Lyka Labs Limited

Healthcare through Innovation

26th July, 2016

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,

Script Code: lykalabs

Sub: Statement of Impact on Audit Qualification

Attached herewith, the Statement of Impact on Audit Qualification in the prescribed format for the Financial year ended on 31st March, 2016.

Kindly take note of same.

Thanking you,

Yours faithfully,
for LYKA LABS LIMITED

LYKA LABS LIMITED MUMBAI

P. G. HINDA
COMPANY SECRETARY

Encl: a/a

Admn. Office : 101, Shiv Shakti Industrial Estate, Sir M. V. Road, Andheri (E), Mumbai - 400 059. • Phone : 6611 2200 • Fax : 6611 2249
Regd. Office : 4801 / B & 4802 / A, G.I.D.C. Industrial Estate, Ankleshwar - 393 002. • Phone : 02646 221422 / 220549 • Fax : 02646-250692
Website : www.lykalabs.com • Email : enquiry@lykalabs.com
CIN L24230GJ1976PLC008738

LYKA LABS LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - *(Standalone and Consolidated separately)*

Rs. In lacs

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	**Sr. No.**	**Particulars**	**Audited Figures (as reported before adjusting for qualifications)**	**Adjusted Figures (audited figures after adjusting for qualifications)**
	1	Turnover / Total income	5726.96	5726.96
	2	Total Expenditure	5197.23	5197.23
	3	Net Profit/(Loss)	482.02	482.02
	4	Earnings Per Share	2.17	2.17
	5	Total Assets	22802.73	22802.73
	6	Total Liabilities	16152.43	16152.43
	7	Net Worth	6650.30	6650.30
	8	Any other financial item(s) (as felt appropriate by the management)		
II.	**Audit Qualification (each audit qualification separately):**			
	a. Details of Audit Qualification: The Auditors 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 Rs.1313.88 lacs including finance cost of Rs.220.87 lacs which is carried forward under capital work in progress-intangibles.			
	b. Type of Audit Qualification: Qualified Opinion			
	c. Frequency of qualification: Repetitive			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i) Management's estimation on the impact of audit qualification:			
	(ii) If management is unable to estimate the impact, reasons for the same: 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 conducts clinical trials, toxicity studies, stability studies in a phased manner and detailed documentation required for obtaining regulatory approvals is compiled. The period involved could be as much as 8-10 years and result in substantial development costs.			

M.A. PARIKH & CO. CHARTERED ACCOUNTANTS MUMBAI

LYKA LABS LIMITED

	The benefit of such substantial development costs by way of 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, to 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 Rs.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.	
	(iii) Auditors' Comments on (ii) above: We agree with the reasons stated by the Management.	
III.	**Signatories:**	
	• Narendra I Gandhi (Managing Director)	
	• Yogesh B. Shah (CFO)	
	• Mukul M. Patel (M/s M.A. Parikh & Co. Chartered Accounts-Statutory Auditor)	
	• Ajit Bagadia (Chairman Audit Committee)	
	Place: Mumbai	
	Date: 02 JUL 2016	

LYKA LABS LIMITED

M. A. PARIKH & CO. MUMBAI CHARTERED ACCOUNTANTS