible Assets		[₹ In lakhs]
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Internally Developed Intangible Assets (Research and development expenditure)	302.83	356.54
Computer Software	68.43	81.55

[₹ In lakhs]			
Particulars	Internally Developed Intangible Assets (Research and development expenditure)	Computer Software	Total
<b>Gross Block (Cost or Deemed Cost)</b>			
<b>Balance at 31st March, 2018</b>	556.73	138.95	695.69
Additions	-	-	-
Disposals	-	-	-
<b>Balance at 31st March, 2019</b>	556.73	138.95	695.69
<b>Accumulated Amortisation and Impairment</b>			
<b>Balance at 31st March, 2018</b>	200.19	57.40	257.59
Amortisation for the year	53.71	13.12	66.83
<b>Balance at 31st March, 2019</b>	253.90	70.53	324.43
<b>Carrying amounts of :</b>			
<b>Balance at 31st March, 2018</b>	356.54	81.55	438.10
<b>Balance at 31st March, 2019</b>	302.83	68.43	371.26

### Details of Intangible Assets under Development

4 Intangible Assets		[₹ In lakhs]
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Opening balance</b>	976.53	753.64
Capitalised	-	(42.93)
Additions during the year	239.33	265.83
<b>Closing Balance</b>	1,215.86	976.53

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**
**5. Non-Current Investment** [₹ In lakhs]

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
<b>Investments :</b>				
<b>Investments in Equity Shares of Subsidiaries (Unquoted) (At cost):</b>				
(i) Equity Shares of Rs. 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 Rs. 10 each fully paid up in Lyka Healthcare Ltd.	75,50,000	3,005 .02	75,50,000	3,005 .00
(iii) Equity Shares of Rs. 10 each fully paid up in Lyka Exports Ltd	53,83,636	1,771 .25	53,83,636	1,771.25
		<b>6,245 .30</b>		<b>6,245.30</b>

**Current Investments** [₹ In lakhs]

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
<b>Investments at FVTPL:</b>				
<b>Investments in Mutual Fund:</b>				
Debt Mutual Fund				
Birla Sun Life Plus Collection A/c	12.664	0.04	12.664	0.03
HDFC Liquid Fund	18.154	0.66	0.768	0.03
<b>Total</b>		<b>0.70</b>		<b>0.06</b>

**6. Other Non- current Financial Assets** [₹ In lakhs]

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>(Unsecured, considered good)</b>		
Security Deposit	544.25	477.93
Others - Deposit with Drug Price Equalisation Account	1,032.45	1,032.45
<b>Total</b>	<b>1,576.70</b>	<b>1,510.38</b>

**7. Other Non-Current Assets** [₹ In lakhs]

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>(Unsecured, considered good)</b>		
Capital Advances	31.75	32.67
Balance with Government Authorities	95.48	91.49
<b>Total</b>	<b>127.23</b>	<b>124.16</b>

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 8. Non-Current Tax Assets [₹ In lakhs]

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Tax and Tax deducted at source	399.50	377.72
<b>Total</b>	<b>399.50</b>	<b>377.72</b>

### 9 Deferred Tax Assets (net) [₹ In lakhs]

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Assets	1,040.52	167.75
Less: Deferred Tax Liabilities	(15.90)	(26.90)
<b>Total</b>	<b>1,024.62</b>	<b>140.85</b>

### [₹ In lakhs]

Deferred Tax Assets/ (Liabilities) in relation to:	As at March 31, 2019			As at March 31, 2018		
	Opening Balance	Recognised in Profit or Loss	Closing Balance	Opening Balance	Recognised in Profit or Loss	Closing Balance
Fair Value Adjustments	5.51	858.59	864.10	23.34	(17.83)	5.51
ECL Provisions	58.58	12	70.58	41.03	17.54	58.58
Property, Plant and Equipment	76.76	13.18	89.94	38.21	38.55	76.76
<b>Total</b>	<b>140.85</b>	<b>883.77</b>	<b>1024.62</b>	<b>102.58</b>	<b>38.26</b>	<b>140.85</b>

### 10 Inventories [₹ In lakhs]

Particulars	As at March 31, 2019	As at March 31, 2018
Raw Materials (Refer note no. 45)	110.59	146.85
Packing Material (Refer note no. 45)	305.27	343.96
Work-in-Progress	125.70	201.94
Finished Goods	52.95	37.15
<b>Total</b>	<b>594.51</b>	<b>729.90</b>

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 Rs. 10.21 lakh (Previous year - Rs. 19.94 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.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

<b>11 Trade Receivables</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at March 31, 2019</b>	As at March 31, 2018
<b>(Unsecured)</b>		
Considered Good	2,968.16	3,025.71
Considered Doubtful	180.97	189.56
Less: Provision for Expected Credit Loss	(180.97)	(189.56)
<b>Total</b>	<b>2,968.16</b>	<b>3,025.71</b>
<b>12 Cash and Cash Equivalents</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at March 31, 2019</b>	As at March 31, 2018
<b>(A) Cash and Cash Equivalents</b>		
Balances with Banks	7.36	6.85
Cash on hand	1.65	0.85
<b>(B) Bank Balances other than Cash and Cash Equivalents</b>		
Deposits with Banks held as margin money	-	39.21
<b>Total</b>	<b>9.01</b>	<b>46.91</b>
<b>13 Current Loans</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at March 31, 2019</b>	As at March 31, 2018
<b>(Unsecured, considered good)</b>		
Loan to Employees	4.25	4.35
Loan to Subsidiaries	650.00	650.00
Loan to Others	-	0.05
<b>Total</b>	<b>654.25</b>	<b>654.39</b>
<b>14 Other Current Financial Assets</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at March 31, 2019</b>	As at March 31, 2018
<b>(Unsecured, considered good)</b>		
Deposits	52.46	60.53
Others	296.49	313.56
<b>Total</b>	<b>348.95</b>	<b>374.08</b>

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

15 Other Current Assets		[₹ In lakhs]
Particulars	As at March 31, 2019	As at March 31, 2018
Trade Advances	184.21	333.90
Prepaid Expenses	18.76	31.09
Balance with Government Authorities	124.18	128.26
<b>Total</b>	<b>327.15</b>	<b>493.25</b>

16 Share Capital		[₹ In lakhs]		
Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised</b>				
Equity Shares of Rs. 10/- each	3,00,00,000	3,000	3,00,00,000	3,000
Redeemable Preference Shares of Rs. 100/- each	2,00,000	200	2,00,000	200
	<b>3,02,00,000</b>	<b>3,200</b>	<b>3,02,00,000</b>	<b>3,200</b>
<b>Issued, Subscribed and Fully Paid</b>				
Equity Shares of Rs. 10/- each	2,81,40,000	2,814	2,81,40,000	2,814
<b>Total</b>	<b>2,81,40,000</b>	<b>2,814</b>	<b>2,81,40,000</b>	<b>2,814</b>

### 16.1 Rights, preferences and restriction attached to equity shares :

The Company has only one class of equity shares having par value of Rs. 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 Terms of warrants issued:

Each warrant is entitled to be converted in equity shares of Rs.10/- each

Warrant does not bear any interest.

The warrants will be converted into equal no. of shares within a period of 18 months from the date of allotment upon receipt of balance amount of 75% of issue price. In the event of non receipt of balance amount of issue price, the subscription money paid on warrant shall be forfeited. All the outstanding warrants in respect of which the holder has not exercised option shall lapse on the completion of 18 months from the date of allotment.

The shares so allotted on conversion of warrants shall rank pari passu in all respect in existing equity shares.

The shares so allotted on conversion of warrants shall remain under lock-in period of three years from the date of trading approval granted by the stock exchange.

The warrant holders shall have no right or privileges.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
Balance as at the beginning of the Year	2,81,40,000	1,08,570	2,20,40,000	1,08,570
Add : Issued during the Year	-	-	61,00,000	-
<b>Balance as at the end of the Year</b>	<b>2,81,40,000</b>	<b>1,08,570</b>	<b>2,81,40,000</b>	<b>1,08,570</b>

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% of Shares	No. of Shares	% of Shares
<b>Equity Shares of Rs. 10/- each</b>				
Mayank J. Shah	20,00,000	7.11%	20,00,000	7.11%
Shruti Mayank Shah	15,15,846	5.39%	15,15,846	5.39%
Prasham M. Shah	15,00,000	5.33%	15,00,000	5.33%
<b>10% Cumulative Redeemable Preference Shares</b>				
Dr. D. B. Parikh	1,08,570	100.00%	1,08,570	100.00%

**16.5** 40 lakhs Equity shares of Rs.10/- each were issued on 07.12.2005 by conversion of Global Depository Receipts.

**16.6** The Company has allotted 4.6 lakhs convertible warrants at Rs. 28/- per warrant to Promoters / Promoters Group on preferential basis pursuant to the Special Resolution passed by the members of the Company at their Extra Ordinary General Meeting held on January 23,2015 These warrants were converted ( in the ratio of 1 share for 1 warrant ) into equity shares of Rs.10/- each at a premium of Rs.18/- per share during the previous period.

### 17 Other Equity

[₹ In lakhs]

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Reserve	50.68	50.68
Securities Premium Account	9,496.47	9,496.47
General Reserve	952.57	952.57
Retained Earning	(3,529.20)	(3,711.21)
Money Received against Share Warrants (Refer Note No. 16.2)	75.63	75.63
<b>Total</b>	<b>7,046.15</b>	<b>6864.14</b>

#### 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.

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 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 March 31, 2019	As at March 31, 2018
<b>Secured Loan:</b>		
Term Loans from Banks	-	359.10
Term Loans from others (Refer Note No.18.1)	<b>7,790.14</b>	-
Finance Lease Obligations	-	25.30
<b>Unsecured Loan:</b>		
10% Redeemable Preference Shares of Rs. 100/- each (for terms of preference shares Refer Note no. 18.2)	<b>89.56</b>	86.95
<b>Total</b>	<b>7,879.69</b>	<b>471.35</b>

**18.1** Term Loans from others : This loans are secured by first charge on stock in trade , book debts, others moveable assets, moveable plant and machineries. These loans are also secured by first charge on immovable properties at Ankleshwar and Valsad (refer note no. 42(a)).

**18.2** 108,570 10% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid up were issued on 30th September, 2005 redeemable at the option of the company but not later than 20 years from the date of allotment.

### 19 Other Non-current Financial Liabilities

[₹ In lakhs]

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposit	<b>23.97</b>	31.88
	<b>23.97</b>	31.88

### 20 Non Current Provisions

[₹ In lakhs]

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Employee Benefits:</b>		
Provision for Leave Encashment	<b>81.99</b>	74.40
Provision for Gratuity	<b>195.13</b>	179.76
<b>Total</b>	<b>277.12</b>	254.16



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

<b>21 Current Borrowings</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Secured Loans</b>		
<b>From Bank</b>		
Loans repayable on demand	-	2,478.65
<b>Unsecured</b>		
Loans and Advances from related parties	<b>820.56</b>	868.49
Inter Corporate Deposits	<b>365.78</b>	147.12
Short Term Loans	<b>54.94</b>	64.37
<b>Total</b>	<b>1,241.28</b>	<b>3,558.64</b>

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

21.1 Interest on Loans from related parties is 18 % ( simple Interest ).

21.2 Interest on Inter Corporate Deposits ranges between 12% to 21% ( simple interest ).

21.3 Interest on Short Term Loans ranges between 12% to 16% ( simple interest ).

<b>22 Trade Payables</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	<b>354.00</b>	62.86
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	<b>1,855.79</b>	2,071.12
<b>Total</b>	<b>2,209.79</b>	<b>2,133.97</b>

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

		[₹ In lakhs]
<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	<b>354.00</b>	62.86
Interest accrued on the dues to suppliers under MSMED Act, 2006 on the above amount	<b>24.85</b>	2.53
Payment made to suppliers (Other than interest) beyond the appointed date, during the year	<b>NIL</b>	NIL
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	<b>NIL</b>	NIL
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	<b>NIL</b>	NIL
Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	<b>NIL</b>	NIL
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	<b>24.85</b>	2.53

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

<b>23 Other Current Financial Liabilities</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at March 31, 2019</b>	As at March 31, 2018
Current Maturities of Long-Term Debt		
(i) Debentures - Privately Placed Non Convertible	13.00	12.00
(ii) Term Loan from Banks	-	6,097.35
(iii) Finance Lease Obligations	-	25.88
(iv) Fixed Deposits	44.82	49.52
Interest Accrued and due	144.34	140.44
Book Overdraft	121.64	235.05
Employee dues	178.80	155.19
Retention Money Payable	0.02	0.02
Creditors for :		
(i) Expenses	170.00	128.28
(ii) Capital Expenditure	62.61	65.09
(iii) Trade Acceptances	954.64	1,024.72
Other Outstanding Liabilities	129.54	89.53
<b>Total</b>	<b>1,819.40</b>	<b>8,023.06</b>
<b>24 Other Current Liabilities</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at March 31, 2019</b>	As at March 31, 2018
Other Payables		
(i) Statutory dues	253.11	155.81
(ii) Advance from Customers	1,154.88	12.36
<b>Total</b>	<b>1,407.99</b>	<b>168.18</b>
<b>25 Current Provisions</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at March 31, 2019</b>	As at March 31, 2018
<b>Employee Benefits:</b>		
Provision for Bonus	28.32	33.02
Provision for Gratuity	114.86	119.93
Provision for Leave Encashment	-	6.22
Provision for Superannuation	7.56	3.24
<b>Total</b>	<b>150.75</b>	<b>162.41</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

<b>26 Revenue From Operations</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	For the year ended March 31, 2018
<b>Sale of products</b>	<b>3,716.83</b>	3,995.08
<b>Total</b>	<b>3,716.83</b>	<b>3,995.08</b>

<b>26.1 Details of sale of Products</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	For the year ended March 31, 2018
Bulk Drugs	<b>654.76</b>	331.83
Formulations	<b>3060.41</b>	3450.77
Pharma Chemicals	<b>1.66</b>	212.48
<b>Total</b>	<b>3716.83</b>	<b>3995.08</b>

<b>27 Other Operating Revenue</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	For the year ended March 31, 2018
Processing charges received	<b>366.94</b>	236.47
Export Incentives	<b>2.71</b>	3.65
Royalty	<b>31.80</b>	13.90
<b>Total</b>	<b>401.45</b>	<b>254.01</b>

<b>28 Other Income</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	For the year ended March 31, 2018
Interest Income	<b>6.89</b>	7.06
Rent Received	<b>114.67</b>	87.21
Sundry Credit Balances/Excess Provision Written Back (net)	<b>1.14</b>	54.22
Miscellaneous Income	<b>135.11</b>	40.71
<b>Total</b>	<b>257.81</b>	<b>189.21</b>

<b>28.1 Interest Income</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	For the year ended March 31, 2018
(i) Interest from banks on deposits	<b>2.20</b>	4.51
(ii) Other interest	<b>4.69</b>	2.56
<b>Total</b>	<b>6.89</b>	<b>7.06</b>

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 29 Cost of material consumed [₹ In lakhs]

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock of raw material and packing material	490.81	514.83
Add: Purchases	1,430.53	1824.01
Less: Closing stock of raw material and packing material	(415.86)	(490.81)
<b>Total</b>	<b>1,505.49</b>	<b>1,848.03</b>

### 30 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade [₹ In lakhs]

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>As at the beginning of the year:</b>		
Finished Goods	37.15	38.19
Work-in-Progress	201.94	372.14
<b>Total Opening Stock</b>	<b>239.08</b>	<b>410.33</b>
<b>As at the end of the year:</b>		
Finished Goods	52.95	37.15
Work-in-Progress	125.70	201.94
<b>Total Closing Stock</b>	<b>178.65</b>	<b>239.08</b>
<b>Net decrease in Finished Goods, work-in-progress and stock in trade</b>	<b>60.44</b>	<b>171.25</b>

### 31 Employee Benefit Expenses [₹ In lakhs]

Particulars	For the year ended 31st March, 19	For the year ended 31st March, 18
Salaries and Wages	813.53	844.86
Contribution to Provident and Other Funds		
a) Provident / ESI Fund	55.22	64.15
b) Superannuation Fund	4.32	4.83
Provision for Gratuity	35.75	60.24
Provision for Leave Encashment	3.11	27.68
Staff Welfare Expenses	87.25	88.21
<b>Total</b>	<b>999.18</b>	<b>1,089.96</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**
**32 Finance Costs**

Particulars	[₹ In lakhs]	
	For the year ended 31st March, 19	For the year ended 31st March, 18
<b>Interest Expenses on :</b>		
(i) Borrowings From Banks		
Term Loans	134.54	70.74
Working Capital	-	0.58
(ii) Debentures	0.01	47.57
(iii) Borrowing Others		
Bill Discounting charges	105.72	213.72
Bank Charges	11.55	43.79
Others	321.42	237.07
(iv) Commission for L/C	-	162.47
<b>Total</b>	<b>573.24</b>	<b>775.94</b>

**33 Other Expenses**

Particulars	[₹ In lakhs]	
	For the year ended 31st March, 19	For the year ended 31st March, 18
Consumption of Stores and Spare Parts	7.23	15.67
Power and Fuel	221.78	179.61
Processing Charges	25.34	31.24
Rent including Lease Rentals	86.18	26.53
Repairs and Maintenance - Buildings	10.77	15.59
Repairs and Maintenance - Machinery	20.43	23.33
Repairs and Maintenance - Others	11.75	20.62
Insurance	14.32	17.62
Rates and Taxes	12.10	14.54
Communication Expenses	6.35	11.36
Travelling and Conveyance	57.25	100.82
Advertisement and Sales Promotion	6.43	15.13
Legal and Professional Charges	113.75	127.72
Payments to Auditors (Refer Note No.57)	23.14	26.86
Irrecoverable Advances written off	-	1.20
Miscellaneous Expenses	172.27	277.27
ECL Provision Expenses	(8.59)	56.78
Directors Fees	12.00	14.43
<b>Total</b>	<b>792.50</b>	<b>976.30</b>

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 34 Exceptional Items

[₹ In lakhs]

Particulars	For the year ended 31st March, 19	For the year ended 31st March, 18
Non Receivable Interest from Bank Written Off	-	88.80
Non Receivable margin amount Written Off	-	6.96
Non Payable Interest Written Back	-	(344.35)
Sales tax Paid	18.57	-
Other Balance/ Claims Written Off	12.46	-
Loss on sale of Fixed Assets	21.65	-
VAT paid under Amnesty Scheme	-	81.61
Short Provision of expenses in earlier years no longer required writtenback	-	19.86
<b>Total</b>	<b>52.68</b>	<b>(147.12)</b>

**Other Notes:**

(35) Estimated amounts of commitments remaining to be executed as on 31<sup>st</sup> March, 2019 are as follows:  
[₹ In lakhs]

Particulars	As at 31-03-2019	As at 31-03-2018
Against purchase of Capital goods	49.90	92.10

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

- (i) Demands were raised against the Company aggregating to Rs. 680.62 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 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 Rs. 2,094.41 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 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 Rs. 1,032.45 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 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 Rs. 1,324.08 Lakhs ( as at 31<sup>st</sup> March 2018 Rs. 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 Rs. 85.45 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 85.45 Lakhs) against which Company has made payment of Rs. 45.81 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 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 Rs. 45.81 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 45.81 Lakhs) are considered by the Company as good and recoverable.
- (b) There are disputed Sales Tax demands from state of Maharashtra and Gujarat in respect of prior years' amounting to Rs. 358.16 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 549.96 Lakhs) against which the Company has made payment of Rs. 13.21 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 90.24 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 Rs. 13.21 Lakhs for the Maharashtra state demand (as at 31<sup>st</sup> March 2018 Rs. 90.24 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) Rs. 108.75 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 108.75 Lakhs) against which the Company has paid Rs. 25.00 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 25.00 Lakhs). The matter is sub-judice and the payment of Rs. 25.00 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 25.00 Lakhs) is considered by the Company as good and recoverable.
- (b) Rs. 71.37 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 71.37 Lakhs) relating to disputed Central Excise duty, the matter is sub-judice. Rs. 71.37 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 71.37 Lakhs) relating to disputed Central Excise duty, the matter is sub-judice.
- (iv) Disputed Service Tax demand amounts to Rs. 18.10 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 18.10 Lakhs), against which the Company has made payment of Rs. 1.81 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 1.81

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Lakhs). The matter is sub-judice, and the payment of Rs. 1.81 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 1.81 Lakhs) is considered by the Company as good and recoverable.

- (v) The Company has received orders from Income Tax Department raising demands aggregating to Rs. 508.11 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 2,402.26 Lakhs) relating to prior years against which the Company has paid Rs. 15.44 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 115.45 Lakhs). The matter is sub-judice and the payment of Rs. 15.44 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 115.45 Lakhs) is considered by the Company as good and recoverable.
- (vi) Rs. 7.95 Lakhs (as at March 2018 Rs.7.95 Lakhs) being the claims against the company not acknowledged as debt.
- (vii) Employee (Including Ex-Employees) Claims relating to ex-gratia and other benefits aggregating to Rs. 431.67 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 429.55 Lakhs) as the matter is sub-judice.
- (viii) Arrears of dividend on 10% Cumulative Redeemable Preference Shares aggregates to Rs. 146.57 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 135.71 Lakhs)

### (37) Fixed Deposits:

During the year, the Company has repaid deposits that were claimed aggregating to Rs. 4.70 Lakhs. As regards the balance of unclaimed deposits Rs. 44.82 Lakhs (as at 31<sup>st</sup> March 2018 Rs.49.52 Lakhs) the same shall be paid as and when claimed.

### (38) Debentures:

The Company has repaid Debentures as per Order of National Company Law Tribunal (Ahmedabad Bench) dated 22<sup>nd</sup> May, 2017 as follows:

Sr. No.	Outstanding Debentures	Amount (Rs. in Lakh)	Payable by
1	Upto 31 <sup>st</sup> March, 2015	375.00	30 <sup>th</sup> July, 2017
2	From 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> July, 2015	206.75	31 <sup>st</sup> December, 2017
3	From 1 <sup>st</sup> August, 2015 to 30 <sup>th</sup> April, 2016	142.25	30 <sup>th</sup> March, 2018
	<b>*Total</b>	<b>724.00</b>	

\*Out of Rs. 724.00 Lakhs debentures paid by the Company during the year, Rs 13.00 Lakhs (Previous year Rs. 12 Lakhs) is outstanding due to cheques returned undelivered/ Unclaimed.

- (39) Rs. 502.50 Lakhs (Previous Year Rs. 502.50 Lakhs) placed with the Managing Director, as security deposit for residential accommodation/garage taken on leave and license, which has been given by the Company to him, in accordance with the terms of his reappointment. The Company has been legally advised that the provisions of section 185 of the Companies Act, 2013 are not attracted in respect of the same.
- (40) The balances relating to Trade Receivables, Trade Payables, a subsidiary and Loans and Advances as on 31<sup>st</sup>March, 2019 are subject to confirmation and adjustments, if any, on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts cannot be ascertained and shall be adjusted in the year in which the confirmation process is completed.

### (41) Compromise Settlement:

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

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



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

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

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

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

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

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

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

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

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

(c) **Debts of Bank of Maharashtra**

During the year Bank of Maharashtra (BoM), had accorded its approval for full and final settlement of its debts at an amount of Rs.1100 lakhs along with Rs.8.25 lakhs towards processing fees and revalidation fees and Rs.33.00 lakhs interest. The Company had accepted the compromise proposal during the year and made payment of the settlement amount and processing fees . The balance amount of revalidation fees and interest has to be paid during the F.Y.2019-20.

BoM has released charge on the immoveable property of the Company and has also partly released pledged shares of the Promoters of the Company. The balance pledged shares shall be released by BoM on the final payment of the balance amount of interest and revalidation fees during the F.Y.2019-20.

(42) **Pledged shares of a Joint Managing Director (Jt. MD) encashed by a Lender:**

Bank of Maharashtra has invoked 160,000 equity shares of the Company pledged by the Jt. MD of the Company. Out of the invoked equity shares, 110,000 equity shares were sold by the Bank and the sales proceeds aggregating to Rs. 51.46 lakhs adjusted against the outstanding Term Loan.

This amount of Rs.51.46 lakhs has been reflected as Unsecured Loan from the Jt.MD.

(43) **Scheme of Arrangements:**

(a) The Board of Directors at their meeting held on 10<sup>th</sup> March, 2016 had resolved to merge Company's Subsidiary i.e. Lyka Exports Limited with it, effective from 1<sup>st</sup> April, 2015 ("Appointed Date") under the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 and SEBI circular No. CIR/CFD/CMD/16/2015 dated 30<sup>th</sup> November, 2015. Since then the "appointed date" of the said merger of Lyka Exports Limited was postponed to 1<sup>st</sup> April, 2017 by the Board of Directors at their meeting held on 30<sup>th</sup> August, 2017. However, boards of both the Companies have decided to call off the merger at their meeting held on 15<sup>th</sup> May 2019 (Lyka Exports Limited) and 18<sup>th</sup> May 2019.

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

---

- (b) The Board of Directors at their meeting held on 29<sup>th</sup> May 2017, resolved to merge Company's subsidiary Lyka Healthcare Limited with it effective from 1<sup>st</sup> April 2017 ("Appointed Date") under the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 and SEBI circular No. CIR/CFD/CMD/16/2015 dated 30<sup>th</sup> November, 2015.

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

The Equity / Preference Shareholders at the meetings convened, approved the arrangements of merger. The Unsecured Creditors at their meeting also approved the arrangement of merger. However, the meeting of Secured Creditors could not be proceeded, due of lack of quorum. Accordingly, the Company filed an interlocutory Application on 13<sup>th</sup> April 2018, before NCLT seeking directions for re-convening / conducting a fresh meeting of the Secured Creditors. Pursuant to Interlocutory Application, NCLT passed an order dated 9<sup>th</sup> May, 2018 directing the Company for reconvening meeting of Secured Creditors on 2<sup>nd</sup> July, 2018.

Accordingly, Secured Creditors' Meetings were called on various dates which have been adjourned due to lack of quorum and NCLT vide its order dated 4<sup>th</sup> April, 2019 has re-fixed the hearing on 3<sup>rd</sup> June 2019 for reconvening meeting of Secured Creditors.

### (44) Capital Expenditure:

- (i) Tangible Project Capital Work-in-Progress Rs. 1,755.18 Lakhs as at 31<sup>st</sup> March, 2019, (as at 31<sup>st</sup> March 2018 Rs. 1,666.25 Lakhs) includes allocable indirect expenditure in respect of modernization/ expansion of Ankleshwar unit aggregating to Rs. NIL (as at 31<sup>st</sup> March 2018 Rs. 262.44 Lakhs) and interest amount of Rs. NIL (as at 31<sup>st</sup> March 2018 Rs. 299.66 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 31<sup>st</sup> March, 2019 in respect of "new product development and applied research" aggregating to Rs. 1215.86 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 976.53 Lakhs) including finance cost of Rs. 76.12 Lakhs (as at 31<sup>st</sup> March 2018 Rs. 76.12 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 Rs. Nil (as at 31<sup>st</sup> March 2018 Rs. 42.93 Lakhs) as "Self-Generated Intangible Assets" upon successful development of respective products.

- (45) During the year, inventories include slow/non-moving raw-material and packing materials procured during the earlier years amounting to Rs. 152.76 Lakhs as on 31<sup>st</sup> March 2019 (as at 31<sup>st</sup> March 2018 Rs. 174.06 Lakhs), which are valued at lower of net realizable value or cost. The Company is evaluating to utilize/ realize the same.
- (46) The Company has provided Rs. 73.20 Lakhs (Previous Year Rs. 76.89 Lakhs) being interest / damages on an estimated basis in respect of delays in depositing statutory dues with Government, Semi-Government and Local Authorities beyond the time allowed.
- (47) Post applicability of Goods and Service Tax (GST) w.e.f. July 1, 2017, the "Revenue from Operations" is disclosed net of GST. However, the "Revenue from Operations" for the year ended as on 31<sup>st</sup> March, 2018, are inclusive of excise duty, and is not comparable with "Revenue from Operations" for the year ended 31<sup>st</sup> March, 2019 to that extent.
- (48) Ind AS 115, Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after 1<sup>st</sup> April 2018, replaces existing revenue recognition requirements. Under the modified retrospective

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

approach, there were no significant adjustments required to the retained earnings as at 1<sup>st</sup> April 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results of the company Ind AS 115, Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after 1<sup>st</sup> April 2018, replaces existing revenue recognition requirements. Under the modified retrospective approach, there were no significant adjustments required to the retained earnings as at 1<sup>st</sup> April 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results of the company.

**(49) 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 31<sup>st</sup> March, 2019. The following tables set out the amounts recognized in the financial statements as at 31<sup>st</sup> March, 2019 for the defined benefit plans.

[₹ In lakhs]

Sr. No.	Particulars	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
a)	<b>Liability recognized in Balance Sheet</b>		
	Change in Benefit Obligation		
	Opening balance of present value of obligations	302.64	257.22
	Service Cost	12.99	13.49
	Interest Cost	22.98	17.74
	Actuarial Loss/(Gain) on Obligations	(11.00)	29.71
	Benefits Paid	(16.73)	(15.52)
	<b>Closing balance of present value of obligations</b>	<b>310.88</b>	<b>302.64</b>
	Less : Fair Value of Plan Assets		
	Opening Balance of Plan Assets	2.95	10.25
	Expected Return on Plan assets	0.22	0.71
	Employers' Contribution	-	-
	Actuarial (Loss) on Plan Assets	(2.29)	-
	Benefits Paid	-	(8.01)
	<b>Closing Balance of Plan Assets</b>	<b>00.89</b>	<b>2.95</b>
	<b>Net Liability</b>	<b>309.99</b>	<b>299.69</b>
b)	<b>Expense during the year</b>		
	Service Cost	12.99	13.49
	Interest Cost	22.76	17.02
	Expected Return on Plan Assets	-	-
	Actuarial Loss/(Gain) on Obligations	(8.71)	29.73
	<b>Total</b>	<b>27.04</b>	<b>60.24</b>
c)	<b>Principal Actuarial Assumptions</b>		
	Rate of Discounting	<b>7.55%</b>	<b>7.60%</b>
	Rate of Return on Plan Assets	<b>7.50%</b>	<b>7.50%</b>
	Salary Growth Rate	<b>3.00%</b>	<b>3.00%</b>

- (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 31<sup>st</sup> March, 2019. The following tables set out the amounts recognized in the financial statements as at 31<sup>st</sup> March, 2019 for the defined benefit plan.

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

		[₹ In lakhs]	
Sr. No.	Particulars	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
a)	<b>Liability recognized in Balance Sheet</b>		
	Change in Benefit Obligation		
	Opening balance of present value of obligations	111.19	85.80
	Service Cost	9.33	26.66
	Interest Cost	8.44	5.92
	Actuarial (Gain) on Obligations	(26.82)	(2.92)
	Benefits Paid	(6.32)	(4.27)
	<b>Closing balance of present value of obligations</b>	<b>95.82</b>	<b>111.19</b>
	Less : Fair Value of Plan Assets		
	Opening Balance of Plan Assets	30.57	28.60
	Expected Return on Plan Assets	2.32	1.97
	Employers' Contribution	4.00	-
	Benefits Paid	(4.60)	-
	<b>Closing Balance of Plan Assets</b>	<b>32.29</b>	<b>30.57</b>
	<b>Net Liability</b>	<b>63.53</b>	<b>80.62</b>
b)	<b>Expense during the year</b>		
	Service Cost	9.32	26.66
	Interest Cost	6.12	3.94
	Expected Return on Plan Assets	-	-
	Actuarial (Gain) on Obligations	(26.82)	(2.92)
	<b>Total</b>	<b>(11.36)</b>	<b>27.68</b>
c)	<b>Principal Actuarial Assumptions</b>		
	Rate of Discounting	7.55%	7.60%
	Rate of Return on Plan Assets	7.50%	7.50%
	Salary Growth Rate	3.00%	3.00%

### Sensitivity Analysis:

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

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

[₹ In lakhs]

Particulars	Particular			
	31-Mar-2019		31-Mar-2018	
Defined Benefit Obligation (Base)	310.88		302.64	
Particulars	31-Mar-2019		31-Mar-2018	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	323.18	299.59	315.04	291.27
(% change compared to base due to sensitivity)	4.0%	-3.6%	4.1%	-3.8%
Salary Growth Rate (- / + 1%)	299.00	323.62	290.67	315.49
(% change compared to base due to sensitivity)	-3.8%	4.1%	-4.0%	4.3%
Attrition Rate (- / + 50% of attrition rates)	303.99	316.27	295.34	308.21
(% change compared to base due to sensitivity)	-2.2%	1.7%	-2.4%	1.8%
Mortality Rate (- / + 10% of mortality rates)	310.75	311.00	302.50	302.77
(% 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.

**(50) Assets taken on operating lease:**

The future minimum lease payments and payment profile of non-cancellable operating leases are as under :

[₹ In lakhs]

Particulars	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
Not later than one year	80.30	73.62
Later than one year but not later than five years	236.91	317.21
Later than five years	-	-
<b>Total</b>	<b>317.21</b>	<b>390.83</b>

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

Based on guiding principles given in the Indian Accounting standard on 'Operating Segments' (IndAS-108), the primary segment of the Company is business segment, which comprises of pharmaceutical products/ pharma related services. As the Company operates in a single primary business segment, no segmental information thereof is given.

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

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

**(c) Revenues from one customer of the company was approximately Rs. 1952.35 Lakhs representing approximately 52.21% of the Company's total revenues, for the year ended 31<sup>st</sup> March, 2019.**

Revenues from two customers of the company were approximately Rs. 1794.77 Lakhs and Rs. 423.99 Lakhs representing approximately 42% and 10% of the Company's total revenues, for the year ended 31<sup>st</sup> March, 2018.

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(52) **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 :

Category	Name of the Related Party	Relationship
1	Lyka BDR International Limited Lyka Healthcare Limited Lyka Exports Limited	Subsidiaries
2	Mr. N. I. Gandhi (Chairman and Managing Director) Mr. Kunal N. Gandhi (Joint Managing Director) Mr. Yogesh Shah (Chief Financial Officer) Mr. Dinesh Darji (Company Secretary upto Nov'18) Mr. Raj Trivedi ( Company Secretary From Dec'18)	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	Entities owned by over which KMP is able to exercise significant influence

b) Disclosure of related party transactions: [₹ In lakhs]

Description	Subsidiaries	KMP	Relative of KMP	Entities Owned by KMP	Total
Sale of goods	2142.54 (2218.28)				<b>2142.54</b> <b>(2218.28)</b>
Reimbursement of Expenses	5.40 (7.70)				<b>5.40</b> <b>(7.70)</b>
Rent Income	48.00 (35.75)				<b>48.00</b> <b>(35.75)</b>
Other Income	13.74 (8.08)				<b>13.74</b> <b>(8.08)</b>
Remuneration (Payments/Provisions)		113.57 (113.88)	1.97 (11.83)		<b>115.54</b> <b>(125.71)</b>
Directors Sitting Fees			0.90 (0.60)		<b>0.90</b> <b>(0.60)</b>
Interest Paid		73.49 (67.17)	66.20 (49.74)	2.72 (0.09)	<b>142.41</b> <b>(117.00)</b>
Loan Received		63.69 (667.62)	45.50 (349.30)	4.72 ( - )	<b>113.91</b> <b>(1016.92)</b>
Loan Repaid		198.78 (620.32)	16.76 (61.84)	2.77 (2.00)	<b>218.31</b> <b>(682.16)</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

(c) Balance for the year ended

[₹ In lakhs]

Description	Related party	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
Loans & Advances given	Subsidiary	650.00	650.00
Sundry Debtors	Subsidiary	2443.18	2338.89
Security Deposit- given	KMP	502.5	502.5
Unsecured Loan- from	Entities owned by/over which KMP is able to exercise significant influence	21.74	19.79
	Relative of KMP	423.93	395.19
	KMP	318.42	453.51
Investments	Subsidiary	6245.29	6245.29

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

**(53) Earnings per Share: (EPS)**

[₹ In lakhs]

Particulars	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
Adjusted Profit/(Loss) for the year (Rs. in Lakhs) (A)	162.44	(1094.80)
Weighted Average number of Equity Shares(B)	28140000	25833699
Face value of Equity Share (Rs.) (C)	10	10
Basic and Diluted Earnings Per Share (Rs.) (D=A/B)	0.58	(4.24)

**(54) Taxation:**
**Current Tax:**

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

**Deferred Tax:**

Reconciliation of tax expenses and accounting profit multiplied by India's domestic tax rate for the year ended 31st March 2019 and 31st March 2018.

[₹ In lakhs]

Particulars	For year ended 31-03-2019	For year ended 31-03-2018
Accounting profit before tax (before exceptional items)	(710.08)	(1,122.20)
At India's statutory income tax rate of 30.90%	219.41	346.76
<b><u>Deferred Tax impact on:</u></b>		
Financial Assets/Liabilities recognised at Amortised Cost	(15.95)	(17.83)
ECL on Trade Receivables	12.00	17.54
Revaluation of fixed assets	13.17	38.55
Timing difference on depreciation	872.40	--
Timing difference on gratuity	(2.65)	--
Timing difference on leave encashment	4.39	--
Less: Deferred Tax Assets not recognised on account of absence of reasonable certainty of future taxable profits	(219.41)	(346.76)
Income tax expenses reported in the Statement of Profit and loss	883.37	38.26

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Details of unabsorbed losses along with expiry of the same on which no deferred tax has been created:

[₹ In lakhs]

Assessment Year	Unabsorbed business losses	Year of expiry
2014-15	1156.98	2022-23
2018-19	942.49	2026-27

### 55 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, 2019.

[₹ In lakhs]

Particulars	Measured at FVTOCI	Measured at FVTPL	Cost/ Amortised Cost	Total Carrying Amount
<b>Financial Assets</b>				
Investments in subsidiaries	-	-	6245.30	6245.30
Other Investments	-	0.70	-	0.70
Other Financial Assets	-	-	1925.66	1925.66
Trade Receivables	-	-	2968.16	2968.16
Loans	-	-	654.25	654.25
<b>Total</b>	-	<b>0.70</b>	<b>11793.37</b>	<b>11794.07</b>
<b>Financial Liabilities</b>				
Other Financial Liabilities	-	-	1804.00	1804.00
Borrowings	-	-	9178.79	9178.79
Trade Payable	-	-	2209.79	2209.79
<b>Total</b>	-	-	<b>13192.58</b>	<b>13192.58</b>

The following table presents the carrying amounts of each category of financial assets and liabilities as at 31st March, 2018.

[₹ In lakhs]

Particulars	Measured at FVTOCI	Measured at FVTPL	Cost/ Amortised Cost	Total Carrying Amount
<b>Financial Assets</b>				
Investments in subsidiaries	-	-	6245.30	6245.30
Other Investments	-	0.06	-	0.06
Other Financial Assets	-	-	1884.46	1884.46
Trade Receivables	-	-	3025.71	3025.71
Loans	-	-	654.39	654.39
<b>Total</b>	-	<b>0.06</b>	<b>11809.86</b>	<b>11809.92</b>
<b>Financial Liabilities</b>				



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

Particulars	Measured at FVTOCI	Measured at FVTPL	Cost/ Amortised Cost	Total Carrying Amount
Other Financial Liabilities			1870.19	1870.19
Borrowings			10214.75	10214.75
Trade Payable			2133.97	2133.97
<b>Total</b>	-	-	<b>14218.91</b>	<b>14218.91</b>

**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 2019			Total
	Fair Value Measurement Using			
	Quoted Price in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
<b>Assets measured at fair value</b>	-	-	-	
FVTPL financial investments	-	-	-	
Mutual Funds	-	0.70	-	<b>0.70</b>

[₹ In lakhs]

Particulars	As at 31st March 2018			Total
	Fair Value Measurement Using			
	Quoted Price in active markets	Significant observable input	Significant unobservable input	
	(Level 1)	(Level 2)	(Level 3)	
<b>FVTPL financial investments</b>	-	-	-	-
Mutual Funds	-	0.06	-	0.06

**c Valuation technique to determine fair value**

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

- The management assesses that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair values of the equity investment which are quoted, are derived from quoted market prices in

active markets. The Investments measured at fair value and falling under fair value hierarchy Level 3 are valued on the basis of valuation reports provided by external valuers with the exception of certain investments, where cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair values within that range. The carrying value of those investments are individually immaterial.

### d Financial risk management objectives

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

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

#### Market Risk

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

#### Foreign currency risk management

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

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

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

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

Particulars	Currency	As on 31st March, 2019	As on 31st March, 2018
Trade Receivable	USD	-	-
Trade Payable	USD	(94,314)	(42600)
Net		(94,314)	(42600)
Forward Contracts to Buy	USD	-	-
Net Exposure		(94,314)	(42600)

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	Currency	As on 31st March, 2019	As on 31st March, 2018
<b>Impact on profit before tax</b>			
INR/USD - Increase by 5%	USD	<b>5,476,077</b>	12,147,953
INR/USD - Decrease by 5%	USD	<b>(5,476,077)</b>	(12,147,953)

**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's 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.

[₹ In lakhs]

Particulars		Change in interest rate	For the year ended 31st March, 2019*	For the year ended 31st March, 2018
Interest expense	Increase	100 basis point	-	(1)
	Decrease	100 basis point	-	1

\*The debt obligations have been assigned during the year to IARC (refer note no. 41) and effect of settlement and assignment of debt would be given when the final terms are formalised with IARC. Accordingly effect of the sensitivity of the company's profit before tax to a reasonable possible change in interest rate is not given for current financial year

**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 counter parties and within credit limits assigned to each counter party. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party'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.

# Lyka Labs Limited

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

[₹ In lakhs]

Particulars	Year	< 1 year	More than 1 year	Total
<b>Financial Liabilities</b>				
Trade Payables	31st March 2019	2209.79	-	<b>2209.79</b>
	31st March 2018	2133.97	-	<b>2133.97</b>
Borrowings	31st March 2019	1299.10	7879.69	<b>9178.79</b>
	31st March 2018	9743.39	471.35	<b>10214.74</b>
Other Financial Liabilities	31st March 2019	1780.03	23.97	<b>1804.00</b>
	31st March 2018	1838.31	31.87	<b>1870.19</b>

### 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.

### (56) Capital Management

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

The following table summarises the capital of the Company.

[₹ In lakhs]

Particulars	As at March 31, 2019	As at March 31, 2018
Short Term Debt (including current maturities of long-term loan)	1,299.10	9,743.39
Long Term Debt	7,889.69	471.35
Trade Payables	2,209.79	2,133.97
Less: Cash and cash equivalents	9.01	46.91
<b>Net Debt</b>	<b>11,379.57</b>	<b>12,301.80</b>
Equity	2,814.00	2,814.00
Capital and net debt	14,193.57	15,115.80
<b>Net Debt to Capital Ratio (Debt/Equity plus debt)</b>	<b>0.80</b>	<b>0.81</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**
**(57) Payments to Auditors:**

[₹ In lakhs]

Sr. No.	Particulars	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
(i)	Audit Fees (including Rs. 2.10 Lakhs to Branch Auditors - Previous Year Rs. 2.10 Lakhs)	18.70	19.09
(ii)	As Advisor for Company Law Matters (including Rs. Nil to Branch Auditors- Previous Year Rs. Nil)	-	3.35
(iii)	Tax Audit Fees (including Rs. 0.50 Lakhs to Branch Auditors – Previous Year Rs. 0.50 Lakhs)	4.00	4.15
(iv)	For other services (certification work etc.) (including Rs. Nil to Branch Auditors- Previous Year Rs. Nil)	0.15	0.27
(v)	Reimbursement of Expenses (including Rs. Nil to Branch Auditors- Previous Year Rs .Nil)	0.29	-
	<b>Total</b>	<b>23.14</b>	<b>26.86</b>

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

In terms of our report of even date,  
**For Mehta Chokshi & Shah**  
 Chartered Accountants  
 Firm Registration No. 106201W

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

**(N. I. Gandhi)**  
 Chairman & Managing Director  
 DIN : 00021530

**(V. S. Shanbhag)**  
 Director  
 DIN : 00555709

**(A. R. Mehta)**  
 Partner  
 Membership No. 046088

**(Y. B. Shah)**  
 Chief Financial Officer

**(Raj Trivedi)**  
 Company Secretary

Place : Mumbai  
 Date : 18<sup>th</sup> May, 2019

# Lyka Labs Limited

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

---

### INDEPENDENT AUDITOR'S REPORT

To the Members of,

#### LYKA LABS LIMITED

#### Report on the Audit of the Consolidated Financial Statements

#### I. Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of **LYKA LABS LIMITED** (hereinafter referred to as "the Holding Company") and its 3 subsidiaries (collectively referred to as "the Company" or "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity) the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

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 reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, except for the effects of the matter described in the Basis for Qualified Opinion section of our report 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 accounting principles generally accepted in India including the Indian Accounting Standards ("IndAS") specified under Section 133 of the Act., of the Consolidated state of affairs (Consolidated financial position) of the Group as at March 31, 2019, its Consolidated loss (including other comprehensive income), Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

#### II. Basis for Qualified Opinion

We draw your attention to the following qualification to the audit opinion of the financial statements of Lyka BDR International Limited, a subsidiary of the holding company issued by an independent firm of chartered accountants vide its report dated May 15, 2019 reproduced by us as under:

Due to defaults in repayment of Temporary Overdraft taken from Bank, the account of the company has been classified as Non-Performing Asset by bank, due to which the bank have not charged the interest from the date the account has been classified as Non-performing. No provision has been made in the books of accounts maintained by the Company for interest/penal interest, if any, on this temporary Overdraft amounting to about Rs. 20.65 lakhs (approx.), hence to that extent, finance cost, total loss and current financial liabilities is estimated to be understated by about Rs. 20.65 lakhs for the financial year ending March 31, 2019.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 Consolidated 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.

#### III. EMPHASIS OF MATTER

##### 1. Compromise Settlement

Note No. 42 (a) & (b) regarding compromise settlement with Dena Bank and Kapol Co-op Bank for assignment of debts in favour of International Assets Reconstruction Company Pvt Ltd (IARC).

##### 2. Pledged shares of Jt.MD encashed by a Lender

We draw attention to Note No. 44 regarding claims from Jt.MD aggregating to Rs. 51.46 lakhs being the value of equity shares of the Company pledged as security.

**3. Scheme of Arrangements**

We draw attention to Note No.43 regarding the status of the schemes of arrangement with Lyka Exports Limited and Lyka Healthcare Limited.

**4. Capital Expenditure:**

We draw attention to Note No. 47(ii) regarding the review of the portfolio of products under development and applied research.

We draw your attention to the following emphasis of matters to the audit report of the financial statements of Lyka BDR International Limited, a subsidiary of the holding company issued by an independent firm of chartered accountants vide its report dated May 16, 2019 reproduced by us as under:

1. We draw attention to **Note No.40** regarding non-confirmation of Current Assets, Loans and Advances, Trade Receivables, Trade Payables and Other Current Liabilities. Accordingly, these balances are subject to confirmation and consequential adjustments / reconciliation, if any with such parties. Since the extent to which these balances are subject to confirmation / reconciliation is not ascertainable, the resultant impact of the same on the accounts cannot be ascertained.
2. We draw attention to **Note No. 41**, regarding reinstatement of Opening Balances of Assets and Other Equity for the previous financial year (which is the earliest prior period presented), pertaining to errors in adjusting the expenses of previous financial years against revaluation reserves, due to which the Revaluation Reserve was understated and Profit and Loss balance was overstated to that extent. The same has been rectified by restating the opening balances of Revaluation Reserve and Profit and Loss Balance of previous financial year.

Our report is not qualified in respect of the above matter.

**IV. 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.

**1. Key Audit Matter identified by us;**

Key Audit Matter (KAM)	How Our Audit Addressed The Key Audit Matter
<p><b>Accuracy of recognition, Measurement, presentation and disclosure of deferred tax assets (DTA) amounting to Rs 907.23 Lakhs in terms of Ind AS 12 – Income Taxes (Refer Note No: 9 to the Consolidated Financial Statements);</b></p> <p>Deferred tax assets are the amount of income tax recoverable in future periods in respect of;</p> <ol style="list-style-type: none"> <li>a. Deductible temporary differences;</li> <li>b. The carry forward of unused tax losses; and</li> <li>c. The carry forward of unused tax credits.</li> </ol>	<p><b>Our procedures included, but were not limited to the following:</b></p> <p><b>Recognition of DTA:</b></p> <p>We have tested the Management's assessment of the recoverability of the deferred tax assets, including the evaluation of management's assessment on the sufficiency of future taxable profits in support of the recognition of deferred tax assets by comparing forecasts of future profits as provided and evaluating the assumptions used in those forecasts.</p>

<p>Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base.</p> <p>As Group incurred losses during past several years and was not recognizing DTA upto last year, but during the year the Company is recognizing DTA by considering that taxable profits will be available against which the DTA created on temporary differences would be set off in future years.</p> <p>We are considering this recognition of DTA as a KAM in view of the effect of DTA turning loss before tax to profit after tax.</p>	<p><b>Measurement of DTA:</b></p> <p>Our audit procedures included, among others, procedures on the completeness and accuracy of the deferred tax assets. We have assessed whether profit forecasts provided by external agency are reasonable in relation to historical revenue trends, current year performance, launch of new products and formulations, and future funding plans for commencing production at the spare capacity of the plant.</p> <p><b>Presentation and Disclosure of DTA:</b></p> <p>We have verified that the effect of DTA recognized is adequately disclosed in the financial statements.</p>
<p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers” (new revenue accounting standard)</b></p> <p>(Refer Note No: 2.10 to the Consolidated Financial Statements)</p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>	<p><b>Our procedures included, but were not limited to the following:</b></p> <p>We assessed the process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>• Tested the relevant information technology systems’ access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</li> <li>• Selected sample of revenues disaggregated by type of sales and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type of sales and service offerings.</li> <li>• We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> </ul>



**INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS...(Cont.)**

	<p><b><u>Conclusion</u></b></p> <p>Our procedures did not identify any material exceptions</p>
<p><b><u>Existence and valuation of inventories</u></b> (Refer Note No: 10 to the Consolidated Financial Statements)</p> <p>Total inventories of the Group amounting to Rs. 700.23 Lakhs represent 10.90% of operating revenue as at <b>March 31, 2019</b>.</p> <p>These inventories mainly consist of inventories of raw material, packing materials, work in progress, traded goods and finished goods.</p> <p>Valuation of the inventories is at lower of cost and net realizable value.</p> <p>Cost of raw material and traded goods comprises cost of purchases, cost of work in progress and finished goods comprises direct materials, appropriate share of labour and manufacturing overheads and valued at the lower of cost and net realizable value. Cost of inventories also includes all other cost incurred in bringing the inventories to their present location and condition. Cost of purchase of inventory is determined after deducting rebate and discounts.</p> <p>Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.</p> <p><u>We have considered Inventory as KAM because of:</u></p> <ul style="list-style-type: none"> <li>• Significance of the inventory balance to the profit and statement of financial position.</li> <li>• Management judgment/ estimation involved in determination of whether inventory will be realized for value less than cost.</li> </ul>	<p><b>Our procedures included, but were not limited to the following:</b></p> <p><u>To address the risk for material errors on inventories our audit procedures included amongst others:</u></p> <ul style="list-style-type: none"> <li>• Assessing the compliance of the Group's accounting policy of inventory with applicable Ind AS.</li> <li>• Assessing inventory valuation process and practices by verification of cost sheets prepared for selected Raw Material and Finished Goods. Physical verification of inventories lying at Ankaleshwar division of holding company and subsidiaries was performed by branch auditor/component auditors as at balance sheet date.</li> <li>• Assessing the analyses and assessment made by the management with respect to valuation of slow moving and obsolete stock.</li> </ul> <p>We assessed the adequacy of the Group's disclosure related to inventories.</p>

**V. Information other than the Consolidated Financial Statements and Auditor's Report thereon**

The Holding 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 Consolidated 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.

### **VI. Management's Responsibility for the Consolidated Financial Statements and Those charged with Governance for the Consolidated Financial Statement.**

The Holding 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 Consolidated Financial Statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance, Consolidated changes in equity and Consolidated cash flows of the Group including its subsidiaries in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 Consolidated Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements 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, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### **VII. 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 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

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS...(Cont.)

---

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 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 Company 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.

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.

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.

### **VIII. Other Matters**

We did not audit the financial statements and other financial information, in respect of the subsidiaries and a Branch of the Holding Company, whose financial statements include total assets of Rs. 14,502.75 lakhs as at March 31, 2019 and total revenues of Rs. 8,503.24 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's report have been furnished to us by the management 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 of the other auditors.

Our opinion is not modified in respect of this matter.

### **IX. Report on Other Legal and Regulatory Requirements**

1. 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 Group so far as it appears from our examination of those books.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

# Lyka Labs Limited

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS...(Cont.)

- e. On the basis of the written representations received from the directors of the holding company and the reports of statutory auditors of its subsidiaries as on March 31, 2019 taken on record by the Board of Directors, none of the directors of the group is disqualified as on March 31, 2019 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 over financial reporting of the Holding company and its subsidiaries and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements – Refer Note 36 to the Consolidated Financial Statements;
  - ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group during the year ended March 31, 2019.

**For Mehta Chokshi & Shah**  
**Chartered Accountants**  
**Firm Registration No: 106201W**

**A.R.Mehta**  
**Partner**  
**Membership No.046088**

**Place: Mumbai**  
**Date: May 18, 2019**

## **INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS...(Cont.)**

---

### **Annexure - A to the Auditors' Report**

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

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31st March 2019, we have audited the internal financial controls over financial reporting of **LYKA LABS LIMITED** ("the Holding Company") and its Subsidiary Companies, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its Subsidiary Companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

# Lyka Labs Limited

## **INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS...(Cont.)**

---

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanation given to us and based on consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company and its Subsidiary Companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### **Other Matters**

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

**For Mehta Chokshi & Shah  
Chartered Accountants  
Firm Registration No: 106201W**

**A.R.Mehta  
Partner  
Membership No.046088**

**Place: Mumbai  
Date: May 18, 2019**



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

Particulars	Note No.	₹ In lakhs]	
		As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	3	7,381.67	7,735.23
(b) Capital Work- In- Progress	3	1,755.18	1,666.25
(c) Intangible assets	4	3,391.33	3,868.81
(d) Intangible assets under development	4	1,351.43	1,121.40
(e) Financial Assets			
(i) Investments	5	1.08	22.78
(ii) Other Financial Assets	6	1,599.15	1,522.86
(f) Other Non Current Assets	7	808.88	1,119.50
(g) Non Current Tax Assets	8	668.82	558.95
(h) Deferred tax assets(net)	9	1,302.84	395.23
		<b>18,260.38</b>	<b>18,011.00</b>
<b>Current Assets</b>			
(a) Inventories	10	700.23	1119.69
(b) Financial Assets			
(i) Investments	5	0.70	0.06
(ii) Trade Receivables	11	1,463.52	2049.62
(iii) Cash and Cash Equivalents	12	157.16	242.87
(iv) Loans	13	64.47	62.37
(v) Other Financial Assets	14	352.34	379.81
(c) Other Current Assets	15	738.31	1052.29
		<b>3,476.73</b>	<b>4,906.70</b>
<b>Total Assets</b>		<b>21,737.11</b>	<b>22,917.70</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	16	2,814.00	2,814.00
(b) Other Equity	17	1,667.43	2132.70
<b>Equity attributable to owners of the company</b>		<b>4,481.43</b>	<b>4,946.70</b>
(c) Non-controlling Interest		94.43	335.60
		<b>4,575.86</b>	<b>5,282.30</b>
<b>Non- Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	7,928.47	493.16
(ii) Other Financial Liabilities	19	163.21	66.88
(b) Provisions	20	342.13	363.25
		<b>8,433.81</b>	<b>923.29</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	21	1,626.16	4,582.04
(ii) Trade Payable	22	2,305.07	2,420.94
(iii) Other Financial Liabilities	23	2,371.66	8,577.78
(b) Other Current Liabilities	24	2,001.97	659.81
(c) Provisions	25	422.58	471.55
		<b>8,727.44</b>	<b>16,712.11</b>
<b>Total Equity and Liabilities</b>		<b>21,737.11</b>	<b>22,917.70</b>

See accompanying notes to the Consolidated Financial Statements

In terms of our report of even date,  
**For Mehta Chokshi & Shah**  
 Chartered Accountants  
 Firm Registration No. 106201W

**(A. R. Mehta)**  
 Partner  
 Membership No. 046088

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

**(N. I. Gandhi)**  
 Chairman & Managing Director  
 DIN : 00021530

**(Y. B. Shah)**  
 Chief Financial Officer

**(V. S. Shanbhag)**  
 Director  
 DIN : 00555709

**(Raj Trivedi)**  
 Company Secretary

Place : Mumbai  
 Date : 18<sup>th</sup> May, 2019



# Lyka Labs Limited

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Notes	[₹ In lakhs]	
		For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>Income</b>			
Income from Operations	26	6,423.78	5,716.97
Other Operating Income	27	654.24	344.63
		7,078.02	6,061.61
Other Income	28	209.07	213.31
<b>Total Income</b>		<b>7,287.10</b>	<b>6,274.91</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	29	1,505.49	1,848.03
Purchases of Stock-in-Trade		2,074.40	909.54
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	30	344.51	180.36
Excise Duty		-	81.00
Employee Benefits Expense	31	1,468.54	1,698.31
Finance Costs	32	716.54	958.08
Depreciation and Amortization Expense	3 & 4	731.37	1,128.16
Other Expenses	33	1,875.02	1,699.40
<b>Total Expenses</b>		<b>8,715.86</b>	<b>8,502.88</b>
<b>Profit/(Loss) before Exceptional items</b>		<b>(1,428.76)</b>	<b>(2,227.96)</b>
Exceptional items	34	113.71	(223.50)
<b>(Loss) before tax</b>		<b>(1,542.47)</b>	<b>(2,004.46)</b>
<b>Tax Expense:</b>			
Deferred Tax		(907.28)	(103.98)
<b>Profit/(Loss) for the year</b>		<b>(635.18)</b>	<b>(1,900.49)</b>
<b>Other Comprehensive Income</b>			
<b>(i) Items that will not be reclassified to profit or loss</b>			
Gains and Losses from investments in equity instruments measured at fair value through OCI (Net of Tax)		-	(3.34)
Remeasurement of defined benefit plans (net of tax)		28.03	41.90
<b>(ii) Income tax relating to items that will not be reclassified to profit or loss</b>			
		-	1.03
<b>Total Other Comprehensive Income for the year</b>		<b>(28.03)</b>	<b>(44.20)</b>
<b>Total Comprehensive Income for the year</b>		<b>(607.15)</b>	<b>(1,944.69)</b>
Attributable to:			
Owners of the Parent		(532.50)	(1,765.79)
Non-controlling Interest		(74.66)	(178.90)
<b>Of the Total Comprehensive Income above, Profit for the year attributable to:</b>			
Owners of the Parent		(555.03)	(1,727.48)
Non-controlling Interest		(80.16)	(173.01)
<b>Of the Total Comprehensive Income above, Other Comprehensive Income for the year attributable to:</b>			
Owners of the Parent		22.53	(38.31)
Non-controlling Interest		5.50	(5.89)
<b>Earnings per share (of Rs. 10/- each):</b>	54		
Basic		(1.79)	(6.71)
Diluted		(1.79)	(6.71)

See accompanying notes to the Consolidated Financial Statements

In terms of our report of even date,  
**For Mehta Chokshi & Shah**  
Chartered Accountants  
Firm Registration No. 106201W

**(A. R. Mehta)**  
Partner  
Membership No. 046088

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

**(N. I. Gandhi)**  
Chairman & Managing Director  
DIN : 00021530

**(Y. B. Shah)**  
Chief Financial Officer

**(V. S. Shanbhag)**  
Director  
DIN : 00555709

**(Raj Trivedi)**  
Company Secretary

Place : Mumbai  
Date : 18<sup>th</sup> May, 2019



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019**
**A. Equity Share Capital (Refer note 16)**

[₹ In lakhs]

Name of the shareholders	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting year	2,81,40,000	2,814.00	2,20,40,000	2,204.00
Changes in equity share capital during the year		-	61,00,000	610.00
<b>Balance at the end of reporting year</b>	<b>2,81,40,000</b>	<b>2,814.00</b>	<b>2,81,40,000</b>	<b>2,814.00</b>

**B. Other Equity (Refer note 17)**

[₹ In lakhs]

Particulars	Attributable to the Owners of the Company					Items of Other Comprehensive Income	Money received against share warrants (Refer note no.16.2)	Non-controlling Interest	Total
	Reserves and surplus								
	Retained Earnings	Securities Premium Account	Capital Reserve	General Reserve	Revaluation Reserve	Other item of OCI (Remeasurement of the defined benefit plan)			
Balance as at 31st March, 2018	(8542.52)	9,496.47	49.13	952.57	148.28	(46.86)	75.63	335.60	2468.30
Profit for the year	(294.46)	-	-	-	-	-	-	(235.67)	(530.13)
Other Comprehensive Income for the year, net of income tax	-	-	-	-	-	(22.53)	-	(5.50)	(28.03)
Transfer to Intangible Assets					(148.28)				(148.28)
<b>Balance as at 31st March, 2019</b>	<b>(8836.98)</b>	<b>9,496.47</b>	<b>49.13</b>	<b>952.57</b>	<b>-</b>	<b>(69.39)</b>	<b>75.63</b>	<b>94.43</b>	<b>1761.86</b>

In terms of our report of even date,  
**For Mehta Chokshi & Shah**  
 Chartered Accountants  
 Firm Registration No. 106201W

**(A. R. Mehta)**  
 Partner  
 Membership No. 046088

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

**(N. I. Gandhi)**  
 Chairman & Managing Director  
 DIN : 00021530

**(Y. B. Shah)**  
 Chief Financial Officer

**(V. S. Shanbhag)**  
 Director  
 DIN : 00555709

**(Raj Trivedi)**  
 Company Secretary

Place : Mumbai  
 Date : 18<sup>th</sup> May, 2019

# Lyka Labs Limited

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

[₹ In lakhs]		
Particulars	Current Year ended 31st March, 2019	Previous Year ended 31st March, 2018
<b>A. Cash Flow from Operating Activities</b>		
<b>(Loss) for the year before tax</b>	<b>(1542.47)</b>	(2004.46)
Adjusted for		
Depreciation	<b>731.37</b>	1128.16
Interest Income	<b>(11.74)</b>	(33.25)
Loss on sale of fixed assets	<b>21.65</b>	1.52
Finance Cost	<b>716.54</b>	958.08
Provision for Doubtful Trade Receivables/Advances/Deposits	<b>97.54</b>	246.68
Provision/ Credit Balance no longer required Written Back	<b>(1.14)</b>	(53.85)
Exchange rate fluctuation	<b>(36.95)</b>	(22.79)
Non Payable interest written back	-	(344.35)
VAT paid under Amnesty Scheme	-	81.61
Irrecoverable Advances written off	-	116.82
	<b>1517.26</b>	2078.62
<b>Operating profit before working capital change</b>	<b>(25.20)</b>	74.16
<b>Changes in Working Capital :</b>		
(Increase) / Decrease in Trade and other receivables	<b>586.10</b>	867.62
(Increase) / Decrease in Other Current Assets	<b>313.98</b>	(84.35)
(Increase) / Decrease in Other Current Financial Assets	<b>24.73</b>	0.24
(Increase) / Decrease in Other Non-Current Financial Assets	<b>(54.60)</b>	(80.03)
(Increase) / Decrease in Other Non-Current Assets	<b>310.61</b>	(201.14)
(Increase) / Decrease in Inventories	<b>419.46</b>	204.38
Increase / (Decrease) in Other Non-Current Financial Liabilities	<b>96.33</b>	(75.01)
Increase / (Decrease) in Other Current Liabilities	<b>1342.17</b>	(229.10)
Increase / (Decrease) in Other Current Financial Liabilities	<b>(101.49)</b>	2159.87
Increase / (Decrease) in Non-Current Provisions	<b>(21.13)</b>	(254.41)
Increase / (Decrease) in Current Provisions	<b>(48.97)</b>	172.82
Increase / (Decrease) in Trade Payables	<b>(115.87)</b>	(1445.24)
	<b>2751.32</b>	1035.65
<b>Cash generated from operations</b>	<b>2726.12</b>	1109.81
Exchange rate fluctuation	<b>36.95</b>	22.79
Net Income Tax Payment	<b>(109.86)</b>	(44.27)
<b>Net cash flow from operating activities (A)</b>	<b>2653.22</b>	1088.33



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

[₹ In lakhs]

Particulars	Current Year ended 31st March, 2019	Previous Year ended 31st March, 2018
<b>B. Cash flow for Investing activities</b>		
Purchase of fixed assets	(481.97)	(362.23)
Proceeds from sale of fixed assets	73.05	12.34
Interest Received	11.74	33.25
<b>Net cash used in Investing activities (B)</b>	<b>(397.18)</b>	<b>(316.64)</b>
Proceed from / Repayment of Non Current Borrowings Net	7435.31	(3084.08)
Proceed from / Repayment of Current Borrowings Net	(9060.51)	(441.01)
Proceeds from Issue of Equity Shares	-	610.00
Securites Premium Received	-	2745.00
Money Received Against Share warrant	-	75.63
Interest Paid	(716.54)	(946.56)
<b>Net cash used in Financing activities (C)</b>	<b>(2341.74)</b>	<b>(1041.02)</b>
<b>Net (decrease ) / increase in cash and cash equivalents (A+B+C)</b>	<b>(85.70)</b>	<b>(269.32)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>		
Cash and Cash Equivalents	17.40	342.26
Earmarked Balances	225.47	169.93
	<b>242.87</b>	<b>512.19</b>
<b>Cash and Cash Equivalents at the end of the year</b>		
Cash and Cash Equivalents	18.35	17.40
Earmarked Balances	138.81	225.47
	<b>157.16</b>	<b>242.87</b>

In terms of our report of even date,  
**For Mehta Chokshi & Shah**  
 Chartered Accountants  
 Firm Registration No. 106201W

**(A. R. Mehta)**  
 Partner  
 Membership No. 046088

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

**(N. I. Gandhi)**  
 Chairman & Managing Director  
 DIN : 00021530

**(Y. B. Shah)**  
 Chief Financial Officer

**(V. S. Shanbhag)**  
 Director  
 DIN : 00555709

**(Raj Trivedi)**  
 Company Secretary

Place : Mumbai  
 Date : 18<sup>th</sup> May, 2019

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

---

### 1. CORPORATE INFORMATION

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

### 2. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING JUDGEMENTS , ESTIMATES AND ASSUMPTIONS:

#### A. SIGNIFICANT ACCOUNTING POLICIES:

##### 2.1 Basis of Preparation of Ind-AS Consolidated financial statements

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

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

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

- In the principal market for the asset or liability, or
  - In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Group.

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

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

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

##### 2.2 Principles of Consolidation:

###### Subsidiaries

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the Company and its subsidiaries and jointly controlled entity have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies.

Upon loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the Consolidated Statement of Profit and Loss.

If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee depending on the level of influence retained.

Transactions eliminated on consolidation

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

Non-controlling interests ("NCI")

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

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

An asset is considered as current when it is:

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

A liability is considered as current when:

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

All other liabilities are classified as non-current.

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

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

### **2.4 PROPERTY, PLANT AND EQUIPMENT:**

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

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

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

### **2.5 DEPRECIATION:**

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

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

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

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

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

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

### **2.6 CAPITAL WORK IN PROGRESS AND CAPITAL ADVANCES:**

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

### **2.7 INTANGIBLE ASSETS AND AMORTISATION THEREOF:**

#### **2.7.1 INTERNALLY GENERATED INTANGIBLE ASSETS (RESEARCH AND DEVELOPMENT):**

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

#### **2.7.2 OTHER INTANGIBLE ASSETS:**

An intangible asset is recognized if

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

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

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

#### **2.7.3. AMORTISATION OF INTANGIBLE ASSETS:**

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

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

<b>Class of Assets</b>	<b>Useful life in years</b>
Registration Rights	15
Technical and Marketing Know-How	20
Brands	20

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

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

## **2.8 IMPAIRMENT OF PROPERTY PLANT & EQUIPMENT AND INTANGIBLE ASSETS**

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

## **2.9 INVENTORIES**

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

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

## **2.10 REVENUE RECOGNITION**

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

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

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

- Dividend Income:

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

### 2.11 FINANCIAL INSTRUMENTS:

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

#### FINANCIAL ASSETS:

##### Initial Recognition and Measurement:

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

##### Subsequent Measurement:

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

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

##### Financial Assets at Amortized Cost:

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

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

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

##### Equity Instruments at FVTOCI:

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

##### 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 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 fulfilment 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.

### **As a Lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate the lessor.

#### **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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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.

### **2.25 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116.

**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments** : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

**Amendment to Ind AS 12 – Income taxes** : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

**Amendment to Ind AS 19 – plan amendment, curtailment or settlement-** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the Standalone Financial Statements.

-The company is in the process of evaluating the impact of above on its Financial Statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Property Plant and Equipment

Carrying amounts of :

Particulars	[₹ In lakhs]	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Leasehold Land	2,854.79	2,883.37
Buildings	2,954.91	3,040.71
Plant and Machinery	1,320.36	1,527.06
Computers	9.82	13.78
Vehicles	138.21	136.93
Furnitures and Fixtures	96.38	124.24
Office Equipments	7.20	9.14

[₹ In lakhs]

Particulars	Land	Buildings	Plant and Machinery	Computers	Vehicles	Furnitures and Fixtures	Office Equipments	Total
<b>Cost or deemed cost</b>								
Balance at 31 <sup>st</sup> March, 2018	2,993.40	3,426.33	1,980.29	75.00	230.31	204.44	20.17	8,929.93
Additions	-	-	17.92	1.43	122.26	3.69	0.57	145.87
Disposals	-	-	-	-	(150.43)	(30.64)	-	(181.07)
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>2,993.40</b>	<b>3,426.33</b>	<b>1,998.20</b>	<b>76.43</b>	<b>202.14</b>	<b>177.49</b>	<b>20.74</b>	<b>8,894.73</b>
<b>Accumulated Depreciation and Impairment</b>								
Balance at 31 <sup>st</sup> March, 2018	110.03	385.62	453.23	61.22	93.38	80.20	11.03	1,194.70
Depreciation for the year	28.58	85.80	224.61	5.38	22.40	21.80	2.51	391.09
Disposals	-	-	-	-	(51.85)	(20.89)	-	(72.74)
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>138.61</b>	<b>471.42</b>	<b>677.84</b>	<b>66.60</b>	<b>63.93</b>	<b>81.11</b>	<b>13.54</b>	<b>1,513.06</b>
<b>Carrying amounts of :</b>								
Balance at 31 <sup>st</sup> March, 2018	2,883.37	3,040.71	1,527.06	13.78	136.93	124.24	9.14	7,735.23
Balance at 31 <sup>st</sup> March, 2019	2,854.79	2,954.91	1,320.36	9.82	138.21	96.38	7.20	7,381.67

Building includes Rs. 26,91,755 (Previous Period Rs. 26,91,755) 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. 18.1

**Details of Tangible Capital Work in Progress**

Particulars	[₹ In lakhs]	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Opening balance</b>	<b>1,666.25</b>	<b>1,669.63</b>
Capitalised	(6.07)	(13.75)
Additions during the year	95.01	10.37
<b>Closing Balance</b>	<b>1,755.18</b>	<b>1,666.25</b>





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**4 Intangible Assets**

Carrying amounts of :

[₹ In lakhs]

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Internally Developed Intangible Assets (Research and development expenditure)	302.83	356.54
Computer Software	71.64	81.56

[₹ 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
<b>Gross Block (Cost or Deemed Cost)</b>						
Balance at 31st March, 2018	556.73	152.12	3,688.50	609.50	1,593.82	6,600.68
Additions	-	1.77	-	-	9.30	11.07
Disposals	-	-	-	-	-	-
Balance at 31st March, 2019	556.73	153.89	3,688.50	609.50	1,603.12	6,611.75
<b>Accumulated Amortisation and Impairment</b>						
Balance as at 1st April 2018	200.19	67.56	1,037.28	38.12	1,388.72	2,731.86
Amortisation for the year	53.71	14.69	183.45	30.48	57.95	340.28
Transfer from revaluation reserve	-	-	-	-	148.28	148.28
Balance at 31st March, 2019	253.90	82.25	1,220.72	68.59	1,594.95	3,220.42
<b>Carrying amounts of :</b>						
Balance at 31st March, 2018	356.54	84.56	2,651.22	571.38	205.10	3,868.81
Balance at 31st March, 2019	302.83	71.64	2,467.78	540.91	8.17	3,391.33

**Details of Intangible Assets under Development**

[₹ In lakhs]

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Opening balance	1,121.40	753.64
Capitalised	-	(42.93)
Additions during the year	230.03	410.69
Closing Balance	1,351.43	1,121.40

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 5 Non-Current Investments

[₹ In lakhs]

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
<b>Investments :</b>				
<b>a) Investment in Equity Shares of wholly Owned Subsidiary (Inoperative) - Unquoted</b>				
Lyka Animal Healthcare Ltd	-	-	49,994	5.00
<b>b) Other Investments (Quoted) - FVTOCI :</b>				
i) Equity Shares of Rs. 10 each fully paid up in Relic Technologies Ltd	-	-	1,30,827	15.83
ii) Equity Shares of Rs. 10 each fully paid up in Paramount Printpackaging Ltd	10,000	0.08	10,000	0.08
iii) Equity Shares of Rs. 10 each fully paid up in Themis Medicare Ltd	334	0.99	334	1.86
<b>c) Other Investments (Unquoted)- FVTPL :</b>				
Janata Sahakari Bank Ltd	10	0.01	10	0.01
		1.08		22.78

### Current Investments

[₹ In lakhs]

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
<b>Investments at FVTPL:</b>				
<b>Investments in Mutual Fund:</b>				
Debt Mutual Fund				
Birla Sun Life Plus Collection A/c	12.664	0.04	12.664	0.03
HDFC Liquid Fund	18.154	0.66	0.768	0.03
<b>Total</b>		<b>0.70</b>		<b>0.06</b>

### 6 Other Non-current Financial Assets

[₹ In lakhs]

Particulars	As at	As at
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>(Unsecured, considered good)</b>		
Security Deposit	566.70	490.41
Others - Deposit with Drug Price Equalisation Account	1,032.45	1,032.45
<b>Total</b>	<b>1,599.15</b>	<b>1,522.86</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**
**7 Other Non-Current Assets** [₹ In lakhs]

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>(Unsecured, considered good)</b>		
Capital Advances	31.75	32.67
Balance with Government Authorities	95.48	344.71
Others	681.66	742.12
<b>Total</b>	<b>808.88</b>	<b>1,119.50</b>

**8 Non-Current Tax Assets** [₹ In lakhs]

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Advance Tax and Tax deducted at source	668.82	558.95
<b>Total</b>	<b>668.82</b>	<b>558.95</b>

**9 Deferred Tax Assets (net)** [₹ In lakhs]

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Deferred Tax Assets	1331.65	423.65
Less: Deferred Tax Liabilities	(28.81)	(28.42)
<b>Total</b>	<b>1302.84</b>	<b>395.23</b>

[₹ In lakhs]

Deferred Tax Assets/(Liabilities) in relation to:	As at 31 <sup>st</sup> March, 2019			As at 31 <sup>st</sup> March, 2018		
	Opening Balance	Recognised in Profit or Loss	Closing Balance	Opening Balance	Recognised in Profit or Loss	Closing Balance
Fair Value Adjustments	62.61	(2.22)	60.39	53.27	9.34	62.61
Provision for Expected Credit Loss	58.57	12.00	70.57	41.03	17.54	58.57
Property, Plant and Equipment	74.90	13.17	88.07	36.35	38.55	74.90
Brought forward losses and depreciation	172.46	890.90	1063.36	134.29	38.17	172.46
43B Disallowances	26.69	(6.24)	20.45	26.31	0.38	26.69
	<b>395.23</b>	<b>907.61</b>	<b>1302.84</b>	291.25	103.98	395.23

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

<b>10 Inventories</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2019</b>	As at 31 <sup>st</sup> March, 2018
Raw Materials (Refer Note No. 48)	<b>110.59</b>	146.85
Packing Material (Refer Note No. 48)	<b>305.27</b>	343.96
Work-in-Progress	<b>125.70</b>	201.94
Finished Goods	<b>158.67</b>	426.94
<b>Total</b>	<b>700.23</b>	<b>1119.69</b>

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 Rs. 86.32 lakh (Previous year - Rs. 51.66 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.

<b>11 Trade Receivables</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2019</b>	As at 31 <sup>st</sup> March, 2018
(Unsecured)		
Considered Good	<b>1463.52</b>	2049.62
Considered Doubtful	<b>410.77</b>	370.77
Less: Provision for Expected Credit Loss	<b>(410.77)</b>	(370.77)
<b>Total</b>	<b>1463.52</b>	2049.62

<b>12 Cash and Cash Equivalents</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2019</b>	As at 31 <sup>st</sup> March, 2018
<b>(A) Cash and Cash Equivalents</b>		
Balances with Banks	<b>(33.20)</b>	13.06
Cash on hand	<b>4.94</b>	4.34
<b>(B) Bank Balances other than Cash and Cash Equivalents</b>		
Deposits with Banks held as margin money	<b>185.43</b>	225.47
<b>Total</b>	<b>157.16</b>	242.87

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**
**13 Current Loans** [₹ In lakhs]

Particulars	As at	
	31st March, 2019	As at 31st March, 2018
<b>(Unsecured, considered good)</b>		
Loan to Employees	5.47	22.87
Loan to Others	59.00	39.50
<b>Total</b>	<b>64.47</b>	<b>62.37</b>

**14 Other Current Financial Assets** [₹ In lakhs]

Particulars	As at	
	31st March, 2019	As at 31st March, 2018
<b>(Unsecured, considered good)</b>		
Deposits	52.46	60.53
Others	299.88	319.29
<b>Total</b>	<b>352.34</b>	<b>379.81</b>

**15 Other Current Assets** [₹ In lakhs]

Particulars	As at	
	31st March, 2019	As at 31st March, 2018
Trade Advances	266.84	729.22
Prepaid Expenses	26.10	31.09
Balance with Government Authorities	262.59	149.46
Others	182.79	142.51
<b>Total</b>	<b>738.31</b>	<b>1052.29</b>

**16 Share Capital** [₹ In lakhs]

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised</b>				
<b>Equity Shares of Rs. 10/- each</b>	3,00,00,000	3000.00	3,00,00,000	3000.00
Redeemable Preference Shares of Rs. 100/- each	2,00,000	200.00	2,00,000	200.00
	<b>3,02,00,000</b>	<b>3200.00</b>	<b>3,02,00,000</b>	<b>3200.00</b>
<b>Issued, Subscribed and Fully Paid</b>				
Equity Shares of Rs. 10/- each	2,81,40,000	2814.00	2,81,40,000	2814.00
<b>Total</b>	<b>2,81,40,000</b>	<b>2814.00</b>	<b>2,81,40,000</b>	<b>2814.00</b>

**16.1 Rights, preferences and restriction attached to equity shares :**

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

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

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 16.2 Terms of warrants issued:

Each warrant is entitled to be converted in equity shares of Rs.10/- each

Warrant does not bear any interest.

The warrants will be converted into equal no. of shares within a period of 18 months from the date of allotment upon receipt of balance amount of 75% of issue price. In the event of non receipt of balance amount of issue price, the subscription money paid on warrant shall be forfeited. All the outstanding warrants in respect of which the holder has not exercised option shall lapse on the completion of 18 months from the date of allotment.

The shares so allotted on conversion of warrants shall rank pari pasu in all respect in existing equity shares.

The shares so allotted on conversion of warrants shall remain under lock-in period of three years from the date of trading approval granted by the stock exchange.

The warrant holders shall have no right or privileges.

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

Particulars	[₹ In lakhs]			
	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
Balance as at the beginning of the Year	2,81,40,000	1,08,570.00	2,20,40,000	1,08,570.00
Add : Issued during the Year		-	61,00,000	-
<b>Balance as at the end of the Year</b>	<b>2,81,40,000</b>	<b>1,08,570.00</b>	<b>2,81,40,000</b>	<b>1,08,570.00</b>

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

Particulars	[₹ In lakhs]			
	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No of Shares held	% of Shares	No of Shares held	% of Shares
<b>Equity Shares of Rs. 10/- each</b>				
Mayank J. Shah	20,00,000	7.11%	20,00,000	7.11%
Shruti Mayank Shah	15,15,846	5.39%	15,15,846	5.39%
Prasham M. Shah	15,00,000	5.33%	15,00,000	5.33%
<b>10% Cumulative Redeemable Preference Shares</b>				
Dr. D. B. Parikh	1,08,570	100.00%	1,08,570	100.00%

16.5 40 lakhs Equity shares of Rs.10/- each were issued on 07.12.2005 by conversion of Global Depository Receipts.

16.6 The Company has allotted 4.6 lakhs convertible warrants at Rs. 28/- per warrant to Promotors / Promotors Group on preferential basis pursuant to the Special Resolution passed by the members of the Company at their Extra Ordinary General Meeting held on January 23,2015 These warrants were converted ( in the ratio of 1 share for 1 warrant ) into equity shares of Rs.10/- each at a premium of Rs.18/- per share during the previous period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

<b>17 Other Equity</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at 31st March, 2019</b>	As at 31st March, 2018
Capital Reserve	49.13	49.13
Securities Premium Account	9496.47	9496.47
General Reserve	952.57	952.57
Retained Earning	(8906.37)	(8589.38)
Revaluation reserve	-	148.28
Money Received against Share Warrants (Refer Note No. 16.2)	75.63	75.63
Non Controlling Interest	94.43	335.60
<b>Total</b>	<b>1761.86</b>	<b>2468.30</b>

**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 and on restructuring of the Capital of the Company under various schemes of Amalgamation.

**Revaluation Reserves**

This reserve represents revaluation of Intangible asset (Registration Rights) in earlier years.

**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.

<b>18 Non Current Borrowings</b>	[₹ In lakhs]
<b>Particulars</b>	<b>As at 31st March, 2019</b>
<b>Secured Loan:</b>	
Term Loans from Banks	-
Term Loans from Other (Refer Note No.18.1)	7790.14
Finance Lease Obligations	48.78
<b>Unsecured Loan:</b>	
10% Redeemable Preference Shares of Rs. 100/- each (for terms of preference shares Refer Note no. 18.3)	89.56
<b>Total</b>	<b>7,928.47</b>

<b>Particulars</b>	<b>As at 31st March, 2019</b>	As at 31st March, 2018
<b>Secured Loan:</b>		
Term Loans from Banks	-	380.91
Term Loans from Other (Refer Note No.18.1)	7790.14	-
Finance Lease Obligations	48.78	25.30
<b>Unsecured Loan:</b>		
10% Redeemable Preference Shares of Rs. 100/- each (for terms of preference shares Refer Note no. 18.3)	89.56	86.95
<b>Total</b>	<b>7,928.47</b>	<b>493.16</b>

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

18.1 Term Loans from other : These loans are secured by first charge on stock in trade, book debts, other movable assets, movable Plant & Machineries. These loans are also secured by first charge on Immovable properties at Ankleshwar and Valsad (refer no no 42 (a)).

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

18.3 108,570 10% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid up were issued on 30th September, 2005 redeemable at the option of the company but not later than 20 years from the date of allotment.

### 19 Other Non-current Financial Liabilities

[₹ In lakhs]

Particulars	As at 31st March, 2019	As at 31st March, 2018
Security Deposit	163.21	66.88
<b>Total</b>	<b>163.21</b>	<b>66.88</b>

### 20 Non Current Provisions [₹ In lakhs]

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Employee Benefits:</b>		
Provision for Leave Encashment	110.50	134.62
Provision for Gratuity	221.83	218.83
Provision for Superannuation	9.80	9.80
<b>Total</b>	<b>342.13</b>	<b>363.25</b>

### 21 Current Borrowings [₹ In lakhs]

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Secured Loans</b>		
<b>From Bank</b>		
Loans repayable on demand	326.86	3,374.30
<b>Unsecured</b>		
Loans and Advances from related parties	848.13	885.96
Inter Corporate Deposits	396.23	206.41
Short Term Loans	54.94	115.37
<b>Total</b>	<b>1,626.16</b>	<b>4,582.04</b>

21.1 Interest on Loans from related parties ranges between 15 % and 18% ( simple Interest ).

21.2 Interest on Inter Corporate Deposits ranges between 12% to 21% (simple interest).

21.3 Interest on Short Term Loans ranges between 12% to 16% (simple interest).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

<b>22 Trade Payables</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at 31st March, 2019</b>	As at 31st March, 2018
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	<b>354.00</b>	62.86
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	<b>1951.07</b>	2358.09
<b>Total</b>	<b>2305.07</b>	2420.94

<b>23 Other Current Financial Liabilities</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at 31st March, 2019</b>	As at 31st March, 2018
Current Maturities of Long-Term Debt		
(i) Debentures - Privately Placed Non Convertible	<b>13.00</b>	12.00
(ii) Term Loan from Banks	-	6,104.63
(iii) Finance Lease Obligations	<b>29.98</b>	25.88
(iv) Fixed Deposits	<b>44.82</b>	49.52
Interest Accrued and due	<b>177.76</b>	151.69
Book Overdraft	<b>121.64</b>	235.05
Employee dues	<b>204.90</b>	156.39
Retention Money Payable	<b>0.02</b>	0.02
Creditors for :		
(i) Expenses	<b>511.44</b>	454.71
(ii) Capital Expenditure	<b>62.61</b>	65.12
(iii) Trade Acceptances	<b>954.64</b>	1,024.72
Other Outstanding Liabilities	<b>250.85</b>	298.07
<b>Total</b>	<b>2371.66</b>	8,577.78

<b>24 Other Current Liabilities</b>		[₹ In lakhs]
<b>Particulars</b>	<b>As at 31st March, 2019</b>	As at 31st March, 2018
Other Payables		
(i) Statutory dues	<b>308.45</b>	177.69
(ii) Advance from Customers	<b>1670.60</b>	482.11
(iii) Other Liabilities	<b>5.23</b>	-
Security Deposit	<b>17.69</b>	-
<b>Total</b>	<b>2001.97</b>	659.81

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

25 Current Provisions		[₹ In lakhs]	
Particulars	As at 31st March, 2019	As at 31st March, 2018	
<b>(i) Employee Benefits:</b>			
Provision for Bonus	28.32	33.02	
Provision for Gratuity	158.00	153.69	
Provision for Leave Encashment	7.83	11.53	
Provision for Superannuation	7.56	3.24	
<b>(ii) Provision for Tax</b>	<b>220.85</b>	<b>270.07</b>	
<b>Total</b>	<b>422.58</b>	<b>471.55</b>	
<b>26 Revenue From Operations</b>		[₹ In lakhs]	
Particulars	For the year ended 31st March, 19	For the year ended 31st March, 18	
Sale of products	6423.78	5716.97	
<b>Total</b>	<b>6423.78</b>	<b>5716.97</b>	
<b>26 .1 Details of Sale of Product</b>		[₹ In lakhs]	
Particulars	For the year ended 31st March, 19	For the year ended 31st March, 18	
Bulk Drug	810.11	339.09	
Formulations	5611.01	5152.13	
Pharma Chemical	2.66	225.75	
<b>Total</b>	<b>6,423.78</b>	<b>5,716.97</b>	
<b>27 Other Operating Revenue</b>		[₹ In lakhs]	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Processing charges received	366.94	236.47	
Royalty	138.55	13.90	
Export Incentives	148.75	94.27	
<b>Total</b>	<b>654.24</b>	<b>344.63</b>	
<b>28 Other Income</b>		[₹ In lakhs]	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Interest Income	11.74	33.25	
Rent Received	66.67	46.03	
Foreign Exchange Fluctuation	35.98	22.79	
Profit on sale of Vehicle	3.30	-	
Sundry Credit Balances/Excess Provision Written Back (net)	1.14	53.85	
Miscellaneous Income	90.24	57.39	
<b>Total</b>	<b>209.07</b>	<b>213.31</b>	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

<b>28.1 Interest Income</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
(i) Interest from banks on deposits	2.20	24.26
(ii) Other interest	9.54	8.99
<b>Total</b>	<b>11.74</b>	<b>33.25</b>

<b>29 Cost of material consumed</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
Opening stock of raw material and packing material	490.81	514.83
Add: Purchases	1430.53	1824.02
Less: Closing stock of raw material and packing material	(415.86)	(490.81)
<b>Total</b>	<b>1505.49</b>	<b>1848.03</b>

<b>30 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
<b>As at the beginning of the year:</b>		
Finished Goods	426.94	437.10
Work-in-Progress	201.94	372.14
<b>Total Opening Stock (a)</b>	<b>628.88</b>	<b>809.23</b>
<b>As at the end of the year:</b>		
Finished Goods	158.67	426.94
Work-in-Progress	125.70	201.94
<b>Total Closing Stock (b)</b>	<b>284.37</b>	<b>628.88</b>
<b>Net decrease in Finished Goods, work-in-progress and stock in trade(a)-(b)</b>	<b>344.51</b>	<b>180.36</b>

<b>31 Employee Benefit Expenses</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
Salaries and Wages	1239.39	1412.78
<b>Contribution to Provident and Other Funds</b>		
Provident / ESI Fund	78.28	94.56
Superannuation Fund	4.32	4.83
Provision for Gratuity	54.43	27.68
Provision for Leave Encashment	3.11	67.05
Staff Welfare Expenses	89.01	91.40
<b>Total</b>	<b>1468.54</b>	<b>1698.31</b>

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

<b>32 Finance Costs</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	For the year ended t March 31, 2018
<b>Interest Expenses on :</b>		
(i) Borrowings From Banks		
Term Loans	<b>134.54</b>	76.89
Working Capital	<b>84.39</b>	110.10
(ii) Debentures	<b>0.01</b>	47.57
(iii) Borrowing Others		
Bill Discounting charges	<b>142.59</b>	213.72
Bank Charges	<b>18.94</b>	43.79
Others	<b>336.08</b>	303.54
Commission for Letter of Credit	-	162.47
<b>Total</b>	<b>716.54</b>	<b>958.08</b>
<b>33 Other Expenses</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	For the year ended March 31, 2018
Consumption of Stores and Spare Parts	<b>7.23</b>	15.67
Power and Fuel	<b>227.68</b>	186.31
Processing Charges	<b>25.34</b>	31.24
Rent including Lease Rentals	<b>108.44</b>	47.26
Repairs and Maintenance - Buildings	<b>10.77</b>	15.59
Repairs and Maintenance - Machinery	<b>20.43</b>	23.33
Repairs and Maintenance - Others	<b>16.80</b>	20.62
Insurance	<b>26.84</b>	17.74
Rates and Taxes	<b>12.10</b>	16.31
Communication Expenses	<b>13.90</b>	24.88
Travelling and Conveyance	<b>150.99</b>	258.43
Advertisement and Sales Promotion	<b>77.22</b>	23.18
Sundry balances written off	-	1.20
Legal and Professional Charges	<b>173.80</b>	166.52
Payments to Auditors (Refer Note no. 57)	<b>34.04</b>	35.21
Miscellaneous Expenses	<b>477.21</b>	379.97
Selling expense	<b>296.88</b>	77.22
Expected Credit Loss Provision Expenses	<b>40.00</b>	149.40
Directors fees	<b>12.00</b>	14.43
Freight & Forwarding Expenses	<b>143.35</b>	194.93
<b>Total</b>	<b>1875.02</b>	<b>1699.40</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

<b>34 Exceptional Items</b>		[₹ In lakhs]
<b>Particulars</b>	<b>For the year ended 31st March, 19</b>	<b>For the year ended 31st March, 18</b>
Non Receivable Interest from Bank Written Off	-	88.80
Non Recoverable margin amount Written off	-	6.96
Non Payable Interest to Banks Written back	-	(344.35)
Irrecoverable Debts/Advances Written off	<b>51.84</b>	-
Loss on sale of Fixed Assets (Net)	<b>21.65</b>	-
VAT paid under Amnesty Scheme	-	81.61
Short Provision of expenses in earlier years no Longer Required WrittenBack	-	19.86
Quality Claims	<b>9.19</b>	(76.39)
Sales tax Paid	<b>18.57</b>	-
Other Balance/ Claims Writen Off	<b>12.46</b>	-
<b>Total</b>	<b>113.71</b>	<b>(223.50)</b>

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### Other Notes:

(35) Estimated amounts of commitments remaining to be executed as on 31<sup>st</sup> March, 2019 are as follows:

[₹ In lakhs]

Particulars	As at 31-03-2019	As at 31-03-2018
Against purchase of Capital goods	49.90	92.10

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

(i) Demands were raised against the Holding Company aggregating to Rs. 680.62 Lakhs ( as at 31st March 2018 Rs. 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 Holding Company had received recovery notices for recovery of Rs. 2,094.41 Lakhs (as at 31st March 2018 Rs. 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 Rs. 1,032.45 Lakhs (as at 31st March 2018 Rs. 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 Company's appeal against the demand for Gujarat Sales Tax of Rs. 1,324.08 Lakhs (as at 31st March 2018 Rs. 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 Rs. 85.45 Lakhs (as at 31st March 2018 Rs. 85.45 Lakhs) against which Holding Company has made payment of Rs. 45.81(as at 31st March 2018 Rs. 45.81Lakhs) under protest. The Holding Company has further contested this demand before the Sales Tax Tribunal. The matter is sub-judice and the payments of Rs. 45.81(as at 31st March 2018 Rs. 45.81 Lakhs) are considered by the Holding Company as good and recoverable.

(b)There are disputed Sales Tax demands in respect of prior years amounting to Rs. 358.16 Lakhs (as at 31st March 2018 Rs.549.96 Lakhs) against which the Holding Company has made payment of Rs. 13.21 (as at 31st March 2018 Rs. 90.24 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 Rs. 13.21 Lakhs (as at 31st March 2018 Rs. 90.24 Lakhs) are considered by the Holding Company as good and recoverable.

(c) Lyka BDR International Ltd. (Subsidiary Company) has received notice from Maharashtra Value Added Tax for Rs. 9.98 Lakhs (as at 31st March 2018 Rs.9.98 Lakhs). The matter is sub-judice.

(iii) The Holding Company has received notices from Central Excise department raising demands as stated below:

(a)Rs. 108.75 Lakhs (as at 31st March 2018 Rs. 108.75 Lakhs) against which the Holding Company has paid Rs. 25.00 Lakhs (as at 31st March 2018 Rs. 25.00 Lakhs). The matter is sub-judice and the payment of Rs. 25.00 Lakhs (as at 31st March 2018 Rs. 25.00 Lakhs) is considered by the Holding Company as good and recoverable.

(b)Rs. 71.37(as at 31st March 2018 Rs. 71.37 Lakhs) relating to disputed Central Excise duty, the matter is sub-judice.

(iv) Disputed Service Tax demand amounts to Rs. 18.10 Lakhs (as at 31st March 2018 Rs. 18.10), against which the Holding Company has made payment of Rs. 1.81Lakhs (as at 31st March 2018 Rs. 1.81 Lakhs). The matter is sub-judice and the payment of Rs. 1.81 (as at 31st March 2018 Rs. 1.81 Lakhs) is considered by the Holding Company as good and recoverable.

- (v) The Holding Company has received orders from Income Tax Department raising demands aggregating to Rs. 508.11 Lakhs (as at 31st March 2018 Rs. 2402.26 Lakhs) relating to prior years against which the Holding Company has paid Rs. 15.44 Lakhs (as at 31st March 2018 Rs. 115.45 Lakhs). The matter is sub-judice and the payment of Rs. 15.44 Lakhs (as at 31st March 2018 Rs. 115.45 Lakhs) is considered by the Holding Company as good and recoverable.

Lyka BDR International Ltd. (Subsidiary Company) has received order from Income Tax Department raising a demand of Rs. 68.00 Lakhs in respect of assessment year 2014-15. The matter is sub-judice.

Lyka BDR International Ltd. (Subsidiary Company) has received notice from Mumbai Port Trust for recovery of destruction and other charges of Rs 21.83 Lakhs for goods returned by overseas customer and for which legal suit for recovery is filed by them. The same is contested in court for non-payment and hence No provision is made for any dues payable.

- (vi) Lyka BDR International Ltd. (Subsidiary Company) has received claims for unpaid Commission, Claims of Defective Products etc, from overseas customers. The claims are negotiated and reviewed before accepting the same. The Subsidiary company has on precautionary basis, provided for all possible claims which can result in accepting the same after due negotiation and considering the facts of each case. Those claims which not accepted and settled with customers are not provided.
- (vii) Lyka BDR International Ltd. (Subsidiary Company) has received legal notice from one vendor, Swiss Parenteral Limited for dues payable of Rs 1.41 cr. towards bills and debit notes. However, the debit notes raised by the Subsidiary of Rs 92.10 lacs on the vendor for goods rejected by customers is not considered by vendor and also goods returned by vendor of Rs 10.81 lacs is not traced for receipt. The disputed liability is contested in court and the matter being sub-judice, no liability is provided.
- (viii) Lyka Healthcare Ltd. (Subsidiary Company) has received order from Income Tax Department raising a demand of Rs. 100.77 Lakhs (as at 31st March 2018 Rs.100.77 Lakhs) in respect of earlier year. The matter is sub-judice.
- (ix) Rs. 7.95 Lakhs (as at March 2018 Rs.7.95 Lakhs) being the claims against the Holding Company not acknowledged as debt.
- (x) Employees (Including Ex-Employees) Claims of the Holding Company relating to ex-gratia and other benefits aggregating to Rs. 431.67 Lakhs (as at 31st March 2018 Rs. 429.55 Lakhs) as the matter is sub-judice.
- (xi) Arrears of dividend on 10% Cumulative Redeemable Preference Shares of the Holding Company aggregates to Rs. 146.57 Lakhs (as at 31st March 2018 Rs. 135.71 Lakhs).

**(37) Fixed Deposits:**

During the year, the Holding Company has repaid deposits that were claimed aggregating to Rs. 4.70 Lakhs. As regards the balance of unclaimed deposits Rs. 44.82 Lakhs (as at 31st March 2018 Rs. 49.52 Lakhs) the same shall be paid as and when claimed.

**(38) Debentures:**

The Company has repaid Debentures as per Order of National Company Law Tribunal (Ahmedabad Bench) dated 22nd May, 2017 as follows: [₹ in Lakhs]

Sr. No.	Outstanding Debentures	Amount	Payable by
1	Upto 31st March, 2015	375.00	30th July, 2017
2	From 1st April, 2015 to 31st July, 2015	206.75	31st December, 2017
3	From 1st August, 2015 to 30th April, 2016	142.25	30th March, 2018
	<b>*Total</b>	<b>724.00</b>	

\*Out of Rs. 724.00 Lakhs debentures paid by the Company in previous year, Rs 13.00 Lakhs (Previous year Rs. 12 Lakhs) is outstanding due to cheques returned undelivered/ Unclaimed

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

- (39) Rs. 502.50 Lakhs (Previous Year Rs. 502.50 Lakhs) placed with the Managing Director of the Holding Company, as security deposit for residential accommodation/garage taken on leave and license, which has been given by the Holding Company to him, in accordance with the terms of his reappointment. The Holding Company has been legally advised that the provisions of section 185 of the Companies Act, 2013 are not attracted in respect of the same.
- (40) The balances relating to Trade Receivables, Trade Payables, Group Companies and Loans and Advances as on 31st March, 2019 are subject to confirmation and adjustments, if any, on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts cannot be ascertained and shall be adjusted in the year in which the confirmation process is completed.
- (41) Reinstatement of Opening Balances of Assets and Other Equity for the previous Financial year Lyka BDR International Ltd. (Subsidiary Company) has reinstatement of Opening Balances of Assets and Other Equity for the previous financial year (which is the earliest prior period presented), pertaining to errors in adjusting the expenses of previous financial years against revaluation reserves, due to which the Revaluation Reserve was understated and Profit and Loss balance was overstated to that extent. The same has been rectified by restating the opening balances of Revaluation Reserve and Profit and Loss Balance of previous financial year.
- (42) Compromise Settlement:
- (a) Compromise Settlement through One Time Settlement (OTS) of debts of Dena Bank and Assignment of debts in favour of International Asset Reconstruction Company Pvt Ltd (IARC) by the Holding Company
- During the year, Dena Bank has entered into compromise settlement with the Holding Company, whereby they have accepted OTS of Rs.5200 lakhs towards full and final settlement of its total dues through the funds arranged from IARC. In turn, they have assigned its total debts in favour of IARC, acting in its capacity as Trustee of IARF- III Trust Scheme vide Deed of Assignment dated 4th September, 2018. Accordingly, all underlying securities and security rights pertaining to the debts also stand assigned in favour of IARC.
- On assignment of debts, Dena Bank has issued its No Dues Certificate on 17th September, 2018.
- The Holding Company has created charge in favour of IARC during the year. The Holding Company is in the process of formalising the terms of repayment of debts to IARC.
- The Holding Company has not accounted for the effect of OTS as well as the treatment of assigned debts in favour of IARC, pending the terms of repayment of debts to IARC.
- The effect of the settlement and assignment of debts would be accounted when the final terms are formalised with IARC.
- (b) Assignment of debts by Kapol Co-op Bank Ltd in favour of International Asset Reconstruction Company Pvt Ltd (IARC) by the Holding Company
- During the year, Kapol Co-op Bank Ltd was paid Rs.482.77 lakhs by the Holding Company through the funds arranged from IARC towards repayment of outstanding debt along-with interest. In turn, Kapol Co-op Bank Ltd, have assigned its total debts in favour of IARC, acting in its capacity as Trustee of IARF- III Trust Scheme 1 vide Deed of Assignment dated 26th December, 2018. Accordingly, all underlying securities and security rights pertaining to the debts also stand assigned in favour of IARC.
- The Holding Company is in the process of formalising the terms of repayment of debts to IARC.
- The Holding Company has not accounted for the treatment of assigned debts in favour of IARC, pending the terms of repayment of debts to IARC.
- The effect of the assignment of debts would be accounted when the final terms are formalised with IARC.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

---

(c) Debts of Bank of Maharashtra of the Holding Company

During the year Bank of Maharashtra (BoM), had accorded its approval for full and final settlement of its debts at an amount of Rs.1100 lakhs along with Rs.8.25 lakhs towards processing fees and revalidation fees and Rs.33.00 lakhs interest. The Holding Company had accepted the compromise proposal during the year and made payment of the settlement amount and processing fees during the year. The balance amount of revalidation fees and interest has to be paid during the F.Y.2019-20.

BoM has released charge on the immovable property of the Holding Company and has also partly released pledged shares of the Promoters of the Holding Company. The balance pledged shares shall be released by BoM on the final payment of the balance amount during the F.Y.2019-20.

**(43) Scheme of Arrangements: -**

(a) The Board of Directors of the Holding Company at their meeting held on 10th March, 2016 had resolved to merge Company's Subsidiary i.e. Lyka Exports Limited with it, effective from 1st April, 2015 ("Appointed Date") under the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 and SEBI circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015. Since then the "appointed date" of the said merger of Lyka Exports Limited was postponed to 1st April, 2017 by the Board of Directors at their meeting held on 30th August, 2017. However, boards of both the Companies have decided to call off the merger at their meeting held on 15th May 2019 (Lyka Exports Limited) and 18th May 2019.

(b) The Board of Directors of the Holding Company at their meeting held on 29th May 2017, resolved to merge Company's subsidiary Lyka Healthcare Limited with it effective from 1st April 2017 ("Appointed Date") under the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 and SEBI circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015.

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

The Equity / Preference Shareholders at the meetings convened, approved the arrangements of merger. The Unsecured Creditors at their meeting also approved the arrangement of merger. However, the meeting of Secured Creditors could not be proceeded, due of lack of quorum. Accordingly, the Company filed an interlocutory Application on 13th April 2018, before NCLT seeking directions for re-convening / conducting a fresh meeting of the Secured Creditors. Pursuant to Interlocutory Application, NCLT passed an order dated 9th May, 2018 directing the Holding Company for reconvening meeting of Secured Creditors on 2nd July, 2018.

Accordingly, Secured Creditors' Meetings were called on various dates which have been adjourned due to lack of quorum and NCLT vide its order dated 4th April, 2019 has re-fixed the hearing on 3rd June 2019 for reconvening meeting of Secured Creditors of the Holding Company.

**(44) Pledged shares of a Joint Managing Director encashed by a Lender:**

Bank of Maharashtra has invoked 160,000 equity shares of the Company pledged by the Jt. MD of the Holding Company. Out of the invoked equity shares, 110,000 equity shares were sold by the Bank and the sales proceeds aggregating to Rs. 51.46 lakhs adjusted against the outstanding Term Loan. This amount of Rs.51.46 lakhs has been reflected as Unsecured Loan from the Joint Managing Director.

**(45) Post applicability of Goods and Service Tax (GST) w.e.f. July 1, 2017, the "Revenue from Operations" is disclosed net of GST. However, the "Revenue from Operations" for the year ended as on 31st March, 2018, are inclusive of excise duty, and is not comparable with "Revenue from Operations" for the year ended 31st March, 2019 to that extent.**

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(46) Ind AS 115, Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after 1st April 2018, replaces existing revenue recognition requirements. Under the modified retrospective approach, there were no significant adjustments required to the retained earnings as at 1st April 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results of the Group.

(47) Capital Expenditure:

(i) Tangible Project Capital Work-in-Progress Rs. 1,755.18 Lakhs of the Holding company as at 31st March, 2019, (as at 31st March 2018 Rs. 1666.25 Lakhs) includes allocable indirect expenditure in respect of modernization/expansion of Ankleshwar unit aggregating to Rs. NIL (as at 31st March 2018 Rs. 262.44 Lakhs) and interest amount of Rs. NIL (as at 31st March 2018 Rs. 299.66 Lakhs) 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, 2019 in respect of "new product development and applied research" aggregating to Rs. 1215.86 Lakhs (as at 31st March 2018 Rs. 976.53 Lakhs) including finance cost of Rs. 76.12 Lakhs (as at 31st March 2018 Rs. 76.12 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 Rs. NIL (as at 31st March 2018 Rs. 42.93 Lakhs) as "Self-Generated Intangible Assets" upon successful development of respective products.

Capitalisation for expenses related to Lyka BDR International Ltd. (Subsidiary Company) Registration Right:

The Management of the Company had considered capitalization of expenses of Rs 144.86 Lakhs in the previous year towards pending registrations and the same has been shown as Intangible under development (Refer note-4). During the year seven registrations were received and the expenses capitalized towards the same was Rs 9.30 Lakhs. The balance of Rs 135.56 Lakhs shall be capitalized during the year when the certificate for the same is received

(48) During the year, inventories include slow/non-moving raw-material and packing materials procured during the earlier years amounting to Rs. 154.68 Lakhs as on 31st March 2019 (as on 31st March 2018 Rs. 204.68 Lakhs), which are valued at lower of net realisable value or cost. The Holding Company is evaluating to utilize/realize the same.

(49) The Holding Company has provided Rs. 73.20 Lakhs (Previous Year Rs. 76.89 Lakhs) being interest / damages on an estimated basis in respect of delays in depositing statutory dues with Government, Semi-Government and Local Authorities beyond the time allowed.

(50) 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, 2019. The following tables set out the amounts recognized in the financial statements as at 31st March, 2019 for the defined benefit plans. [₹ In lakhs]

Sr. No.	Particulars	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
a)	<b>Liability recognized in Balance Sheet</b>		
	Change in Benefit Obligation		
	Opening Balance of Present Value of Obligations	361.38	298.21
	Service Cost	17.05	26.54
	Interest Cost	26.71	20.48
	Actuarial Loss/(Gain) on Obligations	(18.00)	33.70
	Benefits Paid	(25.55)	(17.55)
	<b>Closing Balance of Present Value of Obligations</b>	<b>361.60</b>	<b>361.38</b>
	Less : Fair Value of Plan Assets		
	Opening Balance of Plan Assets	10.16	18.99

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

	Expected Return on Plan assets	(2.06)	1.34
	Employers' Contribution	0.98	-
	Actuarial (Loss) on Plan Assets	0.34	(0.13)
	Benefits Paid	(8.09)	(10.04)
	<b>Closing Balance of Plan Assets</b>	<b>1.35</b>	<b>10.16</b>
	<b>Net Liability</b>	<b>360.25</b>	<b>351.22</b>
<b>b)</b>	<b>Expense during the year</b>		
	Service Cost	17.05	26.27
	Interest Cost	26.50	19.76
	Actuarial Loss/(Gain) on Obligations	(15.71)	33.22
	<b>Total</b>	<b>27.84</b>	<b>79.24</b>
<b>c)</b>	<b>Principal Actuarial Assumptions</b>		
	Rate of Discounting	<b>7.60%</b>	7.60%
	Rate of Return on Plan Assets	<b>7.50%</b>	7.50%
	Salary Growth Rate	<b>3.00%</b>	3.00%

- (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 31<sup>st</sup> March, 2019. The following tables set out the amounts recognized in the financial statements as at 31<sup>st</sup> March, 2019 for the defined benefit plan.

[₹ In lakhs]

Sr. No	Particulars	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
<b>a)</b>	<b>Liability recognized in Balance Sheet</b>		
	Change in Benefit Obligation		
	Opening Balance of Present Value of Obligations	<b>193.01</b>	161.72
	Service Cost	<b>20.54</b>	46.96
	Interest Cost	<b>13.95</b>	10.72
	Actuarial (Gain) on Obligations	<b>(70.02)</b>	(9.31)
	Benefits Paid	<b>(10.04)</b>	(17.08)
	<b>Closing Balance of Present Value of Obligations</b>	<b>147.43</b>	<b>193.01</b>
	Less : Fair Value of Plan Assets		
	Opening Balance of Plan Assets	<b>30.56</b>	28.59
	Expected Return on Plan Assets	<b>2.32</b>	1.97
	Employers' Contribution	<b>7.72</b>	12.81
	Benefits Paid	<b>(8.31)</b>	(12.81)
	Closing Balance of Plan Assets	<b>32.29</b>	30.56
	<b>Net Liability</b>	<b>115.14</b>	<b>162.44</b>
<b>b)</b>	<b>Expense during the year</b>		
	Service Cost	<b>20.53</b>	46.96
	Interest Cost	<b>11.63</b>	8.74
	Actuarial (Gain) on Obligations	<b>(70.02)</b>	(9.31)
	<b>Total</b>	<b>(37.86)</b>	<b>46.39</b>
<b>c)</b>	<b>Principal Actuarial Assumptions</b>		
	Rate of Discounting	<b>7.55%</b>	7.60%
	Rate of Return on Plan Assets	<b>7.50%</b>	7.50%
	Salary Growth Rate	<b>3.00%</b>	3.00%

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 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 Defined Benefit Obligation (Base)	Particular			
	31-Mar-19		31-Mar-18	
	361.32		361.10	
Particulars	31-Mar-19		31-Mar-18	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	367.50	339.93	377.85	345.98
(% change compared to base due to sensitivity)	1.71	(5.92)	4.64	(4.19)
Salary Growth Rate (- / + 1%)	341.88	365.34	345.97	377.61
(% change compared to base due to sensitivity)	(5.38)	1.11	(4.19)	4.57
Attrition Rate (- / + 50% of attrition rates)	305.13	318.01	307.21	320.63
(% change compared to base due to sensitivity)	(15.55)	(11.99)	(14.93)	(11.21)
Mortality Rate (- / + 10% of mortality rates)	312.29	312.57	314.65	314.95
(% change compared to base due to sensitivity)	(13.57)	(13.49)	(12.86)	(12.78)

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.

### (51) Assets taken on operating lease:

The future minimum lease payments and payment profile of non-cancellable operating leases are as under :

[₹ In lakhs]

Particulars	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
Not later than one year	80.30	73.62
Later than one year but not later than five years	236.91	317.21
Later than five years	-	-
<b>Total</b>	<b>317.21</b>	<b>390.83</b>

### (52) 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 Holding Company is business segment, which comprises of pharmaceutical products/ pharma related services. As the Holding Company operates in a single primary business segment, no segmental information thereof is given.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

[₹ In lakhs]

Particulars	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
Revenue by Geography		
India	3963.38	2190.81
Rest of world	2460.40	3526.16
<b>Total</b>	<b>6423.78</b>	<b>5716.97</b>

No single customer represents 10% or more of the Group's total revenue during the year ended 31st March, 2019 and 31st March, 2018.

**(53) 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 :

Category	Name of the Related Party	Relationship
1	Mr. N. I. Gandhi (Chairman and Managing Director) Mr. Kunal N. Gandhi (Joint Managing Director) Mr. Yogesh Shah (Chief Financial Officer) Mr. Dinesh Darji (Company Secretary upto Nov'18) Mr. Raj Trivedi (Company Secretary From Dec'18)	Key Management Personnel (KMP)
2	Mrs. Nehal N. Gandhi (Non – Executive Director) Mrs. Alisha K. Gandhi	Relative of KMP
3	Enai Trading & Investment Private Limited	Entities owned by over which KMP is able to exercise significant influence

(b) Disclosure of related party transactions:

[₹ In lakhs]

Sr. No.	Description	KMP	Relative of KMP	Entities Owned by KMP	Total
1	Remuneration (Payments/Provisions) to	113.57 (113.88)	16.65 (11.83)	-	130.22 (125.71)
2	Directors Sitting Fees	-	0.90 (0.60)	-	0.90 (0.60)
3	Professional Fees	NIL (13.63)	NIL (18.90)	-	NIL (32.53)
4	Interest Paid	80.32 (68.78)	66.20 (49.75)	5.81 (2.22)	152.33 (120.75)
5	Loan Received	143.35 (686.61)	45.50 (349.30)	2.00 (25.75)	190.85 (1035.91)
6	Loan Repaid	213.68 (648.71)	16.76 (61.84)	2.75 (2.00)	233.19 (710.55)
7	Sale of Investments	13.14	-	-	13.14

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(c) Balance for the year ended [₹ In lakhs]

Description	Related party	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
Security Deposit- given	KMP	502.50	502.50
Unsecured Loan- from	Entities owned by/over which KMP is able to exercise significant influence	52.19	48.84
	Relative of KMP	423.93	403.15
	KMP	402.88	491.69

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

### (54) Earnings per Share: (EPS)

[₹ In lakhs]

Particulars	For Year ended 31 <sup>st</sup> March 2019	For Year ended 31 <sup>st</sup> March 2018
Adjusted Profit/(Loss) for the year (Rs. in Lakhs) (A)	(571.40)	(1732.44)
Weighted Average number of Equity Shares(B)	281.40	258.34
Face value of Equity Share (Rs.) (C)	10	10
Basic and Diluted Earnings Per Share (Rs.) (D=A/B)	(1.79)	(6.71)

### (55) Taxation:

#### Current Tax:

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

#### Deferred Tax:

Reconciliation of tax expenses and accounting profit multiplied by India's domestic tax rate for the year ended 31st March 2019 and 31st March 2018.

[₹ In lakhs]

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Accounting profit before tax (before exceptional items)	(1542.46)	(2009.42)
At India's statutory income tax rate of 30.90%	265.28	520.90
Deferred Tax impact on:		
Financial Assets/Liabilities recognised at Amortised Cost	(2.22)	9.34
ECL on Trade Receivables	12.00	17.54
Revaluation of fixed assets	13.17	38.55
Timing difference on depreciation	881.73	1.44
Timing difference on gratuity	(10.63)	0.38
Timing difference on leave encashment	4.39	0.00
Less: Deferred Tax Assets not recognised on account of absence of reasonable certainty of future taxable profits	(256.45)	(484.17)
Deferred tax Income reported in the Statement of Profit and Loss	907.27	103.98

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**Details of unabsorbed losses along with expiry of the same on which no deferred tax has been created:**

[₹ In lakhs]

Assessment Year	Unabsorbed business losses	Year of expiry
Lyka Labs Limited (Holding Company Limited)		
2014-15	1156.98	2022-23
2018-19	942.49	2026-27
Lyka Healthcare Limited (Subsidiary Company Limited)		
2014-15	5.68	2022-23
2015-16	302.52	2023-24
2016-17	133.84	2024-25
2017-18	211.16	2025-26
2018-19	158.80	2026-27

**56 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, 2019.

[₹ In lakhs]

Particulars	Measured at FVTOCI	Measured at FVTPL	Cost/ Amortised Cost	Total Carrying Amount
<b>Financial Assets</b>				
Investments	1.07	0.71		1.78
Other Financial Assets			1,951.49	1,951.49
Trade Receivables			1,463.52	1,463.52
Loans			64.47	64.47
<b>Total</b>	<b>1.07</b>	<b>0.71</b>	<b>3,479.48</b>	<b>3,481.27</b>
<b>Financial Liabilities</b>				
Other Financial Liabilities			2,441.54	2,441.54
Borrowings			9,642.42	9,642.42
Trade Payable			2,305.07	2,305.07
<b>Total</b>	<b>-</b>	<b>-</b>	<b>14,389.04</b>	<b>14,389.04</b>

The following table presents the carrying amounts of each category of financial assets and liabilities as at 31st March, 2018.

[₹ In lakhs]

Particulars	Measured at FVTOCI	Measured at FVTPL	Cost/ Amortised Cost	Total Carrying Amount
<b>Financial Assets</b>				
Other Investments	17.77	0.07	5.00	22.84
Other Financial Assets			1,902.67	1,902.67
Trade Receivables			2,049.62	2,049.62
Loans			62.37	62.37
<b>Total</b>	<b>17.77</b>	<b>0.07</b>	<b>4,019.66</b>	<b>4,037.49</b>
<b>Financial Liabilities</b>				

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Other Financial Liabilities			2,452.63	2,452.63
Borrowings			11,267.22	11,267.22
Trade Payable			2,420.94	2,420.94
<b>Total</b>		-	<b>16,140.80</b>	<b>16,140.80</b>

### (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 2019			Total
	Fair Value Measurement Using			
	Quoted Price in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
<b>Assets measured at fair value</b>				
<b>FVTOCI financial investments</b>				-
Quoted equity instruments	1.07			<b>1.07</b>
<b>FVTPL financial investments</b>				
Unquoted equity instruments		0.01		<b>0.01</b>
Mutual Funds		0.70		<b>0.70</b>
<b>Total</b>	<b>1.07</b>	<b>0.71</b>	-	<b>1.78</b>



(Rs. In lakhs)

Particulars	As at 31st March 2018			Total
	Fair Value Measurement Using			
	Quoted Price in active markets	Significant observable input	Significant unobservable input	
	(Level 1)	(Level 2)	(Level 3)	
<b>Assets measured at fair value</b>				
<b>FVTOCI financial investments</b>				
Quoted equity instruments	17.77			<b>17.77</b>
<b>FVTPL financial investments</b>				-
Unquoted equity instruments		0.01		<b>0.01</b>
Mutual Funds		0.06		<b>0.06</b>
<b>Total</b>	<b>17.77</b>	<b>0.07</b>	-	<b>17.84</b>

**(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 that advises on financial risks and the appropriate financial risk governance framework for the Company and provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

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

**Market Risk**

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

**Foreign currency risk management**

Foreign exchange risk arises on future commercial transactions and on all recognised monetary assets and liabilities, which are denominated in a currency other than the functional currency of the Company. The

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Company's management has set policy wherein exposure is identified, benchmark is set and monitored closely, and accordingly suitable hedges are undertaken. Policy also includes mandatory initial hedging requirements for exposure above a threshold.

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

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

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

Particulars	Currency	As on 31st March, 2019	As on 31st March, 2018
Trade Receivable	USD	10,24,141	12,80,299
Trade Receivable - Advance	USD	(4,43,930)	
Trade Payable		(5,22,684)	(42,600)
Net		57,527	12,37,699
Forward Contracts	USD	-	-
Net Exposure		57,527	12,37,699

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	Currency	As on 31st March, 2019	As on 31st March, 2018
<b>Impact on profit before tax</b>			
INR/USD - Increase by 5%	USD	<b>1,55,97,618</b>	2,24,74,062
INR/USD - Decrease by 5%	USD	<b>(1,55,97,618)</b>	(2,24,74,062)

### 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.

[₹ In lakhs]				
Particulars		Change in interest rate	For the year ended 31st March, 2019*	For the year ended 31st March, 2018
Interest expense	Increase	100 basis point	-	(1)
	Decrease	100 basis point	-	1

\*The debt obligations have been assigned during the year to IARC (refer note no. 41) and effect of settlement and assignment of debt would be given when the final terms are formalised with IARC. Accordingly effect of the sensitivity of the company's profit before tax to a reasonable possible change in interest rate is not given for current financial year

**(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	< 1 year	More than 1 year	Total
<b>Financial Liabilities</b>				
Trade Payables	31st March 2019	2,305.07	-	<b>2,305.07</b>
	31st March 2018	2,420.94	-	<b>2,420.94</b>
Borrowings	31st March 2019	1,713.95	7,928.47	<b>9,642.42</b>
	31st March 2018	10,774.07	493.16	<b>11,267.22</b>
Other Financial Liabilities	31st March 2019	2,278.33	163.21	<b>2,441.54</b>
	31st March 2018	2,385.75	66.88	<b>2,452.63</b>

**(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.

# Lyka Labs Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### (57) Capital Management

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

[₹ In lakhs]

Particulars	As at March 31, 2019	As at March 31, 2018
Short Term Debt (including current maturities of long term loan)	1,713.95	10,774.07
Long Term Debt	7,928.47	493.16
Trade Payables	2,305.07	2,420.94
Less: Cash and cash equivalents	157.16	242.87
<b>Net Debt</b>	<b>11,790.33</b>	<b>13,445.30</b>
Equity	2,814.00	2,814.00
<b>Capital and net debt</b>	<b>14,604.33</b>	<b>16,259.30</b>
<b>Net Debt to Capital Ratio (Debt/Equity plus debt)</b>	<b>0.81</b>	<b>0.83</b>

### (58) Payments to Auditors:

Sr. No.	Particulars	For Year ended 31 <sup>st</sup> March 2019	For Yearended 31 <sup>st</sup> March 2018
(i)	Audit Fees (including Rs. 2.10 Lakhs to Branch Auditors - Previous Year Rs. 2.10 Lakhs)	27.70	23.59
(ii)	As Advisor for Holding Company Law Matters (including Rs. Nil to Branch Auditors- Previous Year Rs. Nil)	2.10	3.35
(iii)	Tax Audit Fees (including Rs. 0.50Lakhsto Branch Auditors – Previous Year Rs. 0.50 Lakhs)	5.50	7.10
(iv)	For other services (certification work etc.)(including Rs. Nil to Branch Auditors- Previous Year Rs. Nil)	0.55	1.16
(v)	Reimbursement of Expenses (including Rs. Nil to Branch Auditors- Previous Year Rs.Nil)	0.29	0.01
	<b>Total</b>	<b>34.04</b>	<b>35.21</b>

(59) The Company has regrouped/reclassified the Previous Year's figures in order to confirm to the figures of the Current Year

In terms of our report of even date,  
**For Mehta Chokshi & Shah**  
 Chartered Accountants  
 Firm Registration No. 106201W

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

**(N. I. Gandhi)**  
 Chairman & Managing Director  
 DIN : 00021530

**(V. S. Shanbhag)**  
 Director  
 DIN : 00555709

**(A. R. Mehta)**  
 Partner  
 Membership No. 046088

**(Y. B. Shah)**  
 Chief Financial Officer

**(Raj Trivedi)**  
 Company Secretary

Place : Mumbai  
 Date : 18<sup>th</sup> May, 2019

**Form No. MGT -11  
Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rules 19(3) of  
the Companies (Management and Administration) Rules, 2014]

CIN : L24230GJ1976PLC08738  
Name of the Company : LYKA LABS LIMITED  
Registered office : 4801/B & 4802 / A, G.I.D.C. Industrial Estate, Ankleshwar – 393002, Gujarat, India

Name of the member (s): .....
Registered address: .....
E-mail Id: .....
Folio No/ Client Id: .....
DP ID: .....

I/We, being the member (s) of ..... shares of the above named company , hereby appoint

1. Name: .....  
Address: .....  
E-mail Id: .....  
Signature: ..... or failing him
2. Name: .....  
Address: .....  
E-mail Id: .....  
Signature: ..... or failing him
3. Name: .....  
Address: .....  
E-mail Id: .....  
Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 40<sup>th</sup> Annual General Meeting of members of the Company, to be held on Wednesday, 18<sup>th</sup> September, 2019 at 12.30 pm and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. Adoption of Standalone audited financial statements, report of Board of Directors and Auditors for the financial year ended 31<sup>st</sup> March, 2019.
2. Adoption of Consolidated audited financial statements and Auditors report for the financial year ended 31<sup>st</sup> March, 2019.
3. Appointment of Smt. Nehal. N. Gandhi as Director who retires by rotation.
4. Ratification of appointment of Branch Auditors.
5. Appointment of Statutory Auditors.
6. Ratification of remuneration to Cost Auditor.
7. Appointment of Shri. Vinod Shanbhag as an Independent Director.
8. Appointment of Shri. Atit Shukla as an Independent Director.
9. Re-appointment of Narendra I. Gandhi as Managing Director w.e.f. 1<sup>st</sup> April, 2019 upto 10<sup>th</sup> July, 2019.
10. Appointment of Shri. Kunal N. Gandhi as Joint Managing Director w.e.f. 12<sup>th</sup> February, 2019.
11. Change in designation of Shri Kunal N. Gandhi from Joint Managing Director to Managing Director and upward revision in the remuneration from 11<sup>th</sup> July, 2019.
12. Alteration of Articles of Association.
13. Increase in Authorized Share Capital.
14. Amendment in Memorandum of Association
15. Approval of Related Party Transactions.

Affix Revenue Stamp
---------------------------

# Lyka Labs Limited

---

Signed this ..... day of ..... 2019.

Signature of Shareholder

Signature of Proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Company's Registered Office situated at Ankleshwar, not less than 48 hours before the commencement of the Meeting.



## LYKA LABS LIMITED

Registered Office: 4801/B & 4802/A, G.I.D.C Industrial Estate, Ankleshwar- 393 002.  
Admin Office: 101, Shivshakti Industrial Estate, Andheri Kurla Road, Andheri (East), Mumbai- 400 059.  
CIN: L24230GJ1976PLC008738.

### ATTENDANCE SLIP

40<sup>TH</sup> ANNUAL GENERAL MEETING ON 18<sup>TH</sup> SEPTEMBER, 2019

DP ID- Client ID/ Folio No:	
Name & Address of Sole Member:	
No. of Shares held:	

I certify that I am a member/ proxy holder of the Company.

I hereby record my presence at the 40<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, 18<sup>th</sup> September, 2019 at 12.30 P.M at Registered Office of the Company.

\_\_\_\_\_  
Member/ Proxy Holder Signature

----- Cut Here -----

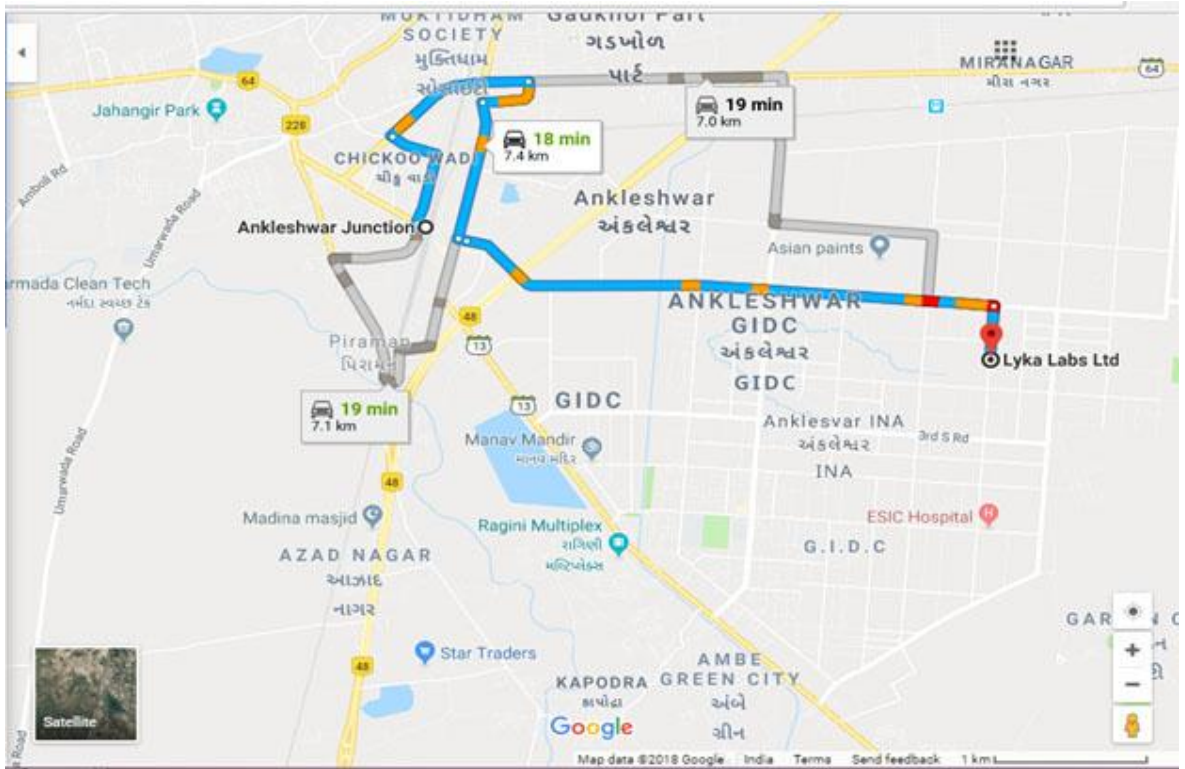
### ELECTRONIC VOTING PARTICULARS

EVS (Electronic Voting Sequence Number)	User ID	Password/Pin (Pan/Seq.No.)

**Note:** Please read the complete instructions given under the Notes (The instructions for shareholders voting electronically) to the Notice of 38<sup>th</sup> Annual General Meeting. The voting time starts from 14<sup>th</sup> September, 2019 at 10 A.M and ends on 17<sup>th</sup> September, 2019 at 5 P.M. The voting module shall be disabled by CDSL for voting thereafter.



## Route Map of AGM Venue







**Lyka Labs Limited**

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

**‘Go Green’**

Dear Shareholder/s,

Green Initiative Every tonne of printing papers cost us 24 trees. Back of the envelope calculations indicate that we sacrifice a tree for printing every 132 Annual Reports. Realizing this truth and for maintaining the planet Earth evergreen, the Ministry of Corporate Affairs (MCA) has taken a ‘Green Initiative in the Corporate Governance’ by allowing paperless compliances by the companies. Through its Circulars 17/2011 dated 21st April 2011 and 18/2011 dated 29th April 2011, MCA has provided that the service of notice/documents by a company to its shareholders can now be made through electronic mode. In accordance with these circulars, Companies can now send various notices and documents, including Annual Report to its shareholders through electronic mode to the registered e-mail addresses of shareholders. To take part in Green Initiative in the Corporate Governance, we propose to send documents such as Notices of General Meeting(s), Financial Statements, Annual Report for the year ended 31st March 2017 in electronic form to the email addresses provided by you and/or made available to the Company by the Depositories. In case of shares held in physical form, shareholders should provide their e-mail ID to the Company for opting to receive notices/documents electronically. To register the e-mail ID with the Company, shareholders are requested to submit the following form duly filled & signed by the shareholders to the Compliance Officer or send the scanned copy of the form by an email to Companysecretary@lykalabs.com. In case of shares held in electronic form who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participants. All shareholders are further requested to ensure that registered Email Id with the Depository should be updated to receive notices/documents electronically. Please note that these documents will also be available on the Company’s website www.Lykalabs.com for download by the shareholders. Please note that even if you opt for electronic mode, you shall be entitled to be furnished free of cost, with a copy of the Balance Sheet of the Company and all other documents required by statute to be attached thereto including the Profit & Loss Account and Auditors’ Report etc., upon receipt of a requisition from you, any time, as a shareholder of the Company. We are sure that you would appreciate the “Green Initiative” taken by MCA and your Company’s desire to participate in such initiatives. Let’s be part of this ‘Green Initiative’.

Best Regards,

For **LYKA LABS LIMITED**  
**Raj Trivedi**  
Company Secretary

**E-COMMUNICATION REGISTRATION FORM**

—><— (In terms of circular no.17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Name of the Company : Lyka Labs Limited  
Folio No./ DP ID & Client ID : .....  
Name of 1st Registered Holder: .....  
Name of Joint Holder : .....  
Address : .....  
Email Id(to be registered) : .....

I/we shareholder(s) of Lyka Labs Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail id in your records for sending communication through e-mail.

Date: ..... Signature: .....  
(First Holder)

**Note:** Shareholder(s) are requested to keep the Registrars/DP informed as and when there is any change in the e-mail address





**BY COURIER / POST / REGD. AD**

To,

.....  
.....  
.....  
.....

*If undelivered, please return to :*

**Lyka Labs Limited**

**Corporate Office :**

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