

5th October, 2016

To,
The Dy. General Manager
Corporate Relations Dept.
1st Floor, New Trading Ring
Rotunda Bldg, P.J Towers
Dalal Street, Mumbai – 400 001

Dear Sir,

Script Code: 500259

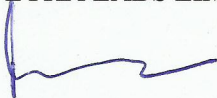
Sub: Filing of Annual Report- Regulation 34 of LODR

We wish to inform you that the Annual Account for the year of Nine months ended 31st March, 2016 together with Balance Sheet as on that date along with Directors Report and Auditors Report thereon have been adopted at the 37th Annual General Meeting of the members held on Wednesday 28th September, 2016 at 12:30 PM at its Registered Office at Ankleshwar.

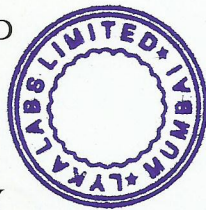
We enclose herewith 37th Annual Report for the Financial Year ended 31st March, 2016 for your record.

Thanking you,

Yours faithfully,
for LYKA LABS LIMITED



P. G. HINDIA
COMPANY SECRETARY



Encl: a/a



Lyka Labs Limited

37th

Annual Report
2015 - 2016



Healthcare through Innovation

CIN: L24230GJ1976PLC008738

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
SHRI. V. S. SHANBHAG	–	INDEPENDENT DIRECTOR
SHRI. Y. N. SHAH	–	INDEPENDENT DIRECTOR
SHRI A.N. SHUKLA	–	INDEPENDENT DIRECTOR
SHRI A.S. BAGADIA	–	INDEPENDENT DIRECTOR

AUDIT COMMITTEE

SHRI A.S. BAGADIA	–	CHAIRMAN
SHRI N.I. GANDHI		
SHRI. V. S. SHANBHAG		
SHRI. Y. N. SHAH		
SHRI A.N. SHUKLA		

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/s THACKER 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, MarolMaroshi Road, Marol,
Andheri (East), Mumbai - 400059.

CONTENTS

Notice	3
Directors' Report	7
Management Discussion & Analysis Report	42
Corporate Governance Report	43
Auditors' Report	56
Balance Sheet	64
Statement of Profit & Loss	65
Cash Flow Statement	66
Notes to Financial Statements	68
Auditors Report (Consolidated)	98
Balance Sheet (Consolidated)	104
Statement of Profit & Loss (Consolidated)	105
Cash Flow Statement (Consolidated)	106
Notes to Financial Statements (Consolidated)	108
Route Map For AGM Venue	140
Attendance Slip/ Proxy form	141

NOTICE

NOTICE is hereby given that Thirty Seventh 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 28th September, 2016 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 and 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 37th Annual General Meeting till the conclusion of the 38th 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, 2017 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 37th Annual General Meeting till the conclusion of the 38th 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, 2017 plus out of pocket expenses as may be incurred by them in connection with the Audit.”

SPECIAL BUSINESS

5. To Approve issue, allotment of further shares/securities.

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

“RESOLVED THAT in supersession of the resolution passed under provisions of sections 23, 42 and 62(1)(c) of the Companies Act, 2013 in the Extra Ordinary General Meeting of members of the Company held on 21st January, 2016, consent of the Company be and is hereby accorded under the provisions of sections 23, 42 and 62(1)(c), as may be applicable, and other applicable provisions, if any, of the Companies Act, 2013 and the applicable rules framed there under (“Act”) (including any amendment thereto or re-enactment thereof, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to and in accordance with any other applicable law or regulation, in India or outside India, including without limitation, the Listing Agreement entered into with the stock exchanges where the equity shares of the Company are listed (“Stock Exchanges”), the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (“SEBI ICDR Regulations”) (including any amendment thereto or re-enactment thereof, for the time being in force), the Foreign Exchange

Lyka Labs Limited

Management Act, 1999 ("FEMA"), as amended, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon, from time to time, by the Securities and Exchange Board of India, Reserve Bank of India, the Stock Exchanges, the Government of India, or any other relevant authority from time to time ("Governmental Authorities"), to the extent applicable, and subject to such approvals, consents, permissions and sanctions as may be required from such Governmental Authorities, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by such Governmental Authorities while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee(s) thereof constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), be and is hereby authorized to accept on behalf of the Company and to create, issue, offer and allot further equity shares on preferential basis including the provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company, as may be permitted, in the course of one or more public or private offerings (including Qualified Institutions Placement ("QIP") under SEBI ICDR Regulations), either in India or in the course of international offering(s) in one or more foreign markets, such number of equity shares of the Company with a face value of ₹10 (Rupees Ten each ("Equity Shares") and/or Equity Shares through convertible debentures and/or other securities at the option of the Company and/or the holder(s) of such securities, and/or securities linked to Equity Shares or other securities, which may either be detachable or linked, and has a right exercisable by the holder to subscribe for the Equity Shares and/or any instruments or securities representing either Equity Shares and/or convertible securities linked to Equity Shares (including the issue and allotment of Equity Shares), (all of which are hereinafter collectively referred to as "Securities") or any combination of Securities, to eligible investors under applicable laws, regulations and guidelines as decided by the Board including but not limited to qualified institutional buyers in accordance with Chapter VIII ("Qualified Institutional Placement" or "QIP") of the SEBI ICDR Regulations, (whether residents and/or non-residents and/or institutions/banks and/or incorporated bodies, mutual funds, venture capital funds and Indian and/or multi-lateral financial institutions, other eligible investors and/or individuals and/or trustees and/or stabilizing agents or otherwise, and whether or not such investors are members of the Company), through issue of prospectus and / or placement document and/or letter of offer or circular and / or other permissible / requisite offer document and/or public and/or private/preferential placement basis or any combination thereof, such issue and allotment to be made at such time/times, in one or more tranches, for cash, at such price or prices, including premium in such manner and on such terms and conditions including security, rate of interest etc., considering the then prevailing market conditions and other relevant factors wherever necessary, in consultation with the merchant bankers and/or other advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of Securities provided that the total amount raised through the issuance of such Securities shall not exceed ₹ 100 Crores (Rupees Hundred Crores) or its equivalent in one or more currencies, if any, inclusive of such premium as may be fixed on such Securities by offering the Securities through public issue(s), private placement(s), or a combination thereof at such a time or times, at a premium as may be deemed appropriate by the Board at its absolute discretion at the time of issue and allotment of the Securities, to investors as mentioned above. However, the pricing of the Securities that may be issued to qualified institutional buyers pursuant to a QIP shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. The Board may, in accordance with applicable law, offer a discount of not more than 5% or such percentage as permitted under applicable law on the price determined pursuant to the SEBI ICDR Regulations. Further the Placement, in this financial year, shall not exceed five times the net worth of the Company as per the latest audited balance sheet of the Company.

The Relevant Date for the purpose of arrival of the Floor Price of the QIP shall be in accordance with chapter VIII of the SEBI ICDR Regulations respectively.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, etc.

RESOLVED FURTHER THAT any issue of Securities made by way of QIP in terms of Chapter VIII of the SEBI ICDR Regulations, the allotment of the Securities, or any combination of Securities as may be decided by the Board shall be completed within 12 months from the date of this Resolution or such other time as may be allowed under the SEBI ICDR Regulations from time to time at such a price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of SEBI ICDR Regulations and the Securities shall not be eligible to be sold for a period of twelve months from the date of allotment, except on a recognized stock exchange, or except as may be permitted from time to time under the SEBI ICDR Regulations..

RESOLVED FURTHER THAT in the event the Equity Shares are issued pursuant to the QIP, the “relevant date” for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board (including a committee of the Board) decides to open the proposed issue, and in the event that convertible securities (as defined under the SEBI ICDR Regulations) are issued pursuant to the QIP, the relevant date for the purpose of pricing of such convertible securities, shall be the date of the meeting in which the Board of the Company (including a committee of the Board) decides to open the proposed issue of such convertible securities or the date on which the holder of such convertible securities become entitled to apply for the Equity Shares.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize and approve the offering circular / placement document for the proposed issue of the Securities and to authorize any director or directors of the Company or any other officer or officers of the Company to sign the above documents for and on behalf of the Company together with the authority to amend, vary or modify the same as such authorized persons may consider necessary, desirable or expedient and for the purpose aforesaid to give such declarations, affidavits, certificates, consents and/or authorities as may, in the opinion of such authorized person, be required from time to time, and to arrange for the submission of the offering circular / placement document, and any amendments and supplements thereto with any applicable stock exchanges (whether in India or abroad), government and regulatory authorities, institutions or bodies, as may be required.”

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Securities as may be required to be issued and allotted, including issue and allotment of Equity Shares upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the offer Subject to the provisions of the Memorandum and Articles of Association of the Company, all such Equity Shares shall rank pari passu inter-se and with the then existing Equity Shares of the Company in all respects, including dividend, which shall be subject to relevant provisions on that behalf contained in the Articles of Association of the Company.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any of the terms or combinations of the terms in accordance with the prevalent market practice including but not limited to terms and conditions relating to payment of interest, dividend, premium or the redemption at the option of the Company and /or holders of any Securities including terms or issue of additional equity shares or variations of the price or period of conversion of Securities into equity shares or issue of equity shares during the period of the Securities or terms pertaining to voting rights or option(s) for early redemption of Securities.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board, where required in consultation with the merchant bankers and/or other advisors, be and is hereby authorised on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including but not limited to finalization and approval of the preliminary as well as final offer document(s), determining the form and manner of the issue, including the selection of qualified institutional buyers to whom the Securities are to be offered, issued and allotted, number of Securities to be allotted, issue price, face value, discounts permitted under applicable law (now or hereafter), premium amount on issue/conversion of the Securities, if any, rate of interest, and matters related thereto, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

Lyka Labs Limited

Provided that the issue of all equity shares referred to above shall rank pari passu with the existing equity shares of the Company in all respects.”

RESOLVED FURTHER THAT the Board be and is hereby authorized to appoint lead managers, underwriters, guarantors, depositories, custodians, registrars, stabilizing agents, trustees, bankers, lawyers, advisors and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on the Stock Exchange(s) and the Equity Shares to be issued on conversion of the Securities as set forth in the aforesaid resolution, if any, on the Stock Exchange(s), authorizing any director(s) or any officer(s) of the Company to sign for and on behalf of the Company, the offer document(s), agreement(s), arrangement(s), application(s), authority letter(s), or any other related paper(s) / document(s) and give any undertaking(s), affidavit(s), certificate(s), declaration(s) as the Board may in its absolute discretion deem fit including the authority to amend or modify the aforesaid document(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to form a committee and/or delegate all or any of its power to any committee of directors (including any officer(s) of the company) to give effect to the aforesaid resolutions and is authorized to take such steps and to do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of Equity Shares.”

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 Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Company be and is hereby accorded for payment of remuneration of ₹1,25,000/- to M/s. Kirit Mehta & Associates, Cost Auditor having Firm Registration No.000048 on his appointment as cost auditor for conducting the Cost Audit of Pharmaceutical Products of the Company for the financial year 2016-17.

7. 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 Regulation 23 of (Listing Obligation and Disclosure Requirements) Regulations, 2015, (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:

Sale, purchase or supply of any goods/ materials, services directly or through appointment of agent and leasing of property(ies) 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 Fifty Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013.

Sale, purchase or supply of any goods/ materials, services directly or through appointment of agent and leasing of property(ies) 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 ₹ 5 crores (Rupees Seven Crores) in a Financial Year which may exceed the limit as prescribed under Section 188 of the Companies Act, 2013.

Sale, purchase or supply of any goods/ materials, services directly or through appointment of agent and leasing of property(ies) 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.

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.”

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 provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed thereunder, whereby a member request for delivery of document(s) to him through particular mode, consent of the Company be and is hereby accorded to charge such fees to the concerned member equivalent to the actual expenses as may be incurred by the Company for delivery of the document(s) in a particular mode to him or ₹ 400/- whichever is lower.”

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Company Secretary be and is hereby authorised to do all such acts, deeds, matters, things as he may deem fit, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the aforesaid matter.”

By Order of the Board

Place: Mumbai
Date: 12th August, 2016

P.G Hindia
Company Secretary

Lyka Labs Limited

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 and 8 set out in the Notice is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), of the person seeking re-appointment as Director under Item No. 3 of the Notice, is annexed.
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.
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 21st September, 2016 to 28th September, 2016 (both days inclusive) for the purpose of Annual General Meeting.
6. 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 & Share Transfer Agent.
7. 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.
8. Members may also note that the Annual Report will also be made available on the Company’s Website: - www.lykalabs.com.
9. In Compliance with the provisions of section 108 of the Act, read with Rule 20 of Companies (Management and Administrative) Rules, 2014 and Regulation 44 of Listing Regulations, 2015, the Company is pleased to offer the facility of voting through electronic means. The 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.
10. To support the Green Initiative of the Government, Electronic copy of the Annual Report for the year ended 31st March, 2016 will be sent to members whose mail IDs are available with the Company's Registrar and Share Transfer Agent. Members who have not registered their email address, physical copy of the Annual Report 2015-2016 will be sent in the permitted mode.

The voting through electronic means will commence on 25th September, 2016 at 10.00 AM and will end on 27th September, 2016 at 5 pm. The cut-off date for entitlement of voting through electronic means is 21st September, 2016.
11. Any member, who has voted by remote e-voting, cannot vote at the meeting.
12. Members are requested to bring the attached Attendance Slip, duly filled and hand it over at the entrance to the venue.
13. Members are requested to intimate immediately, any change in their address to their depository participants with whom they are maintaining their demat accounts or to the Company’s Registrar & Share Transfer Agent, M/s. Sharex (India) Private Limited, if the shares are held by them in physical form.
14. As required by the Listing Regulations, 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:

Details of Director Seeking re-appointment at the Annual General Meeting

Name of Director	Smt Nehal N Gandhi
Date of Birth	30th September, 1952
Date of Appointment	4 th February, 1995
Expertise in specific functional areas	Business Management
Experience	More than 30 years experience in Business Management
Terms & Conditions	Director retiring by rotation
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	Nil
Memberships/Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	Nil
Number of shares held in the Company	1369803 Shares
Disclosure of relationship between directors inter-se	Wife of Shri Narendra I Gandhi, Managing Director
No of Meetings Attended	2
Remuneration	Sitting fees for attending Board Meeting

AN EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.
Item No. 5.

The Company is in requirement of funds to meet various expenditures viz:

- (1) Capital Expenditure,
- (2) R&D Expenditures,
- (3) Cost of Overseas Registration,
- (4) Working Capital Requirements,
- (5) Requirements of Regulatory Authorities and
- (6) Repayment of Debts

In order to meet the above requirement of funds, the Company has obtained shareholders approval at their Extra Ordinary General Meeting held on 21st January, 2016 for issue of further securities. Due to unfavourable stock market conditions, the Company could not come out with the proposed Issue of securities. The validity of said resolution is for the period of 12 months and would expire on 21st January, 2017.

Since, the time available as per erstwhile resolution for issue of securities is not adequate to complete the necessary formalities, it is therefore thought prudent to have a fresh shareholders approval for issue of securities so that the Company could get fresh period of 12 months to complete the necessary formalities for issue of securities.

The additional capital may be raised through issue of further equity shares on Qualified Institutional Placement (QIP) Basis and/or any other securities in one or in any combination thereof. Members approval is therefore sought for issue of any such instrument as the Company may deem appropriate. Whilst no specific instrument has been identified at this stage, the issue will be structured in such a manner that the amount of the same would not exceed ₹ 100 crores. The equity shares, if any, allotted on issue shall rank pari passu in all respects with the existing Equity Shares of the Company.

The resolution proposed is an enabling resolution and the exact price, proportion and timing of the issue of the securities will be decided by the Board after meeting the specific requirements. The proposal therefore seeks to confer upon the Board the absolute discretion to determine the terms of issue.

Lyka Labs Limited

As the pricing of the offer cannot be decided except at a later stage, it is not possible to state the price of shares to be issued. However, the same would be in accordance with the provisions of the SEBI (ICDR) Regulations, 2009, or any other guidelines/regulations/consents as may be applicable or required.

The Directors recommend this Resolution at Item No.5 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives is directly or indirectly concerned or interested in this Resolution.

Item No. 6.

Pursuant to Section 148 of the Companies Act, 2013, and Rule 14 of Companies (Audit and Auditors) Rules, 2014, M/s. Kirit Mehta & Associates, Cost Accountants have been appointed as Cost Auditor for conducting Cost Audit of Pharmaceutical Products of the Company for the financial year 2016-17. 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 2016-17 shareholders approval is required.

The Resolution mentioned at Item No. 6 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 No 7.

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/materials, services 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 Regulation 23 of (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Considering the future business projections, the transactions of sell, purchase or supply of any goods /materials, services directly or through agents and leasing of the propertie(s) to Lyka BDR International Limited, Lyka Exports Limited and Lyka Healthcare Limited (Related Parties), is estimated at ₹ 50 Crores, ₹ 5 crores and ₹ 6 crores respectively in a financial year which might exceed the limit prescribed under Section 188 of the Companies Act, 2013.

The Shareholders approval is therefore recommended at Item No. 7 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.

Item No. 8.

As per provision of Section 20 of the Companies Act, 2013, a member requesting for any document to be delivered to him in a particular mode then the Company can determine the fees for delivery of such document as may be approved by the members in the Annual General Meeting. The Board recommend to charge such fees to the concerned member equivalent to the actual expenses as may be incurred by the Company for delivery of the document(s) to him or ₹ 400/- whichever is lower.”

The members are requested to pass the resolution as proposed at the Item No. 8 of the notice.

By Order of the Board

Place: Mumbai
Date: 12th August, 2016

P.G Hindia
Company Secretary

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 25th September, 2016, 10.00 a.m. and ends on 27th September, 2016, 5.00 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 21st September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user, follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> • 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.
	<ul style="list-style-type: none"> • 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.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field.

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

Lyka Labs Limited

- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- (xix) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xx) **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 linked in the login 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.

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.

By Order of the Board

Place: Mumbai
Date: 12th August, 2016

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 Seventh Annual Report alongwith the Audited Financial Statements of the Company for the Financial Period of nine months ended 31st March, 2016.

1. FINANCIAL RESULTS

Particulars	₹ in Lacs	
	For the Period Ended 31.03.2016 (9 Months)	For the Year Ended 30.06.2015 (12 Months)
Total revenue	6851.07	9219.16
Profit before Interest, provision for depreciation, taxes and write offs	1917.85	2003.79
Less: Interest	(1144.35)	(1834.72)
Operational Profit/(Loss) before Depreciation	773.50	169.06
Less: Depreciation	(264.02)	(383.26)
Exceptional Items (Net)	60.23	363.47
Less: Prior year Expenses	(87.69)	(12.60)
Profit/(Loss) for the year	482.02	136.67

2. DIVIDEND

No Dividend was declared for the financial period ended 31st March, 2016 as the Company wants to plough back the profit for its working capital requirements.

3. PERFORMANCE

During the year under review, the total revenue earned by the Company was ₹ 6851.07 lacs for the period of nine months as against total revenue of ₹ 9219.16 Lacs of the previous financial year of twelve months and ₹ 7311.77 Lacs for the period of nine months on an average annualized basis. The Company has earned Net Profit of ₹ 482.02 lacs as against net profit of ₹ 136.67 lacs of previous financial year.

There are no material changes and commitment after the end of Financial year which has impact on the financial of the Company. The Company continues to operate only in one segment i.e. pharmaceuticals and there is no change and commitment affecting the financial position of the Company.

KEY FEATURES

- I. The Company has successfully set up new cosmetic block as an additional facility to its Ankleshwar manufacturing operation which has the capacity and competency to manufacture the superior quality of cosmeceutical products which meets international quality standards.
- II. The dermatological products manufactured by the Company remain the primary segment which is inclusive of Steroids, Anti-Fungal, Acne Management, Emollients etc. The Growth of this segment is driven by aesthetic Cosmeceuticals comprising of:

Lyka Labs Limited

- a. Hair Care – Anti Dandruff, Vitalizer& Alopecia.
 - b. Skin Car – Anti-Wrinkle, Derma Fillers, Complexion, Moisturizers and Emollients
 - c. Nutrition Supplements.
- III. Having the core competency and innovations brought about in Cosmeceuticals, many renowned companies have shown interest in the manufacture of selected cosmeceutical formulations for their launch in the premium cosmetic segment and Lyka with its expertise has been able to commercialize the same. The tie ups with renowned Companies are under progress. It is expected that these companies will launch an entire range of Cosmeceuticals portfolio with Lyka under P to P arrangement.
- IV. The company is offering 'Moisturizing cream' to some of the leading pharma companies in India and these products are well accepted in the market.
- V. The lyophilized products manufactured at Ankleshwar factory are doing well. The company entered into API Business by offering its wide range of Sterile APIs. The company had already obtained leadership positions in few of the segments. However, there are several new entrants in this segment.

FUTURE OUTLOOK

- I. Lyka has a technical expertise in Lyophilized products with all the latest machineries and devices which enable it to give the product in one of the purest form. Considering the growing demand for lyophilized products, the Company has planned expansion of its manufacturing facilities at its Ankleshwar factory. Apart from injections, Lyka is planning to supply sterile API (Active Pharmaceutical Ingredients) using its artifact Lyophilization facility.
- II. In the coming years, Company is also set to introduce 50 innovative dermatological formulations which are in its pipeline of development for both the domestic as well as oversea markets. This will create a new market dynamic in the pharmaceutical and healthcare industry.
- III. Considering the growing trends in exports market, Lyka intends to explore the new avenues of entering into exports with innovative formulations in Cosmeceuticals particularly in hair care, skin lightening, anti-wrinkle and anti-ageing which would further enhance the overall presence of Lyka in overseas market.
- IV. Considering the requirements of main stream dermatology & cosmeceuticals, various formulations are being developed at the Research and Development center of Lyka Labs in the segment of dermatology and cosmeceuticals which will self-proclaim the innovations & advancement through its initiative.
- V. In the coming years, the Company intends, develop, manufacture and market of its own branded products.

4. SHARE CAPITAL

During the year under review, 460000 Equity Shares were allotted on preferential basis to promoter group under Series I on conversion of equal number warrants on 2nd November, 2015. Consequently, the issued & paid up equity share capital of the Company increased to ₹ 22.04 Crores.

The Promoter Group has made an application to SEBI for seeking exemption from making an open offer for subscribing additional 1040000 shares on preferential basis under series II. The exemption was not considered favorably by SEBI. As a result, the funds which promoters have agreed to bring into the Company by subscribing the additional shares to meet the requirement of fund could not materialize.

5. MERGER

The merger of Subsidiaries viz Lyka Healthcare Limited and Lyka Exports Limited is considered with Lyka Labs Limited w.e.f 1st April, 2016. The merger will be cost advantageous and also help to expand the business of Lyka Labs in Marketing of Anesthesia, Dermatology & Cosmetology range of Products.

6. DIRECTORS

A. BOARD DIVERSITY

The Board of the Company consist of diverse members who have expertise in various field which will leverage difference in thoughts, perspective, Knowledge, skill which will help the Company to retain competitive advantage.

B. BOARD MEETING

During the year, 10 Board Meetings were held, the details of which are given in the Corporate Governance Report.

C. POLICY ON APPOINTMENT AND REMUNERATION

The Company has appropriate mix of Executive and Independent Directors to maintain the independence of the Board. As on 31st March, 2016, the Board consist of six members of which, one is Managing Director, one is Non-Executive Woman Director and four are Independent Directors

D. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each of Independent Directors under Section 149(7) of Companies Act, 2013, that they meet the criteria laid down under Section 149(6) of the Companies Act, 2013.

E. RETIREMENT BY ROTATION

Smt. Nehal N Gandhi retire by rotation as Director at the ensuing Annual General Meeting and being eligible offer herself for reappointment. Board recommends her re-appointment as Director at the ensuing Annual General Meeting.

F. APPOINTMENT OF DIRECTORS DURING THE FINANCIAL YEAR

The appointment of Shri. Yatin N Shah, Shri. Atit N Shukla and Shri. Ajit S Bagadia are regularized as Independent Directors at the 36th Annual General Meeting held on 30th December, 2016 for the period of three years.

G. INDEPENDENT DIRECTORS FAMILIARIZATION PROGRAMME

The Independent Directors are familiarized with company's objectives, Financial performance and various policies adopted by the Company. They have also visited to the Company's plant Located at Ankleshwar and appraised about its operations. They are also appraised about their roles and responsibilities. The Company has framed the policy on familiarization programme.

H. EVALUATION OF BOARD AND DIRECTORS

Pursuant to the provision of the Act and Listing Regulations, the Board had carried out performance evaluation of its own and of the Independent Directors

I. COMMITTEE OF BOARD

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

7. AUDITORS

A. STATUTORY AUDITOR

The Company's Statutory Auditor, M/s. M.A Parikh & Co., Chartered Accountants (Firm Registration No. 107556W), hold office till the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. They have given their consent to act as Auditor of the Company, if appointed at the ensuing Annual General Meeting. They confirmed that their appointment is in accordance with provisions of sections 139 and 141 of Companies Act, 2013. The Audit Committee has recommended their re-appointment.

B. SECRETARIAL AUDITOR

Pursuant to the provision of section 204 of the Companies Act, 2013 and Rules made thereunder, the Board has appointed M/s V. Sundaram & Co, Practicing Company secretaries as Secretarial Auditor of the Company for the financial year 2016-17. The Secretarial Audit Report for financial year 2015-16 is attached to the Directors Report as **Annexure A**.

C. COST AUDITOR

Pursuant to Section 148 of the Companies Act, 2013 and rules made thereunder, the Board has appointed M/s. Kirit Mehta & Associates, Cost Accountant (Firm Registration No.000048) on the recommendation of the Audit Committee for the financial year 2016-17.

D. BRANCH AUDITOR

Company's Branch Auditor, M/s. Thacker Butala Desai, Chartered Accountants, hold office till the conclusion of ensuing Annual General Meeting and are eligible for re-appointment as Branch Auditor. They confirmed that they are meeting the eligibility criteria as provided in section 139 & 141 of Companies Act, 2013.

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

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

9. 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.

10. 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 has assigned all receivables due from Lyka BDR International Limited, a subsidiary to Futuristic Solutions Ltd for a total amount of ₹ 25 crores. (The outstanding amount of the loan covered under this guarantee is ₹1.25 crores Inclusive of interest as of 31st March, 2016).

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The Related Party Transactions entered during the financial year are in the ordinary course of Business. The Company has obtained approval from shareholders by passing special resolution approving the financial

limit of the Related party transactions entered during the financial year under review. The Company has formulated a policy for dealing with 'Material Related Party Transactions' and 'Related Party Transactions'. The particulars of Contracts or Arrangements made with related parties pursuant to Section 188 is attached to the Directors Report as **Annexure C**.

12. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS

A AUDITORS OBSERVATIONS:

The Statutory Auditor at point no.4.2 of notes to their Auditors report qualified that the direct expenditure and allocable indirect expenditures incurred in respect of "new product development and applied research" aggregating to ₹1313.88 lacs including finance cost of ₹220.87 lacs is carried forward under capital work in progress-intangibles.

B MANAGEMENT EXPLANATION:

Lyka has a separate R & D centre at Mumbai which is approved by the Department of Science and Technology, Government of India. It has well equipped laboratories with state of the art equipment to explore development of a wide range of formulations.

Like other pharma companies, Lyka Labs also conduct clinical trails, toxicity studies, stability studies in a phased manner and detailed documentation required for obtaining Regulatory approval is compiled. The period involved could be as much as 8-10 years and result in substantial development costs.

The benefit of such substantial development costs by way of new product development would accrue over a period of time and therefore such development costs are capitalized as and when regulatory approvals are obtained and commercial operations commence of the respective products or charged to Statement of Profit and Loss in the year in which development is abandoned.

During the year, the Company has capitalized ₹33.22 lacs as "Self-Generated Intangible Assets" upon successful development of respective products and there is no charge to Statement of Profit and Loss as there are no products, development of which is abandoned. There is no impact of this qualification on profit & loss account.

13. COMPANY'S POLICY

The Company has formulated various policies as per SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, which are available on Company's Website i.e. www.lykalabs.com.

14. 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 attached to the Directors Report as **Annexure D**.

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 as under:

- (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;

Lyka Labs Limited

- (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 performance is as under:

LYKA BDR INTERNATIONAL LIMITED (LBDR)

During the year under review, the total revenue earned by LBDR was ₹ 67.06 Crore as against total revenue of ₹ 66.74 Crore of previous year. It has reported Net Profit of ₹ 45.58 Lakhs as against net loss of ₹ 40.72 Lakhs of previous financial year.

Main assets of LBDR are its registration rights in various overseas market. Currently LBDR is having 349 registrations. During the year, 158 applications are submitted to Health Authority in 27 countries for fresh / renewal registration against which 42 fresh /renewal registration have been received. LBDR is expecting several new registrations in Sudan, Peru, Myanmar, Cameroon, Kenya, Saudi Arabia in financial year 2016 -17. LBDR performed well in existing territories such as Sudan, Congo, Russia, Chile and other African Countries.

FUTURE OUTLOOK

LBDR is likely to file about 100 new dossiers mainly in semi regulated markets. The Registrations received recently during the year are likely to help LBDR to generate new businesses. LBDR is focusing on emerging markets like Peru, Sudan, Russia, Philippines etc. where it expects new business in the coming year. LBDR will endeavor to improve its product mix to achieve better realization.

LYKA HEALTHCARE LIMITED (LHL)

Lyka Labs Ltd. hived off its domestic marketing division to Lyka Healthcare Ltd, a Wholly Owned Subsidiary in June 2013. It is engaged in ethical marketing and promotion of healthcare medicines.

Operational revenue of Lyka Healthcare Limited have grown from ₹ 76.87 lakhs in 2013 (one month's operations) to ₹ 1,414.86 lakhs in 2016 at CAGR of 164% in the Last 3 years.

LHL is marketing ethically promoted pharmaceutical brands. The main therapeutic areas are gastroenterological, anti-infectives, Cosmo nutraceuticals, anesthesia and critical care. The Company is also into trading of pharmaceutical products.

FUTURE OUTLOOK

LHL is mainly focusing on gastroenterological, anti-infectives, cosmonutraceuticals, anesthesia and critical care which has better potentiality of generating revenue and profitability

LYKA EXPORTS LTD(LEL).

OPERATIONS

During the year under review, the total revenue was ₹ 1263.78 Lacs as compared to total revenue of

₹ 2425.37 Lacs of the previous year. During the year, Lyka Exports has sold its Animal Healthcare Division to Alivira Animal Healthcare Limited.

FUTURE OUTLOOK

Lyka Exports is focusing on branded generic pharmaceutical products. The Company is exploring to launch OTC range products through retail outlet.

Performance and financial position of each of the subsidiaries for the year ended 31st March, 2015 is attached to the Directors Report as **Annexure E**.

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	6,91,52,000
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	1974 10,85,86,000
(ii)	maximum during the year	1974 10,85,86,000
(iii)	at the end of the year	974 7,40,34,791

As per the order of Company Law Board, western region Bench, dated 22nd January, 2016, the Company has paid the deposits matured and claimed up to 31st December, 2015.

18. DEBENTURES

The Company has made an application to CLB on 31st March, 2015 for seeking extension of time for repayment of Debentures which is pending for hearing. The Company has outstanding debentures of ₹ 8.63 Crores as of 31st March, 2016.

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

The Audit Committee consists of the following members

- Shri. Ajit S. Bagadia : Chairman (Independent Director)
- Shri. N. I. Gandhi : Member (Managing Director)
- Shri. Vinod S. Shanbhag : Member (Independent Director)
- Shri. Yatin N. Shah : Member (Independent Director)
- Shri. Atit N. Shukla : Member (Independent Director)

The Company has framed Whistle Blower Policy. Under Vigil mechanism, the affected employees and Directors can directly access to the Chairman of the Audit Committee for adequate safeguard against victimization.

20. DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY(CSR)

Corporate Social Responsibility is not applicable to the Company.

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

The Company has received order from Company Law Board, Western Region Bench granting extension of time for repayment of Fixed Deposits due and claimed up to 31st December, 2015 on or before 30th June, 2016 and to repay the fixed deposits due and claimed from 1st January, 2016 to 30th September, 2016 on or before 31st March, 2017.

The Company has complied first part of the order and made the payment to those deposit holders whose fixed deposit matured and claimed upto 31st December, 2015.

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

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

23. RELATED PARTY TRANSACTIONS

The Company has obtained approval from the shareholders by passing a special resolution approving the financial limit of the related party transactions for the financial year 2015-16. The Company has formulated a policy for dealing with 'Material Related Party' Transactions and 'Related Party' Transactions.

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

- 1) **The 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 2015-16:**

Name	% Increase in the remuneration	Ratio of the remuneration of each Directors/to median remuneration of the employees
Shri Narendra Ishwarlal Gandhi	Nil	33.81%

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

- 2) **The Percentage increase in the median remuneration of employees in the financial year: 1.79%**

- 3) **The number of permanent employees on the rolls of the Company: 210**

- 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) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average Percentage Increase made in the salaries of Employees other than the managerial personnel in the last financial year i.e. 2015-16 was 1.03%.

- 6) **The key parameters for variable component of remuneration availed by the directors are as follow:NA**
- 7) **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.**

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

During the year under review, there were no employees who are in receipt of remuneration aggregating to ₹ One crore and two Lakhs or more for the year or ₹ Eight Lakh and fifty thousand for part thereof.

26. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report is attached to the Directors Report as **Annexure F.**

27. CORPORATE GOVERNANCE

Report on Corporate Governance is annexed and forms an integral part of this Annual Report. Certificate from the Practising Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in the Listing regulations is attached to the Directors Report as **Annexure G.**

28. 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 & Managing Director
(DIN: 00021530)

Place: Mumbai
Date: 12th August, 2016

Lyka Labs Limited

ANNEXURE A 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 31st March, 2016

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 31st March, 2016 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 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings are not applicable.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Upto 14th May, 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f.15th May, 2015);
 - (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/ Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - Not applicable during the audit period.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not applicable during the audit period
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding Companies Act and dealing with the client.
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not Applicable during the audit period and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - Not Applicable during the audit period.
- (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. Industrial Disputes Act;
- i. Income Tax Act and other Indirect Tax laws;
- j. The Drugs and Magical Remedies (Objectionable Advertisements) Act;
- k. All applicable Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc;

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

- i) Secretarial Standards in respect of Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and notes on agenda were also provided to Directors for meaningful participation at the meeting. In few cases, the meeting was convened at shorter notice but the Independent Directors were present at the said meeting.

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

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 Two Extra Ordinary General Meetings (EGM) during the year for the following items:

- A. EGM held on 29.09.2015
 - i) Authority to the Subsidiary Company to sale/transfer its Business to Alivira Animal Health Limited.
- B. EGM held on 21.01.2016
 - ii) Authority to Increase paid up capital.
 - iii) Amendment in Memorandum of Association.
 - iv) Issue of share to QIP.

We further report that during the audit period:

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.

For V. Sundaram & Co.
Practising Company Secretaries

Place : Mumbai
Date : 12th August, 2016

V. Sundaram
Membership No. 2023
COP 3373

Lyka Labs Limited

ANNEXURE B

Information under Section 134 of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014, and forming part of the Directors' Report for the period ended 30th June, 2016.

I. Energy Conservation measures taken.

- (1) The Company has taken several measures including reduction of transmission losses, rational organization of manufacturing activity and regular preventive maintenance.
- (2) Additional investments and proposals are being implemented for reduction of energy consumption:
The following measures are taken / being taken:
 - Replacement of obsolete systems with improved energy saving systems.
 - Use of balancing equipments to optimize production.
 - Reduction in contract demand.
 - Improve the process parameters to consume less energy.
- (3) Impact of measures taken:
The adoption of energy conservation measures stated above is expected to save considerably in cost of production.
- (4) Total energy consumption and energy consumption per unit of production:

Sr. No.	Particulars	Period ended 31 st March, 2016 (9 months)	Year ended 30 th June, 2015 (12 months)
A POWER AND FUEL CONSUMPTION			
1.	Electricity		
	a. Purchased		
	Units (in '000 kwh)	1493	2300
	Total Amount (₹ in lacs)	114.49	170.57
	Rate per unit (₹ / kwh)	7.67	7.42
	b. Own Generation		
	i. Through Diesel Generator		
	Units (in '000 kwh)	35	49
	Units per litre of Diesel (kwh)	2.91	2.89
	Cost/Unit (₹ / kwh)	18.63	20.97
2.	Coal		
	Quantity	—	—
	Total Cost	—	—
	Average Rate	—	—
3.	Furnace oil & Diesel oil		
	Quantity (kl.)	12.00	21.87
	Total Amount (₹ in lacs)	6.57	12.77
	Average Rate (₹ / Litre)	54.78	58.39
4.	Others - Steam		
	a. Purchased		
	Quantity (MT)	282	442
	Total Amount (₹ in lacs)	10.64	16.09
	Rate per unit (₹ /kg)	3.77	3.64
	b. Own Generation		
	Quantity (MT)	0	55
	Units per litre of Furnace \ Diesel (KG)	0	16.667
	Cost/Unit (₹ /kg)	0	4.17

B. Consumption Per Unit of Production	Period ended 31 st March, 2016		Year ended 30 th June, 2015	
	Bulk Drugs Per Tonne	Formulations Per Million Packs	Bulk Drugs Per Tonne	Formulations Per Million Packs
Electricity - Units ('000 kwh)	350.237	50.178	565.707	49.021
Coal (M.Tonnes)	—	—	—	—
Furnace oil & Diesel oil (kl)	3.001	0.430	5.135	0.525
Steam (M.Tonnes)	70.543	10.107	123.502	11.593

II. Research and Development and Technology Absorption

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

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

- Development of Formulations with New Molecules and development of Novel Drug Delivery Systems e.g. Nasal drug delivery system, Topical Foam formulations in the therapeutic segments of corticosteroid, Anti Fungal etc.
- Development of lyophilised injectables, Liposomal lyophilized injectables Formulations etc.
- Development of Patient friendly formulations like sustained release products, mouth dissolving tablets, ready mix granules in sachet etc.
- Development of Cosmeceutical products such as Hair Revitalizing serum/shampoo, Skin lightening cream, Depigmentation cream, Acne care cream, Under eye roll on gel, Foaming Face wash using actives from Switzerland, USA, Italy & Japan .
- Upgradation of products and processes to improve quality, stability, shelf-life and thus reduce cost.
- Tie ups with Medical Institutions to establish Bio availability /Bio equivalence/ Animal Toxicity studies of new formulations and to carry out clinical trials
- Developing Products for P to P markets.

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

- Number of new products in domestic market such as Moisturizing Cream, Salicylic Acid Foaming Face Wash 1% etc have been introduced.
 - With the continuous R & D efforts, the Company derives long term benefits viz. better yield and Quality of the final product with cost effectiveness.
- For future growth, spending in R&D activity in pharmaceutical manufacturing is imperative. The benefits of such R&D activity accrues after several years considering various regulatory approvals required before commercialising the products.

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, Dermatological, cardiovascular, pain management, Neuroprotectives, Cosmeceuticals, Anti-oxidants, Liposomal drugs, Nasal sprays etc which will help the company to broaden its base for its domestic operation

III. Foreign Exchange Earnings and Outgo

Details of Foreign Exchange spent and earned are given in 'Other Notes' to Statement of Profit & Loss and Balance Sheet.

By order of the Board

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

Place: Mumbai
Date: 12th August, 2016

Lyka Labs Limited

ANNEXURE C FORM NO. AOC.2

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

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

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

There are no contracts arrangements/transaction which are not on arm's length.

2. Details of material contracts or arrangement or transactions at arm's length basis.

(a)	Nature of Related Party	Lyka Exports Limited	Lyka BDR International	Lyka Healthcare Limited	Share Dynamic (India) Private Limited
(b)	Nature of transactions				
	Purchase	1,03,02,871	N.A	N.A	N.A
	Sale	46,66,014	15,48,72,250	2,98,01,639	N.A
	Rent received	N.A	20,92,500	4,05,000	N.A
	Rent paid	52,500	N.A	N.A	N.A
	Availing of Service	N.A	N.A	N.A	2,71,397
(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 a any	N.A	N.A	N.A	N.A

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

ANNEXURE 'D'

EXTRACT OF ANNUAL RETURN

as on the financial Period ended on 31.03.2016

[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%	5054850	0	5054850	22.935%
b) Central Govt.	—	—	—	—	—	—	—	—
c) State Govt.(s)	—	—	—	—	—	—	—	—
d) Bodies Corp.	202415	—	202415	0.94%	432415	0	432415	1.962%
e) Banks /FI	—	—	—	—	—	—	—	—
f) Any Other...	—	—	—	—	—	—	—	—
Sub-total (A)(1):	5027265	—	5027265	23.30%	5487265	0	5487265	24.897
(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%	5487265	0	5487265	24.897
B. Public Shareholding								
(1) Institutions								
a) Mutual Funds	—	3400	3400	0.01%	—	3400	3400	0.01%
b) Banks /FI	50	650	700	0.00%	19421	650	20071	0.09%
c) Central Govt.	—	—	—	—	—	—	—	—
d) State Govt(s)	130000	—	130000	0.60%	144181	0	144181	0.65%
e) Venture Capital Funds	—	—	—	—	—	—	—	—

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the Year			No. of Shares held at the end of the Year			% change during the year		
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total	% of Total Shares
f) Insurance Companies	—	1000	1000	0.00%	—	1000	1000	0.00%	—
g) FIs	—	500	500	0.00%	228068	500	228568	1.04%	1.035
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B) (1):	130050	5550	135600	0.63%	391670	5550	397220	1.80%	1.174%
(2) Non- Institutions									
a) Bodies Corp.	3678391	862	3679253	17.05%	3453619	862	3454481	15.67%	-1.375
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—
i) Individual Shareholders holding nominal share capital upto ₹ 1 Lakh	5874570	272411	6146981	28.49%	5959512	264557	6224069	28.24%	-0.245
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	5331438	—	5331438	24.70%	5885088	0	5885088	26.70%	1.997
c) Others (specify)	1254506	4957	1259463	5.84%	586920	4957	591877	2.68%	-3.16%
Sub-total (B) (2):	16138905	278230	16417135	76.08%	15885139	270376	16155515	73.30%	-2.76%
Total Public Shareholding (B)= (B)(1)+(B)(2)	16268955	283780	16552735	76.70%	16276809	275926	16552735	75.10%	-1.60%
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A) +(B) +(C)	21296220	283780	21580000	100	21764074	275926	22040000	100	0

Lyka Labs Limited

(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.	Nehal N Gandhi	1369803	6.34%	3.69%	1369803	6.22%	5.49%	-0.85%
2.	Narendra I Gandhi (HUF)	1270776	5.88%	—	1500776	6.81%	0	0.93%
3.	Kunal N Gandhi	1151642	5.33%	1.64%	1151642	5.22%	3.03%	-0.11%
4.	Narendra I Gandhi	1032629	4.78%	3.86%	1032629	4.69%	2.42%	-0.09%
5.	Enai Trading and Investment Private Limited	202415	0.93%	—	432415	1.96%	0	1.02%
	Total	5027265	23.29%	—	5487265	24.90%		1.61%

(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	5027265	23.29%	5027265	23.29%
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer/ bonus /sweat equity etc.,)	Increase 460000	Increase 1.69%	Increase 460000	Increase 1.69%
	At the end of the year	5487265	24.98%	5487265	24.90%

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

Sr No	Name	No. of Shares at the beginning (01-07-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
1	DALAL & BROACHA STOCK BROKING PVT. LTD.	692800	3.21	01-07-2015	0		0	0
		0	0	03-07-2015	-2800	Transfer	690000	3.197
		0	0	10-07-2015	1600	Transfer	691600	3.205
		0	0	17-07-2015	39500	Transfer	731100	3.388
		0	0	24-07-2015	-17500	Transfer	713600	3.307
		0	0	31-07-2015	-23000	Transfer	690600	3.2
		0	0	07-08-2015	-250	Transfer	690350	3.199
		0	0	14-08-2015	-50	Transfer	690300	3.199
		0	0	21-08-2015	30000	Transfer	720300	3.338
		0	0	28-08-2015	9500	Transfer	729800	3.382
		0	0	04-09-2015	-39500	Transfer	690300	3.199
		0	0	11-09-2015	1800	Transfer	692100	3.207
		0	0	18-09-2015	-1450	Transfer	690650	3.2
		0	0	22-09-2015	-200	Transfer	690450	3.199
		0	0	25-09-2015	-200	Transfer	690250	3.199
		0	0	09-10-2015	25000	Transfer	715250	3.314

Lyka Labs Limited

Sr No	Name	No. of Shares at the beginning (01-07-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
		0	0	16-10-2015	-23400	Transfer	691850	3.206
		0	0	23-10-2015	38149	Transfer	729999	3.383
		0	0	30-10-2015	-38999	Transfer	691000	3.202
		0	0	06-11-2015	50	Transfer	691050	3.135
		0	0	20-11-2015	10000	Transfer	701050	3.181
		0	0	27-11-2015	-150	Transfer	700900	3.18
		0	0	04-12-2015	-9100	Transfer	691800	3.139
		0	0	11-12-2015	4800	Transfer	696600	3.161
		0	0	18-12-2015	3350	Transfer	699950	3.176
		0	0	23-12-2015	-6200	Transfer	693750	3.148
		0	0	25-12-2015	-1000	Transfer	692750	3.143
		0	0	31-12-2015	-1950	Transfer	690800	3.134
		0	0	08-01-2016	-500	Transfer	690300	3.132
		0	0	13-01-2016	1200	Transfer	691500	3.137
		0	0	15-01-2016	4600	Transfer	696100	3.158
		0	0	22-01-2016	9451	Transfer	705551	3.201
		0	0	29-01-2016	-13201	Transfer	692350	3.141
		0	0	05-02-2016	900	Transfer	693250	3.145
		0	0	12-02-2016	-490	Transfer	692760	3.143
		0	0	19-02-2016	3000	Transfer	695760	3.157
		0	0	26-02-2016	-100	Transfer	695660	3.156
		0	0	04-03-2016	-760	Transfer	694900	3.153
		0	0	11-03-2016	-100	Transfer	694800	3.152
		0	0	18-03-2016	-1750	Transfer	693050	3.145
		0	0	25-03-2016	-1300	Transfer	691750	3.139
	Closing Balance	693300	3.146	31-03-2016	1550	Transfer	693300	3.146
2	FAIRDEAL INFIN SERVICES PVT.LTD.	116780	0.541	01-07-2015	0		0	0
		0	0	03-07-2015	-6655	Transfer	110125	0.51
		0	0	10-07-2015	-5000	Transfer	105125	0.487
		0	0	17-07-2015	-8126	Transfer	96999	0.449
		0	0	24-07-2015	7600	Transfer	104599	0.485
		0	0	31-07-2015	-1100	Transfer	103499	0.48
		0	0	07-08-2015	-99499	Transfer	4000	0.019
3	JAMNOTRI IMPEX PVT.LTD.	400214	1.855	01-07-2015	0		0	0
		0	0	04-03-2016	-10000	Transfer	390214	1.77
		0	0	25-03-2016	-20000	Transfer	370214	1.68
	Closing Balance	358044	1.625	31-03-2016	-12170	Transfer	358044	1.625

Sr No	Name	No. of Shares at the beginning (01-07-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
4	OWN LEASING AND FINANCE PVT LTD	198476	0.92	01-07-2015	0		0	0
		0	0	10-07-2015	28000	Transfer	226476	1.049
	Closing Balance	226476	1.028	31-03-2016	0		226476	1.028
5	IL AND FS SECURITIES SERVICES LIMIT	11700	0.054	01-07-2015	0		0	0
		0	0	24-07-2015	10886	Transfer	22586	0.105
		0	0	31-07-2015	-6386	Transfer	16200	0.075
		0	0	07-08-2015	-13000	Transfer	3200	0.015
		0	0	14-08-2015	16466	Transfer	19666	0.091
		0	0	21-08-2015	950	Transfer	20616	0.096
		0	0	28-08-2015	6084	Transfer	26700	0.124
		0	0	04-09-2015	2500	Transfer	29200	0.135
		0	0	30-09-2015	-2000	Transfer	27200	0.126
		0	0	23-10-2015	500	Transfer	27700	0.128
		0	0	30-10-2015	-3365	Transfer	24335	0.113
		0	0	06-11-2015	2200	Transfer	26535	0.12
		0	0	13-11-2015	18150	Transfer	44685	0.203
		0	0	20-11-2015	8050	Transfer	52735	0.239
		0	0	27-11-2015	7300	Transfer	60035	0.272
		0	0	04-12-2015	13831	Transfer	73866	0.335
		0	0	11-12-2015	-7066	Transfer	66800	0.303
		0	0	18-12-2015	28366	Transfer	95166	0.432
		0	0	23-12-2015	-20216	Transfer	74950	0.34
		0	0	25-12-2015	-1450	Transfer	73500	0.333
		0	0	31-12-2015	10140	Transfer	83640	0.379
0	0	08-01-2016	350	Transfer	83990	0.381		
0	0	13-01-2016	10050	Transfer	94040	0.427		
0	0	15-01-2016	-4500	Transfer	89540	0.406		
0	0	22-01-2016	97225	Transfer	186765	0.847		
0	0	29-01-2016	-9500	Transfer	177265	0.804		
0	0	05-02-2016	-9890	Transfer	167375	0.759		
0	0	12-02-2016	20453	Transfer	187828	0.852		
0	0	19-02-2016	-1539	Transfer	186289	0.845		
0	0	26-02-2016	10946	Transfer	197235	0.895		
0	0	04-03-2016	-1693	Transfer	195542	0.887		
0	0	11-03-2016	16950	Transfer	212492	0.964		
0	0	18-03-2016	-20253	Transfer	192239	0.872		
0	0	25-03-2016	-1561	Transfer	190678	0.865		
	Closing Balance	188331	0.854	31-03-2016	-2347	Transfer	188331	0.854

Lyka Labs Limited

Sr No	Name	No. of Shares at the beginning (01-07-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
6	PCS SECURITIES LIMITED	133006	0.616	01-07-2015	0		0	0
		0	0	03-07-2015	-1506	Transfer	131500	0.609
		0	0	10-07-2015	-450	Transfer	131050	0.607
		0	0	17-07-2015	-1050	Transfer	130000	0.602
		0	0	24-07-2015	3025	Transfer	133025	0.616
		0	0	31-07-2015	7845	Transfer	140870	0.653
		0	0	07-08-2015	-10870	Transfer	130000	0.602
		0	0	14-08-2015	-129891	Transfer	109	0.001
		0	0	21-08-2015	2475	Transfer	2584	0.012
		0	0	18-09-2015	-2384	Transfer	200	0.001
		0	0	22-09-2015	-100	Transfer	100	0
		0	0	30-09-2015	400	Transfer	500	0.002
		0	0	09-10-2015	1460	Transfer	1960	0.009
		0	0	23-10-2015	-638	Transfer	1322	0.006
		0	0	30-10-2015	678	Transfer	2000	0.009
		0	0	06-11-2015	4700	Transfer	6700	0.03
		0	0	13-11-2015	-6650	Transfer	50	0
		0	0	20-11-2015	230	Transfer	280	0.001
		0	0	27-11-2015	-180	Transfer	100	0
		0	0	04-12-2015	100	Transfer	200	0.001
		0	0	11-12-2015	-100	Transfer	100	0
		0	0	18-12-2015	8800	Transfer	8900	0.04
		0	0	31-12-2015	-8250	Transfer	650	0.003
		0	0	08-01-2016	1850	Transfer	2500	0.011
		0	0	15-01-2016	-1900	Transfer	600	0.003
0	0	22-01-2016	1446	Transfer	2046	0.009		
0	0	29-01-2016	-1930	Transfer	116	0.001		
0	0	05-02-2016	150	Transfer	266	0.001		
0	0	12-02-2016	1880	Transfer	2146	0.01		
0	0	19-02-2016	-130	Transfer	2016	0.009		
0	0	26-02-2016	-1809	Transfer	207	0.001		
0	0	04-03-2016	-187	Transfer	20	0		
0	0	11-03-2016	80	Transfer	100	0		
0	0	25-03-2016	-50	Transfer	50	0		
7	PREETI INVESTMENT COMPANY PVT.LTD	975356	4.52	01-07-2015	0		0	0
	Closing Balance	0	0	11-12-2015	-975356	Transfer	0	0

Sr No	Name	No. of Shares at the beginning (01-07-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
8	VIPUL PRIYAKANT DALAL.	230121	1.066	01-07-2015	0		0	0
	Closing Balance	230121	1.044	31-03-2016	0		230121	1.044
9	COBRA INDIA (MAURITIUS) LIMITED	32911	0.149	29-01-2016	0		0	0
		0	0	12-02-2016	22761	Transfer	55672	0.253
		0	0	19-02-2016	32555	Transfer	88227	0.4
		0	0	26-02-2016	61135	Transfer	149362	0.678
		0	0	25-03-2016	52185	Transfer	201547	0.914
	Closing Balance	228068	1.035	31-03-2016	26521	Transfer	228068	1.035
10	DINERO WEALTH ADVISORS PRIVATE LIMITED	212269	0.984	01-07-2015	0		0	0
		0	0	14-08-2015	-212000	Transfer	269	0.001
		0	0	11-09-2015	212000	Transfer	212269	0.984
		0	0	11-03-2016	-100000	Transfer	112269	0.509
	Closing Balance	112269	0.509	31-03-2016	0		112269	0.509
11	BADJATE STOCK & SHARES PVT LTD	257456	1.193	01-07-2015	0		0	0
		0	0	24-07-2015	-30000	Transfer	227456	1.054
		0	0	31-07-2015	100	Transfer	227556	1.054
		0	0	14-08-2015	-34515	Transfer	193041	0.895
		0	0	28-08-2015	-75000	Transfer	118041	0.547
		0	0	11-09-2015	-10000	Transfer	108041	0.501
		0	0	18-09-2015	-10000	Transfer	98041	0.454
		0	0	16-10-2015	22896	Transfer	120937	0.56
		0	0	23-10-2015	-69900	Transfer	51037	0.237
		0	0	30-10-2015	-100	Transfer	50937	0.236
		0	0	06-11-2015	50	Transfer	50987	0.231
		0	0	13-11-2015	-50	Transfer	50937	0.231
		0	0	27-11-2015	6955	Transfer	57892	0.263
		0	0	04-12-2015	200	Transfer	58092	0.264
		0	0	11-12-2015	14800	Transfer	72892	0.331
		0	0	23-12-2015	30376	Transfer	103268	0.469
		0	0	25-12-2015	3563	Transfer	106831	0.485
		0	0	31-12-2015	-48637	Transfer	58194	0.264
		0	0	08-01-2016	-18639	Transfer	39555	0.179
		0	0	13-01-2016	29767	Transfer	69322	0.315
		0	0	15-01-2016	11297	Transfer	80619	0.366
		0	0	22-01-2016	-13564	Transfer	67055	0.304

Lyka Labs Limited

Sr No	Name	No. of Shares at the beginning (01-07-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the company
		0	0	29-01-2016	-9297	Transfer	57758	0.262
		0	0	05-02-2016	-13509	Transfer	44249	0.201
		0	0	12-02-2016	898	Transfer	45147	0.205
		0	0	19-02-2016	-6298	Transfer	38849	0.176
		0	0	26-02-2016	3330	Transfer	42179	0.191
		0	0	04-03-2016	-365	Transfer	41814	0.19
		0	0	11-03-2016	2583	Transfer	44397	0.201
		0	0	18-03-2016	-6396	Transfer	38001	0.172
		0	0	25-03-2016	3367	Transfer	41368	0.188
	Closing Balance	36564	0.166	31-03-2016	-4804	Transfer	36564	0.166
12	DR. CYRUS S. POONAWALLA	680000	3.151	01-07-2015	0		0	0
		0	0	10-07-2015	-131240	Transfer	548760	2.543
		0	0	17-07-2015	-91542	Transfer	457218	2.119
		0	0	24-07-2015	-102361	Transfer	354857	1.644
		0	0	31-07-2015	-138106	Transfer	216751	1.004
		0	0	07-08-2015	-41500	Transfer	175251	0.812
		0	0	14-08-2015	-28826	Transfer	146425	0.679
		0	0	21-08-2015	-108169	Transfer	38256	0.177
	Closing Balance	38256	0.177	09-10-2015	-38256	Transfer	0	0
13	AMEE PARIKH	975356	4.425	11-12-2015	0		0	0
	Closing Balance	975356	4.425	31-03-2016	0		975356	4.425
14	RAJALAKSHMI R	80343	0.372	01-07-2015	0		0	0
	Closing Balance	180343	0.818	31-03-2016	100000	Transfer	180343	0.818
15	ABHISHEK SINGHAL	100000	0.463	09-10-2015	0		0	0
		0	0	23-10-2015	110000	Transfer	210000	0.973
	Closing Balance	210000	0.953	31-03-2016	0		210000	0.953
16	RANJEET SINGH SIBIA	30000	0.139	01-07-2015	0		0	0
		0	0	03-07-2015	8000	Transfer	38000	0.176
		0	0	17-07-2015	12000	Transfer	50000	0.232
		0	0	31-07-2015	50000	Transfer	100000	0.463
		0	0	28-08-2015	20000	Transfer	120000	0.556
		0	0	04-09-2015	75000	Transfer	195000	0.904
		0	0	11-09-2015	10000	Transfer	205000	0.95
		0	0	09-10-2015	5000	Transfer	210000	0.973
	Closing Balance	210000	0.953	31-03-2016	0		210000	0.953

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Name of the Directors			
		Shareholding at beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	Mr. Narendra I.Gandhi, KMP				
	At the beginning of the year	1032629	4.78%	1032629	4.78%
	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	4.68%	1032629	4.68%
2.	Mrs Nehal N Gandhi				
	At the beginning of the year	1369803	6.34%	1369803	6.34%
	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	6.21%	1369803	6.21%
3.	Vinod Shanbhag				
	At the beginning of the year	90757	0.42%	90757	0.42%
	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	77757	0.35%	77757	0.35%
4.	Yatin Shah				
	At the beginning of the year	-	-	-	-

Lyka Labs Limited

Sr. No.	For Each of the Directors and KMP	Name of the Directors			
		Shareholding at beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of Total Shares of the Company
	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	-	-	-	-
5.	Atit Shukla				
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-
	At the end of the year	-	-	-	-
6.	Ajit Bagadia				
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-
	At the end of the year				
7.	Piyush Hindia (KMP)- Joint Holder				
	At the beginning of the year	26	0.00%	26	0.00%
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons				

Sr. No.	For Each of the Directors and KMP	Name of the Directors			
		Shareholding at beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of Total Shares of the Company
	for increase /decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.,)	-	-	-	-
	At the end of the year	26	0.00%	26	0.00%
8.	Yogesh Shah (KMP)				
	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.,)		-		-
	At the end of the year	50	0.00%	50	0.00%

Lyka Labs Limited

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	86,10,99,653	10,76,92,047	10,85,86,000	107,73,77,700
ii) Interest due but not paid	1,22,32,868	5,12,211	148,89,768	2,76,34,847
iii) Interest accrued but not due	5,20,811	–	–	5,20,811
Total (i + ii + iii)	87,38,53,332	10,82,04,258	12,34,75,768	110,55,33,358
Change in indebtedness during the financial year				
– Addition	6,61,68,862	–	–	661,68,862
– Reduction	–	(4,76,49,306)	(4,50,51,805)	(9,27,01,111)
Net Change	6,61,68,862	(4,76,49,306)	(4,50,51,805)	(265,32,249)
Indebtedness at the end of financial year				
i) Principal amount	91,73,05,692	597,96,378	6,91,52,000	104,62,54,070
ii) Interest due but not paid	2,00,58,825	7,58,574	92,71,963	300,89,362
iii) Interest accrued but not due	26,57,677	–	–	26,57,677
Total (i + ii + iii)	94,00,22,194	605,54,952	784,23,963	107,90,01,109

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	39,90,133
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	9,51,902
	(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...	–
	Total	49,42,035

B. Remuneration to other directors:

1. Non-Executive Director						
Sr. No.	Particulars of Remuneration	Smt. Nehal Gandhi				
(a)	Fees for attending Board/Committee meetings	₹ 50,000				
(b)	Commission	—				
(c)	Others, please specify	—				
	Total (1)	₹ 50,000				

2. Independent Director						
Sr. No.	Particulars of Remuneration	Name of the Directors				Total
		Vinod Shanbhag	Yatin Shah	Ajit Bagadia	Atit Shukla	Amount
(a)	Fees for attending Board/Committee meetings	₹ 230,000	₹ 230,000	₹ 230,000	₹ 220,000	₹ 910,000
(b)	Commission	—	—	—	—	—
(c)	Others, please specify	—	—	—	—	—
	Total (2)	₹ 230,000	₹ 230,000	₹ 230,000	₹ 220,000	₹ 910,000
	TOTAL B =(1+2)	—	—	—	—	₹ 960,000

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	₹ 5,07,693	₹ 8,47,325	₹ 13,55,018
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	—	—	—
	(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...	—	—	—

Lyka Labs Limited

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 E

Statement containing Financial Performance of Subsidiaries

Sr. No.	Particulars			
1.	Name of Subsidiaries	Lyka BDR International Ltd	Lyka Exports Ltd.	Lyka Healthcare Ltd.
2.	Reporting period for the Subsidiary concerned	April, 15 to Mar, 16	April, 15 to Mar, 16	April, 15 to Mar, 16
3.	Reporting currency and Exchange rate as on the last date of relevant Financial year	Indian Rupees	Indian Rupees	Indian Rupees
4.	Share Capital	225,000,000	73,954,240	75,500,000
5.	Reserve & Surplus	(6,51,66,362)	2,53,13,037	11,64,36,166
6.	Total Asset	48,69,30,536	12,83,57,727	37,66,56,632
7.	Total Liabilities	32,70,96,898	2,90,90,450	18,47,20,466
8.	Investments	—	27,39,413	—
9.	Turnover	67,00,82,472	12,22,24,241	14,14,86,241
10.	Profit/ (Loss) before taxation	1,89,97,851	2,11,87,682	(4,93,53,039)
11.	Provision for Taxation	144,39,399	1,22,00,000	(2,85,02,623)
12.	Profit/ (Loss) after Taxation	45,58,452	89,87,682	(2,08,50,416)
13.	Proposed Dividend	—	—	—
14.	% of Shareholding	65.22%	72.80%	100%

ANNEXURE F

MANAGEMENT DISCUSSION AND ANALYSIS

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value. Branded generics dominate the pharmaceuticals market, constituting nearly 70 to 80 per cent of the market. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume.

Indian pharmaceutical industry is growing at about 8 to 9 percent annually according to "A Brief Report Pharmaceutical Industry in India," published in January 2011. There are approximately 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India (including 5 Central Public Sector Units).

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 13.85 billion between April 2000 to March 2016, according to data released by the Department of Industrial Policy and Promotion (DIPP).

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

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 100 new dossiers in the international market in the financial year 2016-2017. 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 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**CORPORATE GOVERNANCE REPORT****1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Compliance with the code of Corporate Governance forms an integral part of the Company's philosophy. At Lyka Labs Limited, Corporate Governance is all about maintaining a valuable relationship & trust with all stakeholders and to carry out Company's activities and operation in a true and fair manner to achieve transparency, accountability and business prosperity. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance as well as the leadership and governance of the Company. The Company has code of conduct for employees including Directors. These codes are available on the Company's website. The Company's Corporate Governance philosophy has been further strengthened through Lyka Code of conduct and the code of a Conduct for Prevention of Insider Trading.

A Report of Corporate Governance is given hereunder:

2. BOARD OF DIRECTORS

- a. As on 31st March, 2016, the Company has Six Directors consisting of a Managing Director, a Non- Executive Women Director and four Non-Executive & Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations and Section 149 of the Act.
- b. None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director.
- c. Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.
- d. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on 31st March, 2016 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.
- e. During the financial year 2015-16, ten Board Meetings were held on 11th August, 2015, 27th August, 2015, 29th August, 2015, 29th September, 2015, 2nd November, 2015, 10th November, 2015, 28th November, 2015, 28th December, 2015, 12th February, 2016 and 11th March, 2016. Details of Board Meetings and Annual General Meetings are given in the appended table:
- h. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.
- i. The Board periodically reviews the compliance of applicable laws.

Lyka Labs Limited

Name	Category	No. of Board Meetings Attended during the year 2015-2016	Whether attended last AGM held on 30 th December, 2015	No. of Directorships in other companies	No of Equity Shares	No. of Committee positions in other public Company	
						Member	Chairman
Shri Narendra I Gandhi *	Chairman & Managing Director	10	Yes	9	1032629	Nil	Nil
Smt Nehal N Gandhi*	Non-Executive Director	2	No	6	1369803	Nil	Nil
Shri Vinod S Shanhbag	Non-Executive Independent Director	10	Yes	8	77757	Nil	Nil
Shri Dushyant P Parikh **	Non-Executive Independent Director	-	No	Nil	Nil	Nil	Nil
Shri Yatin N Shah	Non-Executive Independent Director	10	Yes	Nil	Nil	Nil	Nil
Shri Atit N Shukla	Non-Executive Independent Director	9	Yes	Nil	Nil	Nil	Nil
Shri Ajit S. Bagadia	Non-Executive Independent Director	10	Yes	Nil	Nil	Nil	Nil

* None of Directors are related except Narendra I Gandhi and Nehal N Gandhi.

** Shri Dushyant P Parikh cease to be Director on 26th December, 2015 pursuant to provisions of Section 167 (1)(b) of Companies Act, 2013.

3. AUDIT COMMITTEE

The terms of reference of the Audit Committee is as set out in Regulations 18 of the Listing Regulations, 2015 with the Stock Exchanges and Section 177 of the Companies Act, 2013.

The scope and role of Audit Committee is in accordance with the Companies Act, 2013 and the Listing Regulations of Stock Exchange 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 auditor and cost auditor.
- 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 Auditor 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 employee's dues and to recommend payment thereof.
- xiv) Review of financial affairs of the Company.

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.

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.

Lyka Labs Limited

The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the financial reporting process.

The Committee comprise of five Directors, out of which four are Independent Directors.

In the financial year 2015-16, four meeting were held on 29th August, 2015; 10th November, 2015; 28th December, 2015 and 12th February, 2016.

The Details of Composition of Audit Committee and the number of Meetings held and attended by the Members during the financial year 2015- 2016 are given in below mentioned table.

Name	Category	Number of meetings	
		Held	Attended
Shri.Ajit S. Bagadia (Chairman)	Non-executive Independent Director	4	4
Shri. Vinod S. Shanbhag (Member)	Non-executive Independent Director	4	4
Shri. Yatin N. Shah (Member)	Non-executive Independent Director	4	4
Shri. Atit N. Shukla (Member)	Non-executive Independent Director	4	4
Shri. Narendra. I. Gandhi (Member)	Executive Director	4	4

4. NOMINATION AND REMUNERATION COMMITTEE

The function of this committee is to ensure remuneration to Directors, Key Managerial Personnel and Senior Management. The said Committee met on 11th August, 2015 and 27th November, 2015.

The composition of the Nomination and Remuneration Committee and the details of meetings held and attended by its members are given below:

Name	Category	Number of meetings	
		Held	Attended
Shri. Yatin N. Shah (Chairman)	Non-executive Independent Director	2	2
Shri. Vinod S. Shanbhag (Member)	Non-executive Independent Director	2	2
Shri.Ajit S. Bagadia (Member)	Non-executive Independent Director	1	1
Shri. Atit N. Shukla (Member)	Non-executive Independent Director	—	—
Shri. Narendra. I. Gandhi (Member)	Executive Director	—	—

Nomination and Remuneration Committee has formulated the policy for Remuneration of Directors, Key Managerial Personnel(KMP) and other senior Employees.

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgement.

5. REMUNERATION OF DIRECTORS:

Payment to Managing Director of the Company is governed by Schedule V of the Companies Act, 2013. Remuneration to Non-Executive and Independent Directors shall include sitting fees for attending Meetings of Board and Audit Committee as decided by the Board within the limit prescribed under Companies Act, 2013.

Details of remuneration paid to Executive and Non-Executive Directors during the year ended 31st March, 2016 is given as under:

Name of Director	Sitting fees	Salary	Total
Shri Narendra I. Gandhi	NA	49,42,035	49,42,035
Smt Nehal N Gandhi	50,000	—	50,000
Shri Vinod S. Shanbhag	2,30,000	—	2,30,000
Shri Yatin N. Shah	2,30,000	—	2,30,000
Shri Atit N. Shukla	2,20,000	—	2,20,000
Shri Ajit S. Bagadia	2,30,000	—	2,30,000

6. STAKEHOLDER RELATIONSHIP COMMITTEE

The constitution of Stakeholder Relationship Committee is in line with the provisions of Regulation 20 of Listing regulations, 2015 and section 178 of the Companies Act, 2013.

The broad terms of reference of the stakeholders' relationship committee are as under:

- Review status of the grievances of security holders of the Company including redressal of investor complaints such as transfer, non-receipt of Annual Reports, etc.
- Consider and approve issue of share certificates (including issue of duplicate share certificates), transfer and transmission of securities, etc.

The Composition of Stakeholder Relationship Committee:

Name	Chairman/Members
Shri Vinod S. Shanbhag	Chairman
Shri Narendra. I. Gandhi	Member
Shri Yatin N. Shah	Member
Shri Atit N. Shukla	Member
Shri Ajit S. Bagadia	Member

Three meeting of Stakeholder Relationship Committee held during the year on 2nd July, 2015, 1st October, 2015 and 1st January, 2016.

The Company Secretary act as Secretary of the Committee.

Details of Investor complaints received and redressed during the year 2015-16 are as under:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	1	1	0

Lyka Labs Limited

7. RISK MANAGEMENT COMMITTEE

The Company has constituted the Risk Management Committee voluntarily. The Composition of Risk Management Committee are as under:

Name of Director	Designation
Shri. N. I. Gandhi	Chairman
Shri. Vinod S. Shanbhag	Member
Shri. Yatin N. Shah	Member
Shri. Ajit S. Bagadia	Member
Shri. Atit N. Shukla	Member

8. INDEPENDENT DIRECTORS MEETING

Meeting of Independent Director was held on 11th March, 2016 wherein they have reviewed the performance of the Company.

9. FAMILIARISATION PROGRAMME

The Company has formulated the policy on familiarization of Independent Directors. As a part of familiarization programme, Independent Directors are appraised about Company's various policies and financial performance of the Company on quarterly basis. Their visit to plant have also been conducted and they have also appraised about Company's manufacturing operation at the factory.

10. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Items of Special Resolution at each meeting	Venue
2012-13	27 th September, 2013	12.30 p.m.	No Special resolution was passed in this meeting	4801/B & 4802/A, G.I.D.C., Industrial Estate, Ankleshwar- 393 002
2013-14	26 th December, 2014	12.45 p.m.	Approval of Related Party Transactions.	
2014-15	30 th December, 2015	12.45 p.m.	Approval of payment of remuneration to CEO and Related Party Transactions.	

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

No special resolution is proposed to be conducted through postal ballot during the period ended 31st March, 2016.

11. MEANS OF COMMUNICATION:

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

- b. The financial results are published in a National English and Gujarat Daily Newspaper.
- c. The Company's financial results are also uploaded on the Company's website i.e. www.Lykalabs.com.

Green Initiative:

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs, the Company will send Annual Report for the Financial Year 2015 - 16 to those members whose email id are registered with the Registrar & Share Transfer Agents. Physical copies will be sent to those Members whose email ids are not registered.

12. GENERAL SHAREHOLDER INFORMATION:

- a. The Thirty Seventh Annual General Meeting (AGM) of the Company for the financial year 2015-2016 is scheduled on Wednesday, 28th September, 2016 at 12.30 P.M. at 4801/B & 4802/A. G.I.D.C industrial Estate, Ankleshwar-393 002.

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Obligation and Disclosure Requirement Regulations, 2015, the Company has also extended e-voting facility to its Members to enable them to cast their votes electronically on the proposed resolutions in the Notice of the Thirty Seventh AGM, instead of Voting in the Annual General Meeting. Instructions for e-voting are mentioned under "Notes" to the Notice of 37th 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 12.30 PM on 26th September, 2016.

Date of Book Closure:

The dates of Book Closure shall be from 21st September, 2016 to 28th September, 2016 (both days inclusive).

- b. Financial Year: 1st July, 2015 to 31st March, 2016(9 Months).
- c. Dividend Payment Date: No dividend is recommended.
- d. 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
International Securities Identification Number (ISIN)	INE 933A01014
BSE- Stock Code	500 259
NSE- Stock Code	Lykalabs
BSE Address	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001; www.bseindia.com .
NSE Address	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051; www.nseindia.com .
Annual Listing Fees	Annual Listing fees for financial year 2015-16 is paid by the Company.

Lyka Labs Limited

e. Corporate Identity Number (CIN)

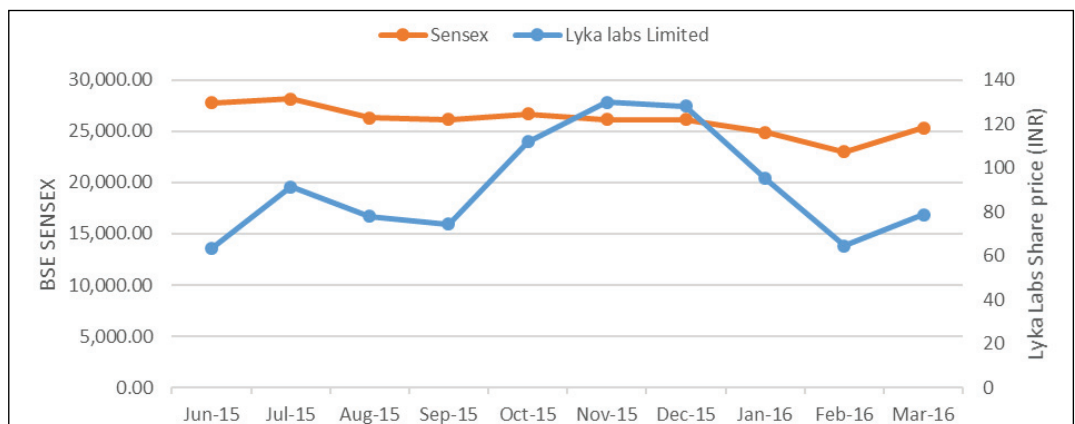
The Corporate Identity Number (CIN) allotted by the Ministry of Corporate Affairs, Government of India, is L24230GJ1976PLC008738. Your Company is registered in the State of Gujarat, India.

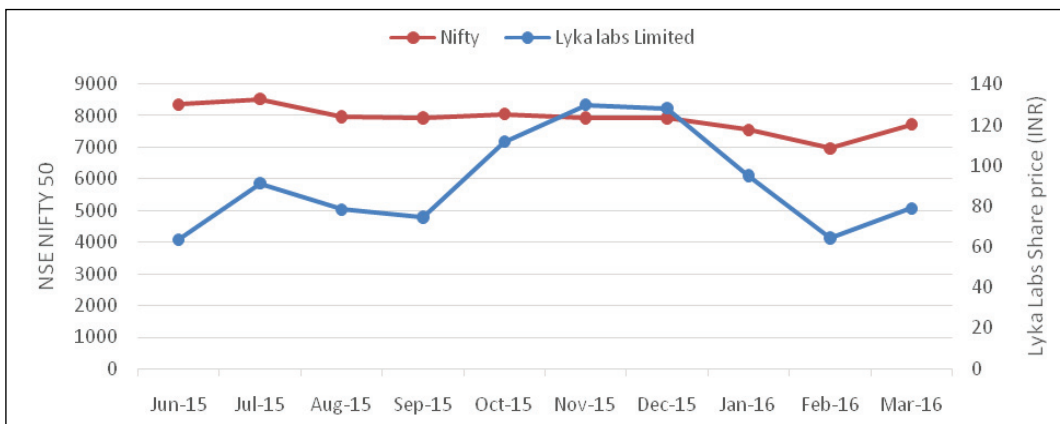
f. Market Price Data: High, Low during each month of the Financial Year 2015-16

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

The equity shares of the Company are listed on the Stock Exchanges for Financial Year 2015-16. The Share price data for each month during the financial year 2015-2016 on the Bombay Stock Exchange and National Stock Exchange of India Limited are as mentioned below:

Stock Exchange	The Bombay Stock Exchange Ltd.		The National Stock Exchange of India Ltd.	
	High	Low	High	Low
July 2015	95.00	61.40	94.95	60.30
August 2015	94.45	63.95	94.30	64.00
September 2015	79.50	65.40	79.70	65.50
October 2015	123.40	75.20	123.50	74.80
November 2015	142.90	107.40	142.90	107.30
December 2015	134.70	107.90	134.60	108.10
January 2016	134.10	78.50	134.00	78.30
February 2016	96.20	59.20	96.80	59.20
March 2016	85.40	63.70	85.50	63.85





g. Registrar & Share Transfer System 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

h. Share Transfer System

Shares are sent for transfer in physical form to Registrar & Share Transfer Agent. Valid transfers are processed within 15 days from the receipt of proper documents subsequent to 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.

i. Distribution of Shareholding

No. Equity Shares held	Shareholders		Shareholding	
	Numbers	Percentage	Numbers	Percentage
001 to 500	15994	85.43	22755550	10.32
501 to 1000	1336	7.14	11259200	5.11
1001 to 2000	627	3.35	9860190	4.47
2001 to 3000	212	1.13	5494850	2.49
3001 to 4000	115	0.61	4174190	1.89
4001 to 5000	90	0.48	4279560	1.94
5001 and 10000	146	0.78	11065670	5.02
10000 and above	202	1.08	151510790	68.74
Total	18722	100.00	220400000	100

j. Dematerialization of Shares and liquidity

As of 31st March, 2016, 98.75% of the Company's shares representing 21764074 shares were held in Dematerialized form and the balance 1.25% representing 275926 shares were held in physical form.

k. Plant Location:

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

l. Address for correspondence:

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

Contact No. 02646 221422/220549

Fax: 02646-250692

Email: enquiry@lykalabs.com

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

Contact No: 022-66112200

Fax: 022-6611 2249

Email: companysecretary@lykalabs.com.

13. OTHER DISCLOSURE

a. Related Party Transactions

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

b. Details of Non compliance during last 3 years

During the year 2013-14, the Company has been levied penalty of Rs. 75000/- each by BSE and NSE for delay in compliance of clause 41 of Listing Agreement. There have been no other instances of non-compliance during the past 3 years by the Company with the requirements of the Stock Exchanges, Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to capital markets.

c. Whistle Blower Policy

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

d. Material Subsidiary

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

e. **Mandatory requirements:**

The Company has complied with the mandatory requirements as required under Listing Regulations 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 Annualy/Yearly results are published in leading English and Gujarati daily newspapers. The same are also posted on the website of the Company i.e. **www.lykalabs.com**.

3. Audit Qualification:

Audit Qualification and its explanation is mentioned in the Report of the Board of Directors.

4. Separate Posts of Chairman and CEO/Managing Director:

The Chairman is also Managing Director of the Company.

5. Reporting of Internal Auditors:

The Internal Auditors Report on quarterly basis are reviewed by the Audit Committee.

Lyka Labs Limited

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

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

I confirm that the Company has in respect of the year ended March 31, 2016, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

Date: 12th August, 2016
Place: Mumbai

Kunal N. Gandhi
Chief Executive Officer

CERTIFICATE ON CORPORATE GOVERNANCE

The Members
Lyka Labs Limited

I have examined the compliance of conditions of Corporate Governance by Lyka Labs Limited ('the Company'), for the financial year ended 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st July, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing Regulation') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 and 31st March, 2016.

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 us, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations, as applicable.

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.

Place : Mumbai
Date : 12th August, 2016

V. Sundaram
Membership No. 2023
COP: 3373

COMPLIANCE CERTIFICATE

[as per Regulation 17(8)]

- A. We have reviewed financial statements and cash flow statement for the year ended 31st March, 2016 and that to the best of their knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditor and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting for the year ended 31st March, 2016;
 - (2) significant changes in accounting policies for the year ended 31st March, 2016 and that the same have been disclosed in the notes to the financial statements; and
 - (3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Kunal Gandhi
Chief Executive Officer

Yogesh Shah
Chief Financial Officer

Place : Mumbai
Date : 27th May, 2016

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT

To the Members of LYKA LABS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **LYKA LABS LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended on that date (in which are incorporated the accounts of the Company's branch at Ankleshwar audited by other auditor 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 Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 standalone financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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. 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 audit opinion on the standalone financial statements.

Basis for Qualified Opinion

We draw attention to Note No.36.2 relating to "Intangible Assets Under Development".

Qualified Opinion

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

INDEPENDENT AUDITORS' REPORT (Cont...)

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2016;
- (b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Emphasis of Matters

1. The Company continues to be under financial stress as reflected by:
 - (a) Fixed Deposits and overdue Debentures (including interest accrued and due) (Refer Note Nos. 28 and 29).
 - (b) Overdue receivables (Refer Note No. 33).
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) Merger of its Subsidiaries Companies i.e. Lyka Healthcare Limited and Lyka Exports Limited with the Company (Refer Note No 35.1).
 - (b) Infusion of funds by promoters.
 - (c) Expanding business volumes.
3. Note No. 33 regarding Sundry Debtors outstanding for more than six months aggregating to ₹ 101,090,003 being considered good for recovery by the Company.
4. Note No. 34 regarding pending balance confirmation from Sundry Debtors, Sundry Creditors, Fixed Deposits, Group Companies and Loans & Advances.
5. Note No. 35.2 regarding non provision for diminution in value of investments.
6. Note No. 36.1 regarding tangible capital work-in-progress.
7. Note No. 38 regarding slow/non-moving material aggregating to ₹ 12,663,008.
8. Note No. 52 regarding provision for interest on dues of supplier registered under MSMED Act, 2006.

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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The reports on the accounts of the branch office of the Company audited under Section 143(8) of the Act by branch auditor has been sent to us and has 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (f) On the basis of the written representations received from the Directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act;

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont...)

- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure "B"**; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note No. 27(i) to (vii) of other notes to the financial statements.
 - (ii) The Company does not have any long-term contracts including derivative 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 Registration No. 107556W

Place : Mumbai
Date : 27th May, 2016

Mukul Patel
Partner
Membership No. 32489

INDEPENDENT AUDITORS' REPORT (Cont...)

ANNEXURE – A TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of our report on Other Legal and Regulatory Requirements of even date

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The fixed assets were physically verified during the period by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification, of all the fixed assets at reasonable intervals. According to the information and explanations given to us, discrepancies noticed on such verification have been accounted for.
 - According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of Leasehold Land are held in the name of the Company.
- (ii) In respect of its inventories:
- As explained to us, inventories were physically verified during the period by the management at reasonable intervals except the inventories lying with the third parties from whom confirmations have been obtained.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - 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 accounts.
- (iii) During the period, the Company has not granted any loan to any party covered in the register maintained under section 189 of the Act and hence clause 3(iii) of the Order is not applicable.
- (iv) During the period, the Company has not granted any loan, made investment, given guarantee or security and hence clause 3(iv) of the Order is not applicable.
- (v) The Company has received an Order of Company Law Board (CLB) dated 22nd January, 2016, granting extension of time for repayment of Fixed Deposits (excluding Short Term Loans in respect of which, the Company has been legally advised that such loans are not deposits) which are matured/maturing and claimed (as on 31st March, 2016) aggregating of ₹ 38,339,031 (including interest of ₹ 2,904,031) upto 31st December, 2015 on or before 30th June, 2016 and Fixed Deposits which are maturing and claimed (as on 31st March, 2016) aggregating to ₹ 33,932,220 (including interest of ₹ 215,220) from 1st January, 2016 to 30th September, 2016 on or before 31st March, 2017.
- (vi) We have broadly reviewed the books of accounts and records 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 the prescribed accounts and records have been so made and maintained. We have, however, not made a detailed examination of the cost 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 relevant records produced before us in respect of statutory and other dues:
- During the period, the 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 period and outstanding for more than six months from the date they become payable are as follows:*

Sr. No.	Nature of Dues	Amount (₹)
1.	Professional Tax	182,610
2.	Sales Tax Deferral Scheme-SICOM	5,014,447
3.	Service Tax	215,740

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont...)

(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
1.	Demand under Drugs Price Control Order	209,440,565	Demands raised in 1987, 1990 and 1995	Gujarat High Court
2.	Purchase Tax	1,600,442	1991-96	Gujarat Sales Tax Appellate Tribunal
3.	Excise duty	1,122,138	2006-2007	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
4.	Bombay Sales Tax	6,186,400	1998-99	Appellate Tribunal
		9,824,035	2000-01	
		420,682	2002-03	
		379,164	2004-05	
5.	Maharashtra Value Added Tax	3,534,230	2005-06	Appellate Tribunal
		792,379	2006-07	
		3,513,662	2007-08	Deputy Commissioner of Sales Tax Appeal
		8,825,968	2011-12	Joint Commissioner of Sales Tax Appeal
6.	Central Sales Tax	7,299,596	2007-08	Deputy Commissioner of Sales Tax Appeal
		3,812,330	2011-12	Joint Commissioner of Sales Tax Appeal
		5,167,834	2005-06	Deputy Commissioner of Sales Tax Appeal
		809,855	2008-09	
		1,795,241	1998-99	Appellate Tribunal
		1,096,776	2000-01	
7.	Service Tax	1,809,830	2011-12	Additional Commissioner
8.	Gujarat Sales Tax Commissioner of Sales Tax Appeal	8,545,195	2002-03	Commissioner of Sale Tax Appeal
		9,740,372	2010-11	
9.	Income Tax	2,951,923	2009-10	Commissioner of Income Tax Appeals
		91,247,500	2001-02	
		26,418,000	2002-03	
		4,462,530		
		71,750,000	2004-05	
		15,000,828		
		8,085,480	2010-11	
15,539,749	2011-12			

INDEPENDENT AUDITORS' REPORT (Cont...)

- (viii) Based on our audit procedures and according to the information and explanations given by the management, during the period, the Company has not defaulted in repayment of loans from Banks. Further, in respect of overdue Debentures aggregating to ₹ 83,400,000 and interest due thereon of ₹ 6,401,137 as at 31st March, 2016, the Company has filed a petition with the Company Law Board, seeking extension of time for repayment of Debenture dues up to March, 2020.
- (ix) Based on our audit procedures and according to the information and explanations given by the management, the Company has not raised money by way of initial public offer or further public offer. Further, the Company has availed term loans from Banks which are applied for the purpose for which those are raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period.
- (xi) The Company has paid/provided managerial remuneration which is in accordance with the provisions of section 197 read with Schedule V of the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company and hence clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards (Refer Note No. 46)
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, during the period the Company has issued Equity Shares on preferential basis and the requirements of Section 42 of the Companies Act, 2013 have been complied with and the amounts raised have been used for the purpose for which the funds were raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him and hence clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Mukul Patel
Partner
Membership No. 32489

Place : Mumbai
Date : 27th May, 2016

Lyka Labs Limited

INDEPENDENT AUDITORS' REPORT (Cont...)

Annexure-B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **LYKA LABS LIMITED** ("the Company") as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

INDEPENDENT AUDITORS' REPORT (Cont...)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Place : Mumbai
Date : 27th May, 2016

Mukul Patel
Partner
Membership No. 32489

Lyka Labs Limited

BALANCE SHEET AS AT 31ST MARCH, 2016

			[Amount in ₹]		
		Note No.	As at 31 st March, 2016	As at 30 th June, 2015	
A EQUITY AND LIABILITIES					
1 Shareholders' Funds					
	(a)	Share Capital	3	231,257,000	226,657,000
	(b)	Reserves and Surplus	4	433,772,654	381,771,971
				665,029,654	608,428,971
2 Money Received against Share Warrants					
				—	3,220,000
3 Non-Current Liabilities					
	(a)	Long-Term Borrowings	5	252,698,843	287,347,595
	(b)	Other Long-Term Liabilities	6	1,395,000	4,895,000
	(c)	Long-Term Provisions	7	20,711,454	30,459,461
				274,805,297	322,702,056
4 Current Liabilities					
	(a)	Short-Term Borrowings	8	462,426,141	360,729,269
	(b)	Trade Payables	9		
	(i)	Total outstanding dues of micro enterprises and small enterprises		12,389,419	—
	(ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises		311,300,746	394,067,353
	(c)	Other Current Liabilities	10	545,299,608	637,520,879
	(d)	Short-Term Provisions	11	9,021,986	4,509,378
				1,340,437,900	1,396,826,879
TOTAL				2,280,272,851	2,331,177,906
B ASSETS					
1 Non-Current Assets					
	(a)	Fixed Assets			
	(i)	Tangible Assets	12	559,757,284	573,722,702
	(ii)	Capital Work-in-Progress		173,628,211	160,641,216
	(iii)	Intangible Assets		42,818,144	42,959,642
	(iv)	Intangible Assets under Development		128,065,611	109,643,183
				904,269,250	886,966,743
	(b)	Non-Current Investments	13	625,655,744	625,655,744
	(c)	Long-Term Loans and Advances	14	163,032,812	180,175,613
				1,692,957,806	1,692,798,100
2 Current Assets					
	(a)	Inventories	15	69,641,717	125,583,056
	(b)	Trade Receivables	16	264,484,652	288,327,248
	(c)	Cash and Bank Balances	17	17,341,397	17,034,881
	(d)	Short-Term Loans and Advances	18	221,896,006	193,483,348
	(e)	Other Current Assets	19	13,951,273	13,951,273
				587,315,045	638,379,806
TOTAL				2,280,272,851	2,331,177,906

See accompanying notes to the financial statements 1 to 60

In terms of our report of even date

For M.A.PARIKH & CO.

Chartered Accountants

Firm Registration No. 107556W

MUKUL PATEL

Partner

Membership No. 32489

Place : Mumbai

Date : 27th May, 2016

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 PERIOD ENDED 31ST MARCH, 2016

	Note No.	For the Period ended 31 st March, 2016	[Amount in ₹] For the Year ended 30 th June, 2015
REVENUE			
Revenue from Operations	20	607,587,977	965,166,966
Less: Excise Duty		34,891,926	60,324,423
Revenue from Operations (net)		572,696,051	904,842,543
Other Income	21	112,411,004	17,073,020
Total Revenue		685,107,055	921,915,563
EXPENSES			
Cost of Materials Consumed		234,549,467	465,811,264
Purchases of Stock-in-Trade		90,825,169	47,922,219
Changes in Inventories	22	16,756,042	(5,599,107)
Employee Benefits	23	65,810,941	96,358,491
Finance Costs	24	114,434,861	183,471,886
Depreciation and Amortization	12	26,401,514	38,326,316
Other Expenses	25	85,379,372	117,044,965
Total Expenses		634,157,366	943,336,034
Profit/(Loss) before Exceptional Items and Taxes		50,949,689	(21,420,471)
Exceptional Items (Net)	49	(6,022,855)	(36,347,432)
Prior Period Adjustments (Net)	50	8,769,512	1,260,000
Profit for the Period / Year		48,203,032	13,666,961
Earnings per share			
Basic and Diluted	47	2.17	0.58
See accompanying notes to the financial statements	1 to 60		

In terms of our report of even date

For M.A.PARIKH & CO.

Chartered Accountants

Firm Registration No. 107556W

MUKUL PATEL

Partner

Membership No. 32489

Place : Mumbai

Date : 27th May, 2016

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

N. I. Gandhi

DIN : 00021530

Chairman & Managing Director

V. S. Shanbhag

DIN : 00555709

Director

Y. B. Shah

P. G. Hindia

Chief Financial Officer

Company Secretary

Lyka Labs Limited

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2016

	Current Period ended 31 st March, 2016	[Amount in ₹]	
		Previous Year ended 30 th June, 2015	
Profit for the period/year after tax	48,203,032	13,666,961	
Adjusted for			
Depreciation	26,401,514	38,326,316	
Interest Income	(103,085,651)	(2,505,009)	
Loss / (Profit) on sale of fixed assets	324,263	(85,056,635)	
Finance Cost	114,434,861	183,471,886	
Exchange rate fluctuation	1,147,583	(7,354,280)	
Excess provision no longer required written back	(8,796,385)	(7,064,144)	
Irrecoverable debts written off	2,449,267	62,037,948	
Irrecoverable Advances written off	—	1,352,204	
Liability no longer required written back	—	(7,616,805)	
Provision for diminution in value of investments written back	—	(340,725)	
	32,875,452	175,250,756	
Operating profit before working capital change	81,078,484	188,917,717	
Changes in			
Trade and other receivables	10,813,439	(40,067,708)	
Inventories	55,941,339	(39,608,421)	
Trade payable	(68,957,104)	182,451,300	102,775,171
A. Cash generated from operations	78,876,158	291,692,888	
Exchange rate fluctuation	(1,147,583)	7,354,280	
Tax Payment	(689,965)	(8,286,885)	(932,605)
Net cash Flow from operating activity (A)	77,038,610	290,760,283	
B. Cashflow for Investing activities			
Purchase of fixed assets	(49,042,139)	(65,972,048)	
Sale proceeds of Fixed assets	531,506	349,084,668	
Interest Received	103,085,651	4,265,815	
Net cash used in Investing activities (B)	54,575,018	287,378,435	



CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2016

	Current Period ended 31 st March, 2016	Previous Year ended 30 th June, 2015
[Amount in ₹]		
C. Cashflow from Financing activities		
Debenture repaid	(13,650,000)	(46,500,000)
Borrowings raised / (repaid)	21,960,369	(348,874,650)
Fixed Deposit repaid	(39,434,000)	(47,107,000)
Money Received against issue of warrants	9,660,000	3,220,000
Repayment of unclaimed Preference Shares	—	(50,000)
Interest Paid	(109,843,481)	(186,901,109)
Net cash used in Financing activities (C)	(131,307,112)	(626,212,759)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	306,516	(48,074,041)
Cash and Cash equivalents at the commencement of the period/year	5,900,111	47,856,298
Earmarked balance at the commencement of the period/year	11,134,770	17,252,624
Cash and Bank balances at the end of the period/year	17,341,397	17,034,881
Cash and Cash equivalents at the end of the period/year	1,859,161	5,900,111
Earmarked balance at the end of the period/year	15,482,236	11,134,770
Cash and Bank balances at the end of the period/year	17,341,397	17,034,881

In terms of our report of even date

For M.A.PARIKH & CO.

Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL

Partner
Membership No. 32489

Place : Mumbai

Date : 27th May, 2016

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 THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

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 the Institute of Chartered Accountants of India, as prescribed under the Section 133 of the 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 and software designs costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the assets for their intended use.

Internally developed intangibles

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

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 Commercialization based on the 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 Materials, Packing Materials, Work-in-Process and Finished Goods are valued at lower of cost or net realisable value. Cost is determined by using FIFO method. Cost comprises of all costs of purchases (net of CENVAT 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 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 period. 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.

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

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

- (i) Revenue is recognized when realisation is reasonably certain in respect of:
 - a. Sale of goods on transfer of significant risk and reward. Sales are inclusive of excise duty.
 - b. Processing charges are recognized on dispatch basis.
 - c. Insurance / other claims, interest, commission, royalty and export incentive.
- (ii) Fees for transfer of technology are recognized when the related services are performed as per the agreement.

k. Taxes on Income

- (i) Current tax is determined as the amount of Income Tax in respect of taxable income for the period 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 THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

3. SHARE CAPITAL

	As at 31st March, 2016		As at 30th June, 2015	
	Number of shares	Amount (In ₹)	Number of shares	Amount (In ₹)
Authorised				
Equity Shares of ₹ 10/- each	30,000,000	300,000,000	24,000,000	240,000,000
Redeemable Preference Shares of ₹ 100/- each	200,000	20,000,000	200,000	20,000,000
	<u>30,200,000</u>	<u>320,000,000</u>	<u>24,200,000</u>	<u>260,000,000</u>
Issued, Subscribed and Fully Paid				
Equity Shares of ₹ 10/- each	22,040,000	220,400,000	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>22,148,570</u>	<u>231,257,000</u>	<u>21,688,570</u>	<u>226,657,000</u>

3.1 Reconciliation of number of shares outstanding as at the beginning and end of the period / year

	As at 31st March, 2016		As at 30th June, 2015	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
Balance as at the beginning of the period / year	21,580,000	108,570	21,580,000	108,570
Issued During the period / year	460,000	—	—	—
Balance as at the end of the period / year	<u>22,040,000</u>	<u>108,570</u>	<u>21,580,000</u>	<u>108,570</u>

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 THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

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

Name of the Shareholders	As at 31st March, 2016		As at 30th June, 2015	
	No of Shares held	% of Shares	No of Shares held	% of Shares
Equity Shares				
Narendra I Gandhi (HUF)	1,500,776	6.81%	1,270,776	5.89%
Kunal Narendra Gandhi	1,151,642	5.23%	1,151,642	5.34%
Nehal Narendra Gandhi	1,369,803	6.22%	1,369,803	6.35%
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 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.

3.6 The Company had allotted 460,000 convertible warrants at ₹28/- per warrant to Promoters / Promoters Group on preferential basis pursuant to the Special Resolution passed by the members of the Company at their Extra Ordinary General Meeting held on January 23, 2015.

These warrants were converted (in the ratio of 1 share for 1 warrant) into equity shares of ₹10/- each at a premium of ₹18/- per share during the current period.

4 RESERVES AND SURPLUS

[Amount in ₹]

	As at 31st March, 2016	As at 30th June, 2015
Capital Reserve		
Balance as at the beginning and end of the period / year	5,068,404	5,068,404
Securities Premium		
Balance as at the beginning of the period / year	666,866,662	666,866,662
Add : on Issue of Equity Shares during the period	8,280,000	—
Balance as at the end of the period / year	675,146,662	666,866,662
Revaluation Reserve		
Balance as at the beginning of the period / year	30,654,422	36,953,460
Less: Refer Note No. 30 (iii)	(4,482,349)	(6,299,038)
Balance as at the end of the period / year	26,172,073	30,654,422

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

4 RESERVES AND SURPLUS (Continued) [Amount in ₹]

	As at 31st March, 2016	As at 30th June, 2015
General Reserve		
Balance as at the beginning of the period / year	95,257,370	121,648,067
Less : Adjustment on account of Depreciation	—	(26,390,697)
Balance as at the end of the period / year	<u>95,257,370</u>	<u>95,257,370</u>
(Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the period / year	(416,074,887)	(429,741,848)
Add: Profit for the period / year	48,203,032	13,666,961
Balance as at the end of the period / year	<u>(367,871,855)</u>	<u>(416,074,887)</u>
Total	<u><u>433,772,654</u></u>	<u><u>381,771,971</u></u>

5. LONG-TERM BORROWINGS [Amount in ₹]

	As at 31st March, 2016	As at 30th June, 2015
Secured Loans		
Term Loan from Banks (Refer Note No. 5.1 below)	251,045,983	283,641,028
Long-Term Maturities of Finance Lease Obligations (Refer Note No. 5.2 below)	1,652,860	3,706,567
Total	<u><u>252,698,843</u></u>	<u><u>287,347,595</u></u>

5.1 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 and Finance Lease Obligation - Refer Note No. 10)

- (a) Term Loan (Expansion) from Dena Bank repayable in 12 quarterly installments of ₹ 18.09 Lacs each. Interest rate is base rate + 1% # #
- (b) Term Loan (R&D) from Dena Bank repayable in 12 quarterly installments of ₹ 6.77 Lacs each. Interest rate is Base Rate + 1% # #
- (c) Term Loan from Dena Bank repayable in 7 quarterly installments of ₹ 16.40 Lacs each. Interest rate is Base Rate + 1.55 % # #
- (d) Term Loan (working capital) from Dena Bank repayable in 8 quarterly installments of ₹ 40 Lacs each. Interest rate is Base Rate + 1% # #
- (e) Term Loan (Lypholisation II) from Dena Bank repayable in 12 quarterly installments of ₹ 7.81 Lacs each. Interest rate is Base Rate + 1% # #
- (f) Term Loan (New Expansion) from Dena Bank repayable in 15 quarterly installments of ₹ 90.90 lacs each. Interest rate is Base Rate + 1.55% # #

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

(g) Term Loan (Schedule - M Requirement) from Dena Bank repayable in 14 quarterly installments of ₹ 15.55 lacs each. Interest rate is Base Rate + 1% # #

(h) Term Loan (working capital) from Dena Bank repayable in 8 quarterly installments of ₹ 60 Lacs each. 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 registered mortgage of Company's immovable properties at Ankleshwar and Valsad.

(i) Term Loan from Bank of Maharashtra repayable in 16 quarterly installments of ₹ 30 Lacs each. Interest rate is Base Rate + 600 bps + 50 bps (term premium). *

(j) Term Loan from Bank of Maharashtra repayable in 6 quarterly installment of ₹ 50 lacs each. Interest rate is Base Rate + 1.2%. *

* 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 74 equal monthly installments of ₹ 12.16 lacs each. Interest rate is @15%. **

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

5.2 10 Lease obligations repayable in equated monthly installments upto July 2018 secured by respective Vehicles. Rate of interest ranges from 8.38% to 18.01%.

6. OTHER LONG-TERM LIABILITIES

[Amount in ₹]

	As at 31st March, 2016	As at 30th June, 2015
Security Deposits	1,395,000	4,895,000
Total	1,395,000	4,895,000

7. LONG TERM PROVISIONS

[Amount in ₹]

	As at 31st March, 2016	As at 30th June, 2015
Employee Benefits:		
Provision for Leave Encashment	5,392,107	7,368,623
Provision for Gratuity	15,319,347	20,583,138
Provision for Superannuation	—	2,507,700
Total	20,711,454	30,459,461

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

8. SHORT TERM BORROWINGS

[Amount in ₹]

	As at 31st March, 2016	As at 30th June, 2015
Secured Loans		
From Bank		
Loans repayable on demand (Refer Note No. (8.1) below)	257,629,763	253,037,222
Term Loan (Refer Note No. (8.1) below)	145,000,000	—
	<u>402,629,763</u>	<u>253,037,222</u>
Unsecured Loans		
Loans and Advances from related parties (Refer Note No. (8.2) below)	4,778,131	2,744,834
Inter Corporate Deposits (Refer Note No. (8.3) below)	7,000,000	18,604,966
Short Term Loans (Refer Note No. (8.4) below)	48,018,247	86,342,247
	<u>59,796,378</u>	<u>107,692,047</u>
Total	<u>462,426,141</u>	<u>360,729,269</u>

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% # #
- (c) Term Loan from Dena Bank repayable by way of bullet payment of ₹10 crore at the end of 12 months from the date of disbursement. Interest rate is Base Rate + 1.05%. # #
- (d) Term Loan from Bank of Maharashtra repayable by way of bullet payment of ₹4.50 crores at the end of 12 months from the date of first disbursement. Interest rate is Base Rate + 600 bps. # #

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 registered mortgage of Company's immovable properties at Ankleshwar, Valsad and secured by equitable mortgage of Companies immovable property at Mumbai.

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%

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

9. TRADE PAYABLES [Amount in ₹]

	As at 31st March, 2016	As at 30th June, 2015
Trade Payables (Refer Note No.52)		
Total outstanding dues of micro enterprises and small enterprises	12,389,419	—
Total outstanding dues of creditors other than micro enterprises and small enterprises	311,300,746	394,067,353
Total	323,690,165	394,067,353

10. OTHER CURRENT LIABILITIES [Amount in ₹]

	As at 31st March, 2016	As at 30th June, 2015
A Current Maturities of Long-Term Debt		
(i) Debentures - Privately Placed Non Convertible [including Unclaimd / Unpaid debenture ₹ 8,34,00,000/-, Previous Year ₹ 6,16,50,000/- (Refer Note Nos.10.1 and 29)]	86,300,000	99,950,000
(ii) Term Loan from Banks [Refer Note no 5.1]	172,330,108	217,536,989
(iii) Finance Lease Obligations	3,346,978	3,227,847
(iv) Fixed Deposits (Refer Note No.28)	69,152,000	108,586,000
B Interest Accrued and due on above	30,400,609	27,634,847
C Interest Accrued but not due on above	2,346,430	520,811
D Other Payables		
(i) Statutory Dues	13,608,094	29,738,746
(ii) Preference Share Dues	175,000	175,000
(iii) Book Overdraft	28,130,875	35,125,207
(iv) Employee Dues	18,359,285	34,970,870
(v) Advance from Customers	93,909,741	38,972,462
(vi) Retention Payable	478,939	478,939
(vii) Other Outstanding Liabilities	21,747,102	35,588,714
(viii) Sales Tax Deferment Scheme	5,014,447	5,014,447
Total	545,299,608	637,520,879

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

10.1 Details of Debentures issued by the Company [Amount in ₹]

Terms and conditions		As at 31st March, 2016	As at 30th June, 2015
69 debentures are redeemable at the end of 36 months	13.75 % Debentures of ₹ 1 Lac each	—	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 eEach	—	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 % Debenture 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	2,900,000
Total		2,900,000	38,300,000

10.2 Details of continuous defaults in repayment of Secured Debentures and interest thereon as on 31st March 2016 as follows: [Amount in ₹]

Period of Default	Principal Amount		Interest
	Unpaid	Unclaimed	
F.Y. 2013-14	1,400,000	1,500,000	142,841
F.Y. 2014-15	12,300,000	22,600,000	1,397,937
F.Y. 2015-16	32,700,000	12,900,000	4,860,359
Total	46,400,000	37,000,000	6,401,137

11. SHORT TERM PROVISIONS [Amount in ₹]

	As at 31st March, 2016	As at 30th June, 2015
Employee Benefits:		
Provision for Bonus	2,246,730	2,871,755
Provision for Gratuity	6,605,223	1,335,592
Provision for Leave Encashment	—	48,750
Provision for Superannuation	170,033	253,281
Total	9,021,986	4,509,378

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

Description of Assets	Gross Block			Depreciation			Net Block				
	As at 01/07/15	Additions during the period	Deletions during the period	As at 31/03/16	As at 01/07/15	Additions during the period	Deletions during the period	Transfer to General Reserve	On Revalued Assets*	As at 31/03/16	As at 30/06/15
TANGIBLE ASSETS :											
Land	114,071,486	—	—	114,071,486	9,358,972	17,383	—	—	1,108,086	10,484,441	104,712,514
Building	317,924,516	873,267	—	318,797,783	66,926,019	2,206,851	—	—	3,189,171	72,322,041	250,998,497
Plant and Machinery	414,368,792	8,733,328	—	423,102,120	226,908,923	9,132,534	—	—	6,586,724	242,628,181	187,459,869
Computers	12,751,401	569,751	—	13,321,152	11,185,034	707,700	—	—	—	11,892,734	1,566,367
Vehicles	18,526,852	987,700	2,037,513	17,477,039	7,070,131	1,655,524	1,203,932	—	—	7,521,723	11,456,721
Furniture and Fixtures	48,797,087	2,775,944	—	51,573,031	31,532,491	2,451,521	—	—	—	33,984,012	17,264,596
Office Equipments	4,260,763	45,871	174,888	4,481,522	3,996,625	40,016	152,700	—	—	3,883,941	264,138
Total Tangible Assets	930,700,897	13,985,861	2,212,401	942,474,357	356,978,195	16,211,529	1,356,632	—	10,883,981	382,717,073	573,722,702
INTANGIBLE ASSETS :											
Internally Generated Intangible Assets	38,730,253	3,322,454	—	42,052,707	7,105,805	2,841,153	—	—	—	9,946,958	31,624,448
Computer Software	13,517,172	324,401	—	13,841,573	2,181,978	947,200	—	—	—	3,129,178	11,335,194
Total Intangible Assets	52,247,425	3,646,855	—	55,894,280	9,287,783	3,788,353	—	—	—	13,076,136	42,959,642
Total Assets	982,948,322	17,632,716	2,212,401	998,368,637	366,265,978	19,999,882	1,356,632	—	10,883,981	602,575,428	616,682,344
Total Previous Year	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
Capital Work-in-Progress											
(i) Tangible	—	—	—	—	—	—	—	—	—	173,628,211	160,641,216
(ii) Intangible (Note No. 36.2)	—	—	—	—	—	—	—	—	—	128,065,611	109,643,183
Total (i+ii)	—	—	—	—	—	—	—	—	—	301,693,822	270,284,399
Grand Total	—	—	—	—	—	—	—	—	—	904,269,250	886,966,743
Notes:											
1. *Includes Depreciation of ₹ 64,01,632 (Previous Year ₹ 88,18,670) on Assets Revalued on 31/03/2007 charged to Statement of Profit and Loss.											
2. Building includes ₹ 26,91,755 (Previous Year ₹ 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											
Description of Assets	Gross Block Current Period (₹)	Gross Block Previous Year (₹)	Net Block Current Period (₹)	Net Block Previous Year (₹)							
Vehicles	14,219,564	9,976,000	9,459,467	8,183,913							

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

	As at 31st March, 2016			As at 30th June, 2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
13. NON CURRENT INVESTMENTS						
						[Amount in ₹]
Investments:						
A Trade						
(a) In Subsidiaries Companies (Refer Note No. 35) :						
(i) 1,46,74,995 (Previous Year 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 Year 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 Year 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 Year 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						
50,000 (Previous Year 50,000) Equity Shares of ₹ 10 each fully paid up in Kapol Co-operative Bank Ltd	—	500,000	500,000	—	500,000	500,000
Less: Provision for Diminution in value of Investment in Gujarat Themis Biosyn Ltd			626,045,144			626,045,144
Total			(389,400)			(389,400)
(i) Aggregate amount of Quoted Investments			1,014,750			1,014,750
Aggregate market value of Quoted Investments			838,200			625,350
(ii) Aggregate amount of Unquoted Investments			625,030,394			625,030,394

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

	As at 31st March, 2016	As at 30th June, 2015
14. LONG-TERM LOANS & ADVANCES (Unsecured, considered good)		
Capital Advances	9,537,812	26,680,613
Security Deposit (Refer Note No. 31)	50,250,000	50,250,000
Others - Deposit with Drug Price Equalisation Account (Refer Note No. 27(i))	103,245,000	103,245,000
Total	163,032,812	180,175,613
15. INVENTORIES (At Lower of Cost and Realizable Value)		
Raw Materials (Refer Note No. 38)	15,295,454	49,328,169
Packing Material (Refer Note No.38)	31,184,425	36,337,007
Work-in-progress	15,675,100	26,796,614
Finished Goods	7,486,738	13,121,266
Total	69,641,717	125,583,056
16. TRADE RECEIVABLES (Unsecured, Considered Good)		
Trade Receivables outstanding for a period exceeding six months (Refer Note No.33)	101,090,003	129,639,709
Other Debts	163,394,649	158,687,539
Total	264,484,652	288,327,248
17. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Banks	1,750,814	5,750,323
Cash on hand	108,347	149,788
Earmarked balance with Banks		
Deposit with Banks held as margin money	15,482,236	11,134,770
Total	17,341,397	17,034,881



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

	As at 31st March, 2016	As at 30th June, 2015
18. SHORT-TERM LOANS AND ADVANCES (Unsecured Considered Good)		
Related Parties (Refer Note No.18.1 below)	65,000,000	65,000,000
Employees	493,000	611,377
Prepaid Expenses	13,186,230	9,349,617
Balances with Government Authorities		
CENVAT Credit Receivable	9,522,287	9,502,384
Tax Deducted At Source	21,551,968	20,862,003
Other Advances	112,142,521	88,157,967
Total	221,896,006	193,483,348
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	127,287
Total	13,951,273	13,951,273

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

	For the period ended 31 st March, 2016	For the year ended 30 th June, 2015
20. REVENUE FROM OPERATIONS		
Sale of Products	579,593,734	891,057,308
Other Operating Revenues (Refer Note No.20.1 below)	27,994,243	74,109,658
	607,587,977	965,166,966
Less: Excise Duty	34,891,926	60,324,423
Total	572,696,051	904,842,543
20.1 Other Operating Revenue		
Processing charges received	18,790,091	25,155,428
Technical Know-how	2,487,484	39,886,893
Export Incentives	906,018	1,134,609
Royalty	5,810,650	7,932,728
Total	27,994,243	74,109,658
21. OTHER INCOME		
Interest Income (Refer Note No. 21.1 below)	103,085,651	2,505,009
Provision for Diminution in value of Investment written back	—	340,725
Insurance Claim	379,023	—
Rent Received	2,902,500	3,330,000
Excise Duty Refund Claim	—	367,005
Foreign Exchange Fluctuation	—	7,354,280
Sundry credit balances/Excess Provision written back(net)	4,008,715	—
Others	2,035,115	3,176,001
Total	112,411,004	17,073,020

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

	For the period ended 31 st March, 2016	For the year ended 30 th June, 2015
21.1 Interest Income		
(i) Interest from banks on deposits	536,437	2,092,020
(ii) Other interest (Refer Note No.48)	102,549,214	412,989
Total	103,085,651	2,505,009
22. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
<u>As at the beginning of the period / year:</u>		
Finished Goods	13,121,266	15,623,438
Work-in-Progress	26,796,614	18,695,335
Total	39,917,880	34,318,773
<u>As at the end of the period / year:</u>		
Finished Goods	7,486,738	13,121,266
Work-in-Progress	15,675,100	26,796,614
Total	23,161,838	39,917,880
Net decrease/(increase)	16,756,042	(5,599,107)
23. EMPLOYEE BENEFIT		
Salaries and Wages	53,675,271	79,681,037
Contribution to Provident and Other Funds		
Provident & Other Funds	4,827,093	7,223,661
Superannuation Fund	335,666	548,657
Gratuity	1,455,101	364,500
Leave Encashment	362,517	1,143,748
Staff Welfare Expenses	5,155,293	7,396,888
Total	65,810,941	96,358,491

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

	For the period ended 31 st March, 2016	For the year ended 30 th June, 2015
24. FINANCE COSTS		
Interest Expenses on :		
(i) Borrowings From Banks		
Term Loans	42,212,194	46,329,165
Working Capital (Net of capitalisation of ₹ 6,206,184, Previous year ₹ 8,421,142)	18,650,751	28,942,893
(ii) Debentures	8,373,956	14,413,879
(iii) Fixed Deposits	8,643,833	17,545,544
(iv) Inter Corporate Deposits	1,058,909	4,470,467
(v) Bill Discounting Charges	22,161,942	45,157,489
(vi) Other Finance Costs		
Cash Discount	1,283,853	4,008,482
Bank Charges	6,696,635	8,438,514
Others	5,352,788	14,165,453
Total	114,434,861	183,471,886
25. OTHER EXPENSES		
Consumption of Stores and Spare parts	1,123,685	1,367,022
Power and Fuel	13,170,866	19,943,188
Processing Charges	2,895,090	8,045,083
Rent including Lease Rentals	932,741	1,200,800
Repairs and Maintenance - Buildings	496,056	933,744
Repairs and Maintenance - Machinery	1,408,506	2,422,567
Repairs and Maintenance - Others	2,076,764	1,155,609
Insurance	1,434,655	1,973,533
Rates and Taxes	962,220	1,256,847
Commission for L/C	12,327,628	14,107,141

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

	For the period ended 31 st March, 2016	For the year ended 30 th June, 2015
25. OTHER EXPENSES (Contd.)		
Communication Expenses	1,120,188	1,345,354
Travelling and Conveyance	7,899,348	8,715,407
Sales Commission	3,665,036	5,568,315
Advertisement and Sales Promotion	1,022,861	3,048,866
Legal and Professional Charges	9,105,925	8,275,985
Payments to Auditors (Refer Note No. 53)	2,514,299	3,330,991
CWIP Written Off	—	2,624,398
Miscellaneous Expenses	23,223,504	31,730,115
Total	85,379,372	117,044,965

Other Notes

26. Estimated amounts of commitments remaining to be executed as on 31st March, 2016 are as follows:

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
(a)	Against purchase of Capital goods.	5,638,370	5,922,866
(b)	Against purchase of Raw Material and Packing Material	7,454,201	9,829,752

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

- (i) Demands raised against the 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 Company. In the earlier year, the Company had 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 favorable outcome in the said writ petitions and hence, the amounts paid have been treated as advances which are considered by it as good and recoverable.

- (ii) (a) The Company has received an Order from the Gujarat Sales Tax Commissioner (Appeals) Baroda, dated 24th January, 2011 in respect of Company's appeal against the demand for Gujarat Sales Tax of ₹ 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

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

- 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 it as good and recoverable.
- (b) ₹ 67,770,889 (Previous Year ₹ 61,676,379) relating to disputed Sales Tax demands in respect of prior years against which the Company has made payment of ₹ 6,901,923 under protest. The Company has further contested this demand before the Sales Tax Commissioner / Tribunal. The matter is sub-judice and the payments of ₹ 6,901,923 are considered by it as good and recoverable.
- (iii) The Company has received notices from Central Excise department raising demands as stated below:
- (a) ₹ 10,875,257 against which the Company 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) The Company has received orders from Income Tax Department raising demands aggregating to ₹ 232,504,087 relating years against which the Company has paid ₹10,000,000. The matter is sub-judice and the payment of ₹ 10,000,000 is considered by the Company as good and recoverable.
- (vi) ₹ 794,807 being claims against the Company not acknowledged as debt.
- (vii) Employees (Including Ex-Employees) Claim relating to ex-gratia and other benefits aggregating to ₹ 42,456,862 as the matter is sub-judice.
- (viii) Bank Guarantees provided by a Bank on behalf of the Company ₹ 9,633,220. (Previous Year ₹ 9,633,220).
- (ix) The Company has given a "counter guarantee" to Clearwater Capital Partners India Pvt. Ltd., 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 ₹ 12,564,137 (Previous Year ₹ 30,271,581) (including interest ₹ 182,192 (Previous Year ₹ 359,190) as on 31st March, 2016. Under the restructuring of the Term Loan, the Company's liability in respect of the amount advanced to LBDR is restricted to the extent of 50% of the principal and interest quantum due thereon.
- Clearwater Capital Partners India Pvt. Ltd., have vide Deed of Assignment dated 26th September, 2014 assigned all the receivables due from Lyka BDR International Ltd., to Futuristic Solutions Limited.

(28) FIXED DEPOSITS:

The Company has received order of Company Law Board (CLB) dated 22nd January, 2016, granting extension of time for repayment of Fixed Deposits (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) matured/maturing and claimed (as on 31st March, 2016) aggregating to ₹ 38,339,031 (including Interest of ₹ 2,904,031) up to 31st December, 2015 on or before 30th June, 2016 and Fixed deposits maturing and claimed (as on 31st March, 2016) aggregating to ₹ 33,932,220 (including Interest of ₹ 2,15,220) from 1st January, 2016 to 30th September, 2016 on or before 31st March, 2017, failing which this Order shall be deemed as cancelled after 31st March, 2017. The liability, if any, arising on account of delayed payment/ non-payment of dues shall be provided for in the year in which the said liability is settled.

(29) DEBENTURES:

In respect of Overdue Debentures amounting to ₹ 83,400,000 and Interest due thereon ₹ 6,401,137 upto 31st March, 2016, the Company has filed a petition with Company Law Board, seeking extension of time for repayment upto March, 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

The liability, if any, arising on account of delayed payments/non-payment of dues shall provided for in the year in which the said liability is settled.

(30) FIXED ASSETS AND DEPRECIATION:

(i) 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 Fixed Assets prescribed by PART "C" of Schedule II to the Act. Where the remaining useful life of an Asset is nil, the carrying amount of the Asset after retaining the residual value, as at 1st April, 2014 has been adjusted to the 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.

Since then, as per the amendment dated 20th August, 2014, the useful life specified in Part "C" of Schedule II has been defined to mean that if the cost of a Part of Asset is significant to the total cost of the Assets and useful life of that part is different from the useful life of the remaining Assets, useful life of that significant part shall be determined separately and depreciated accordingly.

In the opinion of the Management, the Company's Assets are such that there are no significant parts thereof whose life would be different than the useful life of the whole Asset. Consequently, the Company has continued to provide depreciation in respect of all its Assets on the basis as was followed in the financial year 2014-15, i.e. based on useful lives of the respective Assets.

"Component Accounting" being a technical matter, the opinion of the Management is relied upon by the Auditors.

(ii) The depreciation and amortisation charged to Statement of Profit and Loss for the period

₹ 26,401,514 (Previous Year ₹ 38,326,316) includes ₹ 6,401,632 (Previous Year ₹ 8,818,670) being depreciation relating to Revaluation of Fixed Assets carried out on 31st March, 2007.

(iii) The depreciation for the period on the Revaluation of Fixed Assets carried out in September 2010 aggregating to ₹ 4,482,349 (Previous Year ₹ 6,299,038) has been charged to Revaluation Reserve.

(31) ₹ 50,250,000 (Previous Year ₹ 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 has been legally advised that the provisions of section 185 of the Companies Act, 2013 are not attracted in respect of the same.

(32) Loans and Advances include ₹ 23,101,339 (Previous Year ₹ 22,686,339), granted to a Company as interest free financial assistance is considered good for recovery by the Management.

(33) Sundry Debtors aggregating to ₹ 264,484,652 (Previous Year ₹ 288,327,248) include debtors of ₹ 101,090,003 (Previous Year ₹ 129,639,709) outstanding for more than six months which are considered good for recovery by the Management.

(34) The balances relating to Sundry Debtors, Sundry Creditors, Fixed Deposits, Group Companies and Loans & Advances as on 31st March, 2016 are subject to confirmation and adjustments, if any, on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts cannot be ascertained and shall be adjusted in the year in which the confirmation process is completed.

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

(35) INVESTMENTS IN SUBSIDIARIES:

- (35.1) At the meeting of the Board of Directors held on 10th March, 2016, the board noted that the Company intends to merge its wholly owned subsidiary i.e. Lyka Healthcare Limited and its subsidiary Lyka Export Limited with the Company w.e.f. 1st April, 2015 (“appointed date”) under the provisions of section 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 and SEBI circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015. The proposed merger of Lyka Healthcare Limited and Lyka Export Limited with the Company would be in the best interest of the Company, its shareholders, creditors and all other stakeholders.
- (35.2) The investments in unquoted equity shares of Lyka BDR International Limited, Lyka Exports Limited and Lyka Healthcare Limited, 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.

(36) CAPITAL EXPENDITURE:

- (36.1) Tangible Project Capital Work-In-Progress ₹ 173,628,211 as on 31st March, 2016, includes allocable indirect expenditure in respect of modernization/expansion of Ankleshwar unit upto 31st March, 2016 aggregating to ₹ 44,925,009 (including Interest of ₹ 23,555,813) (includes for the period ₹ 8,960,844, including Interest of ₹ 6,206,184) which is pending allocation to Fixed Assets on completion of the project.
- (36.2) The Company has incurred direct expenditure and allocable indirect expenditure up to 31st March, 2016 in respect of “new product development and applied research” aggregating to ₹131,388,064 including finance cost of ₹ 22,087,970 which is carried forward under “Capital Work in Progress – Intangibles”, to be recognized as “Self-Generated Intangible Assets” upon successful development of respective products or charged to Statement of Profit and Loss in the year in which development is abandoned.

During the period, the Company has capitalized ₹ 3,322,454 as “Self-Generated Intangible Assets” upon successful development of respective products.

- (37) Arrears of dividend on 10% Cumulative Redeemable Preference Shares aggregates to ₹ 11,399,850 (Previous Year ₹10,585,575).
- (38) Inventories include slow/non-moving raw materials and packing materials procured during the prior year’s aggregating to ₹12,663,008 (Previous Year ₹ 12,560,316) for which steps are being taken to utilize/realise the same.
- (39) During the earlier period, 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 loss of such fixed assets. The balance of ₹ 5,675,969 is considered good for recovery by the Management. The shortfall if any, shall be adjusted in the year in which the claim is finally settled.
- (40) The Company has provided ₹ 4,065,190 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

(41) During the period, the Company has lodged claim for refund of excess finance costs charged by two banks aggregating to ₹ 5,713,906.

Of the above:

- i. ₹ 3,349,209 relates to prior year(s) which is presented as Prior Period Income of which ₹825,675 is recovered during the period.
- ii. ₹ 2,364,697 relating to the period July, 2015 to December, 2015 is adjusted against Finance cost for the period.

(42) 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 Statement of Profit & Loss. 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.

(43) Employment and Retirement Benefits.

- (i) The actuarial valuation of the present value of the defined benefit obligation in respect of Gratuity has been carried out as at 31st March, 2016. The following tables set out the amounts recognized in the financial statements as at 31st March, 2016 for the defined benefit plans.

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present value of obligations As at 1 st July, 2015	23,058,985	24,404,338
	Service Cost	1,001,197	989,641
	Interest Cost	13,75,615	1,661,349
	Actuarial (Gain) on obligations	(851,822)	(37,79,878)
	Benefits Paid	(1,298,766)	(216,465)
	As at 31st March, 2016	23,285,209	23,058,985
	Less : Fair Value of Plan Assets	1,103,260	1,216,336
	As at 1 st July, 2015		
	Expected Return on Plan assets less loss on investments	69,889	103,389
	Employers' Contribution	14,75,000	—
	Benefits Paid	(1,287,510)	(216,465)
	As at 31 st March, 2016	1,360,639	1,103,260
	Net Liability	21,924,570	16,218,225

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
b)	Expense during the period/year		
	Service Cost	10,01,197	989,641
	Interest Cost	13,75,615	1,661,349
	Expected Return on Plan Assets	(69,889)	(103,389)
	Actuarial (Gain) on obligations	(851,822)	(3,779,878)
	Total	1,455,101	(12,32,277)
c)	Principal actuarial assumptions		
	Rate of discounting	7.70%	8.00%
	Rate of Return on Plan Assets	8.50%	8.50%
	Rate of increase in salaries	3.00%	3.00%

- (ii) The actuarial valuation of the present value of the defined benefit obligation in respect of Compensated Absence Liabilities has been carried out as at 31st March, 2016. The following tables set out the amounts recognized in the financial statements as at 31st March, 2016 for the defined benefit plan.

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present value of obligations As at 1 st July, 2015	7,640,511	6,509,789
	Service Cost	816,925	888,090
	Interest Cost	455,805	579,371
	Actuarial (Gain) on obligations	(793,967)	(256,039)
	Benefits Paid	(304,630)	(80,700)
	As at 31 st March, 2016	7,814,644	7,640,511
	Less : Fair Value of Plan Assets	17,83,138	796,164
	As at 1 st July, 2015		
	Expected Return on Plan assets less loss on investments	116,246	67,674
	Employers' Contribution	750,000	1,000,000
	Benefits Paid	(226,847)	(80,700)
	As at 31 st March, 2016	2,422,537	1,783,138
	Net Liability	53,92,107	5,857,373

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
b)	Expense during the period / year		
	Service Cost	816,925	888,090
	Interest Cost	455,805	579,371
	Expected Return on Plan Assets	(116,246)	(67,674)
	Actuarial (Gain) on obligations	(793,967)	(256,039)
	Total	362,517	1,143,748
c)	Principal actuarial assumptions		
	Rate of discounting	7.70%	8.00%
	Rate of Return on Plan Assets	8.75%	8.75%
	Rate of increase in salaries	3.00%	3.00%

- (44) 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 Period (₹)	Previous Year (₹)	Current Period (₹)	Previous Year (₹)	Current Period (₹)	Previous Year (₹)
Not later than 1 Year	3,809,098	3,900,577	462,120	672,731	3,346,978	3,227,847
Later than 1 Year and not later than 5 Years	1,817,710	4,094,862	164,849	388,294	1,652,861	3,706,567

- (45) **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 segmental 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.

- (46) 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:

Lyka Labs Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

(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. Kunal N. Gandhi (Chief Executive Officer) Mr. Yogesh Shah (Chief Financial Officer) Mr. PiyushHindia (Company Secretary)	Key Management Personnel (KMP)
4	Mrs. Nehal N. Gandhi (Non - Executive Director) Mrs. Alisha K. Gandhi	Relative of KMP
5	Enai Trading & Investment Pvt. Ltd.	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	Current Period (₹)	Previous Year (₹)
(i)	Purchase of goods	Lyka Exports Ltd.	10,302,871	16,209,580
(ii)	Sale of goods	Lyka BDR International Ltd.	154,872,250	245,054,195
		Lyka Healthcare Ltd.	29,801,639	29,488,520
		Lyka Exports Ltd.	4,666,014	10,802,321
(iii)	Reimbursement of Expenses	Lyka BDR International Ltd.	636,309	763,247
		Lyka Exports Ltd.	10,266	1,137,609
(iv)	Rent Income	Lyka BDR International Ltd.	20,92,500	2,790,000
		Lyka Healthcare Ltd.	4,05,000	540,000
(v)	Analytical charges received	Lyka BDR International Ltd.	940,350	1,186,900
(vi)	Remuneration (Payments/Provision) to	Mr. N.I. Gandhi	5,088,285	8,663,832
		Mr. Kunal N. Gandhi	18,71,919	1,770,671
		Mrs. Alisha K. Gandhi	439,200	529,200
		Mr. Yogesh Shah	507,693	647,013
		Mr. Piyush Hindia	847,325	1,125,755
(vii)	Directors Sitting Fees	Mrs. Nehal N. Gandhi	50,000	35,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

Sr. No.	Description	Related party	Current Period (₹)	Previous Year (₹)
(viii)	Rent Paid	Lyka BDR International Ltd. Lyka Exports Ltd.	— 52,500	183,086 210,000
(ix)	Interest Income	Lyka Exports Ltd.	102,552,146	—
(x)	Interest Paid	Enai Trading & Investment Pvt. Ltd Mrs. Nehal N. Gandhi Mr. N. I. Gandhi	— 63,077 10,770	33,742 8,514 18,107
(xi)	Loan Received	Mrs. Nehal N. Gandhi Mr. N. I. Gandhi Enai Trading & Investment Pvt. Ltd	4,671,882 4,694,190 400,000	2,181,543 4,026,297 2,110,000
(xii)	Loan Repaid	Mrs. Nehal N. Gandhi Mr. N. I. Gandhi Enai Trading & Investment Pvt. Ltd	3,516,999 2,899,428 611,196	2,232,237 3,636,125 2,141,490
(xiii)	Conversion of Warrants into Equity Shares	Mr. N.I. Gandhi	12,880,000	—
(xiv)	Balance as on 31.03.2016			
	Advance from customers	Lyka BDR International Ltd. Lyka Exports Limited	60,202,644 30,450,793	34,762,059 —
	Loans & Advances given	Lyka Healthcare Limited	65,000,000	—
	Sundry Debtors	Lyka Exports Ltd. Lyka Healthcare Ltd	— 60,678,913	106,302,127
	Others Payable	Lyka Securities & Investments Pvt. Ltd.	—	301,189
	Security Deposit-given	Mr. N.I. Gandhi	50,250,000	50,250,000
	Unsecured Loan- from	Enai Trading & Investment Pvt. Ltd. Mrs. Nehal N. Gandhi N.I. Gandhi	7,314 1,154,883 2,115,934	218,510 — 410,172
	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

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(47) Earnings per Share: (as per Accounting Standard 20 – Earnings per Share)

Particulars	Current Period (₹)	Previous Year (₹)
Adjusted Profit/(Loss) for the period/year (₹) (A)	47,388,756	12,581,261
Weighted Average number of Equity Shares (B)	21,831,825	21,580,000
Face value of Equity Share (₹) (C)	10	10
Basic and Diluted Earnings Per Share (₹) (D=A/B)	2.17	0.58

(48) During the period, Company's claim for interest on unpaid dues payable by Lyka Export Limited has been settled with them. Accordingly, the Company has recognised Interest Income of ₹ 102,552,146 for the period from 1st April, 2012 to 30th September, 2015.

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

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
(i)	Irrecoverable Debts Written off	2,449,267	62,037,948
(ii)	Irrecoverable Advances Written off	—	1,352,204
(iii)	Loss/(Profit) on sale of Fixed Assets (Net)	324,263	(85,056,635)
(iv)	Liability no longer payable written back	—	(7,616,805)
(v)	Excess Provision no longer required written back	(8,796,385)	(7,064,144)
	TOTAL (Net)	(6,022,855)	(36,347,432)

(50) Details of Prior Period Adjustments (Net) are as under:

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
(i)	Sales Commission	1,928,951	—
(ii)	Salary and Wages	1,113,600	—
(iii)	Penalty for delayed payment of statutory dues	1,145,050	—
(iv)	Sales Promotion Expenses	3,954,706	—
(v)	Legal & Professional Fees	2,113,878	1,260,000
(vi)	Finance Cost	5,440,004	—
(vii)	Reversal of Interest on Term Loan (Refer Note No.41)	(3,349,209)	—
(viii)	Reimbursement of Sales Commission	(3,577,468)	—
	TOTAL (Net)	8,769,512	1,260,000

(51) Taxation:

Current Tax:

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Deferred Tax:

The Company has not recognized Deferred Tax Assets in view of virtual uncertainty of sufficient future taxable income to set off carried forward losses and unabsorbed depreciation.

- (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 Period (₹)	Previous Year (₹)
(i)	Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	12,389,419	NIL
(ii)	Interest accrued on the due to suppliers under MSMED Act, 2006 on the above amount	NIL	N.A.
(iii)	Payment made to suppliers (Other than interest) beyond the appointed date, during the year	NIL	N.A.
(iv)	Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	NIL	N.A.
(v)	Interest paid to suppliers under MSMED Act, 2006 (Section 16)	NIL	N.A.
(vi)	Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	NIL	N.A.
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	NIL	N.A.

Note: During the period upon obtaining the relevant information from the suppliers who are registered under the MSMED Act, 2006, it has disclosed the principal amounts payable as on 31st March, 2016. The Company has not provided for interest on these dues payable to the said suppliers as there are no claims for interest by them.

- (53) Payments to Auditors:

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
(i)	Audit Fees (including ₹ 335,800 to Branch Auditors - Previous Year ₹ 540,000)	1,851,800	2,171,561
(ii)	As Advisor for Company Law Matters (including ₹ Nil to Branch Auditors- Previous Year ₹Nil)	—	557,866
(iii)	Tax Audit Fees (including ₹ 50,000 to Branch Auditors - Previous Year ₹ 100, 000)	571,392	579,444
(iv)	As Expenses (including ₹ 25,813 to Branch Auditors- Previous Year ₹ 2,120)	91,107	22,120
	Total	2,514,299	3,330,991

Lyka Labs Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(54) Additional Information to Notes to Accounts:

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
1	Turnover		
	a) Bulk Drugs	34,884,912	23,898,567
	b) Formulations	484,606,444	854,034,831
	c) Pharmaceutical Chemicals	60,102,378	13,123,910
	Total (i+ii+iii)	579,593,734	891,057,308
2	Consumption of Materials		
	i. Bulk Drugs	8,890,424	4,207,747
	ii. Formulations	225,659,043	461,603,517
	Total (i+ii)	234,549,467	465,811,264
3	Purchases of Finished Goods		
	i. Formulations	48,603,704	39,917,056
	ii. Pharmaceutical Chemicals	42,221,465	8,005,163
	Total (i+ii)	90,825,169	47,922,219
4	Finished Goods Stock		
	i. Bulk Drugs	3,351,054	5,614,341
	ii. Formulations	4,135,684	7,506,925
	Total (i+ii)	7,486,738	13,121,266

(55) Value of Imports calculated on C.I.F basis in respect of:

Particulars	Current Period (₹)	Previous Year (₹)
Raw Materials & Packing Materials	30,735,577	136,928,886
Capital Goods	—	23,820,567
Spares	—	61,330
Total	30,735,577	160,810,783

(56) Expenditure in Foreign Currency in respect of:

Particulars	Current Period (₹)	Previous Year (₹)
Travelling	1,017,920	924,388
Total	1,017,920	924,388

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(57) Earnings in Foreign Exchange

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
(i)	Export of goods on FOB basis	1,03,69,247	54,737,266
(ii)	Transfer of Technology/know-how	2,487,484	2,386,893
	Total	1,28,56,731	57,124,159

(58) Breakup of Imported and Indigenous Materials and Stores & Spares Consumed

Sr. No.	Particulars	Current Period		Previous Year	
		Value (₹)	% of Total Consumption	Value (₹)	Total Consumption
1	Materials				
	a) Imported	30,602,700	13.05	122,434,006	26.28
	b) Indigenous	203,946,767	86.95	343,377,258	73.72
	Total	234,549,467	100.00	465,811,264	100.00
2	Stores & Spares				
	a) Imported	—	0.00	62,204	4.55
	b) Indigenous	1,133,685	100.00	1,304,818	95.45
	Total	1,133,685	100.00	1,367,022	100.00

(59) The figures for the Current Period ended 31st March, 2016 being for 9 months are not comparable with those of the Previous Year.

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

In terms of our report of even date

For M.A.PARIKH & CO.

Chartered Accountants

Firm Registration No. 107556W

MUKUL PATEL

Partner

Membership No. 32489

Place : Mumbai

Date : 27th May, 2016

Signatures to Notes 1 to 60 to the Accounts

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

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

To the Members of LYKA LABS LIMITED

We have audited the accompanying consolidated financial statements of **LYKA LABS LIMITED** ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising of the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the period ended (in which are incorporated the accounts of 3 subsidiaries and the Holding Company's branch at Ankleshwar audited by other auditors after making such changes as were considered necessary for the purpose of incorporation), and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these consolidated financial statements 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 Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 the 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 of consolidated financial statement 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 judgement, 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. 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 by the other auditor in terms of their reports referred to in the 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.36.2 relating to Intangible Assets Under Development.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the aforesaid 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 31st March, 2016;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the period ended on that date;
and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

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 No. 28 and 29).
 - (b) Overdue receivables (Refer Note No. 33).
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) Merger of its Subsidiaries Companies i.e. Lyka Healthcare Limited and Lyka Exports Limited with the Company.
 - (b) Infusion of funds by promoters.
 - (c) Expanding business volumes.
3. Note No. 33 regarding Sundry Debtors outstanding for more than six months aggregating to Rs. 101,090,003 considered good for recovery by the Holding Company.
4. Note No. 34 regarding pending balance confirmation from Sundry Debtors, Sundry Creditors, Fixed Deposits and Loans & Advances.
5. Note No. 38 regarding slow/non-moving material aggregating to ₹ 12,663,008.

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

Lyka Labs Limited

Other Matter

We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets (net) of ₹ 451,037,079 as at 31st March, 2016 total revenues of ₹ 909,540,236 and net cash outflow amounting to ₹ 8,796,224 for the period 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 on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on work done and report of other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books the reports of other auditors;
 - (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;
 - (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;
 - (f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 and taken on record by the Board of Directors of the Holding Company and report of the statutory auditors of its Subsidiary Companies, none of the directors of the these entities is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in **Annexure “A”**; which is based on the auditor’s report of the Holding Company and Subsidiary Companies.
 - (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note No. 27 (i) to (vii) to the consolidated financial statements.

- (ii) The Group does not have any long-term contracts including derivative contracts for which there could be any material foreseeable losses and hence, the question of making provision for such losses does not arise.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and Subsidiary Companies.

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

Place : Mumbai
Date : 27th May, 2016

MUKUL PATEL
Partner
Membership No. 32489

Lyka Labs Limited

ANNEXURE - A TO THE AUDITORS' REPORT

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the period ended 31st March 2016, we have audited the internal financial controls over financial reporting of **LYKA LABS LIMITED** ("the Holding Company") and its Subsidiary Companies, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanation given to us and based on consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company and its Subsidiary Companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to financial statements of 3 subsidiaries is based on the corresponding reports of the auditors of such companies.

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

Place : Mumbai
Date : 27th May, 2016

MUKUL PATEL
Partner
Membership No. 32489

Lyka Labs Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

[Amount in ₹]

	Note No.	As at 31 st March, 2016	As at 30 th June, 2015
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	231,257,000	226,657,000
(b) Reserves and Surplus	4	221,148,567	200,731,869
		<u>452,405,567</u>	<u>427,388,869</u>
2 Money Received Against Share Warrants		—	3,220,000
3 Minority interest		39,130,772	35,100,792
4 Non-Current Liabilities			
(a) Long-Term Borrowings	5	253,145,399	289,216,750
(b) Other Long-Term Liabilities	6	13,995,000	19,945,000
(c) Deferred Tax Liability		—	17,378,673
(d) Long-Term Provisions	7	29,169,885	42,983,786
		<u>296,310,284</u>	<u>369,524,209</u>
5 Current Liabilities			
(a) Short-Term Borrowings	8	599,480,713	598,512,831
(b) Trade Payables	9		
(i) Total outstanding dues of micro enterprises and small enterprises		12,389,419	—
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		429,705,619	546,356,522
(c) Other Current Liabilities	10	544,194,256	794,062,814
(d) Short-Term Provisions	11	42,579,040	13,468,257
		<u>1,628,349,047</u>	<u>1,952,400,424</u>
TOTAL		<u><u>2,416,195,670</u></u>	<u><u>2,787,634,294</u></u>
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		566,590,926	583,178,015
(ii) Capital Work-in-Progress		173,628,211	160,641,216
(iii) Intangible Assets		475,682,448	633,207,661
(iv) Intangible Assets under Development		128,065,620	109,643,184
		<u>1,343,967,205</u>	<u>1,486,670,076</u>
(b) Non-Current Investments	13	3,864,763	3,159,637
(c) Deferred Tax Asset		11,123,950	—
(d) Long-Term Loans and Advances	14	239,156,920	280,931,675
		<u>1,598,112,838</u>	<u>1,770,761,388</u>
2 Current Assets			
(a) Inventories	15	108,115,742	192,456,956
(b) Trade Receivables	16	432,948,993	567,014,123
(c) Cash and Bank Balances	17	55,552,187	65,129,978
(d) Short-Term Loans and Advances	18	196,955,713	166,045,503
(e) Other Current Assets	19	24,510,197	26,226,346
		<u>818,082,832</u>	<u>1,016,872,906</u>
TOTAL		<u><u>2,416,195,670</u></u>	<u><u>2,787,634,294</u></u>
See accompanying notes to the financial statements 2 to 55			

In terms of our report of even date

For M. A. PARIKH & CO.

Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL

Partner
Membership No. 32489

Place : Mumbai
Date : 27th May, 2016

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

N. I. Gandhi
DIN: 00021530

Chairman & Managing Director

V. S. Shanbhag
DIN: 00555709

Director

Y. B. Shah

Chief Financial Officer

P. G. Hindia

Company Secretary



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2016

	Note No.	For the Period ended 31 st March, 2016	[Amount in ₹] For the Year ended 30 th June, 2015
REVENUE			
Revenue from Operations	20	1,338,981,369	1,722,983,815
Less: Excise Duty		34,891,926	60,324,423
Revenue from Operations (net)		1,304,089,443	1,662,659,392
Other Income	21	17,263,376	23,526,529
Total Revenue		1,321,352,819	1,686,185,921
EXPENSES			
Cost of Materials Consumed		234,549,467	465,811,264
Purchases of Stock-in-Trade		444,482,191	441,701,254
Changes in Inventories	22	25,250,828	(147,939)
Employee Benefits	23	147,118,732	172,635,025
Finance Costs	24	151,884,360	241,592,182
Depreciation and Amortisation	12	93,245,865	108,734,219
Other Expenses	25	247,693,324	309,002,639
Total Expenses		1,344,224,767	1,739,328,644
(Loss) before Exceptional Items and Taxes		(22,871,948)	(53,142,723)
Share of Minority Interest in Profit		4,029,980	2,276,559
Exceptional items (Net)	48	(74,254,455)	(17,826,902)
Prior Period Adjustments (Net)	49	12,346,980	1,260,000
Profit/(Loss) before Taxes		35,005,547	(38,852,380)
Tax Expense:			
Current Tax for the period / year		26,382,232	404,183
Short Provision for earlier years		257,167	5,315,837
Deferred Tax for the period / year		(28,502,623)	4,920,223
		(1,863,224)	10,640,243
Profit/(Loss) for the period / year		36,868,771	(49,492,623)
Earnings per share			
Basic and Diluted	50	1.65	(2.34)
See accompanying notes to the financial statements	2 to 55		

In terms of our report of even date

For M. A. PARIKH & CO.

Chartered Accountants
Firm Registration No. 107556W

MUKUL PATEL

Partner
Membership No. 32489

Place : Mumbai
Date : 27th May, 2016

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 PERIOD ENDED 31ST MARCH 2016

	Current Period ended 31 st March, 2016	Previous Year ended 30 th June, 2015
		[Amount in ₹]
Profit / (Loss) for the period / year after tax	36,868,771	(49,492,623)
Adjusted for		
Depreciation	93,245,865	108,734,219
Dividend Income	—	(72,469)
Interest Income	(8,617,803)	(8,527,760)
Gain on Sale of Animal Healthcare Division	(134,911,083)	—
Profit on Sale of Fixed Assets	(111,732)	(85,056,635)
Finance Cost	151,884,360	241,592,182
Foreign Exchange Fluctuation	(45,488)	(7,354,280)
Provision for Diminution in Value of Investments Written Back	(705,124)	(148,364)
Excess Provision no Longer Required Written Back	—	(7,064,144)
Liability no Longer Payable Written Back	(8,996,385)	(7,616,805)
Deferred Registration Expenses Written Off	—	6,495,376
Irrecoverable Debts Written Off	69,709,791	74,063,102
Irrecoverable Advances Written Off	54,954	1,352,204
	161,507,355	316,396,626
Operating profit before working capital change	198,376,126	266,904,003
Changes in		
Trade and Other Receivables	73,779,534	136,831,955
Inventories	84,341,215	(34,157,253)
Trade Payable	(233,827,254)	(110,577,243)
A. Cash generated from operations	122,669,621	259,001,462
Foreign Exchange Fluctuation	45,488	7,354,280
Tax (Payment)	(3,262,583)	(955,758)
Net cashflow from operating activities (A)	119,452,526	265,399,984
B. Cashflow for Investing activities		
Purchase of Fixed Assets	(50,076,548)	(68,170,273)
Sale Proceeds of Fixed assets	214,325,212	349,618,165
Interest Received	8,617,803	8,344,864
Dividend Received	—	72,469
Net cash used in Investing activities (B)	172,866,467	289,865,225



CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2016

[Amount in ₹]

	Current Period ended 31 st March, 2016	Previous Year ended 30 th June, 2015
C. Cashflow from Financing activities		
Money Received Against the Share Warrants	9,660,000	3,220,000
Borrowings Repaid	(111,781,140)	(301,232,480)
Debenture Repaid	(13,650,000)	(13,650,000)
Fixed Deposit Repaid	(38,128,848)	(39,434,000)
Repayment of Unclaimed Preference Shares	—	(50,000)
Interest Paid	(147,996,796)	(246,088,299)
Net cash used in Financing activities (C)	(301,896,784)	(597,234,779)
Net (decrease) in cash and cash equivalents (A+B+C)	(9,577,791)	(41,969,570)
Cash and Cash equivalents at the commencement of the period / year	10,779,874	29,873,928
Earmarked balance at the commencement of the period / year	54,350,104	77,225,620
Cash and Bank balances at the end of the period/year	55,552,187	65,129,978
Cash and Cash equivalents at the end of the period / year	5,255,348	10,779,874
Earmarked balance at the end of the period / year	50,296,839	54,350,104
Cash and Bank balances at the end of the period/year	55,552,187	65,129,978

In terms of our report of even date

For M. A. PARIKH & CO.

Chartered Accountants

Firm Registration No. 107556W

MUKUL PATEL

Partner

Membership No. 32489

Place : Mumbai

Date : 27th May, 2016

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 THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

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 and its subsidiaries are 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 the Institute of Chartered Accountants of India, as prescribed under the Section 133 of the 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”) for the reporting period 1st July, 2015 to 31st March, 2016 and its subsidiaries (as stated below) (“the group”) have been consolidated in accordance with Historical Cost Convention on going concern basis in accordance with Generally Accepted Accounting Principles in India and Accounting Standard 21 (AS 21) “Consolidated Financial Statements”, except the financial results of Lyka Animal Healthcare Limited, subsidiary company of Lyka Exports Limited, which is considered by Lyka Exports Limited as an “Immaterial Subsidiary” and hence not considered for consolidation:

Name of the Subsidiary	Reporting Period	Percentage of Holding
Lyka BDR International Limited	1 st April 2015 to 31 st March, 2016	65.22%
Lyka Exports Limited	1 st April 2015 to 31 st March, 2016	72.80%
Lyka Health Care Limited	1 st April 2015 to 31 st March, 2016	100.00%

- (i) The consolidation of the financial statements of the Holding Company and its subsidiaries is done to the extent possible on a line-by-line basis by adding together like items of assets, liabilities, incomes and expenses. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements. All inter-group transactions, unrealised inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

- (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.
- (iii) The excess of cost to the Company of its investments in the subsidiaries over the Company's share of equity and reserves of the Subsidiaries is recognised in the financial statements as Goodwill, which is tested for impairment on every balance sheet date. The excess of Company's share of equity and reserves of the subsidiaries over the cost of acquisition is treated as Capital Reserve.

d. Fixed Assets

1) Tangible Fixed Assets

A. In respect of Holding Company:

- (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.

B. In respect of Subsidiaries Companies:

Fixed Assets are recorded at cost of acquisition. Cost comprises of all direct costs/ expenses incurred in order to bring such assets to their present condition and location.

2) Intangible Fixed Assets

Intangible Fixed Assets include cost of acquired software and designs cost. 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.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

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.
- (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 commercialization 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 in respect of fixed assets, except Depreciation on "Registration Rights", 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 additions 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's evaluation considering estimated life of 15 years under Straight line method

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

- (a) Depreciation in respect of fixed assets, except Depreciation on "Trade Marks and Marketing Know-How", is being provided on "Straight-line 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.)

- (a) Depreciation in respect of fixed assets, except Depreciation on "Brands", is being provided on "Straight-line method" basis at the rates specified as per Part C of Schedule II of the Companies Act, 2013.
- (b) "Brands" amortized over 10 years which is the Management's estimate of the lifespan of the brands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

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 Materials, Packing Materials, Work-in-Process and Finished Goods are valued at lower of cost or net realisable value. Cost is determined by using FIFO method. Cost comprises of all costs of purchases (net of CENVAT 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 period. 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.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

k. Revenue Recognition

- (i) Revenue is recognized when realisation is reasonably certain in respect of:
 - a. Sale of goods on transfer of significant risk and reward. Sales are inclusive of excise duty.
 - b. Processing charges are recognized on dispatch basis.
 - c. Insurance / other claims, interest, commission, royalty and export incentive.
- (ii) Fees for transfer of technology are recognized when the related services are performed as per the agreement.
- (iii) Market focus license income is recognised at net realizable value.

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.
- (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 THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

3. SHARE CAPITAL

	As at 31 st March, 2016		As at 30 th June, 2015	
	Number of Shares	Amount in (₹)	Number of Shares	Amount in (₹)
Authorised				
Equity Shares of ₹ 10/- each	30,000,000	300,000,000	24,000,000	240,000,000
Redeemable Preference Shares of ₹ 100/- each	200,000	20,000,000	200,000	20,000,000
	<u>30,200,000</u>	<u>320,000,000</u>	<u>24,200,000</u>	<u>260,000,000</u>
Issued, Subscribed and Fully Paid				
Equity Shares of ₹ 10/- each	22,040,000	220,400,000	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>22,148,570</u>	<u>231,257,000</u>	<u>21,688,570</u>	<u>226,657,000</u>

3.1 Reconciliation of number of shares outstanding as at the beginning and end of the period / year

	As at 31 st March, 2016		As at 30 th June, 2015	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
Balance as at the beginning of the period / year	21,580,000	108,570	21,580,000	108,570
Issued during the period / year	460,000	—	—	—
Balance as at the end of the period / year	<u>22,040,000</u>	<u>108,570</u>	<u>21,580,000</u>	<u>108,570</u>

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 THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

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

Name of the shareholders	As at 31 st March, 2016		As at 30 th June, 2015	
	No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
Equity Shares				
Narendra I Gandhi (HUF)	1,500,776	6.81%	1,270,776	5.89%
Kunal Narendra Gandhi	1,151,642	5.23%	1,151,642	5.34%
Nehal Narendra Gandhi	1,369,803	6.22%	1,369,803	6.35%
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.

3.6 The Company had allotted 4,60,000 convertible warrants at ₹ 28/- per warrant to Promoters / Promoters Group on preferential basis pursuant to the Special Resolution passed by the members of the Company at their Extra Ordinary General Meeting held on January 23, 2015. These warrants were converted (in the ratio of 1 share for 1 warrant) into equity shares of ₹ 10/- each at a premium of ₹ 18/- per share during the current period.

4. RESERVES & SURPLUS

[Amount in ₹]

	As at 31 st March, 2016	As at 30 th June, 2015
(A) Capital Reserve		
Balance at the beginning and end of the period / year	4,913,404	4,913,404
(B) Securities Premium Account		
Balance as at the beginning of the period / year	649,944,238	649,944,238
Add : On issue of Equity Shares during the period	8,280,000	—
Balance as at the end of the period / year	658,224,238	649,944,238
(C) Revaluation Reserve		
Balance as at the beginning of the period / year	92,950,716	116,052,413
Less : Adjustment on account of sale of assets	(4,500,917)	—
Less: (Refer Note No. 30 (iii))	(20,231,157)	(23,101,697)
Balance as at the end of the period / year	68,218,642	92,950,716

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

4. RESERVES & SURPLUS (Contd.)

	As at 31st March, 2016	As at 30 th June, 2015
(D) General Reserve		
Balance as at the beginning of the period / year	97,624,959	124,774,360
Less : Adjustment on account of Depreciation	—	(27,359,986)
Add : Minority Interest	—	210,585
Balance as at the end of the period / year	97,624,959	97,624,959
(E) (Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the period / year	(644,701,447)	(595,208,825)
Add: Profit / (Loss) for the period / year	36,868,771	(49,492,623)
Balance as at the end of the period / year	(607,832,676)	(644,701,448)
Total	221,148,567	200,731,869

5. LONG TERM BORROWINGS

[Amount in ₹]

	As at 31st March, 2016	As at 30 th June, 2015
Secured Loans		
Term Loan from Banks (Refer Note No. 5.1 below)	251,045,983	283,641,028
Long-Term Maturities of Finance Lease Obligations (Refer Note No.5.2 below)	2,099,416	5,575,722
Total	253,145,399	289,216,750

5.1 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 and Finance Lease Obligation - Refer Note No. 10)

- Term Loan (Expansion) from Dena Bank repayable in 12 quarterly installments of ₹ 18.09 Lacs each. Interest rate is base rate + 1% # #
- Term Loan (R&D) from Dena Bank repayable in 12 quarterly installments of ₹ 6.77 Lacs each. Interest rate is Base Rate + 1% # #
- Term Loan from Dena Bank repayable in 7 quarterly installments of ₹ 16.40 Lacs each. Interest rate is Base Rate + 1.55 % ##
- Term Loan (working capital) from Dena Bank repayable in 8 quarterly installments of ₹ 40 Lacs each. Interest rate is Base Rate + 1% # #
- Term Loan (Lypholisation II) from Dena Bank repayable in 12 quarterly installments of ₹ 7.81 Lacs each. Interest rate is Base Rate + 1% # #

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

- (f) Term Loan (New Expansion) from Dena Bank repayable in 15 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 14 quarterly installments of ₹ 15.55 lacs each. Interest rate is Base Rate + 1% # #
- (h) Term Loan (working capital) from Dena Bank repayable in 8 quarterly installments of ₹ 60 Lacs each. 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 registered mortgage of Company's immovable properties at Ankleshwar and Valsad

- (i) Term Loan from Bank of Maharashtra repayable in 6 quarterly installments of ₹ 50 Lacs each. Interest rate is Base Rate + 1.2%. *
- (j) Term Loan from Bank of Maharashtra repayable in 16 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 74 equal monthly installments of ₹ 12.16 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 Clearwater Capital Partners India Pvt. Ltd. is secured by way of first charge on Registration Rights and second charge on Current Assets. Interest rate is 12%.

5.2 13 lease obligations repayable in equated monthly installments up to July 2018 Secured by respective vehicles. Rate of interest ranges from 8.38% to 18.01%.

6 OTHER LONG TERM LIABILITIES

[Amount in ₹]

	As at 31 st March, 2016	As at 30 th June, 2015
Security Deposits	13,995,000	19,945,000
Total	13,995,000	19,945,000

[Amount in ₹]

7. LONG TERM PROVISIONS

	As at 31 st March, 2016	As at 30 th June, 2015
<u>Employee Benefits :</u>		
Provision for Leave Encashment	10,941,633	15,978,346
Provision for Gratuity	17,728,252	24,237,740
Provision for Superannuation	500,000	2,767,700
Total	29,169,885	42,983,786

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

8. SHORT TERM BORROWINGS

	As at 31st March, 2016	As at 30 th June, 2015
Secured Loans		
From Bank		
Loans repayable on demand from Banks (Refer Note No. (8.1) below)	391,522,468	469,251,018
Term Loan (Refer Note No. (8.1) below)	145,000,000	—
	536,522,468	469,251,018
Unsecured Loans		
Loans and Advances from related parties (Refer Note No. (8.2) below)	4,778,131	2,744,834
Inter Corporate Deposits (Refer Note No. (8.3) below)	10,161,867	38,085,583
Short Term Loans (Refer Note No. (8.4) below)	48,018,247	88,431,396
	62,958,245	129,261,813
Total	599,480,713	598,512,831

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% # #
- (c) Dena Bank and UCO bank Bill Discounting is Secured by way of fixed deposits, Interest is @ 11% and Base Rate + 1.75% respectively.
- (d) Term Loan from Dena Bank repayable by way of bullet payment of ₹10 crores at the end of 12 months from the date of disbursement. Interest rate is Base Rate + 1.05% # #
- (e) Term Loan from Bank of Maharashtra repayable by way of bullet payment of ₹4.5 crores at the end of 12 months from the date of first disbursement. Interest Rate is Base Rate + 600 bps # #.

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 registered mortgage of Company's immovable properties at Ankleshwar, Valsad and secured by equitable mortgage of Company's immovable property at Mumbai.

- 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%

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

9. TRADE PAYABLES

	As at 31 st March, 2016	As at 30 th June, 2015
Trade Payables (Refer Note No.54)		
(i) Total outstanding dues of micro enterprises and small enterprises	12,389,419	—
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	429,705,619	546,356,522
Total	442,095,038	546,356,522

10. OTHER CURRENT LIABILITIES

[Amount in ₹]

	As at 31 st March, 2016	As at 30 th June, 2015
(A) Current Maturities of Long-Term Debt		
(i) Debentures - Privately Placed Non Convertible [including Unclaimed / Unpaid debenture ₹ 8,34,00,000/-, Previous year ₹ 6,16,50,000/- (Refer Note No. 10.1, 10.2 & 29)]	86,300,000	99,950,000
(ii) Term Loan from Banks [Refer note 5.1]	172,330,108	217,536,989
(iii) Term Loans from Others	12,381,945	35,912,393
(iv) Finance Lease Obligations	4,769,576	5,454,765
(v) Fixed Deposits (Refer Note No. 28)	69,152,000	108,586,000
(B) Interest Accrued and due on above	32,744,503	29,176,135
(C) Interest Accrued but not due on above	2,346,430	2,027,233
(D) Other Payables		
(i) Statutory Dues	16,544,076	31,812,014
(ii) Preference Share Dues	175,000	175,000
(iii) Book Overdraft	28,130,875	35,125,207
(iv) Employee Dues	18,359,285	47,175,799
(v) Advance from Customers	31,973,062	51,359,012
(vi) Other Payable/Slump Sale Consideration	9,813,646	—
(vii) Retention Payable	478,939	478,939
(viii) Other Outstanding Liabilities	53,680,364	124,278,881
(ix) Sales Tax Deferment Scheme	5,014,447	5,014,447
Total	544,194,256	794,062,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

10.1 Details of Debentures issued by the Company

Terms and Conditions		As at 31st March, 2016	As at 30 th June, 2015
69 debentures are redeemable at the end of 36 months	13.75% Debentures of ₹ 1 Lac Each	—	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	2,900,000
Total		2,900,000	38,300,000

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

10.2 Details of continuous defaults in repayment of Secured Debentures and interest thereon as on 31st March, 2016 as follows:

Period of Default	Principal Amount		Interest
	Unpaid	Unclaimed	
F.Y. 2013-14	1,400,000	1,500,000	142,841
F.Y. 2014-15	12,300,000	22,600,000	1,397,937
F.Y. 2015-16	32,700,000	12,900,000	4,860,359
Total	46,400,000	37,000,000	6,401,137

10.3 Details of continuous defaults in repayment of Loan from futuristic Solutions Limited as on 31st March, 2016 as follows:

	Amount
October' 2015 to March' 2016	12,381,945

11 SHORT-TERM PROVISIONS

[Amount in ₹]

	As at 31 st March, 2016	As at 30 th June, 2015
(i) Employee Benefits :		
Provision for Bonus	2,246,730	2,871,755
Provision for Gratuity	6,613,183	2,469,301
Provision for Leave Encashment	389,057	1,353,282
Provision for Superannuation	170,033	253,281
(ii) Provision for Tax	33,160,037	6,520,638
Total	42,579,040	13,468,257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

Description of the Assets	Gross Block				Depreciation				Net block		
	As at 01/07/15	Additions during the period	Deletions during the period	As at 01/07/15	Additions during the period	Deletions during the period	Transfer to General Reserve	On Revalued Assets*	Total as at 31/03/16	As at 31/03/16	As at 30/06/15
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets:											
Land (Lease hold)	114,071,486	—	—	9,358,972	17,383	—	—	1,108,086	10,484,441	103,587,045	104,712,514
Buildings	318,084,566	873,267	—	66,978,936	2,209,547	—	—	3,189,171	72,377,654	246,580,179	251,105,630
Plant and Machinery	416,280,326	8,753,128	—	228,671,185	9,194,913	—	—	6,586,725	244,452,823	180,580,631	187,609,141
Computer and Printers	18,981,754	1,271,654	804,710	18,848,698	1,183,694	615,681	—	—	16,494,398	2,354,300	2,455,369
Vehicles	33,023,337	987,700	5,346,195	15,001,127	2,949,211	3,815,437	—	—	14,134,901	14,529,941	18,022,210
Furniture and Fixtures	52,128,239	3,065,922	276,378	33,848,406	2,653,332	38,767	—	—	36,462,971	18,454,812	18,279,833
Office Equipments	6,163,535	57,671	781,071	5,173,217	282,534	496,634	—	—	4,939,117	504,018	993,318
Total Tangible Assets	958,136,243	15,009,342	7,208,354	374,956,228	18,470,614	4,966,519	—	10,883,982	399,346,305	566,590,926	583,178,015
Intangible Assets:											
Internally Generated											
Intangible Assets	503,673,758	3,322,454	119,943,503	92,132,133	37,990,996	50,396,053	—	2,101,950	81,829,026	305,223,683	411,541,625
Computer Software	13,988,422	335,321	—	2,230,985	1,023,068	—	—	—	3,254,053	11,069,690	11,757,437
Registration Rights	659,307,827	—	22,500,000	449,399,228	29,359,555	14,986,888	—	13,646,857	477,418,752	159,389,075	209,908,599
Total Intangible Assets	1,176,970,007	3,657,775	142,443,503	543,762,346	68,373,619	65,382,941	—	15,748,807	562,501,831	475,682,448	633,207,661
Total Assets	2,135,106,250	18,667,117	149,651,857	2,004,121,510	86,844,233	70,349,460	—	26,632,789	1,042,273,374	1,042,273,374	1,216,385,676
Total Previous Year	2,481,750,676	15,673,564	362,312,030	2,135,106,250	857,281,133	99,915,549	97,756,465	31,920,371	918,720,574	1,216,385,676	
Capital Work In Progress											
Tangible Assets										173,628,211	160,641,216
Intangible Assets (Refer Note No. 36.2)										128,065,620	109,643,184
Total (H-II)										301,693,831	270,284,400
Grand Total										1,343,967,205	1,486,670,076
Notes:											
1	* Includes Depreciation of ₹ 6,401,632 (Previous Year ₹ 8,818,670) on Assets Revalued on 31/03/2007 charged to Statement of Profit and Loss.										
2	Building includes ₹ 28,91,755 (Previous Year ₹ 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										
Description of Assets	Gross Block Current Period (₹)	Gross Block Previous Year (₹)	Net Block Current Period (₹)	Net Block Previous Year (₹)							
Vehicles	20,468,284	21,262,285	13,333,764	14,723,301							

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

13. NON CURRENT INVESTMENTS	As at 31 st March, 2016			As at 30 th June, 2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments						
A. Trade						
(a) in Subsidiary Company :						
49,994/- (Previous Year 49,994/-) Equity Shares of ₹ 10 each fully paid up in Lyka Animal Helathcare Ltd.	—	499,940	499,940	—	499,940	499,940
(b) Other						
(i) 16,500/- (Previous Year 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
(ii) 130,827/- (Previous Year 130,827/-) Equity Shares of ₹ 10 each fully paid up in Relic Technologies Ltd.	1,696,540	—	1,696,540	1,696,540	—	1,696,540
(iii) 10,000/- (Previous Year 10,000) Equity Shares of ₹ 10 each fully paid up in Paramount Printpackaging Ltd.	12,800	—	12,800	280,000	—	280,000
(iv) 334 (Previous Year 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) 100,000/- (Previous Year 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) 1,000/- (Previous Year 1,000) Equity Shares of ₹ 10 each fully paid up in Janta Sahakari Bank Ltd	—	1,000	1,000	—	1,000	1,000
			4,254,163			4,521,363
Less: Provision for Diminution in value of Investments			(389,400)			(1,361,726)
Total			3,864,763			3,159,637
(i) Aggregate amount of Quoted Investments			3,020,423			2,991,290
Aggregate market value of Quoted Investments			3,037,338			1,629,564
(ii) Aggregate amount of Unquoted Investments			1,500,940			1,530,073

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

	As at 31 st March, 2016	As at 30 th June, 2015
14. LONG TERM LOANS & ADVANCE (Unsecured, considered good)		
Capital Advances	9,537,812	26,680,613
Security Deposits (Refer Note No.31)	52,079,988	55,035,915
Others		
(i) Loans and Advances to Others	70,665,330	93,234,791
(ii) Advances recoverable from Employees	—	738,543
(iii) Advances to Suppliers and Others	2,539,183	636,872
(iv) Advance Tax (TDS)	1,089,607	1,359,941
(v) Deposit with Drug Price Equalisation Account (Refer Note No.27 (i))	103,245,000	103,245,000
Total	239,156,920	280,931,675
15. INVENTORIES (At Lower of Cost or Net Realisable Value)		
Raw Materials (Refer Note No. 38)	15,295,454	49,328,169
Packing Material (Refer Note No. 38)	31,184,425	36,337,007
Work-in-progress	15,675,100	26,796,614
Finished Goods	45,960,763	79,995,166
Total	108,115,742	192,456,956
16. TRADE RECEIVABLES (Unsecured, Considered Good)		
Trade Receivables outstanding for a period exceeding six months (Refer Note No.33)	128,991,580	247,619,645
Other Debts	303,957,413	319,394,478
Total	432,948,993	567,014,123
17. CASH AND BANK BALANCES		
Cash and Cash Equivalent		
Balances with Banks	5,111,076	10,574,049
Cash on hand	144,272	205,825
Earmarked balance with Banks		
Deposit with Banks held as margin money	50,296,839	54,350,104
Total	55,552,187	65,129,978

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

	As at 31 st March, 2016	As at 30 th June, 2015
18. SHORT TERM LOANS & ADVANCES (Unsecured considered good)		
Employees	1,215,706	1,628,088
Prepaid Expenses	13,078,395	10,859,042
Balances with Government Authorities		
CENVAT Credit Receivable	11,645,904	9,502,384
Tax Deducted at Source	31,884,086	20,862,003
L/C Margin Money	8,668,074	9,564,909
Deposit with Customers	—	460,000
Other Advances (Refer Note No. 32)	130,463,548	113,169,077
Total	196,955,713	166,045,503
19. OTHER CURRENT ASSETS		
Foreign Currency Monetary item Translation Difference Account (Refer Note No.42)	13,823,986	13,823,986
Interest Accrued on Fixed Deposit	1,466,586	1,750,306
Export Incentive Receivable	7,775,564	7,557,039
Others	1,444,061	3,095,015
Total	24,510,197	26,226,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

	For the Period ended 31 st March, 2016	For the Year ended 30 th June, 2015
20. REVENUE FROM OPERATIONS		
Sale of Products	1,289,279,496	1,630,837,336
Other Operating Revenues (Refer Note No.20.1 below)	49,701,873	92,146,479
	<u>1,338,981,369</u>	<u>1,722,983,815</u>
Less: Excise duty	34,891,926	60,324,423
Total	<u><u>1,304,089,443</u></u>	<u><u>1,662,659,392</u></u>
20.1 Other Operating Revenues		
Processing Charges Received	18,790,091	25,155,428
Technical Know-how	2,487,484	39,886,893
Export Incentives	22,613,648	19,171,430
Royalty	5,810,650	7,932,728
Total	<u><u>49,701,873</u></u>	<u><u>92,146,479</u></u>
21. OTHER INCOME		
Interest Income (Refer Note No.21.1 below)	8,617,803	8,527,760
Dividend Income	—	72,469
Provision for Diminution in value of Investment written back	705,126	148,364
Insurance Claim	503,383	—
Rent Received	352,500	832,500
Foreign Exchange Fluctuation	45,488	7,354,280
Sundry credit balances/Excess Provisions written back (net)	4,378,523	2,084,392
Excise Duty Refund	24,941	1,315,318
Others	2,635,612	3,191,446
Total	<u><u>17,263,376</u></u>	<u><u>23,526,529</u></u>
21.1 Interest Income		
Interest from banks on fixed deposits	3,174,746	4,874,362
Other interests	5,443,057	3,653,398
Total	<u><u>8,617,803</u></u>	<u><u>8,527,760</u></u>

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

	For the Period ended 31 st March, 2016	For the Year ended 30 th June, 2015
[Amount in ₹]		
22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
<i>As at the beginning of the period / year</i>		
Finished Goods	79,995,166	87,948,506
Work-in-Progress	26,796,614	18,695,335
Less : Stock transfer to Aluvira Animal Health Ltd. under Slump Sale	19,905,089	—
Total	86,886,691	106,643,841
<i>As at the end of the period / year</i>		
Finished Goods	45,960,763	79,995,166
Work-in-Progress	15,675,100	26,796,614
	61,635,863	106,791,780
Net decrease / (increase)	25,250,828	(147,939)
23. EMPLOYEE BENEFIT		
Salaries and Wages	127,900,782	151,518,203
Contributions to Provident and Other Funds		
Provident and Other Funds	9,690,977	10,093,783
Superannuation Fund	335,666	548,657
Gratuity	2,279,866	663,789
Leave Encashment	1,081,456	1,795,398
Staff Welfare Expenses	5,829,985	8,015,195
Total	147,118,732	172,635,025
24. FINANCE COSTS		
Interest Expenses on:		
(i) Borrowings From Banks		
Term Loans	46,293,944	55,459,085
Working Capital (Net of capitalisation of ₹6,206,184, Previous year ₹ 8,421,142)	19,713,325	42,241,753
(ii) Debentures	8,373,956	14,413,879
(iii) Fixed Deposits	8,643,833	17,545,544
(iv) Inter Corporate Deposits	1,058,909	4,470,467
(v) Bill Discounting charges	28,764,745	50,890,874
(vi) Other Finance Costs		
Cash Discount	1,283,853	20,533,045
Bank charges	7,002,462	11,824,203
Others	30,749,333	24,213,332
Total	151,884,360	241,592,182

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

[Amount in ₹]

	For the Period ended 31 st March, 2016	For the Year ended 30 th June, 2015
25 . OTHER EXPENSES		
Consumption of Stores and Spare parts	1,123,685	1,367,022
Product Related Expenses	4,415,197	5,376,430
Power and Fuel	13,852,765	20,600,390
Processing Charges	2,895,090	8,045,083
Rent including Lease Rentals	1,428,392	1,769,658
Repairs and Maintenance - Buildings	496,056	933,744
Repairs and Maintenance - Machinery	1,408,506	2,422,567
Repairs and Maintenance - Others	2,076,764	1,155,609
Insurance	1,884,715	2,480,460
Rates and Taxes	8,727,432	9,938,337
Commission for L/C	12,324,628	14,107,141
Communication Expenses	3,566,460	3,666,153
Travelling and Conveyance	33,610,703	38,564,114
Freight and Forwarding	32,721,775	43,065,274
Sales Commission	33,827,243	46,832,961
Advertisement and Sales Promotion	19,575,961	42,110,936
Legal and Professional Charges	13,487,788	13,796,005
Payments to Auditors (Refer Note No.52)	3,507,789	4,022,476
CWIP Written Off	—	2,624,398
Irrecoverable Advances written off	—	1,721,910
Miscellaneous Expenses	56,762,375	44,401,971
Total	247,693,324	309,002,639

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

Other Notes:

(26) Estimated amounts of commitments remaining to be executed as on 31st March, 2016 are as follows:

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
a)	Against purchase of Capital goods	5,638,370	5,922,866
b)	Against purchase of Raw Material and Packing material	7,454,201	9,829,752

(27) CONTINGENT LIABILITIES ARE NOT PROVIDED FOR IN RESPECT OF:

(i) 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 had 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 it as good and recoverable.

(b) ₹ 67,770,889 (Previous Year ₹ 61,676,379) relating to disputed Sales Tax demands in respect of prior year against which the Holding Company has made payment of ₹ 2,250,000 under protest. The Holding Company has further contested this demand before the Sales Tax Commissioner/Tribunal. The matter is sub-judice and the payments of ₹ 2,250,000 are considered by it as good and recoverable.

(c) Lyka BDR International Ltd. (Subsidiary Company) has received notice from Maharashtra Value Added Tax for ₹ 997,769, the matter is sub-judice.

(iii) The Holding Company has received notices from Central Excise department raising demands as stated below:

(a) ₹ 10,875,257 against which the Holding Company has paid ₹ 2,500,000. The matter is sub-judice and the payment of ₹ 2,500,000 is considered by the Holding 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

- (v) The Holding Company has received orders from Income Tax Department raising demands aggregating to ₹ 232,504,087 of prior years against which the Holding Company has paid ₹10,000,000. The matter is sub-judice and the payment of ₹ 10,000,000 is considered by the Holding Company as good and recoverable.
- (vi) ₹ 794,807 being claims against the Holding Company not acknowledged as debt.
- (vii) Employees (Including Ex-Employees) Claim relating to ex-gratia and other benefits aggregating to ₹42,456,862 as the matter is sub-judice.
- (viii) Bank Guarantees provided by a Bank on behalf of the Holding Company ₹ 9,633,220 (Previous Year ₹9,633,220).
- (ix) The Holding Company has given a “counter guarantee” to Clearwater Capital Partners India Pvt. Ltd., 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 ₹ 12,564,137 (Previous Year ₹ 30,271,581) (including interest ₹182,192, Previous Year ₹ 359,190) as on 31st March, 2016. Under the restructuring of the Term Loan, the Holding Company’s liability in respect of the amount advanced to LBDR is restricted to the extent of 50% of the principal and interest quantum due thereon.
Clearwater Capital Partners India Pvt. Ltd., have vide Deed of Assignment dated 26th September, 2014 assigned all the receivables due from Lyka BDR International Ltd., to Futuristic Solutions Limited.

(28) FIXED DEPOSITS:

The Holding Company has received order of Company Law Board (CLB) dated 22nd January, 2016, granting extension of time for repayment of Fixed Deposits (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) matured/maturing and claimed (as on 31st March, 2016) aggregating to ₹ 38,339,031 (including Interest of ₹ 2,904,031) up to 31st December, 2015 on or before 30th June, 2016 and Fixed deposits maturing and claimed (as on 31st March, 2016) aggregating to ₹ 33,932,220 (including Interest of ₹ 215,220) from 1st January, 2016 to 30th September, 2016 on or before 31st March, 2017, failing which this Order shall be deemed as cancelled after 31st March, 2017. The liability, if any, arising on account of delayed payment/ non-payment of dues shall be provided for in the year in which the said liability is settled.

(29) DEBENTURES:

In respect of overdue Debentures aggregating to ₹ 83,400,000 and Interest due thereon ₹ 6,401,137 upto 31st March, 2016, the Holding Company has filed a petition with the Company Law Board, seeking extension of time for repayment of Debenture dues up to March, 2020.

The liability, if any, arising on account of delayed payments/non-payment shall be provided for in the year in which the said liability is settled.

(30) FIXED ASSETS AND DEPRECIATION:

- (i) 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 Fixed Assets prescribed by PART“C” of Schedule II to the Act. Where the remaining useful life of an Asset is nil, the carrying amount of the Asset after retaining the residual value, as at 1st April, 2014 has been adjusted to the 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.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

Since then, as per the amendment dated 20th August, 2014, the useful life specified in Part "C" of Schedule II has been defined to mean that if the cost of a Part of Asset is significant to the total cost of the Assets and useful life of that part is different from the useful life of the remaining Assets, useful life of that significant part shall be determined separately and depreciated accordingly.

In the opinion of the Management, the Group's Assets are such that there are no significant parts thereof whose life would be different than the useful life of the whole Asset. Consequently, the Group has continued to provide depreciation in respect of all its Assets on the basis as was followed in the financial year 2014-15, i.e. based on useful lives of the respective Assets.

"Component Accounting" being a technical matter, the opinion of the Management is relied upon by the Auditors.

- (ii) The depreciation and amortization charged to Statement of Profit and Loss for the period ₹ 93,245,865 (Previous Year ₹ 108,734,219) includes ₹ 6,401,632 (Previous Year ₹ 8,818,670) being depreciation relating to Revaluation of Fixed Assets carried out on 31st March, 2007 by the Holding Company.
- (iii) Depreciation charged to Revaluation Reserve:
 - a. Holding Company: The depreciation for the period on the Revaluation of Fixed Assets carried out in September 2010 aggregating to ₹4,482,349 (Previous Years ₹ 6,299,038) has been charged to Revaluation Reserve.
 - b. Subsidiary Company: The depreciation and amortization for the period aggregating to ₹ 15,748,808 (Previous Year ₹ 16,802,659) in respect of Revalued Assets is charged to Revaluation Reserve.
- (31) ₹ 50,250,000 (Previous Year ₹ 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 has been legally advised that the provisions of section 185 of the Companies Act, 2013 are not attracted in respect of the same.
- (32) Loans and Advances include ₹ 23,101,339 (Previous Year ₹ 22,686,339), granted to a Company as interest free financial assistance is considered good for recovery by the Management.
- (33) Sundry Debtors of Holding Company aggregating to ₹ 264,484,652 (Previous Year ₹ 288,327,248) include debtors of ₹ 101,090,003 (Previous Year ₹ 129,639,709) outstanding for more than six months which are considered good for recovery by the Management.
- (34) The balances relating to Sundry Debtors, Sundry Creditors, Fixed Deposits and Loans and Advances as on 31st March, 2016 are subject to confirmation and adjustments, if any on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts cannot be ascertained and shall be adjusted in the year in which the confirmation process is completed.
- (35) At the meeting of the Board of Directors held on 10th March, 2016, the board noted that the Holding Company intends to merge its wholly owned subsidiaries i.e. Lyka Healthcare Limited and its subsidiary Lyka Export Limited with the Company w.e.f. 1st April, 2015 ("appointed date") under the provisions of Section 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 and SEBI circular no. CIR/CFD/CMD/16/2015 dated 30th November, 2015. The proposed merger of Lyka Healthcare Limited and Lyka Export Limited with the Holding Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

would be in the best interest of the Holding Company, its shareholders, creditors and all other stakeholders.

(36) CAPITAL EXPENDITURE:

36.1 Tangible Project Capital Work-In-Progress ₹ 173,628,211 as on 31st March, 2016, includes allocable indirect expenditure in respect of modernization/expansion of Ankleshwar unit aggregating to ₹ 44,925,009 (including Interest of ₹ 23,555,813) (for the period ₹ 89,60,844 including interest ₹ 6,206,184) which is pending allocation to Fixed Assets on completion of the project.

36.2 The Holding Company has incurred direct expenditure and allocable indirect expenditure up to 31st March, 2016 in respect of “new product development and applied research” aggregating to ₹ 131,388,064 including finance cost of ₹ 22,087,970 which is carried forward under “Capital Work in Progress – Intangibles”, to be recognized as “Self-Generated Intangible Assets” upon successful development of respective products or charged to Statement of Profit and Loss in the year in which development is abandoned.

During the period, the Holding Company has capitalized ₹ 3,322,454 as “Self-Generated Intangible Assets” upon successful development of respective products.

(37) Arrears of dividend on 10% Cumulative Redeemable Preference Share dividend aggregate to ₹ 11,399,850 (Previous Year ₹10,585,575).

(38) Inventories of the Holding Company includes slow/non-moving raw materials and packing materials procured during the prior years aggregating to ₹ 12,663,008 (Previous Year ₹ 12,560,316). The Holding Company is in the process of evaluating the quantum of usable materials.

(39) During earlier period, 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 the claim is finally settled.

(40) The Holding Company has provided ₹ 4,065,190 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.

(41) During the period, the Holding Company has lodged claim for refund of excess finance costs charged by two banks aggregating to ₹ 5,713,906.

Of the above:

i. ₹ 3,349,209 relates to prior year(s) which is presented as Prior Period Income of which ₹ 825,675 is recovered during the period. (Refer Note No. 49)

ii. ₹ 2,364,697 relating to the period July, 2015 to December, 2015 is adjusted against Finance cost for the period.

(42) 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 Year ended 30th September, 2010 to the Statement of Profit & Loss. 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.

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

- (43) 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 Period (₹)	Previous Year (₹)	Current Period (₹)	Previous Year (₹)	Current Period (₹)	Previous Year (₹)
Not later than 1 Period	5,400,618	6,536,025	632,145	1,081,260	4,768,473	5,454,765
Later than 1 Period and not later than 5 Periods	2,278,725	6,147,400	179,309	572,779	2,099,416	5,574,621

(44) EMPLOYMENT AND RETIREMENT BENEFITS.

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

A. 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 31st March, 2016. The following tables set out the amounts recognized in the financial statements as at 31st March, 2016 for the defined benefit plans.

Sr. No.	Particulars	Current Period 31.03.2016 (₹)	Previous Year 30.06.2015 (₹)
i)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present value of obligations	23,058,985	24,404,338
	As at 1 st July, 2015		
	Service Cost	1,001,197	989,641
	Interest Cost	13,75,615	1,661,349
	Actuarial (Gain) / Loss on obligations	(851,822)	(3,779,878)
	Benefits Paid	(1,298,766)	(216,465)
	As at 31 st March, 2016	23,285,209	23,058,985
	Less : Fair Value of Plan Assets	1,103,260	1,216,336
	As at 1 st July, 2015		
	Expected Return on Plan assets less loss on investments	69,889	103,389
	Employers' Contribution	14,75,000	—
	Benefits Paid	(1,287,510)	(216,465)
	As at 31 st March, 2016	1,360,639	1,103,260
	Net Liability	21,924,570	16,218,225

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

Sr. No.	Particulars	Current Period 31.03.2016 (₹)	Previous Year 30.06.2015 (₹)
ii)	Expense during the period/year		
	Service Cost	10,01,197	989,641
	Interest Cost	13,75,615	1,661,349
	Expected Return on Plan Assets	(69,889)	(103,389)
	Actuarial (Gain) on obligations	(851,822)	(3,779,878)
	Total	1,455,101	(12,32,277)
iii)	Principal actuarial assumptions		
	Rate of discounting	7.70%	8.00%
	Rate of Return on Plan Assets	8.50%	8.50%
	Rate of increase in salaries	3.00%	3.00%

- (ii) The actuarial valuation of the present value of the defined benefit obligation in respect of Compensated Absence Liabilities has been carried out as at 31st March, 2016. The following tables set out the amounts recognized in the financial statements as at 31st March, 2016 for the defined benefit plans.

Sr. No.	Particulars	Current Period 31.03.2016 (₹)	Previous Year 30.06.2015 (₹)
a)	Liability recognized in Balance Sheet		
	Change in Benefit Obligation		
	Present value of obligations	7,640,511	6,509,789
	As at 1st July, 2015		
	Service Cost	816,925	888,090
	Interest Cost	455,805	579,371
	Actuarial (Gain) on obligations	(793,967)	(256,039)
	Benefits Paid	(304,630)	(80,700)
	As at 31st March, 2016	7,814,644	7,640,511
	Less : Fair Value of Plan Assets	17,83,138	796,164
	As at 1 st July, 2015		
	Expected Return on Plan assets less loss on investments	116,246	67,674
	Employers' Contribution	750,000	1,000,000
	Benefits Paid	(226,847)	(80,700)
	As at 31st March, 2016	2,422,537	1,783,138
	Net Liability	53,92,107	5,857,373

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

Sr. No.	Particulars	Current Period 31.03.2016 (₹)	Previous Year 30.06.2015 (₹)
b)	Expense during the Period/Year		
	Service Cost	816,925	888,090
	Interest Cost	455,805	579,371
	Expected Return on Plan Assets	(116,246)	(67,674)
	Actuarial (Gain) on obligations	(793,967)	(256,039)
		362,517	1,143,748
c)	Principal actuarial assumptions		
	Rate of discounting	7.70%	8.00%
	Rate of Return on Plan Assets	8.75%	
	Rate of increase in salaries	3.00%	3.00%

B. Subsidiary Companies:

The subsidiaries have not disclosed the information prescribed under Accounting Standard (AS-15) "Employee Benefits"

(45) 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 segmental 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 (Net of Excise Duty)	732,779,193 (1,050,110,755)	521,608,377 (520,402,158)	1,254,387,570 (1,570,512,913)
From Other Operating Income	27,994,243 (89,799,324)	21,707,630 (2,347,155)	49,701,873 (92,146,479)

Note:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

(46) 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 Securities & Investment Pvt. Ltd.	Associate
2	Mr. N. I. Gandhi (Chairman and Managing Director) Mr. Kunal N. Gandhi (Chief Executive Officer) Mr. Yogesh Shah (Chief Financial Officer) Mr. Piyush Hindia (Company Secretary)	Key Management Personnel (KMP)
3	Mrs. Nehal N. Gandhi (Non - Executive Director) Mrs. Alisha K. Gandhi	Relative of KMP
4	Enai Trading & Investment Pvt. Ltd.	Entities owned by/over which KMP is able to exercise significant influence

(b) Transactions during the Period with related parties

Sr. No.	Description	Related party	Period ended 31st March, 2016	Year ended June 30, 2015
(i)	Remuneration (Payments/Provision) to	Mr. N.I. Gandhi	5,088,285	8,663,832
		Mr. Kunal N. Gandhi	1,871,919	1,770,671
		Mrs. Alisha K. Gandhi	439,200	529,200
		Mr. Yogesh Shah	507,693	647,013
		Mr. Piyush Hindia	847,325	1,125,755
(ii)	Directors Sitting Fees	Mrs. Nehal N. Gandhi	50,000	35,000
(iii)	Professional Fees	Mrs. Nehal N. Gandhi	1,586,160	2,299,440
(iv)	Interest Paid	Enai Trading & Investment Pvt. Ltd.	—	33,742
		Mr. N. I. Gandhi	10,770	18,107
		Mrs. Nehal N. Gandhi	65,247	8,514
		Mr. Kunal Gandhi	18,296	2,479
(v)	Loan Received	Mrs. Nehal N. Gandhi	4,671,882	2,181,543
		Mr. N. I. Gandhi	4,694,190	4,026,297
		Enai Trading & Investment Pvt. Ltd.	400,000	2,110,000

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

Sr. No.	Description	Related party	Period ended 31st March, 2016	Year ended June 30, 2015
(vi)	Loan Repaid	Mrs. Nehal N. Gandhi	3,516,999	2,232,237
		Mr. N. I. Gandhi	2,899,428	3,636,125
		Enai Trading & Investment Pvt. Ltd.	611,196	2,141,490
		Mr. Kunal Gandhi	103,534	—
(vii)	Conversion of warrants into Equity Shares	Mr. N.I. Gandhi	12,880,000	—
(viii)	Balance as on 31.03.2016			
	Other Payable	Lyka Securities & Investments Pvt. Ltd.	—	301,189
	Security Deposit given to	Mr. N.I. Gandhi	50,250,000	50,250,000
	Unsecured Loan from	Enai Trading & Investment Pvt. Ltd.	7,314	218,510
		Mrs. Nehal N. Gandhi	1,156,836	—
		Mr. Kunal Gandhi	16,466	120,000
		Mr. N.I. Gandhi	2,115,934	410,172

(47) The Board of Directors of one of the Subsidiary Company i.e. Lyka Export Limited pursuant to the consent received from its shareholders and also consent received from shareholders of the Holding Company, sold/transferred on stamp sale basis its Animal Healthcare Division including all its assets and liabilities and including without limitation, all trademarks, licenses, permits, approvals, consents for a consideration of ₹ 334,000,000. The gain earned upon the slump sale of Animal Healthcare Division amounting to ₹ 134,911,083 (Net off all expenses incurred for the transaction) is recognized as an Exceptional Item in the Statement of Profit and Loss.

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

Sr. No.	Particulars	Period ended 31.03.2016	Year ended 30.06.2015
(i)	Irrecoverable Debts Written off	69,709,791	74,063,102
(ii)	Irrecoverable Advances Written off	54,954	1,352,204
(iii)	Deferred Registration Expenses Written off	—	6,495,376
(iv)	Gain on Sale of Animal Healthcare Division	(134,911,083)	—
(v)	Profit on sale of Fixed Assets (Net)	(111,732)	(85,056,635)
(vi)	Liability no longer payable written back	(8,996,385)	(7,616,805)
(vii)	Excess Provision no longer required written back	—	(7,064,144)
	Total (Net)	(74,254,455)	(17,826,902)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

(49) Details of Prior Period Adjustments (Net) are as under:

Sr. No.	Particulars	Period ended 31.03.2016	Year ended 30.06.2015
(i)	Sale Commission	1,928,951	—
(ii)	Salaries and Wages	1,113,600	—
(iii)	Penalty on delayed payment of Statutory Dues	1,145,050	—
(iv)	Sales Promotion Expenses	3,954,706	—
(v)	Legal and Professional Fees	2,113,878	1,260,000
(vi)	Finance Cost	5,440,004	—
(vii)	Reversal of Interest on Term Loan (Refer Note No. 41)	(3,349,209)	—
	Total (Net)	12,346,980	1,260,000

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

Particulars	Period ended 31.03.2016	Year ended 30.06.2015
Adjusted Profit/(Loss) for the period/year (₹) (A)	36,054,499	(50,578,322)
Weighted average number of Equity Shares (B)	21,831,825	21,580,000
Face value of Equity Share (₹) (C)	10	10
Basic and Diluted Earnings Per Share (₹) (D=A/B)	1.65	(2.34)

(51) (i) Current Tax:

In view of unabsorbed Business Losses and Depreciation of the earlier years, current tax has not been provided by the Holding Company and one of its subsidiary company. However two subsidiaries have provided for tax aggregating to ₹ 26,382,232.

(ii) Deferred tax:

The Holding Company and its two subsidiaries companies have not recognized Deferred Tax Assets in view of virtual uncertainty of sufficient future taxable income to set off carried forward losses and unabsorbed depreciation. However one subsidiary company has recognized Deferred Tax Assets amounting to ₹ 11,123,950.

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

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
(i)	Audit Fees	2,627,800	2,680,461
(ii)	As Advisor for Company Law Matters	—	566,293
(iii)	Tax Audit Fees	702,192	697,422
(iv)	For other services (certification work etc.)	86,690	56,180
(v)	As Expenses	91,107	22,120
	Total	3,507,789	4,022,476

Lyka Labs Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

(53) Information pursuant to Schedule III of the Companies Act, 2013

Sr. No.	Name of the Company	Relationship	For the period 1 st July, 2015 to 31 st March, 2016			
			Net Assets		Share in Profit and (Loss)	
			% of Consolidated Net Assets	Amount in (₹)	% of Consolidated Net Assets	Amount in (₹)
1	Lyka Labs Ltd.	Holding Company	147.00 (142.04)	665,029,654 (611,648,971)	130.74 (27.61)	48,203,032 (13,666,961)
2	Lyka Export Ltd.	Subsidiary	21.94 (22,50)	99,267,275 (96,882,460)	24.38 (27.43)	8,987,682 (13,574,746)
3	Lyka BDR International Ltd.	Subsidiary	35.33 (39.23)	159,833,638 (168,922,043)	12.36 (-8,23)	4,558,452 (-40,72,135)
4	Lyka Healthcare Ltd.	Subsidiary	42.43 (49.42)	191,936,166 (212,786,581)	-56.55 (-142.21)	-20,850,416 (-70,385,634)
	Minority Interest		-8.65 (-8.15)	-39,130,772 (-35,100,792)	-10.93 (-4.60)	-4,029,980 (-2,276,559)
	Consolidation Adjustment / Elimination		-138.05 (-145.03)	-624,530,394 (-624,530,394)	— —	— —
	Total		100% (100%)	452,405,567 (430,608,869)	100% (-100%)	36,868,771 (-49,492,621)

Note : Figures in brackets denote those of previous year.

(54) Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 as per the records of the Holding Company.

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
A	Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	12,389,419	NIL
B	Interest accrued on the due to suppliers under MSMED Act, 2006 on the above amount	NIL	N.A.
C	Payment made to suppliers (Other than interest) beyond the appointed date, during the period	NIL	N.A.
D	Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	NIL	N.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

Sr. No.	Particulars	Current Period (₹)	Previous Year (₹)
E	Interest paid to suppliers under MSMED Act, 2006 (Section 16)	NIL	N.A.
F	Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	NIL	N.A.
G	Interest accrued and remaining unpaid at the end of the period to suppliers under MSMED Act, 2006	NIL	N.A.

Note: During the period upon obtaining the relevant information from the suppliers who are registered under the MSMED Act, 2006, it has disclosed the principal amounts payable as on 31st March, 2016. The Company has not provided for interest on these dues payable to the said suppliers as there are no claims for interest by them.

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

In terms of our report of even date

For M. A. PARIKH & CO.

Chartered Accountants

Firm Registration No. 107556W

MUKUL PATEL

Partner

Membership No. 32489

Place : Mumbai

Date : 27th May, 2016

Signatures to Notes 1 to 55 to the Accounts

For and on behalf of the Board of
Lyka Labs Limited

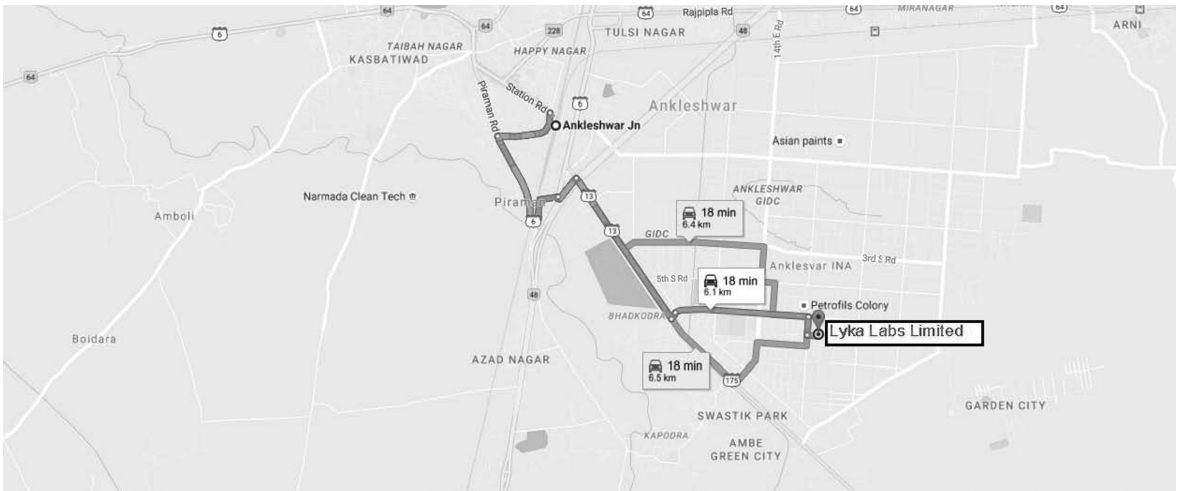
N. I. Gandhi *Chairman & Managing Director*
DIN: 00021530

V. S. Shanbhag *Director*
DIN: 00555709

Y. B. Shah *Chief Financial Officer*

P. G. Hindia *Company Secretary*

Route Map of AGM Venue



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 GIDC., 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) shares of the above named company, hereby appoint

1. Name:
 Address:

 E-mail ID:
 Signature: or failing him

2. Name:
 Address:

 E-mail ID:
 Signature: or failing him

3. Name:
 Address:

 E-mail ID:
 Signature:

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Annual General Meeting of the Company, to be held on Wednesday, 28th September, 2016 at 12.30 pm and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. Adoption of Annual Accounts for the financial year ended 31st March, 2016.
2. Appointment of Smt. N.N.Gandhi as Director who retires by rotation.
3. Appointment of Statutory Auditors for 1 year.
4. Appointment of Branch Auditors for 1 year.
5. Approval for issue of further securities.
6. Approval of remuneration to Cost Auditor.
7. Approval of Related Party Transactions.
8. Fixing the fees for delivery of any document in a particular mode to shareholder.

Signed thisday of, 2016

Signature of Shareholder

Signature of Proxy holder(s)

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 hour before the commencement of the Meeting.

Affix Revenue Stamp

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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

37TH ANNUAL GENERAL MEETING on 28th September, 2016.

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 37th Annual General Meeting of the Company, to be held on Wednesday, 28th September, 2016 at 12.30 P.M at Registered Office of the Company.

Member/ Proxy Signature

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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 25th September, 2016 at 10 A.M and ends on 27th September, 2016 at 5 P.M. The voting module shall be disabled by CDSL for voting thereafter.



Lyka Labs Limited

CIN: L24230GJ1976PLC008738

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

Dear Shareholder,

Green Initiative

Every tonne of printing papers cost us 24 trees. Back of the envelope calculations indicate that we sacrifice a tree for printing every 132 Annual Reports.

Realizing this truth and for maintaining the planet Earth evergreen, the Ministry of Corporate Affairs (MCA) has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the companies. Through its Circulars 17/2011 dated 21st April 2011 and 18/2011 dated 29th April 2011, MCA has provided that the service of notice/documents by a company to its shareholders can now be made through electronic mode. In accordance with these circulars, Companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

To take part in Green Initiative in the Corporate Governance, we propose to send documents such as Notices of General Meeting(s), Financial Statements, Annual Reports and other shareholders communications including Annual Report for the year ended 31st March 2012 in electronic form, to the email addresses provided by you and/or made available to the Company by the Depositories.

In case of shares held in physical form

shareholders should provide their e-mail ID to the Company for opting to receive notices/documents electronically. To register the e-mail ID with the Company, shareholders are requested to submit the following form duly filled & signed by the shareholders to the Compliance Officer or send the scanned copy of the form by an email to compliance.ael@adani.com.

In case of shares held in electronic form

who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participants. All shareholders are further requested to ensure that registered Email Id with the Depository should be current and updated to receive notices/documents electronically.

Please note that these documents will also be available on the Company's website www.adani.com for download by the shareholders.

Please note that even if you opt for electronic mode, you shall be entitled to be furnished free of cost, with a copy of the Balance Sheet of the Company and all other documents required by statute to be attached thereto including the Profit & Loss Account and Auditors' Report etc., upon receipt of a requisition from you, any time, as a shareholder of the Company.

We are sure that you would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives.

Let's be part of this 'Green Initiative'.

Best Regards,

For **LYKA LABS LIMITED**

P. G. HINDIA

Company Secretary

E-COMMUNICATION REGISTRATION FORM

(In terms of circular no.17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Name of the Company : **Lyka Labs Limited**

Folio No. / DP ID & Client ID :

Name of 1st Registered Holder :

Name of Joint Holder(s) :

Registered Address :

E-mail ID (to be registered) :

I/we shareholder(s) of Lyka Labs Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail id in your records for sending communication through e-mail.

Date:

Signature:

(First Holder)

Note: Shareholder(s) are requested to keep the Registrars/DP informed as and when there is any change in the e-mail address.

BY COURIER / POST / REGD. AD

To,

.....

.....

.....

.....

If undelivered, please return to :

Lyka Labs Limited

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