

36th

ANNUAL REPORT
2014-2015



Healthcare through Innovation

CIN: L2423GJ1976PLC008738

Regd Office: 4801/B & 4802/A, GIDC Industrial Estate,
Ankleshwar- 393002, Phone: 02646-221422/220549, Fax: 02646-250692.
Admin Office: 101, Shiv Shakti Industrial Estate, Sir M.V Road,
Andheri (East), Mumbai- 400 059. Phone: 022- 66112200, Fax: 66112249.
Email: companysecretary@lykalabs.com Website: www.lykalabs.com

BOARD OF DIRECTORS

SHRI. N. I. GANDHI – Chairman & Managing Director
SMT. N. N. GANDHI – Non Executive Director
DR. D. B. PARIKH – Independent Director
SHRI. V. S. SHANBHAG – Independent Director
SHRI. Y. N. SHAH – Independent Director

AUDIT COMMITTEE

SHRI.V. S. SHANBHAG
SHRI. N. I. GANDHI
SHRI. Y. N. SHAH

CHIEF FINANCIAL OFFICER

SHRI. Y. B. SHAH

COMPANY SECRETARY

SHRI. P. G. HINDIA

AUDITORS

M/s M. A. PARIKH & Co.
Chartered Accountants

BRANCH AUDITORS

M/sThacker Butala Desai
Chartered Accountants

COST AUDITORS

M/s Kirit Mehta & Associates.
Cost Accountants

BANKERS

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

REGISTERED OFFICE

4801/B & 4802/A,
G.I.D.C. Industrial Estate,
Ankleshwar - 393002

ADMINISTRATIVE OFFICE

101, Shiv Shakti Industrial Estate
Andheri-Kurla Road, Andheri (East)
Mumbai - 400059.

PLANT

Formulation & Bulk Drugs Division
4801/B & 4802/A,
G.I.D.C. Industrial Estate,
Ankleshwar - 393002

R & D CENTRE

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

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NOTICE

NOTICE is hereby given that Thirty Sixth Annual General Meeting of the Members of Lyka Labs Limited will be held at 4801/B & 4802/A, GIDC Industrial Estate, Ankleshwar-393002 on Wednesday, the 30th December, 2015 at 12.45 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at June 30, 2015 and the Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. 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.
3. To appoint statutory auditors and to fix their remuneration.

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 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment(s) thereof for the time being in force), the retiring Auditors, M/s. M. A. Parikh & Co., Chartered Accountants having Firm Registration No. 107556W be and are hereby appointed as Statutory Auditors of the Company to hold office for a period of one year from the conclusion of the 36th Annual General Meeting till the conclusion of the 37th Annual General Meeting at such a remuneration as may be decided by the Managing Director in consultation with the Auditors for conducting the Statutory Audit for the financial year ending on 31st March, 2016 plus out of pocket expenses as may be incurred by them in connection with the Audit.”

4. To appoint Branch Auditors and to fix their remuneration.

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 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment(s) thereof for the time being in force), the retiring Auditors, M/s Thacker Butala Desai Chartered Accountants having Firm Registration No.110864W be and are hereby appointed as Branch Auditors of the Company to hold office for a period of one year from the conclusion of 36th Annual General Meeting till the conclusion of the 37th Annual General Meeting at such a remuneration as may be decided by the Managing Director in consultation with the Auditors for conducting the Branch Audit for the financial year ending on 31st March, 2016 plus out of pocket expenses as may be incurred by them in connection with the Audit.”

SPECIAL BUSINESS

5. 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), the payment of remuneration of ₹1,25,000/- to M/s. Kirit Mehta & Associates, Cost Auditor having Firm Registration No.000048 for conducting the Cost Audit of Pharmaceutical Products of the Company for the previous financial year ended on 30th June, 2015 be and are hereby ratified.

RESOLVED FURTHER THAT consent of the Company be and is hereby accorded for payment of remuneration of ₹1,25,000/- to M/s. Kirit Mehta & Associates, Cost Accountants for conducting Cost Audit of Pharmaceutical Products of the Company for financial year ending on 31st March, 2016.”

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6. 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 149, 152 and other applicable provisions, if any, of the Act, and the Rules framed there under read with Schedule IV to the Act, as amended from time to time and Clause 49 of the Listing Agreement, Shri. Yatin N. Shah (DIN: 07155634), who was appointed as an Additional Director of the Company effective from April 24, 2015 by the Board of Directors pursuant to provisions of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and who holds office upto the date of the 36th Annual General Meeting and in respect of whom the Company has received a Notice under Section 160 of the Companies Act, 2013, together with a requisite deposit proposing his candidature for the office of a Director 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) consecutive years effective from conclusion of 36th Annual General Meeting of the Company and that he is not liable to retire by rotation.”

7. 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 149, 152 and other applicable provisions, if any, of the Act, and the Rules framed there under read with Schedule IV to the Act, as amended from time to time and Clause 49 of the Listing Agreement, Shri Atit N. Shukla (DIN: 07238247), who was appointed as an Additional Director of the Company effective from August 11, 2015 by the Board of Directors pursuant to provisions of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and who holds office upto the date of the 36th Annual General Meeting and in respect of whom the Company has received a Notice under Section 160 of the Companies Act, 2013, together with a requisite deposit proposing his candidature for the office of a Director 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) consecutive years effective from conclusion of 36th Annual General Meeting of the Company and that he is not liable to retire by rotation.”

8. 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 149, 152 and other applicable provisions, if any, of the Act, and the Rules framed there under read with Schedule IV to the Act, as amended from time to time and Clause 49 of the Listing Agreement, Shri. Ajit S. Bagadia (DIN: 07229868), who was appointed as an Additional Director of the Company effective from August 11, 2015 by the Board of Directors pursuant to provisions of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and who holds office upto the date of the 36th Annual General Meeting and in respect of whom the Company has received a Notice under Section 160 of the Companies Act, 2013, together with a requisite deposit proposing his candidature for the office of a Director 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) consecutive years effective from conclusion of 36th Annual General Meeting of the Company and that he is not liable to retire by rotation.”

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

“**RESOLVED THAT** consent of the Company be and is hereby accorded for payment of basic salary of ₹ 250,000/- p.m. plus allowances and perquisites to Mr. Kunal N. Gandhi, a relative of Director(s) who will hold office of profit in the Company by receiving the proposed remuneration on his appointment as Chief Executive Officer (CEO) of the Company w.e.f. 1st January, 2016 exceeding the limit as prescribed under provisions of Section 188(1)(f) of the Companies Act, 2013 and any other applicable provisions of the Act (including any modification(s) thereof for the time being in force) read with Rule 15(3)(b) of the Companies (Meetings of Board and its powers) Rules, 2014.

RESOLVED FURTHER THAT the remuneration of Mr. Kunal N. Gandhi be increased by 10% or such amount every year as may be considered by the Nomination & Remuneration Committee and approved by the Board of Directors.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013, and Clause 49 (VII) of the Listing Agreement, (including any modification(s) thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors to enter into contracts/ arrangements / transactions with Related Parties for :

- (a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent and leasing of propertie(s) on such terms and conditions as may be mutually agreed upon between the Company and Lyka BDR International Ltd a subsidiary and Related Party, for an amount not exceeding ₹ 50 crores (Rupees Flfty Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and Clause 49 (VII) of the Listing Agreement with the Stock Exchange.
- (b) Sale, purchase or supply of any goods or materials, directly or through appointment of agent and leasing of propertie(s) on such terms and conditions as may be mutually agreed upon between the Company and Lyka Exports Limited a subsidiary and Related Party, for an amount not exceeding ₹ 7 crores (Rupees Seven Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and Clause 49 (VII) of the Listing Agreement with the Stock Exchange.
- (c) Sale, purchase or supply of any goods or materials, directly or through appointment of agent and leasing of propertie(s) on such terms and conditions as may be mutually agreed upon between the Company and Lyka Healthcare Ltd a wholly owned subsidiary and Related Party, for an amount not exceeding ₹ 6 crores (Six Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013 and Clause 49 (VII) of the Listing Agreement with the Stock Exchange.

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

By Order of the Board

Place: Mumbai
Date: 28th November, 2015

P.G Hindia
Company Secretary

Notes:

- 1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of business under Item Nos. 5, 6,7,8, 9 and 10 set out in the Notice is annexed hereto:
- 2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A Person cannot act as proxy for members not exceeding 50 (Fifty) and holding in aggregate not more than ten percent of the total share capital of the Company.
- 3. The Proxy form, in order to be effective, must be duly completed, signed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting. Proxy form is sent herewith.

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4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 24th December, 2015 to 30th December, 2015 (both days inclusive) for the purpose of Annual General Meeting.
6. As required by the Listing Agreement, brief information of Smt. N.N. Gandhi, retiring Director in connection with her re-appointment as Director at the ensuing Annual General Meeting is given herein below:
Smt. N.N Gandhi Age 63 years, B.A., has been Director of the Company since 1995, she has more than 30 years of experience in Business Management. She is also a Director in few other Companies. She holds 1369803 Shares in the Company.
7. SEBI has mandated submission of Permanent Account Number (PAN) by every participant in securities market. In view thereof, members who have not furnished PAN are requested to furnish the same as under:
 - i) Members holding shares in electronic form to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts.
 - ii) Members holding shares in physical form to submit their PAN details to Registrar and Share Transfer Agent.
8. The Annual Report along with the attendance slip and proxy form is being sent by electronic mode to all members whose email id is registered with the Company/ Depository Participant(s). Members who have not registered their email address, physical copy of the Annual Report will be sent by the permitted mode.
9. Members may also note that the Annual Report will also be made available on the Company's Website: - www.lykalabs.com.
10. In Compliance with the provisions of section 108 of the Act, read with Rule 20 of Companies (Management and Administrative) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to offer the facility of voting through electronic means. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their vote at the meeting through ballot paper.
11. To support the Green Initiative of the Government, Electronic copy of the Annual Report for the year ended 30th June, 2015 will be sent to members whose mail IDs are available with the Depository Participant(s). Members who have not registered their email address, physical copy of the Annual Report 2015 will be sent in the permitted mode.
 - The voting through electronic means will commence on 27th December, 2015 at 10 am and will end on 29th December, 2015 at 5 pm. The cutoff date for entitlement of voting through electronic means is 23rd December, 2015
12. Any member, who has voted by remote e-voting, cannot vote at the meeting.
13. Members are requested to bring their copy of the Annual Report at the Annual General Meeting, as no extra copy of Annual Report would be made available at the Annual General Meeting. Members/proxies should also bring the attached Attendance Slip, duly filled and hand it over at the entrance to the venue.
14. Members are requested to intimate immediately, any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the Company's Registrar & Share Transfer Agent, M/s. Sharex (India) Private Limited, if the shares are held by them in physical form.

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

Item No. 5.

Pursuant to Section 148 of the Companies Act, 2013, and Rule 14 of Companies (Audit and Auditors) Rules, 2014, M/s. Kirit Mehta & Associates, Cost Accountants have been appointed as a Cost Auditor for conducting Cost Audit of Pharmaceutical Products of the Company for the financial year 2014-15. The remuneration of ₹ 1,25,000/- to Cost Auditor for conducting Cost Audit of Pharmaceutical Products of the Company for financial year 2014-15 requires ratification by the Shareholders.

M/s. Kirit Mehta & Associates are also appointed as Cost Auditor for the financial year 2015-16. Their appointment as Cost Auditor and payment of remuneration of ₹ 1,25,000/- was considered by the Board on the recommendation by the Audit Committee. However, for payment of remuneration to Cost Auditor for the financial year 2015-16 require shareholders approval.

The Resolution mentioned at Item No. 5 of the Notice is recommended for your approval.

None of the Directors and Key Managerial Personnel is concerned or interested in the said resolution.

Item Nos 6, 7, 8.

The Board of Directors based on recommendations of Nomination and Remuneration Committee has appointed Shri. Yatin N. Shah (DIN: 07155634), Shri. Atit N. Shukla (DIN: 07238247) and Shri. Ajit S. Bagadia (DIN: 07229868) who are meeting the criteria as Independent Directors appointed them as Additional Directors to the Board. They hold the office upto the commencement of the 36th Annual General Meeting. Their appointment as Independent Directors is proposed for a period of 3 (three) years at the ensuing Annual General Meeting. They are not liable to retire by rotation under Section 149 of the Companies Act, 2013. Their appointment is subject to approval by the members.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of the above mentioned persons for the office of Directors of the Company.

The above mentioned Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and has given their consent to act as Directors of the Company. The Company has also received a declaration from the above mentioned Directors that they meet the criteria of Independence as prescribed under sub section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The brief particulars of each of the above Directors are given herein below:

Brief profile

Shri. Yatin N. Shah, age 55 years, is a professional, a company secretary in practice since June 1994, and works as advisor to various corporate and non-corporate entities. His areas of expertise are Company Law and related matters. He has worked with several corporate houses on range of assignments including fund raising from capital markets. He does not hold any shares in the Company.

Shri. Atit N. Shukla, Age 30 years, LLB from Government Law College. He is a practicing Counsel (Litigation Matters) in High Court. His main areas of Practice are Corporate, Commercial, Property, Intellectual Property, Banking, Constitutional, Admirally, Arbitration and Matters pertaining to personal laws. He does not hold any shares in the Company.

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Shri. Ajit S. Bagadia, Age 59 years, B.Com, FCA. He is a practicing Chartered Accountant since June, 1984. He is having expertise on various Tax related matters. He is also a Member of Sales Tax Practitioner Association of Bombay and Bombay Chartered Accountant Society. He does not hold any shares in the Company.

The professional expertise of above mentioned Independent Directors would be beneficial to the Company.

The Board recommends the resolutions for their appointments as set forth at Item Nos. 6,7 and 8 of the Notice.

None of the Directors and Key Managerial Personnel of the Company, except Shri. Yatin N. Shah, Shri. Atit N. Shukla and Shri. Ajit S. Bagadia are concerned or interested, financially or otherwise in the resolutions set out at Item Nos. 6, 7 and 8 of the Notice.

Item No 9.

Mr. Kunal N. Gandhi has done Master of Science from Lancaster University, Lancaster, U.K. He was appointed as Vice President – Business Development of the Company w.e.f 1st April 2010. During his tenure, he expanded business of the Company by introducing new clients and new products. He is instrumental in expanding business overseas entities by entering into “Technical Know how” Agreement with companies based in Indonesia and Turkey. He has given a new dimension to the Company by diversifying the business into Cosmetology and Dermatology products which have better returns. Considering the valuable contribution made by him towards the business of the Company, the Board of Directors at their meeting held on 28th November, 2015 appointed him as Chief Executive Officer (CEO) of the Company w.e.f 1st January, 2016.

The remuneration payable to Mr. Kunal N. Gandhi as considered by Nomination and Remuneration Committee and approved by the Board of Directors is as under:

Basic Salary	:	₹ 250000/- p.m.
Hard and soft furnishing Allowance	:	₹ 20000/- p.m.
Medical Allowance	:	₹ 1500/- p.m.
LTA	:	One month basic salary.
Annual Club Membership Fees	:	Maximum two Clubs.

In addition to above, he will be entitled to Provident Fund, Gratuity, Super Annuation fund as per rule of the Company and he will be provided a Car with a driver. His remuneration will be subject to increase by 10% or such amount every year as may be considered by Nomination & Remuneration Committee and approved by the Board of Directors.

Mr. Kunal N. Gandhi will be considered as a Key Managerial Personnel (KMP) of the Company and will look after overall business operations of the Company and assist Managing Director in day to day affairs of the Company. His appointment as a CEO will be beneficial to the Company.

Mr. Kunal N. Gandhi is related to Shri. N.I. Gandhi the Managing Director and Smt. N. N. Gandhi Director of the Company. The payment of proposed remuneration to Mr. Kunal N. Gandhi on his appointment as a CEO would amount to holding of office of profit by him in the Company. Since, the proposed remuneration payable to Mr. Kunal N. Gandhi as CEO exceeds the limit of ₹ 2,50,000/- p.m. as prescribed under Rule 15 (3)(b) of the Companies (Meeting of Board and its Powers), Rules, 2014, Approval of shareholders by passing a Special Resolution is required for payment of proposed remuneration to him.

The Board therefore recommends passing of Special Resolution as mentioned at Item No. 9 of the Notice.

None of the Directors and KMP except Shri. N. I. Gandhi and Smt. N. N. Gandhi are concerned or interested in passing the above resolution.

Item No 10.

The Company is engaged in manufacturing and dealing in Pharmaceutical Products. During the course of business, the Company is required to sell, purchase or supply of any goods or materials directly or through agent and leasing of the propertie(s) to its subsidiaries namely, Lyka BDR International Limited, Lyka Exports Limited and Lyka Healthcare Limited which are considered as Related Parties within the meaning of Section 2(76) of the Companies Act, 2013 and Clause 49 (VII) of the Listing Agreement.

Considering the future business projections, the transactions of sell, purchase or supply of any goods or materials directly or through agents and leasing of the propertie(s) to Lyka BDR International Limited (Related Party), the value of which is estimated at ₹ 50 Crores in a financial year which might exceed the limit prescribed under Section 188 of the Companies Act, 2013 and/or limit prescribed under Clause 49 (VII) of the Listing Agreement with the Stock Exchange. Further, the transactions with Lyka Exports Limited and Lyka Healthcare Limited, which are subsidiaries and related parties, requires to be approved by the Shareholders.

The Shareholders approval is therefore recommended at Item No. 10 of the Notice by passing special resolution approving the related parties transactions as mentioned in the resolution.

Shri N. I. Gandhi & Shri V. S. Shanbhag, Directors of the Company are also Directors in Lyka BDR International Ltd, Lyka Exports Limited and Lyka Healthcare Limited and Smt. N.N. Gandhi, Director of the Company is a relative of Shri N.I. Gandhi are deemed to be considered as Interested Directors in the transactions with the subsidiaries.

None of the other Directors and Key Managerial Persons and their relatives are concerned or interested financially or otherwise in the above resolution.

By Order of the Board

Place: Mumbai
Date: 28th November, 2015

P.G Hindia
Company Secretary

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INSTRUCTIONS FOR E-VOTING

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 36th Annual General Meeting to be held on 30th December, 2015, at its Registered Office. The Company has engaged the services of Central Depository Services Limited (CDSL) to provide the E-Voting facility.

The procedure and instructions for the voting through electronic means is as follows:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 27th December, 2015 at 10 am and ends on 29th December, 2015 at 5 p.m. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd December, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

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

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- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- i) M/s. V. Sundaram & Co, Practicing Company Secretaries has been appointed as Scrutinizer to scrutinize voting process in a fair and transparent manner.
 - ii) The Scrutinizer shall immediately after the conclusion of voting at the General meeting first count the vote cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company and make not later than three days of conclusion of the meeting a consolidated Scrutinizer's Report of the total votes cast in favour or

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against, if any, to the Chairman or a person authorized by him in voting who shall countersign the same.

The Scrutinizer shall submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the meeting shall be announced by the Chairman. The results declared along with the Scrutinizer's report, will be posted on the Company's Website on 2nd January, 2016.

The investors may contact the Company Secretary for redressal of their grievances/queries. For this purpose, they may either write to him at the Administrative office address at 101, Shivshakti Industrial Estate, Andheri Kurla Road, Andheri (East), Mumbai-400059 or e-mail their grievances / queries to the Company Secretary at the following e-mail address: companysecretary@lykalabs.com

By Order of the Board,

Place: Mumbai
Date: 28th November, 2015

P. G. Hindia
Company Secretary

REPORT OF THE BOARD OF DIRECTORS

To,
The Members,
Lyka Labs Limited

Your Directors are pleased to present their Thirty Sixth Annual Report and the Audited Accounts of the Company for the Financial Year ended 30th June, 2015.

1. FINANCIAL RESULTS

Particulars	₹ in Lacs	
	For the Year Ended 30.06.2015 (12 Months)	For the Period Ended 30.06.2014 (15 Months)
Total revenue	9219.16	9139.71
Profit before Interest, provision for depreciation, taxes and write offs	2003.79	73.70
Less: Interest	(1834.72)	(2194.98)
Operational Profit/(Loss) before Depreciation	169.06	(2121.28)
Less: Depreciation	(383.26)	(543.04)
Exceptional Items (Net)	363.47	(1154.50)
Less: Prior period Expenses	(12.60)	(365.51)
Profit on Slump Sale	—	3457.16
Profit/(Loss) for the year	136.67	(727.18)

2. DIVIDEND

No Dividend was declared for the financial year ended 30th June, 2015 as the Company wants to plough back the profit for its working capital requirements.

3. OPERATIONS

During the year under review, the total revenue earned by the Company was ₹ 9219.16 lacs as against total revenue of previous year of ₹ 7311.77 lacs on an annualised basis, an increase by 26%. The Company has reported Net Profit of ₹ 136.67 lacs as against net loss of ₹ 727.18 lacs of previous financial year.

The lypholized products manufactured at Ankleshwar factory are well in demand and subsequent to sale of Tarapur Plant, the Company is focusing on expansion of Lypholization Plant by installing two new Lypholizers purchased from Italy. This will enhance the manufacturing capacity of Lypholization plant and cater the demand of the products.

Lyka's Derma Products are well accepted by some of the leading pharma companies in India. Some of these products have already become market's leading brands in its moisturizing segment. Company has launched Cosmetological products for 'skin care' and 'hair care' segment. Dermatological products are growing very rapidly and has liquid margins. Company has tied up marketing arrangements for these products with renowned Companies. This segment will contribute significantly to the total revenue and profitability of the Company in the coming years.

Lyka Labs Limited

Company's P2P Business is facing acute competition from the Companies located in Tax Free Zones as they are enjoying benefits in Excise and Sales Tax, as a result the margin on this products are always under pressure affecting profitability of the Company.

4. FUTURE OUTLOOK

Lyka has the technical expertise in Lyophilized products with all the latest machineries and equipments which enables it to give superior quality product.

Lyka offers its Dermatology products to various Indian companies on the multi branding model. Lyka has a product range of 35 formulations with more than 80 formulation in its pipeline. Several formulations are registered in African and South East Asian Markets also.

Lyka masters the art of development of 'Novel drug delivery system' in both topical preparation & lyophilized products. The innovations brought about by us in the topical formulation are the best amongst its class and offers an edge of benefits over other formulation of same class, this includes revolutionary development in creams, ointments, lotions, gels & foams.

Lyka shall expand base in existing markets by entering into 'Distribution agreements' for new emerging and Non – Regulated markets. The products are under the process of registrations and new agreements have been initiated. Commercialization of the said will commence by end of Financial Year 2016. The focus markets will be South East Asia, Russia, CIS, Africa and Latin America.

The Company's subsidiary namely Lyka BDR International Ltd have registration rights in various overseas markets. Currently, they have 401 registrations. During the year, 41 fresh registrations/renewals have been received by them. About 150 fresh registrations/dossiers/applications are submitted to the Health Authorities mainly in Asia and African markets of which approximately 50 registrations are expected to be received in Philippines, Myanmar, Kenya, Congo, Vietnam, Thailand and other various countries in the financial year 2015 – 2016, thereby increasing their intrinsic value.

Company's another subsidiary viz Lyka Exports Limited has reorganized its activities and in pursuance of this, it has sold its Animal Healthcare Business.

Company's wholly owned subsidiary, Lyka Healthcare Limited is in process of development of new therapy areas like Gastro, Intestinal, Anesthesia & Dermatological in the current year. Brand differentials will be added with Improved & increased coverage. Brand mix improvement is the key aspect in the coming year.

In the coming years, substantial growth of Lyka Healthcare Limited, a subsidiary is expected which would further improve consolidated sales and profitability of the Company.

5. MATERIAL CHANGES AND COMMITMENT AFTER THE END OF THE FINANCIAL YEAR

The Company had issued 230000 Equity Shares of ₹ 10/- each at a premium of ₹ 18/- on a Preferential basis to each of N. I. Gandhi (HUF) and Enai Trading & Investment Pvt. Ltd of Promoter Group on exercising their option to convert Warrants into Equity Shares. As a result, the Promoters holding had increased from existing 23.30% to 24.90% of the Issued Equity Capital of the Company.

The Promoters have applied to Securities Exchange Board of India (SEBI) for seeking exemption for issue of 1040000 Warrants under Series II to them so that funds would come into the operation of the Company and liquidity would improve. Necessary submissions have been made to SEBI, outcome is awaited.

M/s. Lyka Exports Limited, a material Subsidiary of the Company had sold their Animal Healthcare Division to M/s. Alivira Animal Health Limited, a subsidiary of M/s. Sequent Scientific Limited. This had helped the Company to recover its outstanding dues of about ₹ 10 crores from Lyka Exports Limited and improved its liquidity.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

The Company has formulated a policy on Risk Management and constituted a Risk Management Committee. The objective and scope of the Committee is to oversee the Risk Management Policy of the Company, review the various risks and define the framework for identifying, assessing and monitoring the risk.

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

There were no loans or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

The Company has given counter guarantee to Clearwater Capital Partners India Pvt Ltd who vide Deed of Assignment dated 24th September, 2014 assigned all receivables due from Lyka BDR International Limited, a subsidiary of Lyka Labs Ltd to Futuristic Solutions Ltd for a total amount of ₹ 25 crores. (The outstanding amount of the loan covered under this guarantee is ₹ 3,02,71,581 as on 30th June, 2015) and ₹ 2,91,30,222 as on 30th September, 2015.

The Company has given a guarantee to Kapol Co-operative Bank Ltd for loan facility of ₹ 4,35,00,000 given to Lyka Exports Ltd, a subsidiary. (The outstanding amount of the loan covered under this guarantee is ₹ 4,23,20,000 as on 30th June, 2015) which have since been paid on 30th September, 2015.

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The particulars of Contracts or Arrangements made with related parties made pursuant to Section 188 is furnished in **Annexure B** and is attached to this report.

10. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

A AUDITORS OBSERVATIONS:

1. Auditors pointed out Non-Compliance of the provisions of section 74 of the Companies Act, 2013 to the extent of non repayment of overdue Fixed Deposits mentioned at Note No. 28 to the Financial Statement.
2. Secretarial Auditor has also mentioned in their report regarding Non-Compliance of the provisions of section 74 of the Companies Act, 2013 by non payment of overdue Fixed Deposits. They also stated that the Company has not been regular in depositing statutory dues.

B MANAGEMENT EXPLANATION:

1. Due to fire in lyophilization plant at Ankleshwar Factory, the operation of the plant was suspended for about 4 months which resulted into substantial loss of Production and sales affecting the liquidity of the Company thereby impacted the performance of the Company.
2. The Company was regular in making payment of Fixed Deposit and interest thereon upto 31st March, 2014. Subsequent to introduction of the new Companies Act, 2013 w.e.f 1st April, 2014 the Company was not eligible to accept/renew the Fixed Deposits as a result; the Company's cash flow was under pressure.

The above factors delayed the payment of Fixed Deposits and Interest thereon. However, the Company has paid Fixed Deposits of ₹ 7.62 Crores during April, 2014 to 31st October, 2015 leaving overdue deposit of ₹ 3.25 Crores appx as of this date.

The Company has also preferred an application under Section 74(2) of the Companies Act, 2013 for seeking extension of time for repayment of Fixed Deposit and Interest thereon before CLB Bench, Western Region. The hearing of an Application is pending.

The Company is giving priority for making repayment of fixed deposits to senior citizens and small investors and also regularizing the interest payment. The Company is also in process of arranging funds to regularize the payment of outstanding deposits.

The Company has already paid undisputed statutory dues upto 31st October, 2015.

11. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Board on recommendation of the Nomination and Remuneration Committee has adopted the policy for selection, appointment and remuneration of Directors, KMP and Senior Management. The policy is available on Company's website www.lykalabs.com

12. ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure C** and attached to this Report.

13. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

There were Nine Board meetings conducted during the financial year under review. The Information has been furnished in the Corporate Governance Report.

14. ANNUAL EVALUATION OF PERFORMANCE OF DIRECTORS, COMMITTEE AND BOARD

The performance evaluation of Independent Directors were done. The Board is of the view that the Independent Directors who were on the Board during the year under report have contributed through the process of Board and Committee Meetings of which they are members in effective manner as per expertise of their field. The suggestions made by them are well accepted. The overall contributions made by Directors on the Board are satisfactory.

15. DIRECTORS RESPONSIBILITY STATEMENT

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

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

16. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

LYKA BDR INTERNATIONAL LIMITED (LBDR)

Lyka Labs is holding 65.22% of the Issued Capital of Lyka BDR International Limited. It has achieved a total revenue of ₹ 6673.72 lacs during the financial year ended on 31st March, 2015 as against ₹ 5046.65 lacs of the previous year thus recording a growth by 32% in the turnover. The Cash Profit for the financial year ended on 31st March, 2015, was ₹ 488.55 lacs and after considering depreciation of ₹ 304.88 lacs, exceptional expenses /write-off of ₹ 81.39 lacs and provision for tax of ₹ 56.21 lacs, the Company reported loss of ₹ 40.72 lacs.

LYKA EXPORTS LIMITED (LEL)

Lyka Labs is holding 72.80% of Issued Capital of Lyka Exports Limited. It has achieved total revenue of ₹ 1857.60 lacs as against ₹ 1211.91 lacs of previous year. The Company has reported a loss of ₹ 25.30 lacs due to increase in purchasing cost of materials and employee cost. As a measure of reorganization, Lyka Exports Limited has sold its Animal Healthcare business for an amount of ₹ 33.40 crores with an additional earn out of ₹ 8 crores based on the performance up to 31st March, 2016.

LYKA HEALTHCARE LIMITED (LHL)

Lyka Labs is holding 100% of Issued Capital of Lyka Healthcare Limited. Lyka Healthcare in its first year of Incorporation after getting separated from Lyka Labs Limited reported an Annual Turnover of ₹ 1259.80 Lacs during the financial year ending 31st March, 2015. This Company will further consolidate in the area of critical care and gastroenterology. Furthermore, newer therapy areas of dermatology and anesthesia as divisions will be launched with an expansion in current field operation and newer therapy areas. This Company is expected to be a revenue driving subsidiary. After providing for finance cost of ₹ 8.73 lacs and depreciation of ₹ 348.61 lacs, the Company has reported a loss of ₹ 6.55 crores for financial year ended 31st March, 2015, being its 1st year of operation as a wholly owned subsidiary.

Performance and financial position of each of the subsidiaries for the year ended 31st March, 2015 is attached in **Annexure D** and forms part of this report.

Lyka Labs Limited

17. DEPOSITS

The Company has neither accepted nor renewed any fixed deposits during the year under review. The details of the outstanding fixed deposits are as under:

Sr. No.	Particulars	Amount in ₹
1	Amount accepted during the year	Nil
2	Amount remained unpaid or unclaimed as at the end of the year	10,85,86,000
3	whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved	
(i)	at the beginning of the year	Nil
(ii)	maximum during the year	No. 2454 12,97,01,000
(iii)	at the end of the year	No. 1974 10,85,86,000

- The Company has filed a petition with the Company Law Board Bench, Western Region for seeking extension of time for repayment of Fixed Deposits and Interest thereon.
- The Company is giving priority for payment to small depositors, senior citizens and needy depositors and expects to pay all the outstanding deposits by end of the current financial year.

18. DIRECTORS

In accordance with the provision of Section 152(6) of the Companies Act, 2013, Smt. Nehal N. Gandhi, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment.

Shri. Sandeep P. Parikh, an Independent Director has resigned as a Director w.e.f 11th March, 2014 due to his pre-occupations. Shri. Vinodkant A. Sanghani, an Independent Director has resigned as a Director w.e.f 7th April, 2014 on account of health ground. The Board records appreciation of their services rendered by them.

The Board of Directors have appointed Shri. Yatin N. Shah as an additional director on 24th April, 2015. Shri. Atit N. Shukla and Shri. Ajit S. Bagadia have been appointed as Additional Directors on 11th August, 2015 to hold the said office till the date of the Annual General Meeting. The above Directors are meeting the criteria of Independence, as mentioned in Section 149(6) of the Companies Act, 2013. The Board recommends their appointment as Independent Directors of the Company at the 36th Annual General Meeting for the period of three years.

19. DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their declarations to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

20. AUDITORS

M/s. M.A Parikh & Co., Chartered Accountants, who were appointed as Statutory Auditors of the Company

and M/s. Thacker Butala Desai, Chartered Accountants who were appointed as Branch Auditors of the Company retires at the 36th Annual General Meeting. Your Company has received their eligibility certificates for reappointment pursuant to provisions of Section 139 and 141 of the Companies, Act 2013 read with Companies (Audit and Auditors) Rules, 2014.

21. COST AUDITOR

M/s. Kirit Mehta & Associates, Cost Accountant have been appointed as Cost Auditor by the Board on the recommendation of the Audit Committee to conduct Cost Audit of Cost Records of Pharmaceutical products of the Company for the financial year 2015-16.

22. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The Audit Committee consists of the following members

- (a) Shri Vinod S. Shanbhag
- (b) Shri Yatin N. Shah
- (c) Shri Narendra I. Gandhi Gandhi

The above composition of the Audit Committee consists of Independent Directors viz., Shri. Vinod S. Shanbhag and Shri. Yatin N. Shah, who form the majority.

The Company has established a vigil mechanism who oversees the genuine concerns expressed by the employees and other Directors. The Company has provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the employees.

23. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS.

There are no significant, material orders passed by the courts during the year under report.

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

The Company is complying with the Provisions of Prevention and Prohibition and Redressal Act, 2013 and constituted a committee to redress the grievances of women employees.

25. RELATED PARTY TRANSACTIONS

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

26. SECRETARIAL AUDIT REPORT

As required under section 204 of the Companies Act, 2013 Secretarial Audit Report of the Company prepared by M/s V. Sundaram & Co. is attached as **Annexure E**.

27. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under listing Agreement with the Stock Exchanges, the Management Discussion and Analysis Report is attached as **Annexure F**.

28. DISCLOSURE FOR RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEES REMUNERATION AND OTHER DETAILS AS PER RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary of the Company and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15:

Name	% Increase in the remuneration	Ratio of the remuneration of each Directors/to median remuneration of the employees
Shri Narendra Ishwarlal Gandhi	12.39%	1:43

No increase in the remuneration of Chief Financial Officer and Company Secretary.

2. **The Percentage increase in the median remuneration of employees of the financial year:** 2.35%
3. **The number of permanent employees on the rolls of the Company:** 182
4. **Explanation on the relationship between average increase in remuneration and the Company's performance.**
The Increase in remuneration is considered based on the performance of the Company and available liquidity.
5. **Comparison of the remuneration of the Key Managerial Personnel against performance of the Company.**
Remuneration of KMP against turnover of the Company is 0.74%
6. **Variation in the market capitalization of the Company.**
Variation in the market capitalization of the Company is ₹ 96,39,78,600.
7. **Price Earning Ratio:** 109.48
8. **Percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the public offer.**
The Company came out with initial public offer (IPO) in the year 1985 at price of ₹ 10/- per share. The market price of the share as on 30th June, 2015 was ₹ 63.48/- on BSE and ₹ 63.50/- on National Stock Exchange of India Limited. Increase in percentage is 635%.
9. **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.**
There is increase in the salaries of employees other than the senior managerial personnel in the financial year 2014-15 and hence comparison is not possible.
10. **The key parameters for variable component of remuneration availed by the directors are as follow.**
The Managing Director is paid remuneration of ₹ 42 lacs p.a. as per Schedule V of the Companies Act, 2013 as the Company has loss/inadequate profit. The other Directors are paid sitting fees for attending Board Meeting.
11. **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.**
Not Applicable.

12. It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and other Employees is as per the Remuneration Policy of the Company.

Not as per policy.

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

Name	Narendra Ishwarlal Gandhi
Destination	Chairman & Managing Director
Nature of Employment	Contractual
Qualification & Experience	B.com, DBM Worked as Jt Managing Director for about 15 years and working as Managing Director since April, 1994
Date of Commencement of Employment	Reappointed as Managing Director w.e.f 1 st April, 2014
Age	65 Years
Remuneration	₹ 86,63,832/- includes leave encashment
Last Employment held by the employee before joining the Company	N.A.
Percentage of Equity Shares held by the Employee	4.79%
Relative of Employee in the Company	Smt. Nehal N. Gandhi - Director is a wife of Shri Narendra I. Gandhi Mr. Kunal N. Gandhi - Vice President & Business Development is a son of Shri Narendra I. Gandhi

30. CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a separate report on Corporate Governance along with the Certificate from the Auditor regarding compliance of the said conditions is given as per **Annexure G**.

31. ACKNOWLEDGEMENTS

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

By order of the Board

N. I. GANDHI

**Chairman and Managing Director
(DIN: 00021530)**

Place: Mumbai

Date: 28th November, 2015

Lyka Labs Limited

ANNEXURE 'A'

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 year ended 30th June, 2015.

I 1. Energy Conservation measures taken.

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

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

The following measures are taken /being taken:

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

3. Impact of measures taken:

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

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

A POWER AND FUEL CONSUMPTION

Sr. No.	Particulars	Year ended 30 th June, 2015 (12 months)	Period ended 30 th June, 2014 (15 months)
1.	Electricity		
	(a) Purchased		
	Units (in '000 kwh)	2300	3642
	Total Amount (₹ in lacs)	170.57	275.63
	Rate per unit (₹/kwh)	7.42	7.57
	(b) Own Generation		
	i) Through Diesel Generator		
	Units (in '000 kwh)	49	59
	Units per litre of Diesel (kwh)	2.89	3.17
	Cost/Unit (₹ /kwh)	20.97	19.98
2.	Coal		
	Quantity	—	—
	Total Cost	—	—
	Average Rate	—	—

Sr. No.	Particulars	Year ended 30 th June, 2015 (12 months)	Period ended 30 th June, 2014 (15 months)
3.	Furnace oil & Diesel oil		
	Quantity (kl)	21.87	25.67
	Total Amount (₹ in lacs)	12.77	15.98
	Average Rate (₹ /Litre)	58.39	62.27
4.	Others - Steam		
	(a) Purchased		
	Quantity (MT)	442	586
	Total Amount (₹ in lacs)	16.09	15.57
	Rate per unit (₹ /kg)	3.64	2.66
	(b) Own Generation		
	Quantity (MT)	55	77
	Units per litre of Furnace \ Diesel (KG)	16.667	13.714
	Cost/Unit (₹ /kg)	4.17	5.33

B CONSUMPTION PER UNIT OF PRODUCTION

Particulars	Year ended 30 th June, 2015		Period ended 30 th June, 2014	
	Bulk Drugs Per Tonne	Formulations Per Million Packs	Bulk Drugs Per Tonne	Formulations Per Million Packs
Electricity - Units ('000 kwh)	565.707	49.021	453.882	75.190
Coal (M.Tonnes)	—	—	—	—
Furnace oil & Diesel oil (kl)	5.135	0.525	2.999	0.582
Steam (M.Tonnes)	123.502	11.593	92.882	13.307

II Research and Development and Technology Absorption

A Research and Development

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

1. Following are the Specific Areas in which R & D has made developments:

- Formulations with New Molecules and Novel Drug Delivery Systems e.g. Nasal drug delivery system, Topical Foam formulations etc.

- Lyophilized injectables and Liposomal lyophilized injectables.
- Formulations like sustained release products, mouth dissolving tablets, ready mix granules in sachet etc.
- Cosmeceutical products such as Hair Revitalizing serum/shampoo, Skin lightening cream, Depigmentation cream, Acne care cream, Under eye roll on, Foaming Face wash using excipients from renowned international sources.
- Upgradation of products and processes to improve quality, stability, shelf-life and thus reduce cost.
- Neutraceutical products in the segment of Anti oxidant such as Glutathione Tablets, Glutathione and Alpha Lipoic Acid Tablets, Skin lightening tablets, Weight Management Tablets, etc.
- Tie ups with Medical Institutions to establish Bio availability /Bio equivalence/Animal Toxicity studies of new formulations and to carry out clinical studies
- Developing Products for P to P markets from time to time.

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

- The Company has introduced a number of new products in domestic market such as Clobetasol and Ammonium Lactate Gel (0.05 + 12)% w/w, Ammonium Lactate Lotion 12% w/v (Clear Lotion) etc.
- Company has started manufacturing cosmeceutical products under its licenced cosmetic division at Ankleshwar Plant.
- Company has introduced a number of new cosmeceutical products in domestic market such as “Cetyl Alcohol & Stearyl Alcohol Cleansing Lotion (for sensitive skin)”, “Glutathione & aloe Vera Gel (for skin lightening and improve skin appearance)”.
- Company has also introduced Neutraceutical products in the domestic market such as Glutathione Tablets 500mg (A powerful antioxidant).
- Many more products are on the way to commercialization within next 6 months time span in the domestic market such as “Moisturizing Cream with 24 hour Hydration”, “ Salicylic acid, Glycolic Acid and aloe Vera Foaming Face Wash with 24 hour Hydration”, “Hair Revitalizing Serum”, “Glutathione & Alpha Lipoic acid Tablets ” etc.
- The Company derives long term benefits viz. better yield and Quality of the final product with cost effectiveness.

3. Future plans:

The company aims to consolidate its presence in the domestic market through focused development of various therapeutic segments such as Anti-infective, Dermatologicals, cardiovascular, pain management, Neuroprotectives, Cosmeceuticals, Anti-oxidants, Liposomal drugs, Nasal sprays etc.

This will help the company to broaden its base for its domestic operation

The company has plan to launch its cosmetic range of products in the domestic market in near future. Products such as –

1. Moisturizing Cream with 24 hour hydration.
2. Daily Foaming face wash
3. Facial scrub
4. Skin lightening cream
5. Daily Facial Cleanser
6. Hair Mask

ACHIVEMENTS/RECOGNITION:

- Patents filed/under process:
Total No of Patents filed at Indian patent office: 53 (From year 2002 to year 2011)
- Patents granted at Indian patent office: 14 till date
- Recognition as in-house R & D Centre by Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research

III FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of Foreign Exchange spent and earned are given at Item Nos. 55 and 56 in Notes to Financial Statements.

Lyka Labs Limited

ANNEXURE 'B'

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 certain arms length transactions under third proviso thereto

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

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

(a)	Nature of Related Party	Lyka Exports Limited	Lyka BDR International	Lyka Healthcare Limited	Share Dynamic (India) Private Limited
(b)	Nature of transactions				
	Purchase	16,209,580	N.A	N.A	N.A
	Sale	10,802,321	245,054,195	29,488,520	N.A
	Rent received	N.A	2,790,000	540,000	N.A
	Rent paid	210,000	183,086	N.A	N.A
	Availing of Service	N.A	N.A	N.A	259,272
(c)	Duration of the contracts/ arrangements / transactions	Continuous Basis	33 months	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	N.A
(e)	Date(s) of approval by the Board, if any	N.A	N.A	N.A	N.A
(f)	Amount paid as advances, if any	N.A	N.A	N.A	N.A

Prior omnibus approval of Audit Committee and Shareholders approval by passing special resolution is obtained for the commercial transactions with related parties.

ANNEXURE 'C'

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 30.06.2015

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

FORM NO. MGT-9

I REGISTRATION AND OTHER DETAILS

CIN	:	L24230GJ1976PLC008738
Registration Date	:	29/12/1976
Name of Company	:	LYKA LABS LIMITED
Category/Sub-Category of the Company	:	Company having Share Capital
Address of the Registered office and contact details	:	4801/B & 4802/A GIDC Industrial Estate, Ankleshwar-393 002, Gujarat. Contact No. 02646 214422
Whether Listed company	:	Yes - Listed on BSE and NSE
Name, Address and Contact details of Registrar and Transfer agent, if any	:	Sharex Dynamic (India) Private Limited Unit-1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai-400 072. Contact No. 022-28515606

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of main products/services	NIC Code of the product/ service	% of total turnover of the Company
1.	Formulation	21001	95.84%

III PRINCIPAL OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr.	Name and Address of the Company	CIN /GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	Lyka BDR International Limited	U24234MH1993PLC072947	Subsidiary	65.22%	2(87)
2.	Lyka Healthcare Limited	U85190MH2013PLC244062	Subsidiary	100%	2(87)
3.	Lyka Exports Limited	U51100GJ1992PLC023975	Subsidiary	72.80%	2(87)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the Year			No. of Shares held at the end of the Year			% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
A. Promoters								
1. Indian								
(a) Individual/HUF	4824850	—	4824850	22.36%	4824850	—	4824850	22.36%
(b) Central Govt.	—	—	—	—	—	—	—	—
(c) State Govt.(s)	—	—	—	—	—	—	—	—
(d) Bodies Corp.	202415	—	202415	0.94%	202415	—	202415	0.94%
(e) Banks/FI	—	—	—	—	—	—	—	—
(f) Any Other...	—	—	—	—	—	—	—	—
Sub-total (A)(1):	5027265	—	5027265	23.30%	5027265	—	5027265	23.30%
2. Foreign								
(a) NRIs-Individuals	—	—	—	—	—	—	—	—
(b) Other-Individuals	—	—	—	—	—	—	—	—
(c) Bodies Corp.	—	—	—	—	—	—	—	—
(d) Banks/FI	—	—	—	—	—	—	—	—
(e) Any Other...	—	—	—	—	—	—	—	—
Sub-total (A)(2):	—	—	—	—	—	—	—	—
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	5027265	—	5027265	23.30%	5027265	—	5027265	23.30%
B. Public Shareholding								
1. Institutions								
(a) Mutual Funds	—	3400	3400	0.01%	—	3400	3400	0.01%
(b) Banks/FI	50	650	700	0.00%	50	650	700	0.00%
(c) Central Govt.	130000	—	130000	0.60%	130000	—	130000	0.60%
(d) State Govt(s)	—	—	—	—	—	—	—	—
(e) Venture Capital Funds	1445	—	1445	0.01%	—	—	—	—

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
(f) Insurance Companies	—	1000	1000	0.00%	—	1000	1000	0.00%	0.00%
(g) FIs	925811	500	926311	4.29%	—	500	500	0.00%	- 4.28%
(h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
(i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B) (1):	1057306	5550	1062856	4.92%	130050	5550	135600	0.63%	- 4.28%
2. Non-Institutions									
(a) Bodies Corp.	1770703	1762	1772465	8.21%	3678391	862	3679253	17.05%	8.83%
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
(b) Individuals	—	—	—	—	—	—	—	—	—
i) Individual Shareholders holding nominal share capital upto ₹ 1 lac	6696954	280269	6977223	32.33%	5874570	272411	6146981	28.49%	- 3.84%
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lac	4568967	—	4568967	21.17%	5331438	—	5331438	24.70%	3.52%
(c) Others (specify)	2166267	4957	2171224	10.04%	1254506	4957	1259463	5.84%	- 4.20%
Sub-total (B) (2):	15202891	286988	15489879	71.77%	16138905	278230	16417135	76.08%	4.31%
Total Public Shareholding (B) = (B)(1) + (B)(2)	16260197	292538	16552735	76.70%	16268955	283780	16552735	76.70%	—
C. Shares held by Custodian for GD ₹ & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A) + (B) + (C)	21287462	292538	21580000	100%	21296220	283780	21580000	100%	—

ii) *Shareholding of Promoters*

Sr. No.	Shareholder's Name	Shareholding at the beginning of the Year			Shareholding at the end of the Year			% change in Share Holding during the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	
1.	Shri Narendra I. Gandhi	1032629	4.79%	89.93%	1032629	4.79%	80.68%	—
2.	Smt. Nehal N. Gandhi	1369803	6.35%	98.77%	1369803	6.35%	58.28%	—
3.	Narendra I. Gandhi (HUF)	1270776	5.89%	48.39%	1270776	5.89%	Nil	—
4.	Mr. Kunal N. Gandhi	1151642	5.34%	90.82%	1151642	5.34%	30.73%	—
5.	Enai Trading and Investment Private Limited	202415	0.93%	98.80%	202415	0.93%	Nil	
	Total	5027265	23.30%	82.40%	5027265	23.30%	39.50%	—

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

Sr. No.	For Each of Promoter	Shareholding at the Beginning of the Year		Cumulative Shareholding During the Year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	At the beginning of the year	No Change during 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	No Change during the year			

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

Sr. No.	Top 10 Shareholders at the Beginning of the Year	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	Clearwater Capital Partners Cyprus	1650000	7.64%	1650000	7.64%
2.	Clearwater Capital Partners Singapore	925811	4.29%	925811	4.29%
3.	Dr. Cyrus S. Poonawalla	680000	3.15%	680000	3.15%
4.	Jamnotri Impex Pvt. Ltd.	360214	1.66%	360214	1.66%
5.	Matrimandir Technologies Pvt. Ltd.	200000	0.92%	200000	0.92%
6.	Haresh Shantichand Jhaveri	184076	0.85%	184076	0.85%
7.	Vinod Shridhar Shanbhag	168257	0.77%	168257	0.77%
8.	Vinod Kohli	168250	0.77%	168250	0.77%
9.	Devang H. Shah	144264	0.66%	144264	0.66%
10.	Maheboob Mahamud Basade	100140	0.46%	100140	0.46%

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Sr. No.	Top 10 Shareholders at the End of the Year	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	Preeti Investment Company Pvt. Ltd.	975356	4.52%	975356	4.52%
2.	Dalal Broacha Stock Broking Pvt. Ltd.	692800	3.21%	692800	3.21%
3.	Dr. Cyrus S. Poonawalla	680000	3.15%	680000	3.15%
4.	Jamnotri Impex Pvt. Ltd.	400214	1.85%	400214	1.85%
5.	Badjate Stock & Shares Pvt. Ltd.	257456	1.19%	257456	1.19%
6.	Vipul Priyakant Dalal	230121	1.07%	230121	1.07%
7.	Dinero Wealth Advisors Pvt. Ltd.	212269	0.98%	212269	0.98%
8.	Own Leasing and Finance Pvt. Ltd.	198476	0.92%	198476	0.92%
9.	PCS Securities Ltd.	133006	0.64%	133006	0.64%
10.	Fairdeal InFin Services Pvt. Ltd.	116780	0.54%	116780	0.54%

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

Sr. No.	For Each of the Directors and KMP	Name of Directors			
		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.	Mr. Narendra I. Gandhi, KMP				
	At the beginning of the year	1032629	4.79%	1032629	4.79%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	—	—	—	—
	At the end of the year	1032629	4.79%	1032629	4.79%

Sr. No.	For Each of the Directors and KMP	Name of Directors			
		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
2.	Smt. Nehal N. Gandhi				
	At the beginning of the year	1369803	6.35%	1369803	6.35%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc..)	—	—	—	—
	At the end of the year	1369803	6.35%	1369803	6.35%
3.	Shri Vinod S. Shanbhag				
	At the beginning of the year	168257	0.77%	168257	0.77%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc..)	Decrease Transfer	—	Decrease Transfer	—
	At the end of the year	90757	0.42%	90757	0.42%
4.	Shri Vinodkant A. Sanghani				
	At the beginning of the year	400	0.00%	400	0.00%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc..)	—	—	—	—
	At the end of the year	N.A	N.A	N.A	N.A

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Sr. No.	For Each of the Directors and KMP	Name of Directors			
		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
5.	Shri Sandeep P. Parikh				
	At the beginning of the year	4000	0.01%	4000	0.01%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc..)	—	—	—	—
	At the end of the year	N.A	N.A	N.A	N.A
6.	Shri Dushyant B. Parikh				
	At the beginning of the year	—	—	—	—
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc..)	—	—	—	—
	At the end of the year	—	—	—	—
7.	Shri Yatin N. Shah				
	At the beginning of the year	—	—	—	—
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc..)	—	—	—	—
	At the end of the year	—	—	—	—

Sr. No.	For Each of the Directors and KMP	Name of Directors			
		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
8.	Shri Piyush G. Hindia (KMP) - Joint Holder				
	At the beginning of the year	—	—	—	—
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc..)	Increase Transfer	—	Increase Transfer	—
	At the end of the year	26	0.00%	26	0.00%
9.	Shri Yogesh B. Shah (IKMP)				
	At the beginning of the year	50	0.00%	50	0.00%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc..)	Increase Transfer	—	Increase Transfer	—
	At the end of the year	100	0.00%	100	0.00%

*N.A: Not applicable to Shri Vinodkant A. Sanghani and Shri Sandeep P. Parikh as they are not directors as on 30.06.2015.

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V. INDEBTEDNESS

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

Particulars	Secured Loan	Unsecured Loan	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal amount	1098169643	132610153	155693000	1386472796
(ii) Interest due but not paid	16432877	531277	1527736	18491890
(iii) Interest accrued but not due	1357615	408955	11326421	13092991
Total (i+ii+iii)	1115960135	133550385	168547157	1418057677
Changes in indebtedness during the financial year				
* Addition	—	—	—	—
* Reduction	-242106803	-25346127	-45071389	-312524319
Net Change	-242106803	-25346127	-45071389	-312524319
Indebtedness at the end of the financial year				
(i) Principal amount	861099653	107692047	108586000	1077377700
(ii) Interest due but not paid	12232868	512211	14889768	27634847
(iii) Interest accrued but not due	520811	—	—	520811
Total (i+ii+iii)	873853332	108204258	123475768	1105533358

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Shri Narendra Ishwarlal Gandhi Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	31,20,000
	(b) Value of perquisites u/s 17 (2) Income-Tax Act, 1961	55,43,832
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission	
	— as % of profit	—
	— others, please specify...	—
	Total	*8,663,832/-

*Includes Leave Encashment

B. Remuneration to other directors:

1. Non-Executive Director						
Sr. No.	Particulars of Remuneration	Smt. Nehal Gandhi				
(a)	Fees for attending Board/Committee meetings	₹ 35,000				
(b)	Commission	—				
(c)	Others, please specify	—				
	Total (1)	₹ 35,000				

2. Independent Director						
Sr. No.	Particulars of Remuneration	Name of the Directors				Total
		Sandeep P. Parikh	Vinod S. Shanbhag	Vinodkant A.Sanghani	Yatin N. Shah	Amount
(a)	Fees for attending Board/ Committee meetings	₹ 15,000	₹ 70,000	₹ 35,000	₹ 20,000	₹ 140,000
(b)	Commission		—		—	—
(c)	Others, please specify		—		—	—
	Total (2)		—		—	₹ 140,000
	TOTAL B =(1+2)		—		—	₹ 175,000

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

Sr.	Particulars of Remuneration	Key Managerial Personnel		Total
		Shri Yogesh B.Shah, CFO	Shri Piyush G.Hindia, Company Secretary	Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act,1961	₹ 647,013	₹ 1,125,755	₹ 1,772,768
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	—	—	—
	(c) Profits in lieu of salary under section17(3) Income-Tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission			
	— as % of profit	—	—	—
	— others, please specify...	—	—	—

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VII PENALTIES/PUNISHMENT /COMPOUNDING OF OFFENCES:

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

ANNEXURE 'D'

Statement containing financial performance of Subsidiaries

Sr. No.	Particulars			
		Lyka BDR Int. Ltd.	Lyka Exports Ltd.	Lyka Healthcare Ltd.
1.	Name of the Subsidiary			
2.	Reporting Period for the subsidiary concerned	Apr'14 to Mar'15	Apr'14 to Mar'15	Apr'14 to Mar'15
3.	Reporting currency and Exchange rate as on the last date of relevant Financial year	Indian Rupee	Indian Rupee	Indian Rupee
4.	Share Capital	225,000,000	73,954,240	75,500,000
5.	Reserves & Surplus	(56,077,956)	22,928,224	148,764,485
6.	Total Assets	570,227,507	346,440,459	396,925,171
7.	Total Liabilities	401,305,463	251,592,282	172,660,686
8.	Investments	—	2,034,287	—
9.	Turnover	665,969,320	235,332,336	125,979,816
10.	Profit / (Loss) before taxation	1,953,402	12,092,548	(48,077,280)
11.	Provision for taxation	6,025,537	(305,517)	10,830,448
12.	Profit / (Loss) after taxation	(4,072,135)	12,398,065	(58,907,728)
13.	Proposed Dividend	—	—	—
14.	% of shareholding	65.22%	72.80%	100%

ANNEXURE 'E'

SECRETARIAL AUDIT REPORT

Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

For the financial year ended 30th June, 2015

To,
The Members,
Lyka Labs Limited
CIN: L2430GJ1976PLC008738

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Lyka Labs Limited (hereinafter called the company). Secretarial Audit 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 30th June 2015 has generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Lyka Labs Limited ("the Company") for the financial year ended on 30th June, 2015 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 to the Company during the audit period)
- 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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding Companies Act dealing with the company.

-
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the audit period)
- vi) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company and having regard to the compliance system prevailing in the Company & on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following laws applicable specifically to the Company:
- (a) Factories Act, 1948;
 - (b) Boilers Act;
 - (c) Drugs & Cosmetics Act, 1940;
 - (d) Dangerous Drugs Act, 1940;
 - (e) The Essential Commodities Act;
 - (f) All Environmental related Acts & Rules;
 - (g) The Poisons Act;
 - (h) The Drugs and Magical Remedies (Objectionable Advertisements) Act;
 - (i) 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 issued by The Institute of Company Secretaries of India. (Not notified hence not applicable to the Company during the audit period).
- ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to following observations:

- i) *The Company has not been able to repay over due fixed deposits and interest due thereon (excluding short term loans in respect of which the Company has been legally advised that such loans are not deposits, as defined in the (Companies Acceptance of deposits) Rules, 2014. Consequently, the Company has not complied with the provisions of Section 74 of the Companies Act, 2013 to the extent of such non-repayment of over due fixed deposit. The Company has filed a petition with Company Law Board to seek extension of time for repayment of deposits and interest thereon.*
- ii) *Company has not been regular in depositing undisputed statutory dues relating to Provident fund, professional tax, ESIC, service tax, income tax, value added tax and sales tax.*

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, 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 Act.

Lyka Labs Limited

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

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

The Company had conducted a postal ballot on 14.07.2014 during the year for the following item:

- i) To authorise the Board of Directors of the Company to sell, transfer, dispose off the Industrial Undertaking of the company situated at Tarapur u/s 180(1)(a) of the Companies Act, 2013.

The company had conducted Two Extra Ordinary General Meetings (EGM) during the year for the following items:

A EGM held on 16.09.2014

- i) Authority to the Company for Borrowings.
- ii) Authority to the Company for creation of Securities for securing borrowings.
- iii) Approval for Appointment of Managing Director and payment of Remuneration.
- iv) Authority to alter/modify/substitute Articles of Association of the Company.

B EGM held on 23.01.2015

- i) Preferential issue of warrants to promoter group.

We further report that during the audit period:

- (a) The company and its officers in all departments have co-operated with us and have produced before us all the required forms, information, clarifications, returns and other documents as required for the purpose of our audit.
- (b) The Company has not been able to repay overdue debentures and interest due thereon. Therefore, the Company has filed a petition with the Company Law Board seeking extension of time for repayment of debentures dues.

For **V. Sundaram & Co.**
Practising Company Secretaries

Place : Mumbai
Date : 28th November, 2015

V. Sundaram
Membership No. 2023
COP 3373

ANNEXURE 'F'

MANAGEMENT DISCUSSION AND ANALYSIS

The Indian Pharmaceutical Industry currently tops amongst India's science based industry with a wide ranging capabilities in the complex field of drug manufacture and technology. The value of india's Pharmaceutical Market is US\$ 32 billion and set to grow to US\$ 50-60 billion market by 2020. Globally India ranks 4th largest in volume and 12th in value and is among the top five Pharma emerging markets globally. The Pharmaceutical Sector in India is highly fragmented with more than 20000 registered units.

Over two decades Pharmaceutical Industry has expanded drastically. The exports made by Pharmaceutical Industry in India is estimated at about ₹ 90,318 crores. The formulation industry in India is the largest exporter for formulations with 14% market share and ranks 12th in the world in terms of Export value. The generic markets in India is expected to grow to US\$ 26.1 billion from US \$ 17 billion today. India's Generic Drugs account for 20% of global exports in terms of volume, making the country the largest provider of generic medicines globally. India is expected to be the third largest global market for APIS by 2016.

India is expected to rank amongst the top three Pharmaceutical Markets in terms of incremental growth by 2020.

The Government of India has aimed at making India a Global Leader in end-to-end drug manufacture. It has reduced approval time for new facilities to boost investments. Though the pharmaceutical Industry has a lot of growth prospects, but also has many challenges to overcome.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

OPPORTUNITIES

The Company's Research and Development (R & D) Department has developed many new formulations including lyophilized formulations, new molecules and novel drug delivery system. The lyophilized products are well accepted in the market and many renowned Companies have shown interest in our Lyophilized products. The Company has therefore planned expansion of its lyophilized plant so as to cater to the increase in demand. The Company has also introduced cosmetological and dermatological products which have better margin.

Lyka BDR International Limited (LBDR) is likely to register nearly 50 dossiers in the international market in the financial year 2015 – 2016. This will help to boost the Export Sales of LBDR and thereby increase the consolidated sales and profitability of the Company.

THREATS

The contract manufacturing activities, including principal to principal manufacturing, is facing fierce competition, especially from the manufacturing units located in Excise Free Zones.

RISKS AND CONCERNS

The Companies situated in Tax Free Zones are enjoying tax benefits, as a result, the price offered by them is comparatively lower than the price charged by us. As a result, the Company's business of P2P and job work gets affected.

Competition in the international market and fluctuation in the exchange rate might affect sales and profitability of its subsidiary LBDR, which in turn might affect the consolidated sales and profitability of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains a system of internal control, including suitable monitoring procedures in various functional

Lyka Labs Limited

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.

CAUTIONARY STATEMENT

Statements in the "Management Discussions and Analysis" describing the Company's objectives, estimates, expectations or projections may be "forward looking statements", within the meaning of applicable laws and regulations and the actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include Government regulations, patent laws, tax regimes, economic developments within India and countries in which the Company exports its products, litigation and other such factors, besides the normal business hazards.

ANNEXURE 'G'

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Compliance with the code of Corporate Governance forms an integral part of the Company. 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 and performance as well as the leadership and governance of the Company.

As per Clause 49 of the Listing Agreement and applicable provisions of the Companies Act, 2013, a report on Corporate Governance is detailed below:

2. BOARD OF DIRECTORS

2.1 Size and Composition of Board

- i) Composition of Board of Directors and category of Individual Directors as on 30th June, 2015.

Sr.	Name of Directors	Category /Designation	No. of Shares Held
1.	Shri. Narendra I. Gandhi	Promoter and Managing Director	1032629
2.	Smt. Nehal N. Gandhi	Promoter and Non-Executive Director	1369803
3.	Shri. Vinod S. Shanbhag	Independent and Non-Executive Director	168257
4.	Shri. Dushyant B. Parikh	Independent and Non-Executive Director	Nil
5.	Shri. Yatin N. Shah	Additional Director (Independent)	Nil

2.2 Board Meeting Attendance

- i) As on June 30th 2015, The Board comprised of 5 (Five) Directors, viz., the Chairman & Managing Director and 1 (One) Non Executive and 3 (Three) Independent Directors. The Board met 9 (Nine) times during the year under review viz., 14th July, 2014, 16th August, 2014, 28th August, 2014, 13th November, 2014, 24th December, 2014, 14th February, 2015, 24th February, 2015, 24th April, 2015 and 15th May, 2015.

ii) Attendance of Directors at Board Meeting and the last Annual General Meeting (AGM).

Name	Category	No. of Board Meetings Held During the Year 2014-2015		Whether Attended last AGM Held on December 26, 2014	No. of Directorships in Public Companies	No. of Committee Positions in the Company	
		Held	Attended			Member	Chairman
Shri Narendra I. Gandhi	Chairman & Managing Director	9	9	Yes	9	2	2
Smt Nehal N. Gandhi	Non-Executive Director	9	3	No	6	2	NIL
Shri Vinod S. Shambhag	Non-Executive Independent Director	9	9	Yes	8	2	3
Shri Dushyant B. Parikh	Non-Executive Independent Director	9	NIL	No	NIL	NIL	NIL
Shri Sandeep P. Parikh*	Non-Executive Independent Director	9	4	No	12	NIL	NIL
Shri Vinodkant A. Sanghani**	Non-Executive Independent Director	9	3	No	NIL	NIL	NIL
Shri Yatin N. Shah***	Additional Director (Independent)	9	2	No	NIL	4	NIL

Note:

* Shri Sandeep P. Parikh resigned from the Board w.e.f 11th March, 2015

** Shri Vinodkant A. Sanghani resigned from the Board w.e.f.7th April, 2015

*** Shri Yatin N. Shah was appointed as Additional Director (Independent) w.e.f 24th April, 2015.

2.3 Separate Meeting of Independent Directors

During the financial year under review, the meeting of Independent Directors held on 15th May, 2015,:-

- i) To review the financial difficulties and fund requirements of the Company.
- ii) To discuss about outstanding liabilities and various avenues to improve financials of the Company.

Shri Vinod S. Shanbhag and Shri Yatin N. Shah attended the meeting.

2.4 Familiarization Programme for Independent Directors

As and when a new Independent Director is appointed, the Company takes steps to familiarize the Independent Directors with the Company, his/her roles, rights and reviewing and evaluating their performance and compliances of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement and other relevant regulations.

2.5 Compliance with Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct & Ethics. The same is posted on the Company's website i.e: www.lykalabs.com. All Board members and Senior Management Personnel are adhering compliance with the said code in the best possible manner for the year ended 30th June, 2015. A declaration to this effect signed by the Chairman & Managing Director is given below:

DECLARATION

"As provided under Clause 49 (II) (E) of the Listing Agreement with the Stock Exchanges, I hereby confirm that the Board of Directors and the Senior Management Personnel have complied with the Code of Business Conduct and Ethics for the financial year ended 30th June, 2015.

Narendra I. Gandhi
Chairman & Managing Director
DIN: 00021530

Place : Mumbai

Date : 28th November, 2015

3. AUDIT COMMITTEE

3.1 Brief Description

The terms of reference of the Audit Committee is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 177 of the Companies Act, 2013. The primary objective of the Committee is to monitor and provide an effective supervision of the financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting.

3.2 Composition of Committee

The Committee comprises of Three Directors The said Committee works under the Chairmanship of Shri Vinod S. Shanbhag. Shri Yatin N. Shah and Shri Narendra I. Gandhi are members of the Committee.

The Audit Committee met on 14th July, 2014, 28th August, 2014, 13th November, 2014, 24th December, 2014, 14th February, 2015, 24th February, 2015 and 15th May, 2015.

3.3 Composition and Attendance of Audit Committee during 2014-2015.

Name of Director	Designation	Category	No. of Meetings attended
Shri Sandeep P. Parikh*	Chairman	Non-Executive & Independent	2
Shri Narendra I. Gandhi	Member	Managing Director	3
Shri Vinod S. Shanbhag**	Member/Chairman	Non-Executive & Independent	7
Shri Vinodkant A. Sanghani***	Member	Non-Executive & Independent	4
Shri Yatin N. Shah****	Member	Non-Executive & Independent	1

* Shri Sandeep P. Parikh resigned as Director w.e.f. 11th March, 2015 and consequently ceased to be Chairman of the Audit Committee.

** Shri Vinod S. Shanbhag was appointed as Chairman of the Audit Committee in place of Shri Sandeep P. Parikh.

*** Shri Vinodkant A. Sanghani resigned as Director of the Company w.e.f 7th April, 2015 and consequently ceased to be member of the Audit Committee.

**** Shri Yatin N. Shah was appointed as Member of the Audit Committee w.e.f 24th April, 2015.

3.4 Terms of reference and Role of Audit Committee

The scope and role of Audit Committee is in accordance with the Companies Act, 2013 and the Listing Agreement entered into with the Stock Exchanges which includes but not limited to the following:

- i) Review of the Annual and Quarterly Financial Statements.
- ii) Oversee the company's financial reporting process and the disclosure of its financial information and ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, branch auditors and cost auditors.
- iv) Review of the Accounting Policies and Accounting Standards applied in preparation of Financial Statements.
- v) Review of Notes to the Financial Statements.
- vi) Review of Internal Auditors Report on quarterly basis and Limited Review Report of Auditors on Quarterly Financial Statements (Standalone and Consolidated) and Statutory Audit Report on Annual Accounts.
- vii) Review of Disclosure of Related Party Transactions.
- viii) Review and suggest explanations to the qualifications made in Audit Report.
- ix) Recommend appointment of Chief Financial Officer.
- x) Recommend changes if any in Accounting Policies, practices and reasons for the same.
- xi) Recommend for sale of fixed assets of the Company if necessary, for reinforcement of fund requirements of the Company.
- xii) Review of status of outstanding fixed deposits and debentures and to recommend payment thereof.
- xiii) Review of status of outstanding statutory dues and employees dues and to recommend payment thereof.
- xiv) Review of financial affairs of the Company.

3.5 Powers of Audit Committee

The Audit Committee powers includes the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice, if necessary;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

3.6 Review of information by Audit Committee

The Audit Committee reviews the following information:

1. Analysis of financial condition and results of operations;
2. Statement of related party transactions;
3. Management letters, if any, issued by the statutory auditors;
4. Quarterly Internal audit reports issued by the internal auditors.

4. NOMINATION AND REMUNERATION COMMITTEE

i) Brief Description

In terms of Section 178 of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges, the Committee identifies and recommends the appointment of person as Directors/Independent Directors based on certain criteria as laid down in the Nomination and Remuneration policy. The said Committee met on 28th August, 2014 and 14th February, 2015.

ii) Composition of Committee:

The Committee comprises of 3 (Three) Directors. The said Committee works under the Chairmanship of Shri Vinod S. Shanbhag. Smt. Nehal N. Gandhi and Shri Yatin N. Shah the members of the Committee.

iii) Composition and Attendance of Nomination and Remuneration Committee during 2014-2015.

Name of Directors	Position	Category	No. of Meetings Held	No. of Meetings attended
Shri Vinod S. Shanbhag	Chairman	Independent Non-Executive Director	2	2
Shri Sandeep P. Parikh*	Member	Independent Non-Executive Director	2	1
Shri Vinodkant A. Sanghani**	Member	Independent Non-Executive Director	2	1
Smt Nehal N. Gandhi***	Member	Non-Executive Director	2	—
Shri Yatin N. Shah****	Member	Independent Non-Executive Director	2	—

* Shri Sandeep P. Parikh ceased to be member w.e.f 11th March, 2015

** Shri Vinodkant A. Sanghani ceased to be member w.e.f 7th April, 2015

*** Smt Nehal N. Gandhi was appointed as a member w.e.f 24th February, 2015

**** Shri Yatin N. Shah was appointed as a member w.e.f 24th April, 2015.

iv) Remuneration Policy

In terms of Section 178 of the Companies Act, 2013 and the Listing Agreement with Stock Exchanges, the Remuneration policy for the Board of Directors and Senior Management Personnel is determined and formulated by the Board. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

v) Details of Remuneration payable to all the Directors for the year 2014-2015:

Name of Directors	Category	Remuneration (₹)	Sitting Fees (₹)
Shri Narendra I. Gandhi *	Managing Director	8,663,832	N.A
Smt. Nehal N. Gandhi	Non-Executive Director	N.A	35,000
Shri. Vinod S. Shanbhag	Non-Executive Independent Director	N.A	70,000
Shri. Dushyant B. Parikh	Non-Executive Independent Director	N.A	Nil
Shri. Sandeep P. Parikh	Non-Executive Independent Director	N.A	15,000
Shri. Vinodkant A.Sanghani	Non-Executive Independent Director	N.A	35,000
Shri. Yatin N. Shah	Non-Executive Independent Director	N.A	20,000

* The remuneration paid to Shri N. I. Gandhi includes leave encashment.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Committee reviews Stakeholders' /Investors grievances and their resolution and also reviews the Share Transfers. The Committee held 4 meetings during the financial year namely 2nd July, 2014, 1st October, 2014, 4th January, 2015 & 3rd April, 2015.

During the year under review, no complainant was received from shareholders. The Company has acted upon valid requests for share transfers received during the year and no such request is pending. The resolution of the complaints received from Debenture holders and deposit holders are under process.

The Composition of this Committee and the details of the number of meetings held and attended by the members during the financial year 2014-2015 are given below:

Name of Directors	Position	Category	No. of Meetings Held	No. of Meetings attended
Shri Vinod S. Shanbhag	Chairman	Non Executive Independent Director	4	2
Shri Narendra I. Gandhi	Member	Managing Director	4	2
Shri Vinodkant A. Sanghani*	Member	Non-Executive Independent Director	4	2
Shri Sandeep P. Parikh**	Member	Non-Executive Independent Director	4	2
Shri Yatin N. Shah***	Member	Non-Executive Independent Director	4	1

- * Shri Vinodkant A. Sanghani resigned as a Director w.e.f. 7th April, 2015. Consequently he ceased to be a member of this Committee.
- ** Shri Sandeep P. Parikh resigned as a Director w.e.f. 11th March, 2015. Consequently he ceased to be a member of this Committee.
- *** Shri Yatin N. Shah was appointed as a member on this Committee w.e.f 24th April, 2015.

6. GENERAL BOARD MEETINGS:

- i) Location and Time of the last 3 (Three) Annual General Meetings held so far:

Financial Year	Location	Date	Time	Items of Special Resolution passed at each meeting
2010-2012	4801/B & 4802/A, G.I.D.C., Industrial Estate, Ankleshwar-393002	September 29 th , 2012	12.30 p.m.	Revision of Remuneration of Shri N.I. Gandhi the Managing Director of the Company for a period of two years from 1 st April, 2012 to 31 st March, 2014.
2012-2013	4801/B & 4802/A, G.I.D.C., Industrial Estate, Ankleshwar-393002	September 27, 2013	12.30 p.m.	No Special Resolution was passed at this meeting.
2013-2014	4801/B & 4802/A, G.I.D.C., Industrial Estate, Ankleshwar-393002	December 26 th , 2014	12.45 p.m.	Approval of Related Party Transactions.

ii) Postal Ballot:

Approval of the members was sought through Special Resolution passed by way of Postal Ballot pursuant to Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014 for sale of manufacturing facilities at Tarapur during the financial year ended 30th June, 2015. The details of Postal Ballot voting are given below;

	No. of Ballot Forms	Number of Votes Cast by them	% of Total Number of Valid Votes Cast
Voted in favor of the Resolution	125	8141617	94.184
Voted against the Resolution	20	2105	0.024
Invalid Votes*	14	500608	5.791

*Reasons for Invalid/Rejected entries:

5	Unsigned Postal Ballot
9	Discrepancy in Signature

The Board of Directors of the Company appointed M/s Bookseller & Associates as the Scrutinizer to the Postal Ballot process as per the provisions of Section 110 of the Companies Act, 2013.

The Procedure of the Postal Ballot was stated in the Notice which is in compliance with Sections 108, 110 and other applicable provisions of the Act and related Rules.

The Company dispatches the postal ballot notices and forms along with postage pre-paid business reply envelopes to its Members whose names appear in the Register of Members as on a cut-off date. The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and the applicable Rules.

Members desiring to exercise their votes by postal ballot forms are requested to return the forms duly completed and signed within 30 days to the Scrutinizer.

The Scrutinizer submits his/her report to the Chairman. After the completion of scrutiny of the voting by postal ballot, result is announced by the Chairman'. The results are also displayed on the website of the Company, www.lykalabs.com, besides being communicated to the Stock Exchanges.

7. DISCLOSURES:

i) Disclosure on Materially Related Party Transactions:

The Company has formulated a policy on materiality of related party transactions and also on dealing with related party transactions. This policy is available on the website of the Company. During the year 2014-15, no materially significant related party transactions have been entered into by the Company with the Promoters, Directors or Management or their relatives, that may have a potential conflict with the interest of the Company. Details of all related party transactions are disclosed in the Notes to the Accounts in the Annual Report as required under Accounting Standard-18 issued by the Institute of Chartered Accountants of India. The transactions with the companies, where the Directors of the Company were interested, were in the ordinary course of business, at arm's length and such transactions did not have any potential conflict with the interests of the Company. All related party transactions were done with prior omnibus approval of the Audit Committee. Register under Section 189 of the Companies Act, 2013 is maintained and particulars of transactions are entered in the Register, wherever applicable. The interested Directors neither participate in the discussion, nor vote on such matters, when such matters come up for approval.

ii) Details of non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The penalty of ₹ 75,000/- is levied respectively by BSE & NSE for delay in compliance of clause 41 of the listing agreement with the stock exchange for the quarter ended 31st March, 2014 which has been paid.

iii) Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with the requirements under the Companies Act, 2013 and Listing Agreement with the Stock Exchanges.

- (a) For employees to report concerns about unethical behavior;
- (b) To establish a mechanism to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the Integrity Policy; and
- (c) To ensure that adequate safeguards shall be provided to the whistle blowers against any

victimization or vindictive practices like retaliation, threat or any adverse (direct or indirect) action on their employment. The Policy also ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

No personnel/person has been denied access to the Audit Committee.

The Chairman of the Audit Committee looks into the complaints raised by employees and affected Directors and reports to the Board for resolution of the complaints on time.

iv) Code of Conduct

The Company has adopted Code of Conduct for Directors and Senior Management Officials of the Company.

v) Code of Conduct for prevention of Insider Trading

The Company has adopted Code of Conduct for prevention of Insider Trading which is available on Company's website.

8. MEANS OF COMMUNICATION:

i) Quarterly Results:

The quarterly/half yearly /annual/unaudited and audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors. The quarterly, half yearly and annual financial results are published in English & Marathi daily newspaper in Mumbai and Gujarati daily newspaper in Surat. The same were uploaded on the Company's website i.e. www.lykalabs.com.

ii) Green Initiative:

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs, the Company for the financial year 2014-15 will send Annual Report to those members whose email id which are registered with the Registrar & Share Transfer Agent. Physical copies are sent to those members whose email addresses are not registered with the Registrar & Share Transfer Agent.

9. GENERAL SHAREHOLDER INFORMATION

The Thirty Sixth Annual General Meeting (AGM) of the Company for the financial year 2014-2015 is scheduled on Wednesday, 30th December, 2015 at 12.45 p.m. at 4801/B & 4802/A. G.I.D.C industrial Estate, Ankleshwar-393002.

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 Clause 35B of the Listing Agreement with the Stock Exchanges (NSE & BSE), the Company has also extended e-voting facility, for its Members to enable them to cast their votes electronically on the proposed resolutions as mentioned in the Notice of the Thirty Sixth AGM. Instructions for e-voting are listed under the segment "Notes" in the Notice to Thirty Sixth AGM.

Those Shareholders/Members, who cannot attend the AGM in person, can appoint a proxy to represent them in the AGM, for which the Shareholder/Member needs to fill in a proxy form and send it to the Company, at its Registered Office address, on or before 12.45 p.m. on 28th December, 2015.

Lyka Labs Limited

- i) **Financial Year of the Company:** 1st July, 2015 to 31st March, 2016 (9 months).

For the Financial Year 2015-2016	Tentative Date of Announcement of Audited/ Un-Audited Financial Results.
First quarter ended on September 30, 2015	10 th November, 2015
Second quarter ending on December 31, 2015	By 14 th February, 2016
Third & final quarter ending on March 31, 2016	By 30 th May, 2016 (audited financial results)

- ii) **Date of Book Closure:**

The dates of Book Closure shall be from 24th December, 2015 to 30th, December, 2015 (both days inclusive).

- iii) **Dividend Payment Date:** No dividend is recommended for the year.

- iv) **Listing on Stock exchange:**

The Company's equity shares are listed on the Bombay Stock Exchange 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
Face Value of Share	₹ 10/-
International Securities Identification Number (ISIN)	INE933A01014
BSE - Stock Code	500259
NSE - Stock Code	lykalabs
BSE Address	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001; www.bseindia.com.
NSE Address	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051; www.nseindia.com.

- v) **Corporate Identity Number (CIN)**

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

- vi) **Market Price Data: High, Low during each month of the Financial Year 2014-15.**

The equity shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited for financial year 2014-15. Share price data of high and low for each month during the financial year 2014-2015 quoted on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited are mentioned as below:

Stock Exchange	The Bombay Stock Exchange Ltd.		The National Stock Exchange of India Ltd.		BSE Sensex	
	High	Low	High	Low	High	Low
July 2014	20.25	15.00	20.20	14.85	26300.17	24892.00
August 2014	20.50	14.25	20.55	14.15	26674.38	25232.82
September 2014	20.75	13.20	20.60	13.15	27354.99	26220.49
October 2014	24.30	18.30	24.15	17.80	27894.32	25910.77
November 2014	29.85	23.30	29.85	23.20	28822.37	27739.56
December 2014	29.60	24.35	29.30	24.00	28809.64	26469.42
January 2015	40.60	25.55	40.75	25.50	29844.16	26776.12
February 2015	46.75	35.05	47.00	34.90	29560.32	28044.49
March 2015	55.90	42.20	55.70	42.05	30024.74	27248.45
April 2015	65.25	49.70	65.45	48.95	29094.61	26897.54
May 2015	67.40	52.05	67.45	52.10	28071.16	26423.99
June 2015	73.00	57.05	73.05	56.65	27968.75	26307.07

vii) Registrar and Share Transfer Agent

Name	Sharex Dynamic (India) Pvt. Ltd.
Address	Unit-1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (E), Mumbai-400072
Contact no	28515606, 28515644
Fax No	28512885
Email Id	sharexindia@vsnl.com
Website	www.sharexindia.com

viii) Share Transfer System

Shares are sent for transfer in physical form which are processed and transferred by Registrar & Share Transfer Agent within 15 days from the receipt of proper documents following approval by the Share Transfer Committee. Share Transfers which are under objection are returned within 7 days. The Share Transfer Committee meets on a need basis to approve share transfers/transmissions. The Company submits a certificate obtained from Company Secretary in Practice on half-yearly basis regarding compliance with the share transfer formalities as required under clause 47 (c) of the Listing Agreement with Stock Exchange.

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ix) Distribution of Shareholding

No. of Equity Shares held	Shareholders		Shareholding	
	Numbers	Percentage	Numbers	Percentage
001 to 500	13441	83.93	1985077	9.20
501 to 1000	1175	7.34	1012903	4.69
1001 to 2000	568	3.55	902811	4.18
2001 to 3000	213	1.33	558640	2.59
3001 to 4000	118	0.74	433988	2.01
4001 to 5000	130	0.81	607522	2.82
5001 and above	370	2.31	16079059	74.51
Total	16015	100.00	21580000	100

x) Numbers of Shares in Demat and Physical Form as on 30th June, 2015

As of 30th June, 2015, 98.68% of the Company's shares representing 21296220 shares were held in Dematerialized form and the balance 1.32% representing 283780 shares were held in physical form.

xi) Outstanding Warrants for Conversion

460000 warrants issued under Series I to Promoter Group on Preferential basis are outstanding for conversion into Equity Shares as on 30th June, 2015.

xii) Plant Location

The Company's plant is located at Ankleshwar.

xiii) Address for Correspondence

Registered Office: 4801/B & 4801/A, G.I.D.C., Industrial Estate, Ankleshwar-393002,

Contact no. 02646 221422/220549

Fax: 02646-250692

Email: enquiry@lykalabs.com

xiv) Name of the Compliance Officer: Shri. P. G. Hindia

Admin Office: 101, Shivshakti Industrial Estate, Sir M.V. Road, Andheri (East), Mumbai-400059.

Contact No: 022-66112200

Fax: 022-6611 2249

Email: companysecretary@lykalabs.com

Mandatory requirements:

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges where the company's equity shares are listed.

Non Mandatory requirements:

1. Chairman of the Board:

The Chairman of the Board is Executive.

2. Shareholder Rights-Half yearly results

The Company's Quarterly Half yearly and Annually/Yearly results are published in English and Marathi in Mumbai and in Gujarati daily newspapers of Surat. The results are also posted on the website of the Company i.e. www.lykalabs.com.

3. Separate Posts of Chairman and CEO/Managing Director

The Chairman & Managing Director is same person.

4. Reporting of Internal Auditors

The Internal Auditors of the Company provides quarterly report to the Management of the Company.

5. Audit qualifications

Audit qualifications and management explanations thereto are reported in the Report of the Board of Directors.

CERTIFICATE ON CORPORATE GOVERNANCE

The Members
Lyka Labs Limited

I have examined the compliance of conditions of Corporate Governance by Lyka Labs Limited, for the financial year ended 30th June, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure 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 above mentioned Listing Agreement.

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 V. Sundaram & Co.

V. Sundaram

Membership No. 2023

COP: 3373

Place : Mumbai
Date : 28th November, 2015

CERTIFICATE

We, Shri N.I. Gandhi, Chairman & Managing Director and Shri. Yogesh B. Shah, Chief Financial Officer of Lyka Labs Limited, on the basis of the review of the financial statements and the cash flow statement for the financial year ended 30th June, 2015 and to the best of our knowledge and belief, hereby certify that:-

- (a) We have reviewed financial statements and the cash flow statement for the year ended on 30th June, 2015 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
 - iii) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year ended June 30th 2015 which are fraudulent, illegal or violative of the company's code of conduct.
 - iv) We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls systems, if any, of which we are aware and we have taken the steps to rectify these deficiencies.
 - v) We further certify that:-
 - (a) There have been no significant changes in internal control during this period;
 - (b) There have been no significant changes in accounting policies during this period;
 - (c) There have been no instances of any significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

N.I. Gandhi
Chairman & Managing Director
DIN: 00021530

Y. B. Shah
Chief Financial Officer

Place : Mumbai

Date : 28th November, 2015



INDEPENDENT AUDITORS' REPORT

To the Shareholders of Lyka Labs Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **LYKA LABS LIMITED (the Company)**, which comprise the Balance Sheet as at June 30 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date (in which are incorporated the accounts of the company's branches at Ankleshwar and Tarapur audited by other auditor's after making such changes as were considered necessary for the purpose of incorporation), and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Director is 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 and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards 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 provision 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Lyka Labs Limited

Basis for Qualified Opinion

We draw attention to Note No.28 relating to non compliance of the provisions of Section 74 of the Companies Act, 2013 to the extent of such non repayment of overdue Fixed Deposits.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph*, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2015;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and;
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Reason for Qualification

The Company has not been able to repay overdue Fixed Deposits aggregating to ₹ 108,586,000 and interest due thereon ₹ 14,889,768 upto 30th June, 2015. Consequently, the Company has not complied with provision of Section 74 of the Companies Act, 2013 to the extent of such non repayment of overdue Fixed Deposits. Hence we have qualified the same. The liability, if any arising on account of delayed payments/non-payment of dues will be provided for in the year in which finality is reached .

Emphasis of Matters

1. The Company continues to be under severe financial stress as reflected by:
 - (a) Overdue Fixed Deposits and Debentures (including interest accrued and due) (Refer Note Nos. 28 and 29)
 - (b) Overdue loans from banks (Refer Note No. 30).
 - (c) Statutory dues of ₹ 29,738,746 remaining unpaid (Refer Note No. 10(B)(i))
 - (d) Fire Ankleshwar Plant (Refer Note No. 32).
 - (e) Overdue receivables (Refer Note No. 36).
 2. **Restructuring of Business Operations:**

The Management of the Company is in the process of restructuring its business operations as also those of its subsidiaries in which it has substantial investments by:-

 - (a) The Company sold its manufacturing facilities for formulations at Tarapur, Maharashtra (Refer Note No. 31)
 - (b) Infusion of funds by promoters through subscription of Preferential issue of convertible warrants.
 - (c) Expanding business volumes.
 3. Note No. 36 regarding Sundry Debtors outstanding for more than six months aggregating to ₹ 129,639,709 considered good for recovery by the company.
 4. Note No. 37 regarding pending balance confirmation from Sundry Debtors, Sundry Creditors, Fixed Deposits, Group Companies and Loans & Advances.
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5. Note No. 38 regarding non provision for diminution in value of investments.
 6. Note No. 39 relating to Capital Work-in-Progress of Intangible Assets aggregating to ₹ 109,643,183.
 7. Note No. 41 regarding slow/non-moving material aggregating to ₹ 12,560,316.

Our opinion is not qualified in respect of all these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
 - (d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (f) On the basis of written representations received from the directors as on June 30, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2015, from being appointed as a director in terms of section 164(2) of the Act.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The company has disclosed the impact of pending litigation on its financial position in its financial statements – Refer to Note No. 27 (i) to 27(vi) of other notes to the financial statements.
 - (ii) The company does not have any long-term contracts including derivatives contracts and hence there are no material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M. A. Parikh & Co.
Chartered Accountants
Firm Reg. No. 107556W

Place : Mumbai
Date : 29th August, 2015

MUKUL PATEL
Partner
Membership No. 32489

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

- (i) In respect of its Fixed Assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) There is a phased programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. The discrepancies noticed on such verification which are not material have been suitably dealt with in the books of account.
- (ii) In respect of its Inventories:
- (a) As explained to us, inventories were physically verified during the year by the management at regular intervals except the inventories lying with the third parties from whom confirmations have been obtained.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on physical verification which are not material have been properly dealt with in the books of account.
- (iii) The Company has not granted any loan to any party, covered in the register maintained under section 189 of the Companies Act, 2013 and hence clause 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
- (v) *The Company has not been able to repay overdue Fixed Deposits aggregating to ₹ 108,586,000 and interest due thereon ₹ 14,889,768 upto 30th June, 2015 (excluding Short Term Loans in respect of which, the Company has been legally advised that such loans are not deposits, as defined, in the Companies (Acceptance of Deposits) Rules, 2014). Consequently, the Company has not complied with the provisions of Section 74 of the Companies Act, 2013 to the extent of such non repayment of overdue Fixed Deposits.*
- The Company has filed a petition with the Company Law Board on 31st March, 2015 to seek extension of time for repayment of principal and interest (dues) thereon upto March, 2020.
- (vi) We have broadly reviewed the books of account and records, to the extent, maintained by the Company relating to the manufacture of Bulk Drugs and Formulations, pursuant to the Order made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie most of the prescribed accounts and records have generally been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) According to the information and explanations given to us and as per the relevant records produced before us in respect of statutory and other dues:

- (a) During the year Company has not been regular in depositing undisputed statutory dues relating to Provident Fund, Professional Tax, E.S.I.C., Service Tax, Income-tax, Value Added Tax and Sales-tax. The arrears of the said 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 follows:

Sr. No.	Nature of Dues	Amount (₹)
1.	Tax Deducted at Source	2,941,780
2.	E.S.I.C.	1,664,306
3.	Provident Fund	697,318
4.	Professional Tax	390,360
5.	Central Sales Tax	85,868
6.	Service Tax Payable	1,885,314
7.	Maharashtra Labor Welfare Fund	2,150
8.	Gujarat Labor Welfare Fund	2,515
9.	Sales Tax deferral Scheme-SICOM	4,629,990

- (b) Following disputed dues have not been deposited since the matters are pending with the respective forums:

Sr. No.	Nature of dues	Amount (₹)	Period to which the amount relates	Name of Forum	Remark
1.	Demand under Drugs Price Control Order	209,440,565	Demands raised in 1987, 1990 and 1995	Gujarat High Court	Refer Note No. 27(i)
2.	Purchase Tax	1,600,442	1991-96	Gujarat Sales Tax Appellate Tribunal	—
3.	Excise Duty	1,122,138	Since August 22, 2006	Commissioner of Excise & Customs	—
		6,015,116	2008-2013	Commissioner of Excise & Customs	—
		10,875,257	Since September 1995 to February 2000	Customs, Excise & Service Tax Appellate Tribunal	Refer Note 27(iii)(a)
4.	Bombay Sales Tax	6,186,400	1998-99	Appellate Tribunal	—
		9,824,035	2000-01		
		420,682	2002-03		
		379,164	2004-05		

Lyka Labs Limited

Sr. No.	Nature of dues	Amount (₹)	Period to which the amount relates	Name of Forum	Remark
5.	Maharashtra Value Added Tax	792,379	2006-07	Appellate Tribunal	—
		3,513,662	2007-08	Dy. Commissioner of Sales Tax Appeal	—
		8,825,968	2011-12	Jt. Commissioner of Sales Tax Appeal	—
6.	Central Sales Tax	7,299,596	2007-08	D. Commissioner of Sales Tax Appeal	—
		3,812,330	2011-12	Jt. Commissioner of Sales Tax Appeal	—
		1,795,241	1998-99	Appellate Tribunal	—
		1,096,776	2000-01		
7.	Service Tax	1,809,830	2011-12	Adl. Commissioner	—
8.	Gujarat Sales Tax	8,545,195	2002-03	Commissioner of Sales Tax Appeal	Refer Note No. 27(ii)(a)
		9,740,372	2010-11		
		1,370,850	2006-07		
		673,902	2007-08		
		6,455,421	2009-10		

(c) According to the information and explanations given to us, the Company does not have any amount which is pending to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act ,1956 (1 of 1956) and rules made thereunder.

(viii) The accumulated losses of the Company have not exceeded fifty per cent of its net worth as at the end of the year. The Company has not incurred cash losses during the year. In the immediately preceding financial period, the Company had incurred cash losses.

(ix) *Based on our audit procedures and according to the information and explanations given by the management, during the year, the Company, has defaulted in repayment of dues to Bank, the defaults whereof are stated hereunder.*

Period of Delay	Bank	
	Principal	Interest
January, 2015 to June 2015	16,000,000	7,491.211

- (x) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given a guarantee for loan taken by its subsidiary from a bank are prima facie not prejudicial to the interests of the Company.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xii) To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the year.

For M. A. Parikh & Co.
Chartered Accountants
Firm Reg. No. 107556W

Place : Mumbai
Date : 29th August, 2015

MUKUL PATEL
Partner
Membership No. 32489

Lyka Labs Limited

BALANCE SHEET AS AT 30TH JUNE, 2015

			[Amount in ₹]	
	Note No.	As at 30 th June, 2015	As at 30 th June, 2014	
A EQUITY AND LIABILITIES				
1. Shareholders' Funds				
(a) Share Capital	3	226,657,000	226,657,000	
(b) Reserves and Surplus	4	381,771,971	400,794,745	
		<u>608,428,971</u>	<u>627,451,745</u>	
2. Money Received against Share Warrants		3,220,000	—	
3. Non-Current Liabilities				
(a) Long-Term Borrowings	5	287,347,595	546,369,510	
(b) Other Long-Term Liabilities	6	4,895,000	3,178,500	
(c) Long-Term Provisions	7	30,459,461	31,111,925	
		<u>322,702,056</u>	<u>580,659,935</u>	
4. Current Liabilities				
(a) Short-Term Borrowings	8	360,729,269	450,582,004	
(b) Trade Payables	9	394,067,354	346,504,457	
(c) Other Current Liabilities	10	637,520,879	615,274,290	
(d) Short-Term Provisions	11	4,509,378	4,698,771	
		<u>1,396,826,880</u>	<u>1,417,059,522</u>	
TOTAL		<u>2,331,177,907</u>	<u>2,625,171,202</u>	
B ASSETS				
1. Non-Current Assets				
(a) Fixed Assets				
(i) Tangible Assets	12	573,722,702	900,601,148	
(ii) Capital Work-in-Progress		160,641,216	120,529,844	
(iii) Intangible Assets		42,959,642	37,649,940	
(iv) Intangible assets under development		109,643,183	97,257,847	
		<u>886,966,743</u>	<u>1,156,038,779</u>	
(b) Non-Current Investments	13	625,655,744	625,315,019	
(c) Long-Term Loans and Advances	14	180,175,613	174,045,386	
		<u>1,692,798,100</u>	<u>1,955,399,184</u>	
2. Current Assets				
(a) Inventories	15	125,583,056	85,974,635	
(b) Trade Receivables	16	288,327,248	253,550,238	
(c) Cash and Cash Equivalents	17	17,034,881	65,108,922	
(d) Short-Term Loans and Advances	18	193,483,349	251,233,792	
(e) Other Current Assets	19	13,951,273	13,904,431	
		<u>638,379,807</u>	<u>669,772,018</u>	
TOTAL		<u>2,331,177,907</u>	<u>2,625,171,202</u>	
See accompanying notes forming part of the financial statements		1 to 59		

In terms of our report of even date attached,

For M.A.PARIKH & CO.

Chartered Accountants

Firm Registration No. 107556W

MUKUL PATEL

Partner

Membership No. 32489

Place : Mumbai

Date : 29th August 2015

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

N. I. Gandhi

Chairman & Managing Director

DIN: 00021530

V. S. Shanbhag

Director

DIN: 00555709

Y. B. Shah

Chief Financial Officer

P. G. Hindia

Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH JUNE, 2015

	Note No.	For the Year ended 30 th June, 2015	[Amount in ₹] For the Period ended 30 th June, 2014
REVENUE			
Revenue from Operations	20	965,166,966	939,428,667
Less: Excise Duty		60,324,423	71,443,172
Revenue from Operations (net)		904,842,543	867,985,495
Other Income	21	17,073,020	45,985,305
Total Revenue		921,915,563	913,970,800
EXPENSES			
Cost of Materials Consumed		465,811,264	465,818,452
Purchases of Stock-in-Trade		47,922,219	35,269,782
Changes in Inventories	22	(5,698,601)	36,787,767
Employee Benefits Expense	23	96,358,491	139,905,480
Finance Costs	24	183,471,886	239,729,421
Depreciation and Amortization Expense	12	38,326,316	54,303,516
Other Expenses	25	117,144,459	208,588,068
Total Expenses		943,336,034	1,180,402,486
(Loss) before Exceptional items and Extra Ordinary Item and Taxes		(21,420,471)	(266,431,686)
Exceptional items (Net)	49	(36,347,432)	115,450,544
Prior Period Adjustments		1,260,000	36,551,405
Extra Ordinary Item (Income)		—	(345,716,307)
Profit / (Loss) for the Year/Period		13,666,961	(72,717,328)
Earnings per share (of ₹ 10/- each):			
Basic / Diluted	48	0.58	(3.43)
See accompanying notes forming part of the financial statements	1 to 59		

In terms of our report of even date attached,

For M.A.PARIKH & CO.

Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL

Partner
Membership No. 32489

Place : Mumbai

Date : 29th August 2015

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

N. I. Gandhi *Chairman & Managing Director*

DIN: 00021530

V. S. Shanbhag *Director*

DIN: 00555709

Y. B. Shah *Chief Financial Officer*

P. G. Hindia *Company Secretary*

Lyka Labs Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2015

		[Amount in ₹]
	Current Year ended 30th June, 2015	Previous Period ended 30th June, 2014
Profit /(Loss) for the Year/Period after tax	13,666,961	(72,717,328)
Adjusted for		
Depreciation	38,326,316	54,303,516
Interest Income	(2,505,009)	(12,417,033)
(Profit) / Loss on sale of fixed assets	(85,056,635)	4,428,135
Interest & finance charges	183,471,886	219,498,289
Exchange rate fluctuation	(7,354,280)	6,502,545
Provision for diminution in value of investments written back	(340,725)	(152,790)
	126,541,553	272,162,662
Operating profit before working capital change	140,208,514	199,445,334
Changes in		
Trade and other receivables	(38,715,504)	433,390,938
Inventories	(39,608,421)	59,580,470
Trade payable	74,163,351	273,730,460
	(4,160,574)	766,701,868
A. Cash Generated from Operations	136,047,940	966,147,202
Exchange rate fluctuation	7,354,280	(6,502,545)
Tax Payment	(8,286,885)	(3,629,588)
	(932,605)	(10,132,133)
Net cashflow from operating activities	135,115,335	956,015,069
Extra Ordinary Item - (Slump Sale)	—	(345,716,307)
Loss of Inventory Due to Fire	—	6,110,356
Loss of Fixed Assets Due to Fire	—	21,087,494
Irrecoverable Debts written off	62,037,948	83,824,559
Net cashflow after exceptional items (A)	197,153,283	553,672,053
B. Cashflow for Investing activities		
Purchase of fixed assets	(65,972,048)	(140,956,090)
Sale proceeds of Fixed assets	349,084,668	5,677,859
Purchase of Investments	—	(122,500,000)
Interest Received	4,265,815	12,417,033
Net cash used in Investing activities (B)	287,378,435	(245,361,198)



CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	Current Year ended 30th June, 2015	Previous Period ended 30th June, 2014
C. Cashflow from Financing activities		
Borrowings repaid	(348,874,650)	(69,171,906)
Money Received against Share Warrants	3,220,000	—
Repayment of unclaimed Preference Shares	(50,000)	—
Interest Paid	(186,901,109)	(219,648,139)
Net cash used in Financing activities (C)	(532,605,759)	(288,820,045)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(48,074,041)	19,490,810
Cash and Cash equivalents at the commencement of the year / period	65,108,922	45,618,112
Cash and Cash equivalents at the end of the year / period	17,034,881	65,108,922
	(48,074,041)	19,490,810

Notes:

- (i) Cash & Cash Equivalents includes Margin Money Deposits of ₹ 11,134,770 (Previous Period ₹17,252,624) with Bank for availing loan facility.
- (ii) Previous period figures have been regrouped /reclassified wherever applicable, hence not comparable.

In terms of our report of even date attached,

For M.A.PARIKH & CO.

Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL

Partner
Membership No. 32489

Place : Mumbai

Date : 29th August 2015

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

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

V. S. Shanbhag *Director*
DIN: 00555709

Y. B. Shah *Chief Financial Officer*

P. G. Hindia *Company Secretary*

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

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

(a) Basis of Preparation of Financial Statements

These financial statements have been prepared under the historical cost convention except certain Fixed Assets, which have been revalued on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as prescribed under the Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/ Companies Act 1956 ("the 1956 Act"), as applicable.

(b) Use of Estimates

The presentation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual result and estimates are recognized in the period in which the results are known / materialized.

(c) Fixed Assets

1. Tangible Fixed Assets

- (i) Fixed Assets other than Land, Building and Plant & Machinery are recorded at cost of acquisition or construction.
- (ii) Land, Building and Plant & Machinery:
 - (a) These Fixed Assets are recorded at net present replacement value as on 30th September, 2010.
 - (b) Additions to Land, Buildings and Plant & Machinery after 30th September, 2010 are recorded at cost.

Note: Cost comprises of all direct costs/ expenses (including borrowing costs referred to in 2(d)) incurred in order to bring such assets to their present condition and location including Indirect Taxes in the case of Land and Buildings but excluding applicable set-off in respect of Indirect Taxes relating to Plant & Machinery and Software.

- (iii) Fixed Assets include assets purchased under Hire Purchase Agreement.

2. Intangible Fixed Assets

Intangible Fixed Assets include cost of acquired software, designs and contract acquisition costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

Internally developed intangibles

Expenditure incurred in respect of “new product development and applied research” held under Capital Work-in-Progress shall be recognized as Intangibles upon successful development of respective products. Refer note note 2(d) for the policy on capitalization of borrowing costs.

(d) Borrowing Cost

Financing costs relating to deferred credits or to borrowed funds attributable to construction or acquisition or development of qualifying assets are capitalized upto the commencement of commercial production and are included in the cost of the assets to which they relate.

A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

All other borrowing costs are charged to Statement of Profit and Loss.

(e) Depreciation /Amortization

1. Tangible Fixed Assets

- (i) Depreciation on tangible fixed assets is provided on straight-line method at the rates and manner in accordance with Schedule II to the Companies Act, 2013.
- (ii) Leasehold land is amortized over the period of lease.
- (iii) Depreciation in respect of re-valued assets is charged to Revaluation Reserve and/or to Statement of Profit & Loss after the Revaluation Reserve is exhausted.

2. Intangible Fixed Assets

Amortization of intangible fixed assets is provided on straight-line method basis over a period of 10 years from the date of implementation based on management's estimate of useful life over which economic benefit will be derived from its use.

(f) Investments

Investments are stated at cost of acquisition. Provision is made for diminution in value of long-term investments, if such diminution is other than temporary in nature.

(g) Inventories

- (i) Raw Material, Packing Material, 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 credit, rebates, trade discount etc.), costs of conversion and cost incurred to bring the inventories to the present location and condition.
- (ii) Stores and Spares are charged to consumption as and when purchased.

(h) Employee Benefits

The Company's employee benefits primarily cover provident fund, superannuation, gratuity and compensated absences.

- (i) Provident fund and Superannuation fund are defined contribution schemes and the Company has no further obligation beyond the contributions made to the fund. The contribution on account of Provident Fund is made to the Employees Provident Fund and that for Superannuation, is made

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

to The Life Insurance Corporation of India. The said contributions are charged to Statement of Profit and Loss in the Year in which they accrue.

- (ii) Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the year. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. The Company makes contributions to a fund administered and managed by the Life Insurance Corporation of India (LIC) to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.
- (iii) Leave encashment / compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

(i) Translation of Foreign Currency Transactions

Transactions in foreign currency are recorded at the prevalent rates of exchange in force at the time the transactions are effected. Monetary items denominated in foreign currencies are translated at year-end rates. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss except in cases where they relate to:

- (i) Acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets; and
- (ii) Other long-term foreign currency monetary items that are amortized over the remaining life of the concerned monetary item.

(j) Revenue Recognition

Revenue is recognised when realisation is reasonably certain in respect of:

- (i) Sale of goods on transfer of significant risk and reward. Sales are inclusive of excise duty.
- (ii) Processing charges are recognized on despatch basis.
- (iii) Transfer of Technology fees are recognized when the related services are performed as per the agreement.
- (iv) Insurance / other claims, interest, commission and royalty.
- (v) Export incentives on accrual basis.

(k) Taxes on Income

- (i) Current tax is determined as the amount of Income Tax in respect of taxable income for the year in accordance with the applicable tax rates and the prevailing tax laws.
- (ii) Deferred Tax is recognized, subject to the consideration of prudence for deferred tax assets, on timing differences between taxable income and accounting income that originate in one period/s/ year/s and are capable of reversal in one or more subsequent years. Deferred Tax Assets and Liabilities are measured in accordance with the applicable tax rates and the prevailing tax laws.

(l) Contingent Liabilities

Contingent liabilities are not provided for and are disclosed by way of notes to accounts.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

3. SHARE CAPITAL

	As at 30th June, 2015		As at 30th June, 2014	
	Number of Shares	Amount in (₹)	Number of Shares	Amount in (₹)
Authorised				
Equity Shares of ₹ 10/- each	24,000,000	240,000,000	24,000,000	240,000,000
Redeemable Preference Shares of ₹ 100/- each	200,000	20,000,000	200,000	20,000,000
	24,200,000	260,000,000	24,200,000	260,000,000
Issued				
Equity Shares of ₹ 10/- each	21,580,000	215,800,000	21,580,000	215,800,000
10% Cumulative Redeemable Preference Shares of ₹ 100/- each	108,570	10,857,000	108,570	10,857,000
	21,688,570	226,657,000	21,688,570	226,657,000
Subscribed and Fully Paid Up				
Equity Shares of ₹ 10/- each	21,580,000	215,800,000	21,580,000	215,800,000
10% Cumulative Redeemable Preference Shares of ₹ 100/- each	108,570	10,857,000	108,570	10,857,000
Total	21,688,570	226,657,000	21,688,570	226,657,000

3.1 Reconciliation of number of shares outstanding:

Particulars	As at 30th June, 2015		As at 30th June, 2014	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
At the beginning of the year	21,580,000	108,570	21,580,000	108,570
At the end of the year	21,580,000	108,570	21,580,000	108,570

3.2 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.

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

3.3 Details of Shares held by Shareholders holding more than 5% shares in the company

Name of the shareholders	As at 30th June, 2015		As at 30th June, 2014	
	No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
Equity Shares of ₹ 10/- each				
Narendra I Gandhi (HUF)	1,270,776	5.89%	1,270,776	5.89%
Kunal Narendra Gandhi	1,151,642	5.34%	1,151,642	5.34%
Nehal Narendra Gandhi	1,369,803	6.35%	1,369,803	6.35%
Clearwater Capital Partners Cyprus	—	—	1,650,000	7.65%
10% Cumulative Redeemable Preference Shares of Rs. 100/- each				
Dr. D. B. Parikh	108,570	100.00%	108,570	100.00%

3.4 4,000,000 Equity shares of ₹10/- each were issued on 07.12.2005 by conversion of Global Depository Receipts.

3.5 108,570 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 20 years from the date of allotment.

4. RESERVES & SURPLUS

[Amount in ₹]

	As at 30th June, 2015	As at 30th June, 2014
(A) Capital Reserve		
Balance at the beginning of the year	5,068,404	5,068,404
Balance at the end of the year	5,068,404	5,068,404
(B) Securities Premium Account		
Balance at the beginning of the year	666,866,662	666,866,662
Balance at the end of the year	666,866,662	666,866,662
(C) Revaluation Reserve		
Balance at the beginning of the year	36,953,460	17,486,034
Add: Prior period adjustments	—	27,239,600
Less: (Refer note 33(ii))	(6,299,038)	(7,772,174)
Balance at the end of the year	30,654,422	36,953,460

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

4. RESERVES & SURPLUS (Contd.)

	As at 30th June, 2015	As at 30th June, 2014
(D) General Reserve		
Balance at the beginning of the year	121,648,067	121,648,067
Less: Adjustment on account of Depreciation (Refer Note 33(iii))	<u>(26,390,697)</u>	—
Balance at the end of the year	<u>95,257,370</u>	<u>121,648,067</u>
(E) (Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	(429,741,848)	(357,024,520)
Add: Profit/(Loss) for the year/period	<u>13,666,961</u>	<u>(72,717,328)</u>
Balance at the end of the year	<u>(416,074,887)</u>	<u>(429,741,848)</u>
Total	<u><u>381,771,971</u></u>	<u><u>400,794,745</u></u>

5. LONG-TERM BORROWINGS

[Amount in ₹]

	As at 30th June, 2015	As at 30th June, 2014
Secured		
Debentures - Privately Placed Non Convertible (Refer Note 5.1 & 5.2 below)	—	37,550,000
Term Loan from Banks (Refer Note 5.3 below)	283,641,028	427,446,727
Long-term maturities of finance lease obligations (Refer Note 5.4 below)	<u>3,706,567</u>	<u>4,687,329</u>
	<u>287,347,595</u>	<u>469,684,055</u>
Unsecured		
Deposits (Refer Note 5.5 below)	—	76,301,000
Sales Tax Deferment Scheme	—	384,454
	—	<u>76,685,454</u>
Total	<u><u>287,347,595</u></u>	<u><u>546,369,510</u></u>

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

5.1 Details of Debentures issued by the Company

Terms and Conditions		As at 30th June, 2015	As at 30th June, 2014
62 debentures are redeemable at the end of 33 months with put & call option for redemption at the end of 27 months	13.50% Debentures of ₹ 1 Lac Each	—	6,150,000
30 debentures are redeemable at the end of 32 months	13.55% Debentures of ₹ 1 Lac Each	—	3,000,000
71 debentures are redeemable at the end of 35 months	13.75% Debentures of ₹1 Lac Each	—	7,100,000
54 debentures are redeemable at the end of 36 months	13.70% Debentures of ₹1 Lac Each	—	5,400,000
36 debentures are redeemable at the end of 35 months	13.50% Debentures of ₹ 1 Lac Each	—	3,600,000
26 debentures are redeemable at the end of 36 months	13.55% Debentures of ₹ 1 Lac Each	—	2,600,000
10 debentures are redeemable at the end of 35 months	13.45 % Debentures of ₹ 1 Lac Each	—	1,000,000
24 debentures are redeemable at the end of 36 months	13.90 % Debentures of ₹ 1 Lac Each	—	2,400,000
34 debentures are redeemable at the end of 35 months	13.80 % Debenture of ₹ 1 lac Each	—	3,400,000
29 debentures are redeemable at the end of 34 months	13.65 % Debenture of ₹ 1 lac Each	—	2,900,000
Total		—	37,550,000

5.2 Non Convertible Debentures are secured by first charge on Trade Marks & second charge on Immovable Properties at Ankleshwar.

5.3 Details of terms of repayment and security provided for in respect of the Long-Term Borrowings as follows: (Including Current Maturities of Term Loans from Banks - Refer Note No. 10)

- (a) Term Loan (Expansion) from Dena Bank repayable in 15 quarterly installments of ₹ 18.09 Lacs each. Interest rate is base rate + 1% ##
- (b) Term Loan (R&D) from Dena Bank repayable in 14 quarterly installments of ₹ 6.77 Lacs each. Interest rate is Base Rate + 1% ##

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

- (c) Term Loan from Dena Bank repayable in 15 quarterly installments of ₹ 15.55 Lacs each. Interest rate is Base Rate + 1% ##
- (d) Term Loan (working capital) from Dena Bank repayable in 11 quarterly installments of ₹ 40 Lacs each. Interest rate is Base Rate + 1% ##
- (e) Term Loan (Lypholisation II) from Dena Bank repayable in 14 quarterly installments of ₹ 7.81 Lacs each. Interest rate is Base Rate + 1% ##
- (f) Term Loan (New Expansion) from Dena Bank repayable in 17 quarterly installments of ₹ 90.90 lacs each. Interest rate is Base Rate + 1.55% # #
- (g) Term Loan (Schedule - M Requirement) from Dena Bank repayable in 20 quarterly installments of ₹ 16.40 lacs each commencing from 12 months from the date of first disbursement. Interest rate is Base Rate + 1.55% # #
- (h) Term Loan (working capital) from Dena Bank repayable in 10 quarterly installments of ₹ 60 Lacs each commencing from 30th September 2015 Interest rate is Base Rate + 1.05% ##

The above Term Loans are secured by first charge on stock in trade, book debts, other movable assets, movable machinery & guaranteed by some of the directors of the Company. These Loans are also secured by equitable mortgage of Company's immovable properties at Ankleshwar and Valsad.

- (i) Term Loan from Bank of Maharashtra repayable in 10 quarterly installments of ₹ 50 Lacs each. Interest rate is Base Rate + 1.2%. *
- (j) Term Loan from Bank of Maharashtra repayable in 20 quarterly installments of ₹ 30 Lacs each. Interest rate is Base Rate + 600 bps + 50 bps (term premium). *

* Above Term Loans are Secured by extension of equitable mortgage of property situated at Shiv Shakti industrial Estate, Andheri (East), Mumbai - 400059

- (k) Term Loans from Kapol Co-Operative Bank Ltd. repayable in 84 equal monthly installments of ₹ 12.16 lacs each and 6 equal monthly installments of ₹ 12.19 lacs each. Interest rate is @15%. **

** Above Term Loans are Secured by extension of equitable mortgage of property and machinery situated at Ankleshwar.

5.4 9 lease obligations repayable in equated monthly instalments up to June 2018 Secured by respective vehicles. Rate of interest ranges from 8.38% to 18.01 %

5.5 **Fixed Deposits** — unsecured rate of interest ranges from 10.5 % to 12.50 %

6. OTHER LONG-TERM LIABILITIES

[Amount in ₹]

	As at 30th June, 2015	As at 30th June, 2014
Security Deposits	4,895,000	3,178,500
Total	4,895,000	3,178,500

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

7. LONG TERM PROVISIONS

	As at 30th June, 2015	As at 30th June, 2014
Provision for Employee Benefits:		
(i) Provision for Leave Encashment	7,368,623	6,698,415
(ii) Provision for Gratuity	20,583,138	22,220,810
(iii) Provision for Superannuation	2,507,700	2,192,700
Total	30,459,461	31,111,925

8. SHORT TERM BORROWINGS

[Amount in ₹]

	As at 30th June, 2015	As at 30th June, 2014
Secured		
Loans repayable on demand from Banks (Refer Note (8.1) below)	253,037,222	318,356,305
	253,037,222	318,356,305
Unsecured		
Loans and Advances from related parties (Refer Note (8.2) below)	2,744,834	650,694
Inter Corporate Deposits (Refer Note (8.3) below)	18,604,966	38,400,000
Short Term Loans (Refer Note (8.4) below)	86,342,247	93,175,005
	107,692,047	132,225,699
Total	360,729,269	450,582,004

8.1 Details of terms of repayment and security provided in respect of Short -Term Borrowings:

(a) Interest on Dena Bank Cash Credit loan is Base Rate +1% p.a. # #

(b) Interest on Dena Bank Buyers Credit Loan ranges from LIBOR + 0.75% to LIBOR + 2.00% # #

The above Loans are secured by first charge on stock in trade, book debts, other movable assets, movable machinery & guaranteed by some of the Directors of the Company. These Loans are also secured by equitable mortgage of Company's immovable properties at Ankleshwar and Valsad.

8.2 Interest on Loans from related parties ranges between 10.25 % to 12% simple Interest payable on yearly basis.

8.3 Interest on Inter Corporate Deposits ranges between 16% to 21% (simple interest) and repayable at quarterly/ half yearly / yearly basis.

8.4 Interest on Short Term Loans ranges between 12% and 21%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

9. TRADE PAYABLES

	As at 30th June, 2015	As at 30th June, 2014
Trade Payables	394,067,353	346,504,457
Total	394,067,353	346,504,457

10. OTHER CURRENT LIABILITIES

[Amount in ₹]

	As at 30th June, 2015	As at 30th June, 2014
A Current Maturities of Long-Term Debt		
(i) Debentures - Privately Placed Non Convertible [including Unclaimed / Unpaid debenture ₹ 61,650,000/-, Previous period ₹ 42,700,000/- (refer Note No.10.1 & 10.2)]	99,950,000	108,900,000
(ii) Term Loan from Banks (Refer Note no 5.3 & 10.4)	217,536,989	198,535,000
(iii) Finance Lease Obligations	3,227,847	2,694,283
(iv) Fixed Deposits [including Unclaimed/Unpaid fixed deposit ₹ 37,156,000/-, Previous period ₹ 9,421,000/- (Refer Note No.10.3)]	108,586,000	79,392,000
(v) Interest Accrued and due on above	27,634,847	18,491,890
(vi) Interest Accrued but not due on above	520,811	13,092,991
B Other Payables		
(i) Statutory dues	29,738,746	34,088,028
(ii) Preference Share Dues	175,000	225,000
(iii) Book Overdraft	35,125,207	23,296,554
(iv) Employee dues	34,970,870	38,593,195
(v) Advance from Customers	38,972,462	13,661,207
(vi) Advance against Sale of Assets	—	50,000,000
(vii) Retention Payable	478,939	478,939
(viii) Other Outstanding Liabilities	35,588,714	29,195,210
(ix) Sales Tax Deferment Scheme	5,014,447	4,629,993
Total	637,520,879	615,274,290

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

10.1 Details of Debentures issued by the Company

Terms and Conditions		As at 30th June, 2015	As at 30th June, 2014
104 debentures are redeemable at the end of 36 months	13.50% Debentures of Rs. 1 Lac Each	—	10,400,000
54 debentures are redeemable at the end of 39 months	13.75% Debentures of Rs. 1 Lac Each	—	5,400,000
93 debentures are redeemable at the end of 30 months	13.50% Debentures of Rs. 1 Lac Each	—	9,300,000
157 debentures are redeemable at the end of 31 months	13.60% Debentures of Rs. 1 Lac Each	—	15,700,000
47 debentures are redeemable at the end of 29 months	13.40% Debentures of Rs. 1 Lac Each	—	4,700,000
93 debentures are redeemable at the end of 34 months	13.70% Debentures of Rs.1 Lac Each	—	9,300,000
45 debentures are redeemable at the end of 33 months	13.65% Debentures of Rs. 1 Lac Each	—	4,500,000
69 debentures are redeemable at the end of 36 months	13.75% Debentures of Rs.1 Lac Each	6,900,000	6,900,000
30 debentures are redeemable at the end of 32 months	13.55% Debentures of Rs. 1 Lac Each	3,000,000	—
71 debentures are redeemable at the end of 35 months	13.75% Debentures of Rs.1 Lac Each	7,100,000	—
54 debentures are redeemable at the end of 36 months	13.70% Debentures of Rs.1 Lac Each	5,400,000	—
36 debentures are redeemable at the end of 35 months	13.50% Debentures of Rs. 1 Lac Each	3,600,000	—
26 debentures are redeemable at the end of 36 months	13.55% Debentures of Rs. 1 Lac Each	2,600,000	—
10 debentures are redeemable at the end of 35 months	13.45% Debentures of Rs. 1 Lac Each	1,000,000	—
34 debentures are redeemable at the end of 35 months	13.80 % Debenture of Rs. 1lac each	3,400,000	—
24 debentures are redeemable at the end of 36 months	13.90% Debentures of Rs. 1 Lac Each	2,400,000	—
29 debentures are redeemable at the end of 34 months	13.65% Debentures of Rs. 1 Lac Each	2,900,000	—
Total		38,300,000	66,200,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

10.2 Details of continuous defaults in repayment of Secured Debentures and interest thereon as on 30th June 2015 as follows:

Period of Defaults	Principal Amount		Interest
	Unpaid	Unclaimed	
F.Y. 2013-14	23,700,000	19,700,000	—
F.Y. 2014-15	3,900,000	14,350,000	2,423,376
Total	27,600,000	34,050,000	2,423,376

10.3 Details of continuous default in repayment of Fixed Deposits and interest thereon as on 30th June 2015 are as follows:

Period of defaults	Unpaid	Unclaimed	Interest
F.Y. 2009-10	100,000	—	—
F.Y. 2010-11	—	175,000	26,201
F.Y. 2011-12	—	440,000	112,498
F.Y. 2012-13	—	995,000	640,407
F.Y. 2013-14	2,047,000	1,117,000	1,282,294
F.Y. 2014-15	27,196,000	2,046,000	5,311,946
Apri '15 to June '15	—	74,470,000	7,516,422
Total	29,343,000	79,243,000	14,889,768

10.4 Details of continuous defaults in repayment of Secured Term Loans and interest thereon from Bank of Maharashtra as on 30th June 2015 as follows:

Period of Defaults	Principal Amount	Interest
January 2015 to June 2015	16,000,000	7,491,211
Total	16,000,000	7,491,211

11. SHORT TERM PROVISIONS

[Amount in ₹]

	As at 30th June, 2015	As at 30th June, 2014
Provision for Employee Benefits:		
(i) Provision for Bonus	2,871,755	2,944,561
(ii) Provision for Gratuity	1,335,592	565,516
(iii) Provision for Leave Encashment	48,750	515,210
(iv) Provision for Superannuation	253,281	673,484
Total	4,509,378	4,698,771

[Amount in ₹]

Name of the Asset	Gross Block				Depreciation				Net block			
	As on 01/07/14	Additions during the Year	Deletions during the Year	As on 30/06/15	As on 01/07/14	Additions during the Year	Deletions during the Year	Transfer to General Reserve	On Revalued Assets*	As on 30/06/15	As on 30/06/14	
TANGIBLE ASSETS:												
Land (Leasehold)	221,487,266	—	107,415,780	114,071,486	15,142,299	28,581	7,601,661	—	1,789,753	9,358,972	104,712,514	206,344,967
Buildings	442,367,715	261,082	124,704,281	317,924,516	94,629,238	3,630,230	35,792,068	—	4,458,619	66,926,019	250,998,497	347,738,477
Plant and Machinery	529,845,391	2,505,724	117,982,323	414,368,792	227,602,327	14,211,660	46,354,791	22,580,391	8,869,336	226,908,923	187,459,869	302,243,064
Computers	13,526,049	639,227	1,413,875	12,751,401	9,246,037	1,142,294	58,305	855,008	—	11,185,034	1,566,367	4,280,012
Vehicles	20,344,507	—	1,817,655	18,526,852	5,826,649	2,347,800	1,105,495	1,177	—	7,070,131	11,456,721	14,517,858
Furniture & Fixtures	52,747,347	337,048	4,287,308	48,797,087	30,747,995	3,386,562	4,911,289	2,309,223	—	31,532,491	17,264,596	21,999,352
Office Equipments	6,549,488	—	2,288,725	4,260,763	3,072,070	337,962	58,305	644,898	—	3,996,625	264,138	3,477,418
Total Tangible Assets	1,286,867,763	3,743,081	359,909,947	930,700,897	386,266,615	25,085,089	95,881,914	26,390,697	15,117,708	356,978,195	573,722,702	900,601,148
INTANGIBLE ASSETS:												
Internally Generated Intangible Assets	29,375,532	9,354,721	—	38,730,253	3,937,056	3,168,749	—	—	—	7,105,805	31,624,448	25,438,476
Computer Software	13,139,634	377,538	—	13,517,172	928,170	1,253,808	—	—	—	2,181,978	11,335,194	12,211,464
Total Intangible Assets	42,515,166	9,732,259	—	52,247,425	4,865,226	4,422,557	—	—	—	9,287,783	42,959,642	37,649,940
Total Assets	1,329,382,929	13,475,340	359,909,947	982,948,322	391,131,841	29,507,646	95,881,914	26,390,697	15,117,708	366,265,978	616,682,344	938,251,088
Total Previous Period	1,298,771,583	76,946,227	46,334,881	1,329,382,929	344,197,544	44,845,693	15,141,393	—	17,229,997	391,131,841	938,251,088	—
Capital Work-in-Progress												
(i) Tangible	—	—	—	—	—	—	—	—	—	—	160,641,216	120,529,844
(ii) Intangible (Note 39)	—	—	—	—	—	—	—	—	—	—	109,643,183	97,257,847
Total (ii+ii)	—	—	—	—	—	—	—	—	—	—	270,284,399	217,787,691
Grand Total	—	—	—	—	—	—	—	—	—	—	886,966,743	1,156,038,779
Notes:												
1. *Includes Depreciation of ₹ 88,18,670 (Previous period ₹ 94,57,824) on Assets Revalued on 31/03/2007 charged to Statement of Profit & Loss.												
2. Building includes ₹ 26,91,755 (Previous period ₹ 26,91,755) 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.												
3. Gross block includes the following assets acquired under hire purchase arrangement on which the vendor has a lien												
Name of the Asset	Gross Block Current Year (₹)	Gross Block Previous Period (₹)	Net Block Current Year (₹)	Net Block Previous Period (₹)								
Vehicles	9,976,000	9,976,000	8,183,913	9,639,689								

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]	As at 30th June, 2015			As at 30th June, 2014		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
13. NON CURRENT INVESTMENTS						
Investments:						
A Trade						
(a) Investments in Equity Shares of Subsidiaries:						
(i) 1,46,74,995 (Previous Period 1,46,74,995) Equity Shares of ₹ 10 each fully paid up in Lyka BDR International Ltd	—	146,904,950	146,904,950	—	146,904,950	146,904,950
(ii) 7,550,000 (Previous Period 7,550,000) Equity Shares of ₹ 10 each fully paid up in Lyka Healthcare Ltd.	—	300,500,000	300,500,000	—	300,500,000	300,500,000
(iii) 5,383,636 (Previous Period 5,383,636) Equity Shares of ₹ 10 each fully paid up in Lyka Exports Ltd	—	177,125,444	177,125,444	—	177,125,444	177,125,444
(b) Others:						
16,500 (Previous Period 16,500) Equity Shares of ₹ 10 each fully paid up in Gujarat Themis Biosyn Ltd	1,014,750	—	1,014,750	1,014,750	—	1,014,750
B Non-Trade						
Investments in Equity Shares						
50,000 (Previous Period 50,000) Equity Shares of ₹ 10 each fully paid up in Kapal Co-operative Bank Ltd	—	500,000	500,000	—	500,000	500,000
Less: Provision for Diminution in value of Investment in Gujrat Themis Biosyn Ltd			(389,400)			(730,125)
Total			625,655,744			625,315,019
(i) Aggregate amount of Quoted Investments			1,014,750			1,014,750
Aggregate market value of Quoted Investments			625,350			284,625
(ii) Aggregate amount of Unquoted Investments			625,030,394			625,030,394

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	As at 30th June, 2015	As at 30th June, 2014
14. LONG-TERM LOANS & ADVANCES (Unsecured, considered good)		
Capital Advances	26,680,613	18,550,386
Security Deposits	—	2,000,000
Security Deposit (Refer Note 34)	50,250,000	50,250,000
Others - Deposit with Drug Price Equalisation Account (Refer Note 27(i))	103,245,000	103,245,000
Total	180,175,613	174,045,386
15. INVENTORIES (At lower of cost and net realizable value)		
Raw Materials (Refer Note 41)	49,328,169	20,806,335
Packing Material (Refer Note 41)	36,337,007	30,949,021
Work-in-progress	26,796,614	18,595,729
Finished Goods	13,121,266	15,623,550
Total	125,583,056	85,974,635
16. TRADE RECEIVABLES (Unsecured, considered good)		
Trade Receivables outstanding for a period exceeding six months (Refer Note 36)	129,639,709	112,999,170
Other Debts	158,687,539	140,551,068
Total	288,327,248	253,550,238
17. CASH & BANK BALANCES		
A Balances with Banks		
(i) In Current Accounts	5,750,323	25,923,849
(ii) In Deposit Accounts	—	21,791,576
B Cash on hand	149,788	140,873
C Deposit with Banks held as margin money	11,134,770	17,252,624
Total	17,034,881	65,108,922

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	As at 30th June, 2015	As at 30th June, 2014
18. SHORT-TERM LOANS & ADVANCES (Unsecured considered good)		
A Related Parties (Refer note 18.1 below)	65,000,000	65,000,000
B Employees	611,377	795,367
C Prepaid Expenses	9,349,617	8,381,699
D Balances with Government Authorities		
CENVAT Credit Receivable	9,502,384	10,138,036
Tax Deducted At Source	20,862,003	12,621,960
E Other Advances	88,157,968	154,296,730
Total	193,483,349	251,233,792
18.1 Short-Term Loans and Advances include amounts due from		
Lyka Healthcare Ltd	65,000,000	65,000,000
Total	65,000,000	65,000,000
19. OTHER CURRENT ASSETS		
Foreign Currency Monetary item Translation Difference Account	13,823,986	13,823,986
Others	127,287	80,445
Total	13,951,273	13,904,431

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	For the Year ended 30 th June, 2015	For the Period ended 30 th June, 2014
20. REVENUE FROM OPERATIONS		
Sale of products	891,057,308	877,201,101
Other operating revenues (Refer Note 20.1 below)	74,109,658	62,227,566
	965,166,966	939,428,667
Less: Excise Duty	60,324,423	71,443,172
Total	904,842,543	867,985,495
20.1 Other operating revenue		
Processing charges received	25,155,428	43,614,425
Technical Know-how	39,886,893	4,503,000
Export Incentives	1,134,609	739,900
Royalty	7,932,728	13,370,241
Total	74,109,658	62,227,566
21. OTHER INCOME		
Interest Income (Refer Note 21.1 below)	2,505,009	12,417,033
Provision for Diminution in value of Investment written back	340,725	152,790
Insurance Claim	—	28,423,549
Rent Received	3,330,000	3,712,500
Excise Duty Refund Claim	367,005	—
Foreign Exchange Fluctuation	7,354,280	—
Sundry credit balances/Excess Provisions written back(net)	—	1,279,433
Others	3,176,001	—
Total	17,073,020	45,985,305

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	For the Year ended 30 th June, 2015	For the Period ended 30 th June, 2014
21.1 Interest Income		
(i) Interest from banks on deposits	2,092,020	3,374,503
(ii) Other interest	412,989	9,042,530
Total	2,505,009	12,417,033
22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
<u>At the beginning of the year:</u>		
Finished Goods	15,623,438	41,763,507
Work-in-Progress	18,695,335	29,343,033
Total	34,318,773	71,106,540
<u>At the end of the year:</u>		
Finished Goods	13,121,266	15,623,438
Work-in-Progress	26,896,108	18,695,335
Total	40,017,374	34,318,773
Net (increase)/decrease	(5,698,601)	36,787,767
23. EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	79,681,037	117,156,279
Contribution to Provident and Other Funds		
(a) Provident & Other Funds	7,223,661	10,024,903
(b) Superannuation Fund	548,657	954,656
(c) Gratuity	364,500	1,297,361
(d) Leave Encashment	1,143,748	—
Staff Welfare Expenses	7,396,888	10,472,281
Total	96,358,491	139,905,480

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	For the Year ended 30 th June, 2015	For the Period ended 30 th June, 2014
24. FINANCE COSTS		
Interest Expenses on:		
(i) Borrowings From Banks *		
Term Loans	46,329,165	67,970,443
Working Capital	28,942,893	25,610,748
* (Net of capitalised of ₹ 8,421,142/- previous period ₹ 16,985,741/-)		
(ii) Debentures	14,413,879	27,321,139
(iii) Borrowing Others		
Bill Discounting charges	45,157,489	49,378,360
Cash Discount	4,008,482	3,620,985
Bank Charges	8,438,514	12,156,992
Others	36,181,464	53,670,754
Total	183,471,886	239,729,421
25. OTHER EXPENSES		
Consumption of Stores and Spare parts	1,367,022	2,090,285
Power and Fuel	19,943,188	30,718,414
Processing Charges	8,045,083	3,829,240
Rent including lease rentals	1,200,800	1,018,281
Repairs and maintenance - Buildings	933,744	640,982
Repairs and maintenance - Machinery	2,422,567	4,396,282
Repairs and maintenance - Others	1,155,609	1,236,075
Insurance	1,973,533	3,010,720
Rates and Taxes	1,256,847	1,639,523
Commission for L/C	14,107,141	15,080,946

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	For the Year ended 30 th June, 2015	For the Period ended 30 th June, 2014
25. OTHER EXPENSES (Contd.)		
Communication Expenses	1,345,354	1,794,018
Travelling and Conveyance	8,715,407	22,364,688
Sales Commission	5,568,315	5,113,645
Sales Discount	—	2,312,083
Advertisement and Sales Promotion	3,048,866	21,885,779
Legal and Professional Charges	8,275,985	10,372,824
Payments to Auditors (Refer Note - 52)	3,330,991	2,963,203
CWIP Written Off (Refer Note - 39)	2,624,398	24,363,762
Irrecoverable Advances written off	—	3,434,623
Excise Duty	—	6,015,114
Miscellaneous Expenses	31,829,609	44,307,581
Total	117,144,459	208,588,068

26. Estimated amount of commitments remaining to be executed as on 30th June, 2015 are as follows:

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
(a)	Against purchase of Capital goods.	5,922,866	7,635,831
(b)	Against purchase of Raw Material And Packing Material	9,829,752	21,610,540

27. Contingent Liabilities are not provided for in respect of:

- (i) There were demands raised against the Company aggregating to Rs. 68,061,957 plus interest thereon under the Drug Price Control Order 1979 by the Government of India which were contested by the Company. In the earlier year, the Company has received recovery notices for recovery of ₹ 209,440,565 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 ₹ 103,245,000.

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.

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

- (ii) (a) The Company has received an Order from the Gujarat Sales Tax Commissioner (Appeals) Baroda, dated 24th January, 2011 in respect of Company's appeal against the demand for Gujarat Sales Tax of Rs. 132,408,100 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 ₹ 8,545,195 against which Company has made payment of ₹ 4,585,150 under protest. The Company has further contested this demand before the Sales Tax Tribunal. The matter is sub-judice and the payments of ₹ 4,585,150 are considered by the Company as good and recoverable.
- (b) ₹ 61,676,379 relating to disputed Sales Tax demands in respect of prior years, the matter is sub-judice.
- (iii) The Company has received notices from Central Excise department causing demands as stated below:
- (a) ₹ 10,875,257 against which it has paid ₹ 2,500,000. The matter is sub-judice and the payment of ₹ 2,500,000 is considered by the Company as good and recoverable.
- (b) ₹ 7,137,254 relating to disputed Central Excise Duty, the matter is sub-judice.
- (iv) ₹ 1,809,830 disputed Service Tax demands, the matter is sub-judice.
- (v) ₹ 794,807 being claims against the Company not acknowledged as debt.
- (vi) Claim relating to Ex-gratia of ₹ 34,246,126 as the matter is sub-judice.
- (vii) Bills of Exchange discounted with the Bank ₹ Nil (previous period ₹ 69,833,270).
- (viii) Bank Guarantees provided by a bank on behalf of the Company ₹ 96,33,220 (previous period ₹ 9,342,832).
- (ix) The Company has given a "counter guarantee" to Clearwater Capital Partners India Pvt. Ltd., [Clearwater Capital Partners India Pvt. Ltd., has vide Deed of Assignment dated 26th September, 2014 assigned all the receivables due from Lyka BDR International Ltd., to Futuristic Solutions Limited] by creation of first pari-passu charge on its current assets and movable machinery, including spares and accessories for a total amount of ₹ 250,000,000 advanced to Lyka BDR International Ltd., [LBDR] a Subsidiary of the Company (the outstanding amount of the loan is ₹ 30,271,581 (including interest ₹ 359,190) as on 30th June, 2015). Under the restructuring of Term Loan Agreement, the Company's liability in respect of the amount advanced to Lyka BDR International Ltd. is restricted to the extent of 50% of the principal and interest quantum due thereon.
- (x) The Company has given a guarantee to Kapol Co-operative Bank Limited for its loan facility of ₹ 43,500,000 given to Lyka Exports Limited. (The outstanding amount of the loan is ₹ 42,320,000 as on 30th June, 2015).

28. FIXED DEPOSITS:

The Company has not been able to repay overdue Fixed Deposits aggregating to ₹ 108,586,000 and interest due thereon ₹ 14,889,768 upto 30th June, 2015 (excluding Short Term Loans in respect of which, the Company has been legally advised that such loans are not deposits, as defined, in the Companies (Acceptance of Deposits) Rules, 2014). Consequently, the Company has not complied with the provisions of Section 74 of the Companies Act, 2013 to the extent of such non repayment of overdue Fixed Deposits.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

The Company has filed a petition with the Company Law Board on 31st March, 2015 to seek extension of time for repayment of principal and interest (dues) thereon upto 31st March, 2020. The liability, if any, arising on account of delayed payments/non-payment of dues will be provided for in the year in which finality is reached.

29. DEBENTURES:

The Company has not been able to repay Overdue Debentures aggregating to ₹ 61,650,000 and interest due thereon ₹ 2,423,376 (dues) upto 30th June, 2015. Therefore, the Company has filed a petition with the Company Law Board, seeking extension of time for repayment of Debenture dues up to 31st March, 2020. The liability, if any, arising on account of delayed payments/non-payment of dues will be provided for in the year in which finality is reached.

30 BANK LOAN:

Bank of Maharashtra (Bank) has taken action under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 on 24th June, 2015 and called upon the Company to repay the loans aggregating to ₹ 116,117,228 plus interest thereon @ 16.50% w.e.f 1st June, 2015 within 60 days. The Company is following up with the Bank in this regard. The liability, if any, will be accounted for in the year in which finality is reached.

31. The Board of Directors at its meeting held on 14th July, 2014 resolved to sell its manufacturing facilities for formulations at Tarapur, Maharashtra as the said unit has become unviable due to various factors for a total sale consideration of ₹ 386,100,000 resulting in a gain of ₹ 85,395,586 which has been presented as an "Exceptional Item".

32. (i) During the previous period, fire destroyed certain Fixed Assets, at the Company's Ankleshwar Plant aggregating to ₹ 25,423,471 (Written down value ₹ 21,087,494) and Materials-in-Process aggregating to ₹ 6,110,356. The said loss of ₹ 27,197,850 had been written off to the Statement of Profit and Loss. The company had lodged an insurance claim for an aggregate sum of ₹ 27,097,850 which had been credited to Statement of Profit and Loss.

(ii) The Company has recognized revenue by way of insurance claim aggregating to ₹ 27,097,850 on account of loss of certain fixed assets and materials due to fire. The Company has received on account payments aggregating to ₹ 20,993,310 and realized ₹ 428,571 by way of sale of scrap arising from such destroyed fixed assets. The balance of ₹ 5,675,969 is considered good for recovery by the Management. The shortfall if any, will be adjusted in the year in which finality is reached.

33. DEPRECIATION:

(i) The depreciation and amortisation charged to Statement of Profit and Loss for the year ₹ 38,326,316 (Previous Period ₹ 54,303,516) includes ₹ 8,818,670 (Previous Period ₹ 9,457,823) being depreciation relating to Revaluation of Fixed Assets carried out on 31st March, 2007.

(ii) The depreciation for the year on the Revaluation of Fixed Assets carried out in September 2010 aggregating to ₹ 6,299,038 (Previous Period ₹ 7,772,174) has been charged to Revaluation Reserve.

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

(iii) Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing on or after 1st April, 2014, the Company has re-worked depreciation with reference to the useful lives of tangible fixed assets prescribed by PART 'C' of Schedule II to the Act; where the remaining useful life of tangible fixed asset is nil, the carrying amount of the assets after retaining the residual value, as at 1 July, 2014 amounting to ₹ 26,390,697 has been adjusted to the balance of General Reserve. In other cases, the carrying values have been depreciated over the remaining useful lives of the assets and recognized in the Statement of Profit and Loss. As a result, the charge for depreciation is higher by ₹ 3,581,006 for the year ended 30th June, 2015.

34. ₹ 50,250,000 (Previous Period ₹ 50,250,000) placed with the Managing Director, as security deposit for residential accommodation/garage taken on leave and license, which has been given by the Company to him, in accordance with the terms of his reappointment. The company is legally advised that the provisions of section 185 of the Companies Act, 2013 are not attracted in respect of the same.
35. Loans and Advances include ₹ 22,686,339 (Previous Period ₹ 52,321,737), granted to a Company as interest free financial assistance is considered good for recovery by the management.
36. Sundry Debtors aggregating to ₹ 288,327,248 (Previous Period ₹ 253,550,238) include debtors of ₹ 129,639,709 (Previous Period ₹ 112,999,170) outstanding for more than six months which are considered good for recovery by the management.
37. The balances relating to Sundry Debtors, Sundry Creditors, Fixed Deposits, Group Companies and Loans & Advances as on 30th June, 2015 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.
38. The investments in unquoted shares of Lyka BDR International Ltd., Lyka Exports Ltd. and Lyka Healthcare Ltd., have been acquired at par/premium respectively. Though their present book values are significantly lower than their cost of acquisition, keeping in view their long term business synergy and potential, the management is of the opinion that no provision for fall in its values is required to be made at this juncture taking into consideration intrinsic value of their business.
39. The Company has incurred direct expenditure and allocable indirect expenditure in respect of "new product development and applied research" aggregating to ₹ 121,622,302 (Previous Period ₹ 121,790,478) including finance cost of ₹ 23,210,133 (Previous Period ₹ 25,614,668).

Of the above:

- ₹ 9,354,720 (Previous Period ₹ 168,869) has been transferred to "Self-Generated Intangible assets" on successful development including finance cost of ₹ 602,577 (Previous Period ₹ Nil).
- During the year in fructuous development expenditure relating to certain products aggregating to ₹ 2,624,399 (Previous Period ₹ 24,363,762) including finance cost of ₹ 519,586 (Previous Period ₹ 2,404,535) has been expensed.
- Balance of ₹ 109,643,183 (Previous Period ₹ 97,257,847), including finance cost of ₹ 22,087,970 (Previous Period ₹ 23,210,133), being balance of expenditure is carried forward under "Capital Work-in-Progress – Intangibles" which shall be recognized as "Self-Generated Intangible Assets" upon successful

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

development of respective products or charged to Statement of Profit and Loss in the Period in which development is abandoned.

40. Arrears of dividend on 10% Cumulative Redeemable Preference Shares aggregates to ₹ 10,585,575 (Previous Period ₹ 9,499,875).
41. Inventories include slow/non-moving materials procured during the earlier years aggregating to ₹ 12,560,316 (Previous Period ₹ 7,998,296). The Company is in the process of evaluating the quantum of usable materials.
42. The Company has provided ₹ 10,302,279 being interest / damages on an estimated basis in respect of delays in depositing statutory dues with Government, Semi-Government and Local Authorities beyond the time allowed.
43. Pursuant to the Notification dated 31st March, 2009 issued by the Ministry of Company Affairs, (MCA), relating to AS 11 Accounting Standard on the "Effects of changes in Foreign Exchange Rates", the Company was to amortize the balance loss on account of foreign currency translation of ₹ 27,647,974. Accordingly, the Company charged ₹ 13,823,987 during the previous period ended 30th September, 2010 to the Profit & Loss Account. Subsequently, pursuant to Notification dated 29th December, 2011, the Company exercised its option to amortize the balance loss of ₹ 13,823,987 on or before 31st March, 2020.

44. Employment and Retirement Benefits.

- (i) The actuarial valuation of the present value of the defined benefit obligation in respect of Gratuity has been carried out as at 30th June, 2015. The following tables set out the amounts recognized in the financial statements as at 30th June, 2015 for the defined benefit plans.

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
(a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present value of obligations	18,666,838	19,528,549
	As at 1 st July, 2014		
	Service Cost	989,641	1,507,659
	Interest Cost	1,661,349	1,939,384
	Actuarial (Gain) on obligations	(37,79,878)	(2,060,531)
	Liabilities Settled on Divestiture	—	(326,975)
	Benefits Paid	(216,465)	(1,921,248)
	As at 30 th June, 2015	17,321,485	18,666,838

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
	Less: Fair Value of Plan Assets	1,216,336	1,354,429
	As at 1 st July, 2014		
	Expected Return on Plan assets less loss on investments	103,389	160,820
	Employers' Contribution	—	1,742,907
	Benefits Paid	(216,465)	(1,921,248)
	Actuarial (losses) on Plan Assets	—	(120,572)
	As at 30 th June, 2015	1,103,260	1,216,336
	Net Liability	16,218,225	17,450,502
(b)	Expense during the year/period		
	Service Cost	989,641	1,507,659
	Interest Cost	1,661,349	1,939,384
	Expected Return on Plan Assets	(103,389)	(160,820)
	Actuarial (Gain) on obligations	(3,779,878)	(1,939,959)
	Total	(12,32,277)	1,346,264
(c)	Principal actuarial assumptions		
	Rate of discounting	8.00%	8.90%
	Rate of Return on Plan Assets	8.50%	8.50%
	Rate of increase in salaries	3.00%	5.00%

- (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 30th June, 2015. The following tables set out the amounts recognized in the financial statements as at 30th June, 2015 for the defined benefit plan.

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
(a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present value of obligations	6,509,789	7,518,764
	As at 1 st July, 2014		
	Service Cost	888,090	4,650,842
	Interest Cost	579,371	1,040,945
	Actuarial (Gain) / Loss on obligations	(256,039)	3,418,443

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
	Liabilities Settled on Divestiture	—	(1,119,617)
	Benefits Paid	(80,700)	(8,999,588)
	As at 30 th June, 2015	7,640,511	6,509,789
	Less: Fair Value of Plan Assets	796,164	1,153,353
	As at 1 st July, 2014		
	Expected Return on Plan assets less loss on investments	67,674	34,358
	Employers' Contribution	1,000,000	8,582,686
	Benefits Paid	(80,700)	(8,999,588)
	Actuarial (losses) on Plan Assets	—	25,355
	As at 30 th June, 2015	1,783,138	796,164
	Net Liability	5,857,373	5,713,625
(b)	Expense during the year/period		
	Service Cost	888,090	4,650,842
	Interest Cost	579,371	1,040,945
	Expected Return on Plan Assets	(67,674)	(34,358)
	Actuarial (Gain) / Loss on obligations	(256,039)	3,393,088
	Total	1,143,748	9,050,517
(c)	Principal actuarial assumptions		
	Rate of discounting	8.00%	8.90%
	Rate of Return on Plan Assets	8.75%	8.50%
	Rate of increase in salaries	3.00%	5.00%

45. Minimum Lease/Hire Purchase payments payable under Finance leases/Hire purchase agreements are as under: (Accounting Standard 19 – Leases)

Particulars	Minimum Lease payments		Future Interest		Present value	
	Current Year (₹)	Previous Period (₹)	Current Year (₹)	Previous Period (₹)(₹)	Current Year (₹)	Previous Period (₹)
Not later than 1 Year	3,900,577	3,329,473	672,731	635,190	3,227,847	2,694,283
Later than 1 Year and not later than 5 Years	4,094,862	5,131,862	388,294	444,534	3,706,567	4,687,329
Later than 5 Years	—	—	—	—	—	—

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

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

Based on guiding principles given in the Accounting standard on 'Segment Reporting' (AS-17), 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 segment information thereof is given.

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.

47. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(a) List of related parties and their relationship

Category	Name of the Related Party	Relationship
1	Lyka BDR International Limited Lyka Healthcare Ltd. Lyka Exports Ltd.	Subsidiary 1 Subsidiary 2 Subsidiary 3
2	Lyka Securities & Investment Pvt. Ltd.	Associate 1
3	Mr. N. I. Gandhi (Chairman & Managing Director) Mr. Yogesh Shah (Chief Financial Officer) Mr. Piyush Hindia (Company Secretary)	Key Management Personnel (KMP)
4	Mr. Kunal N. Gandhi Mrs. Nehal N. Gandhi (Non-Executive Director) Mrs. Alisha K. Gandhi	Relative of KMP
5	Enai Trading & Investment Pvt. Ltd. N. I. Gandhi H.U.F.	Entities owned by/over which KMP is able to exercise significant influence

(b) Transactions during the year with related parties:

Sr. No.	Description	Related Party	For the year ended June 30, 2015 (₹)	For the period ended June 30, 2014 (₹)
(i)	Purchase of goods	Lyka Exports Ltd.	16,209,580	1,451,087
		Lyka Exports Ltd. (upto 29.05.2014)	—	8,354,277
(ii)	Sale of goods	Lyka BDR International Ltd.	245,054,195	228,301,027
		Lyka Healthcare Ltd.	29,488,520	34,106,936
		Lyka Exports Ltd.	10,802,321	3,367,569
		Lyka Exports Ltd. (upto 29.05.2014)	—	22,324,077

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

Sr. No.	Description	Related Party	For the year ended June 30, 2015 (₹)	For the period ended June 30, 2014 (₹)
(iii)	Reimbursement of Expenses	Lyka BDR International Ltd.	763,247	914,298
		Lyka Healthcare Ltd.	—	8,120
		Lyka Exports Ltd.	1,137,609	6,772
		Lyka Exports Ltd. (upto 29.05.2014)	—	43,876
(iv)	Rent Income	Lyka BDR International Ltd.	2,790,000	3,487,500
		Lyka Healthcare Ltd.	540,000	225,000
(v)	Analytical charges received	Lyka BDR International Ltd.	1,186,900	958,636
(vi)	Remuneration (Payments/Provision)	Mr. N.I. Gandhi	8,663,832	6,077,848
		Mr. Kunal N. Gandhi	1,770,671	2,190,422
		Mrs. Alisha K. Gandhi	529,200	90,000
		Mr. Piyush Hindia	1,125,755	—
		Mr. Yogesh Shah	647,013	—
(vii)	Directors Sitting Fees	Mrs. Nehal N. Gandhi	35,000	5,000
(viii)	Rent Paid	Lyka BDR International Ltd.	183,086	—
		Lyka Exports Ltd.	210,000	15,000
		Lyka Exports Ltd. (upto 29.05.2014)	—	210,000
(ix)	Interest Income	Lyka BDR International Ltd.	—	1,257,533
(x)	Other Operating Income	Lyka BDR International Ltd.	—	1,504,345
(xi)	Interest Paid	Enai Trading & Investment Pvt. Ltd	33,742	77,714
		N. I. Gandhi H.U.F.	7,071	37,910
		Mrs. Nehal N. Gandhi	8,514	15,062
		Mr. Kunal N. Gandhi	2,479	20,781
		Mr. N. I. Gandhi	18,107	11,015
(xii)	Balance as on 30.06.2015			
	Advance from customers	Lyka BDR International Ltd.	34,762,059	4,095,000
	Sundry Debtors	Lyka Exports Ltd.	106,302,127	99,893,369
	Others Payable	Lyka Securities & Investments Pvt. Ltd.	301,189	306,444
(xiii)	Security Deposit given to	Mr. N.I. Gandhi	50,250,000	50,250,000

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

Sr. No.	Description	Related Party	For the year ended June 30, 2015 (₹)	For the period ended June 30, 2014 (₹)
(xiv)	Unsecured Loan from	Enai Trading & Investment Pvt. Ltd. N.I. Gandhi H.U.F. Mrs. Nehal N. Gandhi Mr. N.I. Gandhi	218,510 6,364 — 410,172	250,000 — 50,694 —
(xvi)	Investment	Lyka BDR International Ltd. Lyka Healthcare Ltd. Lyka Exports Ltd.	146,904,950 300,500,000 177,125,444	146,904,950 300,500,000 177,125,444

48. Earnings per Share: (as per Accounting Standard 20 – Earnings per Share)

Particulars	For the year ended June 30, 2015 (₹)	For the period ended June 30, 2014 (₹)
Adjusted Profit/(Loss) for the year/period (₹) (A)	12,581,261	(74,074,453)
Average number of Equity Shares (B)	21,580,000	21,580,000
Face value of Equity Share (₹) (C)	10	10
Basic and Diluted Earnings Per Share (₹) (D=A/B)	0.58	(3.43)

49. Details of Exceptional Items (net) are as under:

Sr. No.	Particulars	For the year ended June 30, 2015 (₹)	For the period ended June 30, 2014 (₹)
(a)	Irrecoverable Debts Written off	62,037,948	83,824,559
(b)	Irrecoverable Advances Written off	1,352,204	—
(c)	Loss Due to Fire	—	27,197,850
(d)	(Profit)/Loss on sale of Fixed Assets (Net)	(85,056,635)	4,428,135
(e)	Liability no longer payable written back	(7,616,805)	—
(f)	Excess Provision written back	(7,064,144)	—
	TOTAL (Net)	(36,347,432)	115,450,544

Note: Figures in brackets denote items of credit nature

50. (i) Deferred tax:

Deferred Tax Assets comprise of substantial amounts of carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, the Deferred Tax Assets have not been recognized as a measure of abundant caution.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

(ii) Current Tax:

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

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

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
(a)	Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	NIL	NIL
(b)	Interest accrued on the due to suppliers under MSMED Act, 2006 on the above amount	N.A.	N.A.
(c)	Payment made to suppliers (Other than interest) beyond the appointed date, during the year	N.A.	N.A.
(d)	Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	N.A.	N.A.
(e)	Interest paid to suppliers under MSMED Act, 2006 (Section 16)	N.A.	N.A.
(f)	Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	N.A.	N.A.
(g)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	N.A.	N.A.

52. Payments to Auditors:

Sr. No.	Particulars	For the year ended June 30, 2015 (₹)	For the period ended June 30, 2014 (₹)
(a)	Audit Fees (including ₹ 540,000 to Branch Auditors - Previous Period ₹ 403,750)	2,171,561	1,977,500
(b)	As Advisor for Company Law Matters (including ₹ Nil to Branch Auditors - Previous Period ₹ Nil)	557,866	100,000
(c)	Tax Audit Fees (including ₹ 100,000 to Branch Auditors - Previous Period ₹ 106,250)	579,444	481,250
(d)	For other services (certification work etc.) (including ₹ Nil to Branch Auditors - Previous Period ₹ 80,250)	—	156,750
(e)	As Expenses (including ₹ 2,120 to Branch Auditors - Previous Period ₹ 12,924)	22,120	247,703
	Total	3,330,991	2,963,203

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

53. Additional Information to Notes to Accounts:

Sr. No.	Particulars	For the year ended June 30, 2015 (₹)	For the period ended June 30, 2014 (₹)
1	Turnover		
	(i) Bulk Drugs	23,898,567	45,501,576
	(ii) Formulations	854,034,831	831,665,775
	(iii) Pharmaceutical Chemicals	13,123,910	33,750
	Total (i + ii + iii)	891,057,308	877,201,101
2	Consumption of Materials		
	(i) Bulk Drugs	4,207,747	16,925,504
	(ii) Formulations	461,603,517	448,892,948
	Total (i + ii)	465,811,264	465,818,452
3	Purchases of Finished Goods		
	(i) Formulations	39,917,056	35,269,782
	(ii) Pharmaceutical Chemicals	8,005,163	—
	Total (i + ii)	47,922,219	35,269,782
4.	Finished Goods Stock		
	(i) Bulk Drugs	5,614,341	5,509,197
	(ii) Formulations	7,506,925	10,114,353
	Total (i + ii)	13,121,266	15,623,550

54. Value of Imports calculated on C.I.F basis in respect of:

Particulars	For the year ended June 30, 2015 (₹)	For the period ended June 30, 2014 (₹)
Raw Materials & Packing Materials	136,928,886	75,803,847
Capital Goods	23,820,567	46,167,291
Spares	61,330	196,978
Total	160,810,783	122,168,116

55. Expenditure in Foreign Currency in respect of:

Sr. No.	Particulars	For the year ended June 30, 2015 (₹)	For the period ended June 30, 2014 (₹)
1	Travelling	924,388	2,328,283
	Total	924,388	2,328,283

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

56. Earnings in Foreign Exchange

Sr. No.	Particulars	For the year ended June 30, 2015 (₹)	For the period ended June 30, 2014 (₹)
1	Export of goods on FOB basis	54,737,266	2,549,058
2	Transfer of Technology/know-how	2,386,893	5,081,125
	Total	57,124,159	7,630,183

57. Break-up of Imported and Indigenous Materials and Stores & Spares Consumed

Sr. No.	Particulars	For the year ended June 30, 2015		For the period ended June 30, 2014	
		Value (₹)	% of Total Consumption	Value (₹)	Total Consumption
1	Materials				
	(a) Imported	122,434,006	26.28	83,629,084	17.95
	(b) Indigenous	343,377,258	73.72	382,189,368	82.05
	Total	465,811,264	100.00	465,818,452	100.00
2	Stores & Spares				
	(a) Imported	62,204	4.55	259,237	12.40
	(b) Indigenous	1,304,818	95.45	1,831,048	87.60
	Total	1,367,022	100.00	2,090,285	100.00

58. The figures for the Current Year ended 30th June, 2015 being for a period of 12 months are not comparable with those of the Previous Period for 15 months.

59. The Company has regrouped and reclassified the Previous Period's figures in order to conform to the figures of the Current Year.

In terms of our report of even date attached,

For M.A.PARIKH & CO.

Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL

Partner
Membership No. 32489

Place : Mumbai

Date : 29th August 2015

Signatures to Notes 1 to 59 to the Accounts

For and on behalf of the Board of Lyka Labs Limited

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

V. S. Shanbhag *Director*
DIN: 00555709

Y. B. Shah *Chief Financial Officer*

P. G. Hindia *Company Secretary*

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Lyka Labs Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **LYKA LABS LIMITED** (hereinafter referred to as "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at June 30 2015, and Consolidated the Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date (in which are incorporated the accounts of 3 subsidiaries and the Holding Company's branches at Ankleshwar and Tarapur audited by other auditor's after making such changes as were considered necessary for the purpose of incorporation), and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "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, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the subsidiaries 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; the 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 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and our comments referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

We draw attention to Note No.28 relating to non compliance of the provisions of Section 74 of the Companies Act, 2013 to the extent of such non repayment of overdue Fixed Deposits.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph*, the consolidated 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:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at June 30, 2015;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and;
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Reason for Qualification

The Holding Company has not been able to repay overdue Fixed Deposits aggregating to ₹ 108,586,000 and interest due thereon ₹ 14,889,768 upto 30th June, 2015. Consequently, the Holding Company has not complied with provision of Section 74 of the Companies Act, 2013 to the extent of such non repayment of overdue Fixed Deposits. Hence we have qualified the same. The liability, if any, arising on account of delayed payments/non-payment of dues will be provided for in the year in which finality is reached.

Emphasis of Matters

1. The Holding Company continues to be under severe financial stress as reflected by:
 - (a) Overdue Fixed Deposits and Debentures (including interest accrued and due) (Refer Note Nos. 28 and 29)
 - (b) Overdue loans from banks (Refer Note No. 30).
 - (c) Statutory dues of ₹ 29,738,746 remaining unpaid. (Refer Note No. 10(D)(i)).
 - (d) Fire at Ankleshwar Plant (Refer Note No. 32)
 - (e) Overdue receivables (Refer Note No. 36).
2. **Restructuring of Business Operations:**

The Management of the Holding Company is in the process of restructuring its business operations as also those of its subsidiaries in which it has substantial investments by:-

 - (a) The Holding Company sold its manufacturing facilities for formulations at Tarapur, Maharashtra (Refer Note No. 31)

Lyka Labs Limited

- (b) Infusion of funds by promoters through subscription of Preferential issue of convertible warrants.
 - (c) Expanding business volumes.
3. Note No. 36 regarding Sundry Debtors outstanding for more than six months aggregating to ₹ 129,639,709 considered good for recovery by the company.
 4. Note No. 37 regarding pending balance confirmation from Sundry Debtors, Sundry Creditors, Fixed Deposits, Group Companies and Loans & Advances.
 5. Note No. 38 relating to Capital Work In Progress of Intangible Assets aggregating to ₹ 109,643,183.
 6. Note No. 40 regarding slow/non-moving material aggregating to ₹ 12,560,316.

Our opinion is not qualified in respect of all these matters.

Other Matter

We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets (net) of ₹ 478,591,089 as at March 31, 2015 total revenues of ₹ 984,103,621 and net cash outflows amounting to ₹ 5,410,155 for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. (Refer to 'Other Matters' above).
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 of the aforesaid consolidated financial statements, and the reports of the other auditors. (Refer to 'Other Matters' above);
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books. (Refer to 'Other Matters' above);
 - (c) The reports on the accounts of the branch offices of the Holding Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - (d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.(Refer to 'Other Matters' above);

-
- (e) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014; (Refer Note No.2(c));
- (f) On the basis of written representations received from the directors of the Holding Company as on June 30, 2015, and taken on record by the Board of Directors of Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of Group Companies is disqualified as on June 30, 2015, from being appointed as a director in terms of section 164(2) of the Act.
- (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 consolidated financial statements disclose the impact of pending litigation on its consolidated financial position of the group – Refer to Note No. 27 (i) to 27(vi) of other notes to the consolidated financial statements.
 - (ii) The group does not have any long-term contracts including derivatives contracts and hence there are no material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For M. A. Parikh & Co.
Chartered Accountants
Firm Reg. No. 107556W

Place : Mumbai
Date : 29th August, 2015

MUKUL PATEL
Partner
Membership No. 32489

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

(Referred to in paragraph 1 of our report of even date)

- (i) In respect of its Fixed Assets:
 - (a) The Group has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) There is a phased programme of verification which, in our opinion, is reasonable having regard to the size of the group and the nature of its assets. The discrepancies noticed on such verification which are not material have been suitably dealt with in the books of account.
- (ii) In respect of its Inventories:
 - (a) As explained to us, inventories were physically verified during the year by the Group's management at regular intervals except the inventories lying with the third parties from whom confirmations have been obtained.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Group's management are reasonable and adequate in relation to the size of the Group and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Group has maintained proper records of its inventories and discrepancies noticed on physical verification which are not material have been properly dealt with in the books of account.
- (iii) The Group has not granted any loan to any party, covered in the register maintained under section 189 of the Companies Act, 2013 and hence clause 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the group and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
- (v) The Holding Company has not been able to repay overdue Fixed Deposits aggregating to ₹ 108,586,000 and interest due thereon ₹ 14,889,768 upto 30th June, 2015 (excluding Short Term Loans in respect of which, the Holding Company has been legally advised that such loans are not deposits, as defined, in the Companies (Acceptance of Deposits) Rules, 2014). Consequently, the Holding Company has not complied with the provisions of Section 74 of the Companies Act, 2013 to the extent of such non repayment of overdue Fixed Deposits.

The Holding Company has filed a petition with the Company Law Board on 31st March, 2015 to seek extension of time for repayment of principal and interest (dues) thereon upto March, 2020.
- (vi) We have broadly reviewed the books of account and records, to the extent, maintained by the Holding Company relating to the manufacture of Bulk Drugs and Formulations, pursuant to the Order made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie most of the prescribed accounts and records have generally been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) According to the information and explanations given to us and as per the relevant records produced before us in respect of statutory and other dues:

- (a) During the year Holding Company has not been regular in depositing undisputed statutory dues relating to Provident Fund, Professional Tax, E.S.I.C., Service Tax, Income-tax, Value Added Tax and Sales-tax. The arrears of the said 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 follows:

Sr. No.	Nature of Dues	Amount (₹)
1.	Tax Deducted at Source	2,941,780
2.	E.S.I.C.	1,664,306
3.	Provident Fund	697,318
4.	Professional Tax	390,360
5.	Central Sales Tax	85,868
6.	Service Tax Payable	1,885,314
7.	Maharashtra Labor Welfare Fund	2,150
8.	Gujarat Labor Welfare Fund	2,515
9.	Sales Tax deferral Scheme-SICOM	4,629,990

- (b) Following disputed dues have not been deposited by Holding Company since the matters are pending with the respective forums:

Sr. No.	Nature of dues	Amount (₹)	Period to which the amount relates	Name of Forum	Remark
1.	Demand under Drugs Price Control Order	209,440,565	Demands raised in 1987, 1990 and 1995	Gujarat High Court	Refer Not No. 27(i)
2.	Purchase Tax	1,600,442	1991-96	Gujarat Sales Tax Appellate Tribunal	—
3.	Excise Duty	1,122,138	Since August 22, 2006 2008-2013	Commissioner of Excise & Customs	—
		6,015,116			
4.	Bombay Sales Tax	10,875,257	Since September 1995 to February 2000	Customs, Excise & Service Tax Appellate Tribunal	Refer Note 27(iii)(a)
		6,186,400	1998-99	Appellate Tribunal	—
		9,824,035	2000-01		
		420,682	2002-03		
		379,164	2004-05		

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Sr. No.	Nature of dues	Amount (₹)	Period to which the amount relates	Name of Forum	Remark
5.	Maharashtra Value Added Tax	792,379	2006-07	Appellate Tribunal	—
		3,513,662	2007-08	Dy. Commissioner of Sales Tax Appeal	—
		8,825,968	2011-12	Jt. Commissioner of Sales Tax Appeal	—
6.	Central Sales Tax	7,299,596	2007-08	Dy. Commissioner of Sales Tax Appeal	—
		3,812,330	2011-12	Jt. Commissioner of Sales Tax Appeal	—
		1,795,241	1998-99	Appellate Tribunal	—
		1,096,776	2000-01		—
7.	Service Tax	1,809,830	2011-12	Adl. Commissioner	—
8.	Gujarat Sales Tax	8,545,195	2002-03	Commissioner of Sales Tax Appeal	Refer Note No. 27(ii)(a)
		9,740,372	2010-11		
		1,370,850	2006-07		
		673,902	2007-08		
		6,455,421	2009-10		

(c) According to the information and explanations given to us, the group does not have any amount which is pending to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act 1956 (1 of 1956) and rules made thereunder.

(viii) The accumulated losses of the group have not exceeded fifty per cent of its net worth as at the end of the year. The Company has not incurred cash losses during the year and immediately preceding financial period.

(ix) *Based on our audit procedures and according to the information and explanations given by the management, during the year, the Holding Company, has defaulted in repayment of dues to Bank, the defaults whereof are stated hereunder.*

Period of Delay	Bank	
	Principal	Interest
January, 2015 to June, 2015	16,000,000	7,491,211

(x) According to the information and explanations given to us, the Group has not given any guarantee for loan taken by others from a bank or financial institution and hence the provisions of clause 3 (x) of the Order are not applicable to the Group.

-
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the group were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xii) To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Group's operations, no fraud of material significance on or by the Group has been noticed or reported during the year.

For M. A. Parikh & Co.
Chartered Accountants
Firm Reg. No. 107556W

Place : Mumbai
Date : 29th August, 2015

MUKUL PATEL
Partner
Membership No. 32489

Lyka Labs Limited

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2015

			[Amount in ₹]	
	Note No.	As at 30 th June, 2015	As at 30 th June, 2014	
A EQUITY AND LIABILITIES				
1. Shareholders' Funds				
(a) Share Capital	3	226,657,000	226,657,000	
(b) Reserves and Surplus	4	200,731,869	300,475,590	
		<u>427,388,869</u>	<u>527,132,590</u>	
2. Money Received Against Share Warrants		3,220,000	—	
3. Minority interest		35,100,792	33,034,818	
4. Non-Current Liabilities				
(a) Long-Term Borrowings	5	289,216,750	580,016,202	
(b) Other Long-Term Liabilities	6	19,945,000	17,128,500	
(c) Deferred Tax Liability		17,378,673	12,458,450	
(d) Long-Term Provisions	7	49,504,424	41,957,350	
		<u>376,044,847</u>	<u>651,560,502</u>	
5. Current Liabilities				
(a) Short-Term Borrowings	8	598,512,831	662,029,859	
(b) Trade Payables	9	546,356,522	632,624,277	
(c) Other Current Liabilities	10	794,062,814	777,192,391	
(d) Short-Term Provisions	11	6,947,619	9,095,463	
		<u>1,945,879,786</u>	<u>2,080,941,990</u>	
TOTAL		<u>2,787,634,294</u>	<u>3,292,669,900</u>	
B ASSETS				
1. Non-Current Assets				
(a) Fixed Assets				
(i) Tangible Assets	12	583,178,015	915,165,755	
(ii) Capital Work-in-Progress		160,641,216	120,529,844	
(iii) Intangible Assets		633,207,661	709,303,788	
(iv) Intangible assets under development		109,643,184	97,257,847	
		<u>1,486,670,076</u>	<u>1,842,257,234</u>	
(b) Non-Current Investments	13	3,159,637	3,011,273	
(c) Long-Term Loans and Advances	14	280,931,675	266,466,708	
		<u>1,770,761,388</u>	<u>2,111,735,215</u>	
2. Current Assets				
(a) Inventories	15	192,456,956	158,299,703	
(b) Trade Receivables	16	567,014,123	680,153,448	
(c) Cash and Cash Equivalents	17	65,129,978	107,099,548	
(d) Short-Term Loans and Advances	18	166,045,503	200,948,641	
(e) Other Current Assets	19	26,226,346	34,433,345	
		<u>1,016,872,906</u>	<u>1,180,934,685</u>	
TOTAL		<u>2,787,634,294</u>	<u>3,292,669,900</u>	
See accompanying notes forming part of the financial statements		1 to 54		

In terms of our report of even date attached,

For M.A.PARIKH & CO.

Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL

Partner
Membership No. 32489

Place : Mumbai

Date : 29th August 2015

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

N. I. Gandhi *Chairman & Managing Director*

DIN: 00021530

V. S. Shanbhag *Director*

DIN: 00555709

Y. B. Shah *Chief Financial Officer*

P. G. Hindia *Company Secretary*



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR
THE YEAR ENDED 30TH JUNE, 2015**

	Note No.	For the Year ended 30 th June, 2015	[Amount in ₹] For the Period ended 30 th June, 2014
REVENUE			
Revenue from Operations	20	1,722,983,815	1,260,005,510
Less: Excise Duty		60,324,423	71,443,172
Revenue from Operations (net)		1,662,659,392	1,188,562,338
Other Income	21	23,526,529	53,650,400
Total Revenue		1,686,185,921	1,242,212,738
EXPENSES			
Cost of Materials Consumed		465,811,264	465,818,452
Purchases of Stock-in-Trade		441,701,254	146,835,562
Changes in Inventories	22	(247,433)	22,680,449
Employee Benefits Expense	23	172,635,025	163,942,256
Finance Costs	24	241,592,182	270,217,462
Depreciation and Amortisation Expense	12	108,734,219	87,980,082
Other Expenses	25	309,102,133	319,010,911
Total Expenses		1,739,328,644	1,476,485,174
(Loss) before Exceptional items, Extra Ordinary Item and Taxes		(53,142,723)	(234,272,436)
Less: Share of Minority Interest in Profit		2,276,559	12,880,701
Add/ (Less): Exceptional items (Net)	48	(17,826,902)	115,450,544
Prior Period Adjustments		1,260,000	36,551,405
Extra Ordinary Item (Income)		—	(345,716,307)
(Loss) before Taxes		(38,852,380)	(53,438,779)
Tax Expense:			
Current Tax for the year		404,183	—
Short/(Excess) Provision for earlier years		5,315,837	—
Deferred Tax for the year/ period		4,920,223	12,458,450
(Loss) for the Year/Period		(49,492,623)	(65,897,229)
Earnings per share (of ₹ 10 /- each):			
Basic/Diluted	49	(2.34)	(3.12)
See accompanying notes forming part of the financial statements			
	1 to 54		

In terms of our report of even date attached,

For M.A.PARIKH & CO.

Chartered Accountants

Firm Registration No. 107556W

MUKUL PATEL

Partner

Membership No. 32489

Place : Mumbai

Date : 29th August 2015

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

N. I. Gandhi

Chairman & Managing Director

DIN: 00021530

V. S. Shanbhag

Director

DIN: 00555709

Y. B. Shah

Chief Financial Officer

P. G. Hindia

Company Secretary

Lyka Labs Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	Current Year ended 30 th June, 2015	Previous Period ended 30 th June, 2014
(Loss) for the year/period after tax	(49,492,623)	(65,897,229)
Adjusted for		
Depreciation	108,734,219	87,980,082
Dividend income	(72,469)	(16,565)
Interest Income	(8,527,760)	(15,954,529)
Loss/(Profit) on sale of fixed assets	(85,056,635)	4,423,132
Interest & finance charges	241,592,182	258,060,471
Exchange rate fluctuation	(7,354,280)	(5,669,982)
Provision for diminution in value of investments written back	(148,364)	(152,790)
	249,166,893	328,669,819
Operating profit before working capital change	199,674,270	262,772,590
Changes in		
Trade and other receivables	218,742,637	108,366,896
Inventories	(34,157,253)	28,551,864
Trade payable	(64,523,835)	532,044,301
A Cash generated from operations	319,735,819	931,735,651
Exchange rate fluctuation	7,354,280	5,669,982
Tax (Payment) / Refund	(955,758)	10,214,935
Net cashflow from operating activities	326,134,341	947,620,568
Trade Payable	(60,734,357)	(83,824,559)
Loss of Inventory due to fire	—	6,110,356
Loss of Fixed Assets due to fire	—	21,087,494
Net cashflow after exceptional items (A)	265,399,984	890,993,859
B Cashflow for Investing activities		
Purchase of fixed assets	(68,170,273)	(643,083,778)
Sale of Investment	—	52,431,361
Sale proceeds of Fixed assets	349,618,165	5,981,971
Interest Received	8,344,864	15,954,529
Dividend Received	72,469	16,565
Net cash used in Investing activities (B)	289,865,225	(568,699,352)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	Current Year ended 30 th June, 2015	Previous Period ended 30 th June, 2014
C. Cashflow from Financing activities		
Money Received Against the Share Warrants	3,220,000	—
Borrowings Repaid	(354,316,480)	(17,968,261)
Repayment of unclaimed preference shares	(50,000)	—
Interest Paid	(246,088,299)	(245,222,329)
Net cash used in Financing activities (C)	(597,234,779)	(263,190,590)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(41,969,570)	59,103,917
Cash and Cash equivalents at the commencement of the year/period	107,099,548	47,995,631
Cash and Cash equivalents at the end of the year/period	65,129,978	107,099,548
	(41,969,570)	59,103,917

Notes:

- (i) Cash & Cash Equivalents includes Margin Money Deposits of ₹ 5,32,57,021 (Previous period ₹ 5,44,61,451) with Bank for availing loan facility.
- (ii) Previous period figures have been regrouped / reclassified wherever applicable, hence not comparable.

In terms of our report of even date attached,

For M.A.PARIKH & CO.

Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL

Partner
Membership No. 32489

Place : Mumbai
Date : 29th August 2015

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

N. I. Gandhi *Chairman & Managing Director*

DIN: 00021530

V. S. Shanbhag *Director*

DIN: 00555709

Y. B. Shah *Chief Financial Officer*

P. G. Hindia *Company Secretary*

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

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

(a) Basis of Preparation of Financial Statements

These financial statements have been prepared under the historical cost convention except certain Fixed Assets, which have been revalued on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in India (“Indian GAAP”) and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as prescribed under the Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”)/ Companies Act 1956 (“the 1956 Act”), as applicable.

(b) Use of Estimates

The presentation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual result and estimates are recognized in the period in which the results are known / materialized.

(c) Principles of Consolidation

The Consolidated Financial Statements relating to Lyka Labs Limited (“The Holding Company”) and its subsidiaries (as stated below) (“the group”) have been consolidated in accordance with Accounting Standard 21 (AS 21) “Consolidated Financial Statements”, except those of Lyka Animal Healthcare limited” Subsidiary of Lyka exports Ltd. which is considered by Lyka export Limited as an Immaterial Subsidiary:

Name of the Subsidiary	Reporting Period	Percentage of Holding
Lyka BDR International Limited	1 st April, 2014 to 31 st March, 2015	65.22%
Lyka Exports Limited	1 st July, 2014 to 31 st March, 2015	72.80%
Lyka Healthcare Limited	1 st April, 2014 to 31 st March, 2015	100%

- (i) The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of Assets, Liabilities, Incomes and Expenses after fully eliminating intra-group balances/transactions.
- (ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s standalone financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

- (iii) Where the cost of the investment is higher than the share of equity in the subsidiary at the time of acquisition, the resulting difference is treated as goodwill. Where the cost of the equity is lower than the share of equity in the subsidiary, the difference is treated as capital reserve.
- (iv) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its standalone financial statements.

(d) Fixed Assets

1. Tangible Fixed Assets

- (i) Fixed Assets other than Land, Building and Plant & Machinery are recorded at cost of acquisition or construction.
- (ii) Land, Building and Plant & Machinery:
 - (a) These Fixed Assets are recorded at net present replacement value as on 30th September, 2010.
 - (b) Additions to Land, Buildings and Plant & Machinery after 30th September, 2010 are recorded at cost.

Note: Cost comprises of all direct costs/ expenses (including borrowing costs referred to in 2(e) incurred in order to bring such assets to their present condition and location including Indirect Taxes in the case of Land and Buildings but excluding applicable set-off in respect of Indirect Taxes relating to Plant & Machinery and Software.

- (iii) Fixed Assets include assets purchased under Hire Purchase Agreement.

2. Intangible Fixed Assets

Intangible Fixed Assets include cost of acquired software, designs and contract acquisition costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Internally developed intangibles

Expenditure incurred in respect of “new product development and applied research” held under Capital Work-in-Progress shall be recognized as Intangibles upon successful development of respective products. Refer note 2(e) for the policy on capitalization of borrowing costs.

(e) Borrowing Cost

Financing costs relating to deferred credits or to borrowed funds attributable to construction or acquisition or development of qualifying assets are capitalized upto the commencement of commercial production and are included in the cost of the assets to which they relate.

A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

All other borrowing costs are charged to Statement of Profit and Loss

(f) Depreciation/Amortization

- (i) Holding Company:

1. Tangible Fixed Assets

- (a) Depreciation on tangible fixed assets is provided on straight-line method at the rates and manner in accordance with Schedule II to the Companies Act, 2013.

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

- (b) Leasehold land is amortized over the period of lease.
- (c) Depreciation in respect of re-valued assets is charged to Revaluation Reserve and/or to Statement of Profit & Loss after the Revaluation Reserve is exhausted.

2. Intangible Fixed Assets

Amortization of intangible fixed assets is provided on straight-line method basis over a period of 10 years from the date of implementation based on management's estimate of useful life over which economic benefit will be derived from its use.

(ii) Subsidiary Company – (Lyka BDR International Ltd.)

- (a) Depreciation on fixed assets, except of Depreciation on Registration Right, is being provided on "Written down Value method" basis at the useful lives/rates specified as per Schedule II of the Companies Act, 2013.
- (b) Depreciation in respect of addition to the fixed assets is provided on pro-rata basis from the date in which such assets are acquired/installed/put to use.
- (c) Registration Rights purchased from Lyka Labs Limited in May 2003 valued at ₹ 47.50 crores are amortized according to management evaluation considering estimated life of 15 years under Straight line method.
- (d) Product Registration Expenses incurred during the year have been amortized for 5 years according to the management evaluation at Straight Line Method.

(iii) Subsidiary Company – (Lyka Exports Ltd.)

- (a) Depreciation on fixed assets, except of Depreciation on Registration Right, is being provided on "Written down Value method" basis at the rates specified as per Part C of Schedule II of the Companies Act, 2013.
- (b) Depreciation on Trade Marks & Marketing Know-How is provided on Straight Line Method over the validity period/estimated useful life, whichever is lower.

(iv) Subsidiary Company – (Lyka Healthcare Ltd.)

Depreciation is provided on the straight line method ('SLM'). The rates of depreciation prescribed in Part-C to Schedule II to the Companies Act, 2013 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at the higher rate based on the management's estimates of the useful life/remaining useful life.

Assets individually costing less than ₹ 5,000 are fully depreciated in the year/ period of acquisition.

(g) Investments

Investments are stated at cost of acquisition. Provision is made for diminution in value of Long-term investments, if such diminution is other than temporary in nature.

(h) Inventories

- (i) Raw Material, Packing Material, 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

purchases (net of CENVAT credit, rebates, trade discount etc.), costs of conversion and cost incurred to bring the inventories to their present location and condition.

- (ii) Stores and Spares are charged to consumption as and when purchased.

(i) Employee Benefits

The Company's employee benefits primarily cover provident fund, superannuation, gratuity and compensated absences.

- (i) Provident fund and Superannuation fund are defined contribution schemes and the Company has no further obligation beyond the contributions made to the fund. The contribution on account of Provident Fund is made to the Employees Provident Fund and that for Superannuation, is made to The Life Insurance Corporation of India. The said contributions are charged to Statement of Profit and Loss in the Year in which they accrue.
- (ii) Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the year. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. The Company makes contributions to a fund administered and managed by the Life Insurance Corporation of India (LIC) to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.
- (iii) Leave encashment / compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

(j) Translation of Foreign Currency Transactions

Transactions in foreign currency are recorded at the prevalent rates of exchange in force at the time the transactions are effected. Monetary items denominated in foreign currencies are translated at year-end rates. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss except in cases where they relate to:

- (i) Acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets; and
- (ii) Other long-term foreign currency monetary items that are amortized over the remaining life of the concerned monetary item.

(k) Revenue Recognition

Revenue is recognised when realisation is reasonably certain in respect of:

- (i) Sale of goods on transfer of significant risk and reward. Sales are inclusive of excise duty.
- (ii) Processing charges are recognized on despatch basis.
- (iii) Transfer of Technology fees are recognized when the related services are performed as per the agreement.
- (iv) Insurance / other claims, interest, commission and royalty.
- (v) Export incentives on accrual basis.

(l) Taxes on Income

- (i) Current tax is determined as the amount of Income Tax in respect of taxable income for the year in accordance with the applicable tax rates and the prevailing tax laws.

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

(ii) Deferred Tax is recognized, subject to the consideration of prudence for deferred tax assets, on timing differences between taxable income and accounting income that originate in one period/s/ year/s and are capable of reversal in one or more subsequent years. Deferred Tax Assets and Liabilities are measured in accordance with the applicable tax rates and the prevailing tax laws.

(m) Contingent Liabilities

Contingent liabilities are not provided for and are disclosed by way of notes to accounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

3. SHARE CAPITAL

	As at 30 th June, 2015		As at 30 th June, 2014	
	Number of Shares	Amount in (₹)	Number of Shares	Amount in (₹)
Authorised				
Equity Shares of ₹ 10/- each	24,000,000	240,000,000	24,000,000	240,000,000
Redeemable Preference Shares of ₹ 100/- each	200,000	20,000,000	200,000	20,000,000
	<u>24,200,000</u>	<u>260,000,000</u>	<u>24,200,000</u>	<u>260,000,000</u>
Issued				
Equity Shares of ₹ 10/- each	21,580,000	215,800,000	21,580,000	215,800,000
10% Cumulative Redeemable Preference Shares of ₹ 100/- each	108,570	10,857,000	108,570	10,857,000
	<u>21,688,570</u>	<u>226,657,000</u>	<u>21,688,570</u>	<u>226,657,000</u>
Subscribed and Fully Paid Up				
Equity Shares of ₹ 10/- each	21,580,000	215,800,000	21,580,000	215,800,000
10% Cumulative Redeemable Preference Shares of ₹ 100/- each	108,570	10,857,000	108,570	10,857,000
Total	<u>21,688,570</u>	<u>226,657,000</u>	<u>21,688,570</u>	<u>226,657,000</u>

3.1 Reconciliation of number of shares outstanding

Particulars	As at 30 th June, 2015		As at 30 th June, 2014	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
At the beginning of the year	21,580,000	108,570	21,580,000	108,570
At the end of the year	21,580,000	108,570	21,580,000	108,570

3.2 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.

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

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

Name of the shareholders	As at 30th June, 2015		As at 30th June, 2014	
	No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
Equity Shares of ₹ 10/- each				
Narendra I Gandhi (HUF)	1,270,776	5.89%	1,270,776	5.89%
Kunal Narendra Gandhi	1,151,642	5.34%	1,151,642	5.34%
Nehal Narendra Gandhi	1,369,803	6.35%	1,369,803	6.35%
Clearwater Capital Partners Cyprus	—	—	1,650,000	7.65%
10% Cumulative Redeemable Preference Shares of ₹ 100/- each				
Dr. D. B. Parikh	108,570	100.00%	108,570	100.00%

3.4 4,000,000 Equity shares of ₹10/- each were issued on dated 07.12.2005 on conversion of Global Depository Receipts.

3.5 108,570 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 20 years from the date of allotment.

4. RESERVES & SURPLUS

[Amount in ₹]

	As at 30 th June, 2015	As at 30 th June, 2014
(A) Capital Reserve		
Balance at the beginning of the year	4,913,404	4,913,404
Balance at the end of the year	4,913,404	4,913,404
(B) Securities Premium Account		
Balance at the beginning of the year	649,944,238	666,866,662
Less: Acquisition of new subsidiary during the period	—	(16,922,424)
Balance at the end of the year	649,944,238	649,944,238
(C) Revaluation Reserve		
Balance at the beginning of the year	116,052,413	100,473,177
Add: Acquisition of new subsidiary during the period	—	10,127,232
Add: prior period adjustments	—	27,239,600
Less: (Refer Note 33.2)	(23,101,697)	(21,787,596)
Balance at the end of the year	92,950,716	116,052,413

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

4. RESERVES & SURPLUS (Contd.)

	As at 30 th June, 2015	As at 30 th June, 2014
(D) General Reserve		
Balance at the beginning of the year	124,774,360	124,774,360
Add: Adjustment on account of Depreciation (Refer Note (33.3))	(27,359,986)	—
Add: Minority Interest	210,585	—
	<u>(27,149,401)</u>	—
Balance at the end of the year	<u>97,624,959</u>	<u>124,774,360</u>
(E) (Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	(595,208,825)	(454,175,750)
Add: Acquisition of new subsidiary during the Previous period	—	(75,135,846)
Add: (Loss) for the year/ period	(49,492,623)	(65,897,229)
Balance at the end of the year	<u>(644,701,448)</u>	<u>(595,208,825)</u>
Total	<u><u>200,731,869</u></u>	<u><u>300,475,590</u></u>

5. LONG TERM BORROWINGS

[Amount in ₹]

	As at 30 th June, 2015	As at 30 th June, 2014
Secured		
Debentures - Privately Placed Non Convertible (Refer Note 5.1 & 5.2 below)	—	37,550,000
Term Loan from Banks (Refer Note 5.3 below)	283,641,028	427,446,726
Long-term maturities of finance lease obligations (Refer Note No.5.4)	5,575,722	8,334,022
Term Loan from others (Refer Note 5.3(l) below)	—	30,000,000
	<u>289,216,750</u>	<u>503,330,748</u>
Unsecured		
Deposits (Refer Note No.5.5)	—	76,301,000
Sales Tax Deferement Scheme	—	384,454
	<u>—</u>	<u>76,685,454</u>
Total	<u><u>289,216,750</u></u>	<u><u>580,016,202</u></u>

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

5.1 Details of Debentures issued by the Company

Terms and Conditions		As at 30 th June, 2015	As at 30 th June, 2014
62 debentures are redeemable at the end of 33 months with put & call option for redemption at the end of 27 months	13.50 % Debentures of ₹ 1 Lac Each	—	6,150,000
30 debentures are redeemable at the end of 32 months	13.55% Debentures of ₹ 1 Lac Each	—	3,000,000
71 debentures are redeemable at the end of 35 months	13.75% Debentures of ₹ 1 Lac Each	—	7,100,000
54 debentures are redeemable at the end of 36 months	13.70% Debentures of ₹ 1 Lac Each	—	5,400,000
36 debentures are redeemable at the end of 35 months	13.50% Debentures of ₹ 1 Lac Each	—	3,600,000
26 debentures are redeemable at the end of 36 months	13.55% Debentures of ₹ 1 Lac Each	—	2,600,000
10 debentures are redeemable at the end of 35 months	13.45 % Debentures of ₹ 1 Lac Each	—	1,000,000
24 debentures are redeemable at the end of 36 months	13.90 % Debentures of ₹ 1 Lac Each	—	2,400,000
34 debentures are redeemable at the end of 35 months	13.80 % Debentures of ₹ 1 Lac each	—	3,400,000
29 debentures are redeemable at the end of 34 months	13.65 % Debentures of ₹ 1 Lac each	—	2,900,000
Total		—	37,550,000

5.2 Non Convertible Debentures are secured by first charge on Trade Marks & second charge on immovable property at Ankleshwar.

5.3 Details of terms of repayment and security provided for in respect of the Long-Term Borrowings as follows: (Including Current Maturities of Term Loans from Banks - Refer Note No. 10)

- (a) Term Loan (Expansion) from Dena Bank repayable in 15 quarterly installments of ₹ 18.09 Lacs each. Interest rate is base rate + 1% ##
- (b) Term Loan (R&D) from Dena Bank repayable in 14 quarterly installments of ₹ 6.77 Lacs each. Interest rate is Base Rate + 1% ##

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

- (c) Term Loan from Dena Bank repayable in 15 quarterly installments of ₹ 15.55 Lacs each. Interest rate is Base Rate + 1% ##
- (d) Term Loan (working capital) from Dena Bank repayable in 11 quarterly installments of ₹ 40 Lacs each. Interest rate is Base Rate + 1% ##
- (e) Term Loan (Lypholisation II) from Dena Bank repayable in 14 quarterly installments of ₹ 7.81 Lacs each. Interest rate is Base Rate + 1% ##
- (f) Term Loan (New Expansion) from Dena Bank repayable in 17 quarterly installments of ₹ 90.90 lacs each. Interest rate is Base Rate + 1.55% ##
- (g) Term Loan (Schedule - M Requirement) from Dena Bank repayable in 20 quarterly installments of ₹ 16.40 lacs each commencing from 12 months from the date of first disbursement. Interest rate is Base Rate + 1.55% ##
- (h) Term Loan (working capital) from Dena Bank repayable in 10 quarterly installments of ₹ 60 Lacs each commencing from 30th September 2015 Interest rate is Base Rate + 1.05% ##

The above Term Loans are secured by first charge on stock in trade, book debts, other movable assets, movable machinery & guaranteed by some of the directors of the company. These Loans are also secured by equitable mortgage of Company's immovable properties at Ankleshwar and Valsad.

- (i) Term Loan from Bank of Maharashtra repayable in 10 quarterly installments of ₹ 50 Lacs each. Interest rate is Base Rate + 1.2%. *
- (j) Term Loan from Bank of Maharashtra repayable in 20 quarterly installments of ₹ 30 Lacs each. Interest rate is Base Rate + 600 bps + 50 bps (term premium). *

* Above Term Loans are Secured by extension of equitable mortgage of property situated at Shiv Shakti industrial Estate, Andheri (East), Mumbai - 400059

- (k) Term Loans from Kapol Co-Operative Bank Ltd. repayable in 84 equal monthly installments of ₹ 12.16 lacs each and 6 equal monthly installments of ₹ 12.19 lacs each. Interest rate is @15%. **

** Above Term Loans are Secured by extension of equitable mortgage of property and machinery situated at Ankleshwar.

- (l) Term Loan from Clear Water Capital Partners India Pvt. Ltd. is secured by way of first charge on Registraton Rights and second charge on Current Assets. Interest rate is Base Rate + 600 bps + 50 bps (term premium).

5.4 16 lease obligations repayable in equated monthly instalments up to June 2018 Secured by respective vehicles. Rate of interest ranges from 8.38% to 18.01 %

5.5 Fixed Deposits - unsecured rate of interest ranges from 10.5 % to 12.50 %

6. OTHER LONG TERM LIABILITIES

[Amount in ₹]

	As at 30 th June, 2015	As at 30 th June, 2014
Security Deposits	19,945,000	17,128,500
Total	19,945,000	17,128,500

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

7. LONG TERM PROVISIONS

	As at 30 th June, 2015	As at 30 th June, 2014
Provision for Employee Benefits:		
(i) Provision for Leave Encashment	15,978,346	11,259,211
(ii) Provision for Gratuity	24,237,740	27,990,338
(iii) Provision for Superannuation	2,767,700	2,212,700
Provision for Taxation	6,520,638	495,101
Total	49,504,424	41,957,350

8. SHORT TERM BORROWINGS

[Amount in ₹]

	As at 30 th June, 2015	As at 30 th June, 2014
Secured		
Loans repayable on demand from Banks (Refer Note (8.1) below)	469,251,018	509,218,338
	469,251,018	509,218,338
Unsecured		
Loans and Advances from related parties (Refer Note (8.2) below)	2,744,834	650,694
Inter Corporate Deposits (Refer Note (8.3) below)	38,085,583	38,400,000
Short Term Loans (Refer Note (8.4) below)	88,431,396	113,760,827
	129,261,813	152,811,521
Total	598,512,831	662,029,859

8.1 (Details of terms of repayment and security provided in respect of Short -Term Borrowings:)

(a) Interest on Dena Bank Cash Credit loan is Base Rate +1% p.a. ##

(b) Interest on Dena Bank Buyers Credit Loan ranges from LIBOR + 0.75% to LIBOR + 2.00% ##

The above Loans are secured by first charge on stock in trade, book debts, other movable assets, movable machinery & guaranteed by some of the directors of the company. These Loans are also secured by equitable mortgage of Company's immovable properties at Ankleshwar and Valsad.

(c) Dena Bank and UCO bank Bill Discounting is Secured by way of fixed deposits. Interest is @ 11% and 10.70%, respectively.

8.2 Interest on Loans from related parties ranges between 10.25 % and 12% simple Interest payable on yearly basis.

8.3 Interest on Inter Corporate Deposits ranges between 16% and 21% (simple interest) and repayable at quarterly/half yearly/yearly basis.

8.4 Interest on Short Term Loans ranges between 12% and 21%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

9. TRADE PAYABLES

	As at 30 th June, 2015	As at 30 th June, 2014
Trade Payables	546,356,522	632,624,277
Total	546,356,522	632,624,277

10. OTHER CURRENT LIABILITIES

[Amount in ₹]

	As at 30 th June, 2015	As at 30 th June, 2014
(A) Current Maturities of Long-Term Debt		
(i) Debentures - Privately Placed Non Convertible [including Unclaimed/Unpaid debenture ₹ 6,16,50,000/-, Previous period ₹ 4,27,00,000/- (Refer Note 10.1, 10.2 & 29)]	99,950,000	108,900,000
(ii) Term Loan from Banks [Refer note 5.3, 10.4 & 30]	217,536,989	198,535,000
(iii) Term Loans from Others	35,912,393	—
(iv) Finance Lease Obligations	5,454,765	2,924,022
(v) Fixed Deposits [including Unclaimed fixed deposit ₹ 3,71,56,000/-, Previous period ₹ 94,21,000/-] (Refer Note 10.3 & 28)	108,586,000	79,392,000
(B) Interest Accrued but not due on Borrowings	2,027,233	13,581,557
(C) Interest Accrued and due on Borrowings	29,176,135	22,117,928
(D) Other Payables		
(i) Statutory dues	31,812,014	39,426,874
(ii) Preference Share Dues	175,000	225,000
(iii) Book Overdraft	35,125,207	23,296,554
(iv) Employee dues	47,175,799	43,620,085
(v) Advance from Customers	51,359,012	32,664,883
(vi) Advance against Sale of Assets	—	50,000,000
(vii) Retention Payable	478,939	478,939
(viii) Outstanding Liabilities	124,278,881	157,399,558
(ix) Sales Tax Deferment Scheme	5,014,447	4,629,991
Total	794,062,814	777,192,391

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

10.1 Details of Debentures issued by the Company

Terms and Conditions		As at 30 th June, 2015	As at 30 th June, 2014
104 debentures are redeemable at the end of 36 months	13.50% Debentures of ₹ 1 Lac Each	—	10,400,000
54 debentures are redeemable at the end of 39 months	13.75% Debentures of ₹ 1 Lac Each	—	5,400,000
93 debentures are redeemable at the end of 30 months	13.50% Debentures of ₹ 1 Lac Each	—	9,300,000
157 debentures are redeemable at the end of 31 months	13.60% Debentures of ₹ 1 Lac Each	—	15,700,000
47 debentures are redeemable at the end of 29 months	13.40% Debentures of ₹ 1 Lac Each	—	4,700,000
93 debentures are redeemable at the end of 34 months	13.70% Debentures of ₹ 1 Lac Each	—	9,300,000
45 debentures are redeemable at the end of 33 months	13.65% Debentures of ₹ 1 Lac Each	—	4,500,000
69 debentures are redeemable at the end of 36 months	13.75% Debentures of ₹ 1 Lac Each	6,900,000	6,900,000
30 debentures are redeemable at the end of 32 months	13.55% Debentures of ₹ 1 Lac Each	3,000,000	—
71 debentures are redeemable at the end of 35 months	13.75% Debentures of ₹ 1 Lac Each	7,100,000	—
54 debentures are redeemable at the end of 36 months	13.70% Debentures of ₹ 1 Lac Each	5,400,000	—
36 debentures are redeemable at the end of 35 months	13.50% Debentures of ₹ 1 Lac Each	3,600,000	—
26 debentures are redeemable at the end of 36 months	13.55% Debentures of ₹ 1 Lac Each	2,600,000	—
10 debentures are redeemable at the end of 35 months	13.45 % Debentures of ₹ 1 Lac Each	1,000,000	—
34 debentures are redeemable at the end of 35 months	13.80 % Debentures of ₹ 1 Lac Each	3,400,000	—
24 debentures are redeemable at the end of 36 months	13.90 % Debentures of ₹ 1 Lac Each	2,400,000	—
29 debentures are redeemable at the end of 34 months	13.65 % Debentures of ₹ 1 Lac Each	2,900,000	—
Total		38,300,000	66,200,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

10.2 Details of continuous defaults in repayment of Secured Debentures and interest thereon as on 30th June, 2015 as follows:

Period of Defaults	Principal Amount		Interest
	Unpaid	Unclaimed	
F.Y. 2013-14	23,700,000	19,700,000	—
F.Y. 2014-15	3,900,000	14,350,000	2,423,376
Total	27,600,000	34,050,000	2,423,376

10.3 Details of continuous default in repayment of Fixed Deposits and interest thereon as on 30th June, 2015 are as follows:

Period of Defaults	Unpaid	Unclaimed	Interest
F.Y. 2009-10	100,000	—	—
F.Y. 2010-11	—	175,000	26,201
F.Y. 2011-12	—	440,000	112,498
F.Y. 2012-13	—	995,000	640,407
F.Y. 2013-14	2,047,000	1,117,000	1,282,294
F.Y. 2014-15	27,196,000	2,046,000	5,311,946
Apri 2015 to June, 2015	—	74,470,000	7,516,422
Total	29,343,000	79,243,000	14,889,768

10.4 Details of continuous defaults in repayment of Secured Term Loans and interest thereon from Bank of Maharashtra as on 30th June, 2015 as follows:

Period of Defaults	Principal Amount	Interest
January 2015 to June 2015	16,000,000	7,491,211
Total	16,000,000	7,491,211

11 SHORT-TERM PROVISIONS

[Amount in ₹]

	As at 30 th June, 2015	As at 30 th June, 2014
Provision for Employee Benefits:		
(i) Provision for Bonus	2,871,755	2,944,561
(ii) Provision for Gratuity	2,469,301	565,516
(iii) Provision for Leave Encashment	1,353,282	4,911,902
(iv) Provision for Superannuation	253,281	673,484
Total	6,947,619	9,095,463

[Amount in ₹]

12. FIXED ASSETS

Name of the Asset	Gross Block			Depreciation				Net block				
	As on 01/07/14	Additions during the Year	Deletions during the Year	As on 30/06/15	As on 01/07/14**	Additions during the Year	Deletions during the Year	Transfer to General Reserve	On Revalued Assets*	As on 30/06/15	As on 30/06/14	
TANGIBLE ASSETS:												
Land (Leasehold)	221,487,266	—	107,415,780	114,071,486	15,142,299	28,581	7,601,661	—	1,789,763	9,358,972	104,712,514	206,344,967
Buildings	442,527,765	261,082	124,704,281	318,084,566	94,680,124	3,632,261	35,792,068	—	4,458,619	66,979,936	251,105,630	347,847,641
Plant and Machinery	531,762,886	2,505,724	117,988,284	416,280,326	228,717,572	14,321,367	46,354,791	23,117,701	8,869,336	228,671,185	187,609,141	303,045,314
Computer & Printers	17,234,789	1,146,965	—	18,381,754	13,013,924	1,914,193	—	988,288	—	15,926,385	2,455,369	4,220,865
Vehicles	37,243,074	—	4,219,737	33,023,337	12,246,466	5,721,514	2,880,046	13,193	—	15,001,127	18,022,210	24,996,608
Furniture & Fixtures	59,036,909	1,081,238	7,989,908	52,128,239	32,513,312	4,063,770	5,027,899	2,309,223	—	33,848,406	18,279,833	26,523,597
Office Equipment	5,691,489	475,046	—	6,166,535	3,504,726	757,087	—	911,404	—	5,173,217	993,318	2,186,763
Total Tangible Assets	1,314,984,178	5,470,055	362,312,030	958,142,203	399,818,423	30,428,773	97,756,465	27,349,789	15,117,708	374,958,228	583,178,015	915,165,755
INTANGIBLE ASSETS:												
Internally Generated Intangible Assets	494,319,037	9,354,721	—	503,673,758	50,321,727	38,644,404	—	10,197	3,155,805	92,132,133	411,541,625	443,997,310
Computer Software	13,139,634	848,788	—	13,988,422	928,170	1,302,815	—	—	—	2,230,985	11,757,437	12,211,464
Registration Rights	659,307,827	—	—	659,307,827	406,212,813	29,539,557	—	—	13,646,858	449,399,228	209,908,599	253,095,014
Total Intangible Assets	1,166,766,498	10,203,509	—	1,176,970,007	457,462,710	69,486,776	—	10,197	16,802,663	543,762,346	633,207,661	709,303,788
Total Assets	2,481,750,676	15,673,564	362,312,030	2,135,112,210	857,281,133	99,915,549	97,756,465	27,359,986	31,920,371	918,720,574	1,216,385,676	1,624,469,543
Total Previous Period	1,951,207,915	579,073,915	48,531,152	2,481,750,676	704,286,202	138,783,063	17,033,552	—	31,245,420	857,281,133	1,624,469,543	—
Capital Work-in-Progress												
Tangible Assets	—	—	—	—	—	—	—	—	—	—	160,641,216	120,529,844
Intangible Assets (Note 38)	—	—	—	—	—	—	—	—	—	—	109,643,184	97,257,847
Total (i+ii)	—	—	—	—	—	—	—	—	—	—	270,284,400	217,787,691
Grand Total	—	—	—	—	—	—	—	—	—	—	1,486,670,076	1,842,257,234

Notes:

- *Includes Depreciation of ₹ 8,818,670 (Previous period ₹ 9,457,824) on Assets Revalued on 31/03/2007 charged to Statement of Profit and Loss.
- Building includes ₹ 2,691,755 (Previous Period ₹ 2,691,755) 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.
- Gross block includes the following assets acquired under hire purchase arrangement on which the vendor has a lien

Name of the Asset	Gross Block		Net Block	
	Current Year (₹)	Previous Period (₹)	Current Year (₹)	Previous Period (₹)
Vehicles	21,262,285	21,262,285	14,723,301	18,732,378

- **Accumulated depreciation as on 1st July, 2014 ₹ 857,281,133 is net of ₹ 1,009,400, being rectification made by a Subsidiary Company relating to adjustment on account of depreciation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

	As at 30 th June, 2015			As at 30 th June, 2014		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
13. NON CURRENT INVESTMENTS						
Investments in Equity Instruments:						
A Trade						
(i) 49,994 (Previous Period 49,994) Equity Shares of ₹ 10 each fully paid up in Lyka Animal Healthcare Ltd.	—	499,940	499,940	—	499,940	499,940
(ii) 16,500 (Previous Period 16,500) Equity Shares of ₹ 10 each fully paid up in Gujarat Themis Biosyn Ltd.	1,014,750	—	1,014,750	1,014,750	—	1,014,750
(iii) 1,30,827 (Previous Period 1,30,827) Equity Shares of ₹ 10 each fully paid up in Relic Technologies Ltd.	1,696,540	—	1,696,540	1,696,540	—	1,696,540
(iv) 10,000 (Previous Period 10,000) Equity Shares of ₹ 10 each fully paid up in Paramount Printpackaging Ltd.	280,000	—	280,000	280,000	—	280,000
(v) 334 (Previous Period 334) Equity Shares of ₹ 10 each fully paid up in Themis Medicare Ltd.	29,133	—	29,133	29,133	—	29,133
B Non-Trade						
(i) 1,00,000 (Previous Period 1,00,000) Equity Shares of ₹ 10 each fully paid up in Kapol Co-operative Bank Ltd.	—	1,000,000	1,000,000	—	1,000,000	1,000,000
(ii) 10 (Previous Period 10) Equity Shares of ₹ 100/- each fully paid up in Janta Sahakari Bank Ltd.	—	1,000	1,000	—	1,000	1,000
			4,521,363			4,521,363
Less: Provision for Diminution in value of Investments			(1,361,726)			(1,510,090)
Total			3,159,637			3,011,273
(i) Aggregate amount of Quoted Investments			2,991,290			2,991,290
Aggregate market value of Quoted Investments			1,629,564			1,481,200
(ii) Aggregate amount of Unquoted Investments			1,530,073			1,530,073

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	As at 30 th June, 2015	As at 30 th June, 2014
14. LONG TERM LOANS & ADVANCE (Unsecured, considered good)		
Capital Advances	26,680,613	18,550,386
Security Deposits	4,785,915	6,263,731
Security Deposit (Refer Note 34)	50,250,000	50,250,000
Others		
(i) Loans & Advances to Others	93,234,791	84,828,452
(ii) Advances recoverable from Employees	738,543	1,490,079
(iii) Advances to Suppliers & Others	636,872	539,539
(iv) Advance Tax (TDS)	1,359,941	1,299,521
(v) Deposit into Drug Price Equalisation Account	103,245,000	103,245,000
Total	280,931,675	266,466,708
15. INVENTORIES (At lower of cost or net realisable value)		
Raw Materials (Refer Note 40)	49,328,169	20,806,335
Packing Material (Refer Note 40)	36,337,007	30,949,021
Work-in-Progress	26,796,614	18,595,729
Finished Goods	79,995,166	87,948,618
Total	192,456,956	158,299,703
16. TRADE RECEIVABLES (Unsecured, considered good)		
Trade Receivables outstanding for a period exceeding six months (Refer Note 36)		
Unsecured, considered good	247,619,645	376,278,922
Other Debts	319,394,478	303,874,526
Total	567,014,123	680,153,448
17. CASH & BANK BALANCES		
A Balances with Banks		
(i) In Current Accounts	10,574,049	29,680,462
(ii) Deposit with a Bank held as Liquid Assets	1,093,083	22,764,169
B Cash on hand	205,825	193,466
C Deposit with Banks held as margin money	53,257,021	54,461,451
Total	65,129,978	107,099,548

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	As at 30 th June, 2015	As at 30 th June, 2014
18. SHORT TERM LOANS & ADVANCES (Unsecured considered good)		
A Employees	1,628,088	1,116,815
B Prepaid Expenses	10,859,042	8,381,699
C Balances with Government Authorities		
CENVAT Credit Receivable	9,502,384	10,138,036
TDS Receivable	20,862,003	12,621,960
D L/C Margin Money	9,564,909	7,324,424
E Deposit with Customers	460,000	630,880
F Other Advances (Refer Note - 35)	113,169,077	160,734,827
Total	166,045,503	200,948,641
19. OTHER CURRENT ASSETS		
Foreign Currency Monetary item Translation Difference Account	13,823,986	13,823,986
Miscellaneous Expenditure to the extent not written off (Refer Note 41)	—	5,828,780
Others		
(i) Accrued Interest on TDR	1,750,306	1,567,410
(ii) Export Incentive Receivable	7,557,039	8,409,531
(iii) Others	3,095,015	4,803,638
Total	26,226,346	34,433,345

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	For the Year ended 30 th June, 2015	For the Period ended 30 th June, 2014
20. REVENUE FROM OPERATIONS		
Sale of products	1,630,837,336	1,181,618,577
Other operating revenues (Refer Note 20.1 below)	92,146,479	78,386,933
	<u>1,722,983,815</u>	<u>1,260,005,510</u>
Less: Excise Duty	60,324,423	71,443,172
Total	<u><u>1,662,659,392</u></u>	<u><u>1,188,562,338</u></u>
20.1 Other operating Revenues		
Processing charges received	25,155,428	43,614,425
Technical Know-how	39,886,893	4,503,000
Export incentives	19,171,430	16,899,267
Royalty	7,932,728	13,370,241
Total	<u><u>92,146,479</u></u>	<u><u>78,386,933</u></u>
21. OTHER INCOME		
Interest Income (Refer Note 21.1 below)	8,527,760	15,954,529
Dividend Income	72,469	16,565
Provision for Diminution in value of Investment written back	148,364	152,790
Insurance Claim	—	28,423,549
Rent Received	832,500	673,200
Foreign Exchange Fluctuation	7,354,280	5,669,982
Sundry credit balances/Excess Provisions written back(net)	2,084,392	1,279,433
Excise Duty Refund	1,315,318	—
Others	3,191,446	1,480,352
Total	<u><u>23,526,529</u></u>	<u><u>53,650,400</u></u>
21.1 Interest Income		
Interest from banks on deposits	4,874,362	6,911,999
Other interests	3,653,398	9,042,530
Total	<u><u>8,527,760</u></u>	<u><u>15,954,529</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	For the Year ended 30 th June, 2015	For the Period ended 30 th June, 2014
22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
At the beginning of the year		
Finished Goods	87,948,506	98,981,257
Work-in-Progress	18,695,335	29,343,033
Total	106,643,841	129,324,290
At the end of the year		
Finished Goods	79,995,166	87,948,506
Work-in-Progress	26,896,108	18,695,335
	106,891,274	106,643,841
Net (increase)/decrease	(247,433)	22,680,449
23. EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	151,518,203	137,724,995
Contributions to Provident and Other Funds		
(a) Provident & Other Funds	10,093,783	11,615,621
(b) Superannuation Fund	548,657	1,329,656
(c) Gratuity	663,789	1,461,051
(d) Leave Encashment	1,795,398	1,033,908
Staff Welfare Expenses	8,015,195	10,777,025
Total	172,635,025	163,942,256
24. FINANCE COSTS		
Interest Expense on:		
(i) Borrowings From Banks		
Term Loans	55,459,085	68,866,935
Working Capital * (Net of capitalised of ₹ 8,421,142/- Previous Period ₹ 16,985,741/-)	42,241,753	25,610,748
(ii) Debentures	14,413,879	27,321,139
(iii) Borrowing Others		
Bill Discounting charges	50,890,874	49,378,360
Cash Discount	20,533,045	3,620,985
Bank charges	11,824,203	8,536,007
Others	46,229,343	86,883,288
Total	241,592,182	270,217,462

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

[Amount in ₹]

	For the Year ended 30 th June, 2015	For the Period ended 30 th June, 2014
25 . OTHER EXPENSES		
Consumption of Stores and Spare parts	1,367,022	2,090,285
Product related Expenses	5,376,430	2,445,560
Power and Fuel	20,600,390	31,123,120
Processing Charges	8,045,083	3,829,240
Rent including lease rentals	1,769,658	1,029,405
Repairs and maintenance - Buildings	933,744	640,982
Repairs and maintenance - Machinery	2,422,567	4,396,282
Repairs and maintenance - Others	1,155,609	1,236,075
Insurance	2,480,460	3,043,218
Rates and Taxes	9,938,337	7,421,628
Commission for L/C	14,107,141	15,080,946
Communication Expenses	3,666,153	2,539,364
Travelling and Conveyance	38,564,114	30,734,553
Freight and Forwarding	43,065,274	24,876,010
Sales Commission	46,832,961	38,486,177
Advertisement and Sales Promotion	42,110,936	46,929,351
Legal and Professional Charges	13,796,005	10,880,180
Payments to Auditors	4,022,476	3,343,190
CWIP Written Off (Refer Note - 38)	2,624,398	24,363,762
Irrecoverable Advances written off	1,721,910	3,434,623
Excise Duty	—	6,015,114
Miscellaneous Expenses	44,501,465	55,071,846
Total	309,102,133	319,010,911

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

26. Estimated amount of commitments remaining to be executed as on 30th June, 2015 are as follows:

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
(a)	Against purchase of Capital goods	5,922,866	7,635,831
(b)	Against purchase of Raw Material and Packing material	9,829,752	21,610,540

27. **Contingent Liabilities are not provided for in respect of:**

- (i) There were demands raised against the Holding Company aggregating to ₹ 68,061,957 plus interest thereon under the Drug Price Control Order 1979 by the Government of India which were contested by the Holding Company. In the earlier year, the Holding Company has received recovery notices for recovery of ₹ 209,440,565 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 ₹ 103,245,000.

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

- (ii) (a) The Holding Company has received an Order from the Gujarat Sales Tax Commissioner (Appeals) Baroda, dated 24th January, 2011 in respect of Holding Company's appeal against the demand for Gujarat Sales Tax of ₹ 132,408,100 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 ₹ 8,545,195 against which the Holding Company has made payment of ₹ 4,585,150 under protest. The Holding Company has further contested this demand before the Sales Tax Tribunal. The matter is sub-judice and the payments of ₹ 4,585,150 are considered by the Company as good and recoverable.
- (b) ₹ 61,676,379 relating to disputed Sales Tax demands in respect of prior years, the matter is sub-judice.
- (iii) The Holding Company has received notices from Central Excise department causing demands as stated below:
- (a) ₹ 10,875,257 against which it has paid ₹ 2,500,000. The matter is sub-judice and the payment of ₹ 2,500,000 is considered by the Company as good and recoverable.
- (b) ₹ 7,137,254 relating to disputed Central Excise duty, the matter is sub-judice.
- (iv) ₹ 1,809,830 disputed Service Tax demands, the matter is sub-judice.
- (v) ₹ 794,807 being claims against the Company not acknowledged as debt.
- (vi) Claim relating to Ex-gratia of ₹ 34,246,126 as the matter is sub-judice.
- (vii) Bill of Exchange discounted with the Bank ₹ 88,362,256 (previous period ₹ 144,212,280)
- (viii) Bank Guarantees provided by a bank on behalf of the Holding Company ₹ 96,33,220 (Previous Period ₹ 9,342,832)

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

- (ix) The Holding Company has given a “counter guarantee” to Clearwater Capital Partners India Pvt. Ltd., [Clearwater Capital Partners India Pvt. Ltd., has vide Deed of Assignment dated 26th September, 2014 assigned all the receivables due from Lyka BDR International Ltd., to Futuristic Solutions Limited] by creation of first pari-passu charge on its current assets and movable machinery, including spares and accessories for a total amount of ₹ 250,000,000 advanced to Lyka BDR International Ltd., [LBDR] a Subsidiary of the Company (the outstanding amount of the loan is ₹ 30,271,581 (including interest of ₹ 359,190) as on 30th June, 2015). Under the restructuring of Term Loan Agreement, the Company’s liability in respect of the amount advanced to Lyka BDR International Ltd. is restricted to the extent of 50% of the principal and interest quantum due thereon.
- (x) The Holding Company has given a guarantee to Kapol Co-operative Bank Limited for its loan facility of ₹ 43,500,000 given to Lyka Exports Limited. (The outstanding amount of the loan is ₹ 42,320,000 as on 30th June, 2015).

28. FIXED DEPOSITS:

The Holding Company has not been able to repay overdue Fixed Deposits aggregating to ₹ 108,586,000 and interest due thereon ₹ 14,889,768 upto 30th June, 2015 (excluding Short Term Loans in respect of which, the Holding Company has been legally advised that such loans are not deposits, as defined, in the Companies (Acceptance of Deposits) Rules, 2014). Consequently, the Holding Company has not complied with the provisions of Section 74 of the Companies Act, 2013 to the extent of such non repayment of overdue Fixed Deposits.

The Holding Company has filed a petition with the Company Law Board on 31st March, 2015 to seek extension of time for repayment of principal and interest (dues) thereon upto 31st March, 2020. The liability, if any, arising on account of delayed payments/non-payment of dues will be provided for in the year in which finality is reached.

29. DEBENTURES:

The Holding Company has not been able to repay Overdue Debentures aggregating to ₹ 61,650,000 and interest due thereon ₹ 2,423,376 (dues) upto 30th June, 2015. Therefore, the Holding Company has filed a petition with the Company Law Board, seeking extension of time for repayment of Debenture dues up to 31st March, 2020. The liability, if any, arising on account of delayed payments/non-payment of dues will be provided for in the year in which finality is reached.

30. BANK LOAN:

Bank of Maharashtra (Bank) has taken action under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 on 24th June, 2015 and called upon the Holding Company to repay the loans aggregating to ₹ 116,117,228 plus interest thereon @ 16.50% w.e. 1st June, 2015 within 60 days. The Holding Company is following up with the Bank in this regard. The liability, if any, will be accounted for in the year in which finality is reached.

31. The Board of Directors of Holding Company at its meeting held on 14th July, 2014 resolved to sell its manufacturing facilities for formulations at Tarapur, Maharashtra as the said unit has become unviable due to various factors for a total sale consideration of ₹ 386,100,000 resulting in a gain of ₹ 85,395,586 which has been presented as an “Exceptional Item”.

32. (i) During the previous period, fire destroyed certain Fixed Assets, at the Holding Company’s Ankleshwar Plant aggregating to ₹ 25,423,471 (Written down value ₹ 21,087,494) and Materials-in-Process

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

aggregating to ₹ 6,110,356. The said loss of ₹ 27,197,850 had been written off to the Statement of Profit and Loss. The Holding company had lodged an insurance claim for an aggregate sum of ₹ 27,097,850 which had been credited to Statement of Profit and Loss.

- (ii) The Holding Company has recognized revenue by way of insurance claim aggregating to ₹ 27,097,850 on account of loss of certain fixed assets and materials due to fire. The Holding Company has received on account payments aggregating to ₹ 20,993,310 and realized ₹ 428,571 by way of sale of scrap arising from such destroyed fixed assets. The balance of ₹ 5,675,969 is considered good for recovery by the Management. The shortfall, if any, will be adjusted in the year in which finality is reached.

33. DEPRECIATION:

33.1 The depreciation and amortization charged to Statement of Profit and Loss for the year aggregating to ₹ 108,734,234 (Previous Period ₹ 87,980,082) includes ₹ 8,818,670 (Previous Period ₹ 9,457,823) being depreciation relating to Revaluation of Fixed Assets carried out in March, 2007 by the Holding Company.

33.2 Depreciation charged to Revaluation Reserve:

- (a) Holding Company: The depreciation and amortization charged to the Statement of Profit and Loss of the Holding Company on the Revalued Assets for the period aggregating to ₹ 6,299,038 (Previous Period ₹ 77,72,174) has been charged to Revaluation Reserve.
- (b) Subsidiary Company: The depreciation and amortization charge for the year aggregating to ₹ 16,802,661 (Previous Period ₹ 13,646,861) in respect of Revalued Assets is charged to Revaluation Reserve.

33.3 Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing on or after 1st April, 2014, the Group has re-worked depreciation with reference to the useful lives of tangible fixed assets prescribed by PART 'C' of Schedule II to the Act; where the remaining useful life of tangible fixed asset is nil, the carrying amount of the assets after retaining the residual value, as at 1st July, 2014 in case of Holding Company and 1st April, 2014 in case of other Subsidiary Companies aggregating to ₹ 27,359,985 has been adjusted to the balance of General Reserve. In other cases the carrying values have been depreciated over the remaining useful lives of the assets and recognized in the Statement of Profit and Loss.

34. ₹ 50,250,000 (Previous Period ₹ 50,250,000) placed with the Managing Director, as security deposit for residential accommodation/garage taken on leave and license, which has been given by the Holding Company to him, in accordance with the terms of his reappointment. The Holding Company is legally advised that the provisions of section 185 of the Companies Act, 2013 are not attracted in respect of the same.

35. Loans and Advances include ₹ 22,686,339 (Previous Period ₹ 52,321,737), granted to a Company as interest free financial assistance is considered good for recovery by the management.

36. Sundry Debtors of Holding Company aggregating to ₹ 288,327,248 (Previous Period ₹ 253,550,238) include debtors of ₹ 129,639,709 (Previous Period ₹ 112,999,170) outstanding for more than six months which are considered good for recovery by the management.

37. The balances relating to Sundry Debtors, Sundry Creditors, Fixed Deposits, Group Companies and Loans & Advances as on 30th June, 2015 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.

Lyka Labs Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

38. The Holding Company has incurred direct expenditure and allocable indirect expenditure in respect of “new product development and applied research” aggregating to ₹ 121,622,302 (Previous Period ₹ 121,790,478) including finance cost of ₹ 23,210,133 (Previous Period ₹ 25,614,668)

Of the above:

- ₹ 9,354,720 (Previous Period ₹ 168,869) has been transferred to “Self-Generated Intangible Assets” on successful development including finance cost of ₹ 602,577 (Previous Period ₹ Nil).
- During the year infructuous development expenditure relating to certain products aggregating to ₹ 2,624,399 (Previous Period ₹ 24,363,762) including finance cost of ₹ 519,586 (Previous Period ₹ 2,404,535) has been expensed.
- Balance of ₹ 109,643,183 (Previous Period ₹ 97,257,847), including finance cost of ₹ 22,087,970 (Previous Period ₹ 23,210,133), being balance of expenditure is carried forward under “Capital Work in Progress – Intangibles” which shall be recognized as “Self-Generated Intangible Assets” upon successful development of respective products or charged to Statement of Profit and Loss in the year in which development is abandoned.

39. Arrears of dividend on 10% Cumulative Redeemable Preference Share dividend aggregate to ₹ 10,585,575 (Previous Period ₹ 9,499,875).

40. Inventory of the Holding Company includes slow/non-moving materials procured during the earlier years aggregating to ₹ 12,560,316 (Previous Period ₹ 7,998,296). The Holding Company is in the process of evaluating the quantum of usable materials.

41. A Subsidiary has been amortizing registration expenses as Deferred Revenue Expenses over a period of 5 years During the year the Subsidiary has expensed the carried forward balance of Deferred Revenue Expenses of ₹ 5,828,780.

42. The Holding Company has provided ₹ 10,302,279 being interest/damages on an estimated basis in respect of delays in depositing statutory dues with Government, Semi-Government and Local Authorities beyond the time allowed.

43. Pursuant to the Notification dated 31st March, 2009 issued by the Ministry of Company Affairs, (MCA), relating to AS 11 Accounting Standard on the “Effects of changes in Foreign Exchange Rates”, the Holding Company was to amortize the balance loss on account of foreign currency translation. Accordingly, the Holding Company charged ₹ 13,823,987 during the previous period ended 30th September, 2010 to the Profit & Loss Account. Subsequently, pursuant to Notification dated 29th December, 2011, the Holding Company exercised its option to amortize the balance loss of ₹ 13,823,987 on or before 31st March, 2020.

44. Employment and Retirement Benefits.

The group has provided for liability in respect of Gratuity and Leave Encashment on actuarial basis.

Holding Company:

- (i) The actuarial valuation of the present value of the defined benefit obligation in respect of Gratuity has been carried out as at 30th June, 2015. The following tables set out the amounts recognized in the financial statements as at 30th June, 2015 for the defined benefit plans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

Sr. No.	Particulars	Current Year 30.06.2015 (₹)	Previous Period 30.06.2014 (₹)
(i)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present value of obligations	18,666,838	19,528,549
	As at 1 st July, 2014		
	Service Cost	989,641	1,507,659
	Interest Cost	1,661,349	1,939,384
	Actuarial (Gain) on obligations	(3,779,878)	(2,060,531)
	Liabilities Settled on Divestiture	—	(326,975)
	Benefits Paid	(216,465)	(1,921,248)
	As at 30 th June, 2015	17,321,485	18,666,838
	Less: Fair Value of Plan Assets	1,216,336	1,354,429
	As at 1 st July, 2014		
Expected Return on Plan assets less loss on investments	103,389	160,820	
Employers' Contribution	—	1,742,907	
Benefits Paid	(216,465)	(1,921,248)	
Actuarial losses on Plan Assets	—	(120,572)	
As at 30 th June, 2015	1,103,260	1,216,336	
Net Liability	16,218,225	17,450,502	
(ii)	Expense during the year/period		
	Service Cost	989,641	1,507,659
	Interest Cost	1,661,349	1,939,384
	Expected Return on Plan Assets	(103,389)	(160,820)
	Actuarial (Gain) on obligations	(3,779,878)	(1,939,959)
	Total	(12,32,277)	1,346,264
(iii)	Principal actuarial assumptions		
	Rate of discounting	8.00%	8.90%
	Rate of Return on Plan Assets	8.50%	8.50%
	Rate of increase in salaries	3.00%	5.00%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

- (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 30th June, 2015. The following tables set out the amounts recognized in the financial statements as at 30th June, 2015 for the defined benefit plans.

Sr. No.	Particulars	Current Year 30.06.2015 (₹)	Previous Period 30.06.2014 (₹)
(a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present value of obligations	6,509,789	7,518,764
	As at 1 st July, 2014		
	Service Cost	888,090	4,650,842
	Interest Cost	579,371	1,040,945
	Actuarial (Gain)/Loss on obligations	(256,039)	3,418,443
	Liabilities Settled on Divestiture	—	1,119,617
	Benefits Paid	(80,700)	(8,999,588)
	As at 30 th June, 2015	7,640,511	6,509,789
(a)	Less: Fair Value of Plan Assets	796,164	1,153,353
	As at 1 st July, 2014		
	Expected Return on Plan assets less loss on investments	67,674	34,358
	Employers' Contribution	1,000,000	8,582,686
	Benefits Paid	(80,700)	(8,999,588)
	Actuarial losses on Plan Assets	—	25,355
	As at 30 th June, 2015	1,783,138	796,164
Net Liability	5,857,373	5,713,625	
(b)	Expense during the year/period		
	Service Cost	888,090	4,650,842
	Interest Cost	579,371	1,040,945
	Expected Return on Plan Assets	(67,674)	(34,358)
	Actuarial (Gain)/Loss on obligations	(256,039)	3,418,443
Total	1,143,748	9,050,517	
(c)	Principal actuarial assumptions		
	Rate of discounting	8.00%	8.90%
	Rate of Return on Plan Assets	8.75%	8.50%
	Rate of increase in salaries	3.00%	5.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

Subsidiary Companies:

The subsidiaries have not disclosed the requirements prescribed under Accounting Standard AS 15 "Employee Benefits".

45. Minimum lease/Hire purchase payments payable under Finance leases/Hire purchase agreements are as under: (Accounting Standard 19 – Leases)

Particulars	Minimum Lease payments		Future Interest		Present value	
	Current Year (₹)	Previous Period (₹)	Current Year (₹)	Previous Period (₹)	Current Year (₹)	Previous Period (₹)
Not later than 1 year	6,536,025	6,576,163	1,081,260	1,300,850	5,454,765	5,275,313
Later than 1 year and not later than 5 years	6,147,400	9,267,422	572,779	933,401	5,574,621	8,334,021
Later than 5 years	—	—	—	—	—	—

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

Based on guiding principles given in the Accounting standard on 'Segment Reporting' (AS-17), the primary segment of the group is business segment, which comprises of pharmaceutical products/pharma related services. As the group operates in a single primary business segment, no segment information thereof is given.

Segment information for secondary segment reporting (by geographical segments)

The group has a customer base within and outside India.

Particulars	Domestic (₹)	Exports (₹)	Total (₹)
Revenues from customers			
From Sales of Goods	1,050,110,755 (719,492,632)	520,402,158 (390,682,773)	1,570,512,913 (1,110,175,405)
From Other Operating Income	89,799,324 (57,572,304)	2,347,155 (20,814,629)	92,146,479 (78,386,933)

Notes:

- Segment assets and liabilities are not separately ascertained and therefore not disclosed.
- Figures in brackets denote those of previous Periods.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

47. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(a) List of related parties and their relationship

Sr. No.	Name of the Related Party	Relationship
1	Lyka Securities & Investment Pvt. Ltd.	Associate
2	Mr. N. I. Gandhi (Chairman and Managing Director) Mr. Yogesh Shah (Chief Financial Officer) Mr. Piyush Hindia (Company Secretary)	Key Management Personnel
3	Mr. Kunal N. Gandhi Mrs. Nehal N. Gandhi (Non - Executive Director) Mrs. Alisha K. Gandhi	Relative of KMP
4	Enai Trading & Investment Pvt. Ltd. N. I. Gandhi H.U.F.	Entities owned by/over which KMP is able to exercise significant influence

(b) Transactions during the year with related parties

Sr. No.	Description	Related Party	For the Year Ended June 30, 2015 (₹)	For the Period Ended June 30, 2014 (₹)
(i)	Remuneration (Payments/Provision) to	Mr. N.I. Gandhi	8,663,832	6,077,848
		Mr. Kunal N. Gandhi	1,770,671	2,190,422
		Mrs. Alisha K. Gandhi	529,200	90,000
		Mr. Yogesh Shah	647,013	—
		Mr. Piyush Hindia	1,125,755	—
(ii)	Directors Sitting Fees	Mrs. Nehal N. Gandhi	35,000	5,000
(iii)	Interest Paid	Enai Trading & Investment Pvt. Ltd	33,742	77,714
		N. I. Gandhi H.U.F.	7,071	37,910
		Mr. N. I. Gandhi	18,107	11,015
		Mrs. Nehal N. Gandhi	8,514	15,062
		Mr. Kunal N. Gandhi	2,479	20,781
(iv)	Balance as on 30.06.2015			
	Other Payable	Lyka Securities & Investments Pvt. Ltd.	301,189	306,444
	Security Deposit given to	Mr. N.I. Gandhi	50,250,000	50,250,000
	Unsecured Loan from	Enai Trading & Investment Pvt. Ltd.	218,510	250,000
Mrs. Nehal N. Gandhi		—	50,694	
N.I. Gandhi H.U.F.		6,364	—	
Mr. N.I. Gandhi		410,172	—	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

48. Details of Exceptional Items (net) are as under:

Sr. No.	Particulars	For the Year Ended June 30, 2015 (₹)	For the Period Ended June 30, 2014 (₹)
(a)	Irrecoverable Debts Written off	74,063,102	83,824,559
(b)	Irrecoverable Advances Written off	1,352,204	—
(c)	Deferred registration expenses Written off	6,495,376	—
(d)	Loss Due to Fire	—	27,197,850
(e)	(Profit)/Loss on sale of Fixed Assets (Net)	(85,056,635)	4,428,135
(f)	Liability no longer payable written back	(7,616,805)	—
(e)	Excess Provision written back	(7,064,144)	—
	Total (Net)	(17,826,902)	115,450,544

Note: Figures in brackets denote items of credit nature

49. Earnings per Share: (as per Accounting Standard 20 – Earning per Share)

Particulars	For the Year Ended June 30, 2015 (₹)	For the Period Ended June 30, 2014 (₹)
Adjusted Profit/(Loss) for the year/period (₹) (A)	(50,578,323)	(67,254,354)
Weighted average number of Equity Shares (B)	21,580,000	21,580,000
Face value of Equity Share (₹) (C)	10	10
Basic and Diluted Earnings Per Share (₹) (D=A/B)	(2.34)	(3.12)

50. (i) Current Tax:

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

(ii) Deferred tax:

Deferred Tax Assets comprise of substantial amounts of carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, the Deferred Tax Assets have not been recognized as a measure of abundant caution except in the case of a Subsidiary Company Lyka Healthcare Limited where it has provided Deferred Tax Liability amounting to ₹ 17,378,673 (Previous Period ₹ 12,458,450)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

51. Payments to Auditors: (including fees paid to Auditors of Subsidiary Companies and Branch Auditors)

Sr. No.	Particulars	For the Year Ended June 30, 2015 (₹)	For the Period Ended June 30, 2014 (₹)
(a)	Audit Fees	2,680,461	2,212,098
(b)	As Advisor for Company Law Matters	566,293	100,000
(c)	Tax Audit Fees	697,422	569,471
(d)	For other services (certification work etc.)	56,180	213,918
(e)	As Expenses	22,120	247,703
	Total	4,022,476	3,343,190

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

Sr. No.	Particulars	Current Year (₹)	Previous Period (₹)
(a)	Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	NIL	NIL
(b)	Interest accrued on the due to suppliers under MSMED Act, 2006 on the above amount	N.A.	N.A.
(c)	Payment made to suppliers (Other than interest) beyond the appointed date, during the year	N.A.	N.A.
(d)	Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	N.A.	N.A.
(e)	Interest paid to suppliers under MSMED Act, 2006 (Section 16)	N.A.	N.A.
(f)	Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	N.A.	N.A.
(g)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	N.A.	N.A.

53. The figures for the Current Year ended 30th June, 2015 being for a period of 12 months are not comparable with those of the Previous Period for 15 months.

54. The Company has regrouped and reclassified the Previous Period's figures in order to conform to the figures of the Current Year.

In terms of our report of even date attached,

For M.A.PARIKH & CO.

Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL

Partner
Membership No. 32489

Place : Mumbai

Date : 29th August 2015

Signatures to Notes 1 to 54 to the Accounts

For and on behalf of the Board of Lyka Labs Limited

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

V. S. Shanbhag *Director*
DIN: 00555709

Y. B. Shah *Chief Financial Officer*

P. G. Hindia *Company Secretary*

Form No. MGT -11
PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rules 19(3) of
the Companies (Management and Administration) Rules, 2014]

CIN : **L24230GJ1976PLC008738**
Name of the Company : **Lyka Labs Limited**
Registered Office : 4801/B & 4802/A G.I.D.C., Industrial Estate, Ankleshwar, Gujarat-393 002

Name of the member (s):
Registered address:
E-mail Id:
Folio No/ Client ID:
DP ID:

I/We, being the member(s) of Lyka Labs Limited holding shares, hereby appoint

1. Name:
Address:
.....
E-mail ID:
Signature: or failing him
2. Name:
Address:
.....
E-mail ID:
Signature: or failing him
3. Name:
Address:
.....
E-mail ID:
Signature:

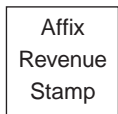
As my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 36th Annual General Meeting of the Company, to be held on 30th December, 2015 at 12.45 p.m. at registered office of the Company at Ankleshwar and at any adjournment thereof in respect of such resolutions as are indicated below:
Resolution Nos.

1. Adoption of Annual Accounts for the financial year ended 30th June, 2015.
2. Appointment of Smt. N.N.Gandhi as Director who retires by rotation.
3. Appointment of Statutory Auditors for a period of 1 year.
4. Appointment of Branch Auditors for a period of 1 year.
5. Approval of remuneration to Cost Auditor.
6. Appointment of Shri. Yatin N. Shah as Independent Director for a period of 3 years.
7. Appointment of Shri. Atit N. Shukla as Independent Director for a period of 3 years.
8. Appointment of Shri. Ajit S. Bagadia as Independent Director for a period of 3 years.
9. Approval of remuneration to Mr. Kunal N. Gandhi on his appointment as CEO w.e.f 1st January, 2016.
10. Approval of Related Party Transactions.

Signed thisday of, 2015

Signature of Shareholder

Signature of Proxy holder



Note: This form of proxy in order to be effective should be duly completed and deposited at the Company's Registered Office at Ankleshwar, not less than 48 hours before the commencement of the Meeting.

LYKA LABS LIMITED

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

Admin. Office: 101, Shivshakti Industrial Estate, Andheri Kurla Road, Andheri (East), Mumbai-400 059.

CIN: L24230GJ1976PLC008738.

ATTENDANCE SLIP

36TH ANNUAL GENERAL MEETING on 30th December, 2015.

DP ID- Client ID/ Folio No:	
Name & Address of Sole Member	
No. of Shares held	

I certify that I am a member/ proxy of the Company.

I hereby record my presence at the 36th Annual General Meeting of the Company, to be held on Wednesday, 30th December, 2015 at 12.45 P.M at Registered Office of the Company.

Member/ Proxy Signature

-----Cut Here-----

ELECTRONIC VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	User ID	Password/Pin (Pan/Seq.No.)

Note: Please read the complete instructions given under the Notes (The instructions for shareholders voting electronically) to the Notice of Annual General Meeting. The voting time starts from 27th December, 2015 at 10 a.m. and ends on 29th December, 2015 at 5 p.m. The voting module shall be disabled by CDSL for voting thereafter.








BY COURIER

To.

If undelivered, please return to :

Lyka Labs Limited

101, Shiv Shakti Industrial Estate,
Andheri Kurla Road,
Andheri (East)
Mumbai 400 059.

FORM NO B		
1	Name of the Company	LYKA LABS LIMITED.
2	Annual Financial Statements for the period Ended	30-June-2015
3	Type of Audit Qualification	QUALIFIED
4	Audit Qualification	Management Response
	Auditors pointed out Non-Compliance of the provisions of Section 74 of the Companies Act, 2013 to the extent of non repayment of overdue Fixed Deposits mentioned at Note No. 28 to the Financial Statement.	<p>The below mentioned Management explanation is also stated at Point No. 10 B of the Directors Report for the Financial Year ended 30th June, 2015.</p> <p>1. Due to fire in lyophilization plant at Ankleshwar Factory, the operation of the plant was suspended for about 4 months which resulted into substantial loss of production and sales affecting the liquidity of the Company thereby impacted the performance of the Company.</p> <p>2. The Company was regular in making payment of Fixed Deposit and interest thereon upto 31st March, 2014. Subsequent to introduction of the new Companies Act, 2013 w.e.f 1st April, 2014 the Company was not eligible to accept/renew the Fixed Deposits as a result; the Company's cash flow was under pressure.</p> <p>The above factors delayed the payment of Fixed Deposits and Interest thereon. However, the Company has paid Fixed Deposits of Rs.7.62 Crores during April, 2014 to 31st October, 2015 leaving overdue deposit of Rs.3.25 Crores approx as of this date. The Company has also preferred an application under Section 74(2) of the Companies Act, 2013 for seeking extension of time for repayment of Fixed Deposit and Interest thereon before CLB Bench, Western Region Mumbai. The hearing of an Application is pending.</p> <p>The Company is giving priority for making repayment of fixed deposits to senior citizens and small investors and also regularizing the interest payment. The Company is also in process of arranging funds to regularize the payment of outstanding deposits.</p>
	Frequency of Qualification :	First Time
	N. I. Gandhi – Managing Director	 
	Y. B. Shah - Chief Financial Officer	 
	Mukul M. Patel - M/s. M. A. Parikh & Co., Chartered Accountants – Statutory Auditor	 
	Ajit Bagadia - Audit Committee Chairman	

Mumbai,
Dated 28th November, 2015