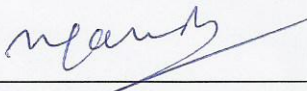
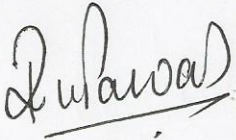
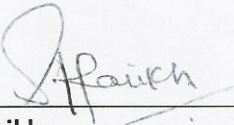


FORM NO B		
1	Name of the Company	LYKA LABS LIMITED.
2	Annual Financial Statements for the year Ended	31-Mar-2013
3	Type of Audit Qualification	QUALIFIED
4	Audit Qualification	Management Response
A. In respect of non-compliances:		
1. Note no. 29 relating to AS 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" and AS 10 "Accounting for Fixed Assets". Frequency of Qualification : Repetitive From FY 2005-07 To FY 2012-13		The management took the view that in the earlier year, certain extraordinary items relating to the past years could be legitimately written off against the "net present replacement value" of the tangible assets represented by Revaluation Reserve without affecting the earlier year's profits. During the earlier year, the Company sold certain revalued assets and realized profit representing difference between the sale proceeds and the book values thereof. The management is of the view that since profit on sale of revalued assets is the "actual profit" realized and the remaining assets belonging to the Company have significantly higher "present replacement values" the Company could legitimately credit the same as the Profit on Sale of Assets.
2. Note No. 29(B)(iii) relating to Sundry debtors and Loans and Advances written-off aggregating to Rs. 27,239,600 to the Revaluation Reserve instead of Statement of Profit and Loss which was not in accordance with Generally Accepted Accounting Practice(GAAP). Frequency of Qualification : From FY 2012-13		
3. Note no. 39 relating to AS 29 "Provisions, Contingent Liabilities and Contingent Assets" in respect of non-provision of interest and penalties on delays in deposit of statutory dues with Government, Semi-Government and Local Authorities. Frequency of Qualification : From FY 2012-13		The management is of the opinion that, as per the prevailing practice, the company is making provision for interest dues as and when payment is made to government.
4. Note no. 47(iii) relating to AS 15" Employee Benefit" in respect of non-disclosure of defined obligation. Frequency of Qualification : From FY 2012-13		The management is of the view that the details as required by AS 15 will be disclosed from next year onwards by obtaining detail Actuarial Valuation Report. This, however, do not have any significant impact on the financials of the company.
B. In respect of those wherein we are unable to express our opinion:		
1. Note No. 31 regarding unsecured loan to a party amounting to Rs. 93,499,068 considered good for recovery by the company. Frequency of Qualification : Repetitive From FY 2010-12 To FY 2012-13		The management of the Company is taking necessary steps in the ensuing year to recover/adjust the said loans.



<p>2.Note No. 32 regarding sundry debtors outstanding for more than six months aggregating to Rs. 318,187,410 which are considered good for recovery by the company.</p> <p>Frequency of Qualification : From FY 2012-13</p>	<p>The Management of the company is of the opinion that since the debtors are considered good for recovery, company will take necessary steps to realize the outstanding debtors in the forthcoming period.</p>
<p>3.Note No. 33 regarding pending balance confirmations from Sundry Debtors, Sundry Creditors, Loan Licensees and Loans & Advances.</p> <p>Frequency of Qualification : Repetitive From FY 2005-07 To FY 2012-13</p>	<p>The Management is of the opinion that the necessary adjustments, if any, will be made in books of the company in the year in which confirmations are received from the party.</p>
<p>4. Note No. 34 regarding non provision for diminution in value of investments.</p> <p>Frequency of Qualification : Repetitive From FY 2007-08 To FY 2012-13</p>	<p>For the year ended March 2013 Lyka BDR International Ltd. (subsidiary) has earned Net Profit of Rs. 3.21 Crores (Cash Profit Rs. 11.61 Crores). Hence, in the opinion of the management, the provision for the diminution in value of the said investment is not required. These investments have been made from the perspective of long term business synergies and potential and the said investments have inherent higher intrinsic values than their cost of acquisition as per the Dun & Bradstreet report.</p>
<p>5. Note No. 35(iii) regarding CWIP Intangible amounting to Rs. 85,322,215.</p> <p>Frequency of Qualification : Repetitive From FY 2009-10 To FY 2012-13</p>	<p>The Management is of the opinion that the expenditure has been incurred on trial runs, clinical trials, toxicity studies, product development and research and patent etc., the benefits of which would accrue in the subsequent years and therefore has been shown as Intangible Capital Work in Progress. Upon completion of the said work, the same shall be recognized as intangible, viz. technical know-how or patent / trademarks as the case may be.</p>
<p>6. Note No. 38 regarding slow/non-moving raw materials and packing materials amounting to Rs 6,576,549.</p> <p>Frequency of Qualification : Repetitive From FY 2012-13</p>	<p>The management is of the opinion that the items of raw material and packing material covered by the remarks of the auditors are still in the good condition for being used for the purpose of finished goods for which they are intended.</p>
<div style="text-align: center;">  </div> <p>N. I. Gandhi</p> <p>Managing Director</p>	



	
Rajendra V. Pawar	
GM - Accounts & Finance	
	
Mukul Patel	
M/s. M. A. Parikh & Co., Chartered Accountants	
Statutory Auditor	
	
S. Parikh	
Audit Committee Chairman	

Mumbai, 30 MAY 2013