

February 12, 2018

The Manager
Listing Department
The National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No. C/1, G. Block
Bandra Kurla Complex
Bandra (East), Mumbai - 400 051

Dear Sir/Madam,

Script Code :lykalabs

Sub : Un-audited Standalone Financial Results for the Third Quarter ended December 31, 2017.

We forward herewith copy of the Un-audited Standalone Financial Results of the Company for the Third Quarter ended December 31, 2017 which were taken on record by the Board of Directors at its meeting held today together with Limited Review Report by Auditors thereon for your information and record.

The meeting commenced at 3.00 pm and ended at 6.30 pm

Thanking you,

Yours faithfully,
For LYKA LABS LIMITED


P. G. HINDIA
COMPANY SECRETARY



Encl : as above

Mehta Chokshi & Shah
CHARTERED ACCOUNTANTS

Auditor's Report On Quarterly and Nine Months Financial Results of the Company Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
Board of Directors of Lyka Labs Limited

We have reviewed the accompanying statement of 'Un-audited financial results' of **Lyka Labs Limited** for the quarter and nine months ended **31st December, 2017** hereinafter referred to as 'Statement' (which includes the Statement of the Company's branch at Ankleshwar reviewed by other auditor and relied upon by us, after making such changes as are considered necessary for incorporation), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No.CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement which is the responsibility of the Company's Management has been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34 on "Interim Financial Reporting", prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, and other accounting principles generally accepted in India and has been approved by the Board of Directors. Our responsibility is to issue a report on this Statement based on our limited review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We draw attention to the following matters:

1. Interest On Borrowings:

Attention is drawn to note no. 3 of the unaudited results for the quarter and nine months ended 31st December, 2017 regarding non provision of interest on term loan from two banks, interest on working capital from one bank and penal interest amounting to Rs 281.23 lakhs.

Accordingly the loss for the quarter and nine months is understated by Rs. 281.23 lakhs.

2. Fixed Deposits:

During the quarter, the Company has repaid fixed deposits that were claimed aggregating to Rs. 1.45 lakhs. As regards the balance of Rs. 52.52 lakhs, the same shall be paid as and when claimed.

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3. Debentures:

The Company has received Order of National Company Law Tribunal (Ahmedabad Bench) dated 22nd May, 2017, granting extension of time for repayment of Debentures as follows :-

(Rs. In Lakhs)

Sr. No.	Outstanding Debentures	Outstanding as on 31 st December, 2017	Payable by
1	Upto 31 st March, 2015 (See Note)	4.00	30 th July, 2017
2	From 1 st April, 2015 to 31 st July, 2015 (See Note)	--	31 st December, 2017
3	From 1 st August, 2015 to 30 th April, 2016	135.75	31 st March, 2018
	Total	139.75	

Note:

Out of Rs. 375 lakhs paid by the Company during the quarter ended 30th September 2017, 3 cheques aggregating to Rs. 4 lakhs were returned undelivered by the courier. Further during the quarter the Company has paid Rs 186 Lakhs.

4. The Company has received claims from a Director aggregating to Rs. 128.25 lakhs being the value of 225,000 equity shares of Lyka Labs limited pledged by her as security for finance supposed to have been provided by KSM Securities & Finance Pvt. Ltd. (KSM) to Lyka Labs Limited. These pledged shares were allegedly invoked by KSM. Further, the said Director has claimed the interest on the same, post invocation of the pledged shares.

Pending receipt of documentary evidence to substantiate the above claims, the Company has debited KSM with Rs. 128.25 lakhs. However, the said KSM has not confirmed the same for which no provision has been made in the books and hence, we are unable to express our opinion of its impact, if any, on the loss for the quarter and nine months ended 31st December, 2017.

The Company is in the process of resolving the counter claims of both the parties.

5. Investment In Subsidiaries:

- 5.1 The Board of Directors at their meeting held on 10th March, 2016 resolved to merge Company's Subsidiary i.e. Lyka Exports Limited with it, effective from 1st April, 2015 ("appointed date") under the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 and SEBI circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015. Since then the "appointed date" of the said merger of Lyka Exports Limited is postponed to 1st April, 2017 by The Board of Directors at their meeting held on 30th August, 2017.
- 5.2 The Board of Directors at their meeting held on 29th May 2017, resolved to merge Company's subsidiary Lyka Healthcare Limited with it effective from 1st april 2017 ("appointed date") under the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 and SEBI circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015.

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

- 5.3 Though the present book values of the Company's investments in equity shares of the Company's Subsidiaries i.e. Lyka BDR International Limited, Lyka Healthcare Limited and Lyka Exports Limited are 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 their values is required to be made at this juncture.



6. Capital Expenditure:

The company has reviewed its portfolio of products under development and applied research. Accordingly, a sum of Rs. 848 lakhs including finance cost is carried forward as "Capital Work-in-Progress - Intangibles" to be recognized as "Self-Generated Intangible Assets" upon successful development and commercial viability of the respective products. However, the carrying cost of those products which do not confirm to the test of commercial viability are charged to the Statement of Profit and Loss.

7. Inventories include slow/non-moving raw material and packing materials procured during the earlier years amounting to Rs. 161.57 lakhs as on 31st December 2017 for which steps are being taken to utilize/realize the same.

8. Contingent Liabilities where amounts are paid under protest:

- 8.1 There were demands raised against the Company aggregating to Rs. 680.62 lakhs 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 Rs. 2,094.41 lakhs to be deposited into "Drug Price Equalisation Account".

The Company has challenged the said notices in the writ petitions before the Hon'ble High Court of Gujarat. The Hon'ble High Court has admitted the writ petitions subject to the Company depositing certain amounts against the said demands. Accordingly, the Company has deposited Rs. 1,032.45 lakhs.

- 8.2 The Company has received Orders from Sales Tax department raising demands of Rs. 279.82 lakhs against which it has paid Rs. 62.53 lakhs under protest.
- 8.3 The Company has received orders from Central Excise department raising demands of Rs. 180 lakhs against which it has paid Rs. 25 lakhs under protest.
- 8.4 The Company has received an order from Income Tax department raising demand of Rs. 2,402.26 lakhs against which it has paid Rs. 100.00 lakhs under protest.
- 8.5 The Company has received an Order from Service Tax department raising demand of Rs. 18.10 lakhs against which it has paid Rs. 1.81 lakhs under protest

The Company has filed appeals in respect of all the above matters which are resting with the respective forums and hence, the amounts paid have been treated as advances which are considered as good for recovery.

Hence, we are unable to express our opinion of its impact, if any, on the loss for the quarter and nine months ended 31st December, 2017.

9. During the earlier years, the Company had lodged claims for refund of excess finance costs charged by two banks aggregating to Rs. 88.79 lakhs

The above claims are subject to confirmation by the respective banks and the same are considered good for recovery by the Management. We are unable to express our opinion of its impact, if any, on the loss for the quarter and nine months ended 31st December, 2017.

10. In view of loss for the nine-months ended 31st December 2017, current tax has not been provided.



11. The balances relating to Trade Receivables, Trade Payables, Group Companies and Loans & Advances as on 31st December, 2017 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 financial results cannot be presently ascertained and shall be adjusted in the year in which the confirmation process is completed.
12. Subject to the matter disclosed in note no. 1, based on our review conducted and read with the matters specified in para 2 to 11, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Other matters:

Note No. 2 to the Statement which states that the Company has adopted Ind AS for the financial year commencing from 1st April, 2016 and accordingly, the statement has been prepared by the Company's Management in compliance with Ind AS.

For Mehta Chokshi & Shah.
Chartered Accountants
Firm Reg. No. 106201W


Partner

Name: Abhay Mehta
Membership No. 046088



Place: Mumbai
Date: 12th February 2018

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2017

Rs. In Lakhs

Particulars	Quarter Ended			Year to date figures for the Current Period Ended	Year to date figures for the Previous Period Ended
	31-Dec-2017	30-Sep-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
	(Unaudited)	(Unaudited)	(Unaudited)	(9 Months) (Unaudited)	(9 Months) (Unaudited)
I. Revenue from Operations (Gross)	1,581.61	832.00	2,501.03	3,145.70	6,495.02
II. Other Income	60.05	69.49	9.26	158.12	73.69
III. Total Revenue (I+II)	1,641.66	901.49	2,510.29	3,303.82	6,568.71
IV. Expenses					
(a) Cost of Materials Consumed	659.72	452.40	797.09	1,395.06	2,492.98
(b) Purchase of traded goods	16.58	9.66	130.85	101.48	293.00
(c) Change in inventories of finished goods, work-in-progress and stock-in-trade,	79.28	12.47	41.28	89.79	17.79
(d) Excise Duty	-	-	164.12	81.00	505.39
(e) Employee benefits expense	267.31	321.23	259.83	809.46	739.34
(f) Finance Costs	139.04	422.09	448.30	984.33	1,221.35
(g) Depreciation and amortisation expense	158.10	157.59	123.97	455.00	368.33
(h) Other expenses	223.81	440.30	314.01	964.12	1,006.51
Total expenses	1,543.84	1,815.74	2,279.45	4,880.24	6,644.69
V. Profit/(Loss) before Exceptional Items and Taxes (III - IV)	97.82	(914.25)	230.84	(1,576.42)	(75.98)
VI. Exceptional Items (Net)	-	-	181.13	-	181.13
VII. Profit/(Loss) before Tax (V - VI)	97.82	(914.25)	49.71	(1,576.42)	(257.11)
VIII. Tax Expenses	(5.38)	(24.25)	(18.78)	(37.21)	65.10
IX. Profit/(Loss) for the period (VII + VIII)	103.20	(890.00)	68.49	(1,539.21)	(192.01)
X. Other Comprehensive Income	(1.39)	(1.39)	(1.39)	(4.17)	(4.16)
XI. Total Comprehensive Income (IX + X)	101.81	(891.39)	67.10	(1,543.38)	(196.17)
XII. Paid up Equity Share Capital (face value Rs.10/- per share)	2,814.00	2814.00	2,204.00	2,814.00	2,204.00
Earnings Per Share of Rs 10/-each (not annualised)					
(a) Basic	0.36	(3.79)	1.04	(5.93)	(0.36)
(b) Diluted	0.36	(3.79)	1.04	(5.93)	(0.36)





Contd...2/-..

Notes :

1. The above unaudited financial results as reviewed by the Audit Committee, have been approved and taken on record at the meeting of the Board of Directors held on 12th February, 2018. The limited review as required as per listing agreement has been carried out by the Statutory Auditors of the Company.
2. The Company has adopted Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs w.e.f. 1st April, 2017 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 – "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.
3. The Company has applied to two of its banks for settlement of principal / interest amount. The management has accordingly not provided for interest on such loans for the quarter ending 31st December, 2017 amounting to Rs.281.23 lakhs
4. Pursuant to the approval of merger between Lyka Labs Limited with Lyka Healthcare Limited by the Board of Directors in its Board Meeting held on 29th May, 2017. Subsequently, NCLT, Ahmedabad bench has delivered an order 6th February, 2018 for holding a meeting with its Equity and Preference Share holder, Secured and Unsecured Creditors on 27th March, 2018 for the approval of the proposed scheme of merger.
5. The reconciliation of net loss reported for the quarter and Nine months ended 31st December, 2016 in accordance with Indian GAAP to total comprehensive income in accordance with Ind AS is given below :

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended 31 st December, 2016	Nine months ended 31 st December, 2016
a.	Net Profit/(Loss) as per Indian GAAP	106.93	(46.83)
b.	Fair value of financial liabilities/ Assets	11.51	27.71
c.	Fair value of financial Investments	2.15	1.77
d.	Incremental Depreciation on fair value for selective items of Property, Plant & Equipment	(31.19)	(93.57)
e.	Employee benefits – actuarial loss on defined benefit plan reclassified to Other Comprehensive Income (OCI)	1.39	4.16
f.	Expected credit loss on financial assets	(37.18)	(133.46)
g.	Effect of Deferred Tax on above	18.78	65.10
h.	Net Profit /(Loss) before OCI as per Ind AS	68.47	(192.04)
i.	Other comprehensive income (OCI)	(1.39)	(4.16)
j.	Total Comprehensive income under Ind AS	67.09	(196.19)



6. The format for unaudited quarterly results as prescribed in SEBI's Circular CIR/CFB/CMD/15/2015 dt. Nov 30, 2015 has been modified to comply with the requirements of SEBI's circular dt. Jul 5, 2016, Ind AS and Schedule III (Division II) to the Companies Act, 2013.
7. The Statement does not include Ind AS compliant results for the previous year ended March 31, 2017 as the same is not mandatory as per SEBI's circular dt. Jul 5, 2016.
8. These quarterly and nine month Financial Results may require adjustments before constituting the final Ind AS Financial statements as at and for the year ending March 31, 2018 due to changes in financial reporting requirements arising from new or revised standard or interpretation issued by MCA/appropriate authority or changes in the use of one more optional exemptions from full retrospective application of certain IndAS as permitted under IndAS 101.
9. Post the applicability of Goods and Service Tax (GST) w.e.f. July 1, 2017, revenue from operations is disclosed net of GST, accordingly, the revenue from operations and other expenses for the quarter/ nine months ended on December 31, 2017 are not comparable with the corresponding previous period figures.
10. As the Company's business activity falls within a single business segment viz. "Pharmaceuticals" and the sales substantially being in the domestic market, the financial statements are reflective of the information required by Ind AS 108.
11. The figures for previous period have been regrouped/ rearranged wherever considered necessary.

Mumbai
12th February, 2018



For LYKA LABS LIMITED

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