



Healthcare through Innovation

**41st
ANNUAL
REPORT
2019-2020**

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: 022-66112200, Fax: 66112249

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

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Lyka Labs Limited

BOARD OF DIRECTORS

Shri. Narendra I. Gandhi	- Chairman & Managing Director (upto 10 th July, 2019)
Smt. Nehal N. Gandhi	- Non Executive Director
	- Chairperson (w.e.f 09 th August, 2019)
Shri. Kunal N. Gandhi	- Chief Executive Officer
	- Managing Director (w.e.f 11 th July, 2019)
Shri. Vinod S. Shanbhag	- Independent Director
Shri. Atit N. Shukla	- Independent Director
Shri. Sandeep P. Parikh	- Additional Independent Director (w.e.f 01 st November, 2019)
Shri. Yogesh B. Shah	- Chief Financial Officer
	- Executive Director (w.e.f 12 th February, 2020)
Smt. Neha A. Thakore	- Independent Director (upto 03 rd July,2020)

AUDIT COMMITTEE

Shri. Vinod S. Shanbhag	- Chairman (upto 12 th January, 2020)
Shri. Sandeep P. Parikh	- Member (w.e.f 01 st November, 2019)
	Chairman (w.e.f 13 th January, 2020)
Shri. Kunal N. Gandhi	- Member
Shri. Atit N. Shukla	- Member (upto 12 th January, 2020)

COMPANY SECRETARY

Mr. Raj T. Trivedi	- (upto 31 st October, 2019)
Mr. Abhishek D. Buddhadev	- (w.e.f 18 th November, 2019 upto 19 th December, 2019)
Shri. Piyush G. Hindia	- (w.e.f 12 th February, 2020)

STATUTORY AUDITORS

M/s D. Kothary & Co. Chartered Accountants

BRANCH AUDITORS

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

COST AUDITORS

M/s Sarvottam Rege & Associates, Cost Accountants

BANKERS

AU Small Finance Bank Limited

REGISTERED OFFICE & PLANT

4801/B & 4802/A, GIDC Industrial Estate, Ankeshwar – 393 002, Gujarat.

ADMINISTRATIVE OFFICE

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

R& D CENTRE

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

Shri Narendra Ishwarlal Gandhi
(06.04.1950 to 10.07.2019)

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

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

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

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

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



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NOTICE

NOTICE is hereby given that Forty First Annual General Meeting of the Members of Lyka Labs Limited will be held on Friday, 25th September, 2020 at 12:30 pm (IST) through video conferencing (VC)/ other audio-visual means (OAVM) to transact the following businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone audited financial statements along with Balance Sheet as at 31st March, 2020, Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date and reports of Board of Directors and Auditors thereon.
2. To receive, consider and adopt the Consolidated audited financial statements along with Balance Sheet as at 31st March, 2020, Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date and report of Auditors thereon.
3. To appoint a Director in place of Smt. N. N. Gandhi, Non - Executive Director (DIN:00021580) who retires by rotation and being eligible, offers herself for re-appointment.
4. Ratification of appointment of M/s M. I. Shah & Co., as Branch Auditors.

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

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 as maybe applicable (including any statutory modification(s) or re-enactment(s) thereof) and pursuant to the resolution passed by the members at the 38th Annual General Meeting held on September 29, 2017 appointing M/s. M. I. Shah & Co., Chartered Accountants, having Firm Registration No. 119025W as branch auditors to hold office from the conclusion of the 38th Annual General Meeting till conclusion of the 43rd Annual General Meeting, be and is hereby ratified by the members of the Company to hold office from conclusion of 41st Annual General Meeting till the conclusion of 42nd Annual General Meeting at such are muneration 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. **Ratification of Appointment and fixing Remuneration of Cost Auditor for cost audit for the financial year ended 31st 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 appointment of to M/s. Sarvottam Rege and Associates- Cost Accountants (Registration No: 104190) as a Cost Auditors in place of casual vacancy arisen on account of resignation of M/s Kirit Mehta and Associates as a Cost auditor of the Company and also payment of remuneration of ₹1,25,000/- p.a. plus Service Tax and reimbursement of out of pocket expenses as may be incurred by M/s. Sarvottam Rege and Associates in connection with the Cost Audit of Pharmaceutical Products of the Company for the financial year 2019-20.”

6. Ratification of Remuneration of Cost Auditor for cost audit for the financial year ended 31st March, 2021

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 ₹1,25,000/- p.a plus out of pocket expenses as may be incurred in connection with the Cost Audit of the Company to M/s. Sarvottam Rege and Associates-Cost Accountants, having Firm Registration No. 104190 on his appointment as cost auditor for conducting the Cost Audit of Pharmaceutical Products of the Company for the financial year 2020-21.”

7 Appointment of Shri Sandeep P Parikh (DIN: 00022365) 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 the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the rules framed there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), (including any statutory modification(s) or enactment thereof for the time being in force) Shri Sandeep P Parikh (DIN: 00022365) who was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board of Directors effective from 1st November, 2019 in terms of Section 161 of the Companies Act, 2013, and whose term expires at 41st 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 3 (three) years from conclusion of 41st Annual General Meeting of the Company and his term shall not be subject to retirement by rotation.

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

8 Appointment of Shri. Yogesh B Shah (DIN: 06396150) as a Director.

To consider and if thought fit, to pass the following resolution as a Ordinary Resolution:

“**RESOLVED THAT** pursuant to the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), (including any statutory modification(s) or enactment thereof for the time being in force) Shri Yogesh B Shah (DIN: 06396150), who was appointed as Additional Director with effect from 12th February, 2020 and whose term expires at 41st Annual General Meeting, be and is hereby appointed as a Director of the Company not liable to retire by rotation.”

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

9 Appointment of Shri. Yogesh B Shah (DIN: 06396150) as an Executive Director:

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 of the Companies Act, 2013 (“Act”) read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) and enactment(s) thereof for the time being in force), consent of the members be and is hereby accorded to the appointment of Shri Yogesh B Shah (DIN 06396150) as an Executive Director of the Company in addition to his present position as a Chief Financial Officer (CFO) of the Company for a period of 3 (Three) years, with effect from from 12th February, 2020 on the terms and conditions including remuneration as mentioned in his appointment letter dated 12th February, 2020 which are set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting. The terms and conditions of his appointment may vary from time to time as may be recommended by Nomination and Remuneration Committee (“Committee”) and approved by the Board in such manner as deemed fit necessary.

RESOLVED FURTHER THAT the existing remuneration payable to Shri Yogesh B Shah in the capacity as CFO shall be now payable to him in the capacity of Executive Director and he shall not be paid any additional remuneration for his position as a CFO provided that the remuneration payable to him in the capacity of Executive Director shall not exceed the overall ceiling of the total managerial remuneration as mentioned under section 197 and Schedule V of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, the remuneration payable to Shri Yogesh B Shah, Executive Director by way of salary, perquisites and allowances shall not exceed the maximum remuneration payable in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 with liberty to the Board / Committee to decide the breakup of the remuneration from time to time..

RESOLVED FURTHER THAT Shri Yogesh B Shah, Executive Director be entrusted with such duties which may be delegated or entrusted to him by the Managing Director and /or Board of Directors.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient, to give effect to the aforesaid resolution.”

10 Approval of Related Party Transactions

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

“RESOLVED THAT pursuant to the provisions of section 188 and other applicable provisions if any, of the Companies Act, 2013 and rules made there under and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 (including any statutory modification or re – enactment thereof for the time being in force), consent of the company be and is hereby accorded to the Board of Directors to enter into contracts/ arrangements/ transactions with Related Parties having an aggregate financial limit of ₹ 50 Corore in a financial year 2020-2021 are as under:

- Sales, purchase or supply of any goods and/or materials and/or brands and/or dossiers and/or services directly or through appointment of agent and selling or otherwise disposing of or buying, renting, and leasing properties of any kind on such terms and conditions as may be mutually agreed upon between the Company and Lyka BDR International Ltd., a subsidiary, related party, for an amount not exceeding ₹ 35 crores (Rupees Thirty 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 goods and/or materials and/or brands and/or dossiers and/or services directly or through appointment of agent and selling or otherwise disposing of or buying, renting and leasing properties of any kind on such terms and conditions as may be mutually agreed upon between the Company and Lyka Exports Ltd., a subsidiary, related party, for an amount not exceeding ₹ 8 crores (Rupees Eight Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and rules made thereunder.
- Sales, purchase or supply of any goods and/or materials and/or brands and/or dossiers and/or services directly or through appointment of agent and selling or otherwise disposing of or buying, renting and leasing properties of any kind on such terms and conditions as may be mutually agreed upon between the Company and Lyka Healthcare Ltd., a wholly owned subsidiary, related party, for an amount not exceeding ₹ 5 crores (Rupees 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 goods and/or materials and/or brands and/or dossiers and/or services directly or through appointment of agent and selling or otherwise disposing of or buying, renting and leasing properties of any kind on such terms and conditions as may be mutually agreed upon between the Company and Lyka Animal Healthcare Ltd., related party, for an amount not exceeding ₹ 2 crores (Rupees Two Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and rules made thereunder.

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

By Order of the Board

Place: Mumbai
Date: 7th August, 2020

Piyush G Hindia
Company Secretary

Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (MCA) has, vide its circular dated 5th May, 2020, read with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as MCA Circulars) permitted the holding of the annual general meeting (AGM) through video conferencing (VC)/other audio-visual means (OAVM). Hence, in compliance with the MCA Circulars, the AGM of the Company is being held through VC.
2. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
3. The members can join the AGM through VC/ OAVM mode 15 minutes before the scheduled time or any time thereafter till conclusion of the meeting by following the procedure mentioned in the notice for participation at the AGM through VC/OAVM.
4. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of members has been dispensed with, accordingly, the facility for appointment of proxies by the members will not be available for the AGM.
5. Corporate/Institutional members (i.e. other than Individuals, HUF, NRI, etc.) intending to attend the meeting in accordance with the terms of Section 113 of the Companies Act, 2013 are required to send scanned certified true copy (PDF Format) of the Board Resolution/ Power of Attorney/ Authority Letter, etc. to the Company at e-mail ID: companysecretary@lykalabs.com to attend the AGM through VC/OAVM on their behalf and to vote through remote e-voting.



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6. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020, notice of the AGM along with the Annual Report 2019-20 is being sent through electronic mode to those members whose email addresses are registered with the Company's RTA agent/Depositories. Members holding shares in dematerialised form who have not updated their email addresses, are requested to contact their Depository Participant for updation of their email id. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the RTA agent at sharexindia@vsnl.com along with the copy of the signed request letter mentioning their name and address, self-attested copy of the PAN card and self-attested copy of a valid proof of address (eg. Aadhar card or Passport or voting Card in support of the member's address).
 7. Members will be provided with a facility of electronic voting (e-voting) and for attending the AGM through VC/OAVM by the National Securities Depository Limited (NSDL) e-Voting system i.e. www.evoting.nsdl.com.
 8. Members may please note that notice, annual report and other documents as mentioned in the annual report are available on the Company's website at www.lykalabs.com, on websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and also on website of the NSDL (i.e. www.evoting.nsdl.com).
 9. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of business under Item Nos.5 to 10 are annexed to the Notice.
 10. The Register of Members and Share Transfer Books of the Company will remain closed from 18th September, 2020 to 25th September, 2020(both days inclusive) for the purpose of Annual General Meeting.
 11. The Register of Directors and Key Managerial Personnel and their shareholdings maintained under Section 170 of the Companies Act, 2013 will be made available for inspection by the members.
 12. Members holding shares in electronic mode are:
 - a. requested to submit their Bank Account Details, email id and PAN to the Depository Participant (DP) respective DPs with whom they are maintaining their demat accounts, as mandated by SEBI.
 - b. For availing the nomination facility please contact respective DPs .
 13. We are pleased to provide the facility of live webcast of proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the website at <https://evoting.nsdl.com> using their secure login credentials or on the website of the Company www.lykalabs.com under the Investors section.
 14. Since the AGM will be held through VC/OAVM, the route map, proxy form and attendance slip are not attached to this notice.
 15. 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:
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Lyka Labs Limited

1. Smt. Nehal N Gandhi

Name of Director	Smt. Nehal N. Gandhi
Date of Birth	30 th September, 1952
Date of Appointment	4 th February, 1995
Qualification	Bachelor of Arts
Expertise in specific functional areas	Business Management
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	Lyka Animal Healthcare Limited
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	Nil
Number of shares held in the Company	1144803
Number of Board Meetings attended during the year	4
Siting Fees for Attending Board Meetings	₹ 120,000/-
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)

2. Shri Sandeep P Parikh

Name of Director	Shri. Sandeep P. Parikh
Date of Birth	04 th January, 1960
Date of Appointment	01 st November 2019
Qualification	Chartered Accountant and Cost Accountant
Expertise in specific functional areas	Shri. Sandeep P. Parikh is member of Institute of Chartered Accountants of India and Institute of Cost Accountants of India. He has vast experience in area of audit and tax and Finance.
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	- One Capitall Limited - Lyka BDR International Limited
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	Memberships- 4 Chairmanship- 1
Number of shares held in the Company	4000 Equity Shares
Number of Board Meetings attended during the year	3
Siting Fees for Attending Board Meetings and Audit Committee Meetings	₹ 150,000/-
Disclosure of relationship with other Directors, Manager and other Key Managerial Personnel of the company	-

3. Shri Yogesh B Shah

Name of Director	Shri. Yogesh B. Shah
Date of Birth	29 th August, 1960
Date of Appointment	12 th February, 2020
Qualification	Bachelor of Commerce
Expertise in specific functional areas	Shri. Yogesh B. Shah has more than 30 years of experience in Accounting and Finance field.
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	-Lyka Healthcare Limited
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	0
Number of shares held in the Company	50 Equity Shares
Number of Board Meetings attended during the year	1
Remuneration	₹ 15,74,400/-
Disclosure of relationship with other Directors, Manager and other Key Managerial Personnel of the company	-

The Instructions for the Shareholders voting electronically are as under:

- i. 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 Listing Regulations, 2015, the Company is pleased to offer the facility of voting through electronic means. The voting through electronic means will commence on **22nd September, 2020, Tuesday at 10.00 a.m. and will end on 24th September, 2020, Thursday at 5.00 pm. The cut off date for entitlement of voting through electronic means is 18th September, 2020, Friday.**
- ii. The Board of Directors of the Company has appointed Mr Kaushal Doshi and Associates (Membership No: 13143), Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting process and e-voting in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for same purpose.
- iii. The Members, whose names appear in the Register of Members/ list of Beneficial Owners as on Friday, 18th September, 2020, are entitled to vote on the Resolutions set forth in this notice. In addition, the facility for voting through electronic voting system will also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting will be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting will be eligible to attend the AGM, however, they will not be eligible to vote at the meeting. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at <https://www.evoting.nsdl.com/>

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

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

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

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

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

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

4. Your User ID details are given below :

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

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (ii) If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address.

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6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on “**Forgot User Details/Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
 8. Now, you will have to click on “Login” button.
 9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

- 1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Company Secretary by e-mail to Companysecretary@lykalabs.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

4. For convenience and proper conduct of the AGM, Members will be allowed to login and join 15 minutes before and anytime thereafter till conclusion of AGM. The login facility will remain open throughout the proceedings. Members who need technical assistance before or during the AGM can send a request at evoting@nsdl.co.in or use Toll free no: 1800-222-990; or Mr. Pratik Bhatt at designated email ID: pratikb@nsdl.co.in or at telephone nos: +91-22-24994738, or Ms. Sarita Mote at designated email ID: saritam@nsdl.co.in or at telephone nos.: +91-22-24994890

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

Item No. 5

Ratification of Appointment and fixing Remuneration of Cost Auditor for cost audit for the financial year 2019-2020

The Board at its meeting held on 10th June, 2020 appointed M/s Sarvottam Rege and Associates, Cost Accountants as a Cost Auditor to fill the casual vacancy arisen on account of resignation of M/s Kirit Mehta and Associates as a Cost Auditor of the Company for the Financial Year 2019-2020.

M/s Sarvottam Rege and Associates, Cost Accountants have provided their eligibility certificate and their consent to act As a Cost Auditor of the Company for the Financial Year 2019-2020. Their appointment as a Cost Auditor was recommended by Audit Committee on payment of remuneration of ₹ 1,25,000/- p.a. plus re-imbusement of out of pocket expenses.

For appointment and payment of remuneration to Cost Auditor for the Financial year 2019 - 20 require shareholder's approval.

The Board of Directors recommend 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

Ratification of Remuneration of Cost Auditor for cost audit for the financial year 2020- 2021

Pursuant to Section 148 of the Companies Act, 2013, and Rule 14 of Companies (Audit and Auditors) Rules, 2014, M/s. Sarvottam Rege and Associates- Cost Accountants, have been appointed as a Cost Auditor for conducting Cost Audit of Pharmaceutical Products of the Company for the financial year 2020-21. Their appointment as Cost Auditor and payment of remuneration of ₹ 1,25,000 /- p.a. plus re-imbusement of out of pocket expenses was considered by the Board on the recommendation by the Audit Committee.

For payment of remuneration to Cost Auditor for the financial year 2020 - 21 requires shareholder's approval.

The Board of Directors therefore 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

Appointment of Shri Sandeep P Parikh (DIN: 00022365) as an Independent Director

The Board of Directors based on recommendations of Nomination and Remuneration Committee has appointed Shri Sandeep P Parikh (DIN: 00022365), at their meeting held on 01st November, 2019, who is meeting the criteria as an Independent Director, as Additional Director to the Board. He holds the office till 41st Annual General Meeting. His appointment as an Independent Director is proposed for a period of 3 (three) years from 41st 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 Sandeep P Parikh is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as an 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 Sandeep P Parikh, 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. Sandeep P Parikh are as follows:

Shri. Sandeep P. Parikh is a Chartered Accountant and having vast experience in finance, tax and audit. Considering his knowledge, skill and experience, his appointment as a Director 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. 7 of the notice for your approval.

Except Shri Sandeep P Parikh, none of the Directors, Key Managerial Personnel is concerned or interested in the passing of the said resolution.

Item No. 8

Appointment of Shri Yogesh B Shah (DIN :06396150) as a Director:

The Board of Directors of the Company at their meeting held on 12th February, 2020, appointed Shri Yogesh B Shah as an Additional Director of the Company. He holds the office till 41st Annual General Meeting. In terms of the provisions of Companies Act, 2013, approval of the members of the Company is required for appointment of Shri Yogesh B Shah as a Director of the Company.

Brief profile of Shri Yogesh B Shah is given below:

Shri. Yogesh B. Shah is a Commerce Graduate from Mumbai University, has about 38 years of experience in Accounts, Finance and Taxation. His appointment would be useful to the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Shri Yogesh B Shah is concerned or interested, financial or otherwise, in the resolution.

The Board recommends the resolution set forth in Item no.8 for the approval of the members.

Item No. 9

Appointment of Shri Yogesh B Shah DIN (06396150) as an Executive Director:

Based on the recommendation of the Nomination and Remuneration Committee and keeping in view of his vast experience and exposure in Accounts and Finance, the Board of Directors of the Company at its meeting held on 12th February 2020, has appointed Shri Yogesh B Shah Chief Financial Officer (CFO) as a Executive Director subject to approval of the members of the Company.

He will hold both the position as a CFO and Executive Director. The remuneration drawn by Shri Yogesh B Shah as a CFO will be now paid to him in the capacity of Executive Director and he will not be paid any extra remuneration for holding position as a CFO.

Brief profile of Shri Yogesh B Shah is given below for reference of the member:

Shri. Yogesh B. Shah is a Commerce Graduate from Mumbai University, has about 38 years of experience in Accounts, Finance and Taxation. His appointment would be useful to the Company.

The terms and condition of his appointment are mentioned in his appointment letter dated 12th February, 2020 which is available for inspection by the members of the Company.

Lyka Labs Limited

Remuneration:

Particulars	CTC p.a (in ₹)
Basic	45,000
House Rent Allowance	20,000
Education Allowance	14,800
Conveyance	1,600
Medical Allowance	1,250
Newspaper Allowance	6,100
Soft Furnishing Reimbursement	9,000
Hard Furnishing Reimbursement	9,000
Reimbursement of Expenses	15,000
LTA (5% of Basic)	2,250
Provident Fund (12% of Basic)	5,400
Gratuity (4% on Basic)	1,800
Total Gross/CTC Per Annum	15,74,400/-

The aggregate of salary, together with perquisites, allowance, benefits and amenities payable to Shri Yogesh B Shah in any financial year shall not exceed the limits prescribed from time to time under section 196, 197 of the Act read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) and enactment(s) thereof for the time being in force).

Shri Yogesh B Shah shall not be entitled to any sitting fees for attending meetings of the Board or Committees thereof. The letter dated 12th February, 2020 for appointment of Shri Yogesh B Shah may be treated as a written contract between Shri Yogesh B Shah and the Company under Section 190 of the Act. Details of Shri Yogesh B Shah is provided in the "Annexure" to the Notice. Shri Yogesh B Shah is interested in the resolution set out at Item No. 9 of the Notice.

The Board recommends the special resolution set out at Item No. 9 of the Notice for approval by the members.

Item No. 10**Related Party Transactions:**

The Company is engaged in manufacturing and dealing of Pharmaceutical Products. During the course of business, the Company is required to sell, purchase or supply of any goods or material directly or through appointment of agents and leasing of the propertie(s) to its subsidiaries namely, Lyka BDR International Ltd., Lyka Exports Ltd., and Lyka Healthcare Ltd, Lyka Animal Healthcare Ltd which are 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), is estimated at ₹ 35 crores, ₹ 8 crores, ₹ 5 crores and ₹ 2 crores aggregating financial limit of 50 Crore in a financial year ,2020-21.



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

Shri Sandeep P Parikh Director of Company is also a Director in Lyka BDR International 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. Nehal N Gandhi, Director of the Company is also a relative of Shri Kunal N Gandhi are deemed to be considered as interested directors in the transactions with the related parties.

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

By Order of the Board

Place: Mumbai
Date: 7th August, 2020

Piyush G. Hindia
Company Secretary

Lyka Labs Limited

BOARD OF DIRECTORS' REPORT

To,
The Members,
Lyka Labs Limited

The Directors are pleased to present the Forty First Annual Report together with Audited Financial Statements of the Company for the Financial Year ended 31st March 2020.

1. Financial Results:

(₹ in Lakhs)

Particulars	For the Financial year ended 31 st March, 2020	For the Financial year ended 31 st March, 2019
Total Revenue	3626.58	4376.09
Profit/(Loss) before interest, provision for depreciation & taxes and Write offs	35.22	359.7
Less: Interest	1895.04	573.24
Operational Profit/ (Loss) before Depreciation	(1859.82)	(213.53)
Less: Depreciation	564.53	443.86
Exceptional Items (Net)	2775.29	(52.68)
Less: Tax Expenses	119.38	(883.37)
Less: Other Comprehensive Income	44.15	(8.71)
Profit/(Loss) for the year	(5363.17)	182

2. DIVIDEND:

Since the Company has not earned profit, no Dividend is recommended for the financial year ended on 31st March, 2020.

3. RESERVE:

Since the Company has not earned profit, no amount was transferred to Reserve for the financial year ended on 31st March, 2020.

4. OPERATIONS:

During the year under review, the total revenue earned by the Company was ₹ 36.27 crores as against total revenue of ₹ 43.76 crores of previous financial year ended on 31st March, 2019. The Company has reported Net Loss of ₹ 53.63 crores for the financial year ended on 31st March, 2020 as against Net Profit of ₹ 1.82 crores earned during previous financial year ended on 31st March, 2019. The Loss was mainly on account of writing off non movable stocks, writing off long outstanding debtors, writing off non - recoverable advance amount and substantial amount of interest payable to International Asset Reconstruction Company (IARC) to whom the Company has assigned the debts payable to Dena Bank and Kapol Co – operative Bank Ltd (Assigner Banks).

In November, 2019, the Company entered into Master Restructuring Agreement with IARC for assignment of debts borrowed from the Assigner Banks and Master Restructuring Support Finance Agreement for the purpose of granting the restructured support finance facility to the Company for the purpose of re financing short term loan, funding Working Capital Assets and Capital Expenditure.

The above arrangement with IARC will help the Company to sustain the future growth, to meets its need based Working Capital and Capital Expenditure over a period.

5. SETTLEMENT OF BANK DUES:

In the previous financial year, the Company has assigned debts due to Dena Bank and Kapol Co - operative Bank to International Asset Reconstruction Company (IARC). In the current year the Company has paid outstanding dues of Bank of Maharashtra as a result, the Company is now free from Bank debts.

6. KEY FETURES:

- a. The Company is marinating highest principle and practice in production and in testing of formulations.
- b. The Company is manufacturing various categories such as, dry product injections, liquid and lyophilized injectable preparations, cosmeceuticals and external preparations.
- c. The Company is also engaged in manufacture of formulation on P 2 P basis.
- d. Company's R&D Centre is engaged in the research of certain formulations which has been successfully developed under following category:
 - i. Injectable: Liquid Injectables, Lyophilized Injectables in anti bacterial, antifungal segment
 - ii. API: Antibiotics, Antifungals, Steroids etc.
 - iii. Development of Lyoposomal formulations.
- e. Company's core competency lies in
 - i. Highest standards of principles and practices which are followed in production and testing of formulations.
 - ii. Development of formulation with new molecules and novel drugs delivery system.
 - iii. Development of formulation for regulated market.
 - iv. Development of Sterlite API.

7. FUTURE OUTLOOK:

Company is exploring possibilities of developing new market, new product and new drug delivery system. It also explores possibilities of diversification from manufacturing activities so as to reduce the manufacturing cost and to increase the profitability.

The Company is focusing on P 2 P businesses and negotiating with renowned pharmaceuticals. This will increase revenue in the coming period.

The Company is focusing in developing business across Sri Lanka, Nepal, Bhutan & Thailand to introduce Cosmeceuticals Products.

The Company is also considering increasing the capacity of its Lyophilized Plant at its Ankhleshwar factory so as to meet increase in demand.

The Company is also concentrating on a development of its business Internationally for tender as well as Private Institution.

8. REGISTRATION:

The Company has submitted 24 new applications for registration of Products in various Countries of which 7 registration are received. The Company has made 20 applications for renewal of registration of Products against which, the Company received 12 renewal of registration.

The Company has received 8 registration for the Products filed with the Ministry of Health of the various countries. The registration of 32 Products are under process with the Authorities of various countries.

The Company is expecting the registration of 4 products in the year 2020 – 21.

Lyka Labs Limited

9. MERGER:

The Company has obtained approval from the Shareholders, Secured Creditors, Unsecured Creditors to the Proposed Merger of Lyka Healthcare Limited. a wholly Owned Subsidiary with Lyka labs Limited. The appointed date of merger was 1st April, 2017 but as advised by consultant, the Board of Directors at their meeting held on 10th June, 2020 have considered change in the Appointed Date of Merger as 1st April, 2020, subject to approval from requisite authorities.

10. SHARE CAPITAL:

On 9th August, 2019, the Company has allotted 550000 equity shares of ₹ 10/- each at a premium of ₹ 45/- per share on conversion of equivalent numbers of warrants of ₹ 55/- each to Promoter Group of Company. Consequent to the conversion of warrants into shares, the issued capital has increased to ₹ 28,69,00,000. The equity shares so allotted are listed on BSE and NSE.

11. SEBI ORDER ON GDR:

The SEBI passed an Order dated 5th June, 2020 on GDR issue made in the year 2005, as under:

The Company is restrained from accessing the Securities Market including by issuing prospectus, offer document or advertisement soliciting money from the public and is further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly in any manner, for a period of three years from the date of this order. It is clarified that during the period of restraint, the existing holding of securities of the Company including units of mutual funds, shall remain frozen.

12. 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, 5 (five) Board Meetings were held. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report.

C. INDEPENDENT DIRECTORS MEETING:

As required under the provisions of the Companies Act, 2013 and LODR Regulations, 2015 the Company has to convene the Independent Directors Meeting once in a year. The Company had scheduled the Meeting of Independent Directors on 30th March, 2020 but due to locked down on account of COVID-19 pandemic the meeting could not take place.

Ministry of Corporate Affairs also issued a circular dated 24th March,2020 notifying that non holding of Independent Directors Meeting will not lead to non compliance.

D. POLICY ON APPOINTMENT AND REMUNERATION POLICY:

The Company has appropriate mix of Executive, Non- Executive and Independent Directors. As on 31st March, 2020, the Board consist of seven Directors of which Two are Executive Directors, One is Non - Executive Director and Four are Independent Directors.

E. 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).

F. RETIREMENT BY ROTATION:

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

G. INDEPENDENT DIRECTORS FAMILIARIZATION PROGRAMME:

The Company has framed policy on familiarization program. The Independent Directors are familiarized with company's operation located at Ankleshwar, Gujarat and they are provided financials of the Company. They are also appraised about their role and function. This will help them to effectively discharge their responsibilities. Independent Directors have visited our factory at Ankleshwar, Gujarat.

H. EVALUATION OF DIRECTORS AND BOARD:

The Board has carried out performance evaluation of its own, 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 behavior and judgement.

I. COMMITTEE OF BOARD:

Currently, the Board has five Committees namely, Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee, Share Transfer Committee and Risk Management Committee. A detailed note on composition of the Board and its committee is provided in the Corporate Governance Report which forms part of the Board Report.

J. CHANGES IN THE BOARD AND KMP:

During the year under review, following changes took place:

1. Shri Kunal Narendra Gandhi (DIN: 01516156) was designated as a Managing Director of the Company w.e.f. 11th July, 2019.
2. Shri Sandeep Padmakant Parikh (DIN: 00022365) was appointed as an Additional Independent Director of the Company w.e.f. 1st November, 2019.
3. Mr. Raj T Trivedi, Company Secretary and Compliance Officer has resigned from the closing of working hours of 31st October, 2019.
4. Mr. Abhishek Bhudhadev, Company Secretary and Compliance Officer has resigned from the closing of working hours of 19th December, 2019.
5. Shri Yogesh B Shah, in addition to Chief Financial Officer was appointed as an Additional Director and Executive Director of the Company w.e.f. 12 February, 2020.
6. Shri Piyush G Hindia, was appointed as a Company Secretary and Compliance Officer of the Company w.e.f. 12th February, 2020.
7. Smt. Neha A Thakore resigned as an Independent Director of the Company w.e.f 3rd July, 2020.

13. AUDITORS:

A. STATUTORY AUDITOR:

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

B. BRANCH AUDITOR:

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

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

C. COST AUDITOR:

M/s Kirit Mehta & Associates, Cost Accountants have resigned as a Cost Auditor of the Company w.e.f. 10th September, 2019. In order to fill the casual vacancy, the Company has appointed M/s Sarvottam Rege & Associates, Cost Accountants (Registration No. 104190) to audit the cost records of the Company for the Financial Year 2019-20. The remuneration payable to them is required to be ratified by the Shareholders at the ensuing Annual General Meeting.

The Company has also appointed M/S Sarvottam Rege & Associates, Cost Accountants (Registration No. 104190) to audit the cost records of the Company for the Financial Year 2020-21. 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. 5 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”.

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

After the end of the financial year, COVID 19 pandemic affected the financial position of the Company.

The impact of COVID 19 are as under:

- i. The locked down was declared by the Government, but the pharma company is allowed to operate. Factory at Ankleshwar but since the presence of workers at factory was low, it operates at 40% of its capacity.
- ii. There has been interruption in supply of raw material and packing material to the Factory, as a result, the production at Ankleshwar Factory has got badly affected.

-
- iii. The parties have deferred the placing of order with the Company, as a result, the sales has been affected which resulted into acute liquidity crunch.
 - iv. Cost of raw materials and packaging materials have been increased which wil increase the Production cost.
 - v. Profitability of the Company is under stress.
 - vi. There has been interruption in supply of raw material and packing material to the Factory during lockdown.

The Company has taken necessary steps to curb the cost during lockdown. The Company expects that the performance of the Company would improve in the month of August, 2020 and onwards.

15. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATION OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORT ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020:

The Statutory Auditors has not made any qualifications, reservation or adverse remarks or disclaimers in their report on the Financial Statement for Financial Year 2019– 20.

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

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

17. 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.

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

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

19. DETAILS OF ESTABLISHMENT OF WHISTLE BLOWER CUM VIGIL MECHANISM POLICY DIRECTORS AND EMPLOYEES:

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

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

21. 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

Lyka Labs Limited

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.

22. ANNUAL RETURN:

The extract of Annual Return pursuant to the provision of Section 92 of the Act read with Rule 12 of The Companies (Management and Administration) Rules, 2014, is furnished in Form MGT-9, is annexed as “Annexure-D” to this Report and available on the website of the Company at www.lykalabs.com

23. DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

24. DETAILS OF SUBSIDIARY, JOINT VENTURE OR 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 ₹ 16.74 crores as against total sales of previous year of ₹ 29.44 crores The Company has reported Net Loss of ₹ 1.47 crores as against Net Loss of ₹ 1.29 crores 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 ₹ 17.81 crores as against total sales of ₹ 10.97 crores of previous financial year and incurred Net Loss of ₹ 5.77 crores as against Net profit of ₹ 0.76 crores earned 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 ₹ 7.07 crores as against total sales of ₹ 10.47 crores

of previous financial year and Net Loss after Tax is ₹ 2.20 crores as against Net Loss of ₹ 5.54 crores in previous financial year.

Performance and financial position of each of the above mentioned subsidiaries for the year ended 31st March, 2020 is attached in 'Annexure E' and forms part of this report.

25. DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate Social Responsibility is not applicable to the Company.

26. DEPOSIT:

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

The Company has repaid fixed deposits accepted under Companies Act, 1956 as per CLB order. As of 31st March, 2020, the company has unclaimed fixed deposits of ₹ 43.42 lakhs.

27. DEBENTURES

During the year under review, the Company has not accepted any Debentures under the Companies Act, 2013. As of 31st March, 2020, the Company has unclaimed debentures of ₹ 13 lakhs.

28. 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.

29. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company is complying with the Provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. A Committee has been set up to redress complaints received regarding Sexual harassments. No Complaints have been received by the Committee during the year under review.

30. 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.

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

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

32. CORPORATE GOVERNANCE:

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

33. MANAGEMENT DISCUSSION ANALYSIS REPORT:

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

Lyka Labs Limited

34. 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.

35. ACKNOWLEDGEMENT:

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

For and on behalf of the Board of
LYKA LABS LTD

Smt. Nehal N. Gandhi
Non - Executive Director & Chairman
(DIN: 00021580)

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

Place: Mumbai
Date: 07th August, 2020



“ANNEXURE A”

SECRETARIAL AUDIT REPORT

Form No. MR-3

For the financial year ended 31st March, 2020

[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 pertaining to the necessary compliances of applicable statutory provisions and the adherence to good corporate practice indulged by Lyka Labs Limited (hereinafter called ‘The Company’). Secretarial Audit as required under Companies Act 2013 was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2020 have 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 the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings- **Not applicable as there was no reportable event during the financial year under review;**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014; - **Not applicable as there was no reportable event during the financial year under review**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not applicable as there was no reportable event during the financial year under review**

Lyka Labs Limited

-
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding Companies Act dealing with the company.
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as there was no reportable event during the financial year under review** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable as there was no reportable event during the financial year under review** We have relied on the representations made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major heads/groups of Acts, Laws and Regulations as applicable to the Company are listed below:
- a. The Drugs and Magical Remedies (Objectionable Advertisements) Act;
 - b. Drugs & Cosmetics Act, 1940;
 - c. Factories Act, 1948;
 - d. Income Tax Act and other Indirect Tax laws;
 - e. The Essential Commodities Act;
 - f. All Environmental related Acts & Rules;
 - g. Boilers Act;
 - h. The Poisons Act;
 - i. The Prevention of Food Adulteration Act, 1954;
 - j. Dangerous Drugs Act, 1940;
 - k. Industrial Disputes Act, 1947;
 - l. All applicable Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc;

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

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

To the best of our knowledge and belief, during the period under review, the Company has generally complied with the provisions of the Act, Rules, Laws, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that, during the year;

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013. Further we noted that Company has appointed Mr. Sandeep P Parikh (DIN:00022365), as Independent Director and Mr. Yogesh B Shah (DIN:06396150) as an Additional Director of the Company.
2. Mr. Raj T. Trivedi resigned from the post of Company Secretary & Compliance Officer on 31st October, 2019 and subsequently the Company had appointed Mr. Abhishek D. Buddhadev as Company Secretary & Compliance Officer on 18th November, 2019, later on he resigned from the abovementioned post on 19th December, 2019 and after that, Company had appointed Mr. Piyush G. Hindia as a Company Secretary and Compliance Officer on 12th February, 2020.



-
3. Company had conducted Board Meeting on 13th January, 2020 for the Issue of Shares and Warrants through preferential basis to the promoters of the Company. Due to unavailability of approval of one of the pledgees the promoters had withdrawn to subscribe Shares and Warrants which were to be issued on preferential basis. The Company had communicated to BSE Limited and National Stock Exchange of India Limited about withdrawal of preferential issue by promoters vide letter dated 20th March, 2020.

Adequate notices were given to all the directors pertaining to schedulment of the Board Meetings, Agenda and Notes to 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 on majority basis.

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 compliances with applicable laws, rules, regulations and standards.

During the year under review that;

- 1) Company has received Notice Regarding SCORES complaints vide Reference No SEBIE/GJ20/0000425/1 filed by Bina V Shah against Lyka Labs Limited on 05th March, 2020 ,BSE sent the notice to Company on 03rd June 2020 and the Company has given reply on 22nd June, 2020.
- 2) Company has received Notice Regarding SCORES complaints vide Reference No SEBIE/GJ20/0000425/1 filed by Bina V Shah against Lyka Labs Limited on 28th February, 2020 and NSE send notice to Company on 05th March, 2020 and Company given reply on 22nd June, 2020.

We further report that during the Review Period, in view of the situation emerging out of the outbreak of COVID-19 Pandemic, physical documents, records & other papers of the Company for the year ended March 31st, 2020 required by us for our examination were provided through electronic mode.

**For Kaushal Doshi & Associate
Company Secretaries**

**Kaushal Doshi
(Proprietor)**

**FCS- 10609/COP- 13143
UDIN: F010609B000558156**

Place: Mumbai
Date: 07th August, 2020

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. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kaushal Doshi & Associate
Company Secretaries

Kaushal Doshi
(Proprietor)
FCS- 10609/COP- 13143
UDIN: F010609B000558156

Place: Mumbai
Date: 07th August, 2020

“ANNEXURE B”

Information under Section 134 of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014, and forming part of the Directors' Report for the period ended 31st March, 2020

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 equipment to optimize production.
- Reduction in contract demand.
- Improve the process parameters to consume less energy.

3. Impact of measures taken:

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

4. Total energy consumption and energy consumption per unit of production

Sr. No.	Particulars	Year ended 31 st March, 2020 (12 Months)	Year ended 31 st March, 2019 (12 Months)
A.	POWER AND FUEL CONSUMPTION		
1.	Electricity		
a.	Purchased		
	Units (in '000 kwh)	2455	2265
	Total Amount (₹in lacs)	194.54	170.21
	Rate per unit (₹./kwh)	7.92	7.51
b.	Own Generation		
	i. Through Diesel Generator		
	Units (in '000 kwh)	68	47
	Units per litre of Diesel (kwh)	2.95	2.93
	Cost/Unit (₹/kwh)	23.54	26.54
2.	Coal		
	Quantity	-	-
	Total Coast	-	-
	Average Rate	-	-
3.	Furnace oil & Diesel oil		
	Quantity (kl.)	23.25	17.08
	Total Amount (₹in lacs)	16.06	12.48
	Average Rate (₹/Litre)	69.09	73.07

Lyka Labs Limited

Sr. No.	Particulars	Year ended 31 st March, 2020 (12 Months)	Year ended 31 st March, 2019 (12 Months)
4.	Others – Steam		
a.	Purchased		
	Quantity (MT)	1099	896
	Total Amount (₹in lacs)	41.27	39.09
	Rate per unit (₹/kg)	3.75	4.36
b.	Own Generation		
	Quantity (MT)	0	0
	Units per litre of Furnace\Diesel (KG)	0	0
	Cost/Unit (₹/kg)	0	0

B. CONSUMPTION PER UNIT OF PRODUCTION

	Bulk Drugs Per Tonne	Formulations per Million Pack	Bulk Drugs Per Tonne	Formulations per Million Pack
Electricity - Units ('000 kwh)	439.470	94.519	280.615	74.825
Coal (M. Tonnes)	-	-	-	-
Furnace oil & Diesel oil (kl)	4.248	0.914	2.205	0.588
Steam (M. Tonnes)	200.881	43.204	115.690	30.848

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 Neutraceutical 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 Russian market through focused development of various products --

1. Intensive Whitening Serum similar to "Mulberry's Secret".
2. Bust Care Cream similar to "UPSIZE Cream."
3. Ultimate whitening mask similar to "Miracle Glow."
4. Intimate Lubricant Gel for Men similar to "Titan Gel."

The company also aims to consolidate its presence in the Domestic market through focused development of various products --

1. Diclofenac Diethylamine + Thiocolchicoside + Methyl Salicylate + Menthol + Linseed Oil Gel (1.16 + 0.125 + 10 + 5 + 3)% w/w.
2. Etoricoxib + Methyl Salicylate + Menthol + Linseed Oil Gel (1 + 10 + 5 + 3)% w/w

The company is in advance stage of registering various cosmetics products in Ukraine. This will help the company to broaden its base for in its 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.

For and on behalf of the Board of
LYKA LABS LTD

Smt. Nehal N. Gandhi
Non - Executive Director & Chairman
DIN: (00021580)

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

Place: Mumbai
Date: 07th August, 2020

Lyka Labs Limited

“ANNEXURE C”

FORM NO. AOC.2

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

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

1. Details of contracts/ arrangements / transactions not at arm's length basis:

There are no contracts/ arrangements / transactions that are not at arm's length.

2. Details of contracts or arrangements or transactions are on arm's length basis in ordinary course of Business: -

All the related party transaction in ordinary course of business.

(In ₹)

a)	Nature of Related Party	Lyka Exports Limited	Lyka BDR International Limited	Lyka Healthcare Limited
b)	Nature of transactions			
	Sale of Goods	6,00,200	12,00,36,628	1,81,46,136
	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 related party transactions are on arm's length basis or in ordinary course of business.

For and on behalf of the Board of
LYKA LABS LTD

Smt. Nehal N. Gandhi
Non - Executive Director & Chairman
(DIN: 00021580)

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

Place: Mumbai
Date: 07th August, 2020



“ANNEXURE D”

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1. CIN L24230GJ1976PLC008738
2. Registration Date 29/12/1976
3. Name of the Company LYKA LABS LIMITED
4. Category/Sub-category of the Company Company Limited by Shares having Share Capital/
Non-govt Company
5. Address of the Registered office & contact details 4801/B & 4802/A GIDC Industrial Estate, Ankleshwar- 393
002, Gujarat.
Contact No: 026-46221422
6. Whether Listed company Yes.
National Stock Exchange of India Limited and BSE Limited.
7. Name, Address & Contact details of the Registrar & Transfer Agent, if any. Sharex Dynamic (India) Private Limited
C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai - 400
083. Contact No. 022-22641376/22702485

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	% to total turnover of the company
1	Formulation	21001	83%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No	Name and Registered Address of the Company	CIN	Holding/ Associate/ Subsidiary	% of Shares held	Applicable Section
1.	Lyka Healthcare Limited Building No. M, Gala No.17-B, Shree Rajlaxmi Complex, Ground Floor, Bhiwandi Thane- 421 302, Maharashtra, India.	U85190MH2013PLC244062	Subsidiary	100	2(87)
2.	Lyka Exports Limited Plot No C/4/10/B/2 nd Floor Adarsh Industrial Complex Opp: S B I Ankleshwaer Bharuch 393002, Gujarat, India.	U51100GJ1992PLC023975	Subsidiary	72.80	2(87)
1.	Lyka BDR International Limited M/16A, Ground Floor, Rajlaxmi Commercial Complex ,Kalher, Bhiwandi Road, Bhiwandi, Thane 421 302, India	U24234MH1993PLC072947	Subsidiary	65.22	2(87)

IV. SHARE HOLDING 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	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4669850	0	4669850	16.5951	4719850	0	4719850	16.4512	-0.1439
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	432415	0	432415	1.5367	982415	0	982415	3.4242	1.8875
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)(1)	5102265	0	5102265	18.1317	5702265	0	5702265	19.8754	1.7437
(2) Foreign									
a) NRI – Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	5102265	0	5102265	18.1317	5702265	0	5702265	19.8754	1.7437
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	3400	3400	0.0121	0	3400	3400	0.0119	-0.0002
b) Banks / FI	200281	650	200931	0.7140	102375	650	103025	0.3591	-0.3549
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	0	1000	1000	0.0036	30000	1000	31000	0.1081	0.1045
g) FIs	0	500	500	0.0018	0	500	500	0.0017	-0.0001

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	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) Alternate Investment Funds	51505	0	51505	0.1830	51505	0	51505	0.1795	-0.0035
Foreign Portfolio Investor	1024659	0	1024659	3.6413	1004659	0	1004659	3.5018	-0.1395
Sub-total (B)(1):-	1276445	5550	1281995	4.5558	1188539	5550	1194089	4.1620	-0.3938
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	7474929	237359	7712288	27.4069	7229315	229795	7459110	25.9990	-1.4079
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	9723166	0	9723166	34.5528	10153492	0	10153492	35.3904	0.8376
iii) NBFCs registered with RBI	100	0	100	0.0004	0	0	0	0.0000	-0.0004
c) Others (specify)	-	-	-	-	-	-	-	-	-
Foreign Nationals	88	0	88	0.0003	88	0	88	0.0003	0.0000
Hindu Undivided Family	1229296	8	1229304	4.3685	1325333	8	1325341	4.6195	0.2510
Non Resident Indians (Non Repat)	1057530	0	1057530	3.7581	1037117	0	1037117	3.6149	-0.1432
Non Resident Indians (Repat)	200714	4957	205671	0.7309	261445	4957	266402	0.9286	0.1977
Overseas Bodies Corporates	500	0	500	0.0018	500	0	500	0.0017	-0.0001
Clearing Member	184985	0	184985	0.6574	37203	0	37203	0.1297	-0.5277
Bodies Corporate	1641246	862	1642108	5.8355	1513531	862	1514393	5.2785	-0.5570
Sub-total (B)(2):-	21512554	243186	21755740	77.3125	21558024	235622	21793646	75.9625	-1.3500
Total Public Shareholding (B)=(B)(1)+ (B)(2)	22788999	248736	23037735	81.8683	22746563	241172	22987735	80.1246	-1.7437
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	27891284	248736	28140000	100.0000	28448828	241172	28690000	100.0000	-

ii) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	Shri. Narendra Ishwarlal Gandhi HUF	1400776	4.9779	0	1400776	4.8825	0.4043	-0.0954
2	NARENDRA ISHWARLAL GANDHI	1167629	4.1494	4.1494	1167629	4.0698	2.8693	-0.0796
3	NEHAL NARENDRA GANDHI	1144803	4.0682	4.0669	1144803	3.9903	1.6152	-0.0779
	KUNAL NARENDRA GANDHI	956642	3.3996	3.1983	1006642	3.5087	0.4299	0.1091
4	ENAI TRADING AND INVESTMENT PRIVATE LIMITED	432415	1.5367	0	982415	3.4242	0	1.8875
	Total	5102265	18.1317	5.3187	5702265	19.8754	5.3187	1.7437

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

Sr. No.	Particulars	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
1.	Shareholding at the beginning of the year of Shri Narendra I Gandhi HUF	1400776	4.8825		
	Change During the Year				
	Transfer	116000	0.404322	1284776	4.4781
	Transfer	116000	0.404322	1400776	4.8825
	Shareholding at the end of the year			1400776	4.8825
2	Shareholding at the beginning of the year of Smt. Nehal N. Gandhi	1144803	4.068		
	No Change during the year				
	Shareholding at the end of the year	-	-	1144803	3.99
3.	Shareholding at the beginning of the year of Shri Narendra I Gandhi	1167629	4.149	-	-
	No Change during the year				
	Shareholding at the end of the year	-	-	1167629	4.069
4	Shareholding at the beginning of the year of Shri Kunal Narendra Gandhi	956642	3.3344	-	-
	Change during the year				
	Transfer	50000	0.174277	-	-
	Shareholding at the end of the year	-	-	1006642	3.51
5	Shareholding at the beginning of the year of Enai Trading & Investment Private Limited	432415	1.54	-	-
	Change during the year				
	Transfer	550000	1.918	-	-
	Shareholding at the end of the year	-	-	982415	3.424

Lyka Labs Limited

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date Of Transaction	No. Of Shares	No. of shares	% of total shares of the company
1.	MAYANK JASHWANTLAL SHAH						
	At the beginning of the year	2000000	7.107			2000000	6.9711
	Transfer			06 Dec 2019	1500	2001500	6.9763
	At the end of the year					2001500	6.9763
2.	SHRUTI MAYANK SHAH						
	At the beginning of the year	1515846	5.283			1515846	5.2835
	Transfer			-	-		
	At the end of the year					1515846	5.2835
3.	PRASHAM MAYANK SHAH						
	At the beginning of the year	1500000	5.330			1500000	5.2283
	Transfer			-	-		
	At the end of the year					1500000	5.2283
4.	COBRA INDIA (MAURITIUS) LIMITED						
	At the beginning of the year	1004659	3.570			1004659	3.5018
	Transfer			-	-		
	At the end of the year					1004659	3.5018
5.	AMEE PARIKH						
	At the beginning of the year	975356	3.466			975356	3.3996
	Transfer						
	At the end of the year					975356	3.3996
6.	DALAL & BROACHA STOCK BROKING PVT. LTD.						
	At the beginning of the year	790034	2.8075			790034	2.7537
	Transfer			19 Apr 2019	(1150)	788884	2.7497
	Transfer			26 Apr 2019	(150)	788734	2.7492
	Transfer			17 May 2019	(200)	788534	2.7485

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date Of Transaction	No. Of Shares	No. of shares	% of total shares of the company
	Transfer			20 Sep 2019	500	789034	2.7502
	Transfer			27 Sep 2019	(300)	788734	2.7492
	Transfer			30 Sep 2019	(200)	788534	2.7485
	Transfer			24 Jan 2020	20600	809134	2.8203
	Transfer			31 Jan 2020	(20600)	788534	2.7485
	Transfer			21 Feb 2020	600	789134	2.7506
	Transfer			28 Feb 2020	(600)	788534	2.7485
	At the beginning of the year					788534	2.7485
7.	SHREYANS JASHWANTLAL SHAH						
	At the beginning of the year	500000	1.777			500000	1.7428
	Transfer			-	-		
	At the beginning of the year					500000	1.7428
8.	MAYANK JASHWANTLAL SHAH						
	At the beginning of the year	300000	1.066			300000	1.0457
	Transfer			-	-		
	At the beginning of the year					300000	1.0457
9.	PRANAY GODHA						
	At the beginning of the year	300000	1.066			300000	1.0457
	Transfer			-	-		
	At the beginning of the year					300000	1.0457
10.	VIPUL PRIYAKANT DALAL						
	At the beginning of the year	240121	0.853			240121	0.8370
	Transfer			-	-		
	At the beginning of the year					240121	0.8370

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v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	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
1.	Shri. Narendra I Gandhi				
	At the beginning of the year	1167629	4.149	1167629	4.149
	Date wise Increase / Decrease in Promoters 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.	Smt. Nehal N Gandhi				
	At the beginning of the year	1144803	4.068	1144803	4.068
	Date wise Increase / Decrease in Promoters 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.	Shri. Vinod S Shanbhag				
	At the beginning of the year	500	0.002	500	0.002
	Date wise Increase / Decrease in Promoters 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.	Atit Shukla				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters 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	-	-	-	-
5.	Kunal N Gandhi				
	At the beginning of the year	956642	3.400	956642	3.400
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	50000	-	Transfer 50000	-
	At the end of the year	1006642	3.51	1006642	3.51

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	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
6.	Smt. Neha Anant Thakore				
	At the beginning of the year	800	0.002	800	0.002
	Date wise Increase / Decrease in Promoters 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
7.	Shri. Sandeep P Parikh				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	4000	0.0139	4000	0.0139
8.	Mr. Raj T. Trivedi (KMP)				
	At the beginning of the year	1	0	1	0
	Date wise Increase / Decrease in Promoters 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	1	0	1	0
9.	Mr. Abhishek D. Buddhadev				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	NIL	NIL	NIL	NIL
10.	Shri. Piyush G. Hindia				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	17	0	17	0

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Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	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
10.	Shri. Yogesh B. Shah				
	At the beginning of the year	50	50	50	50
	Date wise Increase / Decrease in Promoters 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	17	0	17	0

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	780,313,638	124,127,873	4,482,000	908,923,512
ii) Interest due but not paid	476,757	12,967,641	989,318	14,433,716
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	780,790,396	137,095,514	5,471,318	923,357,228
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	487,960,918	(28,143,554)	(196,482)	459,620,882
Net Change	487,960,918	(28,143,554)	(196,482)	459,620,882
Indebtedness at the end of the financial year				
i) Principal Amount	1,268,274,557	90,110,485	4,342,000	1,362,727,042
ii) Interest due but not paid	476,757	18,841,474	932,836	20,251,068
iii) Interest accrued but not due				
Total (i+ii+iii)	1,268,751,314	108,951,960	5,274,836	1,382,978,109

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in ₹)

Sr. No.	Particulars of Remuneration	Shri. Narendra I. Gandhi	Shri Kunal Narendra Gandhi (Managing Director)	Yogesh B Shah (Chief Financial Officer & Executive Director)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	780,000	8,118,527	548,654
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	252,086	337,692	851,220
	(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, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	1,032,086	8,456,219	1,399,874

B. Remuneration to other directors:
1. Non Executive Director

Sr. No.	Particulars of Remuneration	Smt. Nehal N. Gandhi
a.	Fees for attending Board and Committee Meeting	₹ 1,20,000/-
b.	Commission	-
c.	Others, please specify	-
	Total (1)	₹ 1,20,000/-

2. Independent Director

(in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri. Vinod S. Shanbhag	Smt. Neha A. Thakore	Shri. Atit N. Shukla	Shri. Sandeep P. Parikh	
a.	Fee for attending board and committee meetings	3,00,000	1,50,000	2,10,000	1,50,000	8,10,000
b.	Commission	-	-	-	-	-
c.	Others, please specify	-	-	-	-	-
	Total (2)	3,00,000	1,50,000	2,10,000	1,50,000	-
	Total (B) (1+2)	3,00,000	1,50,000	2,10,000	1,50,000	-
	Total Managerial Remuneration	3,00,000	1,50,000	2,10,000	1,50,000	9,30,000

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C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD (in ₹)

Sr. No	Particulars of Remuneration	Raj Trivedi Company Secretary	Abhishek D. Buddhadev Company Secretary	Piyush G Hindia Company Secretary	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	342,346	44,459	180,000	566,805
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	270,340	42,723	65,000	378,063
	(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 specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	612,686	87,182	245,000	944,868

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			Nil		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			Nil		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			Nil		
Compounding					

For and on behalf of the Board of
LYKA LABS LTD

Smt. Nehal N. Gandhi
Non - Executive Director & Chairman
DIN: (00021580)

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

Place: Mumbai
Date: 07th August, 2020



“ANNEXURE E”

Form AOC-1

Statement of Subsidiaries Financial

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 Healthcare Ltd	Lyka Exports Ltd
2.	Date of Acquisition	04.05.2009	05.06.2013	30.05.2014
3.	Reporting period for the Subsidiary concerned	April, 19 to Mar, 20	April, 19 to Mar, 20	April, 19 to Mar, 20
4.	Reporting currency and Exchange rate as on the last date of relevant Financial year	Indian Rupees	Indian Rupees	Indian Rupees
5.	Share Capital	22,50,00,000	7,55,00,000	7,39,54,240
6.	Reserve & Surplus	(27,27,60,417)	(5,77,18,392)	10,63,66,660
7.	Total Asset	10,97,83,817	30,74,87,778	7,54,17,834
8.	Total Liabilities	15,75,86,366	28,97,06,170	4,24,93,040
9.	Investments	-	-	24,32,005
10.	Turnover	17,95,15,187	7,07,33,997	17,84,32,754
11.	Profit/ (Loss) before taxation	1,01,80,864	(3,15,48,754)	(5,70,75,809)
12.	Provision for Taxation	-	-	-
13.	Profit/ (Loss) after Taxation	(1,46,67,124)	(2,19,63,154)	(5,76,90,259)
14.	Proposed Dividend	-	-	-
15.	% of Shareholding	65.22%	100%	72.80%

For and on behalf of the Board of
LYKA LABS LTD

Smt. Nehal N. Gandhi
Non - Executive Director & Chairman
DIN: (00021580)

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

Place: Mumbai
Date: 07th August, 2020

“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. Kunal N Gandhi	27.28	27.63

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	27.28
Shri Yogesh B Shah **	NIL
Shri. Piyush G. Hindia ***	NIL

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

*Shri. Narendra I. Gandhi, ceased to be Managing Director w.e.f 10th July, 2020.

** Shri. Yogesh B. Shah designated as an Executive Director of the Company w.e.f. 12th February, 2020.

***Shri. Piyush G. Hindia appointed as Secretary of the Company w.e.f. 12th February, 2020.

- 3) The Percentage increase in the median remuneration of employees in the financial year: **0.60 %**
- 4) The number of permanent employees on the rolls of the Company:**106**
- 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. 2019-20 was **3.17 %**.
- 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.

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

Smt. Nehal N. Gandhi
Non - Executive Director & Chairman
(DIN: 00021580)

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

Place: Mumbai
Date: 07th August,2020

“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 31st March, 2020 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 and Key Managerial Personnel. These codes are available on the Company’s website. The Company’s Corporate Governance philosophy has been further strengthened through its positive adaption of Insider Trading Code.

A report on Corporate Governance is given hereunder:

2. BOARD OF DIRECTORS

- a) As on 31st March, 2020, the Company has Seven Directors consisting of a Managing Director, a Executive Director, a Non-Executive Women Director and four Non-Executive Independent Directors inclusive of Women Director. The composition of the Board is in compliance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and Section 149 of the Companies Act, 2013 (“the Act”).

The composition of the Board of Directors of the Company as on 31st March, 2020 is given below:

Name	Category	Shareholding as on 31 st March, 2020
Smt. Nehal N. Gandhi	Chairman & Non-Executive Director	1144803
Shri. Kunal N. Gandhi	Managing Director & Chief Executive Officer	1006642
Shri. Yogesh B. Shah	Executive Additional Director	50
Shri Sandeep P. Parikh	Non-Executive Independent Director	4000
Shri. Atit N. Shukla	Non-Executive Independent Director	0
Shri Vinod S. Shanbhag	Non-Executive Independent Director	500
Smt. Neha A. Thakore	Non-Executive Independent Director	800

- 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 Companies Act, 2013 (“Act”). The maximum tenure of Independent Directors is in conformity with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. 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.

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- c) The number of Directorships, Committee Membership(s)/ Chairmanship(s) of all Directors is within respective limits prescribed under the Act and Listing Regulations. None of the Directors are members in more than 10 committees excluding private limited companies, companies under Section 8 of the Companies Act, 2013 and foreign companies or act as a 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 financial year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on 31st March, 2020 are given herein below. Other directorships do not include directorships of private limited companies, companies under Section 8 of the Act, foreign companies. During the financial year 2019-20. Five Board Meeting were convened i.e. on 18th May, 2019, 09th August, 2019, 01st November, 2019, 13th January, 2020 and 12th February, 2020. Details of Board Meetings are given in the appended table:

Name	No of Board Meetings Attended during the financial year 2019-2020	Whether last Annual General Meeting convened on 18 th September, 2019 was attended	No of Directorship in other Companies as on 31 st March, 2020	No of Committee's position in other public Companies as on 31 st March, 2020	
				Member	Chairman
Shri. Narendra I. Gandhi *	1	No	NA	NA	NA
Smt. Nehal N. Gandhi	4	No	1	0	0
Shri. Kunal N. Gandhi	5	Yes	6	2	0
Shri. Yogesh B. Shah ***	1	No	1	0	0
Shri. Sandeep P. Parikh **	3	No	6	3	1
Shri. Vinod S. Shanbhag	5	Yes	3	2	2
Shri. Atit N. Shukla	4	No	2	2	0
Smt. Neha A Thakore	5	Yes	1	0	0

*Shri Narendra I Gandhi ceased to be a Chairman and Managing Director w.e.f.10th July, 2019.

** Shri Sandip P.Parikh was appointed as an Additional Independent Director w.e.f 1stNovember, 2019.

*** Shri. Yogesh B. Shah was appointed as an Additional Executive Director w.e.f 12th February, 2020.

None of Directors are related except Smt. Nehal N Gandhi and Shri. Kunal N Gandhi

- e) Familiarisation Programme imparted to Independent Directors has been given on the Company's Website i.e. www.lykalabs.com.
- f) The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

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

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

3. AUDIT COMMITTEE

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

1. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process
3. Examination of the financial statements' 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 recommend omnibus approval for related party transactions proposed to be entered into by the company subject to conditions as prescribed under Rule 6A of Companies (Meeting of Board and its power) Rules, 2014.

Provided 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 authorized by any other director, the director concerned shall indemnify the company against any loss incurred due to 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 companies.

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

A. 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 submitting to the board for its approval, with particular reference to:
 - (a) changes, if any, in accounting policies and practices and reasons for the same;
 - (b) major accounting entries involving estimates based on the exercise of judgment by management;
 - (c) significant adjustments made in the financial statements arising out of audit findings;
 - (d) compliance with listing and other legal requirements relating to financial statements;
 - (e) disclosure of any related party transactions;
 - (f) modified opinion(s) in the draft audit report;

- iii. Reviewing with the management the quarterly financial statements before submission to the board for its 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 to initialization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take 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 co
- xiii. To review the functioning of the whistle blower mechanism;
- xiv. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- xv. Carrying out any other functions as mentioned in the terms of reference of the audit committee.
- xvi. 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. Matters to be reviewed by Audit Committee:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

6. Statement of deviations:

- (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

As on 31st March, 2020, the Audit Committee comprises of Three Directors, out of which two are Independent Directors.

In the financial year 2019-20, Five meetings were held on 18th May, 2019, 09th August, 2019, 01st November, 2019 and 13th January, 2020 and 12th February, 2020 respectively.

The Details of Composition of Audit Committee and the number of Meetings held and attended by the Members during the financial year 2019-2020 are given in the appended table:

Name	Category	No of Meetings Held during the financial year 2019-2020	No of Meetings Attended during the financial year 2019-2020
Shri. Narendra I. Gandhi*	Managing Director	5	1
Shri. Kunal N. Gandhi** (Member)	Executive Director	5	4
Shri. Sandeep P. Parikh ***&***** (Chairman)	Additional Non-executive Independent Director	5	2
Shri. Vinod S. Shanbhag ****	Non-executive Independent Director	5	5
Shri. Atit N. Shukla*****	Non-executive Independent Director	5	3

Shri. Narendra I Gandhi ceased to be Chairman and Managing Director of the Company w.e.f 10th July, 2020.

**Shri. Kunal N. Gandhi was appointed as a member on 07th August, 2019.

***Shri. Sandeep Parikh was appointed as a member on 01st November, 2019.

****Shri Vinod S. Shanbhag ceased to be Chairman of the Audit Committee w.e.f 13th January, 2020.

*****Shri Sandeep Parikh was nominated and appointed/designated as a Chairman of the Audit Committee w.e.f. 13th January, 2020.

*****Shri. Atit N. Shukla Ceased to be a member w.e.f 13th January, 2020.

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 Directors, 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.

As on 31st March, 2020, the Nomination Remuneration Committee comprises of Three Directors, out of which Two are Independent Directors.

During the financial year 2019-20, Three Committee Meetings were held on 09th August, 2019, 01st November, 2019 and 12th February, 2020 respectively.

As on 31st March, 2019, the Nomination and Remuneration Committee of Directors is comprised of Shri. Vinod S Shanbhag Chairman, Smt. Neha A Thakore, Smt. Nehal N. Gandhi.

The Details of Composition of Nomination & Remuneration Committee and the number of Meetings held and attended by the Members during the financial year 2019-2020 are given in the below mentioned table:

Name	Category	No of Meetings Held during the financial year 2019-2020	No of Meetings Attended during the financial year 2019-2020
Shri. Vinod S. Shanbhag (Chairman)	Non-Executive Independent Director	3	3
Smt. Nehal N. Gandhi	Non-Executive Non Independent Director	3	2
Smt. Neha A. Thakore*	Non-Executive Independent Director	3	3
Shri. Atit N. Shukla	Non-Executive Independent Director	3	2
Shri. Sandeep P. Parikh	Non- Executive Independent Director	0	0

*Shri. Atit N. Shukla ceased to be a Member w.e.f 13th January, 2020

**Smt. Neha A. Thakore has resigned from the candidature of Independent Director w.e.f 03rd July, 2020

Shri. Sandeep P. Parikh appointed as a Member w.e.f. 07th August, 2020

Performance Evaluation

The manner of performance evaluation for the Board, its Committees and Individual Directors are determined by indicative list of factors on which evaluation was carried out which includes attendance, active participation, Financial Literacy, 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.

Payment to Managing Director and Executive Director be governed by Schedule V of the Act, 2013.

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

Details of remuneration paid to Executive and Non-Executive Directors during the financial year ended 31st March, 2020 are given as under (in ₹)

Name of Directors	Sitting Fees	Salary	Total
Shri. Narendra I. Gandhi*	N.A	10,32,086	10,32,086
Shri. Kunal N. Gandhi**	N.A	84,56,219	84,56,219
Smt. Nehal N. Gandhi	120,000	-	120,000
Shri. Vinod S. Shanbhag	300,000	-	3,00,000
Shri. Sandeep P. Parikh***	150,000	-	1,50,000
Smt. Neha A. Thakore	150,000	-	1,50,000
Shri. Atit N. Shukla	210,000	-	210,000
Shri. Yogesh B Shah	-	13,99,874	13,99,874

*Shri. Narendra I Gandhi ceased to be a Managing Director w.e.f 10th July, 2019.

** Shri. Kunal N. Gandhi was designated as Managing Director w.e.f 11th July, 2019.

*** Shri. Sandeep P. Parikh appointed as Additional Non-Executive Independent Director w.e.f 01st November, 2019.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

As on 31st March, 2020, the Composition of Stakeholder Relationship Committee are given in the below mentioned table:

Name	Category	No of Meetings Held during the financial year 2019-2020	No of Meetings Attended during the financial year 2019-2020
Shri. Vinod S. Shanbhag (Chairman)	Non-executive Independent Director	1	1
Shri. Kunal N. Gandhi*	Managing Director	1	1
Shri. Atit N. Shukla**	Non-executive Independent Director	0	0
Shri. Sandeep P. Parikh***	Additional Non-executive Independent Director	1	1

*Shri. Kunal N. Gandhi was appointed as a Member w.e.f 07th August, 2019.

** Shri. Atit N. Shukla ceased to be a Member w.e.f 13th January, 2020.

*** Shri. Sandeep Parikh was appointed as a Member w.e.f 13th January, 2020.

Lyka Labs Limited

7. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Items of Special Resolution at each meeting	Venue
2016-2017	29 th September, 2017	12.45 P.M.	<ol style="list-style-type: none"> 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. 	4801/B & 4802/A GIDC Industrial Estate Ankleshwar Gujarat 393002
2017-18	29 th September, 2018	12.30 P.M	-	
2018-19	18 th September, 2019	12.30 P.M	<ol style="list-style-type: none"> 1. Appointment of Statutory Auditors 2. Ratification of Remuneration of Cost Auditor for cost audit for the financial year ended 31st March, 2020. 3. Appointment of Shri. Vinod S Shanbhag (DIN: 00555709) as an Independent Director 4. Appointment of Shri Atit N Shukla (DIN: 07238247) as an Independent Director 5. Re – appointment of Shri. N I Gandhi (DIN: 00021530) as Managing Director of the Company w.e.f. 1st April, 2019 upto 10th July, 2019. 6. Appointment of Shri Kunal N Gandhi as Joint Managing Director of the Company w.e.f. 12th February, 2019. 7. Change in designation of Shri Kunal Gandhi from Joint Managing Director to Managing Director of the Company and upward revision in his Remuneration. 8. Alteration of Articles of Association of the Company 9. Increase in Authorised Share Capital. 10. To amend the Memorandum of Association 11. Approval of Related Party Transaction 	

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 12th 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 29th 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 favour on votes polled	% 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
	Total	5262265	5029850	95.58	5029850	0	100.000	0.000
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
	Total	341656	0	0.00	0	0	0.000	0.000
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
	Total	16436079	876714	5.33	876179	535	99.940	0.060
Total		22040000	5906564	26.80	5906029	535	99.991	0.009

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:

- The Un-audited 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.

- The Company’s financial results are also uploaded on the Company’s website i.e. 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 2019- 20 in electronic mode to those members whose email id are registered with the Registrar and Transfer Agents.

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9. GENERAL SHAREHOLDER INFORMATION:

- a. The Forty first Annual General Meeting (AGM) of the Company for the financial year 2019-20 is scheduled on Friday, 25th September, 2020 at 12.30 pm through video conferencing.

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 Listing Obligation and Disclosure Requirement Regulations, 2015, the Company has provided e-voting facility to its Members to enable them to cast their votes electronically on the resolutions proposed in the Notice of the 41st AGM. The Instructions for video conferencing and e-voting are mentioned under “Notes” to the Notice of 41st AGM.

Date of Book Closure:

The dates of Book Closure shall be from 18th September, 2020 to 25th September, 2020 (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. (BSE) and National Stock Exchange of India Limited (NSE).

The following are the details of the Company's shares:

Type of Shares	Equity Shares
International Securities Identification Number (ISIN)	INE933A01014
BSE- Stock Code	500259
NSE- Stock Code	LYKALABS
BSE Address	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001; Website: www.bseindia.com.
NSE Address	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400 051; Website: www.nseindia.com.
Annual Listing Fees	Annual Listing fees of BSE for financial year 2019-20 is paid. Annual Listing fees of NSE for financial year 2019-20 is paid.

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

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

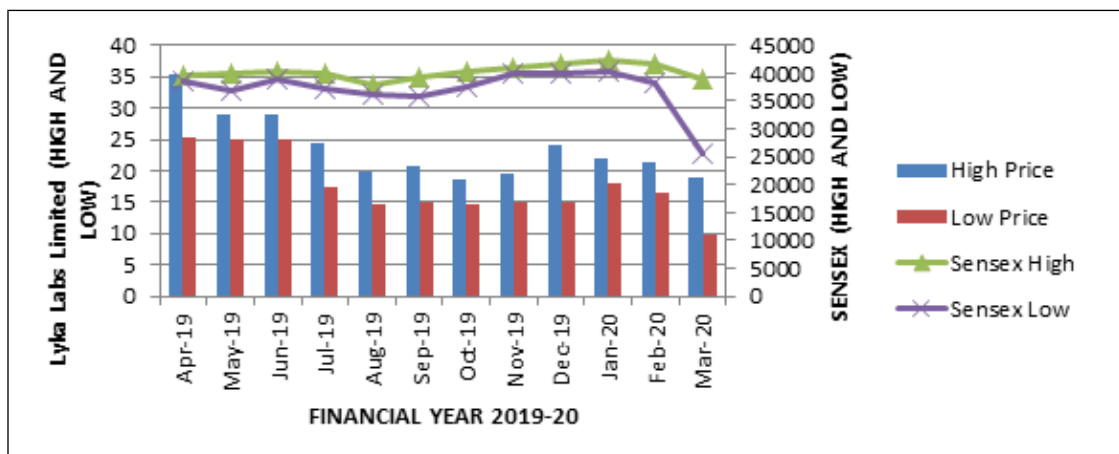
- f. **Market Price Data: High, Low during each month of the Financial Year 2019-2020.**

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

The Share price data for each month during the financial year 2019-2020 on the BSE Limited and National Stock Exchange of India Limited are as mentioned below:

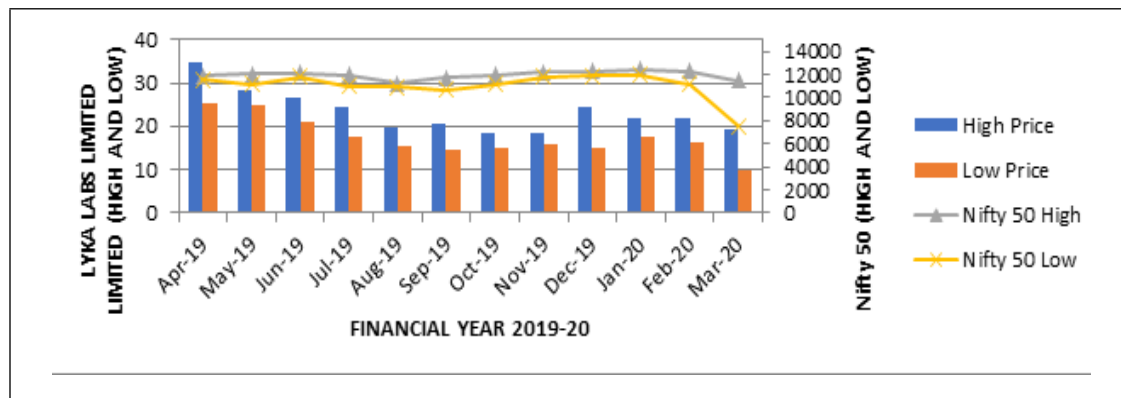
Month	BSE Limited		National Stock Exchange of India Limited	
	High Price	Low Price	High Price	Low Price
Apr-19	35.25	25.20	34.80	25.45
May-19	28.85	24.90	28.50	24.80
Jun-19	26.65	21.00	26.65	21.00
Jul-19	24.35	17.50	24.40	17.55
Aug-19	19.70	14.80	19.60	15.25
Sep-19	20.80	14.95	20.70	14.55
Oct-19	18.50	14.60	18.45	15.00
Nov-19	19.50	15.10	18.45	15.85
Dec-19	24.25	15.00	24.45	15.00
Jan-20	22.00	18.60	21.95	17.75
Feb-20	21.35	16.55	21.65	16.15
Mar-20	18.90	9.70	19.35	9.60

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



Lyka Labs Limited

b) Company's Share price performance Versus CNX 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	support@sharexindia.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	Amount	Percentage
001 to 500	16336	83.169	23896580	8.329
501 to 1000	1594	8.115	13491020	4.702
1001 to 2000	785	3.997	12232380	4.264
2001 to 3000	252	1.283	6545830	2.282
3001 to 4000	149	0.759	5376330	1.874
4001 to 5000	130	0.662	6247640	2.178
5001 and 10000	199	1.013	15097870	5.262
10000 and above	197	1.003	204012350	71.109
Total	19642	100	28690000	100

j. Dematerialization of Shares and liquidity

As of 31st March, 2020 of the Company's shares representing 2,84,48,828 shares were held in dematerialized form and the balance representing 2,41,172 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 21422/220549 Fax: 02646-250692

Email: enquiry@lykalabs.com

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

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.

b. Whistle Blower Policy:

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

c. Mandatory requirements:

The Company confirm that it has complied with all mandatory requirement prescribed in the SEBI Listing Regulations for the financial year 2019-2020. 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.

d. Material Subsidiary

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

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

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

g. A certificate has been received from M/s. Kaushal Doshi and Associates, Practicing 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.

h. A certificate has been received from M/s. Kaushal Doshi and Associates, Practicing 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.

Lyka Labs Limited

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- i. During the financial year 2019-20, there were no instances, wherein the Board had not accepted recommendations made by any Committee of the Board.
 - j. Total fees paid by the Company to Statutory Auditor for their services for the Financial year 2019-20 is ₹ 19.50/- Lakhs on Standalone basis and ₹ 31.95/- Lakhs on Consolidated basis.
 - k. During the financial year 2019-20, there were no complaints received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

11. Non- Mandatory requirements:

- a. Chairperson of the Board as on 31st March, 2020: The Chairperson of the Board is Non 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

12. 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 31st March, 2020, 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 Order of the Board

Place: Mumbai
Date: 07th August, 2020

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

Kunal N. Gandhi
Managing Director
(DIN:01516156)



COMPLIANCE CERTIFICATE

[In compliance with Regulation 17(8) of SEBI
(Listing Obligations and Disclosures Requirement), Regulation 2015]

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2020 and that to the best of their knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) These statements together present a true and fair view of the Lyka Labs Limited (the Company) affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) There are no significant changes in internal control over financial reporting during the year ended 31st March, 2020;
 - (2) There are no Significant changes in accounting policies during the year ended 31st March, 2020 and that the same have been disclosed in the notes to the financial statements; and
 - (3) There are no Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company internal control system over financial reporting.

Date: 10th June, 2020

Place: Mumbai

Kunal Narendra Gandhi

Chief Executive Officer

Yogesh Babulal 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 carried out by Lyka Labs Limited ('the Company'), for the financial year ended 31st March, 2020 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

Place : Mumbai
Date : 07th August,2020

Kaushal Doshi
(Proprietor)
FCS-10609 / COP- 13143
UDIN : F010609B000559047



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

Due to global financial crisis a decade ago global economy has recorded its weakest pace in 2019

The global economic growth is estimated to be 2.9% in 2019 down from 3.6% in 2018. Growth in advanced economies decreased from 2.2% in 2018 to 1.7% in 2019 and emerging economies decreased from 4.5% in 2018 to 3.7% in 2019. In the beginning of 2020, the COVID-19 pandemic has inflicted severe impact on economic activity with the result that the global economy is projected to contract sharply by -3% in 2020. Due to exponential growth of this pandemic, more than 150 countries had put in place regional or complete lockdown to contain the virus. Workplace closures has resulted to supply chains disruptions, lower productivity, decreasing demand, income declines and heightened uncertainty leading to further business closures and job losses.

A generic drug is a pharmaceutical drug that contains the same chemical substance, intended use, effects, side effects, risks, safety and strength as a drug that was originally protected by chemical patents. Global generic drug market reached around US\$ 367 Bn in 2019, registering a CAGR of 5.7% during 2014 to 2019.

However, companies in the generic drug market face several disruptive factors that negatively affect the growth such as downward pricing pressure from increasing competition, stringent government regulations and regulatory compliance leading to higher regulatory costs, further aggravating their profit margins.

In the backdrop of COVID-19, multiple guidelines on drug shortage regulations and remote working are published by various regulatory authorities.

OPPORTUNITIES AND THREATS

Due to increase in demand in lyophilize product the Company is considering to increase the capacity of lyophilized plant so as to cater the demand of the lyophilised products in the 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.

Lyka Labs Limited

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The Company is engaged in only one segment viz. pharmaceuticals. The Company is one of the oldest company in Indian pharmaceuticals industry having presence in Domestic as well as International markets. The Company has commercial presence in various countries either on its own or through its subsidiary company. During the year, the total revenue of the Company is ₹ 3626.58 Lakhs.

OUTLOOKS

- a. Company is exploring possibilities of developing new market, new product and new drug delivery system.
- b. It also explores possibilities of diversification from manufacturing activities so as to reduce the manufacturing cost and to increase the profitability.
- c. The Company is focusing on P 2 P business and negotiating with renowned pharmaceutical companies which will increase revenue in the coming period.
- d. The Company is also considering increasing the capacity of its Lypholized Plant at its Ankleshwar factory as to meet its increase in demand.
- e. The Company is also concentrating on a development of its business internationally for tender as well as Private Institutions.

RISKS AND CONCERNS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, the total revenue earned by the Company was ₹ 3626.58 lakhs as against total revenue of ₹ 4376.09 lakhs of previous year ended 31st March, 2019. The Company has reported Net Loss of ₹(5363.17) lakhs for the year ended 31stMarch, 20120 as against Net Profit of ₹ 182 lakhs for the previous year ended 31stMarch, 2019.

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 2020, permanent employees and workers strength was 106.

KEY FINANCIAL RATIOS

The key financial ratio for 2019-20 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 1.11 (times) as against 1.24 (times) in the previous year. This ratio is lower as compared to previous year due to decrease in revenue and renegotiate better credit terms with customers.
- b. **Inventory Turnover ratio:** Cost of Goods sold / Average inventory. This ratio for the year was 2.78 (times) as against 3.36 (times) in the previous year. This ratio is lower as compared to the previous year ratio due to increase in margin and fast movement of stock.
- c. **Interest Coverage ratio:** EBITDA / Interest Payment. This ratio for the year was -174% as against -24 % (times) in the previous year.

This ratio is substantially negative as compared to previous year due to the Company in previous has entered in to a compromise settlement with Dena Bank, Kapol Bank and Bank of Maharashtra and have assigned its total debts in favor of IARC in the current financial year. After restructuring of loans the Company has started accruing / paying interest at higher rate on the debt assigned to IARC.

- d. **Current Ratio:** Current assets / Current liabilities This ratio for the year was 1.04 (times) as against 0.72 (times) in the previous year. This ratio is higher as compared to the previous year due to increase in current assets, cash and cash equivalents and decrease in current liabilities.
- e. **Debt-Equity ratio:** Total Debt / Shareholders' Equity. This ratio for the year was 4.22 (times) as against 1.52 (times) in the previous year. This ratio is higher as compared to the previous year due to during the year Company has finalized the term sheet of restructuring of debts and support Finance at ₹ 10117 Lakhs and PIK interest has been accrued to the term loan. Hence, ratio is higher.
- f. **Operating Profit Margin:** EBIT / Sales Operating profit margin for the year was -23 % as against -8% in the previous year. The negative operating profit margin increased due to decrease in the revenue and increase in the depreciation, employee benefit cost and other expenses
- g. **Net Profit Margin:** Net Profit / Sales Net profit margin (including other income) for the year was -177 % as against 5% in the previous year. Due to substantial increase in expenses, financial cost and exceptional expenses and decrease in income, the Company has incurred substantial loss as against profit earned in the previous year..

CHANGE IN RETURN ON NET WORTH

Return on Net worth: This financial performance is calculated by dividing net income by shareholders' equity. Return on Net worth or Return on Equity during the year was -113 % as against 2 % in the previous year. The return on equity has been negative due to substantial amount of loss.

For and on behalf of the Board of LYKA LABS LTD

Smt. Nehal N. Gandhi
Non - Executive Director & Chairman
(DIN: 00021580)

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

Place: Mumbai
Date: 07th August, 2020

Lyka Labs Limited

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of
Lyka Labs Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of **Lyka Labs Limited** ("the Company") (includes the Statement of Company's branch at Ankleshwar audited by other auditors and relied upon by us, after making such changes as are considered necessary for incorporation), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its loss, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis of Opinion

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

Emphasis of Matter

- 1) **Compromise Settlement** - Note No. 41 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) **Capital Expenditure** - Note No. 43(ii) regarding status of portfolio of products under development and applied research.

Key Audit Matters

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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have

INDEPENDENT AUDITORS' REPORT (Cont....)

performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2020 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 Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the pending litigations which has impact on its financial position in its financial statements – Refer Note 36 to the standalone financial statements.
 - ii. The Company has made provisions, as required under the applicable Law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring of amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2020.

For D. Kothary & Co
Chartered Accountants
Firm Regn No. 105335W

Mehul N. Patel
(Partner)

Membership No. 132650

UDIN: 20132650AAAACF5838

Place: Mumbai

Date : 10th June, 2020

INDEPENDENT AUDITORS' REPORT (Cont....)

Annexure A to Independent Auditors' Report

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

- i. In respect of its Property, Plant & Equipment:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant & equipment on the basis of available information.
 - b) As explained to us, all the property, plant & equipment have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) According to the information and explanations given to us, the title deeds of immovable properties including leasehold land, as disclosed in Note 3 on property, plant and equipment to the Financial Statements, are held in the name of the Company.
- ii. In respect of its inventories:
 - a) In our opinion and according to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to one body corporate, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which :
 - a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - c) There is no overdue amount remaining outstanding as at the year-end.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. According to the information and explanations given to us, the Company had received National Company Law Tribunal (NCLT) order dated 22nd January, 2016, granting extension of time for repayment of Fixed Deposits. During the year, the Company has repaid deposits that were claimed and as regards the balance ₹ 43.42 Lakhs, the same shall be paid as and when claimed. Refer note no. 37
- vi. We have broadly reviewed the Cost records maintained by the Company which have been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, in respect of the manufacture of Bulk Drugs and Formulations to which the said rules are made applicable, and are of the opinion that, prima-facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records, with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us in respect of statutory dues:
 - a) Undisputed statutory dues in respect of sales tax, service tax, withholding taxes, provident fund, and employees' state insurance, cess as applicable and any other statutory dues have been generally regularly deposited with the appropriate authorities. There were no undisputed amounts payable in respect of Income-tax, Custom Duty, GST, Cess and other material statutory dues in arrears as at 31st March 2020, for a period of more than six months from the date they became payable, except 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 ₹ 50.14 Lakhs.

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

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

Sr. No.	Nature of Dues	Amount (₹ In Lakhs)*	Period to which the amount relates	Name of the forum
1	Demand under Drugs Price control Order	1061.96	Demands raised in 1987,1990 and 1995	Gujarat High Court
2	Purchase Tax	16.00	1991-1996	Maharashtra Sales Tax Appellant Tribunal
3	Excise Duty	11.22	2006-2007	Commissioner Of Central Excise & Service Tax
		60.15	2008-2013	Customs, Excise and Service Tax Appellant Tribunal
		83.75	1995 to February 2000	Commissioner Of Central Excise & Service Tax
4	Bombay Sales Tax	61.86	1998-1999	Bombay High Court
5	Maharashtra Value Added Tax	30.54	2005-2006	Deputy Commissioner of sales tax appeals
		34.14	2007-2008	Deputy Commissioner of sales tax appeals
		369.38	2014-2015	Joint Commissioner of Sales Tax - (Appeal) III
6	Central Sales Tax	17.95	1998-1999	Sales Tax Appellant Tribunal
		46.68	2005-2006	Deputy Commissioner of sales tax appeals
		5.92	2006-2007	Sales Tax Appellant Tribunal
		59.45	2007-2008	Deputy Commissioner of sales tax appeals
		38.12	2011-2012	Joint commissioner of Sales Tax
		22.02	2014-2015	Joint Commissioner of Sales Tax - (Appeal) III
7	Gujarat Sales Tax	39.64	2002-2003	Commissioner Of Sales Tax
8	Income Tax	44.63	AY 2002-2003	Commissioner of Income Tax Appeals
		150.00	AY 2004-2005	Commissioner of Income Tax Appeals
		80.85	AY 2010-2011	Income Tax Appellant Tribunal
		155.40	AY 2011-2012	Income Tax Appellant Tribunal
		61.77	AY 2014-2015	Income Tax Appellant Tribunal

(*net of amounts paid under protest)



INDEPENDENT AUDITORS' REPORT (Cont....)

- viii. According to the records of the Company examined by us and the information and explanation given to us, during the previous 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. 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. The Company had repaid the Debenture as per the Order of NCLT dated 22nd May, 2017 and 13 lakh is outstanding as on 31st March, 2020 due to cheques returned undelivered / unclaimed. Refer Note no. 38.
- ix. According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. The Company has paid/provided for managerial remuneration in the books of accounts in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has made preferential allotment of shares during the year. The company has complied with the requirement of section 42 of the companies Act, 2013 and the amount raised have been used for the purpose for which the funds were raised.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For D. Kothary & Co
Chartered Accountants
Firm Regn No. 105335W

Mehul N. Patel
(Partner)
Membership No. 132650
UDIN: 20132650AAAACF5838

Place: Mumbai
Date : 10th June, 2020

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

Annexure - B to the Auditors' Report

To the Members of
Lyka Labs Limited

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

We have audited the internal financial controls over financial reporting of **Lyka Labs Limited** ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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



INDEPENDENT AUDITORS' REPORT (Cont....)

unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For D. Kothary & Co
Chartered Accountants
Firm Regn No. 105335W

Mehul N. Patel
(Partner)
Membership No. 132650
UDIN: 20132650AAAACF5838

Place: Mumbai
Date : 10th June, 2020

Lyka Labs Limited

BALANCE SHEET AS AT 31ST MARCH, 2020

Particulars	Notes	(₹ in lakh)	
		As at 31 st March, 2020	As at 31 st March, 2019
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	7,135.61	7,251.76
(b) Capital Work- In- Progress	3	1,660.18	1,755.18
(c) Intangible assets	4	423.65	371.26
(d) Intangible assets under development	4	979.87	1,215.86
(e) Financial Assets			
(i) Investments	5	6,245.30	6,245.30
(ii) Other Financial Assets	6	1,315.50	1,576.70
(f) Other Non Current Assets	7	124.86	127.23
(g) Non Current Tax Assets	8	342.72	399.50
(h) Deferred tax assets(net)	9	904.84	1,024.62
		19,132.53	19,967.42
Current Assets			
(a) Inventories	10	518.81	594.51
(b) Financial Assets			
(i) Investments	5	0.75	0.70
(ii) Trade Receivables	11	2,454.59	2,968.16
(iii) Cash and Cash Equivalents	12	838.90	9.01
(iv) Loans	13	285.78	4.25
(v) Other Financial Assets	14	199.05	348.96
(c) Other Current Assets	15	1,110.44	977.15
		5,408.32	4,902.73
Total Assets		24,540.85	24,870.15
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	16	2,869.00	2,814.00
(b) Other Equity	17	1,836.12	7,046.15
		4,705.12	9,860.15
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	12,566.02	7,879.69
(ii) Other Financial Liabilities	19	1,811.99	23.97
(b) Provisions	20	278.54	277.12
		14,656.54	8,180.78
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	1,069.08	1,241.28
(ii) Trade Payables due to :			
- Micro and Small Enterprise	22	211.90	354.00
- Other than Micro and Small Enterprise	22	1,380.46	1,855.79
(iii) Other Financial Liabilities	23	1,970.26	1,819.40
(b) Other Current Liabilities	24	356.50	1,407.99
(c) Provisions	25	190.98	150.75
		5,179.19	6,829.21
Total Equity and Liabilities		24,540.85	24,870.15

(See accompanying notes to the standalone financial statements)

In terms of our report of even date,

For D. Kothary & Co.

Chartered Accountants

Firm Registration No. 105335W

(Mehul N. Patel)

Partner

Membership No. 132650

Place : Mumbai

Date : 10th June, 2020

For and on behalf of the Board of

Directors of Lyka Labs Limited

(Kunal. N. Gandhi)

Managing Director

DIN : 01516156

(Y. B. Shah)

Executive Director & CFO

DIN : 06396150

(Vinod S Shanbhag)

Director

DIN : 00555709

(Piyush Hindia)

Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakh)

Particulars	Notes	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
INCOME			
Income from Operations	26	3,003.83	3,716.83
Other Operating Income	27	363.17	401.45
		3,367.01	4,118.28
Other Income	28	259.58	257.81
Total Income		3,626.58	4,376.09
EXPENSES			
Cost of Materials Consumed	29	1,344.58	1,505.49
Purchases of Stock-in-Trade		222.30	658.77
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	30	(18.17)	60.44
Employee Benefits Expense	31	1,057.31	999.18
Finance Costs	32	1,895.04	573.24
Depreciation and Amortization Expense	3 & 4	564.53	443.86
Other Expenses	33	985.35	792.50
Total Expenses		6,050.93	5,033.48
(Loss) before Exceptional items		(2,424.35)	(657.39)
Exceptional items	34	2,775.29	52.68
(Loss) before tax		(5,199.64)	(710.08)
Tax Expense:			
Deferred Tax		119.38	(883.37)
(Loss)/Profit for the year		(5,319.02)	173.30
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans (net of tax)		44.15	(8.71)
Total Other Comprehensive Income for the year		(5,363.17)	182.01
Earnings per share (of ₹ 10 /- each):			
Basic / Diluted	50	(18.71)	0.58

(See accompanying notes to the standalone financial statements)

In terms of our report of even date,

For D. Kothary & Co.

Chartered Accountants

Firm Registration No. 105335W

(Mehul N. Patel)

Partner

Membership No. 132650

Place : Mumbai

Date : 10th June, 2020

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

(Kunal. N. Gandhi)

Managing Director

DIN : 01516156

(Y. B. Shah)

Executive Director & CFO

DIN : 06396150

(Vinod S Shanbhag)

Director

DIN : 00555709

(Piyush Hindia)

Company Secretary

Lyka Labs Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital (Refer note 16)

(₹ in lakh)

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting year	2,81,40,000	2,814.00	2,81,40,000	2,814.00
Changes in equity share capital during the year	5,50,000	55.00	-	-
Balance at the end of reporting year	2,86,90,000	2,869.00	2,81,40,000	2,814.00

B. Other Equity (Refer note 17)

Particulars	Reserves and surplus				Items of Other Comprehensive Income	Money received against share warrants (Refer note no.16.4)	Total
	Retained Earnings	Securities Premium Account	Capital Reserve	General Reserve	(Remeasurement of the defined benefit plan)		
Balance as at 31st March, 2019	(3,502.65)	9,496.47	50.68	952.57	(26.55)	75.63	7,046.15
(Loss) for the year	(5,319.02)	-	-	-	-	-	(5,319.02)
Retained earnings INDAS-Lease Liability	(18.74)	-	-	-	-	-	(18.74)
Add/(Less) : On Issue of Equity Shares	-	247.50	-	-	-	(75.63)	171.88
Other Comprehensive Income for the year, net of income tax	-	-	-	-	(44.15)	-	(44.15)
Balance at 31st March, 2020	(8,840.40)	9,743.97	50.68	952.57	(70.70)	-	1,836.12

In terms of our report of even date,

For D. Kothary & Co.

Chartered Accountants
Firm Registration No. 105335W

(Mehul N. Patel)

Partner
Membership No. 132650

Place : Mumbai

Date : 10th June, 2020

For and on behalf of the Board of
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(Kunal. N. Gandhi)

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(Vinod S Shanbhag)

Director
DIN : 00555709

(Piyush Hindia)

Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakh)		
Particulars	Current Year ended 31 st March, 2020	Previous Year ended 31 st March, 2019
A. Cash Flow from Operating Activities		
(Loss) for the Year Before Tax	(5,199.64)	(710.08)
Adjusted for :		
Depreciation	564.53	443.86
Interest Income	(69.31)	(6.89)
Loss on Sale of Fixed Assets (Net)	-	21.65
Finance Cost	1,895.04	573.24
Provision for Doubtful Trade Receivables and Advances	(37.65)	(8.59)
Provision / Credit Balance no Longer required Written Back	-	(1.14)
Exchange Rate Fluctuation	-	(0.97)
Exceptional Items	2,949.92	12.46
Return on Investments	(0.04)	-
	5,302.49	1,033.63
Operating Profit Before Working Capital Change	102.85	323.55
Changes in Working Capital :		
(Increase) / Decrease in Other Non-Current Financial Assets	(125.36)	(66.32)
(Increase) / Decrease in Other Non-Current Assets	2.78	(3.06)
(Increase) / Decrease in Inventories	75.69	135.39
(Increase) / Decrease in Trade and Other Receivables	643.02	59.55
(Increase) / Decrease in Other Current Financial Assets	149.91	25.28
(Increase) / Decrease in Other Current Assets	(133.29)	166.10
(Increase) / Decrease in Loans	(1.00)	-
Increase / (Decrease) in Other Non-Current Financial Liabilities	1,615.23	(7.91)
Increase / (Decrease) in Non-Current Provisions	1.42	22.96
Increase / (Decrease) in Trade Payables	(897.96)	75.82
Increase / (Decrease) in Other Current Financial Liabilities	92.68	(106.31)
Increase / (Decrease) in Other Current Liabilities	(1,051.49)	1,239.81
Increase / (Decrease) in Current Provisions	(95.73)	(11.66)
	275.90	1,529.66
Cash Generated from Operations	378.75	1,853.21
Net Income Tax Payment	56.77	(21.78)
Net cashflow from operating activities (A)	435.52	1,831.43
B. Cashflow for Investing Activities		
Purchase of Fixed Assets	(104.61)	(350.94)
Proceeds from Sale of Fixed Assets	-	50.42
Interest Received	69.31	6.89
Net cash used in Investing Activities (B)	(35.30)	(293.62)

Lyka Labs Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	(₹ in lakh)	
	Current Year ended 31 st March, 2020	Previous Year ended 31 st March, 2019
C. Cash flow from Financing Activities		
Proceed from / (Repayment) of Non Current Borrowings Net	2,211.85	7,408.34
Proceed from / Repayment of Current Borrowings Net	(172.20)	(8,414.71)
Proceeds from Issue of Equity Shares' Net (Including Premium)	226.88	-
Interest Paid	(1,836.87)	(569.34)
Net cash used in Financing Activities (C)	429.67	(1,575.72)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	829.89	(37.90)
Cash and Cash Equivalents at the Beginning of the Year		
Cash and Cash Equivalents	9.01	7.70
Earmarked Balances	-	39.21
	9.01	46.91
Cash and Cash Equivalents at the End of the Year		
Cash and Cash Equivalents	12.28	9.01
Earmarked Balances	826.62	-
	838.90	9.01

In terms of our report of even date,

For D. Kothary & Co.

Chartered Accountants

Firm Registration No. 105335W

(Mehul N. Patel)

Partner

Membership No. 132650

Place : Mumbai

Date : 10th June, 2020

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

(Kunal. N. Gandhi)

Managing Director

DIN : 01516156

(Y. B. Shah)

Executive Director & CFO

DIN : 06396150

(Vinod S Shanbhag)

Director

DIN : 00555709

(Piyush Hindia)

Company Secretary

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 April 1, 2018, the Company adopted IndAS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied 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:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition:

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

OFFSETTING OF FINANCIAL INSTRUMENTS:

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

EQUITY INSTRUMENTS:

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

2.11 EMPLOYEE BENEFITS

- Defined Contribution Plan:

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

- Defined Benefit Plan:

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

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

2.12 BORROWING COST

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

2.13 LEASES:

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

(i) Company as a lessee

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

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

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

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

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

(ii) Company as a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by

reference to the right of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

2.14 FOREIGN CURRENCY TRANSACTIONS:

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

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

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

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

2.15 TAXES ON INCOME:

Current Income Taxes:

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

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

Deferred Taxes:

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

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

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

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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.

2.23 ESTIMATES ASSUMPTIONS AND JUDGEMENTS:

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

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

- a) Estimation of current tax expense and deferred tax:

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

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

b) Recognition of deferred tax assets/ liabilities:

The recognition of deferred tax assets/ liabilities is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts.

c) Estimation of Provisions & Contingent Liabilities:

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

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

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

e) Estimation of Provision for Inventory:

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

f) Estimation of Defined Benefit Obligation:

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

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

h) Estimated fair value of Financial Instruments.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3. Property Plant and Equipment

Carrying amounts of :

(₹ in lakh)

Particulars	As at 31 st March, 2020							As at 31 st March, 2019	
	Land	Buildings	Plant and Machinery	Computers	Vehicles	Furnitures and Fixtures	Office Equipments	Right To Use Property	Total
Gross Block (Cost or Deemed Cost) :									
Balance at 31 st March, 2019	2,993.40	3,424.73	1,974.40	25.64	54.54	163.14	8.24	-	8,644.08
Additions	-	-	16.73	2.22	-	121.74	-	350.94	491.63
Disposals	-	-	-	-	-	-	-	-	-
Balance at 31st March, 2020	2,993.40	3,424.73	1,991.13	27.86	54.54	284.88	8.24	350.94	9,135.71
Accumulated Depreciation and Impairment :									
Balance at 31 st March, 2019	138.61	470.78	656.81	16.34	36.18	71.52	2.08	-	1,392.32
Depreciation for the year	45.59	151.85	215.55	2.75	6.05	21.00	1.21	122.89	566.88
Capitalisation	-	-	-	-	-	-	-	40.91	40.91
Disposals	-	-	-	-	-	-	-	-	-
Balance at 31st March, 2020	184.20	622.63	872.35	19.09	42.23	92.52	3.28	163.80	2,000.10
Carrying amounts of :									
Balance at 31 st March, 2019	2,854.79	2,953.95	1,317.60	9.30	18.36	91.62	6.16	-	7,251.76
Balance at 31 st March, 2020	2,809.21	2,802.10	1,118.77	8.77	12.30	192.36	4.95	187.14	7,135.61

Building includes ₹ 26.92 Lakhs (as at 31st March, 2019 ₹ 26.92 Lakhs) for premises in a co-operative society against which shares of the face value of ₹ 1,250 are held under the bye laws of the society. (For details of security created against the Property Plant and Equipment, refer note no. 18.1)

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Details of Tangible Capital Work in Progress (₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Opening balance	1,755.18	1,666.25
Capitalised	(95.01)	(6.07)
Additions during the year	-	95.01
Closing Balance	1,660.18	1,755.18

4 Intangible Assets

Carrying amounts of : (₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Internally Developed Intangible Assets (Research and development expenditure)	368.41	302.83
Computer Software	55.25	68.43

Particulars	Internally Developed Intangible Assets (Research and development expenditure)	Computer Software	Total
Gross Block (Cost or Deemed Cost) :			
Balance at 31 st March, 2019	556.73	138.95	695.69
Additions	122.27	-	122.27
Disposals	-	-	-
Balance at 31st March, 2020	679.01	138.95	817.96
Accumulated Amortisation and Impairment :			
Balance at 31 st March, 2019	253.90	70.53	324.43
Amortisation for the year	56.70	13.18	69.88
Balance at 31st March, 2020	310.60	83.71	394.30
Carrying amounts of :			
Balance at 31 st March, 2019	302.83	68.43	371.26
Balance at 31st March, 2020	368.41	55.25	423.65

Details of Intangible Assets under Development (₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Opening balance	1,215.86	976.53
Capitalised	(122.27)	-
Written Off	(285.78)	-
Additions during the year	172.07	239.33
Closing Balance	979.87	1,215.86

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

5. Non-Current Investments (₹ in lakh)				
Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No of Shares	Amount	No of Shares	Amount
Investments :				
Investments in Equity Shares of Subsidiaries (Unquoted) (At cost):				
(i) Equity Shares of ₹ 10 each fully paid up in Lyka BDR International Ltd	1,46,74,995	1,469.05	1,46,74,995	1,469.05
(ii) Equity Shares of ₹ 10 each fully paid up in Lyka Healthcare Ltd.	75,50,000	3,005.00	75,50,000	3,005.00
(iii) Equity Shares of ₹ 10 each fully paid up in Lyka Exports Ltd	53,83,636	1,771.25	53,83,636	1,771.25
Total		6,245.30		6,245.30

Current Investments (₹ in lakh)				
Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No of units	Amount	No of units	Amount
Investments at FVTPL:				
Investments in Mutual Fund:				
(i) Debt Mutual Fund				
Birla Sun Life Plus Collection A/c	12.664	0.04	12.664	0.04
HDFC Liquid Fund Post IPO Collection	18.154	0.71	18.154	0.66
Total		0.75		0.70

6. Other Non-current Financial Assets (₹ in lakh)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good)		
Security Deposit	283.05	544.25
Others - Deposit with Drug Price Equalisation Account	1,032.45	1,032.45
Total	1,315.50	1,576.70

7. Other Non-Current Assets (₹ in lakh)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good)		
Capital Advances	32.11	31.75
Balance with Government Authorities	92.75	95.48
Total	124.86	127.23

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

8. Non-Current Tax Assets		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Advance Tax and Tax deducted at source	342.72	399.50
Total	342.72	399.50

9. Deferred Tax Assets (net)		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Deferred Tax Assets	1,997.48	1,040.52
Less: Deferred Tax Liabilities	(1,092.65)	(15.90)
Total	904.84	1,024.62

Deferred Tax Assets / (Liabilities) in relation to:		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Carried Forward Losses	701.43	874.14
IndAS Adjustments	203.40	150.48
Total	904.84	1,024.62

10. Inventories		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Raw Materials (Refer Note No.44)	153.87	110.59
Packing Material (Refer Note No.44)	168.13	305.27
Work-in-Progress	117.06	125.70
Finished Goods	79.76	52.95
Total	518.81	594.51

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 ₹ 251.74 lakh (Previous year ₹ 10.21 lakh). The effect of these write down were recognised in cost of materials consumed, and changes in value of inventories of work-in-progress, stock-in-trade and finished goods in the Statement of Profit and Loss.

11. Trade Receivables		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(Unsecured)		
Considered Good	2,454.59	2,968.16
Considered Doubtful	51.51	180.97
Less: Provision for Expected Credit Loss	(51.51)	(180.97)
Total	2,454.59	2,968.16

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

12. Cash and Cash Equivalents		(₹ in lakh)
Particulars	As at 31st March, 2020	As at 31 st March, 2019
(A) Cash and Cash Equivalents		
Balances with Banks	6.73	7.36
Cash on hand	5.55	1.65
(B) Bank Balances other than Cash and Cash Equivalents		
Deposits with Banks (Lien against OD) (Refer note no. 21)	826.62	-
Total	838.90	9.01
13. Current Loans		(₹ in lakh)
Particulars	As at 31st March, 2020	As at 31 st March, 2019
(Unsecured, considered good)		
Loan to Employees	5.24	4.25
Loan to Subsidiaries	280.54	-
Total	285.78	4.25
14. Other Current Financial Assets		(₹ in lakh)
Particulars	As at 31st March, 2020	As at 31 st March, 2019
(Unsecured, considered good)		
Deposits	48.16	52.46
Others	150.89	296.50
Total	199.05	348.96
15. Other Current Financial Assets		(₹ in lakh)
Particulars	As at 31st March, 2020	As at 31 st March, 2019
Trade Advances	87.96	184.21
Prepaid Expenses	249.23	18.76
Balance with Government Authorities	123.25	124.18
Slump Sales Consideration Receivable	650.00	650.00
Total	1,110.44	977.15

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

16. Share Capital		(₹ in lakh)		
Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Authorised				
Equity Shares of ₹ 10/- each	4,20,00,000	4,200.00	3,00,00,000	3,000.00
Redeemable Preference Shares of ₹ 100/- each	200,000	200.00	2,00,000	200.00
	<u>4,22,00,000</u>	<u>4,400.00</u>	<u>3,02,00,000</u>	<u>3,200.00</u>
Issued, Subscribed and Fully Paid				
Equity Shares of ₹ 10/- each	2,86,90,000	2,869.00	2,81,40,000	2,814.00
Total	<u>2,86,90,000</u>	<u>2,869.00</u>	<u>2,81,40,000</u>	<u>2,814.00</u>

16.1 Rights, preferences and restriction attached to equity shares :

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
Balance as at the beginning of the Year	2,81,40,000	1,08,570	2,81,40,000	1,08,570
Add : Issued during the Year	5,50,000	-	-	-
Balance as at the end of the Year	<u>2,86,90,000</u>	<u>1,08,570</u>	<u>2,81,40,000</u>	<u>1,08,570</u>

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No of Shares held	% of Shares	No of Shares held	% of Shares
Equity Shares of ₹ 10/- each				
Mayank J. Shah	20,01,500	6.98%	20,00,000	7.11%
Shruti Mayank Shah	15,15,846	5.28%	15,15,846	5.39%
Prasham M. Shah	15,00,000	5.23%	15,00,000	5.33%
10% Cumulative Redeemable Preference Shares				
Dr. D. B. Parikh	1,08,570	100.00%	1,08,570	100.00%

16.4 The Company has allotted 550,000 convertible warrants at ₹ 55/- per warrant to Promoters / Promoters Group on preferential basis pursuant to the Special Resolution passed by the members of the Company at their Extra Ordinary General Meeting held on August 3, 2017. These warrants were converted (in the ratio of 1 share for 1 warrant) into equity shares of ₹ 10/- each at a premium of ₹ 45/- per share during the year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

17. Other Equity		(₹ in lakh)
Particulars	As at 31st March, 2020	As at 31 st March, 2019
Capital Reserve	50.68	50.68
Securities Premium Account	9,743.97	9,496.47
General Reserve	952.57	952.57
Retained Earning	(8,911.11)	(3,529.20)
Money Received against Share Warrants	-	75.63
Total	1,836.12	7,046.15

Nature of Reserves:

Capital Reserves

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

Securities Premium

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

General Reserves

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

18. Non Current Borrowings		(₹ in lakh)
Particulars	As at 31st March, 2020	As at 31 st March, 2019
Secured Loan:		
Term Loans from Others	12,501.77	7,790.14
Unsecured Loan:		
10% Redeemable Preference Shares of ₹ 100/- each (for terms of preference shares Refer Note no. 18.2)	64.25	89.56
Total	12,566.02	7,879.69

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

- Term Loan (RSF-I) of ₹ 11.50 crores From IARC repayable in bullet payment at the end of 36 months from the date of disbursement. PIK interest rate is @20% in 1st year and for 2nd & 3rd year cash interest rate is 12 % p.a. & PIK interest rate is 8% p.a.
- Term Loan(RSF-II) of ₹ 17 crores from IARC repayable in bullet payment at the end of 36 months from the date of disbursement. Cash interest rate is @20% p.a.
- Term Loan (TL-I) of ₹ 64.70 crores from IARC repayable in bullet payment at the end of 36 months from cut off date. PIK interest is @20% in 1st year and for 2nd & 3rd year cash interest is 12 % p.a. & PIK interest rate is 8% p.a.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- d) Term Loan (TL-II) of ₹ 36.47 crores from IARC, convertible into Equity Shares at the discretion of the lender on or before 36 months from the cut off date.
- e) The above term loans are secured by 1st charge on Stock-in-trade, Book debts, Other moveable assets, Movable Machinery, Intangible assets and Guaranteed by some of the directors of the Company. The above term loans are also secured by mortgage of company's immovable properties situated at Mumbai, Ankleshwar and Valsad & Secured by pledging of shares held in Subsidiaries.

18.2 1,08,570 10% Cumulative Redeemable Preference Shares of ₹100 each fully paid up were issued on 30th September 2005 redeemable at the option of the company but not later than 20years from the date of allotment

19. Other Non-current Financial Liabilities

(₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Security Deposit	27.35	23.97
Interest Accrued and Due	1,611.85	-
Lease Liabilities	172.79	-
Total	1,811.99	23.97

20. Non Current Provisions

(₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Employee Benefits:		
Provision for Leave Encashment	62.09	81.99
Provision for Gratuity	216.45	195.13
Total	278.54	277.12

21. Current Borrowings

(₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Secured Loans		
From Bank		
Loans repayable on demand (Secured against Fixed Deposits) (Refer note no. 12)	167.98	-
Unsecured		
Loans and Advances from related parties	575.50	820.56
Inter Corporate Deposits	285.87	365.78
Short Term Loans	39.74	54.94
Total	1,069.08	1,241.28

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

- 21.1 Interest on Loans from related parties is 12 % (simple Interest).
- 21.2 Interest on Inter Corporate Deposits is 12% to 21% (simple interest).
- 21.3 Interest on Short Term Loans is 12%.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

22. Trade Payables		(₹ in lakh)
Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	211.90	354.00
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	1,380.46	1,855.79
Total	<u>1,592.37</u>	<u>2,209.79</u>

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

		(₹ in lakh)
Particulars	As at 31st March, 2020	As at 31st March, 2019
Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	211.90	354.00
Interest accrued on the dues to suppliers under MSMED Act, 2006 on the above amount	20.16	24.85
Payment made to suppliers (Other than interest) beyond the appointed date, during the year	NIL	NIL
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	NIL	NIL
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	NIL	NIL
Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	NIL	NIL
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	20.16	24.85

23. Other Current Financial Liabilities

		(₹ in lakh)
Particulars	As at 31st March, 2020	As at 31st March, 2019
Current Maturities of Long-Term Debt :		
Debentures - Privately Placed Non Convertible	13.00	13.00
Fixed Deposits	43.42	44.82
Interest Accrued and due	202.51	144.34
Book Overdraft	80.43	121.64
Employee dues	226.14	178.80
Retention Money Payable	-	0.02
Creditors for:		
Expenses	303.88	170.00
Capital Expenditure	62.73	62.61
Trade Acceptances	786.15	954.64
Other Outstanding Liabilities	252.01	129.54
Total	<u>1,970.26</u>	<u>1,819.40</u>

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

24. Other Current Liabilities		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Other Payables:		
Statutory dues	197.88	253.11
Advance from Customers	158.62	1,154.88
Total	356.50	1,407.99

25. Current Provisions		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Employee Benefits:		
Provision for Bonus	32.17	28.32
Provision for Gratuity	148.65	114.86
Provision for Leave Encashment	0.04	-
Provision for Superannuation	10.12	7.56
Total	190.98	150.75

26. Revenue From Operations		(₹ in lakh)
Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Sale of products	3,003.83	3,716.83
Total	3,003.83	3,716.83

26.1 Details of sales of Products		(₹ in lakh)
Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Bulk Drugs	292.74	654.76
Formulations	2,635.86	3,060.41
Pharma Chemicals	73.22	1.66
Packing Materials Sales	2.01	-
Total	3,003.83	3,716.83

27. Other Operating Revenue		(₹ in lakh)
Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Processing charges received	313.73	366.94
Export Incentives	11.70	2.71
Royalty	37.74	31.80
Total	363.17	401.45

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

28. Other Income		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Income	69.31	6.89
Other Income:		
Rent Received	48.00	114.67
Sundry Credit Balances/Excess Provision Written Back (net)	-	1.14
Miscellaneous Income	12.81	135.11
ECL Provision Income	129.46	-
Total	259.58	257.81

28.1 Interest Income		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest from banks on deposits	11.25	2.20
Other interest	58.06	4.69
Total	69.31	6.89

29. Cost of material consumed		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening stock of raw material and packing material	415.86	490.81
Add: Purchases	1,250.71	1,430.53
Less: Closing stock of raw material and packing material	(322.00)	(415.86)
Total	1,344.58	1,505.49

30. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
As at the beginning of the year:		
Finished Goods	52.95	37.15
Work-in-Progress	125.70	201.94
Total Opening Stock (a)	178.65	239.08
As at the end of the year:		
Finished Goods	79.76	52.95
Work-in-Progress	117.06	125.70
Total Closing Stock (b)	196.82	178.65
Net (Increase)/decrease in Finished Goods, work-in-progress and stock in trade(a)-(b)	(18.17)	60.44

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

31. Employee Benefit Expenses		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and Wages	821.76	813.53
Contribution to Provident and Other Funds:		
Provident / ESI Fund	64.74	55.22
Superannuation Fund	2.55	4.32
Provision for Gratuity	81.71	35.75
Provision for Leave Encashment	10.10	3.11
Staff Welfare Expenses	76.43	87.25
Total	1,057.31	999.18

32. Finance Costs		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Expenses on:		
Borrowings From Banks:		
Term Loans	0.63	134.54
Working Capital	0.47	-
Debentures	-	0.01
Borrowing Others:		
Bill Discounting charges	77.48	105.72
Bank Charges	3.78	11.55
Term Loans	1,369.73	-
Others	442.94	321.42
Total	1,895.04	573.24

33. Other Expenses		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Consumption of Stores and Spare Parts	7.35	7.23
Power and Fuel	251.87	221.78
Processing Charges	7.41	25.34
Rent including Lease Rentals	57.57	86.18
Repairs and Maintenance - Buildings	6.82	10.77
Repairs and Maintenance - Machinery	53.50	20.43
Repairs and Maintenance - Others	20.96	11.75
Insurance	14.50	14.32

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

33. Other Expenses		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rates and Taxes	17.85	12.10
Commission & Discount	11.73	0.34
Communication Expenses	6.71	6.35
Travelling and Conveyance	42.23	57.25
Advertisement and Sales Promotion	5.01	6.43
Legal and Professional Charges	149.35	113.75
Payments to Auditors (Refer Note No.54)	19.70	23.14
Factory Expenses	44.38	29.94
Fees & Subscription	27.13	17.31
Security Service Expenses	29.64	30.45
Laboratory Chemicals & Expenses	29.67	21.42
Printing and Stationery	14.17	11.53
Miscellaneous Expenses	158.49	61.28
ECL Provision Expenses	-	(8.59)
Directors Fees	9.30	12.00
Total	985.35	792.50

34. Exceptional Items		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest On Margin Money	(174.63)	-
Sales tax Paid	-	18.57
Other Balance/ Claims Writen Off	386.56	12.46
Loss on sale of Fixed Assets	-	21.65
CWIP Written Off - Intangible	285.78	-
Finance Charges paid to IARC	2,277.58	-
Total	2,775.29	52.68

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Other Notes:

- (35) Estimated amounts of commitments remaining to be executed as on 31st March, 2020 are as follows:

(₹ In Lakhs)

Sr. No.	Particulars	As at 31-03-2020	As at 31-03-2019
a)	Against purchase of Capital goods	53.43	49.90

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

- (i) Demands were raised against the Company aggregating to ₹ 680.62 Lakhs (as at 31st March 2019 ₹ 680.62 Lakhs) plus interest thereon under the Drug Price Control Order 1979 by the Government of India and the same was contested by the Company. In the earlier years, the Company had received recovery notices for recovery of ₹ 2,094.41 Lakhs (as at 31st March 2019 ₹ 2,094.41 Lakhs) to be deposited into "Drug Price Equalisation Account".

The Company has challenged the said notices in the writ petitions before the Hon'ble High Court of Gujarat. The Hon'ble High Court has admitted the writ petitions subject to the Company depositing certain amounts against the said demands. Accordingly, the Company has deposited ₹ 1,032.45 Lakhs (as at 31st March 2019 ₹ 1,032.45 Lakhs).

The Company expects favourable outcome in the said writ petitions and hence, the amounts paid have been treated as advances which are considered by the Company as good and recoverable.

- (ii) (a) The Company has received an Order from the Gujarat Sales Tax Commissioner (Appeals) Baroda, dated 24th January, 2011 in respect of Company's appeal against the demand for Gujarat Sales Tax of ₹ 1,324.08 Lakhs (as at 31st March 2019 ₹ 1,324.08 Lakhs) for the financial year 2002-2003 for non-submission of proof of export. The Commissioner of Sales Tax (Appeals) based on the facts as submitted, has revised the demand to ₹ 85.45 Lakhs (as at 31st March 2019 ₹ 85.45 Lakhs) against which Company has made payment of ₹ 45.81 Lakhs (as at 31st March 2019 ₹ 45.81 Lakhs) under protest. The Company has further contested this demand before the Sales Tax Tribunal. The matter is sub-judice and the payments of ₹ 45.81 Lakhs (as at 31st March 2019 ₹ 45.81 Lakhs) are considered by the Company as good and recoverable.
- (b) There are disputed Sales Tax demands from state of Maharashtra in respect of prior years amounting to ₹ 733.30 Lakhs (as at 31st March 2019 ₹ 358.16 Lakhs) against which the Company has made payment of ₹ 31.21 Lakhs (as at 31st March 2019 ₹ 13.21 Lakhs) under protest. The Company has further contested these demands before the Sales Tax Commissioner / Tribunal. The matters are sub-judice and the payments of ₹ 31.21 Lakhs for the Maharashtra state demand (as at 31st March 2019 ₹ 13.21 Lakhs) are considered by the Company as good and recoverable.
- (iii) The Company has received notices from Central Excise department raising demands as stated below:
- (a) ₹ 108.75 Lakhs (as at 31st March 2019 ₹ 108.75 Lakhs) against which the Company has paid ₹ 25.00 Lakhs (as at 31st March 2019 ₹ 25.00 Lakhs). The matter is sub-judice and the payment of ₹ 25.00 Lakhs (as at 31st March 2019 ₹ 25.00 Lakhs) is considered by the Company as good and recoverable.
- (b) ₹ 71.37 Lakhs (as at 31st March 2019 ₹ 71.37 Lakhs) relating to disputed Central Excise duty, the matter is sub-judice.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- (iv) The Company has received orders from Income Tax Department raising demands aggregating to ₹ 508.11 Lakhs (as at 31st March 2019 ₹ 2,402.26 Lakhs) relating to prior years against which the Company has paid ₹ 15.44 Lakhs (as at 31st March 2019 ₹ 115.45 Lakhs). The matter is sub-judice and the payment of ₹ 15.44 Lakhs (as at 31st March 2019 ₹ 115.45 Lakhs) is considered by the Company as good and recoverable
- (v) ₹ 7.95 Lakhs (as at March 2019 ₹7.95 Lakhs) being the claims against the company not acknowledged as debt.
- (vi) Employees (Including Ex-Employees) Claims relating to ex-gratia and other benefits aggregating to ₹ 433.86 Lakhs (as at 31st March 2019 ₹ 431.67 Lakhs) as the matter is sub-judice.
- (vii) Arrears of dividend on 10% Cumulative Redeemable Preference Shares aggregates to ₹ 157.43 Lakhs (as at 31st March 2019 ₹ 146.57 Lakhs).

(37) Fixed Deposits:

During the year, the Company has repaid deposits that were claimed aggregating to ₹ 1.40 Lakhs. As regards the balance of unclaimed deposits ₹ 43.42 Lakhs (as at 31st March 2019 ₹44.82 Lakhs) the same shall be paid as and when claimed.

(38) Debentures:

₹ 13.00 Lakhs (Previous year ₹ 13.00 Lakhs) is outstanding due to cheques returned undelivered/ Unclaimed.

- (39) ₹ 502.50 lakhs (Previous Year ₹ 502.50 lakhs) placed with Late Shri. Narendra Ishwarlal Gandhi – Ex Managing Director as a Security Deposit for availing residential accommodation and garage on Leave and License basis which is now given to Mr. Kunal N. Gandhi on his appointment as a Managing Director with effect from 09th August, 2019.

- (40) The balances relating to Trade Receivables, Trade Payables and Loans and Advances as on 31st March, 2020 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:

During the financial year 2018-19, Dena Bank and Kapol Co-op Bank had assigned its total debts of ₹ 7839.42 lakhs outstanding in the books of account's in favour of IARC, acting in its capacity as Trustee of IARF-III Trust Scheme. Accordingly, all underlying securities and security rights pertaining to the debts also stood assigned in favour of IARC.

The Company has formalised the Term Sheet of Restructuring of Debt & Restructuring Support Finance on 20th November 2019 with IARC acting in its capacity as Trustee of IARF III Trust Scheme. As per the term sheet of Restructuring of Debt, as on cut-off date i.e 31st May 2019 (mentioned in term sheet), the total debt is restructured at ₹ 10,117 lakhs and additional support finance provided by IARC ₹ 2850 lakhs.

The Company has accounted the difference between restructured debt i.e ₹ 10,117 lakhs and amount outstanding in books of accounts i.e ₹ 7,839.42 lakhs, amounting to ₹ 2,277.58 lakhs being interest and other charges of restructured loan charged by IARC till cut-off date is shown under Exceptional item and interest subsequent to cut off date i.e. from 1st June 2019 till 31st March 2020 shown under Finance Cost.

(42) Scheme of Arrangements:

The Board of Directors 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

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 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 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. The Meeting again got adjourned for want of quorum on June 3, 2019. On December 12, 2019, NCLT again passed an order to convene Secured Creditor Meeting on February 28, 2020 in which the Secured Creditor present in the meeting have approved the merger of Lyka Healthcare Limited with Lyka Labs Limited.

(43) Capital Expenditure:

- (i) Tangible Project Capital Work-in-Progress ₹ 1,660.18 Lakhs as at 31st March, 2020, (as at 31st March 2019 ₹ 1,755.18 Lakhs) includes allocable indirect expenditure in respect of modernization/ expansion of Ankleshwar unit aggregating to ₹ NIL (as at 31st March 2019 ₹ NIL which is pending allocation to Fixed Assets on completion of the project.
- (ii) The Company has incurred direct expenditure and allocable indirect expenditure up to 31st March, 2020 in respect of "new product development and applied research" aggregating to ₹ 979.87 Lakhs (as at 31st March 2019 ₹ 1215.86 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 ₹ 122.27 Lakhs (as at 31st March 2019 ₹ NIL) as "Self-Generated Intangible Assets" upon successful development of respective products.

During the year, the Company has charged ₹ 285.78 Lakhs (as at 31st March 2019 ₹ NIL) to profit and loss account under "exceptional items" for products are abandoned for further development.

- (44) During the year, inventories include slow/non-moving raw-material and packing materials procured during the earlier years amounting to ₹ 25.02 Lakhs as on 31st March 2020 (as at 31st March 2019 ₹ 152.76 Lakhs), which are valued at lower of net realisable value or cost. The Company is evaluating to utilize/ realize the same.
- (45) Ind AS 116 – Leases, has become applicable effective annual reporting period beginning April 1, 2019. The Company has adopted the standard beginning April 1, 2019, using the modified retrospective approach for transition. Accordingly, the Company has not restated the comparative information, instead the cumulative effect of initially applying the standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019.

(46) 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, 2020. The following tables set out the amounts recognized in the financial statements as at 31st March, 2020 for the defined benefit plans.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

			(₹ In Lakhs)	
Sr. No.	Particulars	For Year ended 31 st March 2020	For Year ended 31 st March 2019	
a)	Liability recognized in Balance Sheet			
	Change in Benefit Obligation			
	Opening balance of present value of obligations	310.88	302.64	
	Service Cost	14.10	12.99	
	Interest Cost	23.52	22.98	
	Actuarial Loss/(Gain) on Obligations	44.15	(11.00)	
	Benefits Paid	(26.60)	(16.73)	
	Closing balance of present value of obligations	366.05	310.88	
	Less : Fair Value of Plan Assets			
	Opening Balance of Plan Assets	0.89	2.95	
	Expected Return on Plan assets	0.07	0.22	
	Employers' Contribution	-	-	
	Actuarial (Loss) on Plan Assets	-	(2.29)	
	Benefits Paid	-	-	
	Closing Balance of Plan Assets	0.95	0.89	
	Net Liability	365.10	309.99	
b)	Expense during the year			
	Service Cost	14.10	12.99	
	Interest Cost	23.46	22.76	
	Expected Return on Plan Assets	-	-	
	Actuarial Loss/(Gain) on Obligations	44.15	(8.71)	
	Total	81.71	27.04	
c)	Principal Actuarial Assumptions			
	Rate of Discounting	6.55%	7.55%	
	Rate of Return on Plan Assets	7.50%	7.50%	
	Salary Growth Rate	3.00%	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 31st March, 2020. The following tables set out the amounts recognized in the financial statements as at 31st March, 2020 for the defined benefit plan.

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

		(₹ In Lakhs)	
Sr. No	Particulars	For Year ended 31 st March 2020	For Year ended 31 st March 2019
a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Opening balance of present value of obligations	95.82	111.19
	Service Cost	11.35	9.33
	Interest Cost	7.25	8.44
	Actuarial /(Gain) on Obligations	(3.68)	(26.82)
	Benefits Paid	(13.89)	(6.32)
	Closing balance of present value of obligations	96.85	95.82
	Less : Fair Value of Plan Assets		
	Opening Balance of Plan Assets	32.29	30.57
	Expected Return on Plan Assets	2.44	2.32
	Employers' Contribution	-	4.00
	Benefits Paid	-	(4.60)
	Closing Balance of Plan Assets	34.73	32.29
	Net Liability	62.12	63.53
b)	Expense during the year		
	Service Cost	11.35	9.32
	Interest Cost	4.81	6.12
	Expected Return on Plan Assets	-	-
	Actuarial /(Gain) on Obligations	(3.68)	(26.82)
	Total	12.48	(11.36)
c)	Principal Actuarial Assumptions		
	Rate of Discounting	6.55%	7.55%
	Rate of Return on Plan Assets	7.50%	7.50%
	Salary Growth Rate	3.00%	3.00%

Sensitivity Analysis:

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ In Lakhs)

Particulars	Particular			
	31-Mar-20		31-Mar-19	
Defined Benefit Obligation (Base)	366.06		310.88	
Particulars	31-Mar-20		31-Mar-19	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	380.74	352.82	323.18	299.59
(% change compared to base due to sensitivity)	4.0%	-3.6%	4.0%	-3.6%
Salary Growth Rate (- / + 1%)	352.26	381.12	299.00	323.62
(% change compared to base due to sensitivity)	-3.8%	4.1%	-3.8%	4.1%
Attrition Rate (- / + 50% of attrition rates)	358.48	371.92	303.99	316.27
(% change compared to base due to sensitivity)	-2.1%	1.6%	-2.2%	1.7%
Mortality Rate (- / + 10% of mortality rates)	365.95	366.17	310.75	311.00
(% 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.

(47) 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 st March 2020	For Year ended 31 st March 2019
Not later than one year	82.32	80.30
Later than one year but not later than five years	154.59	236.91
Later than five years	-	-
Total	236.91	317.21

(48) 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.

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- (c) Revenues from Two customer of the company was approximately ₹ 1561.20 Lakhs representing approximately 52% of the Company's total revenues, for the year ended 31st March, 2020.

Revenues from one customer of the company were approximately ₹ 1952.35 Lakhs representing approximately 52.21% of the Company's total revenues, for the year ended 31st March, 2019.

(49) 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) upto 10 th July,2019 Mr. Kunal N. Gandhi Jt Managing Director (w.e.f. 12 th February 2019 upto 8 th August' 2019) Managing Director(w.e.f. 9 th August'2019) Mr. Yogesh Shah (Chief Financial Officer upto 11 th February' 2020) Executive Director (w.e.f 12 th February' 2020) Company Secretary : Mr.Raj Trivedi (upto 30 th October'2019) Mr. Abhishek Buddhadev (w.e.f 18 th November'2019 upto 19 th December'2019) Mr.Piyush Hindia (w.e.f 12 th February 2020)	Key Management Personnel (KMP)
3	Mrs. Nehal N. Gandhi (Chairman & Non – Executive Director) Mrs. Alisha K. Gandhi	Relative of KMP
4	Enai Trading & Investment Private Limited Lyka Animal Healthcare Limited.	Entities owned by/over which KMP is able to exercise significant influence

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
(b) Disclosure of related party transactions:

(₹ In Lakhs)

Sr. No.	Subsidiaries	KMP	Relative of KMP	Entities Owned by KMP	Total
Sale of goods	1387.83	-	-	-	1387.83
	(2142.54)	-	-	-	(2142.54)
Purchases Of Goods	-	-	-	96.72	96.72
	-	-	-	(NIL)	(NIL)
Reimbursement of Expenses	4.58	-	-	-	4.58
	(5.40)	-	-	-	(5.40)
Rent Income	48.00	-	-	-	48.00
	(48.00)	-	-	-	(48.00)
Other Income	7.13	-	-	-	7.13
	(13.74)	-	-	-	(13.74)
Remuneration (Payments/ Provisions)	-	118.33	NIL	-	118.33
	-	(113.57)	(1.97)	-	(115.54)
Directors Sitting Fees	-	-	0.90	-	0.90
	-	-	(0.90)	-	(0.90)
Interest Income	2.86	-	-	-	2.86
	(NIL)	-	-	-	(NIL)
Interest Provided	-	50.49	40.80	5.72	97.01
	-	(73.49)	(66.20)	(2.72)	(142.41)
Loan Received	-	22.60	5.00	242.24	269.84
	-	(120.15)	(45.50)	(2.72)	(168.37)
Loan Repaid	280.54	47.23	237.00	230.67	795.44
	(NIL)	(198.78)	(16.76)	(2.77)	(218.31)

(c) Balance for the year ended

(₹ In Lakhs)

Description	Related party	For Year ended 31 st March 2020	For Year ended 31 st March 2019
Loans & Advances given	Subsidiaries	930.54	650.00
Sundry Debtors	Subsidiaries	1976.36	2443.18
Sundry Creditors	Entities owned by/over which KMP is able to exercise significant influence Subsidiary	97.36	-
Security Deposit- given	KMP	-	502.50

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ In Lakhs)

Description	Related party	For Year ended 31 st March 2020	For Year ended 31 st March 2019
	Relative of KMP	502.50	NIL
Unsecured Loan- from	Entities owned by/over which KMP is able to exercise significant influence	33.31	21.74
	Relative of KMP	191.93	423.93
	KMP	350.25	374.89
Investments	Subsidiary	6245.29	6245.29

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

(50) Earnings per Share: (EPS)

Particulars	For Year ended 31 st March 2020	For Year ended 31 st March 2019
Adjusted (Loss)/Profit for the year (₹ in Lakhs) (A)	(5329.87)	162.44
Weighted Average number of Equity Shares(B)	2,84,94,110	2,81,40,000
Face value of Equity Share (₹) (C)	10	10
Basic and Diluted Earnings Per Share (₹) (D=A/B)	(18.71)	0.58

(51) 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 2020 and 31st March 2019.

(₹ In Lakhs)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Accounting profit before tax (before exceptional items)	(5199.64)	(710.08)
At India's statutory income tax rate of 26% (P.Y. 31.20%)	1351.91	221.54
Deferred Tax impact on:		
Carried Forward Losses & Unabsorbed Depreciation	(172.30)	858.19
INDAS Adjustments	52.92	25.18
Less: Deferred Tax Assets not recognised in current year	(1351.91)	(221.54)
Income tax expenses reported in the Statement of Profit and loss	119.38	(883.37)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
(52) 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, 2020.

(₹ In Lakhs)

Particulars	Measured at FVTOCI	Measured at FVTPL	Cost/ Amortised Cost	Total Carrying Amount
Financial Assets				
Investments in subsidiaries	-	-	6245.30	6245.30
Other Investments	-	0.75	-	0.75
Other Financial Assets	-	-	1514.55	1514.55
Trade Receivables	-	-	2454.59	2454.59
Loans			285.78	285.78
Total	-	0.75	10500.22	10500.97
Financial Liabilities				
Other Financial Liabilities	-	-	3782.25	3782.25
Borrowings	-	-	13635.10	13635.10
Trade Payable	-	-	1592.37	1592.37
Total	-	-	19009.72	19009.72

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
Financial Assets				
Investments in subsidiaries	-	-	6245.00	6245.00
Other Investments	-	0.70	-	0.70
Other Financial Assets	-	-	1926.00	1926.00
Trade Receivables	-	-	2968.00	2968.00
Loans	-	-	654.00	654.00
Total	-	0.70	11793.00	11794.00
Financial Liabilities				
Other Financial Liabilities	-	-	1804.00	1804.00
Borrowings	-	-	9179.00	9179.00
Trade Payable	-	-	2210.00	2210.00
Total	-	-	13193.00	13193.00

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

(₹ In Lakhs)

Particulars	As at 31 st March 2019			Total
	Fair Value Measurement Using			
	Quoted Price in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
Assets measured at fair value	-	-	-	-
FVTPL financial investments	-	-	-	-
Mutual Funds	-	0.70	-	0.70

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 31 st March, 2020	As on 31 st March, 2019
Trade Receivable	USD	-	-
Trade Payable	USD	(112142.50)	(94314.00)
Net	USD	(112142.50)	(94314.00)
Forward Contracts to Buy	USD	-	-
Net Exposure	USD	(112142.50)	(94314.00)

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

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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	As on 31 st March, 2020	As on 31 st March, 2019
Impact on profit before tax		
INR/USD - Increase by 5%	6,283,815.78	5,476,077.00
INR/USD - Decrease by 5%	(6,283,815.78)	(5,476,077.00)

Interest rate risk management

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

Interest rate sensitivity

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

Particulars		Currency	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Interest expense	Increase	100 basis point	-	-
	Decrease	100 basis point	-	-

*Accordingly there will be no effect of the sensitivity on the company's profit, as the interest on the Loan from IARC is fixed as per the agreement with IARC.

e. Credit risk

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

Trade Receivable

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

Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of bank

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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
Financial Liabilities				
Trade Payables	31 st March 2020	1592	-	1592
	31 st March 2019	2210	-	2210
Borrowings	31 st March 2020	1069	12566	13635
	31 st March 2019	1299	7880	9179
Other Financial Liabilities	31 st March 2020	1970	1812	3782
	31 st March 2019	1780	24	1804

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.

(53) 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, 2020	As at March 31, 2019
Short Term Debt (including current maturities of long term loan)	1125.50	1299.00
Long Term Debt	12566.02	7880.00
Trade Payables	1592.37	2210.00
Less: Cash and cash equivalents	838.90	9.00
Net Debt	14444.99	11380.00
Equity	2869.00	2814.00
Capital and net debt	17313.99	14194.00
Net Debt to Capital Ratio (Debt/Equity plus debt)	0.83	0.80

Lyka Labs Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(54) Payments to Auditors:

(₹ In Lakhs)

Sr. No.	Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
(i)	Audit Fees (including ₹ 2.10 Lakhs to Branch Auditors - Previous Year ₹ 2.10 Lakhs)	15.60	18.70
(ii)	As Advisor for Company Law Matters (including ₹ Nil to Branch Auditors- Previous Year ₹ Nil)	-	2.10
(iii)	Tax Audit Fees (including ₹ 0.50Lakhsto Branch Auditors – Previous Year ₹ 0.50 Lakhs)	3.50	4.00
(iv)	For other services (certification work etc.) (including ₹ Nil to Branch Auditors- Previous Year ₹ Nil)	0.60	0.15
(v)	Reimbursement of Expenses (including ₹ Nil to Branch Auditors- Previous Year ₹ Nil)	-	0.29
	Total	19.70	23.14

(55) 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 D. Kothary & Co.
Chartered Accountants
Firm Registration No. 105335W

(Mehul N. Patel)
Partner
Membership No. 132650

Place : Mumbai
Date : 10th June, 2020

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

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

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

(Vinod S Shanbhag)
Director
DIN : 00555709

(Piyush Hindia)
Company Secretary



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of
Lyka Labs Limited

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Lyka Labs Limited** (herein after referred as "the Holding Company") and its Subsidiaries (the Holding Company and its Subsidiaries together referred to as "the Group") , which comprise the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, their consolidated Loss (including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Basis of Opinion

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

Emphasis of Matter

- 1) **Compromise Settlement** - Note No. 43 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) **Capital Expenditure** - Note No. 45 (ii) regarding status of portfolio of products under development and applied research.

Key Audit Matters

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

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

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

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

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

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

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT (Cont....)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

We have audited the financial statements of three Subsidiaries whose financial statements / financial information reflect total assets of ₹ 4,926.89 lakhs as at 31st March, 2020, total revenues of ₹ 4,286.82 lakhs and net cash outflows amounting to ₹ 8.10 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by us whose reports have been furnished by us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid Subsidiaries, is based solely on the reports furnished by us.

The accompanying Statement includes the audited financial statement and other financial information, in respect of one branch at Ankleshwar, whose financial result include total assets of ₹ 7323.98 lakhs as at March 31, 2020, total revenues of ₹ 3090.56 lakhs, total net profit/(loss) after tax of ₹ (83.86) lakhs, total comprehensive income/(loss) of ₹ (83.86) lakhs, for the year ended on that date, as considered in the Statement. These financial statement and other financial information have been audited by other auditor whose reports have been furnished to us by the management. Accordingly, Our opinion, in so far as it relates to the affairs of branch is based solely on the report of other auditor.

Lyka Labs Limited

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

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of a Subsidiaries as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules there under.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its Subsidiaries company covered under the Act, none of the directors of the Group companies are disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**” and
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of a Subsidiaries, as noted in the ‘Other matter’ paragraph:
 - i. The group has disclosed the pending litigations which has impact on its financial position in its financial statements – Refer Note 38 to the console financial statements.
 - ii. The group has made provisions, as required under the applicable Law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring of amounts required to be transferred to the Investor Education and Protection Fund by the group during the year ended 31st March, 2020.

For D. Kothary & Co
Chartered Accountants
Firm Regn No. 105335W

Mehul N. Patel
(Partner)

Membership No. 132650
UDIN:20132650AAAACF5838

Place: Mumbai
Date : 10th June, 2020



INDEPENDENT AUDITORS' REPORT (Cont....)

Annexure - A To the Independent Auditor's Report on the Consolidated Ind AS Financial Statements of Lyka Labs Limited

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

We have audited the internal financial controls over financial reporting of Lyka Labs Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company, internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system with reference to financial statements.

Meaning of Internal Financial Controls over Financial Reporting

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

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont....)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company, have in all material respects, an adequate internal financial control system with reference to consolidated financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2020, based on the internal controls with reference to financial statements criteria established by the Company, considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For D. Kothary & Co
Chartered Accountants
Firm Regn No. 105335W

Mehul N. Patel
(Partner)
Membership No. 132650
UDIN:20132650AAAACF5838

Place: Mumbai
Date : 10th June, 2020



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

Particulars	Notes	(₹ in lakh)	
		As at 31 st March, 2020	As at 31 st March, 2019
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	7,251.98	7,381.67
(b) Capital Work- In- Progress	3	1,660.18	1,755.18
(c) Intangible assets	4	3,226.05	3,391.33
(d) Intangible assets under development	4	1,115.44	1,351.43
(e) Financial Assets			
(i) Investments	5	0.89	1.08
(ii) Loan	6	43.83	681.66
(iii) Other Financial Assets	7	1,317.85	1,580.73
(f) Other Non Current Assets	8	134.84	135.39
(g) Non Current Tax Assets	9	444.81	496.05
(h) Deferred tax assets(net)	10	1,228.82	1,302.84
		16,424.69	18,077.36
Current Assets			
(a) Inventories	11	673.28	700.23
(b) Financial Assets			
(i) Investments	5	0.75	0.70
(ii) Trade Receivables	12	804.26	1,462.82
(iii) Cash and Cash Equivalents	13	992.29	170.51
(iv) Loans	14	8.32	5.10
(v) Other Financial Assets	15	198.87	407.77
(c) Other Current Assets	16	872.10	760.64
(d) Current Tax Assets	17	4.38	3.21
		3,554.25	3,510.98
Total Assets		19,978.94	21,588.34
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	18	2,869.00	2,814.00
(b) Other Equity	19	(4,303.46)	1,487.59
Equity attributable to owners of the company		(1,434.46)	4,301.59
(c) Non-controlling Interest		(76.68)	274.27
		(1,511.14)	4,575.86
Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	20	12,609.63	7,928.47
(ii) Other Financial Liabilities	21	1,931.66	194.83
(b) Provisions	22	386.24	407.85
		14,927.53	8,531.15
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	1,443.24	1,626.16
(ii) Trade Payables due to :			
- Micro and Small Enterprise	24	211.90	354.00
- Other than Micro and Small Enterprise	24	1,486.86	1,968.87
(iii) Other Financial Liabilities	25	2,378.29	2,270.09
(b) Other Current Liabilities	26	819.75	2,060.48
(c) Provisions	27	222.51	201.73
		6,562.55	8,481.33
Total Equity and Liabilities		19,978.94	21,588.34

See accompanying notes to the consolidated financial statements

In terms of our report of even date,

For D. Kothary & Co.

Chartered Accountants

Firm Registration No. 105335W

(Mehul N. Patel)

Partner

Membership No. 132650

Place : Mumbai

Date : 10th June, 2020

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

(Kunal. N. Gandhi)

Managing Director

DIN : 01516156

(Y. B. Shah)

Executive Director & CFO

DIN : 06396150

(Vinod S Shanbhag)

Director

DIN : 00555709

(Piyush Hindia)

Company Secretary

Lyka Labs Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	Notes	(₹ in lakh)	
		For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
INCOME			
Income from Operations	28	5,540.76	6,423.78
Other Operating Income	29	600.84	654.24
		6,141.60	7,078.02
Other Income	30	308.87	209.07
Total Income		6,450.48	7,287.10
EXPENSES			
Cost of Materials Consumed	31	1,344.58	1,505.49
Purchases of Stock-in-Trade		2,301.68	2,074.40
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	32	(66.91)	344.51
Employee Benefits Expense	33	1,385.84	1,468.54
Finance Costs	34	2,006.63	716.54
Depreciation and Amortization Expense	3 & 4	800.95	731.37
Other Expenses	35	1,543.25	1,875.02
Total Expenses		9,316.02	8,715.86
(Loss) before Exceptional items		(2,865.54)	(1,428.76)
Exceptional items	36	3,322.15	113.71
(Loss) before tax		(6,187.69)	(1,542.47)
Tax Expense:			
Deferred Tax		73.61	(907.28)
Current Tax		0.73	-
(Loss) for the year		(6,262.03)	(635.18)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans / Gains and losses from investments in equity instruments measured at fair value through OCI.		33.11	(28.03)
Total Other Comprehensive Income		33.11	(28.03)
Total Comprehensive Income for the year		(6,295.14)	(607.15)
Total Comprehensive Income attributable to:			
Owners of the Parent		(6,089.83)	(532.50)
Non-controlling Interest		(205.31)	(74.66)
(Loss) attributable to:			
Owners of the Parent		(6,054.14)	(555.03)
Non-controlling Interest		(207.89)	(80.16)
Other Comprehensive Income attributable to:			
Owners of the Parent		35.69	(22.53)
Non-controlling Interest		(2.58)	(5.50)
Earnings per share (of ₹ 10 /- each):	52		
Basic / Diluted		(21.29)	(2.01)

See accompanying notes to the consolidated financial statements

In terms of our report of even date,

For D. Kothary & Co.

Chartered Accountants
Firm Registration No. 105335W

(Mehul N. Patel)

Partner
Membership No. 132650

Place : Mumbai

Date : 10th June, 2020

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

(Kunal. N. Gandhi)

Managing Director
DIN : 01516156

(Y. B. Shah)

Executive Director & CFO
DIN : 06396150

(Vinod S Shanbhag)

Director
DIN : 00555709

(Piyush Hindia)

Company Secretary



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital (Refer note 18)

(₹ in lakh)

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting year	2,81,40,000	2,814.00	2,81,40,000	2,814.00
Changes in equity share capital during the year	5,50,000	55.00	-	-
Balance at the end of reporting year	2,86,90,000	2,869.00	2,81,40,000	2,814.00

B. Other Equity (Refer note 19)

(₹ in lakh)

Particulars	Reserves and surplus				Items of Other Comprehensive Income (Remeasurement of the defined benefit plan)	Money received against share warrants (Refer note no.18.2)	Non - controlling interest	Total
	Retained Earnings	Securities Premium Account	Capital Reserve	General Reserve				
Balance as at 31st March, 2019	(9,061.87)	9,496.47	49.13	952.57	(24.33)	75.63	274.27	1,761.86
Adjustment	145.64	-	-	-	-	-	(145.64)	-
Profit / (Loss) for the year	(6,054.14)	-	-	-	-	-	(207.89)	(6,262.03)
Retained INDAS-Lease Liability	(18.74)	-	-	-	-	-	-	(18.74)
Add / (Less) : On Issue / Sale of Equity Shares	-	247.50	-	-	-	(75.63)	-	171.88
Other Comprehensive Income for the year, net of income tax	-	-	-	-	(35.69)	-	2.58	(33.11)
Balance as at 31st March, 2020	(14,989.12)	9,743.97	49.13	952.57	(60.02)	-	(76.68)	(4,380.15)

In terms of our report of even date,

For D. Kothary & Co.

Chartered Accountants
Firm Registration No. 105335W

(Mehul N. Patel)

Partner
Membership No. 132650

Place : Mumbai

Date : 10th June, 2020

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

(Kunal. N. Gandhi)

Managing Director
DIN : 01516156

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DIN : 06396150

(Vinod S Shanbhag)

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DIN : 00555709

(Piyush Hindia)

Company Secretary

Lyka Labs Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	(₹ in lakh)	
	Current Year ended 31 st March, 2020	Previous Year ended 31 st March, 2019
A. Cash Flow from Operating Activities		
(Loss) for the year before tax	(6,187.69)	(1,542.47)
Adjusted for		
Depreciation	800.95	731.37
Interest Income	(98.89)	(11.74)
Loss on sale of fixed assets (net)	-	21.65
Finance Cost	2,006.63	716.54
Provision for Doubtful Trade Receivables and Advances	(5.99)	97.54
Provision/ Credit Balance no longer required Written Back	-	(1.14)
Exchange rate fluctuation	(31.88)	(36.95)
Exceptional Items	2,905.35	-
Return on Investment	(0.04)	-
	5,576.11	1,517.26
Operating profit before working capital change	(611.58)	(25.20)
Changes in Working Capital :		
(Increase) / Decrease in Other Non-Current Financial Assets	(79.65)	(55.05)
(Increase) / Decrease in Other Non-Current Assets	0.97	310.61
(Increase) / Decrease in Inventories	26.95	419.46
(Increase) / Decrease in Trade and other receivables	795.66	586.10
(Increase) / Decrease in Other Current Financial Assets	208.90	24.73
(Increase) / Decrease in Other Current Assets	(111.46)	327.77
(Increase) / Decrease in Non-Current Loans	637.83	-
(Increase) / Decrease in Current Loans	(3.22)	-
Increase / (Decrease) in Other Non-Current Financial Liabilities	1,564.04	96.33
Increase / (Decrease) in Non-Current Provisions	(21.61)	44.59
Increase / (Decrease) in Trade Payables	(624.10)	(115.87)
Increase / (Decrease) in Other Current Financial Liabilities	51.84	(101.49)
Increase / (Decrease) in Other Current Liabilities	(1,240.73)	1,349.23
Increase / (Decrease) in Current Provisions	(111.55)	(121.75)
	1,093.85	2,764.67
Cash generated from operations	482.27	2,739.47
Exchange rate fluctuation	-	36.95
Net Income Tax Payment	50.07	(109.86)
Net cashflow from operating activities (A)	532.34	2,666.56
B. Cashflow for Investing Activities		
Purchase of fixed assets	(109.83)	(481.97)
Proceeds from sale of fixed assets	-	73.04
Interest Received	98.89	11.74
Net cash used in Investing activities (B)	(10.95)	(397.18)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	(₹ in lakh)	
	Current Year ended 31 st March, 2020	Previous Year ended 31 st March, 2019
C. Cashflow from Financing Activities		
Proceed from / Repayment of Non Current Borrowings Net	2,206.69	7,435.31
Repayment of Current Borrowings Net	(182.92)	(9,060.51)
Proceeds from Issue of Equity Shares net (Including Premium)	226.88	-
Interest Paid	(1,950.26)	(716.54)
Net cash used in Financing activities (C)	300.39	(2,341.74)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	821.78	(72.36)
Cash and Cash Equivalents at the beginning of the year		
Cash and Cash Equivalents	19.10	17.40
Earmarked Balances	151.41	225.47
	170.51	242.87
Cash and Cash Equivalents at the end of the year		
Cash and Cash Equivalents	17.93	19.10
Earmarked Balances	974.36	151.41
	992.29	170.51

In terms of our report of even date,
For D. Kothary & Co.

Chartered Accountants
Firm Registration No. 105335W

(Mehul N. Patel)

Partner
Membership No. 132650

Place : Mumbai

Date : 10th June, 2020

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

(Kunal. N. Gandhi)

Managing Director
DIN : 01516156

(Y. B. Shah)

Executive Director & CFO
DIN : 06396150

(Vinod S Shanbhag)

Director
DIN : 00555709

(Piyush Hindia)

Company Secretary

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:

A. SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of Preparation of Ind-AS Consolidated financial statements

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

For all periods up to and including the year ended 31 March 2017, the Group prepared its consolidated financial statements in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These consolidated financial statements for the year ended 31 March 2018 are the first the Group has prepared in accordance with Ind-AS. Refer to note 54 for information on how the Group adopted IndAS, including the details of the first time adoption exemptions availed by the Group.

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

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

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

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

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

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

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

2.2 Principles of Consolidation:**Subsidiaries**

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these, consolidated financial statements from the date that control commences until the date that control ceases. The, financial statements of the Company and its subsidiaries and jointly controlled entity have been consolidated, using uniform accounting policies for like transactions and other events in similar circumstances as mentioned, in those policies.

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

Transactions eliminated on consolidation

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

Non-controlling interests ("NCI")

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

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

An asset is considered as current when it is:

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

A liability is considered as current when:

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

All other liabilities are classified as non-current.

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

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

2.4 PROPERTY, PLANT AND EQUIPMENT:

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

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

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

2.5 DEPRECIATION:

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

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

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

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

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

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

2.6 CAPITAL WORK IN PROGRESS AND CAPITAL ADVANCES:

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

2.7 INTANGIBLE ASSETS AND AMORTISATION THEREOF:

2.7.1 INTERNALLY GENERATED INTANGIBLE ASSETS (RESEARCH AND DEVELOPMENT):

- i) Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the group can demonstrate all the following:
 - a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
 - b) Its intention to complete the asset.
 - c) Its ability to use or sell the asset.

- d) How the asset will generate future economic benefits.
- e) The availability of adequate resources to complete the development and to use or sell the asset.
- f) The ability to measure reliably the expenditure attributable to the intangible asset during development.

2.7.2 OTHER INTANGIBLE ASSETS:

An intangible asset is recognized if

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

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

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

2.7.3. AMORTISATION OF INTANGIBLE ASSETS:

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

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

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

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.

2.8 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- 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 Amortised 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

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- 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 amortised 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.

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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 Schem.

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

2.13 BORROWING COST

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

2.14 LEASES:

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

(i) Company as a lessee

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

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee,

except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

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

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

(ii) Company as a lessor

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

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

2.15 FOREIGN CURRENCY TRANSACTIONS:

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

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

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

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

2.16 TAXES ON INCOME:**Current Income Taxes:**

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

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

Deferred Taxes:

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

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

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

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

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

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

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

Minimum Alternate Tax (MAT):

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

2.17 PROVISIONS AND CONTINGENT LIABILITIES:

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

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

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

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

2.18 EARNINGS PER SHARE:

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

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

2.19 CASH AND CASH EQUIVALENT:

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

2.20 CASH FLOW STATEMENT:

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

2.21 COMMITMENTS:

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

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

2.22 SEGMENT REPORTING:

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

2.23 ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:

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

2.24 ESTIMATES ASSUMPTIONS AND JUDGEMENTS:

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

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

a) Estimation of current tax expense and deferred tax:

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

b) Recognition of deferred tax assets/ liabilities:

The recognition of deferred tax assets/ liabilities is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts.

c) Estimation of Provisions & Contingent Liabilities:

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

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

Property, Plant and Equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate

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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.

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3 Property Plant and Equipment

Carrying amounts of :

Particulars	(₹ in lakh)	
	As at 31 st March, 2020	As at 31 st March, 2019
Land	2,809.21	2,854.79
Buildings	2,803.04	2,994.91
Plant and Machinery	1,120.33	1,320.36
Computers	10.09	9.82
Vehicles	120.96	138.21
Furnitures and Fixtures	196.33	96.38
Office Equipments	4.89	7.20

Particulars	Land	Buildings	Plant and Machinery	Computers	Vehicles	Furnitures and Fixtures	Office Equipments	Right To Use Property	Total
	Gross Block (Cost or Deemed Cost) :								
Balance at 31 st March, 2019	2,993.40	3,426.33	1,998.20	76.43	202.14	177.49	20.74	-	8,894.73
Additions	-	-	16.73	3.63	61.79	121.74	-	350.94	554.83
Disposals	-	-	-	-	(72.26)	-	-	-	(72.26)
Balance at 31 st March, 2020	2,993.40	3,426.33	2,014.93	80.05	191.68	299.23	20.74	350.94	9,377.30
Accumulated Depreciation and Impairment :									
Balance at 31 st March, 2019	138.61	471.42	677.84	66.60	63.93	81.11	13.54	-	1,513.06
Depreciation for the year	45.59	151.87	216.76	3.36	21.06	21.79	2.31	122.89	585.62
Disposals	-	-	-	-	(14.28)	-	-	40.91	26.63
Balance at 31 st March, 2020	184.20	623.29	894.60	69.96	70.72	102.90	15.85	163.80	2,125.31
Carrying amounts of :									
Balance at 31 st March, 2019	2,854.79	2,954.91	1,320.36	9.82	138.21	96.38	7.20	-	7,381.67
Balance at 31 st March, 2020	2,809.21	2,803.04	1,120.33	10.09	120.96	196.33	4.89	187.14	7,251.98

Building includes ₹ 26.92 Lakhs (as at 31st March, 2019 ₹ 26.92 Lakhs) for premises in a co-operative society against which shares of the face value of ₹ 1,250 are held under the bye laws of the society. (For details of security created against the Property Plant and Equipment, refer note no. 20.1)

Details of Tangible Capital Work in Progress

Particulars	(₹ in lakh)	
	As at 31 st March, 2020	As at 31 st March, 2019
Opening balance Capitalised	1,755.18	1,666.25
Additions during the year	(95.01)	(6.07)
Closing Balance	1,660.18	95.01
		1,755.18

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4 Intangible Assets

Carrying amounts of :

(₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Internally Developed Intangible Assets (Research and development expenditure)	368.41	302.83
Computer Software	57.13	71.64
Intangible Assets (Trade Mark / Brand)	2,283.86	2,467.78
Technical and Marketing Knowhow	510.35	540.91
Registration Rights	6.31	8.17

(₹ in lakh)

Particulars	Internally Developed Intangible Assets (Research and development expenditure)	Computer Software	Intangible Assets (Trade Mark / Brand)	Technical and Marketing Knowhow	Registration Rights	Total
Gross Block (Cost or Deemed Cost) :						
Balance at 31 st March, 2019	556.73	153.89	3,688.50	609.50	6,377.38	11,386.01
Additions	122.27	-	-	-	-	122.27
Disposals	-	-	-	-	-	-
Balance at 31st March, 2020	679.01	153.89	3,688.50	609.50	6,377.38	11,508.28
Accumulated Amortisation and Impairment :						
Balance at 31 st March, 2019	253.90	82.25	1,220.72	68.59	6,369.21	7,994.68
Amortisation for the year	56.70	14.51	183.92	30.56	1.86	287.55
Balance at 31st March, 2020	310.60	96.76	1,404.64	99.15	6,371.07	8,282.23
Carrying amounts of :						
Balance at 31 st March, 2019	302.83	71.64	2,467.78	540.91	8.17	3,391.33
Balance at 31st March, 2020	368.41	57.13	2,283.86	510.35	6.31	3,226.05

Details of Intangible Assets under Development

(₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Opening balance	1,351.43	1,121.40
Capitalised	(122.27)	-
Written Off	(285.78)	-
Additions during the year	172.07	230.03
Closing Balance	1,115.44	1,351.43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

5. Non-Current Investments (₹ in lakh)				
Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No of Shares	Amount	No of Shares	Amount
Investments :				
(a) Other Investments (Quoted) - FVTOCI :				
Equity Shares of ₹ 10 each fully paid up in Paramount Printpackaging Ltd	10,000.00	0.08	10,000.00	0.08
Equity Shares of ₹ 10 each fully paid up in Themis Medicare Ltd	334.00	0.80	334.00	0.99
(b) Other Investments (Unquoted)- FVTPL :				
Janata Sahakari Bank Ltd	10.00	0.01	10.00	0.01
		0.89		1.08

Current Investments (₹ in lakh)				
Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Units	Amount	Units	Amount
Investments at FVTPL:				
Investments in Mutual Fund:				
Debt Mutual Fund				
Birla Sun Life Plus Collection A/c	12.66	0.04	12.66	0.04
HDFC Liquid Fund Post IPO Collection	18.15	0.71	18.15	0.66
Total		0.75		0.70

6. Non- current Loans (₹ in lakh)			
Particulars	As at 31st March, 2020		As at 31st March, 2019
	Loans and Advances to Others		43.83
Total		43.83	681.66

7. Other Non- current Financial Assets (₹ in lakh)			
Particulars	As at 31st March, 2020		As at 31st March, 2019
	(Unsecured, considered good)		
Security Deposit		285.40	546.57
Others - Deposit with Drug Price Equalisation Account		1,032.45	1,034.16
Total		1,317.85	1,580.73

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

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(Unsecured, considered good)		
Capital Advances	32.11	31.75
Balance with Government Authorities	102.72	103.65
Total	134.84	135.39

9. Non-Current Tax Assets (₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Advance Tax and Tax deducted at source	444.81	496.05
Total	444.81	496.05

10. Deferred Tax Assets (net) (₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Deferred Tax Assets	2,349.26	1,340.57
Less: Deferred Tax Liabilities	(1,120.44)	(37.73)
Total	1,228.82	1,302.84

Deferred Tax Assets / (Liabilities) in relation to: (₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
On Account of Brought Forward Losses & Unabsorbed Depreciation	1,041.53	1,157.26
On Account of IndAS Adjustments	185.99	137.90
On Account of Section 43B Disallowances	1.30	7.69
Total	1,228.82	1,302.84

11. Inventories (₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Raw Materials (Refer Note No.46)	153.87	110.59
Packing Material (Refer Note No.46)	168.13	305.27
Work-in-Progress	117.06	125.70
Finished Goods	234.22	158.67
Total	673.28	700.23

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 ₹ 266.64 lakh (Previous year ₹ 86.32 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

12. Trade Receivables		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(Unsecured)		
Considered Good	804.26	1,692.62
Considered Doubtful	305.55	180.97
Less: Provision for Expected Credit Loss	(305.55)	(410.77)
Total	804.26	1,462.82

13. Cash and Cash Equivalents		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(A) Cash and Cash Equivalents		
Balances with Banks	10.92	14.16
Cash on hand	7.01	4.94
(B) Bank Balances other than Cash and Cash Equivalents		
Deposits with Banks (Lien against OD) (Refer note no. 23)	974.36	151.41
Total	992.29	170.51

14. Current Loans		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(Unsecured, considered good)		
Loan to Employees	8.32	5.10
Total	8.32	5.10

15. Other Current Financial Assets		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(Unsecured, considered good)		
Deposits	48.16	75.04
Advance as Margin Money	-	33.07
Advance payment of taxes	1.04	1.48
Others	149.67	298.17
Total	198.87	407.77

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

16. Other Current Assets		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Trade Advances	147.21	270.10
Prepaid Expenses	253.26	26.10
Claims Receivable	166.99	166.99
Balance with Government Authorities	220.81	277.68
Others	83.82	19.76
Total	872.10	760.64

17. Current Tax Assets		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Advance Tax Paid	0.50	-
TDS and TCS Receivable	3.88	3.21
Total	4.38	3.21

18. Share Capital					(₹ in lakh)
Particulars	As at 31 st March, 2020		As at 31 st March, 2019		
	Number of shares	Amount (₹)	Number of shares	Amount (₹)	
Authorised					
Equity Shares of ₹ 10/- each	4,20,00,000	4,200.00	3,00,00,000	3,000.00	
Redeemable Preference Shares of ₹ 100/- each	2,00,000	200.00	2,00,000	200.00	
	<u>4,22,00,000</u>	<u>4,400.00</u>	<u>3,02,00,000</u>	<u>3,200.00</u>	
Issued, Subscribed and Fully Paid					
Equity Shares of ₹ 10/- each	2,86,90,000	2,869.00	2,81,40,000	2,814.00	
Total	<u>2,86,90,000</u>	<u>2,869.00</u>	<u>2,81,40,000</u>	<u>2,814.00</u>	

18.1 Rights, preferences and restriction attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

18.2 Terms of warrants issued:

Each warrant is entitled to be converted in equity shares of ₹ 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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.

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

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
Balance as at the beginning of the Year	2,81,40,000	1,08,570	2,81,40,000	1,08,570
Add : Issued during the Year	5,50,000	-	-	-
Balance as at the end of the Year	2,86,90,000	1,08,570	2,81,40,000	1,08,570

18.4 Details of Shares held by the Shareholders holding more than 5% shares in the Company (₹ in lakh)

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	No of Shares held	% of Shares	No of Shares held	% of Shares
Equity Shares of ₹ 10/- each				
Mayank J. Shah	20,01,500	6.98%	20,00,000	7.11%
Shruti Mayank Shah	15,15,846	5.28%	15,15,846	5.39%
Prasham M. Shah	15,00,000	5.23%	15,00,000	5.33%
10% Cumulative Redeemable Preference Shares				
Dr. D. B. Parikh	1,08,570	100.00%	1,08,570	100.00%

18.5 The Company has allotted 5,50,000 convertible warrants at ₹ 55/- per warrant to Promoters / Promoters Group on preferential basis pursuant to the Special Resolution passed by the members of the Company at their Extra Ordinary General Meeting held on August 3, 2017. These warrants were converted (in the ratio of 1 share for 1 warrant) into equity shares of ₹ 10/- each at a premium of ₹ 45/- per share during the year.

19. Other Equity

(₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Retained Earning	(14,989.12)	(9,061.87)
Securities Premium Account	9,743.97	9,496.47
Capital Reserve	49.13	49.13
General Reserve	952.57	952.57
Items of Other Comprehensive Income	(60.02)	(24.33)
Money Received against Share Warrants (Refer Note No. 18.2)	-	75.63
Non Controlling Interest	(76.68)	274.27
Total	(4,380.15)	1,761.86

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Nature of Reserves:

Capital Reserves

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

Securities Premium

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

General Reserves

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

20. Non Current Borrowings

(₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Secured Loan:		
Term Loans from Other (Refer Note No.20.1)	12,501.77	7,790.14
Finance Lease Obligations	43.61	48.78
Unsecured Loan:		
10% Redeemable Preference Shares of ₹ 100/- each (for terms of preference shares Refer Note no. 20.2)	64.25	89.56
Total	12,609.63	7,928.47

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

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

20.2 108570 10% Cumulative Redeemable Preference Shares of ₹100 each fully paid up were issued on 30th September 2005 redeemable at the option of the company but not later than 20 years from the date of allotment.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
21. Other Non-current Financial Liabilities (₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Security Deposit	115.40	163.21
Lease Liabilities	172.79	-
Interest Accrued and Due	1,611.85	31.62
Interest Accrued and Due on Borrowings	31.62	-
Total	1,931.66	194.83

22. Non Current Provisions (₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Employee Benefits:		
Provision for Leave Encashment	75.98	108.86
Provision for Gratuity	243.70	223.47
Provision for Superannuation	0.84	9.80
Provision for Taxation	65.72	65.72
Total	386.24	407.85

23. Current Borrowings (₹ in lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Secured Loans		
From Bank		
Loans repayable on demand (Secured against FD) (Refer note no. 13)	167.98	-
Bill Discounting- UCO Bank	101.71	227.00
Packing Credit Loan From Uco Bank	199.99	99.86
Unsecured		
Loans and Advances from related parties	647.95	848.13
Inter Corporate Deposits	285.87	396.23
Short Term Loans	39.74	54.94
Total	1,443.24	1,626.16

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

21.1 Interest on Loans from related parties is 12 % (simple Interest).

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

21.3 Interest on Short Term Loans is 12%.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

24. Trade Payables		(₹ in lakh)
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	211.90	354.00
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	1,486.86	1,968.87
Total	1,698.77	2,322.87

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

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	211.90	354.00
Interest accrued on the dues to suppliers under MSMED Act, 2006 on the above amount	20.16	24.85
Payment made to suppliers (Other than interest) beyond the appointed date, during the year	NIL	NIL
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	NIL	NIL
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	NIL	NIL
Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	NIL	NIL
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	20.16	24.85

25 Other Current Financial Liabilities

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Current Maturities of Long-Term Debt:		
Debentures - Privately Placed Non Convertible	13.00	13.00
Finance Lease Obligations	21.12	22.27
Fixed Deposits	43.42	44.82
Car Loan	2.71	7.71
Interest Accrued and due	202.51	146.14
Book Overdraft	80.43	121.64
Employee dues	297.05	204.78
Retention Money Payable	-	0.02
Creditors for:		
Expenses	617.17	562.91
Capital Expenditure	62.73	62.61
Trade Acceptances	786.15	954.64
Other Outstanding Liabilities	252.01	129.54
Total	2,378.29	2,270.09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

26. Other Current Liabilities		(₹ in lakh)
Particulars	As at 31st March, 2020	As at 31 st March, 2019
Other Payables:		
Statutory dues	232.31	315.52
Advance from Customers	490.54	1,412.48
Provision of expenses	5.52	5.27
Other Advance / Liability	91.39	309.52
Security Deposit	-	17.69
Total	819.75	2,060.48

27. Current Provisions		(₹ in lakh)
Particulars	As at 31st March, 2020	As at 31 st March, 2019
Employee Benefits:		
Provision for Bonus	32.17	28.32
Provision for Gratuity	161.76	138.16
Provision for Leave Encashment	18.45	27.68
Provision for Superannuation	10.12	7.56
Total	222.51	201.73

28. Revenue From Operations		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31 st March, 2019
Sale of products	5,540.76	6,423.78
Total	5,540.76	6,423.78

28.1 Details of sales of Products		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31 st March, 2019
Bulk Drugs	302.63	810.11
Formulations	5,162.90	5,611.01
Pharma Chemicals	73.22	2.66
Packing Materials Sales	2.01	-
Total	5,540.76	6,423.78

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

29 Other Operating Revenue		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31 st March, 2019
Processing charges received	313.73	366.94
Royalty	37.74	138.55
Export Incentives	84.79	148.75
Commission Received	164.58	-
Total	600.84	654.24

30. Other Income		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31 st March, 2019
Interest Income	98.89	11.74
Other Income:		
Rent Received	-	66.67
Foreign Exchange Fluctuation	31.88	35.98
Profit on sale of Vehicle	1.53	3.30
Sundry Credit Balances / Excess Provision Written Back (net)	-	1.14
Miscellaneous Income	71.35	90.24
ECL Provision Income	105.22	-
Total	308.87	209.07

30.1 Interest Income		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31 st March, 2019
Interest from banks on deposits	21.77	2.20
Other interest	77.12	9.54
Total	98.89	11.74

31. Cost of material consumed		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31 st March, 2019
Opening stock of raw material and packing material	415.86	490.81
Add: Purchases	1,250.71	1,430.53
Less: Closing stock of raw material and packing material	(322.00)	(415.86)
Total	1,344.58	1,505.49

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

32. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade (₹ in lakh)		
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
As at the beginning of the year:		
Finished Goods	158.67	426.94
Work-in-Progress	125.70	201.94
Total Opening Stock (a)	284.37	628.88
As at the end of the year:		
Finished Goods	234.22	158.67
Work-in-Progress	117.06	125.70
Total Closing Stock (b)	351.28	284.37
Net (Increase) / decrease in Finished Goods, work-in-progress and stock in trade(a)-(b)	(66.91)	344.51

33. Employee Benefit Expenses (₹ in lakh)		
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and Wages	1,130.48	1,239.37
Contribution to Provident and Other Funds:		
Provident / ESI Fund	74.48	78.28
Superannuation Fund	2.55	4.32
Provision for Gratuity	89.13	54.43
Provision for Leave Encashment	10.10	3.11
Staff Welfare Expenses	79.11	89.02
Total	1,385.84	1,468.54

34. Finance Costs (₹ in lakh)		
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Expenses on:		
Borrowings From Banks:		
Term Loans	0.63	134.54
Working Capital	0.47	84.39
Debentures	-	0.01
Borrowing Others:		
Bill Discounting charges	97.12	142.59
Bank Charges	21.73	18.94
Interest Expenses	1,403.64	-
Term Loans	379.93	-
Others	103.10	336.08
Total	2,006.63	716.54

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

35. Other Expenses		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Consumption of Stores and Spare Parts	7.35	7.23
Power and Fuel	256.42	227.68
Processing Charges	7.41	25.34
Rent including Lease Rentals	66.19	108.44
Repairs and Maintenance - Buildings	6.82	10.77
Repairs and Maintenance - Machinery	53.50	20.43
Repairs and Maintenance - Others	24.00	16.80
Insurance	24.32	26.84
Rates and Taxes	17.85	12.10
Commission & Discount	26.85	-
Communication Expenses	10.67	13.90
Travelling and Conveyance	111.82	150.99
Advertisement and Sales Promotion	87.49	77.22
Legal and Professional Charges	226.49	173.80
Payments to Auditors (Refer Note No.56)	31.95	34.04
Factory Expenses	44.38	29.94
Fees & Subscription	27.13	17.31
Security Service Expenses	29.64	30.45
Laboratory Chemicals & Expenses	29.67	21.42
Printing and Stationery	14.17	11.53
Miscellaneous Expenses	251.87	366.55
ECL Provision Expenses	-	40.00
Directors Fees	9.30	12.00
Freight & Forwarding Expenses	94.39	143.35
Quality Claims	73.19	-
Selling expense	10.40	296.88
Total	1,543.25	1,875.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

36. Exceptional Items		(₹ in lakh)
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Doubtful Advances	578.17	-
Interest On Margin Money	(174.63)	-
Claim for Non-Moving Goods	-	52.94
Loss on sale of Fixed Assets (Net)	-	21.65
Quality Claims	-	9.19
Sales tax Paid	-	18.57
Other Balance/ Claims Written Off	341.98	11.36
Duty Drawback Refund- Past Years Written Off	3.78	-
Market Focus Income Receivable- Past Years Written Off	9.48	-
CWIP Written Off - Intangible	285.78	-
Interest Paid to IARC	2,277.58	-
Total	3,322.15	113.71

Other Notes:

(37) Estimated amounts of commitments remaining to be executed as on 31st March, 2020 are as follows:

(₹ In Lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Against purchase of Capital goods	53.23	49.90

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

- (i) Demands were raised against The Holding Company aggregating to ₹ 680.62 Lakhs (as at 31st March 2019 ₹ 680.62 Lakhs) plus interest thereon under the Drug Price Control Order 1979 by the Government of India and the same was contested by The Holding Company. In the earlier years, The Holding Company had received recovery notices for recovery of ₹ 2,094.41 Lakhs (as at 31st March 2019 ₹ 2,094.41 Lakhs) to be deposited into "Drug Price Equalisation Account".

The Holding Company has challenged the said notices in the writ petitions before the Hon'ble High Court of Gujarat. The Hon'ble High Court has admitted the writ petitions subject to The Holding Company depositing certain amounts against the said demands. Accordingly, The Holding Company has deposited ₹ 1,032.45 Lakhs (as at 31st March 2019 ₹ 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 ₹ 1,324.08 Lakhs (as at 31st March 2019 ₹ 1,324.08 Lakhs) for the financial year 2002-2003 for non-submission of proof of export. The Commissioner of Sales Tax (Appeals) based on the facts as submitted, has revised the demand to ₹ 85.45 Lakhs (as at 31st March 2019 ₹ 85.45 Lakhs) against which Company has made payment of ₹ 45.81 Lakhs (as at 31st March 2019 ₹ 45.81 Lakhs) under protest. The Holding Company has further contested this demand before the Sales Tax Tribunal. The matter is sub-judice and the payments of ₹ 45.81 Lakhs (as at 31st March 2019 ₹ 45.81 Lakhs) are considered by The Holding Company as good and recoverable.
- (b) There are disputed Sales Tax demands from state of Maharashtra in respect of prior years amounting to ₹ 733.30 Lakhs (as at 31st March 2019 ₹ 358.16 Lakhs) against which The Holding Company has made payment of ₹ 31.21 Lakhs (as at 31st March 2019 ₹ 13.21 Lakhs) under protest. The Holding Company has further contested these demands before the Sales Tax Commissioner / Tribunal. The matters are sub-judice and the payments of ₹ 31.21 Lakhs for the Maharashtra state demand (as at 31st March 2019 ₹ 13.21 Lakhs) are considered by The Holding Company as good and recoverable.
- (iii) The Holding Company has received notices from Central Excise department raising demands as stated below:
- (a) ₹ 108.75 Lakhs (as at 31st March 2019 ₹ 108.75 Lakhs) against which The Holding Company has paid ₹ 25.00 Lakhs (as at 31st March 2019 ₹ 25.00 Lakhs). The matter is sub-judice and the payment of ₹ 25.00 Lakhs (as at 31st March 2019 ₹ 25.00 Lakhs) is considered by The Holding Company as good and recoverable.
- (b) ₹ 71.37 (as at 31st March 2019 ₹ 71.37 Lakhs) relating to disputed Central Excise duty, the matter is sub-judice.
- (iv) The Holding Company has received orders from Income Tax Department raising demands aggregating to ₹ 508.11 Lakhs (as at 31st March 2019 ₹ 2,402.26 Lakhs) relating to prior years against which The Holding Company has paid ₹ 15.44 Lakhs (as at 31st March 2019 ₹ 115.45 Lakhs). The matter is sub-judice and the payment of ₹ 15.44 Lakhs (as at 31st March 2019 ₹ 115.45 Lakhs) is considered by The Holding Company as good and recoverable.
- (v) ₹ 7.95 Lakhs (as at March 2019 ₹ 7.95 Lakhs) being the claims against The Holding Company not acknowledged as debt.
- (vi) Employees (Including Ex-Employees) Claims relating to ex-gratia and other benefits aggregating to ₹ 433.86 Lakhs (as at 31st March 2019 ₹ 431.67 Lakhs) as the matter is sub-judice.
- (vii) Arrears of dividend on 10% Cumulative Redeemable Preference Shares aggregates to ₹ 157.43 Lakhs (as at 31st March 2019 ₹ 146.57 Lakhs).
- (viii) 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 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.
- (ix) Lyka BDR International Ltd. (Subsidiary Company) has filed appeal Income tax appeal against the income tax assessment order for Assessment year 2014-15 for disallowance of claim of ₹ 68 lacs due to reduction in Brand Value. As the matter is sub-judice, no liability is provided as the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- (x) Lyka BDR International Ltd. (Subsidiary Company) has received notice from Mumbai Port Trust for recovery of destruction and other charges of ₹ 21.83 Lakhs towards goods returned by overseas customer and for which legal suit for recovery of charges is filed by them. The same is contested in court for non-payment and no liability is provided as the matter is sub-judice.
- (xi) Lyka Healthcare Ltd. (Subsidiary Company) has received order from Income Tax Department raising a demand of ₹ 100.77 Lakhs in respect of earlier year. The matter is sub-judice.

(39) Fixed Deposits:

During the year, The Holding Company has repaid deposits that were claimed aggregating to ₹ 1.40 Lakhs. As regards the balance of unclaimed deposits ₹ 43.42 Lakhs (as at 31st March 2019 ₹ 44.82 Lakhs) the same shall be paid as and when claimed.

(40) Debentures:

Debenture of ₹ 13.00 Lakhs (as at 31st March 2019 ₹ 13.00 Lakhs) is outstanding due to cheques returned undelivered / Unclaimed.

- (41) ₹ 502.50 lakhs (Previous Year ₹ 502.50 lakhs) placed with Late Shri. Narendra Ishwarlal Gandhi – Ex Managing Director as a Security Deposit for availing residential accommodation and garage on Leave and License basis which is now given to Mr. Kunal N. Gandhi on his appointment as a Managing Director with effect from 09th August, 2019.

- (42) The balances relating to Trade Receivables, Trade Payables and Loans and Advances as on 31st March, 2020 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.

(43) Compromise Settlement:

During the financial year 2018-19, Dena Bank and Kapol Co-op Bank had assigned its total debts of ₹ 7,839.42 lakhs outstanding in the books of account's in favour of IARC, acting in its capacity as Trustee of IARF-III Trust Scheme. Accordingly, all underlying securities and security rights pertaining to the debts also stood assigned in favour of IARC.

The Holding Company has formalised the Term Sheet of Restructuring of Debt & Restructuring Support Finance on 20th November 2019 with IARC acting in its capacity as Trustee of IARF III Trust Scheme. As per the term sheet of Restructuring of Debt, as on cut-off date i.e 31st May 2019 (mentioned in term sheet), the total debt is restructured at ₹ 10,117 lakhs and additional support finance provided by IARC ₹ 2,850 lakhs.

The Holding Company has accounted the difference between restructured debt i.e ₹ 10,117 lakhs and amount outstanding in books of accounts i.e ₹ 7,839.42 lakhs, amounting to ₹ 2,277.58 lakhs being interest and other charges of restructured loan charged by IARC till cut-off date is shown under Exceptional item and interest subsequent to cut off date i.e. from 1st June 2019 till 31st March 2020 shown under Finance Cost.

(44) Scheme of Arrangements:

The Board of Directors 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 meeting on 27th March 2018 for approving the arrangement.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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. The Meeting again got adjourned for want of quorum on June 3, 2019. On December 12, 2019, NCLT again passed an order to convene Secured Creditor Meeting on February 28, 2020 in which the Secured Creditor present in the meeting have approved the merger of Lyka Healthcare Limited with Lyka Labs Limited.

(45) Capital Expenditure:

- (i) Tangible Project Capital Work-in-Progress ₹ 1,660.18 Lakhs as at 31st March, 2020, (as at 31st March 2019 ₹ 1755.18 Lakhs) includes allocable indirect expenditure in respect of modernization/ expansion of Ankleshwar unit aggregating to ₹ NIL Lakhs (as at 31st March 2019 ₹ NIL which is pending allocation to Fixed Assets on completion of the project).
- (ii) The Holding Company has incurred direct expenditure and allocable indirect expenditure up to 31st March, 2020 in respect of "new product development and applied research" aggregating to ₹ 979.87 Lakhs (as at 31st March 2019 ₹ 1215.86 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 ₹ 122.27 Lakhs (as at 31st March 2019 ₹ NIL) as "Self-Generated Intangible Assets" upon successful development of respective products.

During the year, The Holding Company has charged ₹ 285.78 Lakhs (as at 31st March 2019 ₹ NIL) to profit and loss account under "exceptional items" for products are abandoned for further development.

- (46) During the year, inventories include slow/non-moving raw-material and packing materials procured during the earlier years amounting to ₹ 25.02 Lakhs as on 31st March 2020 (as at 31st March 2019 ₹ 152.76 Lakhs), which are valued at net realisable value or cost whichever is lower. The Holding Company is evaluating to utilize / realize the same.
- (47) Ind AS 116 – Leases, has become applicable effective annual reporting period beginning April 1, 2019. The Holding Company has adopted the standard beginning April 1, 2019, using the modified retrospective approach for transition. Accordingly, The Holding Company has not restated the comparative information, instead the cumulative effect of initially applying the standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019.

(48) 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, 2020. The following tables set out the amounts recognized in

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

the financial statements as at 31st March, 2020 for the defined benefit plans.

Estimated amounts of commitments remaining to be executed as on 31st March, 2020 are as follows:
(₹ In Lakhs)

Sr. No.	Particulars	For Year ended 31 st March 2020	For Year ended 31 st March 2019
a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present Value of Obligations as at 1 st April, 2019	361.33	361.38
	Service Cost	17.67	17.05
	Interest Cost	27.40	26.71
	Actuarial Loss/(Gain) on Obligations	32.92	(18.00)
	Benefits Paid	(32.90)	(25.55)
	Closing balance of present value of obligations	406.42	361.59
	Less : Fair Value of Plan Assets		
	As at 1 st April, 2019	1.34	10.16
	Expected Return on Plan assets	0.10	(2.06)
	Employers' Contribution	-	0.98
	Actuarial (Loss) on Plan Assets	-	0.34
	Benefits Paid	-	(8.09)
	Closing balance of plan Assets	1.44	1.33
	Net Liability	404.98	360.26
b)	Expense during the year		
	Service Cost	17.67	17.05
	Interest Cost	27.30	26.50
	Expected Return on Plan Assets	-	-
	Actuarial Loss/(Gain) on Obligations	44.15	(15.71)
	Total	89.13	27.84
c)	Principal Actuarial Assumptions		
	Rate of Discounting	6.55%	7.60%
	Rate of Return on Plan Assets	7.50%	7.50%
	Salary Growth Rate	3.00%	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 31st March, 2020. The following tables set out the amounts recognized in the financial statements as at 31st March, 2020 for the defined benefit plan.

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		(₹ In Lakhs)	
Sr. No	Particulars	For Year ended 31 st March 2020	For Year ended 31 st March 2019
a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Opening balalce of Present value of obligations	147.43	193.01
	Service Cost	14.41	20.54
	Interest Cost	11.22	13.95
	Actuarial (Gain) on Obligations	(24.41)	(70.02)
	Benefits Paid	(15.81)	(10.04)
	Closing balance of present value of obligations	132.83	147.44
	Less : Fair Value of Plan Assets		
	Opening balance of plan Assets	32.29	30.56
	Expected Return on Plan Assets	2.44	2.32
	Employers' Contribution	-	7.72
	Benefits Paid	-	(8.31)
	Closing balance of plan Assets	34.73	32.29
	Net Liability	98.10	115.15
b)	Expense during the year		
	Service Cost	14.41	20.53
	Interest Cost	8.77	11.63
	Expected Return on Plan Assets	(16.05)	-
	Actuarial (Gain) on Obligations	(8.36)	(70.02)
	Total	(1.23)	(37.86)
c)	Principal Actuarial Assumptions		
	Rate of Discounting	6.55%	7.55%
	Rate of Return on Plan Assets	7.50%	7.50%
	Salary Growth Rate	3.00%	3.00%

Sensitivity Analysis:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ In Lakhs)

Particulars	Particular			
	31-Mar-20		31-Mar-19	
Defined Benefit Obligation (Base)	406.42		361.33	
Particulars	31-Mar-20		31-Mar-19	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	423.89	390.79	367.50	339.93
(% change compared to base due to sensitivity)	4.30	(3.85)	1.71	(5.92)
Salary Growth Rate (- / + 1%)	390.90	423.53	341.88	365.34
(% change compared to base due to sensitivity)	(3.82)	4.21	(5.38)	1.11
Attrition Rate (- / + 50% of attrition rates)	398.65	412.45	305.13	318.01
(% change compared to base due to sensitivity)	(1.91)	1.48	(15.55)	(11.99)
Mortality Rate (- / + 10% of mortality rates)	406.29	406.55	312.29	312.57
(% change compared to base due to sensitivity)	(0.03)	0.03	(13.57)	(13.49)

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

(49) Assets taken on operating lease:

(₹ In Lakhs)

Particulars	For Year ended 31 st March 2020	For Year ended 31 st March 2019
Not later than one year	82.32	80.31
Later than one year but not later than five years	154.59	236.91
Total	236.91	317.22

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

Based on guiding principles given in the Indian Accounting standard on 'Operating Segments' (IndAS-108), the primary segment of the Company is business segment, which comprises of pharmaceutical products/ pharma related services. As the Company operates in a single primary business segment, no segmental information thereof is given.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

Particulars	For Year ended 31 st March 2020	For Year ended 31 st March 2019
Revenue by Geography		
India	3,807.03	3,963.38
Rest of world	1,733.73	2,460.40
Total	5,540.76	6,423.78

No single customer represents 10% or more of the Group's total revenue during the year ended 31st March, 2020 and 31st March, 2019.

(51) 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) upto 10 th July,2019 Mr. Kunal N. Gandhi Jt Managing Director (w.e.f. 12 th February 2019 upto 8 th August' 2019)Managing Director(w.e.f. 9 th August'2019) Mr. Yogesh Shah (Chief Financial Officer upto 11 th February' 2020) Executive Director (w.e.f 12 th February'2020) Mr.RajTrivedi (upto 30 th October'2019) Mr. Abhishek Buddhadev (w.e.f 18 th November'2019 upto 19 th December'2019) Mr.Piyush Hindia (w.e.f 12 th February 2020)	Key Management Personnel (KMP)
2	Mrs. Nehal N. Gandhi (Chairman & Non – Executive Director) Mrs. Alisha K. Gandhi	Relative of KMP
3	Enai Trading & Investment Private Limited Lyka Animal Healthcare Limited.	Entities owned by / over which KMP is able to exercise significant influence

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
(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	119.83 (113.58)	23.50 (16.63)	- -	143.33 (130.21)
2	Directors Sitting Fees	- -	0.90 (0.90)	- -	0.90 (0.90)
3	Professional Fees	- -	11.00 (NIL)	- -	11.00 (NIL)
4	Interest Paid	53.46 (80.32)	40.80 (66.20)	8.51 (5.81)	102.78 (152.33)
5	Loan Received	37.45 (143.35)	13.02 (45.50)	242.25 (2.00)	292.72 (190.85)
6	Loan Repaid	51.35 (213.68)	237.00 (16.76)	234.18 (2.75)	522.53 (233.19)
7	Purchase	- -	- -	96.72 (NIL)	96.72 (NIL)
8	Sale of Investments	NIL (13.14)	- -	- -	NIL (13.14)

() indicate previous year figures

(c) Balance for the year ended

(₹ In Lakhs)

Sr. No.	Description	KMP	Relative of KMP	Entities Owned by KMP	Total
1	Security Deposit given	NIL (502.50)	502.50 (NIL)	- -	502.50 (502.50)
2	Unsecured Loan from	391.92 (402.87)	199.97 (423.95)	63.06 (52.19)	654.94 (879.01)
3	Sundry Creditors	- -	- -	97.36 (NIL)	97.36 (NIL)

() indicate previous year figures

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

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(52) Earnings per Share: (EPS)

Particulars		As at 31 st March, 2020	As at 31 st March, 2019
Adjusted (Loss)/Profit for the year (₹ in lakh) (A)		(6,065.00)	(565.88)
Weighted Average number of Equity Shares (B)		2,84,94,110	2,81,40,000
Face Value per Equity Share (₹) (C)		10.00	10.00
Basic and Diluted Earnings per Share (₹) (D = A/B)		(21.29)	(2.01)

(53) 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 2020 and 31st March 2019.

(₹ In Lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Accounting profit before tax (after exceptional items)	(6,187.69)	(1,542.47)
At India's statutory income tax rate of 26% (P.Y. 31.2%)	(1,608.80)	265.28
Deferred Tax impact on:		
On Account of Brought Forward Losses & Unabsorbed Depreciation	115.73	881.73
On Account of IndAS Adjustments	(48.09)	25.54
On Account of Section 43B Disallowances	6.38	-
Less: Deferred Tax Assets not recognised in current year	(1,608.80)	265.28
Income tax expenses reported in the Statement of Profit and loss	73.61	907.27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
(54) 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, 2020.

(₹ In Lakhs)

Particulars	Measured at FVTOCI	Measured at FVTPL	Cost/ Amortised Cost	Total Carrying Amount
Financial Assets				
Investment	0.88	0.76	-	1.64
Other Financial Assets	-	-	1,516.72	1,516.72
Trade Receivables	-	-	804.26	804.26
Loans	-	-	52.15	52.15
Total	0.88	0.76	2,373.13	2,374.77
Financial Liabilities				
Other Financial Liabilities	-	-	4,309.94	4,309.94
Borrowings	-	-	14,052.87	14,052.87
Trade Payable	-	-	1,698.77	1,698.77
Total	-	-	20,061.58	20,061.58

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
Financial Assets				
Investment	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
Total	1.07	0.71	3,479.48	3,481.26
Financial Liabilities				
Other Financial Liabilities	-	-	2,441.54	2,441.54
Borrowings	-	-	9,642.42	9,642.42
Trade Payable	-	-	2,305.07	2,305.07
Total	-	-	14,389.03	14,389.03

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(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 31 st March 2020			Total
	Fair Value Measurement Using			
	Quoted Price in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
Assets measured at fair value				
FVTOCI financial investments				
Quoted equity instruments	0.88	-	-	0.88
FVTPL financial investments				
Unquoted equity instruments	-	0.01	-	0.01
Mutual Funds	-	0.75	-	0.75
Total	0.88	0.76	-	1.64

(₹ In Lakhs)

Particulars	As at 31 st March 2020			Total
	Fair Value Measurement Using			
	Quoted Price in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
Assets measured at fair value				
FVTOCI financial investments				
Quoted equity instruments	1.07	-	-	1.07
FVTPL financial investments				
Unquoted equity instruments	-	0.01	-	0.01
Mutual Funds	-	0.70	-	0.70
Total	1.07	0.71	-	1.78

(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 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:

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

Particulars	Currency	As on 31 st March, 2020	As on 31 st March, 2019
Trade Receivable	USD	5,04,968.00	10,24,141.00
Trade Receivable - Advance	USD	(4,36,763.50)	(4,43,930.00)
Trade Payable	USD	(1,28,263.00)	(5,22,684.00)
Net	USD	(60,058.50)	57,527.00
Forward Contracts	USD	-	-
Net Exposure	USD	(60,058.50)	57,527.00

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

Foreign currency sensitivity analysis

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

Particulars	As on 31 st March, 2020	As on 31 st March, 2019
Impact on profit before tax		
INR / USD - Increase by 5%	1,38,11,435.78	1,55,97,618.00
INR / USD - Decrease by 5%	(1,38,11,435.78)	(1,55,97,618.00)

Interest rate risk management

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

Interest rate sensitivity

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

Particulars		Currency	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Interest expense	Increase	100 basis point	33,238	-
	Decrease	100 basis point	(33,238)	-

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

(e) Credit risk

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

Trade Receivable

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

Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk

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

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

Particulars	Year	< 1 year	More than 1 year	Total
Financial Liabilities				
Trade Payable	31 st March 2020	1,698.77	-	1,698.77
	31 st March 2019	2,322.87	-	2,322.87
Borrowings	31 st March 2020	1,523.49	12,609.63	14,133.12
	31 st March 2019	1,713.95	7,928.47	9,642.42
Other Financial Liabilities	31 st March 2020	2,298.04	1,931.66	4,229.70
	31 st March 2019	2,182.29	194.83	2,377.12

(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.

(55) 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.

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The following table summarises the capital of the Company.

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Short Term Debt (including current maturities of long term loan)	1,523.49	1,713.95
Long Term Debt	12,609.63	7,928.47
Trade Payables	1,698.77	2,305.07
Less: Cash and cash equivalents	992.29	157.16
Net Debt	14,839.59	11,790.33
Equity	2,869.00	2,814.00
Capital and net debt	17,708.59	14,604.33
Net Debt to Capital Ratio (Debt / Equity plus debt)	0.84	0.81

(56) Payments to Auditors:

(₹ In Lakhs)

Sr. No.	Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
(i)	Audit Fees (including ₹ 2.10 Lakhs to Branch Auditors - Previous Year ₹ 2.10 Lakhs)	26.10	18.70
(ii)	As Advisor for Holding Company Law Matters (including ₹ Nil to Branch Auditors - Previous Year ₹ Nil)	-	2.10
(iii)	Tax Audit Fees (including ₹ 0.50 Lakhs to Branch Auditors - Previous Year ₹ 0.50 Lakhs)	5.25	4.00
(iv)	For other services (certification work etc.) (including ₹ Nil to Branch Auditors - Previous Year ₹ Nil)	0.60	0.15
(v)	Reimbursement of Expenses (including ₹ Nil to Branch Auditors - Previous Year ₹ Nil)	-	0.29
	Total	31.95	25.24

(57) The Company has regrouped / reclassified the previous years figures in order to confirm to the figures of the current year.

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

(Mehul N. Patel)
 Partner
 Membership No. 132650

Place : Mumbai
 Date : 10th June, 2020

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

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

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

(Vinod S Shanbhag)
 Director
 DIN : 00555709

(Piyush Hindia)
 Company Secretary



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
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: 022-66112200, Fax: 66112249
 Email: companysecretary@lykalabs.com Website: www.lykalabs.com

‘Go Green’

Dear Shareholder(s),

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, 2020 Shareholders holding shares in dematerialised form who have not updated their email addresses, are requested to contact their Depository Participant for updation of their email id. Shareholders holding shares in physical mode and have not yet updated their email addresses with the Company are requested to update their email addresses by writing to the RTA agent at sharexindia@vsnl.com along with the copy of the signed request letter mentioning their name and address, self-attested copy of the PAN card and self-attested copy of a valid proof of address (eg. Aadhaar Card, Passport, Voting Card) supporting the address. Please note that these documents will also be made available on the Company’s website www.lykalabs.com for download by the shareholders. 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**
Piyush G. Hindia
Company Secretary

E-COMMUNICATION REGISTRATION FORM

.....>ξ.....>ξ.....
 (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.