

LACTOSE (INDIA) LIMITED



31st

ANNUAL REPORT 2021-2022

LACTOSE (INDIA) LIMITED

BOARD OF DIRECTORS

Shri. Atul Maheshwari	<i>Managing Director</i>
Smt. Sangita Maheshwari	<i>Whole Time Director & C.F.O.</i>
Shri. Pramod Kalani	<i>Non-Executive, Independent Director</i>
Shri. G. K. Sarda	<i>Non-Executive, Independent Director</i>
Shri. Dhaval Jayant Soni	<i>Non-Executive, Independent Director</i>

AUDITORS

C A S & Co. Chartered Accountants
A-703, Rajeshri Accord, Telly Cross, Off S. N. Road,
Andheri (East), Mumbai - 400 069

CORPORATE OFFICE

Unit No. G-02, 'A' Wing, Ground Floor,
Navbharat Estates, Zakaria Bunder Road,
Sewri (West), Mumbai - 400 015

BANKERS

HDFC Bank Ltd.
Ground Floor, Imperial Mahal, Khodad Circle,
Dadar TT, Mumbai- 400014

REGISTRAR & SHARE TRANSFER AGENT

Big Share Services Pvt. Ltd.
Office No. S6-2, 6th Floor, Pinnacle Business Park, Next
to Ahura Center, Mahakali Caves Road, Andheri (East),
Mumbai - 400093.

REGISTERED OFFICE & WORKS

Survey No. 6,
Village Poicha (Rania),
Savli, Dist. Vadodara, Gujarat - 391780

SECRETARIAL AUDITOR

Bhumika & Co.
B/618, Jaswanti Allied Business Centre, Off Ramchandra
Lane extn; Kachpada, Malad (West), Mumbai – 400064.

OTHER INFORMATION

ISIN No. - INE058I01013
BSE Scrip Code - 524202
Company Identification No:
L15201GJ1991PLC015186

INTERNAL AUDITOR

AMS & CO.
304, Rainbow Chambers, S.V. Road, Near MTNL
Tel. Exchange, Kandivali (West), Mumbai-400 067

COMPANY SECRETARY

Mr. Ritesh Pandey
Company Secretary & Compliance Officer
w.e.f 10th January, 2020

Contents	Page No
Corporate Information	2
Notice	3
Directors Report	12
Management Discussion & Analysis Report	36
Independent Auditors Report	38
Balance Sheet	45
Statement of Profit and Loss	46
Cash Flow	47
Notes to the Financial Statements	50

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 31ST ANNUAL GENERAL MEETING OF THE MEMBERS OF LACTOSE (INDIA) LIMITED WILL BE HELD ON FRIDAY, 17TH JUNE 2022 AT 12:00 NOON THROUGH ELECTRONIC MODE [VIDEO CONFERENCING (“VC”) OR ANY OTHER AUDIO-VISUAL MEANS (“OAVM”)] TO TRANSACT THE FOLLOWING BUSINESS:

THE VENUE OF THE MEETING SHALL BE DEEMED TO BE THE REGISTERED OFFICE OF THE COMPANY SITUATED AT SURVEY NO.6, VILLAGE POICHA (RANIA), SAVLI, BARODA – 391780.

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2022, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Sangita Maheshwari (DIN: 00369898), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 139 to 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. C A S & Co., Chartered Accountants, (ICAI Registration No. 111075W) who retires and have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of the provisions of Section 141 of the Companies Act, 2013 and the Rules, be and are hereby reappointed as Statutory Auditors of the Company, to hold office for a period of five years from the conclusion of this Annual General Meeting until the conclusion of the 36th Annual General Meeting of the Company on such remuneration as agreed upon by the Board of Directors and the Auditors.

RESOLVED FURTHER THAT Mr. Atul Maheshwari, Managing Director or Mrs. Sangita Maheshwari, Whole Time Director or Mr. Ritesh Pandey, Company Secretary and Compliance Officer, be and are hereby authorized to sign and/or submit the necessary application and forms with appropriate authorities and to perform all such acts, deeds and things as they may in their absolute discretion deem necessary or desirable for and on behalf of the Company for the purpose of giving effect to aforesaid resolution.”

SPECIAL BUSINESS

4. **Appointment of Mr. Dhaval Jayant Soni (DIN-00751362) as a Non Executive Independent Director:**
To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special resolution**:

“**RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee (“NRC”) and the Board of Directors (“Board”), Mr. Dhaval Jayant Soni (DIN: 00751362) who was appointed as an Additional Director of the Company w.e.f. 19th March, 2022 by the Board and who holds office upto the date of the upcoming general meeting under the provisions of Section 161(1) of the Companies Act, 2013 (“Act”) and Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act signifying his intention to propose the name of Mr. Dhaval Jayant Soni (DIN-00751362) as a candidate for the office of director, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT pursuant to the recommendation of the NRC and the Board and subject to the provisions of the Section 149, 150 and 152 and other applicable provisions if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014 read with Schedule IV to the Act, and Regulation 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Dhaval Jayant Soni, who has submitted a declaration of independence under section 149(6) of the Act and is eligible for appointment, approval of the Members of the Company be and is hereby accorded for the appointment as a Non-Executive Independent Director of the Company for a period of five (5) consecutive years commencing from 19th March, 2022 upto and inclusive 18th March, 2027.

RESOLVED FURTHER THAT Mr. Dhaval Jayant Soni shall not be liable to retire by rotation during his tenure as a Non-Executive Independent Director of the Company.

RESOLVED FURTHER THAT Mr. Atul Maheshwari, Managing Director or Mrs. Sangita Maheshwari, Whole Time Director or Mr. Ritesh Pandey, Company Secretary and Compliance Officer, be and are hereby authorized to sign and/or submit the necessary application and forms with appropriate authorities and to perform all such acts, deeds and things as they may in their absolute discretion deem necessary or desirable for and on behalf of the Company for the purpose of giving effect to aforesaid resolution.”

By Order of the Board

Sd/-

Ritesh Pandey
(Company Secretary)

Date : 20th May, 2022

Place : Mumbai

Regd. Office:

Survey No. 6, Village Poicha (Rania),

Savli Vadodara, Gujarat – 391780

Tel No. +91-22-24117030/31/32

Fax +91-22-24117034

CIN L15201GJ1991PLC015186

Website www.lactoseindialimited.com

E-mail id lil@lactoseindialimited.com

Lactose (India) Limited

NOTES TO NOTICE

- i. The Statement as required under Section 102 of the Companies Act, 2013 ("the Act") is annexed to the Notice.
- ii. In view of the current extraordinary circumstances caused by the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 14th December, 2021 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" read with General Circular No. 20/ 2020 dated 05th May, 2020, the General Circular No. 17/ 2020 dated 13th April, 2020, General Circular No. 33/2020 dated 28th September, 2020, General Circular No. 39/2020 dated 31st December, 2020, General Circular No. 02/2021 dated 13th January, 2021 and General Circular No. 2/2022 dated 05th May, 2022 (collectively referred to as "MCA Circulars") permitted the Companies to hold their Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the current AGM of the Company is being held through VC / OAVM. The deemed venue for the 31st AGM will be the registered office of the Company. The procedure for joining the AGM through VC/ OAVM is mentioned in this Notice.
- iii. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
- iv. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
- v. Members shall have the option to vote electronically ("e-voting") either before the AGM ("remote e-voting") or during the AGM.

In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and any amendments thereto, Secretarial Standard on General Meetings ("SS-2"), Regulation 44 of the SEBI Listing Regulations and MCA Circulars, the facility for remote e-voting and e-voting in respect of the business to be transacted at the AGM is being provided by the Company through Central Depository

- Services (India) Limited ("CDSL"). Necessary arrangements have been made by the Company with CDSL to facilitate remote e-voting and e-voting during the AGM.
- vi. The Company has appointed M/s. Jajodia & Associates, having COP no. 19900, as the scrutinizer for scrutinizing the entire e-voting process i.e. remote e-voting and e-voting during the AGM, to ensure that the process is carried out in a fair and transparent manner.
 - vii. The attendance of the Members joining the AGM through VC / OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Act.
 - viii. Members attending the AGM through VC / OAVM should note that those who are entitled to vote but have not exercised their right to vote by remote e-voting, may vote during the AGM through e-voting for all businesses specified in the Notice. The Members who have exercised their right to vote by remote e-voting may attend the AGM but cannot vote during the AGM.
 - ix. Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the Member / Beneficial Owner list maintained by the depositories as on the cutoff date i.e. Friday, 10th June, 2022 ("cut-off date").
 - x. A person who is not a member as on Friday, 10th June, 2022 should treat this Notice for information purposes only.
 - xi. A person, whose name is recorded in the Register of Members / Beneficial Owners list maintained by the depositories as on Friday, 10th June, 2022 only shall be entitled to avail the facility of remote e-voting or e-voting during the AGM.
 - xii. Register of Members and Share Transfer Books will remain closed from Friday, 10th June, 2022 to Friday, 17th June, 2022 (both days inclusive).
 - xiii. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote during the AGM.
 - xiv. Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which includes easy liquidity since trading is permitted in dematerialized form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents. Further, with effect from 01st April 2019, requests for transfer of securities are not permitted unless the securities are held in a dematerialized form with a depository except in case of transmission or transposition of securities as per SEBI Listing Regulations. Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding at the earliest.
 - xv. Members holding shares in dematerialized form are requested to update with their respective Depository Participants ("DP"), their bank account details (account number, 9 digit MICR and 11 digit IFSC), e-mail IDs and mobile number. Members holding shares in physical form may communicate details to the Company / Registrar and Transfer Agent viz. Bigshare Services Private Limited ("RTA") before Friday, 10th June, 2022 by quoting the

Folio No. and attaching a scanned copy of the cancelled cheque leaf of their bank account and a self-attested scanned copy of the PAN card.

- xvi. Members can avail of the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act.
- xvii. Additional information of Directors seeking re-appointment at the ensuing AGM, as required under Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of the SS-2, is annexed to the Notice.
- xviii. In line with MCA Circulars and SEBI circular, the Notice calling the AGM along with the Annual Report for 2021-22 ("Annual Report") is being sent through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice of AGM and Annual Report will also be available on the website of the Company at www.lactoseindialimited.com and the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The Notice is also disseminated on the website of CDSL (agency providing the remote e-voting facility and e-voting during the AGM) at www.evotingindia.com. For the purpose of receiving the Notice of the AGM and the Annual Report through electronic mode in case the email address is not registered with the respective DPs / Company / RTA, Members may register the email IDs using the facility provided by the Company through the following link: <https://bigshareonline.com/InvestorRegistration.aspx#AdvdTrack#>. Members who have not yet registered their e-mail addresses are requested to register the same with their DPs in case the shares are held by them in dematerialized form and with Company/ RTA in case the shares are held by them in physical form.
- xix. All the documents referred in the Notice are available for inspection electronically from the date of dispatch of Notice upto 31st Annual General Meeting. Members seeking to inspect such documents are requested to write to the Company at lit@lactoseindialimited.com.
- xx. In case of any queries regarding the Annual Report, the Members may write to investor@bigshareonline.com to receive an email response.
- xxi. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and General Circular No. 2/2022 dated 05th May, 2022 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2021, or become due in the year 2021, to conduct their AGMs on or before 31.12.2022, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated, 13th, January 2021 and Circular No. 2/2022 dated 05th May, 2022.
- xxii. **Procedure for voting through electronic means:**

(A) Procedure and instructions for remote e-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as

amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL

The instructions for shareholders voting electronically are as under:

For Members, whose e-mail addresses are registered with the Company/ Depositories:

The instructions for members for voting electronically are as under:

- (i) The voting period begins on Tuesday, 14th June, 2022 at 9.00 a.m. (IST) and ends on Thursday, 16th June, 2022 at 5.00 p.m (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut- off date Friday, 10th June, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/ retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Lactose (India) Limited

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders.**

1. Log on to the e-voting website www.evotingindia.com
2. Click on "Shareholders" module.
3. 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.
 - d. Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.
4. Next enter the Image Verification as displayed and Click on Login.
5. 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.

6. If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual 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"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
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. 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 as mentioned in instruction (v).

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

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the Electronic Voting Sequence Number (EVS/N) of Lactose (India) Limited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/

Lactose (India) Limited

NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) 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. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) 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.
- Alternatively, non-individual Members are required to send the relevant Board resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote,

to the scrutinizer and to the Company, if the aforesaid documents are not uploaded on the CDSL e-voting system, for scrutinizer to verify the same

- (xx) 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 or call 1800 22 5533.
- (xxi) All grievances connected with the e-voting facility may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to helpdesk.evoting@cdslindia.com or call 1800 22 5533 / 022-2305 8542.

• **Process for those shareholders whose email addresses/mobile no. are not registered with the company/depositories**

- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
- For Demat shareholders -Please update your email id & mobile no. with your respective Depository Participant (DP)
- For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

(B) Procedure and instructions for Members attending the AGM through VC / OAVM

- i. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM through the facility provided by CDSL at www.evotingindia.com by using their remote e-voting login credentials and selecting the EVSN for the Company’s AGM.
- ii. Members are encouraged to join the AGM through laptops / iPads for better experience.
- iii. Members connecting through mobile devices or tablets or laptop connecting via mobile hotspot may experience loss of audio / video due to fluctuation in the network.

Members are requested to use an internet facility with a good bandwidth to avoid facing any disturbance during the AGM.

- iv. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast

7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at lil@lactoseindialimited.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at lil@lactoseindialimited.com. These queries will be replied to by the company suitably by email.

- v. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

(C) Procedure and instructions for Members for e-voting during the AGM are as under:

- i. The procedure to be followed for e-voting on the day of the AGM will be the same mentioned above for remote e-voting.
- ii. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
- iii. Only those Members, who are present at the AGM through VC / OAVM and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting during the AGM.
- iv. If any votes are cast by the Members through the e-voting facility available during the AGM and if the said Members have not participated in the AGM through VC / OAVM facility, then the votes cast by such Members shall be

considered invalid as the facility of e-voting during the AGM is available only to the Members attending the AGM

- v. Members who need any technical assistance before or during the AGM, can contact Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to helpdesk.evoting@cdslindia.com or call 1800 22 5533 / 022-2305 8542.

Declaration of Results:

- i. M/s. Jajodia & Associates, Practicing Company Secretary (COP No: 19900), has been appointed as the scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- ii. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty-eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- iii. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.lactoseindialimited.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

ANNEXURE TO THE NOTICE

DETAILS OF DIRECTORS SEEKING APPOINTMENT AND SEEKING FIXATION OF REMUNERATION AT THE FORTHCOMING ANNUAL GENERAL MEETING

[Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards-2 on General Meetings]

Name of the Director	Mr. Dhaval Jayant Soni	Mrs. Sangita Maheshwari
DIN	00751362	00369898
Designation	Additional Independent Non-Executive Director	Whole Time Director
Date of Birth	13/12/1958	06/02/1967
Age	63 Years	54 years
Date of Appointment	19/03/2022	24/02/2014
Nationality	Indian	Indian
Brief Resume	Over 29 years of his experience includes the Sales and Marketing of Product in India.	Over 31 years of her experience includes the Sales and Marketing of Product in India and International. Her Job profile also includes cash flow management and development of new Business
Expertise in specific functional area	Sales and Marketing	Sales and Marketing
Qualification	B.sc (Science Graduate)	B.com
List of outside Directorship held as on 31st March, 2022 (Excluding Private Limited Companies and Foreign Companies)	Photoquip (India) Limited	NIL
Chairman/Member of the Committee of Board of Directors of the Company as on 31st March, 2022	Member of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee & Sexual Harrasment Committee	NIL
No. of Shares held in the Company as on 31st March, 2022	NIL	15,39,910
Relationship with other Directors and Key Managerial Personnel	NA	Mr. Shyamsunder Toshniwal - Father Mr. Atul Maheshwari - Husband
Remuneration proposed to be paid	NA	1. Remuneration: Upto a limit of 9,00,000 per month, as may be decided by the Board from time to time depending on Company's performance. 2. Such benefits, perquisites and allowances as may be determined by the Board from time to time. Other terms & Conditions remains same.
Remuneration last drawn (including sitting fees, if any) for the financial year 2021-22	NA	52.67 Lakh
Number of Board Meetings attended during the financial year 2021-22	01	09
Terms and Conditions of Appointment/Re-appointment	As per Company Policy	N.A

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013

In Conformity with the Provisions of Section 102(1) of the Companies Act, 2013 the following Explanatory Statement sets out all the material facts relating to the item of Special Business at item no. 4 of the Notice dated 20th May, 2022 and the same should be taken as forming part of the notice.

Item No. 4:

The Board of Directors based on the recommendation of the Nomination & Remuneration Committee had appointed Mr. Dhaval Jayant Soni (DIN: 00751362) as an Additional Non-Executive Independent Director with effect from 19th March, 2022, subject to the approval of the members. In terms of the provisions of Section 161 of the Act, Mr. Dhaval Jayant Soni (DIN: 00751362) holds the office till the date of upcoming Annual General Meeting and is eligible for appointment as a Director. Pursuant to Section 160 of the Act, the Company has received notice, proposing candidature of Mr. Dhaval Jayant Soni (DIN: 00751362) for the office of Director of the Company.

Mr. Dhaval Jayant Soni, pursuant to Section 152 of the Companies Act, 2013 (the 'Act'), has given his consent to act as a Non-Executive Independent Director of the Company. Declaration has also been received from Mr. Dhaval Jayant Soni that he meets the criteria of independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations').

The Company has also received the declaration from Mr. Dhaval Jayant Soni (DIN: 00751362) stating that he meets the criteria of independence as per Section 149(6) of the Act. The detailed profile of Mr. Dhaval Jayant Soni (DIN: 00751362) is attached as Annexure to Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

In the opinion of the Board, Mr. Dhaval Jayant Soni fulfills the conditions specified in the Act and the rules made thereunder and also under the SEBI Listing Regulations for appointment as Non-Executive Independent Director and is Independent of the Management.

The Board of Directors recommend the Special Resolution in relation to the appointment of Mr. Dhaval Jayant Soni as a Non-Executive Independent Director of the Company for a period of five (5) years who shall hold office till 18th March, 2027.

Except Mr. Dhaval Jayant Soni, None of Directors /Key Managerial Persons (KMP) or their relatives are interested in any way in the resolutions mentioned above except their Shareholdings in the Company.

By Order of the Board

Sd/-
Ritesh Pandey
(Company Secretary)

Date : 20th May, 2022

Place : Mumbai

Regd. Office:

Survey No. 6, Village Poicha (Rania),

Savli Vadodara, Gujarat – 391780

Tel No. +91-22-24117030/31/32

Fax +91-22-24117034

CIN L15201GJ1991PLC015186

Website www.lactoseindialimited.com

E-mail id lil@lactoseindialimited.com

Lactose (India) Limited

DIRECTORS' REPORT

To,

The Members,

Your Directors proudly present to you the 31st Annual Report of the Company together with the Audited Statement of the Accounts for the Financial year ended on 31st March, 2022.

FINANCIAL STATEMENT:

(Rs. In Lakhs)

Particulars	2021-2022	2020-2021
Operating and other Income	4,651.95	3,527.64
Expenditure	4335.31	3,854.68
Profit before Tax	316.64	(327.04)
Provision for Current Tax	56.94	-
Deferred Tax	14.56	(84.20)
Taxation of Earlier Years	-	4.89
After Tax	238.08	(242.21)

DIVIDENDS:

The Board of Directors of your Company do not recommend any Dividend on equity shares for the FY 2021-2022.

REVIEW OF OPERATIONS:

During the year under review, revenue of the Company has increased to Rs. 4593.90 lakhs as compared to Rs. 3496.33 lakhs in the corresponding previous year. The Company earned net profit of Rs. 238.08 lakhs as compared to net loss of Rs. 242.21 lakhs in the corresponding previous year.

TRANSFER TO RESERVE:

The Company has not transferred amount to reserves during the Financial Year 2021-22.

DEPOSITS:

The details of deposits as covered under Chapter V of the Act are as under:

(a)	Deposits accepted during the year	Nil
(b)	Remained unpaid or unclaimed as at the end of the year	Nil
(c)	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 (ii) Maximum during the year (iii) At the end of the year	Nil
(d)	The details of deposits which are not in compliance with the requirements of Chapter	Nil

NATURE OF BUSINESS:

The company is engaged in the business of manufacturers, manufacturers representatives, producers, processors, refiners, consignors, consignees, factors, agents, exporters, importers and distributors of all classes, kinds, types and nature of:

- I. Foods whether finished, semi-finished, processed and unprocessed.
- II. Milk cream ice-cream, curd, butter milk, paneer, cheese, sweetmeats, chocolates and other dairy products.
- III. Pharmaceuticals, drugs bulk drugs, medicines.
- IV. Chemicals, chemical products, chemical compounds, derivatives and intermediates.

DETAILS OF SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES:

The Company has no subsidiary, Joint Venture and Associate companies.

No company has become or ceased to be the Company's subsidiaries, joint ventures or associate companies during the year under review.

COMPLIANCE WITH SECRETARIAL STANDARDS:

The Board of Directors affirm that the Company has complied with the applicable Secretarial Standards ("SS") issued by the Institute of Company Secretaries of India relating to the meetings of the Board and its committees as well as the general meetings (SS-1 and SS-2) respectively, which have mandatory application during the year under review.

SHARE CAPITAL:

The details of Share capital of the Company is as under:

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of Shares	(Rs.in Lakhs)	Number of Shares	(Rs in Lakhs)
Authorised Capital: Equity Shares of Rs 10/- each	1,50,00,000	1500.00	1,50,00,000	1500.00
Issued,Subscribed & Paid-Up Capital: Equity Shares of Rs 10/- each	1,25,89,000	1258.90	1,14,37,000	1143.70

During the year under review, the company had allotted 8,10,000 & 3,42,000 equity shares pursuant to conversion of convertible warrants in the Board meetings held on 11th December, 2021 and 28th March, 2022 respectively in the following manner:

Sr. No	Name of the Allottee(s)	No. of Equity Shares Allotted	
		11/12/2021	28/3/2022
1	Mr. Shyamsunder Toshniwal	1,45,000	53,000
2	Mrs. Madhubala Toshniwal	1,45,000	53,000
3	Mr. Atul Maheshwari	1,45,000	53,000
4	Mrs. Sangita Maheshwari	1,45,000	53,000
5	SST Private Family Trust	2,30,000	1,30,000
TOTAL		8,10,000	3,42,000

The Company has neither issued any shares with differential rights as to dividend, voting or otherwise nor issued any sweat equity shares during the year under review.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

At the 31st Annual General Meeting (“AGM”) of the Company and in accordance with the applicable provisions of Section 152 of the Act and the Articles of Association of the Company, Mrs. Sangita Maheshwari (DIN: 00369898) is liable to retire by rotation and being eligible, offers herself for re-appointment as Director- of the Company.

Necessary resolution for her re-appointment is included in the Notice of 31st AGM for seeking approval of the members of the Company.

During the year under review, Mr. Shyamsunder Toshniwal and Mr. Mahendra Kumar Singhi resigned from the board w.e.f. 21st December, 2021 and 22nd December, 2021 respectively.

The board of directors in their meeting held on 19th March 2022 appointed Mr. Dhaval Jayant Soni as an Additional Director on the board w.e.f. 19th March, 2022 .

Necessary resolution for regularization of Mr. Dhaval Jayant Soni is included in the Notice of 31st AGM for seeking approval of the members of the company.

DECLARATION BY AN INDEPENDENT DIRECTOR(S)

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

FORMAL ANNUAL BOARD EVALUATION

The annual evaluation process of the Board of Directors, individual Directors and Committees was conducted in accordance with the provision of the Act and the SEBI Listing Regulations.

The Board evaluated its performance after seeking inputs from all the directors on the basis of criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the Committees was evaluated by the Board after seeking inputs from the committee members on

the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are as provided in the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

The evaluation was done in accordance with the framework and criteria laid down by the NRC. Further, at a separate meeting, the Independent Directors evaluated performance of Non-Independent Directors, Board as a whole and of the Chairman of the Board.

MANAGEMENT DISCUSSION & ANALYSIS REPORTS

The Management Discussion and Analysis of financial condition, including the results of operations of the Company for the year under review as required under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as a separate section forming part of the Annual Report.

BOARD MEETINGS:

During the FY 2021-22, 09 (Nine) Board Meetings were conveyed and held by the Company. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

SEPARATE MEETING OF INDEPENDENT DIRECTORS:

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder and Regulation 25 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors was held on 28th March, 2022 during the financial year 2021-22, without the attendance of Non-Independent Directors and Members of the Management.

The Independent Directors reviewed performance of Non-Independent Directors, Chairman of the Company and the performance of the Board as a whole. The Independent Directors also discussed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The feedback of the Meeting was shared with the Chairman of the Company.

NOMINATION AND REMUNERATION POLICY:

Pursuant to Provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and on the recommendation of the Nomination & Remuneration committee the Board has adopted policy for selection and appointment of Directors, Senior Management and their remuneration. The details of Remuneration Policy is stated in the Corporate Governance Report. The Nomination and Remuneration Policy is posted on the website of the Company. The web link for the same is: <https://www.lactoseindialimited.com/policy.php>.

Lactose (India) Limited

STATUTORY AUDIT:

The Board of Directors in their meeting held on 20th May, 2022, on the recommendations of the Audit Committee, in accordance with the provisions of Section 141 of the Companies Act, 2013, recommended M/s. C A S & Co., Chartered Accountants as the Auditors of your company till the conclusion of 36th Annual General Meeting. The company has received a certificate from the Auditors to the effect that the proposed appointment, if made will be in accordance with the limits specified under Section 139(9) of the Companies Act, 2013.

The Auditors Report for the financial year 2021-22, does not contain any qualification, reservation or adverse remark.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Managerial Personnel) Rules, 2014, the Board of Directors had appointed **M/s. Bhumika & Co.**, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2022. The Report of the Secretarial Audit is annexed as "**Annexure A**" to this Board's Report.

The Secretarial Audit Report does not contain any qualification, reservation, adverse remarks and disclaimer.

The Company is in compliance with the Secretarial Standards specified by the Institute of Company Secretaries of India.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Act introduced regulations with focus on control and compliance requirements, in light of which, the Company has laid down internal financial controls across various processes prevalent in the organization. These controls have been established at the entity as well as process level and are designed to ensure compliance to internal control requirements, regulatory compliance and enable appropriate recording of financial and operational information. The Company has reviewed the effectiveness of its internal financial controls by adopting a systematic approach to assess the design and its operating effectiveness.

During the financial year 2021-2022, such controls were tested and no reportable material weakness in the design or operation was observed. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.

VIGIL MECHANISM/WHISTLE BLOWER POLICY:

The Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The policy is placed on the website of the Company. The web link for the same is:- <http://www.lactoseindialimited.com/policy.php>

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

The information required under Section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is given hereto and forms a part of this report as an "**Annexure B**".

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Energy conservation is not only a national priority but also a key value driver for your Company. Employees are also encouraged to give suggestion that will result in energy saving.

As prescribed under the Section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is not applicable, as there is no technology absorption, adaptation and innovation made by your Company. However, it has been the endeavor of the Company to continuously upgrade & standardize its products.

FOREIGN CURRENCY EARNING AND OUTGO

Sr No.	Particulars	Rs. In Lakhs
i)	CIF Value of Imports	205.84
ii)	Expenditure in foreign currency	0.84
iii)	Foreign Exchange earned	627.11

PARTICULARS OF EMPLOYEES:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report and is marked as "**Annexure C**" to this Report.

EXTRACT OF ANNUAL RETURN:

Pursuant to Section 92 of the Companies Act, 2013 ("Act") read with Rule 12 of The Companies (Management and Administration) Rules, 2014 and Section 134 (3) (a), the copy of Annual Return can be accessed on the website of the Company at www.lactoseindia.com.

RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially

significant related party transactions made by the Company with promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY UNDER SECTION 186:

The details of Loan, Guarantees and Investments made by the Company under the provisions of Section 186 of the Companies Act, 2013 are provided in the notes to the Financial Statements.

SAFETY, HEALTH AND ENVIRONMENT:

Your Company recognizes its role in health and safety, as well as its responsibility towards environment and society. Infact, your Company's goals are: no accidents, no injuries to people and no damage to environment. Safety and security of personnel, assets and environmental protection are also on top of the agenda of the Company at its manufacturing facilities.

Clean environment and sustainable development integrated with the business objective is the focus of operations of the Company. The projects and activities are planned and designed with environment protection as an integral part to ensure a safe and clean environment for sustainable development.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134(3)(c) OF THE COMPANIES ACT 2013:

To the best of knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Act.

- (a) That in the preparation of the annual financial statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) That such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgments have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2022 and of the profit or loss of the company for the year ended on that date;
- (c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) That the annual financial statements have been prepared on a going concern basis;

- (e) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- (f) That systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE:

As per the SEBI(Listing Obligation and Disclosure Requirements) Regulation, 2015 the Company has prepared a report on Corporate Governance together with a certificate from the Company's Auditors confirming Compliance is set out in the "Annexure D" forming the part of this Annual Report.

DISCLOSURES:

AUDIT COMMITTEE

The Audit Committee comprises of Independent Directors namely Mr. G. K. Sarda (Chairman), Mr. Pramod Kalani and Mr. Dhaval Jayant Soni as other members. The Audit Committee played an important role during the year. It co-ordinated with the Statutory Auditors, Internal Auditors and other key personnel of the Company and has rendered guidance in the areas of internal audit and control, finance and accounts. All the recommendations made by the Audit Committee were accepted by the Board. During the FY 2021-22, 05 (Five) Audit Committee's Meetings were conveyed and held by the Company. The details of which are given in the Corporate Governance Report.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

During the FY 2021-22, 4 (Four) Stakeholders Relationship Committee's Meetings were conveyed and held by the Company. The details of which are given in the Corporate Governance Report. With the compulsory dematerialization of the Company's shares and electronic mode of transfers, postal dispatches which led to usual complaints, have been minimized.

NOMINATION & REMUNERATION COMMITTEE:

During the FY 2021-22, 03 (Three) Nomination & Remuneration Committee's Meetings were conveyed and held by the Company. The details of which are given in the Corporate Governance Report. The Nomination and Remuneration Committee recommends to the Board the suitability of candidates for appointment as Key Managerial Personnel, Directors and the remuneration packages payable to them and other employees.

CORPORATE SOCIAL RESPONSIBILITY ("CSR"):

During the FY 2021-22, Corporate Social Responsibility is not applicable to the company.

Lactose (India) Limited

SEXUAL HARASSMENT POLICY

The Company has in place Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed of during the year 2021-22:

- a) No. of complaints received: Nil
- b) No. of complaints disposed of: N.A.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Industrial Relations continued to be harmonious throughout the year under review. Many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement programs which have helped the Organization achieve higher productivity levels.

MATERIAL CHANGES:

During the year under review, the company had allotted 810000 and 342000 equity shares pursuant to conversion of convertible warrant on 11th December, 2021 and 28th March, 2022.

Further, there are no other material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company i.e. 31st March, 2022 to which these financial statements relate and date of this report.

RISK MANAGEMENT POLICY:

As per the Act, and as part of good corporate governance the Company has constituted the Risk Management Committee. The Committee has laid down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan and policy for the Company.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The Committee reviewed the risk trend, exposure and potential impact analysis carried out by the management. It was specifically confirmed to the Committee by the MD and the CFO that the mitigation plans are finalised and up to date,

owners are identified and the progress of mitigation actions are monitored.

CODE OF CONDUCT:

Your Company has established a Code of Conduct and Code of Fair Disclosures for Prohibition of Insider Trading ("Code of Conduct" or "Code") which is applicable to the Employees, Directors, designated persons, immediate relatives of designated persons and connected persons of the Company. The Code lays down the standard of conduct, which is expected to be followed by the Directors and employees in their business dealings, and in particular, on matters relating to integrity in the work place, dealing with stakeholders and in business practices. All the Board Members and the Senior Management employees have confirmed compliance with the Code.

The Code is available on website of the Company at www.lactoseindia.com.

SIGNIFICANT OR MATERIAL ORDERS AGAINST COMPANY

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and your Company's operation in future

APPRECIATION:

Your Directors take this opportunity to convey their deep sense of gratitude for valuable assistance and Co-operation extended to the Company by all valued customers and bankers of the Company.

Your Directors also wish to place on record their sincere appreciation for the valued contribution, unstinted efforts by the employees at all levels which contributed, in no small measure, to the progress and the high performance of the Company during the year under review.

**For and on behalf of the Board
For Lactose (India) Limited**

Sd/-
(Atul Maheshwari)
Managing Director
DIN No: 00255202

Sd/-
(Sangita Maheshwari)
Whole-time Director & CFO
DIN: 00369898

Date : 20.05.2022

Place : Mumbai

Regd. Office

Survey No. 6, Village Poicha (Rania)
Savli, Vadodara Gujarat – 391780
Tel No. : +91-22-24117030/31/32
Fax : +91-22-24117034
CIN : L15201GJ1991PLC015186
Website : www.lactoseindialimited.com
E-mail id : lil@lactoseindialimited.com

ANNEXURE “A” TO THE DIRECTOR’S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR FINANCIAL YEAR ENDED ON 31ST MARCH, 2022

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

To,
The Members,
Lactose (India) Limited
Survey No. 6, Savli, Village Poicha (Rania),
District Vadodara GJ– 391780

We have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Lactose (India) 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 verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company, the information to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by The Ministry of Corporate Affairs and The Securities and Exchange Board of India, as applicable, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2022, 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 the Company for the financial year ended on 31st March, 2022, according to the applicable 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;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) to the extent applicable to the Company:-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2018;
 - b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2018;
 - c. The Securities and Exchange Board of India, (Prohibition of Insider Trading) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; No such transaction during the year under review.
 - f. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - g. The Securities and Exchange Board of India (Issue and Listing of Non – convertible Securities) Regulations, 2021;
 - h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2018;
 - j. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
- VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company as mentioned below:
- Factories Act, 1948
 - Industrial Disputes Act, 1947
 - Payment of Wages Act, 1936 & Payment of Bonus Act, 1965
 - The Contract Labour (Regulation and Abolition) Act, 1970
 - Employees Provident Fund and Miscellaneous Provisions Act, 1952
 - Environment Protection Act, 1986
 - Pollution Control Laws

Lactose (India) Limited

- Explosives Act, 1884 and Explosives Rules, 2008
- Drugs and Cosmetic Acts, 1940 and Rules thereunder
- Drug (Price Control) Order, 2013
- The Minimum Wages Act, 1948
- The Employees Compensation Act, 1923
- Food Safety and Standards Act, 2006

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India;

We report that during the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned as above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, 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 detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that 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.

We further report that during the audit period the Company has:

1. Allotted second tranche of 8,10,000 equity shares on conversion of 8,10,000 convertible warrants (out of 24,00,000 convertible warrants) on preferential basis on 11th December, 2021;

2. Noted resignation of Mr. Shyamsundar Toshniwal (Non-executive Director and Chairman) with effect from 21st December, 2021;
3. Noted resignation of Mr. Mahendrakumar Singhi Omprakash (Independent Director) with effect from 22nd December, 2021;
4. Appointed Mr. Dhaval Jayant Soni as an Independent Director of the company with effect from 19th March, 2022;
5. Allotted third tranche of 3,42,000 equity shares on conversion of 3,42,000 convertible warrants (out of 24,00,000 convertible warrants) on preferential basis on 28th March, 2022;

We further report that during the audit period there were no instance of:

- (i) Public/Right issue of shares / debentures / sweat equity etc.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations.

Further, our report of even dated to be read along with the following clarifications:

This report is to be read with our letter of even date which is annexed as Annexure I and forms an integral part of this report.

FOR BHUMIKA & CO

**Sd/-
Bhumika Sidhpura
Company Secretary in Practice
M.No.: 37321
CP No.: 19635
UDIN: A037321D000356860**

**Place: Mumbai
Date: 20th May, 2022**

'Annexure I'

To,
The Members,
Lactose (India) Limited
Survey No. 6, Savli, Village Poicha (Rania),
District Vadodara – 391780

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR BHUMIKA & CO

Sd/-
Bhumika Sidhpura
Company Secretary in Practice
M.No.:37321 CP No.: 19635
UDIN: A037321D000356860

Place: Mumbai
Date: 20th May, 2022

ANNEXURE “B” TO THE DIRECTOR’S REPORT

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power & Fuel Consumption:

Power and Fuel Consumption		F.Y. 2021-22	F.Y. 2020-21
1)	Electricity		
	Purchase Unit (KWH)	5437084.00	4955584.00
	Total Amount (Amount in Lacs)	421.95	367.27
	Rate per Unit (Amount in Rupees)	7.76	7.41
2)	Agro Waste Briquettes		
	Quantity (MTS)	-	20.05
	Total Amount (Amount in Lacs)	-	1.50
	Average Rate/ Ton (Amount in Rupees)	-	7500.00
3)	Bio Coal		
	Quantity (MTS)	2669.30	3284.60
	Total Amount (Amount In Lacs)	256.64	215.06
	Average Rate/ Ton (Amount in Rupees)	9507.59	6547.52

ANNEXURE "C" TO THE DIRECTOR'S REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE, 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND ANNEXED TO AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2022:

(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year :-	
Sr. no.	Name of the Director	Ratio of remuneration to the median remuneration of the employees
1	Mr. Atul Maheshwari, Chairman & Managing Director	42.62:1
2	Mrs. Sangita Maheshwari, Whole Time Director & Chief Financial Officer	23.42:1
(ii)	The percentage increase in remuneration of each director, CFO , CEO, Company Secretary or Manager, if any, in the financial year :-	
Sr. no.	Name of the Director/CFO/Company Secretary	% Increase over last F.Y.
1	Mr. Atul Maheshwari, Chairman & Managing Director	Nil
2	Mrs. Sangita Maheshwari, Whole Time Director & Chief Financial	Nil
3	Ms. Ritesh Pandey, Company Secretary & Compliance Officer	Nil
(iii)	The percentage increase/ decrease in the median remuneration of employees in the financial year	-18.64%
(iv)	The number of permanent employees on the rolls of the Company as on 31 st March, 2021.	103
(v)	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:	The average annual increase was around 21.67%, after accounting for promotions and other event based compensation revisions. There is on change in Managerial Remuneration during the year.
(vi)	The key parameters for any variable component of remuneration availed by the directors	NIL
(vii)	Affirmation that the remuneration is as per the remuneration policy of the Company:	Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Remuneration Policy of your Company.
(II)	Statement showing details of Employees of the Company as per Section 197 (12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:	
In pursuant to the provisions of Section 197(12) of the Companies Act,2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of top ten employees in terms of remuneration drawn is provided in a separate annexure forming part of this Report. Pursuant to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013 the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary of the Company and the same will be furnished without any fee.		

Lactose (India) Limited

ANNEXURE “D” TO THE DIRECTORS’ REPORT

REPORT ON CORPORATE GOVERNANCE

A. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices, which ensure that a Company meets its obligations with the objective to optimize Member value and fulfill its responsibilities to the community, customers, employees, government and other societal segments. Lactose (India) Limited’s philosophy is to conduct business with highest ethical standards for growth and prosperity of all the stakeholders. This philosophy is built on a rich legacy of fair, transparent and effective governance, and led by strong emphasis on human values, individual dignity and adherence to honest, ethical and professional conduct.

The Company believes that a sound governance discipline also enables the Board to direct and control the affairs of the Company in an effective manner and maximize stakeholder value, including the society at large. This is an ongoing process and we continuously endeavor to improve upon our practices in line with the changing demands of business. Lactose (India) Limited adopts innovative approaches for leveraging all its resources and encourages a spirit of conversion of opportunities into achievements. Lactose (India) Limited’s Code of Conduct enabled it to reflect the diverse business, cultural and other factors that have a bearing on the health of brand ‘Lactose (India) Limited’.

Keeping in view the Company’s size, reach, complexity of business and corporate tradition, the Corporate Governance framework is based on the following main principles:

- Strategic supervision by the Board of Directors which is made up of appropriate size, bouquet of experience and commitment to discharge their responsibilities;
- Timely and adequate flow of information to the Board and its Committees for meaningful and focused discussion at the meetings to enable them to discharge their fiduciary duties;
- Independent verification of Company’s financial reporting from time to time and on quarterly basis;
- A sound system of internal controls within the risk management framework to mitigate perceived risk factors;
- Timely and balanced disclosure of all material information; and disclosure of all deviations, if any, to all stakeholders;
- Compliance with applicable laws, rules, regulations and guidelines; and
- Transparency and defined accountability.

The Board of Directors play an active role in fulfilling its fiduciary obligation to Members by efficiently overseeing management functions to ensure their effectiveness in delivering Member value. The governance framework is made effective through an efficient system of timely disclosures and transparent business practices.

B. BOARD OF DIRECTORS

The Board of Directors (“the Board”) of your Company is responsible for and is committed to sound principles of the corporate governance in the Company. The Board plays a crucial role in overseeing how the management serves the interest of the Shareholders and other Stakeholders. This belief is reflected in our governance practice, under which we strive to maintain an effective, informed and independent Board to ensure best practice.

COMPOSITION

The Company strives to attain a balanced Board with optimum combination of Executive and Non-Executive Directors, including independent professionals, who play a crucial role in Board processes and provide independent judgment on issues of strategy and performance. The Company’s Board of Directors currently comprises of five members, three of whom are Non-executive Directors and two Executive Directors i.e. one Whole-time Director and one Managing Director. The Non-executive Directors are eminent professionals with vast experience of industry, finance and law. The Board is headed by Executive Chairman. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring best interest of stakeholders and the Company.

None of the Directors on the Company’s Board are members of more than 10 (ten) committees and chairperson of more than 5 (five) committees (being Audit Committee and Stakeholders’ Relationship Committee) across all the companies in which he / she is a Director. All the Directors have made necessary disclosures regarding committee positions held by them in other companies and do not hold the office of Director in more than 10 (ten) public companies as on 31st March, 2022. The composition of the Board was in conformity with Regulation 17 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘Listing Regulations, 2015’) as on 31st March, 2022.

The Composition and Category of the Board of Directors during the FY 2021-22 was as follows:

Name of the Directors	Category
Mr. Atul Maheshwari	Managing Director
Mrs. Sangita Maheshwari	Whole-time Director & CFO
Mr. G. K. Sarda	Non – Executive Independent Director

Mr. Pramod Kalani	Non – Executive Independent Director
Mr. Mahendra Singhi Omprakash (upto 22 nd December, 2021)	Non – Executive Independent Director
Mr. Shyamsunder B. Toshniwal (upto 21 st December, 2021)	Non-Executive Director & Chairman
Mr. Dhaval Jayant Soni (with effect from 19 th March, 2022)	Non – Executive Independent Director

BOARD MEMBERSHIP CRITERIA

The Nomination and Remuneration Committee in consultation with the Board determines the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. The Board members are expected to possess the required qualification, integrity, expertise and experience for the position. They also possess deep expertise and insights in sectors / areas relevant to the Company and ability to contribute to Company's growth.

List of Core Skills / Expertise / Competencies of the Directors of the Company:

1. Strategy planning and execution;
2. Management and leadership;
3. Functional and managerial experience;
4. Legal and risk management;
5. Corporate governance systems and practices; and
6. Finance, banking and accounts.

BOARD INDEPENDENCE

Our definition of 'Independence' of Directors is derived from Regulation 16(b) of the Listing Regulations, 2015 and Section 149(6) of the Companies Act, 2013 (the Act). Due to promulgation of Section 149 of the Act and Regulation 25 of the Listing Regulations, 2015, Independent Directors can be appointed for 2 fixed terms of maximum five consecutive years each and they shall not be liable to retire by rotation. Therefore, the Company has appointed / re-appointed all the existing Independent Directors for a term of five consecutive years in compliance with the aforesaid provisions. The Company has issued formal letters of appointment to all the Independent Directors as prescribed under the provisions of the Act and the terms and conditions of their appointment have been uploaded on the website of the Company.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as specified under Section 149(6) of the Act and Listing Regulations, 2015 and that they are qualified to act as Independent Directors.

In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations, 2015 and are independent of the management.

As required under the Act, the Independent Directors held a separate meeting to assess the functioning of the Board and to evaluate the performance of the Directors, Chairman and Executive Director.

FAMILIARISATION OF BOARD MEMBERS

As an onboarding process, all new Directors inducted on the Board are taken through a familiarization process whereby information of the Company is explained to the Director.

The provision of an appropriate induction programme for the Directors and ongoing training for existing Directors is a major contributor to the maintenance of high Corporate Governance standards of the Company. All newly inducted Directors on the Board are introduced to the Company's culture through appropriate orientation, presentations made by senior management to provide an overview of the Company's business. They are also introduced to the organization structure, board procedures, matters reserved for Board, major risks and risk management strategy. The Independent Directors, from time to time, request the management to provide detailed understanding of the activity or process of the Company. The management provides such information to the Board from time to time.

The induction process is designed to:

- a. build an understanding of Lactose (India) Limited, its businesses and the markets and regulatory environment in which it operates;
- b. provide an appreciation of the role and responsibilities of the Director;
- c. fully equip Directors to perform their role on the Board effectively; and
- d. develop understanding of the Company's people and its key stakeholder relationships.

The policy is available on the website of the Company and is available at the web link: <https://www.lactoseindialimited.com/>

Lactose (India) Limited

A chart or a matrix setting out the skills / expertise / competence of the Board of Directors along with disclosure of relationships between directors inter-se:

Name of Directors	Designation	Disclosure of Relationship	List of core skills/ expertise/ competence
Mr. Atul Maheshwari	Managing Director	Mrs. Sangita Maheshwari - Wife; Mr. Shyamsunder Toshniwal - Father-in-law	International Marketing/ Pharmaceuticals Company
Mrs. Sangita Maheshwari	Whole time Director and Chief Financial Officer	Mr. Shyamsunder Toshniwal - Father; Mr. Atul Maheshwari - Husband	Finance, Sales and Marketing
Mr. G. K. Sarda	Non Executive Independent Director	NA	Engineering
Mr. Pramod Kalani	Non Executive Independent Director	NA	Manufacturing of Pharmaceuticals
Mr. Mahendra Singhi Omprakash (upto 22 nd December, 2021)	Non Executive Independent Director	NA	Pharmaceuticals and International Marketing
Mr. Shyamsunder B. Toshniwal (upto 21 st December, 2021)	Non Executive Director	Mrs. Sangita Maheshwari - Daughter; Mr. Atul Maheshwari - Son-in-law	Financial and Legal Matters
Mr. Dhaval Soni (with effect from 19 th March, 2022)	Non Executive Independent Director	NA	Finance, Sales and Marketing

Detailed reasons for the resignation of an independent director who resigns before the expiry of his / her tenure:

Name of Independent Director	Reason
Mr. Mahendra Singhi Omprakash	Due to personal reasons

Mr. Mahendra Singhi Omprakash had already confirmed that there are no such other material reason other than those mentioned in the resignation letter which has already been intimated to BSE Limited on 22nd December, 2021.

BOARD MEETINGS AND PROCEDURE

The Board meets at least once in every quarter, *inter alia*, to review the quarterly results and other items on the agenda and minimum 4 (four) pre-scheduled Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice to address specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by way of circulation.

During the year under review Nine Board meetings were held on 21st June, 2021; 12th August, 2021; 30th August, 2021; 12th November, 2021; 11th December, 2021; 30th December, 2021; 14th February, 2022; 19th March, 2022 and 28th March, 2022. The meetings were held as per the requirements of business and at intervals within the legally permitted limits. The necessary quorum was present in all the Board meetings. Leave of Absence was granted to the concerned Directors who could not attend the respective Board meeting. The details of attendance of Directors at the Board meetings and at the last Annual General Meeting are as under:

Name of Director	No. of Board meetings		Attendance at last AGM	Directorship in other Indian Public Limited Companies	No. of Committees position held in other companies		Directorship in other listed Companies and Category of Directorship	No. of shares held by Non Executive Director
	Held	Attended			Chairman	Member		
Mr. Atul Maheshwari (Managing Director)	9	9	Yes	1	1	1	Photoquip India Ltd. Non-Executive - Independent Director	13,61,010
Mrs. Sangita Maheshwari (Whole time Director and Chief Financial Officer)	9	9	Yes	-	-	-	-	15,39,910

Name of Director	No. of Board meetings		Attendance at last AGM	Directorship in other Indian Public Limited Companies	No. of Committees position held in other companies		Directorship in other listed Companies and Category of Directorship	No. of shares held by Non Executive Director
	Held	Attended			Chairman	Member		
Mr. Pramod Kalani (Non-Executive Independent Director)	9	9	No	-	-	-	-	-
Mr. G. K. Sarda (Non-Executive Independent Director)	9	9	Yes	-	-	-	-	1100
Mr. Dhaval Jayant Soni (with effect from 19 th March, 2022)	9	1	No	1	1	1	Photoquip India Ltd. Executive Director	-
Mr. Mahendra Singhi Omprakash (Non-Executive Independent Director) (upto 22 nd December, 2021)	9	5	No	-	-	-	-	500
Mr. Shyamsunder Toshniwal (Non-Executive Independent Director) (upto 21 st December, 2021)	9	5	Yes	-	-	-	-	1,32,053

BOARD SUPPORT

The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. The Company Secretary is also responsible for preparation of the agenda and convening of the Board and Committee meetings. The Company Secretary advises / assures the Board on compliance and governance principles and ensures appropriate recording and circulation of Minutes of the meetings amongst the Directors.

INFORMATION TO THE BOARD

The internal guidelines for Board / Board Committee meetings facilitate the decision making process at the meetings of the Board / Committees in an informed and efficient manner. Board meetings are governed by a structured agenda. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Company Secretary in consultation with senior management prepares the detailed agenda for the meetings.

Agenda papers and notes on agenda are circulated to the Directors, in advance, in the defined agenda format. All material information is circulated along with agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable

to attach any documents to the agenda, the same are tabled at the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Frequent and detailed deliberation on the agenda provides the strategic roadmap for the future growth of the Company.

A detailed agenda folder is sent to each Director in advance of the Board meetings, covering *inter alia*, the required information as enumerated in Part A of Schedule II to Regulation 17(7) of the Listing Regulations, 2015. As a policy, all major decisions involving allocation and deployment of funds, investments and capital expenditure, in addition to matters which statutorily require the approval of the Board are placed before the Board for its consideration and directions.

The following information, *inter alia*, as may be applicable and required, is provided to the Board as part of the agenda papers.

- Quarterly, half yearly and annual results of the Company;
- Minutes of the Audit and other committees of the Board;
- Information relating to recruitment and remuneration of senior level officers just below the Board;

Lactose (India) Limited

- Materially important legal or taxation matters;
- Status of financial obligations to and by the Company;
- Any significant development in human resources or industrial relations;
- Details of risk exposure and steps taken by management to limit or restrain the risk; and
- Compliance status with any regulatory, statutory or Listing Regulations, 2015 related requirements or in relation to any Member services.

The Board periodically reviews compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliance, if any.

Separate Independent Directors' Meeting

As required under the Act and Listing Regulations, 2015, the Independent Directors met on 28th March, 2022 without the presence of Executive Directors or management representatives. The Independent Directors at their meeting held on 28th March, 2022, inter alia, discussed:-

- the performance of Non-Independent Directors and the Board as a whole;
- the performance of the Chairman of the Company, taking into account the views of Executive Directors; and
- the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to this meeting, interactions outside the Board meetings also take place between the Chairman and Independent Directors.

Board Evaluation / Performance

In terms of the requirements of the Act and Listing Regulations, 2015, the Board has evaluated its own performance, performance of the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was circulated, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

Performance evaluation criteria of Independent Directors

Independent Directors are evaluated based on parameters such as qualification, experience, knowledge and competency, initiative, commitment, independence, independent views and judgement, attendance and participation in the discussion at the Meetings, adherence

to the Code for Independent Directors of the Company, understanding the environment in which the company operates and contribution to strategic decision and raising valid concerns at the Board, interpersonal relations with other directors and management, objective evaluation of Board's performance, safeguarding of confidential information and maintaining integrity.

Code of Conduct for Board Members and Senior Management

The Board has laid down the code of conduct for all the Board members and members of the Management of the Company. Additionally all independent directors of the company shall be bound by duties of independent directors as set out in the Companies Act, 2013 read with the Schedules and Rules thereunder. All the Board members and Management personnel have affirmed compliance with the code of conduct. The Code of Conduct is available on the website of the company.

Subsidiary Companies

The Company does not have any Subsidiary Company.

C. DETAILS OF REMUNERATION PAID TO DIRECTORS

The Managing Director receives salary, allowances and perquisites, while all the Non-executive Directors receive sitting fees and allowances (as applicable) and annual commission within the prescribed limits as set out in the Act.

The Executive Director (Director-in-Charge) of the Company is entitled for payment of remuneration by way of commission as determined by the Board of Directors / Nomination and Remuneration Committee of the Company from time to time.

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-executive Directors during the year.

a) Remuneration paid / payable to Non-Executive Directors of the Company

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him not exceeding the sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The criteria for making payment to Non-Executive Directors is available on company's website, web-link of which is: <https://www.lactoseindialimited.com/policy.php>.

b) Remuneration paid / payable to the Managing Director and Executive Director of the Company for the year ended 31st March, 2022, is as under:

(Amount in Rs. Lakhs)

Sr. No.	Particulars	Salary etc.	Commission	Perquisites	Retirement Benefits	Total
1.	Mr. Atul Maheshwari (Managing Director)	95.78	-	-	-	95.78
2.	Mrs. Sangita Maheshwari (Whole Time Director)	52.67	-	-	-	52.67

D. Committees of the Board

Pursuant to Listing Regulations, 2015 and provisions of the Act, the Board of Directors have constituted various Committees of Directors with adequate delegation of powers to properly discharge businesses of the Company.

These Committees are:

- Audit Committee;
- Stakeholders' Relationship Committee;
- Nomination and Remuneration Committee;
- Risk Management Committee;
- Sexual Harassment Committee

The details of these Committees are as follows:

(I) Audit Committee

COMPOSITION

The Audit Committee comprises of three Independent Directors and is headed by Mr. G. K. Sarda. The other members of the Committee are Mr. Dhaval Soni and Mr. Pramod Kalani. The constitution of the Audit Committee meets the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations, 2015.

TERMS OF REFERENCE

The terms of reference of the Audit Committee are in conformity with Section 177 of the Act and Regulation 18 of the Listing Regulations, 2015. The brief terms of reference *inter alia* are as follows:

- Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommend to the Board, the appointment, re-appointment, remuneration and terms of appointment

of auditors of the Company and, if required, their replacement or removal.

- Approve payment to statutory auditors for any other services rendered by them.
- Review, with the management, the quarterly and annual financial statements and auditors report thereon before submission to the Board for approval.
- Approve appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- Review and monitor the auditor's independence, performance and effectiveness of audit process.
- Review the adequacy of internal audit function, including the structure of the internal audit department, if any, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit, etc.

MEETINGS AND ATTENDANCE

During the year under review five meetings of the Committee were held on 21st June, 2021; 12th August, 2021; 30th August, 2021; 12th November, 2021 and 14th February, 2022. The attendance of the members at the meeting was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. G. K. Sarda	Chairman	Non-Executive & Independent Director	5
Mr. Pramod Kalani	Member	Non-Executive & Independent Director	5
Mr. Mahendra Singhi Omprakash (upto 22 nd December, 2021)	Member	Non-Executive & Independent Director	4
Mr. Dhaval Soni (with effect from 19 th March, 2022)	Member	Non-Executive & Independent Director	0

The Committee reviews various aspects of the internal control system. The requirements in respect of Regulation 18 of the Listing Regulations, 2015 are also reviewed by the Committee.

II STAKEHOLDERS' RELATIONSHIP COMMITTEE

COMPOSITION

The Stakeholders' Relationship Committee constituted as a mandatory committee of the Board, presently comprises of two Non-executive Directors of the Company and is headed by Mr. G. K. Sarda. The other member of the

Lactose (India) Limited

Committee are Mr. Pramod Kalani and Mr. Dhaval Soni. Mr. Ritesh Pandey, Company Secretary is designated as the Compliance Officer of the Company. The constitution of the Stakeholders' Relationship Committee meets the requirements of Section 178 of the Act and Regulation 20 of the Listing Regulations, 2015.

TERMS OF REFERENCE

The Committee inter alia oversees the redressal of Member and investor complaints / requests for transmission of shares, sub-division and consolidation of share certificates, issue of duplicate share certificates, requests for dematerialization and rematerialization of shares, non-receipt of declared dividend and non-receipt of Annual Report. It also recommends measures for improvement in investor services. The Committee also keeps a close watch on the performance of M/s. Big Share Services Private Limited, the Registrar & Share Transfer Agents (RTA) of the Company. The Committee also reviews various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the Members of the Company. The Committee meets as often as is necessary for resolution of important matters within its mandate.

MEETINGS AND ATTENDANCE

During the year under review, four meetings of the Committee were held on 21st June, 2021; 12th August, 2021; 12th November, 2021; and 14th February, 2022. The attendance of the members at the meeting was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. G. K. Sarda	Chairman	Non-Executive & Independent Director	4
Mr. Pramod Kalani	Member	Non-Executive & Independent Director	4
Mr. Mahendra Singhi Omprakash (upto 22 nd December, 2021)	Member	Non-Executive & Independent Director	3
Mr. Dhaval Soni (with effect from 19 th March, 2022)	Member	Non-Executive & Independent Director	0

INVESTOR COMPLAINTS RECEIVED AND RESOLVED DURING THE YEAR

During the year under review the Company did not receive any complaint from Members. The average period of redressal of grievances is 7 days from the date of receipt of letters / complaints. There were no unresolved complaints as on 31st March, 2022.

III. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board comprises of three Independent Directors, viz. Mr. G. K. Sarda, Mr. Pramod Kalani and Mr. Dhaval Soni. The Committee is headed by G. K. Sarda. The constitution of the Committee meets the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations, 2015.

TERMS OF REFERENCE

The terms of reference of the Nomination and Remuneration Committee are in conformity with Section 178 of the Act and Regulation 19 of the Listing Regulations, 2015. The terms of reference are as follows:

- Determine the compensation package of the Executive Directors, Secretary and other senior management personnel.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
- Devise a policy on diversity of Board of Directors.
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- Decide on whether to extend or continue the term of appointment of the Independent Directors, on the basis of the performance evaluation report of Independent Directors.

MEETINGS AND ATTENDANCE

During the year under review, three meetings of the Committee were held on; 30th August, 2021; 30th December, 2021 and 19th March, 2022. The attendance of the members at the meeting was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. G. K. Sarda	Chairman	Non-Executive & Independent Director	3
Mr. Pramod Kalani	Member	Non-Executive & Independent Director	3

Mr. Mahendra Singhi Omprakash (upto 22 nd December, 2021)	Member	Non-Executive & Independent Director	1
Mr. Dhaval Soni (with effect from 19 th March, 2022)	Member	Non-Executive & Independent Director	0

IV. RISK MANAGEMENT COMMITTEE

COMPOSITION

The Risk Management Committee consists of two Members and the Chairman is an Executive Director. The members of the Committee are Mr. Dhaval Soni and Mr. G. K. Sarda.

TERMS OF REFERENCE

The Committee is empowered to review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk and strategies to mitigate risks are effectively managed.

MEETINGS AND ATTENDANCE

During the year under review, one meeting of the Committee was held on 28th March, 2022. The attendance of the members at the meeting was as follows:

Name of the member	Status	Category	Number of meetings Attended
Mr. Atul Maheshwari	Chairman	Executive Director	1
Mr. G. K. Sarda	Member	Non-Executive & Independent Director	1
Mr. Mahendra Singhi Omprakash (upto 22 nd December, 2021)	Member	Non-Executive & Independent Director	0
Mr. Dhaval Soni (with effect from 19 th March, 2022)	Member	Non-Executive & Independent Director	1

V. SEXUAL HARASSMENT COMMITTEE

The Company has constituted Prevention of Sexual Harassment Committee as required under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review no complaint was filed before the said Committee.

Composition, Meetings and Attendance

Sexual Harassment Committee consists of three Members and the Chairman is an Executive Director. During the Financial Year 2020-21, no meeting was held.

Name of the Members	Category
Mr. Atul Maheshwari	Chairman
Mr. G. K. Sarda	Member
Mr. Mahendra Singhi Omprakash (upto 22 nd December, 2021)	Member
Mr. Dhaval Soni (with effect from 19 th March, 2022)	Member

E. COMPANY POLICIES

I. WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower policy, as part of vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the fundamental business principles of the Company. The employees are encouraged to voice their concerns by way of whistle blowing and all the employees have been given access to the Audit Committee. The Company Secretary is the designated officer for effective implementation of the policy and dealing with the complaints registered under the policy. All cases registered under the Whistle Blower policy of the Company are subject to review by the Audit Committee.

The Whistle Blower policy is available on the website of the Company at the web link: <https://www.lactoseindialimited.com/pdf/annualreports/Vigil%20Mechanism%20Whistle%20Blower%20Policy.pdf>

II. POLICY ON RELATED PARTY TRANSACTIONS

In line with requirement of the Act and the Listing Regulations, 2015, your Company has formulated a policy on related party transactions which is also available on the Company's website at the web link: <https://www.lactoseindialimited.com/pdf/annual-reports/Related-Party-Transaction-Policy.pdf>

The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties.

This policy specifically deals with the review and approval of material related party transactions keeping in mind the potential or actual conflict of interest that may arise because of entering into these transactions. All related party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for transactions with related parties which are of a repetitive nature and / or entered in the ordinary course of business and on an arm's length basis.

Lactose (India) Limited

III. MATERIAL SUBSIDIARY POLICY

In line with requirement of Regulation 46(2)(h) of the Listing Regulations, 2015, your Company has formulated a policy on material subsidiaries which is also available on the Company's website at the web link: <https://www.lactoseindialimited.com/pdf/annual-reports/Policy-on-material-Subsidiary.pdf>

The objective of this policy is to determine material subsidiaries of the Company and to provide the governance framework for such subsidiaries.

F. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is given in a separate section in this Annual Report and forms a part of the Directors' Report.

G. MEMBER INFORMATION

(i) Means of communication

Annual Reports, notice of the meetings and other communications to the Members are sent through e-mail, post or courier.

In accordance with Regulation 46 of the SEBI (LODR) Regulations, 2015, the Company has maintained a

functional website i.e. <https://www.lactoseindialimited.com> containing information about the Company viz. the details of its business, financial information, shareholding pattern, compliance with corporate governance norms, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. The contents of the said website are updated from time to time.

The quarterly and annual audited financial results of the Company are sent to the BSE immediately after they are approved by the Board. The results are normally published in Business Standard in English and Vadodara Samachar in Gujarati in terms of Regulation 47 of the Listing Regulations, 2015. The results are also hosted on the website of the Company: <https://www.lactoseindialimited.com>.

Further, the Company disseminates to the BSE Limited wherein the equity shares of the Company are listed, all mandatory information and price sensitive / such other information which in its opinion are material and / or have a bearing on its performance / operations. For the benefit of the Members, a separate email id has been created for Member correspondence viz. lll@lactoseindialimited.com

(ii) GENERAL MEETINGS

Annual General Meetings of the Company

Details of the last three Annual General Meetings of the Company are as under:

AGM	Financial Year	Date	Time	Venue	Special business/s if any, passed
30 th	2020-21	30 th September, 2021	12.00 Noon	Through Video Conference / Other Audio-Visual Means (Deemed Venue: Survey No. 6, Village Poicha (Rania) Savli, Vadodara Gujarat – 391780)	1. Approval of related party transactions; 2. Payment of Remuneration to Mrs. Sangita Maheshwari 3. Payment of Remuneration to Mr. Atul Maheshwari
29 th	2019-20	09 th September, 2020	11.00 a.m.	Through Video Conference / Other Audio-Visual Means (Deemed Venue: Village Poicha (Rania), Survey No. 6, Savli, District Vadodara – 391780)	1. Issue, Offer & Allot 24,00,000 Convertible Warrants on preferential basis
28 th	2018-19	30 th September 2019	12.30 p.m.	Venue: Village Poicha (Rania), Survey No. 6, Savli, District Vadodara – 391780	1. Re-appointment of Mr. Atul Maheshwari as a Managing Director 2. Re-appointment of Mrs. Sangita Maheshwari as a Whole time Director; 3. Re-appointment of Mr. Pramod Kalani as a Non-executive Independent Director; 4. Re-appointment of Mr. Gopal Krishna Sarda as Non-executive Independent Director; 5. Appointment of Mr. Mahendra Singhi Omprakash as a Non-executive Independent Director; 6. Approved Related party transactions.

The 31st Annual General Meeting of the Company is proposed to be held on Friday, 17th June, 2022 at 12.00 Noon at the Corporate Office of the Company.

(iii) General Members' information

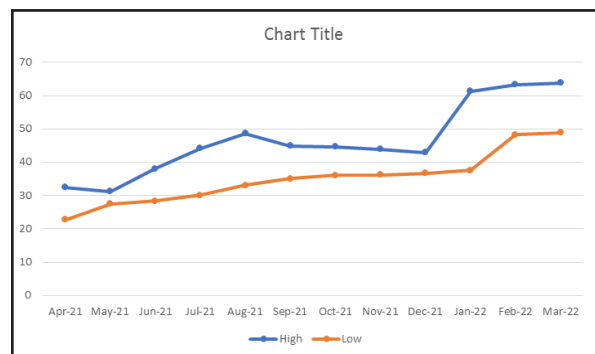
3.1. Annual General Meeting:	
Day, Date and Time	: Friday, 17 th June, 2022 at 12.00 Noon
Venue	: Through Video Conferencing or OAVM (Deemed Venue is Survey No. 6, Village Poicha (Rania) Savli, Vadodara Gujarat – 391780)
3.2. Financial Year 2021-22 – Board Meeting Calendar (Tentative):	
Results for first quarter ended 30 th June, 2022	: On or before 14 th August, 2022
Results for second quarter ending 30 th September, 2022	: On or before 14 th November, 2022
Results for third quarter ending 31 st December, 2022	: On or before 14 th February, 2023
Results for financial year ending 31 st March, 2023	: On or before 30 th May, 2023
3.3. Book Closure date:	: From Friday, 10 th June, 2022 to Friday, 17 th June, 2022
3.4. Dividend Payment Date	: Not Applicable
3.5. Listing on Stock Exchange:	: BSE Limited Phiroze Jeejeebhoy Towers, Dalal St, Kala Ghoda, Fort, Mumbai, 400001 <i>(Listing Fees have been paid to the Exchange)</i>
3.6. Stock Code:	: 524202
3.7. Demat ISIN Number in NSDL and CDSL:	: INE058I01013
3.8. Registrar and Share Transfer Agents:	: Bigshare Services Private Limited
3.9. Share Transfer System:	: Share Transfers and Share Certificates are processed and returned within 30 days from the date of receipt subject to the documents being valid and complete in all respects. A summary of transfers/transmission

		of securities of the Company from the Registrar and Transfer Agent is placed before every Stakeholders Relationship Committee Meeting.
3.10 Plant Location:		: Survey No. 6, Village Poicha (Rania) Savli, Vadodara Gujarat – 391780
3.11 Outstanding GDRs/ ADRs/Warrants or any Convertible Instruments:		: The Company has not issued any ADR or GDR or warrants or any convertible instruments, which was likely to impact on equity share capital.

(iv) Stock Data / Market price data

High / low market price of the Company's equity shares traded on stock exchanges where the shares of the Company are listed during the last financial year are as follows:

Month	BSE Limited	
	High	Low
April, 2021	32.50	22.80
May, 2021	31.20	27.45
June, 2021	38.00	28.30
July, 2021	44.10	30.10
August, 2021	48.60	33.10
September, 2021	44.95	35.10
October, 2021	44.70	36.10
November, 2021	43.85	36.15
December, 2021	42.90	36.70
January, 2022	61.35	37.60
February, 2022	63.30	48.20
March, 2022	63.80	48.90



Lactose (India) Limited

(v) Shareholding Pattern

Details of shareholding by ownership as on 31st March, 2022 was as under:

Sr. No.	Particulars	As on 31 st March, 2022	
		No. of Shares	% of Total Shares
1.	Promoters	67,71,425	53.79
2.	Financial Institutions / Banks / Mutual Funds / UTI / Insurance Cos. / NBFCs	77,920	0.62
3.	Central Government / State Government(s) / IEPF	-	-
4.	Indian Public:		
a.	Bodies Corporate	6,74,191	5.35
b.	Individuals / HUF / Trusts	49,94,275	39.68
c.	Stock Exchange Clearing Members	6,730	0.05
5.	FII, FPIs	-	-
6.	NRI / Foreign Nationals	64,459	0.51
	TOTAL	1,25,89,000	100.00

(vi) Distribution of shareholding

The distribution of shareholding as on 31st March, 2022 was as follows:

Sr. No.	No. of Equity Shares	No. of Shares held	% of Total Shares
1.	1 to 1000	28,01,779	24.50
2.	1001 to 5000	6,45,891	5.65
3.	5001 to 10000	2,87,085	2.51
4.	10001 and above	77,02,254	67.34
	TOTAL	1,25,89,000	100.00

(vii) Physical/NSDL/CDSL/Summary Report as on 31st March, 2022

Particulars	Number of Shares	% of Total Issued Capital
Held in Dematerialized form in CDSL	22,00,207	17.48
Held in Dematerialized form in NSDL	79,58,345	63.22
Physical	24,30,448	19.31

H. Address for Correspondence

(i) Investors Correspondence:	: For Shares held in Physical Form
	Bigshare Services Private Limited. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai – 400059

	For Shares held in Demat Form
	To the respective Depository Participants.
(ii) Any query on Annual Report:	Mr. Ritesh Pandey (Company Secretary and Compliance Officer) Lactose (India) Limited Survey No.6 Village Poicha(Rania) Savli Baroda 391780
(iii) E-mail ID for Investor Grievance	lil@lactoseindialimited.com
(iv) Corporate Website:	www.lactoseindialimited.com

I. DISCLOSURES

- The transactions entered into with Related Parties as defined under the Companies Act, 2013, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.
- During the year under review, the company had incurred a fine of Rs. 29,500 due to Non-submission of the Auditors Report/Limited Review for the quarter ended 30th June, 2021.
- The Company has a Whistle Blower Policy in place. The Company takes cognizance of complaints and suggestions by employees and others. All the employees of the Company have free access to the Audit Committee of the Company. The weblink for Whistle Blower Policy is <https://www.lactoseindialimited.com/pdf/annualreports/Vigil%20Mechanism%20Whistle%20Blower%20Policy.pdf>
- The Board of Directors has laid down a Code of Conduct for all the Board Members and Members of the Senior Management of the Company. In addition there is also a Code of Conduct for Regulating, Monitoring and Reporting of Trading in shares of the Company by Designated Persons. A declaration from the Chairman affirming compliance of the said Code is annexed.
- The detailed policy on dealing with related party transactions is posted on the Company's website at <https://www.lactoseindialimited.com/> and can be accessed at web-link <https://www.lactoseindialimited.com/pdf/annual-reports/Related-Party-Transaction-Policy.pdf>
- web link where policy for determining 'material' subsidiaries is <https://www.lactoseindialimited.com/pdf/annual-reports/Policy-on-material-Subsidiary.pdf>
- disclosures in relation to the Sexual Harassment Of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- A) number of complaints filed during the financial year: 0
- B) number of complaints disposed off during the financial year: 0
- C) number of complaints pending as on end of financial year: 0
- h) A Certificate from a Company Secretary in practice as required that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such Statutory Authority. The certificate of Company Secretary in practice is annexed.
- i) The company has paid a consolidated amount of Rs.7.32 Lakhs as total fees for all services rendered by the statutory auditor and all entities in the network firm/network entity to which the statutory auditor is part.
- j) The corporate governance report discloses the extent to which the discretionary requirements as specified in Part E Schedule II have been adopted.

Code of Conduct for Board Members and Senior Management:

The Board has laid down the code of conduct for all the Board members and members of the Management of the Company. Additionally all independent directors of the company shall be bound by duties of independent directors as set out in the Companies Act, 2013 read with the Schedules and Rules thereunder.

All the Board members and Management personnel have affirmed compliance with the code of conduct. The Code of Conduct is available on the website of the company.

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Mandatory Requirements:

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

CEO / CFO Certification:

The Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report

Date: 20th May, 2022
Place: Mumbai

By Order of the Board

Regd. Office:
Survey No. 6,
Village Poicha (Rania),
Savli Vadodara,
Gujarat – 391780

Sd/-
Sangita Maheshwari
(CFO)
DIN: 00369898

DECLARATION BY THE MANAGING DIRECTOR

I, Atul Maheshwari, Managing Director of Lactose (India) Limited, hereby declare that all the members of the Board of Directors and the Management Personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Regulation 26(3) of the Listing Regulations for the year ended 31st March, 2022.

For Lactose (India) Limited

SD/-
Atul Maheshwari
Managing Director
DIN: 00255202

Mumbai, 20th May, 2022

ANNEXURE I

Dear Sir / Madam,

Re: Auditors Certificate confirming compliance with the conditions of Corporate Governance for the F.Y. 2021-22.

We have examined the compliance of conditions of Corporate Governance by Lactose (India) Ltd ("the Company") for the year ended 31st March, 2022 as stipulated under Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures 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 opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the SEBI Listing Regulations during the year ended 31st March, 2022.

We further state that our examination of 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 CAS & Co.

Chartered Accountants

Firm Reg. No. 11075W

Sd/-

Sajjan Kanodia

Partner

Mem.No.048047

Place: Mumbai

Date: 20th May, 2022

UDIN: 22048047AJIKIF7034

**ANNEXURE TO CORPORATE GOVERNANCE REPORT
CERTIFICATE**

(Pursuant to Regulation 34(3) and schedule V Para C clause (10) (i) of the SEBI
(Listing Obligation Disclosure requirement) Regulation, 2015)

To,
The Member of
Lactose (India) Limited
CIN: L15201GJ1991PLC015186
Add: Survey No. 6, Village Poicha (Raina) Savli,
Vadodara Gujarat- 391780

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the Lactose (India) Limited having CIN L15201GJ1991PLC015186 and having registered office at Survey No. 6, Village Poicha (Raina) Savli, Vadodara Gujarat- 391780 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V para – C sub clause 10(i) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the MCA portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of Directors of the Company as stated below for the Financial year ending on 31st March 2022 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities Exchange and Board of India, Ministry of Corporate affairs or any such other Statutory Authority.

Sr No.	Name of Directors	Director Identification Number (DIN)	Original Date of appointment in company
1	Mr. Atul Maheshwari	00255202	11/03/1991
2	Mrs. Sangita Maheshwari	00369898	24/01/2014
3	Mr. Gopal Krishan Sarda	01397105	10/09/2008
4	Mr. Pramod Kalani	00548503	15/01/2010
5	Mr. Dhaval Jayant Soni	00751362	19/03/2022

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Bhumika & Co.

Practicing Company Secretaries

Sd/-

Ms. Bhumika Sidhpura

Proprietor

COP: 19638

Date: 20th May, 2022

Place: Mumbai

UDIN: A037321D000356299

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Pharmaceutical Industry:

The world pharmaceutical market was worth an estimated \$1.2 trillion at ex-factory prices in 2020. It is one of the top performing industries globally.

New medications are constantly being developed, approved and marketed, resulting in significant market growth. The FDA approved 55 novel drugs in 2021. Other market growth drivers include the aging population, as seniors use more medicines per capita and there is a rise in the prevalence and treatment of chronic diseases.

The U.S. dominates the global pharmaceutical markets, accounting for almost half of pharmaceutical sales globally in 2021. However, the industry faces many challenges including regulatory hurdles, escalating R&D costs, and competition from generic drugs and biosimilars.

The pharmaceutical industry, one of the most profitable industries in the world, is under significant pressure to bring in cost-effective and innovative drugs. The discipline of precision medicine and genomic medicine has gained significant interest from researchers and healthcare providers globally. Already, it is making an impact in the fields of oncology, pharmacology, rare and undiagnosed diseases, and infectious disease, and its popularity is expected to grow significantly in coming years.

Sensing the huge opportunity in the field of precision medicine and genomic medicine, several big pharma companies have been making huge investments to expand their precision and genomic medicine portfolios and pipelines. The number of personalized drugs is expected to double or even triple in the upcoming years

Market Forecast

- The global market for generic drugs should grow from \$411.6 billion in 2020 to \$650.3 billion by 2025, at a compound annual growth rate (CAGR) of 9.6% for the period of 2020-2025.
- The global market for orphan drugs should grow from \$190.8 billion in 2021 to \$248.2 billion by 2026, at a compound annual growth rate (CAGR) of 5.4% for the period of 2021-2026.
- The global market for oncology pharmaceuticals should grow from \$177.4 billion in 2021 to \$313.7 billion by 2026, at a compound annual growth rate (CAGR) of 12.1% for the period of 2021-2026.

Indian Industry Structure and Development:

India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and 10,500 manufacturing units.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with the potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Market Size

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market is at US\$ 42 billion in 2021 and likely to reach US\$ 65 billion by 2024 and further expand to reach ~US\$ 120-130 billion by 2030.

India's medical devices market stood at US\$ 10.36 billion in FY20. The market is expected to increase at a CAGR of 37% from 2020 to 2025 to reach US\$ 50 billion.

As of August 2021, CARE Ratings expect India's pharmaceutical business to develop at an annual rate of 11% over the next two years to reach more than US\$ 60 billion in value.

In the global pharmaceuticals sector, India is a significant and rising player. India is the world's largest supplier of generic medications, accounting for 20% of the worldwide supply by volume and supplying about 60% of the global vaccination demand. The Indian pharmaceutical sector is worth US\$ 42 billion and ranks 3rd in terms of volume and 14th in terms of value worldwide.

In August 2021, the Indian pharmaceutical market increased at 17.7% annually, up from 13.7% in July 2020. According to India Ratings & Research, the Indian pharmaceutical market revenue is expected to be over 12% Y-o-Y in FY22.

Road Ahead

Medicine spending in India is projected to grow 9-12% over the next five years, leading India to become one of the top 10 countries in terms of medicine spending.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers, which are on the rise.

The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Opportunities and Threats:

There are very few manufacturers of API developed by the company worldwide, which has high demand in the market. A

part from this, being in contract manufacturing business our clients has added new products to the existing product line.

While the underlying demand drivers for global markets continue to remain broadly intact, the operating environment has become significantly tougher for sub-scale business models, as sector profitability comes under pressure.

Segment-wise or product-wise performance:

The Company's business activity falls within a single business segment i.e. Pharmaceutical Business.

Outlook:

Your company has mutually terminated their Lactose co-manufacturing contractual relationship with M/s. Kerry Ingredients India Private Limited. The company now emphasizes and is focused on new products development. The outlook of the company remains positive during the financial year. The company enjoys cGMP approvals and all the facilities are built and operated according to the cGMP (current Good Manufacturing Practices).

Concerns:

- The company is dependent on contract manufacturing business for another few year or so, till the company achieves full capacity utilization for its own manufactured product.
- Set-up of Raw Material supply chain for Lactose Manufacturing.
- Increase in Working Capital requirement.

Internal Control System and their adequacy:

Being a pharma company and ISO Certified the process parameters are fully documented and are in place. The role and responsibilities of various people are fully defined in all the functional level. There is continuous flow of information at all level and effective internal audit and internal checks are done at regular interval to ensure their adequacy and efficiency.

Additionally, the following measures are taken to ensure proper control:

- Budgets are prepared for all the operational levels.
- Any material variance from budget has to be approved by the Commercial director.
- Any major policy change is approved by the managing director.
- Any deficiency in not achieving target is reviewed at management meetings.

Discussion on financial performance with respect to operational performance:

(Rs. In Lakhs)

Particulars	F.Y. 2021-22	F.Y. 2020-21
Revenue from Operation	4593.90	3496.32
Other Income	58.05	31.30
Profit/Loss Before Depreciation and Tax	772.50	108.75
Tax (Including Deferred Tax) Net	71.50	(79.31)
Profit/Loss After Depreciation and Tax	238.08	(242.22)

Human Resource development / Industrial relations:

The company continues to focus on training and motivation of manpower so as to develop team of qualified and skilled personnel to effectively discharge their responsibilities in a number of projects and activities. It is in this context, we have been working towards promoting the skills and professionalism of our employees to cope with and focus on the challenges and growth. The overall industrial relations atmosphere continues to be cordial. The company has revamped the existing HR policies to me more people friendly and offered them a better work life balance.

Details of significant changes:

Particulars	F.Y. 2021-22	F.Y. 2020-21
Debtors Turnover	5.17	5.21
Inventory Turnover	5.95	4.06
Interest Coverage Ratio	1.09	0.92
Current Ratio	1.53	1.69
Debt Equity Ratio	1.04	1.30
Operating Profit Margin(%)	28%	19%
Net Profit Margin(%)	5.18%	-6.93%

*There is improvement in all the ratios due to profitability during the year.

Details of any change in Return on Net Worth:

The Company Return on Net Worth (RoNW) has gone up to **6.06%** for financial year 2021-22 as compared to **-6.90%** for financial year 2020-21. The increase in RoNW was primarily due to increase in turnover of the company.

Lactose (India) Limited

INDEPENDENT AUDITOR'S REPORT

To the Members of Lactose India Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lactose India Limited ("the Company"), which comprises the balance sheet as at 31st March 2022, and the statement of Profit and Loss (Including Other Comprehensive Income), statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS) specified under Section 133 of the Act, of the state of affairs of the Company as at March 31, 2022, and its profit and other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

Other Information

The Company's management and Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and 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 of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

1. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

2. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

3. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

4. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

5. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended 31st March 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act
3. 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 Balance Sheet , the Statement of Profit & Loss including the statement of other comprehensive income, the statement of changes in Equity, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder.
 - e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

Lactose (India) Limited

- f) With respect to the adequacy of the internal financial controls with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements (refer note no 31 of the Financial Statements)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. During the year the company has not declared any dividend

For C A S & Co
Chartered Accountants
FRN. 111075W

Sd/-

Sajjan Kanodia
Partner

Mem.No.048047

UDIN No:- 22048047AJDPEM5079

Place: Mumbai

Date: 17th May 2022

Annexure “A” to Independent Auditor’s Report

To the Independent Auditor’s Report of even date on the Financial Statements of Lactose India Limited for the year ended 31st March ,2022

(Referred to in paragraph 1, under Report on Other Legal & Regulatory Requirements in the Independent Auditor’s Report)

- (i) a) A The company has maintained proper records showing full particulars including quantitative details and situation of Property Plant and equipment.
 - B The Company has maintained proper records showing full particulars of intangible assets.
- b) As explained to us, the Property, Plant and Equipment have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the company and the nature of its assets. There are no material discrepancies which have been noticed on such physical verification.
- c) 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 immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the financial statements are held in the name of the Company.
- d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and its intangible assets. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.
- e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.
- (ii) a) The inventory has been physically verified at reasonable interval by the management.

In our opinion, the coverage & procedure of such verification is appropriate. No material discrepancies were noticed on such verification.
- b) According to the information and explanations provided to us, the Company has not been sanctioned any working capital limits from banks/ financial institution. Accordingly, the requirements under paragraph 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information explanation provided to us, the Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured,

to companies, firms, Limited Liability Partnerships or any other parties. Hence, the requirements under paragraph 3(iii) of the Order are not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- (vi) The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.
- (vii) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and service tax, provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess have been regularly deposited by the company with appropriate authorities in all cases during the year.
 - b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount involved (Rs in lakhs)	Amount paid (Rs in lakhs)	Period to which amount relates	Forum where dispute is pending.
Income Tax Act, 1961	Income Tax	20.23	3.03	A.Y.2013-14	The Commissioner of Income Tax Appeal (Mumbai)
Central Excise Act, 1944	Excise Duty	102.82	4.84	October 2014 to June 2017	Appeal to the appellate Tribunal in the Customs, Excise & Service Tax Appellate Tribunal
Service Tax	Service Tax	79.06	3.76	April 14 to March 15	Appeal to the appellate Tribunal in the Customs, Excise & Service Tax Appellate Tribunal

Lactose (India) Limited

- (viii) According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the order is not applicable to the company.
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) Since the company is not having any Subsidiaries, associate & joint venture the provision stated in paragraph 3(ix) (e) of the Order is not applicable to the Company.
- (f) Since the company is not having any Subsidiaries, associate & joint venture the provision stated in paragraph 3(ix) (f) of the Order is not applicable to the Company.
- (x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanation given to us and based on our examination of the records of the Company, during the year the Company has converted balance 11,52,000 share warrants out of 24,00,000 share warrants issued in previous year into Equity Shares. The Company has complied with the provision of section 42 of the companies Act, 2013 and amount raised has been utilized for the purpose for which the fund was raised.
- (xi) (a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company.
- (b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the financial statement for the year ended March 31, 2022, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the course of audit. Accordingly, the provisions stated in paragraph (xi)(c) of the Order is not applicable to company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the 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.
- (xiv) (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered internal audit reports issued by internal auditors during our audit.
- (xv) According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- (xvi) (a) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi)(a) of the Order are not applicable to the Company.
- (b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) (d) of the Order are not applicable to the Company.

(xvii) According to the information explanation provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3 (xvii) of the Order are not applicable to the Company.

(xviii) There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph clause 3 (xviii) of the Order are not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance

sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us, the provisions of section 135 of the Act are not applicable to the Company. Hence, the provisions of paragraph (xx) (a) to (b) of the Order are not applicable to the Company.

(xxi) According to the information and explanations given to us, the Company does not have any subsidiary / Associate/ Joint Venture. Accordingly, there is no preparation of consolidated financial statements. Accordingly, the provisions stated in paragraph clause 3 (xxi) of the Order are not applicable to the Company.

For C A S & Co
Chartered Accountants
FRN. 111075W

Sd/-

Sajjan Kanodia
Partner

Mem.No.048047

UDIN No:- 22048047AJDPEM5079

Place: Mumbai.

Date: 17th May 2022

Annexure “B” to Independent Auditor’s Report

To the Independent Auditor’s Report of even date on the Financial Statements of Lactose India Limited

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 with reference to the financial statement of Lactose India Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year 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 (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. 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 the 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 with reference to these Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these Financial Statements 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 over financial reporting with reference to these Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Financial Statements, 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 auditors’ judgement, 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 internal financial controls over financial reporting with reference to these Financial Statements

Meaning of Internal Financial Controls over Financial Reporting with Reference to these Financial Statements

A company’s internal financial control over financial reporting with reference to these Financial Statements 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 with reference to these Financial Statements 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 expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Financial Statements, 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 with reference to these Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Financial Statements 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, adequate internal financial controls over financial reporting with reference to these Financial Statements and such internal financial controls over financial reporting with reference to these Financial Statements were operating effectively as at March 31, 2022, 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

For C A S & Co
Chartered Accountants
FRN. 111075W

Sd/-
Sajjan Kanodia
Partner
Mem.No.048047

UDIN No:- 22048047AJDPEM5079

Place: Mumbai
Date: 17th May 2022

Balance Sheet as at 31st March 2022

(₹ in lakhs)

Particulars	Note No.	As at 31st March 2022	As at 31st March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3A	5,882.25	5,887.74
Right of use Assets	3B	37.40	56.04
Intangible Asset	3C	1.86	2.80
Capital work-in-progress	3D	(0.00)	351.80
Financial assets			
Investments	4	74.15	67.53
Other Financial Assets	5	447.23	417.96
Other non-current assets	6	304.43	80.24
Total non-current assets		6,747.32	6,864.11
Current assets			
Inventories	7	711.85	832.19
Financial assets			
Trade receivables	8		
Billed		385.83	642.87
Unbilled		748.97	-
Cash and cash equivalents	9	192.35	216.20
Bank balances other than Cash and cash equivalents	10	15.18	49.81
Other Financial Assets	5	9.35	22.21
Other current assets	6	169.17	101.19
Income tax assets (net)	11	42.22	105.86
Total current assets		2,274.92	1,970.33
TOTAL ASSETS		9,022.24	8,834.44
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	1,258.90	1,143.70
Other equity		2,669.56	2,365.23
Total equity		3,928.46	3,508.93
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	13	3,425.29	3,926.46
Lease Liability	14	23.97	32.65
Provisions	15	95.46	76.20
Deferred Tax Liabilities	16	58.00	45.79
Other non-current liabilities	17	-	81.85
Total non-current liabilities		3,602.72	4,162.95
Current liabilities			
Financial liabilities			
Borrowings	13	670.30	630.60
Trade payables	18		
- Total outstanding dues to micro enterprise and small enterprise		45.20	36.12
- Total outstanding dues to creditors other than micro enterprise and small enterprise		358.58	180.58
Lease Liability	14	12.98	24.88
Other financial liabilities	19	144.03	125.40
Provisions	15	7.44	2.49
Other current liabilities	17	252.53	162.49
Total current liabilities		1,491.06	1,162.56
TOTAL EQUITY AND LIABILITIES		9,022.24	8,834.44
Notes 1 to 38 form an integral part of the financial statements			

This is the Balance Sheet referred to in our audit report of even date

For C A S & CO.
Chartered Accountants
Firm Registration No.111075W

Sd/-
Sajjan Kanodia
Partner
Mem. No. 048047

Place: Mumbai
Date : 17th May 2022

For and on behalf of the Board of Directors
LACTOSE (INDIA) LIMITED
CIN : L15201GJ1991PLC015186

Sd/-
Atul Maheshwari
Managing Director
DIN : 00255202

Place: Mumbai
Date : 17th May 2022

Sd/-
Sangita Maheshwari
Whole Time Director & CFO
DIN : 00369898

Sd/-
Ritesh Pandey
Company Secretary

Lactose (India) Limited**Statement of Profit and Loss for the year ended 31 March 2022**

(₹ in lakhs)

Particulars	Note No.	Year ended 31 March 2022	Year ended 31 March 2021
INCOME			
Revenue from Operations	20	4,593.90	3,496.33
Other Income	21	58.05	31.31
Total Income		4,651.95	3,527.64
EXPENSES			
Cost of materials consumed	22	557.02	465.09
Purchase of Stock-in-Trade	23	160.61	-
Changes in Inventories of finished goods and Work in progress	24	40.14	52.27
Employee benefits expense	25	1,373.79	1,211.89
Finance costs	26	511.60	544.80
Depreciation and amortisation expense	3	455.87	435.80
Other expenses	27	1,236.29	1,144.83
Total expenses		4,335.31	3,854.68
Profit / (Loss) before tax		316.64	(327.04)
Tax expense/ (credit)			
Current tax		56.94	-
Tax for earlier years		-	4.89
Deferred tax liability / (assets)		14.56	(84.20)
Total Tax expense/ (credit)		71.49	(79.31)
Profit/ (loss) for the year (A)		245.13	(247.75)
Other comprehensive income (OCI)			
Items not to be reclassified subsequently to profit or loss			
- Remeasurement of post employment benefit obligation		(9.42)	7.68
- Income tax effect on above		2.37	(2.14)
Items that will be reclassified subsequently to profit or loss			
		-	-
Other comprehensive income for the year, net of tax (B)		(7.05)	5.54
Total comprehensive income/ (loss) for the year, net of tax (A+B)		238.08	(242.21)
Earnings per share (EPS)			
(per equity share of nominal value Rs. 10 each)	28		
Basic and diluted (in Rs.)		2.10	(2.40)
Notes 1 to 38 form an integral part of the financial statements			

This is the statement of profit and loss referred to in our audit report of even date

For C A S & CO.Chartered Accountants
Firm Registration No.111075W**For and on behalf of the Board of Directors****LACTOSE (INDIA) LIMITED**
CIN : L15201GJ1991PLC015186

Sd/-

Sajjan Kanodia

Partner

Mem. No. 048047

Place: Mumbai

Date : 17th May 2022

Sd/-

Atul Maheshwari

Managing Director

DIN : 00255202

Place: Mumbai

Date : 17th May 2022

Sd/-

Sangita Maheshwari

Whole Time Director & CFO

DIN : 00369898

Sd/-

Ritesh Pandey

Company Secretary

Cash Flow Statement for the year ended 31 March 2022

(₹ in lakhs)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / profit before tax	316.64	(327.04)
Adjustments for		
Depreciation and amortisation expense	455.87	435.80
Interest expenses (including fair value change in financial instruments)	511.60	544.80
Interest income	(14.58)	(14.96)
Provision / (Reversal) of provision for expected credit loss	(2.87)	(4.77)
Provision made for expected credit loss	-	-
Remeasurement of post employment benefit obligation	(9.42)	7.68
Unrealised Gain on exchange fluctuations (net)	(0.76)	(0.31)
(Gain) / loss on fair value of investment	(4.27)	(0.88)
Loss on sale of Fixed Asset	23.99	17.45
Unrealised loss on exchange fluctuations (net)	-	-
Operating profit before working capital changes	1,276.21	657.74
Adjustments for changes in working capital:		
Decrease / (increase) in Inventories	120.35	58.65
Decrease / (increase) in Trade Receivables - Billed	260.67	60.33
Decrease / (increase) in Trade Receivables - Unbilled	(748.97)	-
Decrease / (increase) in Other financial assets	(16.42)	(314.74)
Decrease / (increase) in Other assets	(292.17)	(9.88)
(Decrease) / increase in Trade and other payables	187.13	(164.60)
(Decrease) / increase in Other financial Liabilities	20.78	29.59
(Decrease) / increase in Other liabilities	8.19	(103.27)
(Decrease) / increase in Short Term Provisions	4.95	(4.21)
(Decrease) / increase in Long Term Provisions	19.26	3.84
Cash generated from / (used in) operations	839.96	213.44
Direct taxes paid (net of refunds received)	6.69	3.06
Net cash (used in) / from generated from operating activities (A)	846.65	216.50
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, plant and equipments/CWIP	(132.27)	(549.00)
Proceeds from sale of Property, plant and equipments	29.27	3.10
Capital Advance (given) / received	-	0.00
Fixed Deposits with Banks	34.63	(26.70)
Purchase of Investment	(2.35)	(60.00)
Interest received	14.58	14.96
Net cash (used in) / generated from investing activities (B)	(56.15)	(617.64)

Lactose (India) Limited**Cash Flow Statement for the year ended 31 March 2022**

(₹ in lakhs)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from long-term borrowings (net)	(324.50)	582.77
Proceeds/(Repayment) from short-term borrowings (net)	(139.10)	115.85
Payment of Lease Liabilities	(20.59)	(24.00)
Proceeds from issue of Equity Shares (including Security Premium)	181.44	262.08
Proceeds from issue of Share Warrants	-	60.48
Interest paid	(511.60)	(544.80)
Net cash (used in) / from financing activities (C)	(814.35)	452.37
Net decrease in cash and cash equivalents (A+B+C)	(23.85)	51.22
Cash and cash equivalents at the beginning of the year	216.19	164.97
Cash and cash equivalents at the end of the year	192.34	216.19
Components of cash and cash equivalents considered only for the purpose of cash flow statement		
In bank current accounts in Indian rupees	184.34	211.29
Cash on hand	8.00	4.90
	192.34	216.19

Note :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flow.

Notes 1 to 38 form an integral part of the financial statementsThis is the Cash Flow Statement referred to in our audit report of even date**For C A S & CO.**Chartered Accountants
Firm Registration No.111075W

Sd/-

Sajjan Kanodia

Partner

Mem. No. 048047

Place: Mumbai

Date : 17th May 2022**For and on behalf of the Board of Directors****LACTOSE (INDIA) LIMITED**

CIN : L15201GJ1991PLC015186

Sd/-

Atul Maheshwari

Managing Director

DIN : 00255202

Place: Mumbai

Date : 17th May 2022

Sd/-

Sangita Maheshwari

Whole Time Director & CFO

DIN : 00369898

Sd/-

Ritesh Pandey

Company Secretary

Statement of Changes in Equity for the year ended 31 March 2022

A) Equity share capital

Particulars	Number	(₹ in lakhs)
Equity shares of Rs.10 each issued, subscribed and paid		
Balance as at 1 April 2020	1,01,89,000	1,018.90
Issue of Equity Share	12,48,000	124.80
Balance as at the 31 March 2021	1,14,37,000	1,143.70
Issue of Equity Share	11,52,000	115.20
Balance as at the 31 March 2022	1,25,89,000	1,258.90

B) Other equity

(₹ in lakhs)

Particulars	Reserves and surplus			Other Comprehensive Income	Share Warrants	Total equity attributable to equity holders
	Capital Reserve	Securities Premium Reserve	Retained Earnings	Remeasurement of Defined Benefit Plans		
Balance as at 1 April 2020	75.00	1,044.54	1,286.87	3.27	-	2,409.68
Total comprehensive income for the year			(247.75)	5.54		(242.21)
Money received against Convertible Share Warrants					60.48	60.48
Share Premium on issue of Equity shares		137.28				137.28
Balance as at 31 March 2021	75.00	1,181.82	1,039.12	8.82	60.48	2,365.23
Total comprehensive income for the year	-	-	245.13	(7.05)	-	238.08
Money received against Convertible Share Warrants	-	-	-	-	(241.92)	(241.92)
Converted into equity shares	-	-	-	-	181.44	181.44
Share Premium on issue of Equity shares	-	126.72	-	-	-	126.72
Balance as at 31 March 2022	75.00	1,308.54	1,284.25	1.77	-	2,669.56

Nature and purpose of reserves**I Capital reserve**

The capital reserve is created on account of subsidy received from Government of India.

II Securities premium reserve

Securities premium is received pursuant to the further issue of equity shares at a premium net of the share issue expenses. This is a non-distributable reserve except for the following instances where the the share premium account may be applied;

- towards the issue of unissued shares of the Company to the members of the Company as fully paid bonus shares;
- for the purchase of its own shares or other securities;
- in writing off the preliminary expenses of the Company;
- in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and
- in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

Notes 1 to 38 form an integral part of the financial statements

This is the Statement of Changes in Equity referred to in our audit report of even date

For C A S & CO.

Chartered Accountants
Firm Registration No.111075W

Sd/-
Sajjan Kanodia
Partner
Mem. No. 048047

Place: Mumbai
Date : 17th May 2022

For and on behalf of the Board of Directors

LACTOSE (INDIA) LIMITED
CIN : L15201GJ1991PLC015186

Sd/-
Atul Maheshwari
Managing Director
DIN : 00255202

Place: Mumbai
Date : 17th May 2022

Sd/-
Sangita Maheshwari
Whole Time Director & CFO
DIN : 00369898

Sd/-
Ritesh Pandey
Company Secretary

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

1. Company Overview:

Lactose (India) Limited (“the Company”) is a listed public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is a Pharmaceutical Company and engaged in the Business of Manufacturing, trading and carrying out job work and manufacturing of Pharmaceutical Products. The equity of the Company is listed on the Bombay Stock Exchange.

The financial statements of the Company for the year ended 31 March 2022 were authorized for issue in accordance with resolution of the Board of Directors on 17th May 2022.

2. Statement of Significant Accounting Policies:

2.1 Basis of preparation of financial statements:

The Ind AS Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (“Act”) read with Companies (Indian Accounting Standards) Rules, 2015; and the other relevant provisions of the Act and Rules thereunder.

The Ind AS Financial Statements have been prepared under historical cost convention basis, except for certain assets and liabilities measured at fair value.

All the assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in as per the guidance set out in Schedule III to the Act. Based on nature of services, the Company ascertained its operating cycle as 12 months for the purpose of current and non-current classification of asset and liabilities.

The Company’s financial statements are reported in Indian Rupees, which is also the Company’s functional currency, and all values are rounded to the nearest Rupees, except when otherwise indicated.

2.2 Use of estimates:

The preparation of the Ind AS financial statements of the Company in accordance with Indian Accounting Standards (Ind-AS) requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities at the date of the financial statements. These estimates are based upon management’s best knowledge of current events and actions; however uncertainty about these assumptions and estimates could result in outcomes that may require adjustment to the carrying amounts of assets or liabilities in future periods. Appropriate revisions in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Revisions in estimates are recognized prospectively in the financial statements in the period in which the estimates are revised in any future periods affected.

2.3 Fair Value Measurement:

The Company measures certain financial instruments at fair value at each reporting date.

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial asset and liabilities.

Fair value is the price that would be received to sell an asset or paid to settle a liability in an ordinary transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing an asset or liability acting in their best economic interest. The Company uses valuation techniques, which are appropriate in circumstances and for which sufficient data is available considering the expected loss/ profit in case of financial assets or liabilities.

2.4 Revenue Recognition

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization and when the revenue can be reliably measured.

Revenue from sale of goods is recognized when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Revenue from the sale of goods is net-off returns, taxes or duties collected on behalf of the government and applicable trade discounts and rebates.

Revenue from services rendered, is recognised in the profit or loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

Revenue in respect of export sales is recognized on the basis of dispatch of goods for exports. (i.e. on the date of Bill of Lading).

Dividend is recognized when right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reasonably.

Other Income is accounted for on accrual basis, when certainty of receipt is established.

2.5 Inventories

Inventories of Raw Materials, Finished Goods, Semi-Finished Goods, Stores and Spares and Packing Materials, are valued at cost or net realizable value, whichever is lower. Materials-in-transit are valued at cost-to-date. Cost comprises of all cost of purchases, cost of conversion and other costs incurred in bringing the inventory to their present location and conditions. Cost is arrived at on FIFO basis. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Obsolete, slow moving, surplus and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

2.6 Property, Plant and Equipment (PPE):

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Spare parts which meet the definition of Property, Plant and Equipment are capitalized as Property, Plant and Equipment. In other cases, the spare part is inventorised on procurement and charged to the Statement of Profit and Loss on consumption.

An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values and useful lives of property, plant and equipment are reviewed at regular intervals and changes, if any, are accounted in line with revisions to accounting estimates.

2.7 Capital Work in Progress

Cost of assets not ready for use at the balance sheet date is disclosed under capital work-in-progress. Expenditure during construction period is included under Capital Work in Progress & the same is allocated to the respective PPE on the completion of its construction.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

2.8 Intangible Assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

2.9 Borrowing costs

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

2.10 Depreciation

Depreciation on Plant, Property and Equipment has been provided on the Straight - Line basis, over the estimated useful lives of assets. The Company provides pro-rata depreciation from the date of addition / up to the date of deletion made during the reporting period. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposal of the asset and the resultant gains or losses are recognized in the statement of Profit and Loss.

The useful lives determined are in line with the useful lives as prescribed in the Schedule II of the Act.

2.11 Impairment of Non - financial Assets:

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

2.12 Government Subsidy

Grants and subsidies from the Government are recognized if the following conditions are satisfied,

- There is reasonable assurance that the Company will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

Government grants related to revenue are recognized on a systematic basis in net profit in the statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

2.13 Income Tax

Income tax comprises of current and deferred income tax. Income tax is recognised as an expense or income in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in equity or in OCI.

a) Current Tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

b) Deferred tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognized for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. Deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realization.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

c) Minimum Alternate Tax

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

2.14 Financial Assets

a) Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the statement of Profit and Loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

Financial Asset at Amortised Cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate (“EIR”) method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

Financial Asset Measured at Fair Value

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

Financial asset not measured at amortised cost or at fair value through OCI is carried at FVPL.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies the expected credit loss (“ECL”) model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Company follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

De-recognition of Financial Assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.15 Financial Liabilities

a) Initial recognition and measurement

All financial liabilities are recognised initially at fair value net of transaction costs that are attributable to the respective liabilities.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

b) Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial liabilities. The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss.

(i) Financial Liabilities at fair value through profit or loss (FVTPL)

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of Profit and Loss.

(ii) Financial Liabilities measured at amortised cost

After initial recognition, financial liabilities other than those which are classified as fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method ("EIR").

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

2.16 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.17 Employee Benefits

a) Short-term employee benefit

Short term employee benefits are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

b) Post-employment obligations

The Company operates the following post – employment schemes:

1. Defined benefit plans such as gratuity, and
2. Defined contribution plans such as provident fund.

Gratuity Obligation:

The Company also provides for gratuity which is a defined benefit plan, the liabilities of which is determined based on valuations, as at the balance sheet date, made by an independent actuary using the projected unit credit method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur. Re-measurement recognised in OCI are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Company's obligation into current and non-current is as per the actuarial valuation report

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Defined Contribution Plans

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as Defined Contribution Schemes as the Company has no further obligations beyond the monthly contributions..

2.18 Foreign Exchange Translation and Accounting of Foreign Exchange Transaction

a) Initial Recognition

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Company uses a monthly average rate if the average rate approximate the actual rate at the date of the transactions.

b) Conversion :

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) Treatment of Exchange Difference

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss except those arising from investment in Non Integral operations.

2.19 Provisions, Contingent Liabilities and Capital Commitments

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed in the financial statements.

2.20 Earnings per Share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

2.21 Classification of Assets and Liabilities as Current and Non-Current:

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle (determined at 12 months) and other criteria set out in Schedule III of the Act

2.22 Cash and Cash equivalents

Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.23 Cash Flows

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

2.24 Trade Receivable

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

2.25 Trade payable

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

2.26 Leases

Company as a lessee

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

Note 3A : Property, plant and equipment

Tangible Assets

Gross carrying value (at deemed cost)

(₹ in lakhs)

Particulars	Land - Freehold	Building - (Factory)	Building - (Office)	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Electrical Installations	Total
Balance as at 1 April 2020	280.25	1,538.22	10.32	5,224.35	88.68	153.68	28.78	22.09	127.41	7,473.79
Additions	-	91.40	-	117.30	5.64	-	4.69	1.47	-	220.50
Deductions made during the year	-	-	-	(31.83)	-	-	-	-	-	(31.83)
Balance as at 31 March 2021	280.25	1,629.62	10.32	5,309.82	94.32	153.68	33.47	23.56	127.41	7,662.46
Additions	-	-	-	437.11	0.80	45.16	0.57	0.43	-	484.07
Deductions made during the year	-	-	-	(102.14)	-	(41.20)	-	-	-	(143.34)
Balance as at 31 March 2022	280.25	1,629.62	10.32	5,644.79	95.12	157.64	34.05	23.99	127.41	8,003.19
Accumulated depreciation										
Balance as at 1 April 2020	-	236.28	0.81	975.17	48.69	35.15	10.30	7.68	60.98	1,375.07
Depreciation charge	-	61.27	0.20	300.59	9.34	16.94	5.04	5.42	12.14	410.95
Adjustments / deductions	-	-	-	(11.29)	-	-	-	-	-	(11.29)
Balance as at 31 March 2021	-	297.55	1.01	1,264.47	58.03	52.09	15.34	13.11	73.13	1,774.73
Depreciation charge	-	65.13	0.20	319.99	9.39	19.52	5.55	4.37	12.15	436.30
Deductions	-	-	-	(50.93)	-	(39.14)	-	-	-	(90.08)
Balance as at 31 March 2022	-	362.69	1.21	1,533.53	67.42	32.47	20.88	17.48	85.28	2,120.95
Net carrying value										
Balance as at 1 April 2020	280.25	1,301.94	9.51	4,249.18	39.99	118.53	18.49	14.41	66.43	6,098.72
Balance as at 31 March 2021	280.25	1,332.07	9.31	4,045.34	36.29	101.60	18.14	10.45	54.28	5,887.74
Balance as at 31 March 2022	280.25	1,266.94	9.11	4,111.26	27.70	125.17	13.16	6.51	42.13	5,882.25

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Note 3B : Right of use Assets

(₹ in lakhs)

Particulars	Office Premises	Land	Total
Gross Carrying Value (at deemed cost)			
Balance as at 1st April 2020			
Addition	94.82	9.65	104.47
Disposals	-	-	-
Balance as on 1st April 2021	94.82	9.65	104.47
Addition	-	-	-
Disposals	-	-	-
Balance as on 31st March 2022	94.82	9.65	104.47
Accumulated Amortisation			
Balance as at 1st April 2020	22.35	1.93	24.28
Amortisation charge	22.22	1.93	24.15
Balance as on 1st April 2021	44.57	3.86	48.43
Amortisation charge	16.70	1.93	18.64
Balance as on 31st March 2022	61.28	5.79	67.07
Net Carrying value			
Balance as on 31st March 2021	50.24	5.79	56.04
Balance as on 31st March 2022	33.54	3.86	37.40

Note 3C : Intangible Asset

(₹ in lakhs)

Particulars	Software	Total
Gross carrying value(at deemed cost)		
Balance as at 1st April 2020	3.67	3.67
Addition	-	-
Disposals	-	-
Balance as on 31st March 2021	3.67	3.67
Addition	-	-
Disposals	-	-
Balance as on 31st March 2022	3.67	3.67
Accumulated Amortisation		
Balance as at 1st April 2020	0.18	0.18
Amortisation charge	0.70	0.70
Balance as on 31st March 2021	0.87	0.87
Amortisation charge	0.93	0.93
Balance as on 31st March 2022	1.81	1.81
Net Carrying value		
Balance as at 1st April 2020	3.49	3.49
Balance as on 31st March 2021	2.80	2.80
Balance as on 31st March 2022	1.86	1.86

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

Note 3D : Capital work-in-progress

(₹ in lakhs)

Particulars	Total
Gross Carrying value (at deemed cost)	
Balance as at 1 April 2020	23.30
Additions/(Adjustment) during the Year	481.67
Capitalisation During the Year	-153.17
Balance as at 31 March 2021	351.80
Additions/(Adjustment) during the Year	130.72
Capitalisation During the Year	-482.52
Balance as at 31 March 2022	-0.00

CWIP ageing schedule: As at 31st March 2022

Capital-Work-in Progress	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

CWIP ageing schedule: As at 31st March 2021

Capital-Work-in Progress	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	351.80	-	-	-	351.80
Projects temporarily suspended	-	-	-	-	-
Total	351.80	-	-	-	351.80

Note : All Capital Work in Projects are running as per schedule and no project has been suspended. Further no project has exceeded its cost as compared to budgeted plan.

Note 4 : Investments

(₹ in lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
I. Investment at fair value through Profit or loss		
Investment in Equity instruments		
i) In other companies	0.07	6.36
Investment in mutual fund	74.07	61.17
Total non-current investments	74.15	67.53

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Note 5.1 Detailed list of non-current investments

Face value of Rs. 10 each, unless otherwise stated	As at 31 March 2022		As at 31 March 2021	
	Nos / Units	(₹ in lakhs)	Nos / Units	(₹ in lakhs)
I. Investments valued At Fair value through Profit and Loss, fully paid up, quoted, unless otherwise stated				
i) Investment in Equity instruments				
Clio Infotech Limited (face value of Rs. 10/- each, fully paid up)	1,000	0.07	1,000	0.02
Shardul Securities & Finance Limited (face value of Rs. 10/- each, fully paid up)	12,800	-	12,800	6.34
		0.07		6.36
ii) Investment in mutual fund				
L&T Money Market Fund	-	-	4,261	5.90
Axis Short Term Fund - Regular Growth	-	-	1,05,030.59	25.14
Aditya Birla Sunlife Banking & Psu Debt fund - Growth-Regular Plan	-	-	1,777.27	25.10
Hdfc Short Term Debt Fund- Regular Plan Growth	-	-	1,02,342.74	5.03
Aditya Birla Sun Life Balanced Advantage Fund	1,02,398	74.07		
		74.07		61.17
Total non-current investments		74.15		67.53

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Details:		
Aggregate of non-current investments:		
Book value of investments (net of impairment allowance)	74.15	67.53
Investments carried at fair value through profit and loss	74.15	67.53

Note 5 : Other Financial Assets

(Unsecured & considered good, unless otherwise stated)

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Non-current		
Security Deposits	447.23	417.96
Total non-current financial assets	447.23	417.96
Current		
Loan to employee	4.34	3.91
Other Receivable	5.01	18.30
Total current financial assets	9.35	22.21
Total other financial assets	456.59	440.16

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

Note 6 : Other non-current assets

(Unsecured & considered good, unless otherwise stated)

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Non-current		
Capital advances	-	6.03
Balance with government authorities	13.99	12.78
Deferred portion of securities deposit	239.12	
Prepaid expenses	51.31	61.42
Total non-current assets	304.43	80.24
Current		
Interest accrued on deposits & Fixed deposit	5.76	3.11
Duties and Taxes Receivable	38.16	35.59
Advance to suppliers	86.11	26.08
Prepaid expenses	39.13	36.41
Total current assets	169.17	101.19
Total other assets	473.61	181.42

Note 7 : Inventories

(Valued at Cost or Net Realisable Value whichever is lower)

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Raw Materials and components	209.04	294.55
Work-in-progress	425.35	440.30
Finished goods	19.76	44.96
Stores, spares and other consumables	57.69	52.38
Total Inventories	711.85	832.19

Note 8 : Trade receivables

(Unsecured & considered good, unless otherwise stated)

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Trade receivables	389.73	649.64
Less: Provision for expected credit loss	(3.90)	(6.77)
Unbilled Revenue	748.97	0.00
Total trade receivables	1,134.80	642.87

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Ageing for Trade Receivable - billed outstanding as at 31st March 2022 is as follows

Trade Receivable - Billed

Particulars	less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	389.73	-	-	-	-	389.73
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total						389.73
Add: Trade Receivable - Unbilled						748.97
Less: Provision for expected credit loss						(3.90)
						1134.80

Ageing for Trade Receivable - billed outstanding as at 31st March 2021 is as follows

Trade Receivable - Billed

Particulars	less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	645.67	-	3.97	-	-	649.64
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total						649.64
Add: Trade Receivable - Unbilled						0.00
Less: Provision for expected credit loss						(6.77)
						642.87

Note 9 : Cash and cash equivalents

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Balances with banks		
- Current accounts in Indian rupees	184.34	211.29
Cash on hand	8.00	4.90
Total cash and cash equivalents	192.35	216.20

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

Note 10 : Bank balances other than Cash and cash equivalents

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Earmarked balances with banks for:		
Margin money deposits with original maturity of more than 3 months and remaining maturities of less than 12 months	10.18	2.97
Fixed deposits with bank	5.00	46.84
Total other bank balances	15.18	49.81

Margin money amounting to Rs. 10.18 lakh (PY Rs 2.97 lakh) including interest is held as bank guarantee.

Note 11 : Income tax assets (net)

(a) Amounts recognised in Statement of Profit and Loss

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current tax expense (A)		
Current year	56.94	-
Short/(Excess) provision of earlier years	-	4.89
Deferred tax expense (B)		
Origination and reversal of temporary differences	14.56	(84.20)
Tax expense recognised in the income statement (A+B)	71.50	(79.30)

(b) Amounts recognised in other comprehensive income

Particulars	Year ended 31 March 2022			Year ended 31 March 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of post employment benefit obligation	(9.42)	2.37	(7.05)	7.68	(2.14)	5.54
	(9.42)	2.37	(7.05)	7.68	(2.14)	5.54

(c) Reconciliation of effective tax rate

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Profit before tax	316.64	(327.04)
Tax using the Company's domestic tax rate (MAT @ 16.69%) (PY 26%)	52.85	(85.03)
Tax effect of :		
Tax effect on non-deductible expenses/ income	4.44	(6.82)
Adjustments recognised in current year in relation to the tax of prior years	-	4.89
Others	14.20	7.64
Tax expense as per Statement of Profit & Loss	71.49	(79.31)
Effective tax rate	22.578%	24.252%

(d) Income tax assets (net)

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Advance income tax and TDS	42.22	105.86
Total Income Tax Assets	42.22	105.86

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Note 12 : Share capital

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Authorised share capital		
1,50,00,000 (PY 1,20,00,000) equity shares of Rs.10/- each	1,500.00	1,200.00
Total authorised share capital	1,500.00	1,200.00
Issued, subscribed and paid-up equity share capital:		
1,25,89,000 (PY 1,14,37,000) equity shares of Rs. 10/- each, fully paid up	1,258.90	1,143.70
Total issued, subscribed and paid-up equity share capital	1,258.90	1,143.70

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

Particulars	Number	(₹ in lakhs)
As at 1 April 2020	1,01,89,000	1,018.90
Issued during the year	12,48,000	124.80
As at 31 March 2021	1,14,37,000	1,143.70
Issued during the year **	11,52,000	115.20
As at 31 March 2022	1,25,89,000	1,258.90

** The Company in November, 2020 has made a preferential issue of 24,00,000 Convertible Share Warrants at a premium of Rs. 11 per warrant (Face value Rs.10 each) in accordance with SEBI guidelines and has received 25 % upfront money amounting to Rs. 126 lakhs

Out of 24,00,000 share warrants 12,48,000 share warrants had been converted into 12,48,000 fully paid equity shares of Rs. 10/- each at a premium of Rs. 11 per share on 24th February 2021 after receiving balance amounting to Rs.196.56 lakhs

Now during the year balance 8,10,000 share warrants & 3,42,000 Share warrants had been converted into 11,52,000 fully paid equity shares of Rs. 10/- each at a premium of Rs. 11 per share on 11th December 2021 & 28th March 2022

b. Terms/rights attached to equity shares:

- The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. Any fresh equity shares shall rank pari-passu with the existing shares.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shareholding of more than 5%:

Name of the Shareholder	As on March 31, 2022		As on March 31, 2021	
	% held	No. of shares	% held	No. of shares
Gyaneshwar Multitrade Private Limited	-	-	6.44%	7,36,864
Sangeeta Maheshwari	12.23%	15,39,910	11.73%	13,41,910
Atul Maheshwari	10.81%	13,61,010	10.17%	11,63,010
Shyamsunder Toshniwal	10.49%	13,20,573	9.82%	11,22,573
Madhusha Lifecare Private Limited	-	-	5.06%	5,78,184
Madhu Toshniwal	8.13%	10,23,468	7.22%	8,25,468
SST Private Family Trust	5.96%	7,50,000	-	-

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

d. Reconciliation of number of shares

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the Beginning of the year	1,14,37,000	1,143.70	1,01,89,000	1,018.90
Shares issued during the year	11,52,000	115.20	12,48,000	124.80
Shares outstanding at the end of the year	1,25,89,000	1,258.90	1,14,37,000	1,143.70

e. Shareholding of Promoters

Name of the promoter	As at March, 2022		As at March, 2021		% Change during the year
	No. of Shares	% of total shares	No of Shares	% of total shares	
Mr. Atul Maheshwari	13,61,010	10.81	11,63,010	10.17	0.64
Mrs. Sangita Maheshwari	15,39,910	12.23	13,41,910	11.73	0.50
Mr. Shyamsunder Toshniwal	13,20,573	10.49	11,22,573	9.82	0.67
Mrs. Madhubala Toshniwal	10,23,468	8.13	8,25,468	7.22	0.91
Mrs. Pushpa Maheshwari	1,12,920	0.9	1,12,920	0.99	(0.09)
Atul Maheshwari HUF	50,000	0.4	50,000	0.44	(0.04)
Mr. Yashvardhan Maheshwari	35,360	0.28	35,360	0.31	(0.03)
M/s. Madhusa Lifecare Pvt Ltd	5,78,184	4.59	5,78,184	5.06	(0.47)
SST Private Family Trust	7,50,000	5.96	3,90,000	3.41	2.55

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Note 13 : Borrowings

Particulars	As at 31 March 2022 (` in lakhs)	As at 31 March 2021 (` in lakhs)
Non current		
Secured		
Term Loan from NBFCs	3,874.65	4,215.90
Less: Current maturities of long term Borrowing	(513.08)	(341.07)
	3,361.57	3,874.83
Vehicle loan from Bank	91.23	72.35
Less: Current Maturities of Long term Borrowings	(27.51)	(20.72)
	63.72	51.63
Total non-current borrowings	3,425.29	3,926.46
Current		
Secured		
Loan from NBFCs repayable on demand	129.70	-
Current maturities of long-term debt	540.60	361.80
Unsecured		
Loan from Directors	-	268.80
Total current borrowings	670.30	630.60
Total borrowings	4,095.59	4,557.05

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Note:**I) Secured borrowings****Term Loan From NBFCs**

- a) Term loan from Aditya Birla Finance Limited. Amounting to Rs.3,226.67 lakhs (PY : Rs.3,480.54 lakhs) . It carries an interest rate of 11.50% p.a.. The loan is repayable in 120 monthly installment starting from 15th October, 2019.
- b) Term loan from Aditya Birla Finance Ltd. Amounting to Rs.647.98 lakhs (PY : Rs 735.36 lakhs) . It carries an interest rate of 11.50% p.a.. The loan is repayable in 36 monthly installment starting from 5th November, 2021.
- c) Working Capital loan from Aditya Birla Finance Ltd amounting to Rs.129.70 (P.Y.Nil) . The said loan is repayable on demand and carries interest @ 11.50% p.a (PY 11.75% p.a.)

The above loan from Aditya Birla are secured by

The above loan is secured against hypothecation of current asstes, plant & machinery, factory land and building situated at village Poicah (Rania) Taluka salvi Dist Vadodra

Minimum 26% of shares of Lactose (India) Ltd held by promoters is been pledged

Term Loan From Banks :**Vehicle loans From Bank**

- a) Vehicle loans from HDFC Bank amounting to Rs.47.17 lakhs (PY : Rs. 66.12 lakhs) are secured against respective vehicles. It carries interest rate of 8.40% to 10.00% p.a. and are repayable in 48 to 60 equal monthly installments.
- b) Vehicle loan from HDFC Bank amounting to Rs.23.47 lakhs (PY : Rs. Nil) is secured against respective vehicles. It carries interest rate of 7.30% p.a. and is repayable in 60 equal monthly installment.
- c) Vehicle loan from Axis Bank amounting to Rs.4.45 lakhs (PY : Rs.6.23 lakhs) is secured against respective vehicles. It carries interest rate of 9.51% p.a. and is repayable in 60 equal monthly installment.
- d) Vehicle loan from Kotak Bank amounting to Rs.16.13 lakhs (PY : Rs. Nil) is secured against respective vehicles. It carries interest rate of 7.15% p.a. and is repayable in 60 equal monthly installment.

Unsecured borrowings from Directors

Short term loans from Directors amounting to Rs.Nil (PY : Rs.268.8 lakhs) are unsecured and chargable to interest @11%. The loan is repayable on demand.

Note 14 : Lease Liability

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Non - Current		
Lease liability	23.97	32.65
Current		
Lease Liability	12.98	24.88
Total	36.95	57.52

Note 15 : Provisions

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Non-current		
Provision for employee benefits (Refer note 31)		
- Gratuity	95.46	76.20
Total non-current provisions	95.46	76.20

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Current		
Provision for employee benefits (Refer note 31)		
- Gratuity	7.44	2.49
Total current provisions	7.44	2.49
Total provisions	102.90	78.68

Note 16 : Deferred Tax Liabilities

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Deferred Tax Liability on account of :		
Property, Plant and Equipments	701.22	733.30
Others	1.87	-
Indexed Cost of Land	-	-
	703.09	733.30
Deferred Tax Asset on account of :		
Provision for employee benefits	25.90	20.46
Lease as per Ind As 116	(0.49)	0.06
Provision for expected credit loss on trade receivables	0.98	1.76
Investments carried at fair value through profit and loss	0.18	(0.18)
Unabsorbed Depreciation	357.57	456.14
MAT Credit Entitlement	260.95	209.25
	645.09	687.49
Total Deferred Tax Liabilities	58.00	45.79

Note 17 : Other non-current liabilities

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Non-current		
Advance Manufacturing Consideration [Refer note (a) below]	81.84	139.62
Less : Current maturities of Advance Manufacturing Consideration	(81.84)	(57.77)
Total other non-current liabilities	-	81.85
Current		
Duties & Taxes Payable	33.60	24.32
Current maturities of Advance Manufacturing Consideration [Refer Note (a) below]	81.84	57.77
Advance from Customer	134.86	48.00
Payable for Capital goods	-	32.40
Other payable	2.24	-
Total other current liabilities	252.53	162.49
Total other liabilities	252.53	244.35

Note (a) :- During the FY 2013-14, the Company had commenced production of its upgraded manufacturing facility to manufacture up to 10000 metric tons 200 Mesh Lactose per year exclusively for Kerry Ingredients India Private Limited (KIIPL) for 10 years. Accordingly the company has received 577.72 lakhs as advance manufacturing consideration for upgradation of manufacturing components as per their requirements. The above same has been amortised as per the tenure of agreement . Now the company has enter into settlement agreement for pre termination of the said contract on 21st April 2022. Balance advance manufacturing consideration of Rs 81.84 lakhs will be amortised in the year of settlement and accordingly the same has been transferred to current liability.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Note 18 : Trade payables

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
- Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note below)	45.20	36.12
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	358.58	180.58
Total trade payables	403.78	216.70

The Company has amounts due to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act), as at 31 March 2022.

The disclosure pursuant to the said Act is as under:

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year*;	45.20	36.12
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the due date during each accounting year;	-	-
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	1.02	0.23
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Note: This information, as required to be disclosed under the MSMED Act, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Trade payables are normally non-interest bearing and settled as per the payment terms stated in the contract.

Trade Payables ageing schedule**As at March 31, 2022**

Particulars	Outstanding for following periods				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Micro and Small Enterprises	45.20	-	-	-	45.20
(ii) Others	356.26	-	-	2.32	358.58
(iii) Disputed Dues - Micro and Small Enterprises	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-
Unbilled Dues	-	-	-	-	-
	401.46	-	-	2.32	403.78

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

As at March 31, 2021

Particulars	Outstanding for following periods				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Micro and Small Enterprises	36.12	-	-	-	36.12
(ii) Others	178.26	-	-	2.32	180.58
(iii) Disputed Dues - Micro and Small Enterprises	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-
Unbilled Dues	-	-	-	-	-
	214.38	-	-	2.32	216.70

Note 19 : Other financial liabilities

Particulars	As at 31 March 2022 (₹ in lakhs)	As at 31 March 2021 (₹ in lakhs)
Current		
Provision for Expenses	123.80	103.02
Deposit received	0.70	0.70
Interest accrued but not due	19.53	21.68
Total	144.03	125.40

Note 20 : Revenue from Operations

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Sale of Product Comprises of:		
Sales	1,236.39	581.10
Conversion Charges	2,524.78	2,850.39
Unbilled Revenue*	748.97	-
	4,510.14	3,431.49
Other operating revenue		
Scrap Sales	25.99	7.07
MEIS Export Incentive	-	-
Manufacturing Consideration	57.77	57.77
	83.76	64.84
Total Revenue from Operations	4,593.90	3,496.33

* During the FY 2013-14, the Company had commenced production of its upgraded manufacturing facility to manufacture up to 10000 metric tons 200 Mesh Lactose per year exclusively for Kerry Ingredients India Private Limited (KIIPL) for 10 years (August 2023) for minimum yearly production commitment. Company has enter into settlement agreement with KIIPL for terminate the aforesaid manufacturing agreement on 21st April, 2022. Out of that Rs 748.97 lacs is been recognised as unbilled revenue being the shortfall of minimum production commitment during the year.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Note 21 : Other Income

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Interest Income		
- on Fixed Deposits	3.47	4.95
- on others	3.00	3.18
- on Income Tax Refund	8.10	3.49
- on VAT Refund	-	3.33
Reversal of provision for Expected Credit Loss	2.87	4.77
Rent Income	5.28	5.04
Unwinding of Interest income on deposits	6.90	
Fair valuation of Investment	4.27	0.88
Sundry balances written back	-	-
Foreign Exchange Gain	18.18	5.64
Profit on Sale of Investment	4.47	
Miscellaneous Income	1.51	-
Total other income	58.05	31.31

Note 22 : Cost of materials consumed

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Raw Material Consumed	485.06	377.45
Packing Material Consumed	71.95	87.64
Total	557.02	465.09

Note 23 : Purchase of Stock-in-Trade

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Purchase of Stock-in-Trade	160.61	-
Total	160.61	-

Note 24 : Changes in Inventories of finished goods and Work in progress

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Opening Inventory		
Finished Goods	44.96	71.88
Work-In-Progress	440.30	465.65
	485.26	537.53
Closing Inventory		
Finished Goods	19.76	44.96
Work-In-Progress	425.35	440.30
	445.11	485.26
Total Changes in Inventories of finished goods and Work in Progress	40.14	52.27

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

Note 25 : Employee benefits expense

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Salaries and wages	1,180.61	1,024.41
Directors Remuneration	148.46	148.46
Gratuity (Refer note 31 A)	14.80	13.86
Contribution to provident and other funds (Refer note 31 (B))	20.97	19.51
Staff welfare	8.96	5.65
Total employee benefits expense	1,373.79	1,211.89

Note : Salaries and Wages include amount paid towards contractual wages Rs. 657.32 lakhs (31.03.2021 : Rs.535.33 lakhs).

Note 26 : Finance costs

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Interest Expenses		
- Banks & Financial Institutions	487.37	509.28
- Unsecured loan	9.30	19.23
- Interest accrued on lease liability as per Ind AS 116	4.29	6.09
- Other Borrowing Cost	8.61	8.24
Bank Charges	2.03	1.96
Total finance costs	511.60	544.80

Note 27 : Other expenses

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Stores and spares consumed	82.16	81.74
Power and Fuel expenses	689.13	583.84
Laboratory materials consumed	37.51	27.53
Rent	6.60	-
Repairs to :		
- Building	11.74	9.10
- Machinery	104.45	73.46
Insurance Charges	25.93	20.85
Rates and Taxes	4.74	4.00
Legal and Professional	48.09	41.90
Communication Expenses	5.02	7.62
Auditor's Remuneration	7.32	7.32
Freight Outward	8.07	4.33
Sales Promotion Charges	12.18	18.34
Bad Debts	-	46.37
Environment Compensation Expense	-	48.20
Miscellaneous Expenses	193.35	170.23
Total other expenses	1,236.29	1,144.83
Auditors' remuneration:		
i) Statutory audit fees	7.32	7.31
	7.32	7.31

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Note 28 : Earnings per share (EPS)

The amount considered in ascertaining the Company's earnings per share constitutes the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares which could have been issued on conversion of all dilutive potential shares.

Basic and diluted EPS

Particulars		Year Ended 31st March 2022	Year Ended 31st March 2021
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	(Rs. in lakhs)	245.13	(247.75)
Weighted average number of equity shares for EPS computation	(Nos.)	1,16,83,921	1,03,12,090
EPS - Basic and Diluted EPS	(Rs.)	2.10	(2.40)

Note 29 : Related party disclosures as required under Indian Accounting Standard 24, "Related party disclosures" are given below:

- a) Names of related parties and nature of relationship (to the extent of transactions entered into during the year except for control relationships where all parties are disclosed)

Nature of relationship	Nature of the party
A) Key Management Personnel (KMP) and their relatives	
Mr Atul Maheshwari	Managing Director
Mrs. Sangita Maheshwari	Whole time Director and CFO
Mr Shyam Sunder Toshniwal (resigned w.e.f 21 st december 2021)	Non Executive- Non Independent Director
Mr Mahendrakumar Singhi (resigned w.e.f 22 nd december 2021)	Non Executive- Independent Director
Mr.Dhaval Jayant Soni (appointed w.e.f 19 th March,2022)	Non Executive- Independent Director
Mr Pramod Kalani	Non Executive- Independent Director
Mr Gopal Krishna Sarda	Non Executive- Independent Director
Yash Maheshwari	Manager, Relative of Director
Mrs. Madhu Toshniwal	Relative of Director
Mr Ritesh Pandey	Company Secretary
B) Entities in which KMP have significant influence	
Eurolife Healthcare Private Limited	
Madhusa Lifecare Private Limited	
Madhusa Biotech Private Limited	
Lotus Global Private Limited	
Omega Colors Private Limited	
Vitanosh Ingredients Private Limited	

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

b) Transactions carried out with related parties referred to above, in ordinary course of business and balances outstanding:

I. Key management personnel and their relatives

Particulars	Nature of Transaction	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Mr. Atul Maheshwari	Director's Remuneration	95.78	95.78
	Loan Taken	-	180.00
	Loan Repayment including interest	186.52	10.22
	Interest Expense	4.97	11.77
Mrs. Sangita Maheshwari	Director's Remuneration	52.67	52.67
	Rent paid	6.48	6.12
	Loan Taken	-	120.00
	Loan Repayment including interest	91.58	40.21
	Interest Expense	4.33	7.46
Mrs. Madhu Toshniwal	Consultancy Charges paid	6.90	6.90
Mr Yash Maheshwari	Salary paid	23.78	23.78

II. Enterprises over which key management personnel have significant influence

Particulars	Nature of Transaction	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Madhusa Lifecare Private Limited	Job Work income	6.54	6.53
Vitanosh Ingeredients Private Limited	Deposit given	261.50	300.00
	Sales	192.00	-
	Advance recd against supply	-	48.00
Omega Colors Private Limited	Advance against purchase	72.00	-

III. Balance Outstanding of Related Parties:

Particulars	Nature of Transaction	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Mrs Sangita Maheshwari	Loan Payable	-	87.25
	Director Remuneration Payable	3.02	3.03
Mr. Atul Maheshwari	Director Remuneration Payable	5.52	5.34
	Loan Payable	-	181.56
Mrs. Madhu Toshniwal	Expense Payable	0.52	0.53
Mr. Yash Maheshwari	Salary Payable	1.50	1.35
Vitanosh Ingredients Private Limited	Deposit Receivable	561.50	300.00
	Advance recd for supply	-	48.00
Omega Colors Private Limited	Advance against purchase	72.00	-
Madhusa Lifecare Private Limited	Trade receivable	6.54	6.53
Eurolife Healthcare Private Limited	Trade receivable	-	4.28

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Note 30 : Contingent liabilities and Commitments

(a) Contingent liabilities disclosures as required under Indian Accounting Standard 37, "Provisions, Contingent Liabilities and Contingent Assets" are given below:

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
I) Disputed Statutory Liability		
i) Disputed liability in respect of Income tax (AY 13-14)	20.23	20.23
Disputed liability in respect of Service Tax (From April 14 to March15)	79.06	79.06
Disputed liability in respect of Excise Duty (From Oct 14 to June 17)	102.82	102.82
II) Guarantees		
i) Guarantee given by Bank on behalf of the Company	8.05	1.05
III) Other money for which the company is contingently liable		
i) Duty against pending export obligation	-	-
ii) Duty against the material imported on Advance license (Refer note a below)	121.67	113

Note :

(a) The Company has obtained Advance Licence for purchase of raw material and license under Export Promotion Capital Goods Scheme (EPCG) for purchase of capital goods on zero percent custom duty. Under the both licence the Company needs to fulfill certain export obligations, failing which, it is liable for payment of custom duty. Export Obligations amounting to Rs.Nil (31.03.2020 Rs Nil), needs to be completed under the EPCG licence. If the export obligation as per above is not fulfilled, then the duty component will be RS Nil (PY Rs NIL). This export obligation to be completed within 6 years from the date of purchase of respective EPCG license.

In case of advance licence, material must be exported within 18 months from the date on which goods were cleared from Customs under advance licence. Export obligation pending is 250.33MT which needs to be completed under advance License. If the export obligation is not fulfilled, then the duty component will be Rs 121.67 lacs.

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs Nil lakhs (31.03.2021 : Rs.51.17.lakhs).

Note 31 : Disclosure relating to employee benefits as per Ind AS 19 'Employee Benefits'**A Defined benefit obligations - Gratuity (unfunded)**

The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
a) Changes in defined benefit obligations		
Defined Benefit Obligation ("PBO") at the beginning of the year	78.68	79.05
Service cost for the year	9.45	8.49
Interest cost for the year	5.35	5.38
Actuarial losses / (gains)	9.42	(7.68)
Benefits paid	-	(6.55)
Defined Benefit Obligation ("PBO") as at the end of the year	102.90	78.68
b) Amounts recognised in the Statement of Profit and Loss		
Current service cost	9.45	8.49
Net interest on net Defined Liability / (Asset)	5.35	5.38
Expenses recognised in the statement of profit and loss	14.80	13.86

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Particular	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
c) Remeasurement (gains)/ losses recognised in OCI		
Actuarial changes arising from changes in financial assumptions	-	-
Actuarial changes arising from changes in demographic assumptions	-	-
Experience adjustments	9.42	(7.68)
Total	9.42	(7.68)
d) The amounts recognised in the Balance Sheet are as follows:		
Present value of obligation as at the end of the year	102.90	78.68
Funded value of assets (unfunded)	-	-
Net assets / (liability) recognised in balance sheet	(102.90)	(78.68)
e) Actuarial assumptions	31 March 2022	31 March 2021
Discount rate	6.80% p.a.	6.80% p.a.
Normal retirement age (in years)	58	58
Salary escalation rate (% p.a.) *	7.00% p.a.	7.00% p.a.
Attrition rate	5% to 1%	5% to 1%
Mortality rate	Indian assured lives mortality (2012-14) ultimate	Indian assured lives mortality (2012-14) ultimate
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
f) Quantities sensitivity analysis for significant assumption is as below:		
Particulars	31 March 2021 (₹ in lakhs)	31 March 2020 (₹ in lakhs)
One percent increase		
i. Discount rate	95.80	72.77
ii. Salary escalation rate - over a long-term	110.91	85.38
iii. Withdrawal rate	102.86	78.65
One percent decrease		
i. Discount rate	111.01	85.46
ii. Salary escalation rate - over a long-term	95.75	72.73
iii. Withdrawal rate	102.94	78.72
Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation, keeping all other actuarial assumptions constant.		
g) Maturity analysis of defined benefit obligation		
1st Following Year	7.44	2.49
2nd Following Year	9.63	5.24
3 rd Following Year	10.58	7.71
4th Following Year	11.75	8.24
5th Following Year	11.31	9.08
Sum of Year 6 to 10 Year	62.79	59.58
Total expected payments	113.51	92.34

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

B Defined contribution plans

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
a) The Company has recognised the following amounts in the Statement of Profit and Loss for the year:		
(i) Contribution to provident fund	20.97	19.51
	20.97	19.51

C Current/ non-current classification

Particulars	Year ended 31 March 2022 (₹ in lakhs)	Year ended 31 March 2021 (₹ in lakhs)
Gratuity		
Current	7.44	2.49
Non-current	95.46	76.20
	102.90	78.68

Note 32 : Segment Reporting as required under Indian Accounting Standard 108, "Operating Segments" :

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates only in one Business Segment i.e. manufacture and trading of Pharmaceutical Products, hence does not have any reportable Segments as per Ind AS 108 "Operating Segments".

Note 33: Leases

Effective April 1, 2019, the Company has adopted Ind AS 116, Leases. . On adoption of the new standard IND AS 116 resulted in recognition of 'Right of Use' assets and a lease liability. The effect of this adoption is insignificant on the profit before tax, profit for the period and earning per share. Ind AS 116 will result in an increase in cash inflow from operating activity and an increase in cash outflow from financing activity on account of lease payments.

Following are the changes in the carrying value of right of use assets for the year ended 31st March 2022

Particulars	(₹ in lakhs)
Balance as at 1st April 2020	56.04
Addition	-
Deletion	
Depreciation	18.64
Balance as at 31st March 2021	37.40

The following is the breakup of current and non current lease liabilities as at 31st March 2022

Particulars	(₹ in lakhs)
Current lease liability	12.98
Non current lease liability	23.97
	36.95

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

The following is the movement in lease liability during the year ended 31st March 2022

Particulars	(₹ in lakhs)
Balance as at 1st April 2021	57.54
Addition	-
Finance cost accrued during the year	-
Deletion	-
Payment of lease liabilities	20.59
Balance as at 31st March 2022	36.95

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis

Particulars	(₹ in lakhs)
Less than one year	26.44
Later than one year but not later than five year	13.95
Later than five year	-
Balance as at 31st March 2021	40.39

Note 34: Fair Value Measurement

(i) Financial instruments by category

Particulars	Refer note	31st March 2022 (₹ in lakhs)				31st March 2021 (₹ in lakhs)			
		Carring Amount	FVPL	FVOCI	Amortised Cost	Carring Amount	FVPL	FVOCI	Amortised Cost
Financial Assets:									
Investments in Equity Instruments	4	0.07	0.07			6.36	6.36		
Investments in Mutual Fund	4	74.07	74.07			61.17	61.17		
Trade receivables	8	-			-	-			-
Billed		385.83			385.83	642.87			642.87
Unbilled		748.97			748.97	-			-
Cash and cash equivalents	9	192.35			192.35	216.20			216.20
Bank balances other than Cash and cash equivalents	10	15.18			15.18	49.81			49.81
Other financial asset	5	456.58			456.58	440.16			440.16
Total Financial Assets		1,873.05	74.15	-	1,798.91	1,416.58	67.53	-	1,349.05
Financial Liabilities:									
Borrowings	13	4,095.59			4,095.59	4,195.26			4,557.05
Trade payables	18	403.78			403.78	216.70			216.70
Lease Liability	14	36.95			36.95	57.53			81.54
Other financial liabilities	19	144.03			144.03	487.20			125.40
Total Financial Liabilities		4,680.34	-	-	4,680.34	4,956.69	-	-	4,980.69

The Fair Value of the Financial Assets & Liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The management assessed that fair value of cash and cash equivalents, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

Note 35 : Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

a) Interest rate risk

Company's interest rate risk arises primarily from borrowings. The interest rate profile of the Company's interest-bearing financial instruments is as follows.

	(₹ in lakhs)	
Particulars	As at 31 March 2022	As at 31 March 2021
Total Borrowings	4,095.59	4,557.05

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates :

	(₹ in lakhs)	
Particulars	As at 31 March 2022	As at 31 March 2021
Increase in basis points	50 basis points	50 basis points
Effect on profit/(loss) before tax, increase by	(20.58)	(22.89)
Decrease in basis points	50 basis points	50 basis points
Effect on profit/(loss) before tax, decrease by	20.58	22.89

Other Price risk

The company is not exposed to the other price risk

b) Foreign currency risk

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. Our exposure are mainly denominated in U.S. dollars. The USD exchange rate has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations. This intent has been achieved in all years presented. The Company has put in place a Financial Risk Management Policy to Identify the most effective and efficient ways of managing the currency risks.

Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	As on March 31, 2021		As on March 31, 2021		As on March 31, 2020	
	(₹ in lakhs)	In Euro	(₹ in lakhs)	In USD	(₹ in lakhs)	In USD
Trade Receivable	35.39	42,024	-	-	17.69	24,069

Note : The Company has not entered into any contracts to hedge foreign currency exposures.

c) Commodity and other price risk

The Company is not exposed to the commodity and other price risk.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables, cash and cash equivalents and other bank balances. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

Trade and other receivables from customers

Credit risk in respect of trade and other receivables is managed through credit approvals, establishing credit limits and monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, financial condition, ageing of accounts receivable and the Company's historical experience for customers.

Ageing of Accounts receivables :

(₹ in lakhs)

Particulars	As at	As at
	31 March 2022	31 March 2021
Not Due - billed	253.64	645.66
Not Due - un billed	748.97	-
0 - 6 months	132.19	-
6 - 12 months	-	-
Beyond 12 months	-	3.98
Total	1,134.80	649.64

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

Movements in provision of doubtful debts

(₹ in lakhs)

Particulars	As at	As at
	31 March 2022	31 March 2021
Opening provision	6.77	11.54
Add : Provision / (Reversal) for Expected Credit Loss	(2.87)	(4.77)
Closing provisions	3.90	6.77

Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks of Rs. 192.35 lakhs Rs. 216.2 lakhs as at 31 March 2022, 31 March 2021 respectively. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good. Also, Company invests its short term surplus funds in bank fixed deposit, which carry no / low mark to market risks for short duration therefore does not expose the Company to credit risk.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Company through effective fund management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and other borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2022**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

(₹ in lakhs)

Particulars	Note No.	Contractual cash flows				Total
		On Demand	Less than 1 year	1 - 5 years	More than 5 years	
As at 31 March 2022						
Non - derivative financial liabilities						
Borrowings	13	129.70	540.60	2,472.79	952.50	4,095.59
Trade payables	18	403.78	-	-	-	403.78
Lease Liability	14	-	12.98	23.97	-	36.95
Other financial liabilities	19	-	124.50	-	-	124.50
		533.48	678.07	2,496.76	952.50	4,660.81
As at 31 March 2021						
Non - derivative financial liabilities						
Borrowings	13	268.80	361.80	2,474.19	1,452.27	4,557.05
Trade payables	18	216.70	-	-	-	216.70
Lease Liability	15	-	24.88	32.65	-	57.53
Other financial liabilities	19	-	103.72	-	-	103.72
		485.50	490.40	2,506.84	1,452.27	4,935.01

Note No 36 : Additional Regulatory Information

Ratios

As on 31st March , 2022

Ratio	Numerator	Denominator	As at 31st March 2022	As at 31st March 2021	% Variance	Reason for variance
Current ratios	2,274.92	1,491.06	1.53	1.69	-10%	
Debt Equity Ratio	4,095.59	3,928.46	1.04	1.30	-20%	
Debt Service Coverage Ratio	1,236.59	1,134.66	1.09	0.92	18.67%	
Return on Equity Ratio	245.13	3,718.69	0.07	-0.07	192%	During the year company generated profit against loss incurred in previous year
Inventory turnover Ratio	4,593.90	772.02	5.95	4.06	47%	Company has maintained same volume of inventory and increased the sales during the year by improving the production process cycle
Trade Receivable Turnover Ratio	4,593.90	888.84	5.17	5.21	-1%	
Trade Payable Turnover Ratio	632.12	310.24	2.04	1.53	33%	Company has used less working capital and has increased the credit terms of the creditors

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

Net Capital turnover Ratio	4,593.90	783.86	5.86	4.33	35%	Revenue has been increased by 30% and company has efficiently managed its current assets & liabilities to increase the turnover.
Net Profit Ratio	245.13	4,593.90	0.05	-0.07	175%	Net profit ratio increased due to increase in the turnover of own manufacturing business and contract manufacturing business.
Return on Capital Employed	817.61	8,080.18	0.10	0.03	295%	The company has incurred profit as compared with loss of previous year
Return on Investment	245.13	3,928.46	0.06	-0.07	188%	The company has incurred profit as compared with loss of previous year

1	Current ratio	:	$\frac{\text{Current assets}}{\text{Current Liabilities}}$
2	Debt Equity ratio	:	$\frac{\text{Total Debt}}{\text{Shareholders Equity}}$
3	Debt service coverage ratio	:	$\frac{\text{Earnings available for Debt service}}{\text{Debt service}}$
4	Return on Equity	:	$\frac{\text{Net profit after taxes-Preference Dividend}}{\text{Average shareholders Equity}}$
5	Inventory turnover ratio	:	$\frac{\text{Sales}}{\text{Average inventory}}$
	Average inventory	:	$\frac{\text{Opening +Closing balance}}{2}$
6	Trade recievebles turnover ratio	:	$\frac{\text{Net credit sales}}{\text{Average accounts receivable}}$
7	Trade payable turnover ratio	:	$\frac{\text{Net credit purchases}}{\text{Average trade payables}}$
8	Net Capital turnover ratio	:	$\frac{\text{Net sales}}{\text{Working Capital}}$
9	Net profit ratio	:	$\frac{\text{Net profit}}{\text{Net sales}}$
	Net sales	:	Total sales - Sales return
10	Return on Capital Employed	:	$\frac{\text{Earning before interest and taxes}}{\text{Capital Employed}}$
	Capital Employed	:	Tangible net worth + Total Debt + Deferred tax Liability
11	Return on Investment	:	$\frac{\text{Profit for the year}}{\text{Cost of investment}}$

Note 37 : Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

To maintain or adjust the capital structure, the Company usually turns to reputed banks and other financial institutions for funds. Consistent with others in the industry, the Company monitors its capital using the gearing ratio which is total debt divided by total capital plus total debts.

(₹ in lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Total debts	4,095.59	4,557.05
Total equity	3,928.46	3,508.93
Total debts to equity ratio (Gearing ratio)	1.04	1.30

Note : For the purpose of computing debt to equity ratio, equity includes Equity share capital and Other Equity and Debt includes Long term borrowings, Short term borrowings and current maturities of long term borrowings.

Note 38 : Prior year comparatives

Previous year's figures have been regrouped or reclassified, to conform to the current year's presentation wherever considered necessary.

Notes 1 to 38 form an integral part of the financial statements

As per our report of even date

For C A S & CO.

Chartered Accountants
Firm Registration No.111075W

Sd/-

Sajjan Kanodia

Partner

Mem. No. 131146

Place: Mumbai

Date : 17th May 2022

For and on behalf of the Board of Directors

LACTOSE (INDIA) LIMITED

CIN : L15201GJ1991PLC015186

Sd/-

Atul Maheshwari

Managing Director

DIN : 00255202

Place: Mumbai

Date : 17th May 2022

Sd/-

Sangita Maheshwari

Whole Time Director & CFO

DIN : 00369898

Sd/-

Ritesh Pandey

Company Secretary

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If undelivered, please return to :

LACTOSE (INDIA) LIMITED

SURVEY NO. 6,
VILLAGE POICHA (RANIA),
TALUKA SAVLI, DISTRICT VADODARA
GUJARAT - 391 780