

**LACTOSE (INDIA) LIMITED**

**LACTOSE**

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**28<sup>th</sup>**

**ANNUAL REPORT 2018-2019**

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# LACTOSE (INDIA) LIMITED

## BOARD OF DIRECTORS

<b>Shri. Atul Maheshwari</b>	<i>Managing Director</i>
<b>Smt. Sangita Maheshwari</b>	<i>Whole Time Director &amp; C.F.O.</i>
<b>Shri. S.S.Toshniwal</b>	<i>Non-Executive Director</i>
<b>Shri. Pramod Kalani</b>	<i>Non-Executive, Independent Director</i>
<b>Shri. G. K. Sarda</b>	<i>Non-Executive, Independent Director</i>
<b>Shri. Mahendra Singhi Omprakash</b>	<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.**

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

## REGISTRAR & SHARE TRANSFER AGENT

### **Big Share Services Pvt. Ltd.**

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis,  
Makwana Road, Marol, Andheri (East), Mumbai - 400059

## REGISTERED OFFICE & WORKS

Survey No. 6,  
Village Poicha (Rania),  
Savli, Dist. Vadodara, Gujarat - 391 780.

## SECRETARIAL AUDITOR

### **Jajodia And Associates**

Office No. 30, Laxmi Niwas, 2nd Panjrapole Lane,  
C.P. Tank, Mumbai 400 004

## 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

### **Ms. Riddhi Sidhpura**

(Company Secretary & Compliance Officer w.e.f  
26th October, 2018

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Eight Annual General Meeting of the Members of Lactose (India) Limited will be held on Monday, 30th September, 2019 at 12:30 p.m. at the Registered office of the Company situated at Survey No. 6, Village Poicha (Rania) Savli, Vadodara Gujarat - 391780, to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019, together with the Reports of the Board of Directors and Auditors thereon;
2. To appoint a Director in place of Mr. Shyamsunder Toshniwal (DIN: 01223515), who retires by rotation and, being eligible, offers himself for re-appointment;

### SPECIAL BUSINESS

3. **Re-appointment of Mrs. Sangita Maheshwari (DIN: 00369898) as a Whole-time Director:**

To consider and, if thought fit, to pass the following resolution as Special resolution:

**“RESOLVED THAT** pursuant to the recommendation of Nomination and Remuneration Committee and in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) consent of the members of the company be and is hereby accorded to re-appoint Mrs. Sangita Maheshwari (DIN: 00369898) as a Whole-time Director, designated as Executive Director of the Company, for a further period of 5 (five) years from the expiry of her present term of office, that is, with effect from 01st February, 2019 on remuneration and perquisites set out in the explanatory statement annexed to the notice convening this meeting with the liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such manner as the Board may deem fit and is acceptable to Mrs. Sangita Maheshwari, within the limits specified in the Schedule V of Companies Act, 2013 ('the act') or any amendments thereto.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy in profits in any financial year during the tenure of Whole-time Director, the Company will pay Mrs. Sangita Maheshwari remuneration and perquisites referred above as minimum remuneration subject to provisions of the Companies Act, 2013.

**RESOLVED FURTHER THAT** Mr. Atul Maheshwari, Managing Director or Ms. Riddhi Sidhpura, Company Secretary, be and are hereby authorized to sign and 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.”

4. **Re-appointment of Mr. Atul Maheshwari (DIN: 00255202) as Managing Director:**

To consider and, if thought fit, to pass the following resolution as Special Resolution:

**“RESOLVED THAT** pursuant to the recommendation of Nomination and Remuneration Committee and in accordance with the provisions of Section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) consent of the members of the company be and is hereby accorded to re-appoint Mr. Atul Maheshwari (DIN: 00255202) as a Managing Director of the Company, who shall not liable to retire by rotation, for a further tenure of 5(Five) years effective from 1st October 2019 on remuneration and perquisites set out in the explanatory statement annexed to the notice convening this meeting with liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such manner as the Board may deem fit and is acceptable to Mr. Atul Maheshwari, within the limits specified in Schedule V to the Companies Act, 2013 ('the Act') or any amendments thereto.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy in profits in any financial year during the currency of tenure of Managing Director, the Company will pay Mr. Atul Maheshwari remuneration and perquisites referred above as minimum remuneration subject to Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** Mrs. Sangita Maheshwari, Whole-Time Director or Ms. Riddhi Sidhpura, Company Secretary, be and are hereby authorized to sign and 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.”

5. **Appointment of Mr. Mahendrakumar Singhi Omprakash (DIN-00369418) as an Independent Director.**

To consider and, if thought fit, to pass the following resolution as an Ordinary resolution:

**“RESOLVED THAT** pursuant to the recommendation of Nomination and Remuneration Committee, and subject to the provisions of Section 161 and other applicable provisions if any, of the Companies Act, 2013 (the “Act”) and the Companies (Appointment and Qualifications of Directors) Rules, 2014, Articles of Association of the Company, and applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the members of the company be and is hereby accorded to appoint Mr. Mahendra Singhi Omprakash (DIN: 00369418) as Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of 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, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Mahendra Singhi Omprakash (DIN: 00369418), who has submitted a declaration of independence under section 149(6) of the Act and is eligible for appointment be and is hereby appointed as a

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Non-Executive Independent Director of the Company who shall hold office till 25th January, 2024.

**RESOLVED FURTHER THAT** Mr. Mahendra Singhi Omprakash 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 or Ms. Riddhi Sidhpura Company Secretary and Compliance Officer, be and are hereby severally 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.”

### 6. Re-appointment of Mr. Pramod Kalani (DIN: 00548503) as an Independent Director of the Company:

To consider and, if thought fit, to pass the following resolution as Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force) and upon recommendation of Nomination and Remuneration Committee in its meeting held on 14th August, 2019, the consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Pramod Kalani (DIN: 00548503) for a term of 5 (Five) years who shall hold office till the conclusion of 33rd Annual General Meeting to be held in the financial year 2023-24.

**RESOLVED FURTHER THAT** Mr. Atul Maheshwari, Managing Director or Mrs. Sangita Maheshwari or Ms. Riddhi Sidhpura, Company Secretary, be and are hereby authorized to sign and 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.”

### 7. Re-appointment of Mr. Gopal Krishna Sarda (DIN: 01397105) as an Independent Director of the Company:

To consider and, if thought fit, to pass the following resolution as Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force) and upon recommendation of Nomination and Remuneration Committee in its meeting held on 14th August, 2019, the consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Gopal Krishna Sarda (DIN:01397105) for a term of 5 (Five) years who shall hold office till the conclusion of 33rd Annual General Meeting to be held in the financial year 2023-24

**RESOLVED FURTHER THAT** Mr. Atul Maheshwari, Managing Director or Mrs. Sangita Maheshwari or Ms. Riddhi Sidhpura, Company Secretary, be and are hereby authorized to sign and 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.”

### 8. Approval of Related transaction(s).

To consider and, if thought fit, to pass the following resolution as Special resolution:

“**RESOLVED THAT** pursuant to recommendation of Audit committee and in accordance with provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the Companies (Meetings of Boards and Its Power) Rules, 2014 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirement) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for time being in force) and consent of members of the Company be and is hereby accorded to enter into Related Party transaction(s) with the following Related Party on arm’s length basis for the maximum amount of INR 10 Crores (Rupees Ten Crores Only) during the period from 01st April, 2019 to 31st March, 2022, with respective Related Parties and maximum amount per annum, as mentioned herein below:

Sr. No.	Name of Related Parties	Nature of Relationships	Nature of transactions to be undertaken	Expected Annual Value of Transaction (Amount in Rs.)
1.	Eurolife Healthcare Pvt Ltd	Enterprise where KMP has Significant Influence	Sales, Purchase	Rs. 10,00,00,000 Rs. 10,00,00,000
2.	Madhusa Lifecare Pvt Ltd	Enterprise where KMP has Significant Influence	Sales, Purchase	Rs. 10,00,00,000 Rs. 10,00,00,000
3	Omega Colors Pvt Ltd	Enterprise where KMP has Significant Influence	Sales, Purchase	Rs. 10,00,00,000 Rs. 10,00,00,000
4	YVM Global	Proprietorship Firm of Manager	Sales, Purchase	Rs. 10,00,00,000 Rs. 10,00,00,000
5	Cellseed Enterprises Pvt Ltd	Enterprise where KMP has Significant Influence	Sales, Purchase	Rs. 10,00,00,000 Rs. 10,00,00,000
6	Marisa International	Firm of Relative of Director	Rent Payable	Rs. 5,00,00,000

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorised to do or cause to be done all such acts, matters, deeds and things and to settle any questions, difficulties or doubts that may arise with regard to any transactions with related parties and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution.

**RESOLVED FURTHER THAT** Mr. Atul Maheshwari, Managing Director or Mrs. Sangita Maheshwari, Whole Time Director or Ms. Riddhi Sidhpura, Company Secretary, 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/-  
**Riddhi Sidhpura**  
(Company Secretary)

Date : 14<sup>th</sup> August, 2019  
Place : Mumbai

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

#### **NOTES TO NOTICE**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting (on or before September 28th, 2019, 12:30 p.m. IST). A Proxy form MGT-11 is sent herewith.
- Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Resolution authorizing their representative to attend and vote on their behalf at the Meeting.  
  
A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
- An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (herein after referred to as "the Act", in respect of item 3 to item 8 is annexed hereto. As required in terms of Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, relevant information in respect of the Directors seeking appointment and re-appointment at the AGM is annexed hereto.

- The Register of Members and the Share Transfer books of the Company will remain closed from Monday, 23rd September, 2019 to Monday, 30th September, 2019 (both days inclusive) for annual closing for the financial year 2018-19.
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Registrar and Share Transfer Agent M/s. Bigshare Services Private Limited.
- The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available for inspection by the members at the AGM.
- Queries on financial statements and operations of the Company, if any, may be sent to the Company Secretary seven days in advance of the meeting so as to enable the Management to keep the information ready at the meeting.
- Members whose shareholding is in electronic mode are requested to direct notifications about change of address and updates about bank account details to their respective depository participant(s) on or before Saturday 21st September, 2019 We urge the members to utilize Electronic Clearing System (ECS) for receiving dividends, if any.
- In case of joint holders attending the Meeting, only such joint holder who is high in the order of names in the Register of Members will be entitled to vote.
- Members are also requested to note that the Company has entered into Tri-partite Agreement with NSDL and CDSL towards Dematerialization of shares. Members are requested to send all their requests towards Dematerialization to their respective DP's.
- Members are requested to advise immediately about any change of address:
  - To their Depository Participants (DPs) in respect of their electronic share accounts.
  - To the Company's Registrar & Share Transfer Agents M/s. Big Share Services Private Limited in respect of their physical share folios if, any.
- Under Section 72 of the Act, members are entitled to make nomination in respect of shares held by them in physical mode. Members desirous of making nominations are requested to send their request in Form No. SH.13 to the Company's Registrar and Share Transfer Agent.
- As a measure of economy, Members are requested to bring their copy of Annual Report to the meeting. Members / Proxies should bring the attendance slip duly filled in and signed for attending the meeting. MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.
- The Annual Report of the Company circulated to the members of the Company will be made available on the Company's website at [www.lactoseindialimited.com](http://www.lactoseindialimited.com).

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15. The Company or its Registrars and Transfer Agents, M/s. Big Share Services Private Limited. ("Big Share") cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants.
16. Electronic copy of the Notice of the AGM of the Company inter alia indicating the process and manner of e-voting along with the Attendance slip and Proxy form is being sent to all the members whose email IDs are registered with the Company/Depository participants(s) for communication purpose unless any member has requested for a hard copy of the same. For the members who have not registered their email address, physical copies of the notice of the AGM of the Company inter alia indicating the process and manner of e-voting along with the Attendance slip and proxy form is being sent in the permitted mode.
17. SEBI has notified that requests for effecting transfer of securities shall not be processed by listed entities unless the securities are held in the dematerialized form with a depository. In view of the above and to avail various other benefits of dematerialisation like 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 and bad deliveries, members are advised to dematerialise shares held by them in physical form.
18. To support green initiative of the Government in full measure, Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in the following manner:
- In respect of electronic holdings with the Depository through their concerned Depository Participants.
  - Members who hold shares in physical form are requested to register their e-mail ID with ashish.lactose@gmail.com quoting your name and folio number
19. Procedure for voting through electronic means:
- In compliance with the provision of Section 108 of the Companies Act, 2013 and Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members' facility to exercise their right to vote at 28th AGM by electronic means and the business may be transacted through e-voting Services provided by Central Depository Services Limited (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:
- The voting period begins on Thursday, 26th September, 2019 at 9.00 a.m. and ends on Sunday, 29th September, 2019 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Tuesday, 24th September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)

- Click on Shareholders
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/mail) in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> <li>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 (iv).</li> </ul>

- After entering these details appropriately, click on "SUBMIT" tab.

- 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 EVSN for the relevant 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/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](http://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](mailto: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](mailto: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.
- (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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
20. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
21. M/s. Jajodia and Associates, Practicing Company Secretary (Membership No: 36944), has been appointed as the scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
22. 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.
23. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.lactoseindialimited.com](http://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.
- In case of members receiving the physical copy:
- (A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
- (B) The voting period begins Thursday, 26th September, 2019 at 9.00 a.m. and ends on Sunday, 29th September, 2019 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Tuesday, 24th September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) 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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## Lactose (India) Limited

### ANNEXURE TO THE NOTICE

[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]

<b>Name of the Director</b>	Mrs. Sangita Maheshwari	Mr. Shyamsunder Toshniwal	Mr. Atul Maheshwari
<b>DIN</b>	00369898	01223515	00255202
<b>Designation</b>	Whole Time Director	Non- Executive Director	Managing Director
<b>Date of Birth</b>	06/02/1967	30/05/1940	02/07/1965
<b>Age</b>	52 years	79 years	54 years
<b>Date of Appointment</b>	24/02/2014	13/08/2014	11/03/1991
<b>Nationality</b>	Indian	Indian	Indian
<b>Brief Resume</b>	Over 28 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.	Mr. Shyamsunder Toshniwal is a LLB Graduate having a wide expertise in the field of financial and legal matters and he has a rich experience in various fields.	Atul Maheshwari is the primary Promoter of Lactose India Limited. He has an MBA in International Business from the University of New Hampshire, USA. He floated the Company in 1991 after returning from the USA with the idea to manufacture Lactose from Sweet Cheese Whey.
<b>Expertise in specific functional area</b>	Sales and Marketing	Financial and Legal Matters	Pharmaceutical Company
<b>Qualification</b>	B.com	B.Com (Hons). LLB	MBA in International Business from the University of New Hampshire, USA
<b>List of outside Directorship held as on 31st March, 2019 (Excluding Private Limited Companies and Foreign Companies)</b>	NIL	NIL	NIL
<b>Chairman/Member of the Committee of Board of Directors of the Company as on 31st March, 2019</b>	NIL	NIL	Chairman of Risk Management Committee & Sexual Harrasment Committee
<b>No of Shares held in the Company as on 31st March, 2019</b>	1127410	9080873	948510
<b>Relationship with other Directors and Key Managerial Personnel</b>	Mr. Shyamsunder Toshniwal- Father Mr. Atul Maheshwari- Husband	Mrs. Sangita Maheshwari- Daughter Mr. Atul Maheshwari- Son- in- law	Mrs. Sangita Maheshwari- Wife Mr. Shyamsunder Toshniwal- Father-in-law
<b>Remuneration proposed to be paid</b>	108,00,000 p.a.	NA	108,00,000 p.a.
<b>Remuneration last drawn (including sitting fees, if any) for the financial year 2018-19</b>	52,58,400 p.a.	-	65,78,400 p.a.
<b>Number of Board Meetings attended during the financial year 2018-19</b>	09	09	09
<b>Terms and Conditions of Appointment/Re-appointment</b>	<p>i) 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.</p> <p>ii) Such benefits, perquisites and allowances as may be determined by the Board from time to time.</p> <p>Other terms &amp; Conditions remains same.</p>	N.A	<p>i) 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.</p> <p>ii) Such benefits, perquisites and allowances as may be determined by the Board from time to time.</p> <p>Other terms &amp; Conditions remains same.</p>



**Annual Report 2018-19**

<b>Name of the Director</b>	Mr. Pramod Kalani	Mr. Gopal Krishna Sarda	Mr. Mahendra Singhi Omprakash
<b>DIN</b>	00548503	01397105	00369418
<b>Designation</b>	Independent Non-Executive Director	Independent Non-Executive Director	Additional Independent Non-Executive Director
<b>Date of Birth</b>	30/05/1955	04/04/1949	31/12/1966
<b>Age</b>	64 years	70 years	52 years
<b>Date of Appointment</b>	15/01/2010	10/09/2008	25/01/2019
<b>Nationality</b>	Indian	Indian	Indian
<b>Brief Resume</b>	Rich Experience in Pharmaceutical Manufacturing Company.	Vast Experience in Engineering Background and Company Management.	He possesses 27 years of experience in pharmaceuticals, international marketing, mainly in African Continent, West and East Africa Product Development, feasibility studies.
<b>Expertise in specific functional area</b>	Manufacturing of Pharmaceuticals	Engineering	Pharmaceuticals and International Marketing
<b>Qualification</b>	M.com	Bachelor of engineer	Bachelor of Engineer in Electronics and Telecommunication
<b>List of outside Directorship held as on 31st March, 2019 (Excluding Private Limited Companies and Foreign Companies)</b>	NIL	NIL	NIL
<b>Chairman/Member of the Committee of Board of Directors of the Company as on 31st March, 2019</b>	Member of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee	Chairman of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Member of Sexual Harassment Committee and Risk Management Committee	Member of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee & Sexual Harassment Committee
<b>No of Shares held in the Company as on 31st March, 2019</b>	NIL	NIL	NIL
<b>Relationship with other Directors and Key Managerial Personnel</b>	NA	NA	NA
<b>Remuneration proposed to be paid</b>	NA	NA	NA
<b>Remuneration last drawn (including sitting fees, if any) for the financial year 2018-19</b>	NA	NA	NA
<b>Number of Board Meetings attended during the financial year 2018-19</b>	09	07	02
<b>Terms and Conditions of Appointment</b>	As per Company policy	As per Company policy	As per Company policy

## Lactose (India) Limited

### 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. 3 to item no. 8 of the Notice dated 14th August, 2019 and the same should be taken as forming part of the notice.

#### Item No. 3:

The Members at the 23rd Annual General Meeting ('AGM') held on 25th September, 2014 approved the appointment of Mrs. Sangita Maheshwari as Wholetime Director of the Company with effect from 01st February, 2014 for the tenure of 5 years. Accordingly, Mrs. Sangita Maheshwari holds office of Whole Time Director till the Conclusion of 28th Annual General Meeting.

The Board of Directors of the Company ('the Board') at the meeting held on 25th January, 2019 on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members, the re-appointment of Mrs. Sangita Maheshwari as Whole-time Director of the Company for the tenure of 5 years i.e. upto 33rd Annual General Meeting, as set out in the Resolution relating to her re-appointment, on the following remuneration and The other terms and conditions as specified below remains the same.

The Statement containing the information to be given to the members in terms of Schedule V to the Companies Act, 2013 is as under-

#### I GENERAL INFORMATION-

1	Nature of Industry	:	Lactose (India) Limited is a pharmaceutical Company engaged in production of Pharmaceuticals, drugs, medicines, chemicals, food, etc.
2	Date of Commencement of Activities	:	05/04/1991
3	Foreign Earnings, Investments or Collaborations	:	Foreign Exchange earned during the financial year is 89.51 Lakhs
4	Financial performance based on given indicators	:	Financial performance of the Company for the last 3 years are as under:

Particulars	FY 2018-19	FY 2017-18	FY 2016-17
Operational and other Income	4103.30	3179.07	3665.52
Expenditure	3,995.85	3456.37	3228.44
Profit/(Loss) before Tax	107.45	(277.31)	437.08
Provision for Current Tax	20.73	-	91.13
Deferred Tax Liability / Assets	14.69	(148.10)	64.46
Taxation of earlier years	-	3.71	3.07
Profit/(Loss) after Tax	70.81	(126.56)	280.13

#### II. INFORMATION ABOUT THE APPOINTEE:

1	Background details, Recognition or awards	:	Over 28 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.
2	Past Remuneration	:	4,38,200 p.m. till 31.03.2019
3	Job Profile and her Suitability	:	Whole Time Director & Chief Financial Officer.
4	Comparative remuneration profile with respects to industry, size of the Company, profile of the position and person	:	The present job responsibility of the appointee is to manage the financial aspects of the Company. Accordingly, keeping in view her qualification, rich experience and varied expertise to deal in financial & corporate advisory matters, the proposed remuneration package of the appointee matches to the prevailing remuneration package in the concerned industry, size of the Company, profile of the position etc.

Mrs. Sangita Maheshwari and her relatives are interested in the aforesaid resolution. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in these Resolution. The above statements may be regarded as an abstract of the terms of appointment and memorandum of interest pursuant to section 190 of the Companies Act, 2013.

#### Item No. 4:

The Members at the 23rd Annual General Meeting ('AGM') held on 25th September, 2014 approved the appointment of Mr. Atul Maheshwari as Managing Director of the Company with effect from 01st October, 2014 for the tenure of 5 years. Accordingly, Mr. Atul Maheshwari holds office of Managing Director till the Conclusion of 28th Annual General Meeting.

The Board of Directors of the Company ('the Board') at the meeting held on 14<sup>th</sup> August, 2019 on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members, the re-appointment of Mr. Atul Maheshwari as Managing Director of the Company for the tenure of 5 years i.e. upto 33<sup>rd</sup> Annual General Meeting, as set out in the Resolution

## Annual Report 2018-19

relating to his re-appointment, on the following remuneration and The other terms and conditions as specified below remains the same.

The Statement containing the information to be given to the members in terms of Schedule V to the Companies Act, 2013 is as under-

1	Nature of Industry	:	Lactose (India) Limited is a pharmaceutical Company engaged in production of Pharmaceuticals, drugs, medicines, chemicals, food, etc.
2	Date of Commencement of Activities	:	05/04/1991
3	Foreign Earnings, Investments or Collaborations	:	Foreign Exchange earned during the financial year is 89.51 Lakhs
4	Financial performance based on given indicators	:	Financial performance of the Company for the last 3 years are as under:

Particulars	FY 2018-19	FY 2017-18	FY 2016-17
Operational and other Income	4103.30	3179.07	3665.52
Expenditure	3,995.85	3456.37	3228.44
Profit/(Loss) before Tax	107.45	(277.31)	437.08
Provision for Current Tax	20.73	-	91.13
Deferred Tax Liability / Assets	14.69	(148.10)	64.46
Taxation of earlier years	-	3.71	3.07
Profit/(Loss) after Tax	70.81	(126.56)	280.13

### Information about the appointee:

1	Background details, Recognition or awards	:	Atul Maheshwari is the primary Promoter of Lactose India Limited. He has an MBA in International Business from the University of New Hampshire, USA. He floated the Company in 1991 after returning from the USA with the idea to manufacture Lactose from Sweet Cheese Whey.
2	Past Remuneration	:	5,48,200 p.m. till 31.03.2019
3	Job Profile and his Suitability	:	Managing Director
4	Comparative remuneration profile with respects to industry, size of the Company, profile of the position and person	:	The present job responsibility of the appointee is to manage the whole state of affairs of the Company. Accordingly, keeping in view his qualification, rich experience and varied expertise to deal in financial & corporate advisory matters, the proposed remuneration package of the appointee matches to the prevailing remuneration package in the concerned industry, size of the Company, profile of the position etc.

Mr. Atul Maheshwari and his relatives are interested in the aforesaid resolution. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in these Resolution. The above statements may be regarded as an abstract of the terms of appointment and memorandum of interest pursuant to section 190 of the Companies Act, 2013.

### Item No. 5:

The Board of Directors based on the recommendation of the Nomination & Remuneration Committee had appointed Mr. Mahendra Singhi Omprakash (DIN: 00369418) as an Additional Director with effect from 25th January, 2019 and as a Non-Executive Independent Director subject to the approval of the members. Pursuant to Section 161 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Mahendra Singhi Omprakash holds office of Director upto the date of this Annual General Meeting and is eligible for appointment as a Director.

The Company has also received the declaration from Mr. Mahendra Singhi Omprakash stating that he meets the criteria of independence as per Section 149(6) of the Act. The detailed profile of Mr. Mahendra Singhi Omprakash 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.

A copy of the draft letter of appointment which will be issued to Mr. Mahendra Singhi Omprakash setting out the terms and conditions of his appointment as an Independent Director is available for inspection by the Members at the Registered Office of the Company between 10.00 a.m to 2.00 p.m on all days (except Saturday, Sunday and public holidays) upto the date of the Annual General Meeting and shall also be available at the meeting.

In the opinion of the Board, Mr. Mahendra Singhi Omprakash 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 Ordinary Resolution in relation to the appointment of Mr. Mahendra Singhi Omprakash as a Non-Executive Independent Director of the Company for a period of five (5) years who shall hold office till 25th January, 2024.

Except Mr. Mahendra Singhi Omprakash, none of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in passing of this resolution as set out in Item No.5.

## Lactose (India) Limited

### Item No. 6 & 7:

The Members of the Company at 23rd Annual General Meeting ('AGM') held on 25th September, 2014 approved the appointment of Mr. Pramod Kalani and Mr. Gopal Krishna Sarda as an Independent Directors of the Company for a period of for the tenure of 5 years. Accordingly, Mr. Pramod Kalani and Mr. Gopal Krishna Sarda holds office till the conclusion of 28th Annual General Meeting.

The Board of Directors of the Company ('the Board') at the meeting held on 14th August, 2019, on the recommendation of the Nomination & Remuneration Committee ('the Committee'), recommended for the approval of the Members, the re-appointment of Mr. Pramod Kalani and Mr. Gopal Krishna Sarda as an Independent Directors of the Company for a further tenure of 05 (Five) years w.e.f 01st October, 2019, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), as set out in the Resolutions relating to their respective re-appointment.

The Committee and the Board are of the view that, given the knowledge, experience and performance of Mr. Pramod Kalani and Mr. Gopal Krishna Sarda and contribution to Board processes by them, their continued association would benefit the Company. Declarations have been received from Mr. Pramod Kalani and Mr. Gopal Krishna Sarda that they meet 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 Listing Regulations 2015. In the opinion of the Board, Mr. Pramod Kalani and Mr. Gopal Krishna Sarda fulfil the conditions specified in the Act, the Rules thereunder and the Listing Regulations 2015 for re-appointment as an Independent Directors and they are independent of the management of the Company. The performance of Mr. Pramod Kalani and Mr. Gopal Krishna Sarda was satisfactory during the year.

The Board of Directors recommend the Special Resolution in relation to the re-appointment of Mr. Pramod Kalani and Mr. Gopal Krishna Sarda as a Non-Executive Independent Director of the Company for a period of five (5) years till the conclusion of 33rd Annual General Meeting to be held in the financial year 2023-24.

Mr. Pramod Kalani and Mr. Gopal Krishna Sarda, and their relatives, are interested in the Special Resolutions relating to their respective re-appointment. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in these Special Resolution.

### Item No. 8:

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 and provisions of Regulation 23 of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 that govern the Related Party Transactions, requires that for Related Party Transactions, Company must obtain prior approval of the Shareholders by way of a Resolution, in case the threshold limits are exceeded. Although the transactions with related parties are at arms length, the Company as a part of good corporate governance takes members approval.

In the light of provisions of Section 188 of Companies Act, 2013 read with Rules made there under and Regulation 23 of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors of your Company has approved the proposed transactions along with annual limit that your Company may enter into with the related parties.

The particulars of the transaction pursuant to the provisions of Section 188 and the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

Sr. No.	Name of Related Parties	Nature of Relationships	Nature of transactions to be undertaken	Expected Annual Value of Transaction (Amount in Rs.)
1.	Eurolife Healthcare Pvt Ltd	Enterprise where KMP has Significant Infulence	Sales, Purchase	Rs. 10,00,00,000 Rs. 10,00,00,000
2.	Madhusa Lifecare Pvt Ltd	Enterprise where KMP has Significant Infulence	Sales, Purchase	Rs. 10,00,00,000 Rs. 10,00,00,000
3	Omega Colors Pvt Ltd	Enterprise where KMP has Significant Infulence	Sales, Purchase	Rs. 10,00,00,000 Rs. 10,00,00,000
4	YVM Global	Proprietorship Firm of Manager	Sales, Purchase	Rs. 10,00,00,000 Rs. 10,00,00,000
5	Cellseed Enterprises Pvt Ltd	Enterprise where KMP has Significant Infulence	Sales, Purchase	Rs. 10,00,00,000 Rs. 10,00,00,000
6	Marisa International	Firm of Relative of Director	Rent Payable	Rs. 5,00,00,000

Members are hereby informed that no members of the company shall vote on such resolution to approve any contract or arrangement which may be entered into by the company, if such member is a related party. The Directors recommend the Item No. 8 of the Notice for consent and approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Shyamsunder Toshniwal (and their Relatives), Mr. Atul Maheshwari (and their Relatives) is in any way, concerned or interested, financially or otherwise, in the proposed special resolution except to the extent of their respective shareholding in the Company, if any.

ROUTE MAP OF THE VENUE OF THE AGM



Prominent Landmark: Swaminarayan Mandir – Poicha

## Lactose (India) Limited

### DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report of the Company together with the Audited Statement of the Accounts for the year ended on 31st March, 2019.

### FINANCIAL STATEMENT:

(Rs. In Lakhs)

Particulars	2018-19	2017-18
Operating and other Income	4103.30	3179.07
Expenditure	3995.85	3456.39
Profit before Tax	107.45	(277.31)
Prior period Items	-	-
Provision for Current Tax	20.73	-
Deferred Tax	14.69	(148.10)
Minimum Alternate Tax Credit Entitlement	-	-
Taxation of Earlier Years	-	3.71
After Tax	70.81	(126.56)

### DIVIDENDS:

The Board of Directors of your Company do not recommend any Dividend on equity shares for the FY 2018-19.

### REVIEW OF OPERATIONS:

During the year under review, revenue of the Company was Rs. 4,060.84 lakhs as compared to Rs. 3,112.90 lakhs in the corresponding previous year. The Company earned net profit of Rs.70.81 lakhs as compared to net loss of Rs. 126.57 lakhs in the corresponding previous year.

### TRANSFER TO RESERVE:

The Company has not transferred any amount to reserves during the Financial Year 2018-19.

### DEPOSITS:

The Company has not accepted any deposit or unsecured loans from the public within the meaning of Section 73 of the Companies Act, 2013 read with The Companies (Acceptance of deposit by Companies) Rules, 2014.

### SHARE CAPITAL:

The Authorised Share Capital of the Company as on 31st March, 2019 is Rs. 12,00,00,000/- (1,20,00,000 Equity Shares of Rs.10/- each). The Issued, Subscribed and Paid-Up Equity Share Capital as on 31st March, 2019 is Rs. 10,18,90,000/-. During the year under review, 1,50,000 Convertible Warrants were converted into 1,50,000 Equity Shares on 16th November, 2018.

Sr. No	Name of the Allottee(s)	No. of Shares allotted	Price per share (Rs.)
1.	Mr. Shyamsunder Toshniwal	75000	158.10/-
2.	Mrs. Madhubala Toshniwal	75000	158.10/-

During the year under review, the Company has not issued shares with differential voting rights nor has issued any sweat equity shares as on 31st March, 2019.

### DIRECTORS:

In accordance with the provisions of Section 152 of the Act, and that of Articles of Association of the Company, Mr. Shyamsunder Toshniwal, Director of the Company retires by rotation at ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

Further Mr. Abhijit Periwal resigned from the board w.e.f. 13th November, 2018 and Mr. Mahendrakumar Singhi Omprakash was appointed as an Additional Director on the board w.e.f. 25th January 2019.

### 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.

### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circulars and Guidance Notes issued by SEBI in this regard, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees.

The performance evaluations of Independent Directors were also carried out and the same was noted. Independent Directors in their meeting held on 29th March, 2019 decided to bring more transparency in their performance and bring more responsibility while taking any policy decisions for the benefit of the shareholders in general.

### 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 2018-19, 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 29th March, 2019 during the financial year 2018-19, 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>.

**STATUTORY AUDITOR & AUDIT REPORT:**

At the Annual General Meeting of the Company held on 09th August, 2017, C A S & Co., Chartered Accountants (Formerly known as M/s. K. M. Tulsian & Associates, Chartered Accountants,) Mumbai (Firm Registration Number 111075W), were appointed as statutory auditors of the Company for a term of five years [i.e., till the conclusion of Annual General Meeting to be held in FY 2022-2023].

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

**SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies Appointment and Remuneration of Managerial Personnel) rules, 2014, the Secretarial Auditors, Mrs. Priyanka Lahoti, Practicing Company Secretary, Mumbai (Certificate of Practice No. 8654), have issued Secretarial Audit Report for the Financial Year 2018-19 which is annexed as "Annexure A" and forms part of this Report.

**STATEMENT PURSUANT TO SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATION 2015:**

The Company's Equity shares are listed at BSE Limited. The Annual listing fee for the year 2018-19 has been paid.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has an Internal Control Systems commensurate with the size, scale and complexity of its operation. The scope and authority of the Internal Audit function is defined by the Audit Committee. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Managing Director.

The Accounts Department monitors and evaluates the efficiency and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Significant Audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

**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**

		<i>Rs. (In Lacs)</i>
i)	CIF Value of Imports	445.93
ii)	Expenditure in foreign currency	18.32
iii)	Foreign Exchange earned	89.51

**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 134(3)(a), extract of Annual Return in Form MGT-9 has been annexed to this Annual Report in "Annexure D" and same is available on the website of the Company and its weblink is [www.lactoseindia.com](http://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

## **Lactose (India) Limited**

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, 2019 and of the profit & 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 Practising Company Secretary confirming Compliance is set out in the "Annexure E" forming the part of this Annual Report.

### **DISCLOSURES:**

#### **AUDIT COMMITTEE**

The Audit Committee comprises Independent Directors namely Mr. G. K. Sarda (Chairman), Mr. Pramod Kalani and Mr. Mahendra Singhi Omprakash 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 2018-19, 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 2018-19, 06 (Six) 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 2018-19, 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.

#### **POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:**

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment.

During the financial year under review, the Company has not received any complaints from any of the employees of the Company.

#### **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:**

There are no 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, 2019 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.

#### **PREVENTION OF INSIDER TRADING:**

The Company has adopted a code of conduct for prevention of insider trading with a view to regulate trading in securities by



the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Directors and the designated employees have confirmed compliance with the Code.

**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

Sd/-  
**(Atul Maheshwari)**  
Managing Director  
DIN:00255202

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

Date : 14<sup>th</sup> August, 2019

Place : Mumbai

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

**ANNEXURE “A” TO THE DIRECTOR’S REPORT**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR FINANCIAL YEAR ENDED ON 31ST MARCH, 2019.**

[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**  
Village Poicha (Rania),  
Survey No. 6, Savli,  
District Vadodara – 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 our limited verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2019, 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 herewith report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test check basis, the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and produced before us for the financial year ended March 31, 2019, as per the provisions of:

- I. The Companies Act, 2013 (“The Act”) and the Rules made thereunder;
  - II. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the Rules made thereunder;
  - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - 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, 2011;
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May, 2015);
    - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
    - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - e. 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;
    - f. 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.
  - g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- No such transaction during the year under review.
- VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company as mentioned bellows:
  - Factories Act, 1948
  - Industrial Disputes Act, 1947
  - Payment of Wages Act, 1936 & Payment of Bonus Act, 1965
  - Payment of Gratuity Act, 1972
  - The Contract Labour (Regulation and Abolition) Act, 1970
  - Employees Provident Fund and Miscellaneous Provisions Act, 1952
  - Employees State Insurance Act, 1948
  - Environment Protection Act, 1986
  - Indian Contracts Act, 1872
  - Income Tax Act, 1961 and Indirect Tax Laws
  - Pollution Control Laws
  - Explosives Act, 1884 and Explosives Rules, 2008
  - Drugs and Cosmetic Acts, 1940 and Rules thereunder
  - Drug (Price Control) Order, 2013
  - The Central Excise Act, 1944
  - The Customs Act, 1962

- The Central Goods and Service Tax Act, 2017
- The State Goods and Service Tax Act, 2017
- The Integrated Goods and Service Tax Act, 2017
- GST Rules, 2017
- Information Technology Act, 2000
- The Minimum Wages Act, 1948
- The Employees Compensation Act, 1923
- The Maternity Benefit Act, 1961
- The Indian Electricity Rules, 1956
- The Standard Weight and Measurement Act, 1976
- Food Safety And Standards Act, 2006
- The Patents Act, 1970
- The Trade Marks Act, 1999
- Indian Boilers Act, 1923

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with the Stock Exchange(s), where the securities of the Company is Listed and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulations 2015.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards, etc. as mentioned 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.

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.

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. Approved resignation of Mr. Suyog Chaukar as Company Secretary & Compliance Officer of the Company with effect from 22nd October, 2018;
2. Approved appointment of Ms. Riddhi Sidhpura as Company Secretary & Compliance Officer of the Company with effect from 26th October, 2018;
3. Approved resignation of Mr. Abhijit Periwal, Independent Director of the Company with effect from 13th November, 2018;
4. Approved appointment of Mr. Mahendra Singhi Omprakash as Non-executive Independent Director of the Company with effect from 25th January, 2019;

5. Approved re-appointment of Mrs. Sangita Maheshwari as a Whole Time Director for a further tenure of 5 years with effect from 01st February, 2019;
6. Allotted 150000 Equity Shares upon conversion of warrants on 16th November, 2018 the Listing Approval for which was received on 10th January, 2019.
7. Trading approval for 190200 equity shares was received by company on 19th January 2019.

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:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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 process and practices, we followed provide as reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws and regulations and happening.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Priyanka Lahoti**

**Sd/-  
Practising Company Secretary  
COP No.8654**

**Date: 14<sup>th</sup> August, 2019**

**Place: Mumbai**

## Lactose (India) Limited

### 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		Current year	Previous year
		31.03.2019	31.03.2018
<b>1) Electricity</b>			
	Purchase Unit (KWH)	50,02,409.00	43,70,961.00
	Total Amount (Amount in Lacs)	372.01	329.44
	Rate per Unit (Amount in Rupees)	7.44	7.54
<b>2) Agro Waste Briquettes</b>			
	Quantity (MTS)	940.35	240.21
	Total Amount (Amount in Lacs)	63.95	13.77
	Average Rate/ Ton (Amount in Rupees)	6,800.66	5,732.85
<b>3) Bio Coal</b>			
	Quantity (MTS)	3,010.08	3,003.74
	Total Amount (Amount In Lacs)	188.33	187.22
	Average Rate/ Ton (Amount in Rupees)	6,256.64	6,232.86

### 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, 2019:

(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	26.36:1
2	Mrs. Sangita Maheshwari, Whole Time Director & Chief Financial Officer	21.07:1
(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	39.42%
2	Mrs. Sangita Maheshwari, Whole Time Director & Chief Financial	27.68%
3	Ms. Riddhi Sidhpura, Company Secretary & Compliance Officer	Appointed w.e.f. 26 <sup>th</sup> October, 2018
(iii)	The percentage increase/ decrease in the median remuneration of employees in the financial year	
		56.75%
(iv)	The number of permanent employees on the rolls of the Company as on 31 st March, 2019.	
		130
(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 29.48%, after accounting for promotions and other event based compensation revisions. Increase in the managerial remuneration for the year was 67.10%.
(vi)	The key parameters for any variable component of remuneration availed by the directors	
		NIL

(vii)	<b>Affirmation that the remuneration is as per the remuneration policy of the Company:</b>	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.
<b>(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:</b>		
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.		

## ANNEXURE “D” TO THE DIRECTOR’S REPORT

### FORM NO. MGT 9

#### EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH 2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I REGISTRATION & OTHER DETAILS:

i	<b>CIN</b>	L15201GJ1991PLC015186
ii	<b>Registration Date</b>	11th March, 1991
iii	<b>Name of the Company</b>	Lactose (India) Limited
iv	<b>Category / Sub-category of the Company</b>	Company Limited By shares & Indian Non- government Company
v	<b>Address of the Registered office &amp; contact details</b>	Survey No. 6, Village Poicha, (Rania), Savli Baroda, Gujarat - 391780 Tel: +91- 22 2411 7030, Fax: +91- 22 2411 7034 Email Id: ashish.lactose@gmail.com
vi	<b>Whether listed company</b>	Yes
vii	<b>Name , Address &amp; contact details of the Registrar &amp; Transfer Agent, if any.</b>	Bigshare Services Private Limited Address: 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri – East Mumbai – 400059.

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL. No.	Name & Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	<b>Manufacturing of Pharmaceuticals</b>	21002	38.65%
2	<b>Manufacturing of Other Pharmaceuticals</b>	21009	56.66%

#### III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN / GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
Not Applicable					

## Lactose (India) Limited

### IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2018				No. of Shares held at the end of the year 31.03.2019				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	2863241	0	2863241	28.52	3013241	780000	3793241	37.23	8.71
b) Central Govt.or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
i) Directors Relatives	0	0	0	0.00	0	0	0	0.00	0.00
ii) Group Companies	578184	0	578184	5.76	578184	0	578184	5.67	-0.08
<b>SUB TOTAL:(A) (1)</b>	<b>3441425</b>	<b>0</b>	<b>3441425</b>	<b>34.28</b>	<b>3591425</b>	<b>780000</b>	<b>4371425</b>	<b>42.90</b>	<b>8.62</b>
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other...	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>3441425</b>	<b>0</b>	<b>3441425</b>	<b>34.28</b>	<b>3591425</b>	<b>780000</b>	<b>4371425</b>	<b>42.90</b>	<b>-8.62</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	77920	77920	0.78	0	77920	77920	0.76	0.01
C) Central govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>77920</b>	<b>77920</b>	<b>0.78</b>	<b>0</b>	<b>77920</b>	<b>77920</b>	<b>0.76</b>	<b>0.01</b>
(2) Non Institutions									
a) Bodies corporates	1484083	17347	1501430	14.96	1218566	17347	1235913	12.13	2.83
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	1078904	2605690	3684594	36.70	1411369	2446936	3858305	37.87	-1.16
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	360661	0	360661	3.59	469510	0	469510	4.61	-1.02

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c) Others (specify)									
i) Trusts	0	0	0	0.00	0	0	0	0.00	0.00
ii) Clearing Member	41950	0	41950	0.42	15248	0	15248	0.15	0.27
iii) Non-Resident Indians	135292	780000	915292	9.12	0	0	0	0.00	9.12
iii) Non-Resident Indians (Repat)	5050	0	5050	0.05	138124	0	138124	1.36	-1.30531
iv) Non-Resident Indians (Non Repat)	10678	0	10678	0.11	22555	0	22555	0.22	-0.115
v) Directors Relatives	0	0	0	0.00	0	0	0	0.00	0.00
vi) Employee	0	0	0	0.00	0	0	0	0.00	0.00
vii) Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
viii) Overseas Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
ix) Unclaimed Suspense Account	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (B)(2):</b>	<b>3116618</b>	<b>3403037</b>	<b>6519655</b>	<b>64.94</b>	<b>3275372</b>	<b>2464283</b>	<b>5739655</b>	<b>56.33</b>	<b>8.61</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>3116618</b>	<b>3480957</b>	<b>6597575</b>	<b>65.72</b>	<b>3275372</b>	<b>2542203</b>	<b>5817575</b>	<b>57.10</b>	<b>8.62</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>6558043</b>	<b>3480957</b>	<b>10039000</b>	<b>100</b>	<b>6866797</b>	<b>3322203</b>	<b>10189000</b>	<b>100</b>	<b>0.00</b>

(ii) **SHARE HOLDING OF PROMOTERS**

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Mr. Yashwardhan Maheshwari	35360	0.35	0.00	35360	0.35	0.00	-0.01
2	Mr. SS Toshniwal	53073	0.53	0.00	908073	8.91	0.00	8.38
3	Mrs. Madhubala Toshniwal	535968	5.34	0.00	610968	6.00	0.00	0.66
4	M/s. Atul Maheshwari HUF	50000	0.50	0.00	50000	0.49	0.00	-0.01
5	Mrs. Pushpa Maheshwari	112920	1.12	0.00	112920	1.11	0.00	-0.02
6	M/s. Madhusa Projects Private Limited	578184	5.76	0.00	578184	5.67	0.00	-0.08
7	Mr. Atul Maheshwari	948510	9.45	0.00	948510	9.31	0.00	-0.14
8	Mrs. Sangita Maheshwari	1127410	11.23	0.00	1127410	11.06	0.00	-0.17
	<b>Total</b>	<b>3441425</b>	<b>34.28</b>	<b>0.00</b>	<b>4371425</b>	<b>42.90</b>	<b>0.00</b>	<b>-8.62</b>

(iii) **CHANGE IN PROMOTERS' SHAREHOLDING**

SI. No.	Promoters' Name	Share holding at the beginning of the Year		Cumulativbe share holding during the year	
		No. of Shares	% of total shares of the company	No ofshares	% of total shares of the Company
<b>1</b>	<b>Mrs. Madhubala Toshniwal</b>				
<b>A</b>	<b>At the beginning of the year</b>	535968	5.34		
<b>B</b>	<b>Changes during the year</b>				
	<b>Date</b>	<b>Reason</b>			
	16.11.2018	Allotment*	75000	0.66	610968
<b>C</b>	<b>At the end of the year</b>			<b>610968</b>	<b>6.00</b>
<b>2</b>	<b>Mr. Shyamsunder Toshniwal</b>				
<b>A</b>	<b>At the beginning of the year</b>	53073	0.53		
<b>B</b>	<b>Changes during the year</b>				

## Lactose (India) Limited

	Date	Reason				
	23.01.2018	Allotment*	75000	0.73	128073	1.27
	28.03.2019	Inter-se Transfer	780000	7.65	908073	8.91
<b>C</b>	<b>At the end of the year</b>				<b>908073</b>	<b>8.91</b>

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

Sl. No.	Shareholders' Name		Share holding at the beginning of the Year		Cumulative share holding during the year	
			No. of Shares	% of total shares of the company	No of shares	% of total shares of the Company
<b>1</b>	<b>M/s. Gyaneshwar Multitrade Private Limited</b>					
<b>A</b>	<b>At the beginning of the year</b>		<b>11,17,615</b>	<b>11.13</b>	-	-
<b>B</b>	<b>Changes during the year</b>					
	<b>Date</b>	<b>Reason</b>				
	25-May-18	Buy	1600	11.15	1119215	10.98
	01-Jun-18	Sell	-139	11.15	1119076	10.98
	29-Jun-18	Buy	303	11.15	1119379	10.99
	13-Jul-2018	Buy	1010	11.16	1120389	11.00
	27-Jul-2018	Buy	326	11.16	1120715	11.00
	3-Aug-2018	Sell	-500	11.16	1120215	10.99
	17-Aug-2018	Sell	-500	11.15	1119715	10.99
	12-Oct-2018	Sell	-11,15,178	0.05	4537	0.04
	16-Nov-2018	Sell	-500	0.04	4037	0.04
	30-Nov-2018	Sell	-500	0.03	3537	0.03
	14-Dec-2018	Buy	1,500	0.05	5037	0.05
	21-Dec-2018	Buy	11,14,178	10.98	1119215	10.98
	15-Mar-2019	Buy	1000	10.99	1120215	10.99
	29-Mar-2019	Sell	-4000	10.96	1116215	10.96
<b>C</b>	<b>At the end of the year</b>		-	-	<b>1116215</b>	<b>10.96</b>
<b>2</b>	<b>Indu Kasat</b>					
<b>A</b>	<b>At the beginning of the year</b>		<b>780000</b>	<b>7.77</b>		
<b>B</b>	<b>Changes during the year</b>					
	<b>Date</b>	<b>Reason</b>				
	22-Mar-19	Inter-se Transfer	-780000	7.77	0	0
<b>C</b>	<b>At the end of the year</b>		-	-	<b>0</b>	<b>0</b>
<b>3</b>	<b>Garnet International Limited</b>					
<b>A</b>	<b>At the beginning of the year</b>		<b>239108</b>	<b>2.38</b>	-	-
<b>B</b>	<b>Changes during the year</b>					
	<b>Date</b>	<b>Reason</b>				
	06-Apr-18	Sell	-31,974	2.06	207134	2.03
	13-Apr-18	Sell	-6,549	2.00	200585	1.97
	20-Apr-2018	Sell	-2,135	1.98	198450	1.95
	27-Apr-2018	Sell	-56,360	1.42	142090	1.39
	17-Aug-2018	Sell	-869	1.41	141221	1.39
	7-Sep-2018	Sell	-25,000	1.16	116221	1.14
	12-Oct-2018	Sell	-11,260	1.05	104961	1.03
	7-Dec-2018	Sell	-35,168	0.68	69793	0.68
	14-Dec-2018	Sell	-69,793	0.00	0	0
	29-Mar-2019	Buy	1,500	0.01	1500	0.01
<b>C</b>	<b>At the end of the year</b>		-		<b>1500</b>	<b>0.01</b>
<b>4</b>	<b>Mr. Onkar Singh</b>					
<b>A</b>	<b>At the beginning of the year</b>		<b>1,00,120</b>	<b>1</b>	-	-



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Sl. No.	Shareholders' Name		Share holding at the beginning of the Year		Cumulative share holding during the year	
			No. of Shares	% of total shares of the company	No of shares	% of total shares of the Company
<b>B</b>	<b>Changes during the year</b>		No Change			
<b>C</b>	<b>At the end of the year</b>		-	-	<b>100120</b>	<b>1.00</b>
<b>5</b>	<b>Mr. Rajesh Joseph</b>					
<b>A</b>	<b>At the beginning of the year</b>		<b>95005</b>	<b>0.95</b>	<b>95005</b>	<b>0.95</b>
<b>B</b>	<b>Changes during the year</b>					
	<b>Date</b>	<b>Reason</b>				
	13-Apr-18	Buy	46	0.95	95,051	0.93
	27-Apr-2018	Buy	205	0.95	95,256	0.93
	04-May-18	Buy	119	0.95	95,375	0.94
	18-May-18	Buy	25	0.95	95,400	0.94
	14-Sep-2018	Buy	150	0.95	95,550	0.94
	12-Oct-18	Buy	50	0.95	95,600	0.94
	01-Mar-19	Buy	2100	0.96	97,700	0.96
	08-Mar-19	Buy	40	0.96	97,740	0.96
	22-Mar-19	Buy	560	0.96	98,300	0.96
	29-Mar-19	Buy	1700	0.98	1,00,000	0.98
<b>C</b>	<b>At the end of the year</b>		<b>100000</b>	<b>0.98</b>	<b>100000</b>	<b>0.98</b>
<b>6</b>	<b>Mr. Maheshkumar Ramdas Kankarej</b>					
<b>A</b>	<b>At the beginning of the year</b>		<b>94000</b>	<b>0.94</b>	<b>94000</b>	<b>0.94</b>
<b>B</b>	<b>Changes during the year</b>					
	<b>Date</b>	<b>Reason</b>				
	08-Jun-18	Sell	-4,000	0.90	90,000	0.88
	15-Jun-18	Sell	-3,000	0.87	87,000	0.85
	22-Jun-18	Sell	-2,700	0.84	84,300	0.83
	16-Nov-18	Sell	-1,600	0.81	82,700	0.81
	23-Nov-18	Sell	-2,700	0.79	80,000	0.79
	15-Feb-19	Sell	-3,000	0.76	77,000	0.76
	15-Mar-19	Sell	-14,450	0.61	62,550	0.61
	22-Mar-19	Sell	-11,712	0.50	50,838	0.50
<b>C</b>	<b>At the end of the year</b>		<b>50,838</b>	<b>0.50</b>	<b>50,838</b>	<b>0.50</b>
<b>7</b>	<b>Bank of Baroda</b>				-	-
<b>A</b>	<b>At the beginning of the year</b>		<b>77500</b>	<b>0.77</b>	<b>77500</b>	<b>0.77</b>
<b>B</b>	<b>Changes during the year</b>	<b>Reason</b>	No Change			
<b>C</b>	<b>At the end of the year</b>		<b>77500</b>	<b>0.77</b>	<b>77500</b>	<b>0.77</b>
<b>8</b>	<b>Mr. Chimanlal Mohanlal Rana</b>				-	-
<b>A</b>	<b>At the beginning of the year</b>		<b>1493</b>	<b>0.01</b>	<b>1493</b>	<b>0.01</b>
<b>B</b>	<b>Changes during the year</b>					
	<b>Date</b>	<b>Reason</b>				
	20-Apr-18	Buy	445	0.02	1938	0.02
	18-May-18	Buy	2,940	0.05	4878	0.05
	25-May-18	Buy	462	0.05	5340	0.05
	01-Jun-18	Buy	1,000	0.06	6340	0.06
	08-Jun-18	Sell	-600	0.06	5740	0.06
	15-Jun-18	Sell	-100	0.06	5640	0.06
	22-Jun-18	Sell	-100	0.06	5540	0.05
	06-Jul-18	Buy	323	0.06	5863	0.06
	13-Jul-18	Buy	166	0.06	6029	0.06
	27-Jul-18	Buy	63	0.06	6092	0.06
	07-Sep-18	Buy	3,027	0.09	9119	0.09

## Lactose (India) Limited

Sl. No.	Shareholders' Name		Share holding at the beginning of the Year		Cumulative share holding during the year	
			No. of Shares	% of total shares of the company	No of shares	% of total shares of the Company
	26-Sep-18	Buy	2,897	0.12	12016	0.12
	05-Oct-18	Buy	3,069	0.15	15085	0.15
	12-Oct-18	Buy	4,081	0.19	19166	0.19
	19-Oct-18	Buy	3,027	0.22	22193	0.22
	02-Nov-18	Buy	4,436	0.27	26,629	0.26
	16-Nov-18	Buy	489	0.27	27,118	0.27
	30-Nov-18	Buy	616	0.27	27734	0.27
	07-Dec-18	Buy	1,920	0.29	29,654	0.29
	14-Dec-18	Buy	5,635	0.35	35289	0.35
	21-Dec-18	Buy	29,080	0.63	64,369	0.63
	28-Dec-18	Buy	168	0.63	64,537	0.63
	18-Jan-2019	Buy	3,046	0.66	67,583	0.66
	25-Jan-2019	Buy	840	0.67	68,423	0.67
	1-Feb-2019	Buy	2,283	0.69	70,706	0.69
	22-Feb-19	Buy	600	0.70	71,306	0.70
	01-Mar-19	Sell	-855	0.69	70,451	0.69
	08-Mar-19	Sell	-950	0.68	69501	0.68
	22-Mar-19	Buy	2,579	0.71	72,080	0.71
<b>C</b>	<b>At the end of the year</b>		<b>72,080</b>	<b>0.71</b>	<b>72,080</b>	<b>0.71</b>
<b>9</b>	<b>Alaukik Mines and Powers Pvt Ltd</b>				-	-
<b>A</b>	<b>At the beginning of the year</b>		<b>55494</b>	<b>0.55</b>	<b>55494</b>	<b>0.55</b>
<b>B</b>	<b>Changes during the year</b>					
	<b>Date</b>	<b>Reason</b>				
	20-Apr-2018	Sell	-40,000	0.15	15,494	0.15
	27-Apr-2018	Sell	-15,494	0.00	0	0.00
	18-May-2018	Buy	5,000	0.05	5,000	0.05
	26-Sep-2018	Buy	14,000	0.19	19,000	0.19
	1-Mar-2019	Sell	-19,000	0.00	0	0.00
<b>C</b>	<b>At the end of the year</b>				0	0.00
<b>10</b>	<b>Mr. Saurabh Ranjit Parikh</b>		-	-	-	-
<b>A</b>	<b>At the beginning of the year</b>		<b>45500</b>	<b>0.45</b>	<b>45500</b>	<b>0.45</b>
<b>B</b>	<b>Changes during the year</b>	<b>Reason</b>	No Change			
<b>C</b>	<b>At the end of the year</b>		<b>45500</b>	<b>0.45</b>	<b>45500</b>	<b>0.45</b>

### VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole time director and/or Manager: (Amount in Rs. Lakhs)

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Mr. Atul Maheshwari	Mrs. Sangita Maheshwari	
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	65.78	52.28	118.06
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>65.78</b>	<b>52.28</b>	<b>118.06</b>
	<b>Ceiling as per the Act</b>	<b>*84</b>	<b>*84</b>	<b>168</b>

\* Company in the AGM meeting held 29th September 2016 has revised the remuneration to Rs. 84,00,000/-

**B. Remuneration to other directors:**

Sl.No	Particulars of Remuneration	Name of the Directors		Total Amount
1	Independent Directors	-	-	-
	(a) Fee for attending board committee meetings	-	-	-
	(b) Commission	-	-	-
	(c ) Others, please specify	-	-	-
	<b>Total (1)</b>	-	-	-
2	Other Non Executive Directors	-	-	-
	(a) Fee for attending board committee meetings	-	-	-
	(b) Commission	-	-	-
	(c ) Others, please specify.	-	-	-
	<b>Total (2)</b>	-	-	-
3	Other Executive Director	-	-	-
	<b>Total (3)</b>	-	-	-
	<b>Total (B)=(1+2+3)</b>	-	-	-
	<b>Total Managerial Remuneration</b>	-	-	-
	<b>Overall Ceiling as per the Act.</b>	-	-	-

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary Mr. Suyog Chaukar (upto 22.10.2018)	Company Secretary Ms. Riddhi Sidhpura (w.e.f 26.10.2018)	Total
1	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1.40	1.10	1.50
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	1.40	1.10	1.50

**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

Indebtness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	3,798.26	26.96	-	3,825.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	34.07	0.34	-	34.40
<b>Total (i+ii+iii)</b>	<b>3,832.32</b>	<b>27.30</b>	-	<b>3,859.62</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	350.00	-	-	462.77
Reduction	519.94	109.46	-	629.40
<b>Net Change</b>	<b>-169.94</b>	<b>3.31</b>	-	<b>-166.63</b>
<b>Indebtedness at the end of the financial year</b>	<b>3,662.39</b>	<b>30.60</b>	-	<b>3,692.99</b>
i) Principal Amount	3,628.32	30.26	-	3,658.59
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.33	-	0.33
<b>Total (i+ii+iii)</b>	<b>3,628.32</b>	<b>30.59</b>	-	<b>3,658.91</b>

## Lactose (India) Limited

### VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For Lactose (India) Limited

Date: 14<sup>th</sup> August 2019  
Place: Mumbai

Sd/-  
(Atul Maheshwari)  
Managing Director  
DIN: 00255202

Address: 1302, Spring Tower,  
ICC G.D. Ambedkar Road, Next to  
Wadala Telephone Exchange,  
Dadar (East),  
Mumbai - 400014.

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

Address: 1302, Spring Tower,  
ICC G.D. Ambedkar Road, Next to  
Wadala Telephone Exchange,  
Dadar (East),  
Mumbai - 400014.

## ANNEXURE 'E'

## REPORT ON CORPORATE GOVERNANCE

**1. STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company is committed to adopt the best governance practices and its adherence in true spirit at all times. It has strong legacy of fair, transparent and ethical governance practices.

The Company has adopted a code of conduct which is applicable to all employees. The Company also has in place a code for preventing insider trading.

The Company is fully in compliance with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (referred to as "Listing Regulations").

**2. 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 and Category of Directors:**

The composition of the Board is in conformity with the Listing Regulations and the Companies Act, 2013 ('the Act'). As on 31st March, 2019, the Board comprised of Six Directors consisting of two Executive Director including one women Director and three Non-Executive Independent Directors, one Non-Executive Director. None of the Non-Executive Director is responsible for day-to-day affairs of the Company.

**a) The Composition and Category of the Board of Directors during the FY 2018-19 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	Non - Executive Independent Director
Mr. Shyamsunder B. Toshniwal	Non-Executive Director

**b) Meetings and Attendance:**

The Company's Governance Policy, which is in pursuance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is strictly followed by the Board. The Board meets at

regular intervals to discuss and decide on Company's business policy along with the other Board business. However, in case of a special and urgent business need, the Board approval is taken by passing resolution by circulation, as permitted by law, which is then confirmed in the ensuing Board Meeting.

Nine Board Meetings were held during the financial year 2018-19 complying with the requirement of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The maximum interval between any two consecutive Board meetings was well within the allowable gap of one hundred and twenty days. The dates on which the meetings were held are as mentioned below:

Sr. No.	Date of Board Meeting held
1.	29 <sup>th</sup> May, 2018
2.	19 <sup>th</sup> July, 2018
3.	14 <sup>th</sup> August, 2018
4.	26 <sup>th</sup> October, 2018
5.	14 <sup>th</sup> November, 2018
6.	16 <sup>th</sup> November, 2018
7.	25 <sup>th</sup> January, 2019
8.	14 <sup>th</sup> February, 2019
9.	20 <sup>th</sup> March, 2019

**Information placed before the Board:**

The Board were provided with all the required information wherever applicable and materially significant. The information is submitted either as a part of agenda papers or is tabled in the course of the meeting for enabling them to give their valuable inputs.

**The following are tabled for the Board's periodic review/information/approval:**

- Annual Operating Plans of business and any updates thereon;
- Quarterly Results of the Company along with the operating divisions or business segments;
- Status of legal compliances;
- Formation/Re-constitution of the Board Committees;
- Minutes of audit committee and other committees of the board;
- Inter-Corporate Investment, Loans and Guarantees;
- Appointment / Resignation of Directors/ Senior Managerial Personnel/ Key Managerial Personnel;
- General Notice of Interest of Directors;

**Attendance of Directors at Board Meetings, Last Annual General Meeting and number of other Directorship and Chairmanship/Membership of Committees of each Director in various Companies are as under:**

## Lactose (India) Limited

Name of the Director	Category	Attendance at Meetings held during financial year 2018-19		Directorship in other Indian Public Limited Companies <sup>1</sup>	No. of Board Committees in which Director is Chairman/ Member <sup>2</sup>	
		Board Meetings	Last AGM held on 26 <sup>th</sup> September, 2018		Chairman	Member
Mr. Atul Maheshwari	Managing Director	09	Present	-	2	-
Mrs. Sangita Maheshwari	Whole time Director and Chief Financial Officer	09	Present	-	-	-
Mr. G. K. Sarda	Non Executive Independent Director	08	Present	-	3	2
Mr. Pramod Kalani	Non Executive Independent Director	09	Present	-	-	3
Mr. Mahendra Singhi Omprakash (w.e.f 25 <sup>th</sup> January, 2019)	Non Executive Independent Director	02	-	-	-	5
Mr. Shyamsunder B. Toshniwal	Non Executive Director	09	Present	-	-	-

- The Directorships exclude Private Limited Companies, Foreign Companies, Section 8 Companies, Alternate Directorship and One Person Companies.
- None of the Director on the Board is a Member of more than Ten Committees or a Chairman of more than Five Committees, across all the Companies in which they are Directors. The Directors have made the necessary disclosures regarding Committee positions.

### c) Board Agenda:

Meetings are governed by structured Agenda. The Board Members in consultation with the Chairman may bring up any matter for the consideration before the Board. Agenda working papers are circulated to the members of the Board at least seven working days prior to the date of the Board Meeting.

There is also a system of post meeting follow up, review & reporting process of the action /pending on decisions of the Board or its committee till the final implementation stage.

### d) Post-Meeting follow-up mechanism

An effective post meeting follow-up, review and reporting process for the decisions taken by the Board or its Committees are promptly communicated to all those concerned in the Company. Action Taken Report on the progress of the Company is placed at the succeeding Meeting of the Board/ Committee for noting.

### e) Separate Meeting of Independent Directors

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 29th March, 2019 as required under Schedule IV to the Act (Code of Independent Directors) and Regulation 25(3) of the Listing Regulations. At the Meeting the Independent Directors:

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

The web-link for details of familiarization programme imparted to Independent Directors : <https://www.lactoseindialimited.com/policy.php>

### 3. COMMITTEES OF THE BOARD:

Currently, there are 5 Board Committees – Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Risk Management Committee and Sexual Harassment Prevention Committee. The terms of reference of these Committees are defined by the Board from time to time. Meeting of each Board Committee is convened by the respective Committee Chairman. The signed minutes of the Committee Meetings are placed before the Board for information and noting. Matters requiring Board's attention are generally discussed with the Board members. The role and composition of these Committees including the number of Meetings held during the financial year and their respective attendance details are provided below.

#### a) Audit Committee:

All the items listed in Regulation 18(3) read with Part C of Schedule II of the Listing Regulations and in Section 177 of the Act are covered in the terms of reference.

#### Terms of Reference:

- Oversight of the Company's financial reporting process and disclosure of its financial information;
- Recommending to the Board the appointment, re-appointment and removal of statutory auditors, cost auditors, branch auditors and fixation of their remuneration;
- Approval of payments to statutory auditors for any other services rendered by them;
- Reviewing with management the annual financial statements and auditor's report thereon before submission to the Board for approval, focusing primarily on:

- Matters required to be included in the Director's Responsibility statement to be included in the Board Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - Any changes in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on exercise of judgments by management;
  - Qualifications in draft audit report;
  - Significant adjustments made in the financial statements arising out of audit;
  - The going concern assumption;
  - Compliance with accounting standards;
  - Compliance with listing and legal requirements concerning financial statements;
  - All related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc.
- v. Reviewing with the management, statutory and internal auditors, internal financial controls and risk management system;
  - vi. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board;
  - vii. Reviewing with the management the quarterly and half yearly financial results before submission to the Board;
  - viii. Reviewing the adequacy of internal audit functions, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - ix. Scrutinizing the inter-corporate loans & investments;
  - x. Discussion with Internal Auditors, any significant findings and follow up thereon;
  - xi. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - xii. Approval or any subsequent modification of transactions of the Company with related parties;
  - xiii. To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
  - xiv. Review and monitor the auditor's independence and performance, and effectiveness of audit processes;

- xv. To review the functioning of the Whistle Blower and Vigil mechanism;
- xvi. Valuation of undertaking or assets of the company where ever it is necessary;
- xvii. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xviii. All such other functions as may be specified from time to time;
- xix. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

**Composition, Meetings and Attendance**

The Audit Committee comprises of Three Directors, all of whom are Non-Executive Independent Directors including Chairman. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc. The Company Secretary acts as secretary to the committee in terms of Section 177 of Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

During the financial year 2018-19 Five Meetings were held on 29th May, 2018, 19th July, 2018, 14th August, 2018, 14th November, 2018 and 14th February, 2019.

<b>Name of the Members</b>	<b>Category</b>	<b>No. of Meetings attended</b>
Mr. G. K. Sarda	Chairman (Independent Non-Executive Director)	4
Mr. Pramod Kalani	Member (Independent Non-Executive Director)	5
Mr. Mahendra Singhi Omprakash (w.e.f. 25 <sup>th</sup> January, 2019)	Member (Independent Non-Executive Director)	1
Mr. Abhijit Periwal (Upto 12 <sup>th</sup> November, 2018)	Member (Independent Non-Executive Director)	3

**b) Stakeholders Relationship Committee**

The Company has a Stakeholders' Relationship Committee and the terms of reference of the Stakeholders' Relationship Committee are in conformity with the provisions of Regulation 20 read with Schedule II Part D of the SEBI Listing Regulations and Section 178 of the Act.

This Committee is responsible for satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services.

**Terms of Reference:**

This Committee oversees redressal of Shareholders'/ Investors' Grievances and is empowered to perform the following functions on behalf of the Board in relation to handling of Shareholder's/Investors' Grievances. The Broad terms of reference and functions of the Stakeholders Relationship Committee are as follows:

## Lactose (India) Limited

- i. The Committee is entrusted with the responsibility to resolve the grievances of security holders.
- ii. The Committee monitors and reviews the performance and service standards of the Registrar and Share Transfer Agents of the Company and provides continuous guidance to improve the service levels for investors.
- iii. The Committee monitors implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015.
- iv. The Stakeholders Relationship Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company.

### Composition, Meetings and Attendance:

The Committee presently comprises of Three Directors, all the members are Independent Directors of whom are Non- Executive Independent Director.

During the financial year 2018-19 Six meetings were held on 13th April, 2019, 25th May, 2019, 29th May, 2018, 19th July, 2018, 14th November, 2018 and 14th February, 2019.

Name of the Members	Category	No. of Meetings attended
Mr. G. K. Sarda	Chairman (Independent Non-Executive Director)	5
Mr. Pramod Kalani	Member (Independent Non-Executive Director)	6
Mr. Abhijit Periwal (Upto 12 <sup>th</sup> November, 2018)	Member (Independent Non-Executive Director)	4
Mr. Mahendra Singi Omprakash (w.e.f. 25 <sup>th</sup> January, 2019)	Member (Independent Non-Executive Director)	1

### Compliance Officer

The Company has appointed Ms. Riddhi Sidhpura, Company Secretary of the Company as a Compliance Officer of the Company w.e.f. 26th October, 2018.

### Shareholders'/Investors' Redressal

During the year under review, the Company had received various complaints for non-receipt of transferred Share Certificates, Annual Reports, Warrants etc. and all the Complaints were solved by the Company. Further no complaint is pending as on the closure of the financial year i.e. 31st March, 2019. To expedite these processes the Board has delegated necessary powers to the Registrar and Share Transfer Agents viz. M/s. Big Share Services Private Limited.

### c) Nomination & Remuneration Committee

The Company has a Nomination and Remuneration Committee and the terms of reference are in conformity with the provisions of Regulation 19 read with Schedule II Part D of the SEBI Listing Regulations and Section 178 of the Act.

The Broad terms of reference and functions of the Nomination and Remuneration Committee are as follows:

### Terms of Reference:

- i. Formulation of 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;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying 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 their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

### Composition, Meetings and Attendance:

The Nomination & Remuneration Committee comprises of Three Directors all of whom are Non-Executive Independent Directors. During the financial year 2018-19, Three (3) meetings of the Committee were held on 26th October, 2018, 14th November, 2018, 25th January, 2019.

Name of the Members	Category	No. of Meeting Attended
Mr. G. K. Sarda	Chairman (Independent Non-Executive Director)	3
Mr. Pramod Kalani	Member (Independent Non-Executive Director)	3
Mr. Abhijit Periwal (Upto 12 <sup>th</sup> November, 2018)	Member (Independent Non-Executive Director)	1
Mr. Mahendra Singi Omprakash (w.e.f. 25 <sup>th</sup> January, 2019)	Member (Independent Non-Executive Director)	0

### Performance Evaluation Criteria:

Pursuant to the provisions of the Companies Act, 2013 and provisions of SEBI (Listing Obligation And Disclosure Requirement) Regulations, 2015, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as Stakeholder Relationship Committee. The Directors expressed their satisfaction with the evaluation process.

### Nomination & Remuneration Policy:

Pursuant to SEBI (Listing Obligation And Disclosure Requirement) Regulations, 2015 and upon recommendation by the Nomination & Remuneration Committee, the Board of Directors, had adopted the Nomination & Remuneration



Policy. This Policy can be viewed on the Company's website viz. [www.lactoseindialimited.com](http://www.lactoseindialimited.com) in the "Investors" Section.

The Nomination & Remuneration Policy aims at attracting and retaining high caliber talent. The policy of the Company is in consonance with the existing industry practice. The remuneration package of the Executive Directors is determined by the Nomination and Remuneration Committee within the permissible limits, subject to approval by the Board and Shareholders in the General Meeting and as per applicable provisions of the Companies Act, 2013. The Executive Directors are paid remuneration as fixed by the Board/ Shareholders, if any, however, the Non-Executive Independent Directors do not receive any remuneration.

**Details of sitting fees paid to the Directors during the financial year 2018-19:**

Name of Director	Sitting Fees (Rs.)
Mr. G. K. Sarda	NIL
Mr. Pramod Kalani	NIL
Mr. Abhijit Periwal (upto 12 <sup>th</sup> November, 2018)	NIL
Mr. Mahendra Singhi Omprakash (w.e.f 25 <sup>th</sup> January, 2019)	NIL

**Details of Remuneration paid to the Managing Director & Whole-time Director during the financial year 2018-19:**

Sr. No.	Particulars of Remuneration	Mr. Atul Maheshwari	Mrs. Sangita Maheshwari
		Managing Director (Amount in Rs. Lakhs)	Whole-time Director (Amount in Rs. Lakhs)
1.	<b>Gross Salary</b> (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	65.78	52.58
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - As % of profit - Others, specify..	-	-
5.	Others, please specify	-	-
	<b>Total</b>	<b>65.78</b>	<b>52.58</b>

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

The Non-Executive Director of the Company do not hold any convertible instruments of the Company.

**Remuneration of Non-Executive Directors:**

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>

The Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company, if any, introduced by the Company.

**Familiarisation Programme:**

Pursuant to provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and upon recommendation by the Nomination & Remuneration Committee, the Board of Directors had adopted the procedure for Familiarisation Programme for Independent Directors. The details of the Familiarisation Programme for Independent Directors. The details of the Familiarisation Programme can be viewed on the Company's website viz. [www.lactoseindialimited.com](http://www.lactoseindialimited.com) in the "Investors" Section.

**d) Risk Management Committee**

As per the Companies Act, 2013 and as part of good corporate governance the Company has constituted the Risk Management Committee. The Committee is required to lay 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 of the Company.

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 finalized and up to date, owners are identified and the progress of mitigation actions are monitored.

The Risk Management Committee comprises of the following members:

**Composition, Meetings and Attendance:**

The Risk Management Committee consists of three Members and the Chairman is an Executive Director. During the Financial Year 2018-19, no meeting was held.

Name of the Members	Category	No. of Meeting Attended
Mr. Atul Maheshwari	Chairman (Managing Director)	0
Mr. G. K. Sarda	Member (Independent Non-Executive Director)	0
Mr. Mahendra Singhi Omprakash (w.e.f 25 <sup>th</sup> January, 2019)	Member (Independent Non-Executive Director)	0

**e) Prevention of 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.

## Lactose (India) Limited

### Composition, Meetings and Attendance

Prevention of Sexual Harassment Committee consists of three Members and the Chairman is an Executive Director. During the Financial Year 2018-19, no meeting was held.

Name of the Members	Category	No. of Meeting Attended
Mr. Atul Maheshwari	Chairman (Managing Director)	0
Mr. G. K. Sarda	Member (Independent Non-Executive Director)	0
Mr. Mahendra Singhi Omprakash (w.e.f. 25 <sup>th</sup> January, 2019)	Member (Independent Non-Executive Director)	0

#### 4. GENERAL BODY MEETINGS

##### Annual General Meeting:

The Venue, Date, Time of the Annual General Meeting and Special Resolutions passed during the preceding three years are as follows:

##### 2017-18

Venue: Village Poicha (Rania), Survey No. 6, Savli, District Vadodara – 391780

Date and Time: 26th September, 2018 at 09:00 a.m.

Special Resolutions passed:

- Continuing the Directorship of Mr. Shyamsunder Toshniwal, Non-Executive Director of the Company.

##### 2016-17

Venue: Village Poicha (Rania), Survey No. 6, Savli, District Vadodara – 391780

Date and Time: 09th August, 2017 at 04:00 p.m.

Special Resolutions passed:

- Adoption of new set of Articles of Associations in place of Existing Articles of Associations.
- Issue, Offer and Allot 10,60,000 Convertible Warrants on preferential basis.

##### 2015-16

Venue: Village Poicha (Rania), Survey No. 6, Savli, District Vadodara – 391780

Date and Time: 29th September, 2016 at 03:00 p.m.

Special Resolutions passed:

- Revision in remuneration payable to Mr. Atul Maheshwari, Managing Director of the Company;
- Revision in remuneration payable to Mrs. Sangita Maheshwari, Whole-time Director of the Company;
- Appointment of Mr. Yash Maheshwari as Manager at the place of profit.

#### 5. MEANS OF COMMUNICATION

The quarterly results as reviewed and recommended by the Audit Committee are taken on record by the Board of Directors and submitted to the Stock Exchange in terms of the requirements of Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

The Audited/ Unaudited Results are published in Business Standard, English daily and in Vadodara Samachar Gujarati daily being the regional language and also displayed on the website of the Company [www.lactoseindialimited.com](http://www.lactoseindialimited.com) shortly after its submission to the Stock Exchange.

The Company's website is a comprehensive reference on Lactose's vision, mission, policies, corporate governance, investor relation, updates and news. The section on "Investor Relations" on the website serves to inform the shareholders, by giving complete financial details, shareholding pattern, information relating to Stock Exchange, Registrars, and Share Transfer Agents among others.

#### 6. GENERAL SHAREHOLDER INFORMATION

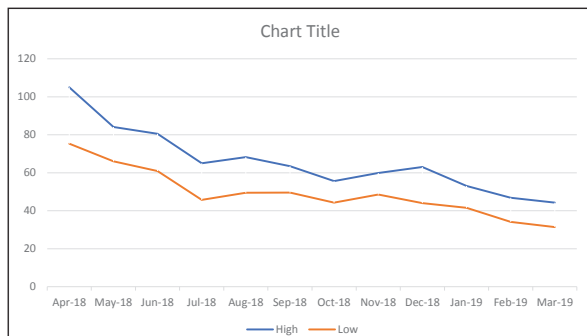
<b>6.1. Annual General Meeting:</b>	
<b>Day, Date and Time</b>	: Monday, 30 <sup>th</sup> September, 2019 at 12:30 p.m.
<b>Venue</b>	: Survey No. 6, Village Poicha (Rania) Savli, Vadodara Gujarat – 391780
<b>6.2. Financial Year 2019-20 – Board Meeting Calendar (Tentative):</b>	
<b>Results for first quarter ended 30<sup>th</sup> June, 2019</b>	: On or before 14 <sup>th</sup> August, 2019
<b>Results for second quarter ending 30<sup>th</sup> September, 2019</b>	: On or before 14 <sup>th</sup> November, 2019
<b>Results for third quarter ending 31<sup>st</sup> December, 2019</b>	: On or before 14 <sup>th</sup> February, 2020
<b>Results for financial year ending 31<sup>st</sup> March, 2020</b>	: On or before 30 <sup>th</sup> May, 2020
<b>6.3. Book Closure date:</b>	: From Monday, 23 <sup>rd</sup> September, 2019 to Monday, 30 <sup>th</sup> September, 2019
<b>6.4. Listing of Equity Shares on Stock Exchange:</b>	: BSE Limited
<b>6.5. Stock Code:</b>	: 524202
<b>6.6. Demat ISIN Number in NSDL and CDSL:</b>	: INE058I01013
<b>6.7. Registrar and Share Transfer Agents:</b>	: M/s. Bigshare Services Private Limited
<b>6.8. Share Transfer System:</b>	: 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.
<b>6.9. Plant Location:</b>	: Survey No. 6, Village Poicha (Rania) Savli, Vadodara Gujarat – 391780
<b>6.10. Outstanding GDRs/ ADRs/Warrants or any Convertible Instruments:</b>	: The Company has not issued any ADR or GDR or warrants or any convertible instruments, which was likely to impact on equity share capital.

**6.11 The Market Price Data of the Company are as given below:**

Monthly High and Low price of the Company's shares with a face value of Rs. 10/- each for financial year 2018-2019 on BSE Limited are as under:

No.	Period	BSE Limited	
		High (Rupees)	Low (Rupees)
1.	April-18	105.00	75.30
2.	May-18	84.10	66.00
3.	June-18	80.55	60.90
4.	July-18	65.00	45.70
5.	August-18	68.20	49.50
6.	September-18	63.50	49.60
7.	October-18	55.60	44.30
8.	November-18	59.90	48.50
9.	December-18	63.00	44.05
10.	January-19	53.05	41.55
11.	February-19	46.85	34.10
12.	March-19	44.30	31.35

**6.12 Share Price performance in comparison to broad-based indices – BSE Sensex during the year**



**6.13 Distribution of Shareholding as on 31st March, 2019**

Distribution of Shares (Slab-Wise)	Shareholders		Share Amount (Rupees.)	
	Nos.	% of Total Nos.	Amt.	% of Total Amt.
Upto 5,000	15992	99.52	35782390	35.12
5,001-10,000	30	0.19	2214650	2.17
10,001- 100,000	39	0.24	11124160	10.92
1,00,000 & Above	8	0.05	52768800	51.79
<b>Total</b>	<b>16069</b>	<b>100</b>	<b>101890000</b>	<b>100</b>

**Shareholding Pattern as on 31st March, 2019:**

Category	No. of Shares	% of Shares
Indian Promoters	43,71,425	42.90
Private Corporate Bodies	13,29,081	13.04
Indian Public	43,27,815	42.48
NRI's/OBC	1,60,679	1.58
<b>Total</b>	<b>10,18,90,000</b>	<b>100</b>

**Physical/NSDL/CDSL/Summary Report as on 31st March, 2019**

Particulars	Number of Shares	% of Total Issued Capital
Held in Dematerialised form in CDSL	24,90,456	24.44
Held in Dematerialised form in NSDL	43,76,341	42.95
Physical	33,22,203	32.61
<b>Total No. of Shares</b>	<b>10,189,000</b>	<b>100</b>

**6.14 Address for Correspondence:**

<b>(i) Investors Correspondence:</b>	<b>For Shares held in Physical Form</b>
	Bigshare Services Private Limited. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai – 400059
	<b>For Shares held in Demat Form</b>
	To the respective Depository Participants.
<b>(ii) Any query on Annual Report:</b>	Ms. Riddhi Sidhpura (Company Secretary and Compliance Officer) Lactose (India) Limited G-02, Ground Floor, 'A' Wing, Navbharat Estate, Zakaria Bunder Road, Sewri (West), Mumbai-400015
<b>(iii) E-mail ID for Investor Grievance</b>	<a href="mailto:ashish.lactose@gmail.com">ashish.lactose@gmail.com</a>
<b>(iv) Corporate Website:</b>	<a href="http://www.lactoseindialimited.com">www.lactoseindialimited.com</a>

**7. Directors' disqualification under Section 164 and any other provisions of Companies Act, 2013.**

None of the Directors are disqualified under Section 164 of the Companies Act, 2013.

The Company has received the Certificate from M/s. Jajodia & Associates certifying that non of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

**8. DISCLOSURES**

**Materially significant related party transactions which may have potential conflict with the interests of the Company at large;**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. As provided under section 134(3)(h) of the Act and Rules made thereunder disclosure of particulars of material transactions with related parties entered into by the Company with related parties in the prescribed format form part of Directors report.

## Lactose (India) Limited

Details of non-compliances, penalties, strictures imposed on the Company by Stock Exchange/SEBI/Statutory Authorities on any matter related to Capital Markets during last three years:

The Company has complied with the requirements of the Stock Exchanges/SEBI and other Statutory Authorities on all matters related to Capital Markets during the last three years except that the Company made a delay of 25 days in filing listing application for listing of 169,800 Equity Shares issued pursuant to conversion of convertible warrants with the Stock Exchange during the financial year 2017-18 and as per the penal provisions of BSE Limited, penalty was levied on Lactose (India) Limited.

Directors' disqualification under Section 164 and any other provisions of Companies Act, 2013.

None of the Directors are disqualified under Section 164 of the Companies Act, 2013.

### Reconciliation of Share Capital Audit:

As stipulated by Securities and Exchange Board of India (SEBI), a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report there on is submitted to Stock Exchanges and is also placed before the Board of Directors. No discrepancies were noticed during these audits.

### Adoption of Insider Trading Policy:

The Company has implemented a policy prohibiting Insider Trading in conformity with applicable regulations of the Securities Exchange Board of India ("SEBI"), which has been laid down for employees, connected persons and persons deemed to be connected, while trading in the securities of the Company. The policy lays down procedures to be followed and disclosures to be made while dealing with shares of the Company and cautioning them of the consequences of violations. The Code of Conduct for Insider Trading is adopted by the Board and uploaded on the website of the Company.

### Vigil Mechanism / Whistle Blower Policy:

The Company has a Whistle Blower Policy / Vigil Mechanism which is posted on the website of the Company at the link: [www.lactoseindia.com](http://www.lactoseindia.com) for its Directors and employees to report their concerns about the Company's working or about any violation of its policies. The vigil mechanism provides for adequate safeguards against victimization of Director (s) or Employee (s) or any other person who avail the mechanism and also provide direct access to the Chairperson of the Audit Committee. No personnel have been denied any access to the Audit Committee.

### Sexual Harassment Policy:

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 covering all employees of the Company. Internal Complaints Committee set up for

the purpose did not receive any complaints for redressal during the year.

### 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.

### 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, 2019.

For Lactose (India) Limited

SD/-

Atul Maheshwari

Managing Director

DIN: 00255202

Mumbai, 14<sup>th</sup> August, 2019

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.

### 8. CEO / CFO Certification:

The MD & CEO and 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.

By Order of the Board

Sd/-

Atul Maheshwari  
(Managing Director)  
DIN: 00255202

Date: 14<sup>th</sup> August, 2019

Place : Mumbai

Regd. Office: :

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

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## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure and Development:**

The Indian pharmaceuticals market is the third largest in terms of volume and thirteen largest in terms of value. Indian Pharmaceutical sector industry supplies over 50% of global demand for various vaccines, 40 % of generic demand in US and 25 % of all medicine in UK.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level.

The Indian pharma industry stood at US\$ 38.2 bn in the F.Y. 2018-19, which is expected to grow over 22.4 per cent per annum between 2015 - 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same periods. The market is expected to grow to US\$ 55 billion by 2020.

Indian pharmaceutical exports are poised to grow between 8-10 per cent. India's pharmaceutical exports stood at US \$ 17.27 billion in 2017-18 and have reached US\$ 19.14 billion in F.Y. 19.

Driven by the Pharma Vision 2020, the Indian Government has embarked on its journey to becoming a leading country for end to end manufacturing and innovation and has sought to incentivize investment into local medicine production to increase self-sufficiency. The government also aims to augment infrastructure through the 'Make in India' initiative, aims to improve the quality of the workforce and aims to increase funds for innovation. This is all in the line with the country's focus to ensure that India is one of the top five pharmaceuticals innovation hubs by 2020.

### **Opportunities and Threats:**

There are 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 have 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 a sector profitability comes under pressure.

Outlook:

The company has focused on new product 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).

### **Risk and Concerns:**

The company is majorly dependent on contract manufacturing business for another one or two years, till the company achieves full capacity utilization for its own manufactured product.

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 continuously 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.

### **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 be more people friendly and offered them a better work life balance.

## **Lactose (India) Limited**

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### **CERTIFICATE**

The Members  
Lactose (India) Limited

I have examined the compliance of the conditions of Corporate Governance by Lactose (India) Limited ("the Company"), for the financial year 2018-19, as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in the provisions as specified in Chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the Management, we hereby certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 27 & Chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2018-19.

I further state that my 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 Jajodia and Associates**  
Practicing Company Secretaries

Sd/-  
**Mrs. Priti Jajodia**  
Proprietor  
COP: 19900

**Date: 14<sup>th</sup> August, 2019**  
**Place : Mumbai**

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### **CERTIFICATE ON DIRECTORS' DISQUALIFICATION UNDER SECTION 164 OF THE COMPANIES ACT, 2019**

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by Lactose (India) Limited having its Registered office at Survey No. 6, Village Poicha (Raina) Savli, Vadodara Gujarat- 391780 and Corporate office at G02, A Wing, Navbharat Industrial Estate, Zakaria Bunder Road, Sewri (West), Mumbai 400 015 and also the information provided by the Company, its officers, agents and authorized representatives, I hereby report that during the Financial Year ended on 31st March, 2019 in my opinion, none of the director on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Company by the Board/Ministry of Corporate Affairs or any such Statutory authority.

**For Jajodia and Associates**  
Practicing Company Secretaries

Sd/-  
**Mrs. Priti Jajodia**  
Proprietor  
COP: 19900

**Date: 14<sup>th</sup> August, 2019**  
**Place : Mumbai**

## **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 Ind AS financial statements of Lactose India Limited ("the Company"), which comprises the balance sheet as at 31st March 2019, 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 (financial position) of the Company as at March 31, 2019, and its profit (Financial performance including 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 Companies Act, 2013 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**

1. 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.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the 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.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is 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 state of affairs (financial position), profit or loss (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 IND AS specified under section 133 of the Act. 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Lactose (India) Limited**

### **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 of the current period 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 Section 197(16) of the Act, 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 of the Act.
- 2 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 3 Further to our comments in "Annexure A", 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 financial statements dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
- (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 30 of the IND AS 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

**For C A S & Co**  
**(Formerly known as K.M. Tulsian & Associates)**  
**Chartered Accountants**  
**FRN. 111075W**

Sd/-  
**Nitesh Musahib**  
**Partner**  
**Mem. No. 131146**

**Place: Mumbai**  
**Date: 28<sup>th</sup> May, 2019**

## Lactose (India) Limited

### Annexure “A” to Independent Auditor’s Report

Annexure referred to in Paragraph 1 under “Report on Other Legal and Regulatory Requirements” in the Independent Auditor’s Report of even date to the members of Lactose India Limited (“the Company”) on the Ind AS financial statements for the year ended 31st March 2019.

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of its property, plant & equipment.
- b) During the year, the property, plant & equipment of the Company have been physically verified by the Management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- c) The title deeds of immovable properties (which are included under the note 3 – ‘Property, plant & equipment’) are held in the name of the Company.
- (ii) The inventories have been physically verified by the management during the year at reasonable intervals. Discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) a) As informed the Company has not granted any Loan, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) (a), 3 (iii) (b), and 3 (iii) (c) of the said Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, Section 185 & 186 of the Companies Act, 2013 is not applicable since the company has not granted any loan, made any investment and provided any guarantee or security.
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposit with in the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly the provision of clause 3(v) of the order are not applicable.
- (vi) According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost record under Section 148(1) of the Act, for the company.
- (vii) a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, Goods and Service tax, Value added tax, custom duty, excise duty, cess and any other material statutory dues applicable to it. Further, no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they become payable
- b) The dues outstanding in respect of income tax, sales tax, service tax, Goods & Service tax, value added tax, custom duty, excise duty which have not been deposited on account of any dispute are as follows

Name of the Statute	Amount involved (Rs in lakhs)	Amount paid (Rs in lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	20.23	3.03	A.Y. 2013-14	The Commissioner of Income Tax Appeal (Mumbai)

- (viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institution.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion the term loan were applied for the purposes for which they were raised.
- (x) No fraud by the company or on the Company by its officers or employees has been noticed or reported during the period covered under the audit.
- (xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provision of section 197 of the Act read with Schedule V of the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanation given to us, all transaction entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the financial Statements etc., as required by the applicable Indian Accounting Standards.
- (xiv) During the year the Company has converted the remaining 1,50,000 share warrants (out of 5,10,000 share warrants) into equity shares. The Company has complied with the provisions of section 42 of the act in this regard and applied the funds received for the purpose of funds raised
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under section 192 of the act.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For C A S & Co**  
(Formerly known as K.M. Tulsian & Associates)  
Chartered Accountants  
FRN. 111075W

Place: Mumbai  
Date: 28<sup>th</sup> May, 2019

Sd/-  
Nitesh Musahib  
Partner  
Mem. No. 131146

**Annexure “B”**

**Independent Auditor’s Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Lactose India Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the Ind AS 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 issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s 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 Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal

financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and 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**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 issued by the ICAI.

**For C A S & Co  
(Formerly known as K.M. Tulsian & Associates)  
Chartered Accountants  
FRN. 111075W**

Sd/-  
**Nitesh Musahib  
Partner  
Mem. No. 131146**

**Place: Mumbai  
Date: 28<sup>th</sup> May, 2019**

**Lactose (India) Limited**

**BALANCE SHEET AS AT 31 MARCH 2019**

(₹ in lakhs)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	6,038.82	6,188.41
Capital work-in-progress	3	148.17	24.51
Investment Property	4	-	128.37
<b>Financial assets</b>			
Investments	5	7.70	6.24
Other Financial Assets	6	79.02	78.51
Other non-current assets	7	124.30	138.14
<b>Total non-current assets</b>		<b>6,398.01</b>	<b>6,564.18</b>
<b>Current assets</b>			
Inventories	8	811.06	713.20
<b>Financial assets</b>			
Trade receivables	9	687.35	538.29
Cash and cash equivalents	10	68.87	267.89
Bank balances other than Cash and cash equivalents	11	24.68	10.72
Other Financial Assets	6	15.39	7.92
Other current assets	7	42.19	80.80
Income tax assets (net)	12	119.88	72.76
<b>Total current assets</b>		<b>1,769.42</b>	<b>1,691.58</b>
<b>TOTAL ASSETS</b>		<b>8,167.43</b>	<b>8,255.76</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	13	1,018.90	1,003.90
Other equity		2,406.08	2,172.41
<b>Total equity</b>		<b>3,424.98</b>	<b>3,176.31</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	14	3,150.46	3,401.91
Other financial liabilities	15	-	-
Provisions	16	55.54	48.56
Deferred Tax Liabilities	17	128.43	114.21
Other non-current liabilities	18	197.39	255.16
<b>Total non-current liabilities</b>		<b>3,531.82</b>	<b>3,819.84</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	14	14.55	-
Trade payables	19		
- Total outstanding dues to micro enterprise and small enterprise (refer note 19)		111.68	46.16
- Total outstanding dues to creditors other than micro enterprise and small enterprise		399.39	471.45
Other financial liabilities	15	523.24	548.31
Other current liabilities	18	156.73	190.66
Provisions	16	5.04	3.03
<b>Total current liabilities</b>		<b>1,210.63</b>	<b>1,259.61</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,167.43</b>	<b>8,255.76</b>
<b>Notes 1 to 37 form an integral part of the financial statements</b>			

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

**For C A S & CO.**

(formerly known as K.M. Tulsian & Associates)

Chartered Accountants

Firm Registration No.111075W

**For and on behalf of the Board of Directors**

**LACTOSE (INDIA) LIMITED**

CIN : L15201GJ1991PLC015186

Sd/-

**Nitesh Musahib**

Partner

Mem. No. 131146

Place: Mumbai

Date: 28<sup>th</sup> May, 2019

Sd/-

**Atul Maheshwari**

Managing Director

DIN 00255202

Place: Mumbai

Date: 28<sup>th</sup> May, 2019

Sd/-

**Sangita Maheshwari**

Whole Time Director & C.F.O.

DIN- 00369898

Sd/-

**Riddhi Sidhpura**

Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in lakhs)

Particulars	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
<b>INCOME</b>			
Revenue from Operations	20	4,060.84	3,112.90
Other Income	21	42.46	66.16
<b>Total Income</b>		<b>4,103.30</b>	<b>3,179.07</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	559.67	572.81
Purchase of Stock-in-Trade	23	210.46	-
Excise Duty		-	2.51
Changes in Inventories of finished goods and Work in progress	24	0.55	(1.67)
Employee benefits expense	25	1,235.46	995.52
Finance costs	26	535.35	546.06
Depreciation and amortisation expense	3	360.37	359.12
Other expenses	27	1,094.00	982.03
<b>Total expenses</b>		<b>3,995.85</b>	<b>3,456.39</b>
<b>Profit / (Loss) before tax</b>		<b>107.45</b>	<b>(277.32)</b>
<b>Tax expense/ (credit)</b>			
Current income tax		20.73	-
Tax adjustment for earlier years		-	3.71
Deferred income tax		14.69	(148.10)
<b>Total Tax expense/ (credit)</b>		<b>35.43</b>	<b>(144.39)</b>
<b>Profit/ (loss) for the year (A)</b>		<b>72.02</b>	<b>(132.93)</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items not to be reclassified subsequently to profit or loss</b>			
- Remeasurement of post employment benefit obligation		(1.67)	8.57
- Income tax effect on above		0.46	(2.21)
<b>Items that will be reclassified subsequently to profit or loss</b>			
		-	-
<b>Other comprehensive income for the year, net of tax (B)</b>		<b>(1.20)</b>	<b>6.36</b>
<b>Total comprehensive income/ (loss) for the year, net of tax (A+B)</b>		<b>70.81</b>	<b>(126.57)</b>
<b>Earnings per share (EPS)</b>	28		
(per equity share of nominal value Rs. 10 each)			
Basic and diluted (in Rs.)		<b>0.71</b>	<b>(1.37)</b>
<b>Notes 1 to 37 form an integral part of the financial statements</b>			

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

**For C A S & CO.**  
(formerly known as K.M. Tulsian & Associates)  
Chartered Accountants  
Firm Registration No.111075W

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

Sd/-  
**Nitesh Musahib**  
Partner  
Mem. No. 131146  
Place: Mumbai  
Date: 28<sup>th</sup> May, 2019

Sd/-  
**Atul Maheshwari**  
Managing Director  
DIN 00255202  
Place: Mumbai  
Date: 28<sup>th</sup> May, 2019

Sd/-  
**Sangita Maheshwari**  
Whole Time Director & C.F.O.  
DIN- 00369898

Sd/-  
**Riddhi Sidhpura**  
Company Secretary

**Lactose (India) Limited**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

(₹ in lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (loss) / profit before tax	107.45	(277.32)
<b>Adjustments for</b>		
Depreciation and amortisation expense	360.37	359.12
Interest expenses (including fair value change in financial instruments)	535.35	546.06
Interest income	(21.77)	(19.79)
Reversal of provision for expected credit loss	-	(7.39)
Remeasurement of post employment benefit obligation	(1.67)	8.57
Amortisation of deferred liabilities	-	(27.46)
Profit on sale of Investment	(6.39)	(0.72)
Unrealised loss on exchange fluctuations (net)	-	0.20
<b>Operating profit before working capital changes</b>	<b>973.34</b>	<b>581.27</b>
<b>Adjustments for changes in working capital:</b>		
Adjustments for changes in working capital:		
Decrease / (increase) in Inventories	(97.86)	(65.19)
Decrease / (increase) in Trade Receivables	(149.06)	361.10
Decrease / (increase) in Other financial assets	(7.97)	(5.52)
Decrease / (increase) in Other assets	39.59	137.74
(Decrease) / increase in Trade and other payables	(6.55)	(727.39)
(Decrease) / increase in Other financial Liabilities	(107.55)	49.03
(Decrease) / increase in Other liabilities	(91.70)	(247.21)
(Decrease) / increase in Short Term Provisions	2.01	1.22
(Decrease) / increase in Long Term Provisions	6.97	(1.71)
<b>Cash generated from / (used in) operations</b>	<b>561.22</b>	<b>83.36</b>
Direct taxes paid (net of refunds received)	(67.84)	(67.35)
<b>Net cash (used in) / from generated from operating activities (A)</b>	<b>493.39</b>	<b>16.01</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Property, plant and equipments/CWIP	(206.07)	(222.09)
Proceeds from sale of Property, plant and equipments	-	0.00
Capital Advance (given) / received	12.86	(18.45)
Fixed Deposits with Banks	(13.96)	38.11
Movement in Investment	4.92	0.28
Interest received	21.77	19.79
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>(180.49)</b>	<b>(182.36)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

(₹ in lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(Repayment) from long-term borrowings (net)	(168.98)	1197.33
Proceeds/(Repayment) from short-term borrowings (net)	14.55	(813.54)
Proceeds from issue of Share Warrants	177.86	628.45
Interest paid	(535.35)	(583.72)
<b>Net cash (used in) / from financing activities (C)</b>	<b>(511.92)</b>	<b>428.51</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(199.02)</b>	<b>262.15</b>
Cash and cash equivalents at the beginning of the year	267.89	5.74
<b>Cash and cash equivalents at the end of the year</b>	<b>68.87</b>	<b>267.89</b>
<b>Components of cash and cash equivalents considered only for the purpose of cash flow statement</b>		
In bank current accounts in Indian rupees	53.92	261.82
Cash on hand	14.95	6.07
	<b>68.87</b>	<b>267.89</b>

**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 37 form an integral part of the financial statements**

This is the Cash Flow Statement referred to in our audit report of even date

**For C A S & CO.**

(formerly known as K.M. Tulsian & Associates)  
Chartered Accountants  
Firm Registration No.111075W

**For and on behalf of the Board of Directors**

**LACTOSE (INDIA) LIMITED**  
CIN : L15201GJ1991PLC015186

Sd/-

**Nitesh Musahib**

Partner

Mem. No. 131146

Place: Mumbai

Date: 28<sup>th</sup> May, 2019

Sd/-

**Atul Maheshwari**

Managing Director

DIN 00255202

Place: Mumbai

Date: 28<sup>th</sup> May, 2019

Sd/-

**Sangita Maheshwari**

Whole Time Director &amp; C.F.O.

DIN- 00369898

Sd/-

**Riddhi Sidhpura**

Company Secretary

## Lactose (India) Limited

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

#### A) Equity share capital

Particulars	Number	(₹ in lakhs)
Equity shares of Rs.10 each issued, subscribed and paid		
<b>Balance as at 1 April 2017</b>	<b>96,79,000</b>	<b>967.90</b>
Changes in equity share capital for the year ended 31 March 2018	3,60,000	36.00
<b>Balance as at the 31 March 2018</b>	<b>1,00,39,000</b>	<b>1,003.90</b>
Changes in equity share capital for the year ended 31 March 2019	1,50,000	15.00
<b>Balance as at the 31 March 2019</b>	<b>1,01,89,000</b>	<b>1,018.90</b>

#### B) Other equity

Particulars	Reserves and surplus			Other Comprehensive Income	Money received against share warrants	Total equity attributable to equity holders
	Capital Reserve	Securities Premium Reserve	Retained Earnings	Remeasurement of Defined Benefit Plans		
<b>Balance as at 1 April 2017</b>	<b>75.00</b>	<b>289.23</b>	<b>1,340.57</b>	1.71	-	<b>1,706.51</b>
Money received against Convertible Share Warrants	-	-	-	-	-	-
Converted to Equity Shares	-	-	-	-	(569.16)	<b>(569.16)</b>
Received during the year	-	533.16	-	-	628.45	<b>1,161.61</b>
Total comprehensive income for the year	-	-	(132.92)	6.36	-	<b>(126.55)</b>
<b>Balance as at 31 March 2018</b>	<b>75.00</b>	<b>822.39</b>	<b>1,207.65</b>	<b>8.07</b>	<b>59.29</b>	<b>2,172.41</b>
Received during the year	-	222.15	-	-	177.86	<b>400.01</b>
Converted to Equity Shares	-	-	-	-	(237.15)	<b>(237.15)</b>
Total comprehensive income for the year	-	-	72.02	(1.20)	-	<b>70.81</b>
<b>Balance as at 31 March 2019</b>	<b>75.00</b>	<b>1,044.54</b>	<b>1,279.67</b>	<b>6.87</b>	-	<b>2,406.08</b>

#### 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.

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

#### For C A S & CO.

(formerly known as K.M. Tulsian & Associates)  
Chartered Accountants  
Firm Registration No.111075W

#### For and on behalf of the Board of Directors

**LACTOSE (INDIA) LIMITED**  
CIN : L15201GJ1991PLC015186

Sd/-

**Nitesh Musahib**  
Partner  
Mem. No. 131146  
Place: Mumbai  
Date: 28<sup>th</sup> May, 2019

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Managing Director  
DIN 00255202  
Place: Mumbai  
Date: 28<sup>th</sup> May, 2019

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**Sangita Maheshwari**  
Whole Time Director & C.F.O.  
DIN- 00369898

Sd/-

**Riddhi Sidhpura**  
Company Secretary



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## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

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### 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 2019 were authorised for issue in accordance with resolution of the Board of Directors on 28th May, 2019.

### 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.

#### 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.

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.

Interest income is recognized using Effective Interest Rate (EIR) method.

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.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

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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.

**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:**

Non – financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is the higher of the assets or Cash Generating Units (CGU) fair value less cost of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

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### 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 Taxes on Income

#### a) Current Tax

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, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

#### b) Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred Tax asset and liability are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled based on rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

#### c) Minimum Alternate Tax

Minimum Alternate tax credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect 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.

#### b) Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### - Debt instruments at Fair value through Other Comprehensive Income (FVTOCI)

A 'debt instrument' is measured at the fair value through other comprehensive income if both the following conditions are met:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

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- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in the Statement of Profit and Loss. Other net gains and losses are recognised in other comprehensive Income.

- **Debt instruments at Fair value through profit or loss (FVTPL)**

Fair value through profit or loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

- **Equity investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI).

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**c) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Accumulated gains or losses on equity instruments measured at FVTOCI are never reclassified to the Statement of Profit and Loss.

**d) Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial asset measured at amortised cost
- Financial asset measured at fair value through other comprehensive income

Expected credit losses are measured through a loss allowance at an amount equal to:

- 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, considering historical trend, industry practices and the business environment in which the Company operates or any other appropriate basis.

The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

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**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.

**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:**

Provision for Gratuity is recorded on the basis of actuarial valuation certificate provided by the actuary using Projected Unit Credit Method.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**Defined Contribution Plans**

Defined Contribution Plans such as Provident Fund, etc. are charged to the Statement of Profit and Loss as incurred.

**2.18 Foreign Currency Transactions:**

a) **Functional and Presentation Currency:**

The Financial Statements are presented in Indian rupees which is the functional currency for the Company. All amounts have been rounded off to the nearest millions, unless otherwise indicated.

b) **Monetary items:**

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items (except for long term monetary items taken prior to April 1, 2016) are recognised in Statement of Profit and Loss either as Profit or Loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as on 31st March, 2016 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of the asset or liability.

c) **Non – Monetary items:**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**2.19 Provisions, Contingent Liabilities and Capital Commitments**

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

**2.20 Earnings per Share**

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

**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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

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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 Recent accounting pronouncements**

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognize depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**Note 3 : Property, plant and equipment**

Particulars	(₹ in lakhs)								Total	
	Land - Owned	Building - (Factory)	Building - (Office)	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equip-ments Office & Air Condi-tioners	Comput-ers		Electrical Installa-tions
<b>Gross carrying value</b>										
Balance as at 1 April 2017 (Refer Note (i) below)	280.25	1,532.85	10.32	4,457.06	85.41	69.97	4.79	5.16	120.65	6,566.46
Additions	-	-	-	257.23	3.13	27.97	1.18	3.41	6.62	299.53
Additions/(Deletion) on account of Exchange Differences	-	1.10	-	6.82	-	-	-	-	0.14	8.07
Deductions/ Adjustment made during the Year	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>280.25</b>	<b>1,533.95</b>	<b>10.32</b>	<b>4,721.11</b>	<b>88.54</b>	<b>97.94</b>	<b>5.97</b>	<b>8.57</b>	<b>127.41</b>	<b>6,874.06</b>
Additions	-	4.27	-	186.63	0.14	-	18.23	1.00	-	210.27
Additions/(Deletion) on account of Exchange Differences	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>280.25</b>	<b>1,538.22</b>	<b>10.32</b>	<b>4,907.74</b>	<b>88.68</b>	<b>97.94</b>	<b>24.20</b>	<b>9.57</b>	<b>127.41</b>	<b>7,084.33</b>
<b>Accumulated depreciation</b>										
Balance as at 1 April 2017 (Refer Note (i) below)	-	58.99	0.20	218.20	13.65	12.62	1.88	3.34	19.89	328.77
Depreciation charge	-	59.02	0.20	244.58	13.56	20.94	1.32	1.01	16.24	356.88
Adjustments / deductions	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>118.01</b>	<b>0.40</b>	<b>462.77</b>	<b>27.21</b>	<b>33.56</b>	<b>3.20</b>	<b>4.36</b>	<b>36.14</b>	<b>685.65</b>
Depreciation charge	-	59.11	0.20	250.14	11.82	21.77	2.64	1.50	12.69	359.86
Adjustments / deductions	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>177.12</b>	<b>0.61</b>	<b>712.91</b>	<b>39.03</b>	<b>55.34</b>	<b>5.83</b>	<b>5.85</b>	<b>48.83</b>	<b>1,045.51</b>
<b>Net carrying value</b>										
Balance as at 1 April 2017	280.25	1,473.86	10.12	4,238.86	71.76	57.35	2.92	1.81	100.76	6,237.69
Balance as at 31 March 2018	280.25	1,415.94	9.92	4,258.34	61.33	64.38	2.78	4.21	91.27	6,188.41
Balance as at 31 March 2019	280.25	1,361.10	9.71	4,194.83	49.65	42.60	18.37	3.72	78.59	6,038.82



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

**Note (i) :**

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition to IND AS and hence the net block carrying amount has been considered as the gross block carrying amount on 1st April 2016. However the Company has elected to consider fair value of its land as its deemed cost on the date of transition to Ind AS.

Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP.

Particulars	Land - Owned	Building (Factory)	Building - (Office)	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments & Air Conditioners	Computers	Electrical Installations	Total
Gross Block as at 1 April 2016	280.25	1,893.57	12.81	5,734.60	137.46	167.00	107.33	46.93	150.19	<b>8,530.13</b>
Accumulated depreciation as at 1 April 2016	-	358.04	2.49	1,601.30	67.22	89.22	103.16	42.26	42.60	<b>2,306.30</b>
<b>Net Block as at 1 April 2016</b>	<b>280.25</b>	<b>1,535.53</b>	<b>10.32</b>	<b>4,133.30</b>	<b>70.24</b>	<b>77.78</b>	<b>4.17</b>	<b>4.67</b>	<b>107.58</b>	<b>6,223.83</b>

**Note 3 : Capital work-in-progress**

Particulars	Plant and Machinery	Pre - Operative Expenses	Electrical Installation	Water Management Expenses	Total
<b>Balance as at 1 April 2017</b>	<b>98.52</b>	<b>11.50</b>	-	-	<b>110.02</b>
Additions/(Adjustment) during the Year	(0.03)	-	9.70	14.81	24.48
Capitalisation During the Year	(98.49)	(11.50)	-	-	(109.99)
<b>Balance as at 31 March 2018</b>	-	-	<b>9.70</b>	<b>14.81</b>	<b>24.51</b>
Additions/(Adjustment) during the Year	243.10	-	-	-	243.10
Capitalisation During the Year	(94.93)	-	(9.70)	(14.81)	(119.44)
<b>Balance as at 31 March 2019</b>	<b>148.17</b>	-	-	-	<b>148.17</b>

**Lactose (India) Limited**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**Note 4 : Investment Property**

(₹ in lakhs)

Particulars	Building	Total
<b>Gross carrying value</b>		
Balance as at 1 April 2017	132.87	132.87
Additions	-	-
Disposals	-	-
<b>Balance as at 31 March 2018</b>	<b>132.87</b>	<b>132.87</b>
Additions	-	-
Disposals	(132.87)	(132.87)
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation</b>		
Balance as at 1 April 2017	2.25	2.25
Additions	2.25	2.25
Disposals	-	-
<b>Balance as at 31 March 2018</b>	<b>4.49</b>	<b>4.49</b>
Additions	0.51	0.51
Disposals	(5.01)	(5.01)
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>-</b>
<b>Net carrying value</b>		
Balance as at 31 March 2017	130.62	130.62
Balance as at 31 March 2018	128.37	128.37
Balance as at 31 March 2019	-	-

Note:

i) **Amounts recognised in Profit and Loss for Investment purpose**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Rental Income	1.95	6.00
Direct Operating Expenses from Property that generates Rental Income	-	1.04
Profit from Investment Property before Depreciation	1.95	4.96
Depreciation	0.51	2.25
<b>Profit From Investment Properties</b>	<b>1.44</b>	<b>2.71</b>

ii) **Fair Value**

Particulars	As at 31 March 2019	As at 31 March 2018
Investment Properties	-	167.18
	<b>-</b>	<b>167.18</b>

**Estimation of Fair value :**

The above valuation of the investment properties are in accordance with the Ready Reckoner rates prescribed by the Government of Maharashtra for the purpose of levying stamp duty. Since the valuation is based on the published Ready Reckoner rates, the company has classified the same under Level 2 of Fair value hierarchy.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**Note 5 : Investments**

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>I. Investment at fair value through Profit or loss</b>		
Investment in Equity instruments		
i) In other companies	6.91	5.51
Investment in mutual fund	0.79	0.73
<b>Total non-current investments</b>	<b>7.70</b>	<b>6.24</b>

**Note 5.1 Detailed list of non-current investments**

Face value of Rs. 10 each, unless otherwise stated

	As at 31 March 2019		As at 31 March 2018	
	Nos	(₹ in lakhs)	Nos	(₹ in lakhs)
<b>I. Investments valued At Fair value through Profit and Loss, fully paid up, quoted, unless otherwise stated</b>				
<b>i) Investment in Equity instruments</b>				
Clio Infotech Limited (face value of Rs. 10/- each, fully paid up)	1,000	0.02	1,000	0.02
Shardul Securities & Finance Limited (face value of Rs. 10/- each, fully paid up)	12,800	6.89	12,800	5.49
		<b>6.91</b>		<b>5.51</b>
<b>ii) Investment in mutual fund</b>				
L&T Floating Rate Fund- Growth	4,261	0.79		0.73
		<b>0.79</b>		<b>0.73</b>
<b>Total non-current investments</b>		<b>7.70</b>		<b>6.25</b>

Particular	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
<b>Details:</b>		
<b>Aggregate of non-current investments:</b>		
Book value of investments (net of impairment allowance)	7.70	6.25
Investments carried at fair value through profit and loss	7.70	6.25

## Lactose (India) Limited

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

#### Note 6 : Other Financial Assets

(Unsecured & considered good, unless otherwise stated)

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
<b>Non-current</b>		
Security Deposits	79.02	78.51
<b>Total non-current financial assets</b>	<b>79.02</b>	<b>78.51</b>
<b>Current</b>		
Advances recoverable in cash or in kind	11.10	7.80
Other Receivable	4.29	0.12
<b>Total current financial assets</b>	<b>15.39</b>	<b>7.92</b>
<b>Total other financial assets</b>	<b>94.41</b>	<b>86.43</b>

#### Note 7 : Other non-current assets

(Unsecured, considered good, unless otherwise stated)

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
<b>Non-current</b>		
Capital advances	95.60	108.45
Balance with government authorities	28.41	28.41
Prepaid expenses	0.30	1.28
<b>Total non-current assets</b>	<b>124.30</b>	<b>138.14</b>
<b>Current</b>		
Interest accrued on deposits	4.50	4.09
Duties and Taxes Receivable	12.33	49.58
Advance to suppliers	8.29	19.86
Prepaid expenses	17.07	7.27
<b>Total current assets</b>	<b>42.19</b>	<b>80.80</b>
<b>Total other assets</b>	<b>166.50</b>	<b>218.94</b>

#### Note 8 : Inventories

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

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
Raw Materials and components	246.53	151.05
Work-in-progress	474.61	464.07
Finished goods	48.97	60.05
Stores, spares and other consumables	40.95	38.03
<b>Total Inventories</b>	<b>811.06</b>	<b>713.20</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**Note 9 : Trade receivables**

(Unsecured &amp; considered good, unless otherwise stated)

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
Trade receivables	694.64	543.72
Less: Provision for expected credit loss	(7.29)	(5.43)
<b>Total trade receivables</b>	<b>687.35</b>	<b>538.29</b>

**Note 10 : Cash and cash equivalents**

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
Balances with banks		
- Current accounts in Indian rupees	53.92	261.82
Cash on hand	14.95	6.07
<b>Total cash and cash equivalents</b>	<b>68.87</b>	<b>267.89</b>

**Note 11 : Bank balances other than Cash and cash equivalents**

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
<b>Earmarked balances with banks for:</b>		
Margin money deposits with original maturity of more than 3 months and remaining maturities of less than 12 months	17.95	7.69
Fixed deposits with bank	6.73	3.03
<b>Total other bank balances</b>	<b>24.68</b>	<b>10.72</b>

Margin money amounting to Rs. 17.95 lakh is held as bank guarantee.

**Note 12 : Income tax assets (net)****(a) Amounts recognised in Statement of Profit and Loss**

Particulars	(₹ in lakhs)	
	2018-19	2017-18
<b>Current tax expense (A)</b>		
Current year	20.73	-
Short/(Excess) provision of earlier years	-	3.71
<b>Deferred tax expense (B)</b>		
Origination and reversal of temporary differences	14.69	(148.10)
<b>Tax expense recognised in the income statement (A+B)</b>	<b>35.43</b>	<b>(144.39)</b>

## Lactose (India) Limited

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

#### (b) Amounts recognised in other comprehensive income

Particulars	2018-19			2017-18		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of post employment benefit obligation	(1.67)	0.46	(1.20)	8.57	(2.21)	6.36
	<b>(1.67)</b>	<b>0.46</b>	<b>(1.20)</b>	<b>8.57</b>	<b>(2.21)</b>	<b>6.36</b>

#### (c) Reconciliation of effective tax rate

Particulars	2018-19	2017-18
<b>Profit before tax</b>	<b>107.45</b>	<b>(277.32)</b>
Tax using the Company's domestic tax rate @ 26%	27.94	(72.10)
<b>Tax effect of :</b>		
Effect of expenses that is not deductible in determining taxable profits	5.34	1.66
Adjustments recognised in current year in relation to the current tax of prior years	-	3.71
Others	2.15	(77.66)
<b>Tax expense as per Statement of Profit &amp; Loss</b>	<b>35.43</b>	<b>(144.39)</b>
Effective tax rate	32.973%	52.067%

#### (d) Income tax assets (net)

Particular	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
Advance income tax and TDS	119.88	72.76
<b>Total Income Tax Assets</b>	<b>119.88</b>	<b>72.76</b>

#### Note 13 : Share capital

Particular	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
<b>Authorised share capital</b>		
12,000,000 equity shares of Rs.10/- each	1,200.00	1,200.00
<b>Total authorised share capital</b>	<b>1,200.00</b>	<b>1,200.00</b>
<b>Issued, subscribed and paid-up equity share capital:</b>		
1,01,89,000 (PY 1,00,39,000) equity shares of Rs. 10/- each, fully paid up	1,018.90	1,003.90
<b>Total issued, subscribed and paid-up equity share capital</b>	<b>1,018.90</b>	<b>1,003.90</b>

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

	Number	(₹ in lakhs)
<b>As at 1 April 2017</b>	<b>96,79,000</b>	<b>967.90</b>
Issued during the year	3,60,000	36.00
<b>As at 31 March 2018</b>	<b>1,00,39,000</b>	<b>1,003.90</b>
Issued during the year	1,50,000	15.00
<b>As at 31 March 2018</b>	<b>1,01,89,000</b>	<b>1,018.90</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

### b. Terms/rights attached to equity shares:

- (i) 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.
- (ii) 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, 2019		As on March 31, 2018	
	% held	No. of shares	% held	No. of shares
Gyaneshwar Multitrade Private Limited	10.96%	11,16,215	11.13%	11,17,615
Sangeeta Maheshwari	11.06%	11,27,410	11.23%	11,27,410
Atul Maheshwari	9.31%	9,48,510	9.45%	9,48,510
Indu Kasat	0.00%	-	7.77%	7,80,000
Shyamsunder Toshniwal	8.91%	9,08,073	-	-
Madhusa Lifecare Private Limited	5.67%	5,78,184	5.76%	5,78,184
Madhu Toshniwal	6.00%	6,10,968	5.34%	5,35,968

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: 1,50,000 Equity Shares (of Rs 10 each fully paid up) have been issued on conversion of the Share warrant issued at a Rs 158.18 (including security premium of Rs 148.18) in the ratio of one share per warrant in the current year.

### Note 14 : Borrowings

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
<b>Non current</b>		
<b>Secured</b>		
Term Loan from Others	3,555.28	3,707.87
Less: Current maturities of long term debt	(420.00)	(340.00)
	<b>3,135.28</b>	<b>3,367.87</b>
Vehicle loan from Bank	18.32	23.26
Less: Current Maturities of Long term Borrowings	(5.37)	(4.94)
	<b>12.95</b>	<b>18.32</b>
	<b>3,148.23</b>	<b>3,386.19</b>
<b>Unsecured</b>		
Loan from Others	15.51	26.96
Less: Current maturities Inter Corporate Loans	(13.28)	(11.24)
	<b>2.23</b>	<b>15.71</b>
<b>Total non-current borrowings</b>	<b>3,150.46</b>	<b>3,401.91</b>
<b>Current</b>		
<b>Unsecured</b>		
Loan from Directors	14.55	-
<b>Total current borrowings</b>	<b>14.55</b>	<b>-</b>
<b>Total borrowings</b>	<b>3,165.01</b>	<b>3,401.91</b>

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

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**Note:**

**I) Secured borrowings**

**Term Loan From Financial Institution**

- a) Term loan from Piramal Finance Ltd. Amounting to Rs.3355.28 Lakhs (31.03.2018 : Rs. 3707.87 lakhs). It carries an interest rate of 13.95% p.a.. The loan is repayable in 72 monthly installment starting from 5th September, 2017.
- b) Term loan from Piramal Finance Ltd. Amounting to Rs 200 Lakhs (31.03.2018 : Rs. Nil). It carries an interest rate of 15.45% p.a.. The repayment of principal amount of loan shall commence by the end of 24th Month from the first drawdown in 5 instalments.

**The above loan are secured by**

- i) Exclusive charges over current and future Fixed assets of the borrower
- ii) Joint, Several Irrevocable unconditional personal guarantee of Shri Atul Maheshwari and Smt. Sangeeta Maheshwari
- iii) A First charge by way of hypothecation by the Borrower of its current asset ranking on a pari paru basis with the charge created/to be created for securing non fund based working capital facility availed/to be availed by the Borrower aggregating to the extent of Rs.400 lakhs

**Term Loan From Banks :**

**Vehicle loans From Bank**

- a) Vehicle loan from HDFC Bank amounting to Rs. 5.54 lakhs (31.03.2018 : Rs.6.71 lakhs) is secured against respective vehicle. It carries interest rate of 8.50% p.a. and is repayable in 60 equal monthly installment amounting to Rs. 0.14 lakhs each.
- b) Vehicle loan from HDFC Bank amounting to Rs. 4.01 lakhs (31.03.2018 : Rs.4.87 lakhs,) is secured against respective vehicle. It carries interest rate of 8.50% p.a. and is repayable in 60 equal monthly installment amounting to Rs. 0.1 lakhs each.
- c) Vehicle loan from HDFC Bank amounting to Rs. 4.82 lakhs (31.03.2018 : Rs.6.42 lakhs,) is secured against respective vehicle. It carries interest rate of 8.46% p.a. and is repayable in 48 equal monthly installment amounting to Rs. 0.17 lakhs each.
- d) Vehicle loan from HDFC Bank amounting to Rs. 3.94 lakhs (31.03.2018 : Rs.5.26 lakhs) is secured against respective vehicle. It carries interest rate of 8.46% p.a. and is repayable in 48 equal monthly installment amounting to Rs. 0.14 lakhs each.

**II) Unsecured borrowings**

**Unsecured borrowings from Financial Institution**

Long Term Loan From Bajaj Finserv amounting to Rs. 15.09 lakhs (31.03.2018: Rs. 26.96 lakhs,) which are unsecured and carry interest rate of 16.75%p.a and is repayable in 36 installments of Rs. 1.24 lakhs each.

**Unsecured borrowings from Directors**

Short term loans from Directors are unsecured and interest free. The loan is repayable on demand.



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**Note 15 : Other financial liabilities**

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
<b>Non - Current</b>		
Interest accrued but not due	-	-
<b>Total Non - Current Other financial liabilities</b>	-	-
<b>Current</b>		
Current maturities of long-term debt	438.65	356.18
Provision for Expenses	72.10	105.81
Deposit received	0.64	3.98
Other Payable	11.52	47.94
Interest accrued but not due	0.33	34.40
<b>Total Current Other financial liabilities</b>	<b>523.24</b>	<b>548.31</b>
<b>Total other financial liabilities</b>	<b>523.24</b>	<b>548.31</b>

**Note 16 : Provisions**

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
<b>Non-current</b>		
Provision for employee benefits (Refer note 31)		
- Gratuity	55.54	48.56
<b>Total non-current provisions</b>	<b>55.54</b>	<b>48.56</b>
<b>Current</b>		
Provision for employee benefits (Refer note 31)		
- Gratuity	5.04	3.03
<b>Total current provisions</b>	<b>5.04</b>	<b>3.03</b>
<b>Total provisions</b>	<b>60.57</b>	<b>51.59</b>

**Note 17 : Deferred Tax Liabilities**

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
<b>Deferred Tax Liability on account of :</b>		
Property, Plant and Equipments	712.11	645.86
Interest expenses on unwinding of financial liability	14.23	16.79
Investments carried at fair value through profit and loss	0.50	0.12
	<b>726.84</b>	<b>662.77</b>

## Lactose (India) Limited

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
<b>Deferred Tax Asset on account of :</b>		
Provision for employee benefits	19.21	16.46
Provision for expected credit loss on trade receivables	1.89	1.79
Unabsorbed Depreciation	371.40	345.15
MAT Credit Entitlement	205.89	185.15
	<b>598.39</b>	<b>548.56</b>
<b>Total Deferred Tax Liabilities</b>	<b>128.43</b>	<b>114.21</b>

#### Note 18 : Other non-current liabilities

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
<b>Non-current</b>		
Advance Manufacturing Consideration	255.16	312.93
Less : Current maturities of Advance Manufacturing Consideration	(57.77)	(57.77)
<b>Total other non-current liabilities</b>	<b>197.39</b>	<b>255.16</b>
<b>Current</b>		
Duties & Taxes Payable	61.02	36.34
Current maturities of Advance Manufacturing Consideration (Refer Note below)	57.77	57.77
Advance from Customer	-	28.74
Payable for Capital goods	37.94	67.55
Prepaid Rent Income	-	0.26
<b>Total other current liabilities</b>	<b>156.73</b>	<b>190.66</b>
<b>Total other liabilities</b>	<b>354.12</b>	<b>445.82</b>

#### 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 Indegredients India Private Limited (KIPL) and accordingly as per the manufacturing agreement with KIPL, has recognised during the year income of Rs.57.77 lakhs (31.03.2018 :Rs.57.77 lakhs,) on proportionate basis out of total Advance Manufacturing Consideration amounting to Rs. 577.72 lakhs and the balance of Rs.57.77 lakhs (31.03.2018 Rs. 57.77 lakhs is disclosed under the head "Other Current liability" and Rs. 255.16 (31-03-2018 Rs. 312.93 lakhs, is disclosed under the head "Other Long term liability".

#### Note 19 : Trade payables

Particulars	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
- Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note below)	111.68	46.16
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	399.39	471.46
<b>Total trade payables</b>	<b>511.07</b>	<b>517.62</b>

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 2019.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

The disclosure pursuant to the said Act is as under:

Particulars	31 March 2019 (₹ in lakhs)	31 March 2018 (₹ in lakhs)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year*;	111.68	46.16
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	2.17	-
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.

**Note 20 : Revenue from Operations**

Particulars	Year ended 31 March 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
<b>Sale of Product Comprises of:</b>		
Sales	876.23	452.77
Conversion Charges	3,112.71	2,592.19
	<b>3,988.94</b>	<b>3,044.96</b>
<b>Other operating revenue</b>		
Scrap Sales	10.41	10.17
MEIS Export Incentive	3.72	-
Manufacturing Consideration	57.77	57.77
	<b>71.90</b>	<b>67.94</b>
<b>Total Revenue from Operations</b>	<b>4,060.84</b>	<b>3,112.90</b>

## Lactose (India) Limited

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

#### Note 21 : Other Income

Particulars	Year ended 31 March 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
Interest Income		
- on rent deposits	0.54	0.50
- on Fixed Deposits	4.07	1.34
- on others	4.50	9.77
- on Income Tax Refund	-	2.96
- on VAT Refund	13.20	5.71
Reversal of provision for Expected Credit Loss	-	7.39
Rent Income	6.15	10.23
Amortisation of deferred liabilities	-	27.46
Profit on sale of Investment Property	6.39	0.72
Fair valuation of Investment	1.45	-
Sundry Balances written back (net)	5.24	-
Miscellaneous Income	0.92	0.08
<b>Total other income</b>	<b>42.46</b>	<b>66.16</b>

#### Note 22 : Cost of materials consumed

Particulars	Year ended 31 March 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
<b>Raw Materials /Components</b>		
Opening Stock	151.05	83.81
Add: Purchases	655.16	670.66
Less Resin transferred to FA	-	(30.61)
Less: Closing Stock	246.53	151.05
<b>Total Cost of Materials Consumed</b>	<b>559.67</b>	<b>572.81</b>

#### Note 23 : Purchase of stock-in-Trade

Particulars	Year ended 31 March 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
Purchase of Stock-in-Trade	210.46	-
	<b>210.46</b>	<b>-</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

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

Particulars	Year ended 31 March 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
<b>Opening Inventory</b>		
Finished Goods	60.05	138.79
Work-In-Progress	464.07	383.66
	<b>524.12</b>	<b>522.45</b>
<b>Closing Inventory</b>		
Finished Goods	48.97	60.05
Work-In-Progress	474.61	464.07
	<b>523.58</b>	<b>524.12</b>
<b>Total Changes in Inventories of finished goods and Work in Progress</b>	<b>0.55</b>	<b>(1.67)</b>

**Note 25 : Employee benefits expense**

Particulars	Year ended 31 March 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
Salaries and wages	1,079.55	874.80
Directors Remuneration	118.37	88.37
Gratuity (Refer note 31)	9.92	9.00
Contribution to provident and other funds (Refer note 31)	18.10	14.60
Staff welfare	9.53	8.75
<b>Total employee benefits expense</b>	<b>1,235.46</b>	<b>995.52</b>

Note : Salaries and Wages include amount paid towards contractual wages Rs. 589.56 lakhs ( 31.03.2018 : Rs.496.37 lakhs ).

**Note 26 : Finance costs**

Particulars	Year ended 31 March 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
Interest Expenses		
- Banks & Financial Institutions	528.51	468.75
- Unsecured loan	3.39	43.54
- amortisation of Trade payables	-	29.43
- unwinding of security deposit	-	0.03
Bank Charges	3.46	4.31
<b>Total finance costs</b>	<b>535.35</b>	<b>546.06</b>

## Lactose (India) Limited

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

#### Note 27 : Other expenses

Particulars	Year ended 31 March 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
Stores and spares consumed	84.46	77.50
Power and Fuel expenses	624.29	532.46
Laboratory materials consumed	18.28	21.29
Rent	24.62	26.67
Repairs to :		
- Building	4.41	6.23
- Machinery	16.32	17.68
- Others	26.09	21.74
Insurance Charges	13.44	12.04
Rates and Taxes	9.57	10.48
Legal and Professional	43.36	42.97
Communication Expenses	10.55	10.02
Auditor's Remuneration	6.66	6.05
Travelling Expenses	32.01	42.91
Freight Outward	2.93	3.05
Sales Promotion Charges	10.70	16.82
Foreign Exchange Loss (Net)	-	0.20
Loss on fair value changes in investments	-	0.28
ECL	<b>1.86</b>	-
Miscellaneous Expenses	164.45	133.64
<b>Total other expenses</b>	<b>1,094.00</b>	<b>982.03</b>
<b>Auditors' remuneration:</b>		
i) Statutory audit fees	6.33	5.75
ii) Taxation Matters	-	-
iii) Other Services	0.33	0.30
	<b>6.66</b>	<b>6.05</b>

#### Note 28 : Earnings per share (EPS)

The amount considered in ascertaining the Company's earnings per share constitutes the net loss 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**Basic and diluted EPS**

Profit computation for basic earnings per share of Rs. 5 each

Net Profit after Tax as per Statement of Profit and Loss attributable to Equity	(Rs. in lakhs)	72.02	(132.93)
Weighted average number of equity shares for EPS computation	(Nos.)	1,00,94,890	97,16,887
EPS - Basic and Diluted EPS	(Rs.)	0.71	(1.37)

**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
<b>A) Key Management Personnel (KMP) and their relatives</b>	
Mrs. Sangita Maheshwari	Whole time Director and CFO
Mr Atul Maheshwari	Managing Director
Mr Shyam Sunder Toshniwal	Non Executive- Non Independent Director
Mr Mahendrakumar Singhi	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 Suyog Chaukar	Company Secretary (from 01.10.2017 to 22.10.2018)
Mr Riddhi sidhpura	Company Secretary (from 26-10-2018)
<b>B) Entities in which KMP have significant influence</b>	
Eurolife Healthcare Private Limited	
Madhusa Lifecare Private Limited	
Madhusa Biotech Private Limited	
Lotus Global Private Limited	
Omega Colors Private Limited	

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 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
Mr. Atul Maheshwari	Director's Remuneration	65.78	47.18
	Loan Taken	9.52	106.75
	Interest Expense	-	1.67
	Loan Repaid	9.52	143.00
Mrs. Sangita Maheshwari	Director's Remuneration	52.58	41.18
	Rent paid	5.40	5.04
	Loan Taken	57.25	206.27
	Loan Repayment	42.70	265.64
	Interest Expense	-	2.74

**Lactose (India) Limited**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Particulars	Nature of Transaction	Year ended 31 March 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
Mrs. Madhu Toshniwal	Consultancy Charges paid	6.90	6.90
	Loan taken	-	65.63
	Loan Repaid	-	65.63
Mr SS Toshniwal	Loan taken	15.00	102.13
	Loan Repayment	15.00	157.12
	Interest Expense	-	3.69
Mr Yash Maheshwari	Salary paid	6.00	3.80

**II. Enterprises over which key management personnel have significant influence**

Particulars	Nature of Transaction	Year ended 31 March 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
Madhusha Lifecare Private Limited	Loan Taken	20.00	732.00
	Repayment of Loans Taken	20.00	832.00
	Interest Expense	-	7.53
	Purchases	-	51.63
	Sales	16.77	6.09
	Reimbursement of expenses	-	0.91
Eurolife Healthcare Private Limited	Sales	145.28	112.50
	Purchases	-	5.83
	Others receivable	-	14.42
Lotus global private limited	Loan Taken	31.00	-
	Repayment of Loans Taken	31.00	-
	Interest Expense	-	-
Omega Colors Private Limited	Loan Taken	75.00	130.00
	Interest Expense	3.39	4.86
	Sales	311.20	-
	Purchases	13.37	-
	Loan Repaid	78.39	180.00

**III. Balance Outstanding of Related Parties:**

Particulars	Nature of Transaction	As on March 31, 2019 (₹ in lakhs)	As on March 31, 2018 (₹ in lakhs)
Mrs Sangita Maheshwari	Loan Payable	14.55	-
	Director Remuneration Payable	4.38	3.43
	Advance given against rent		
		<b>18.93</b>	<b>3.43</b>
Mr. Atul Maheshwari	Loan Payable	-	-
	Interest Payable	-	-
	Director Remuneration Payable	5.48	3.93
		<b>5.48</b>	<b>3.93</b>



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Particulars	Nature of Transaction	As on March 31, 2019 (₹ in lakhs)	As on March 31, 2018 (₹ in lakhs)
Mrs. Madhu Toshniwal	Other receivable		
	Expense Payable	0.58	0.52
		<b>0.58</b>	<b>0.52</b>
Mr. Yash Maheshwari	Salary Payable	0.45	<b>0.45</b>
		<b>0.45</b>	<b>0.45</b>
Madhusa biotech Private Limited	Capital Advance	90.00	90.00
		<b>90.00</b>	<b>90.00</b>
Madhusa Lifecare Private Limited	Trade payable	-	2.63
	Advance for supply of goods.	3.44	-
	Advance received	-	28.74
		<b>3.44</b>	<b>31.37</b>
Eurolife Healthcare Private Limited	Trade payable	-	5.83
	Trade receivable	45.66	30.12
		<b>45.66</b>	<b>35.95</b>
Omega Colors Private Limited	Trade payable	9.59	-
	Trade receivable	119.44	
		<b>109.85</b>	-

**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:

Particular	As on March 31, 2019 (₹ in lakhs)	As on March 31, 2018 (₹ in lakhs)
<b>I) Claims not acknowledged as Debts :</b>		
i) Disputed liability in respect of Income tax (AY 13-14)	20.23	20.23
<b>II) Guarantees</b>		
i) Guarantee given by Bank on behalf of the Company	16.05	6.05
<b>III) Other money for which the company is contingently liable</b>		
i) Custom Duty against Export Obligation (Refer Note (a) below)	2.81	35.84

**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.62.37 lakhs (31.03.2018 Rs 810.32 lakhs), needs to be completed under the licence. This export obligation to be completed within 6 years from the date of purchase of respective EPCG license In case of advance licence, export obligation to be completed

## Lactose (India) Limited

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

within 18 months from the date of purchase of advance licence

#### (b) Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 271.18 lakhs (31.03.2018 : Rs.306.12 lakhs.).

- c) Tax liability in respect of Income Tax (AY 15-16) of Rs 2.28 lakh as per Income tax website . The Reconciliation of the same with the IT department is under process
- d) Tax liability in respect of default under TDS is Rs 0.80 lakh as per Income tax website. The same is under the process of Reconciliation

#### 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 2019 (₹ in lakhs)	Year ended 31 March 2018 (₹ in lakhs)
<b>a) Changes in defined benefit obligations</b>		
Defined Benefit Obligation ("PBO") at the beginning of the year	51.59	52.08
Service cost for the year	5.95	4.99
Interest cost for the year	3.97	4.01
Actuarial losses / (gains)	1.67	(8.57)
Benefits paid	(2.61)	(0.91)
<b>Defined Benefit Obligation ("PBO") as at the end of the year</b>	<b>60.57</b>	<b>51.59</b>
<b>b) Amounts recognised in the Statement of Profit and Loss</b>		
Current service cost	5.95	4.99
Net interest on net Defined Liability / (Asset)	3.97	4.01
<b>Expenses recognised in the statement of profit and loss</b>	<b>9.92</b>	<b>9.00</b>
<b>c) Remeasurement (gains)/ losses recognised in OCI</b>		
Actuarial changes arising from changes in financial assumptions	-	(3.62)
Actuarial changes arising from changes in demographic assumptions	-	-
Experience adjustments	1.67	(4.95)
<b>Total</b>	<b>1.67</b>	<b>(8.57)</b>
<b>d) The amounts recognised in the Balance Sheet are as follows:</b>		
Present value of obligation as at the end of the year	60.57	51.59
Funded value of assets (unfunded)	-	-
<b>e) Actuarial assumptions</b>		
Discount rate	7.70% p.a.	7.70% p.a.
Normal retirement age (in years)	58	60
Salary escalation rate (% p.a.) *	7.00% p.a.	7.00% p.a.
Attrition rate	5% to 1%	5.00% p.a.
Mortality rate	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**f) Quantities sensitivity analysis for significant assumption is as below:**

Particulars	31 March 2018 (₹ in lakhs)	31 March 2017 (₹ in lakhs)
<b>One percent increase</b>		
i. Discount rate	56.10	47.78
ii. Salary escalation rate - over a long-term	65.64	55.88
iii. Withdrawal rate	60.65	51.65
<b>One percent decrease</b>		
i. Discount rate	65.65	55.90
ii. Salary escalation rate - over a long-term	56.03	47.73
iii. Withdrawal rate	60.49	51.53

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	5.04	3.03
2nd Following Year	3.03	5.33
3 rd Following Year	2.97	2.55
4th Following Year	4.17	2.50
5th Following Year	6.19	2.51
Sum of Year 6 to 10 Year	54.96	21.23
<b>Total expected payments</b>	<b>76.36</b>	<b>37.16</b>

**B Defined contribution plans**

**a) The Company has recognised the following amounts in the Statement of Profit and Loss for the year:**

(i) Contribution to provident fund	18.10	14.60
	<b>18.10</b>	<b>14.60</b>

**C Current/ non-current classification**

Particulars	31 March 2019 (₹ in lakhs)	31 March 2018 (₹ in lakhs)
<b>Gratuity</b>		
Current	5.04	3.03
Non-current	55.54	48.56
	<b>60.57</b>	<b>51.59</b>

**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".

## Lactose (India) Limited

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

#### Note 33 : Operating leases

##### Leases as lessor

The Company has given its property on lease/ Leave and licence. The cancellable leases are renewable by mutual consent on mutually agreeable terms.

The future minimum lease payments for non-cancellable operating lease are as follows:

Particulars	31 March 2019 (₹ in lakhs)	31 March 2018 (₹ in lakhs)
Within less than 1 year	-	7.89
Between one and five years	-	15.14
Later than five years	-	-

##### Leases as lessee

The future minimum lease payments for non-cancellable operating lease are as follows:

Particulars	31 March 2019 (₹ in lakhs)	31 March 2018 (₹ in lakhs)
Within less than 1 year	-	17.29
Between one and five years	-	18.78
Later than five years	-	52.8

#### Note 34: Fair Value Measurement

##### A) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

₹ in lakhs

31 March 2019	Note	Carrying amount			Fair value			Total
		FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3	
<b>Financial assets</b>								
Investments in Equity Instruments	5	6.91	-	-	6.91	-	-	<b>6.91</b>
Investments in Mutual Fund		0.79	-	-	0.79	-	-	<b>0.79</b>
Trade receivables	9	-	-	687.35	-	-	-	<b>687.35</b>
Cash and cash equivalents	10	-	-	68.87	-	-	-	<b>68.87</b>
Bank balances other than Cash and cash equivalents	11	-	-	24.68	-	-	-	<b>24.68</b>
Other financial asset	6	-	-	94.41	-	-	-	<b>94.41</b>
		<b>7.70</b>	-	<b>875.31</b>	7.70	-	-	<b>883.01</b>
<b>Financial liabilities</b>								
Borrowings	14	-	-	3,165.01	-	-	-	<b>3,165.01</b>
Trade payables	19	-	-	511.07	-	-	-	<b>511.07</b>
Other financial liabilities	15	-	-	523.24	-	-	-	<b>523.24</b>
		-	-	<b>4,199.31</b>	-	-	-	<b>4,199.31</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

₹ in lakhs

31 March 2018	Note	Carrying amount			Fair value			Total
		FVTPL	FVTOCI	Amor- tised Cost	Level 1 -	Level 2	Level 3	
<b>Financial assets</b>								
Investments in Equity Instruments	5	5.52	-	-	5.51		-	<b>5.51</b>
Investments in Mutual Fund		0.73			0.73			<b>0.73</b>
Trade receivables	9	-	-	538.29	-	-	-	<b>538.29</b>
Cash and cash equivalents	10	-	-	267.89	-	-	-	<b>267.89</b>
Bank balances other than Cash and cash equivalents	11	-	-	10.72	-	-	-	<b>10.72</b>
Other financial asset	6	-	-	86.43	-	-	-	<b>86.43</b>
		<b>6.26</b>	-	<b>903.32</b>	6.25	-	-	<b>909.57</b>
<b>Financial liabilities</b>								
Cash and cash equivalents	14	-	-	3,401.91	-	-	-	<b>3,401.91</b>
Trade payables	19	-	-	517.63	-	-	-	<b>517.63</b>
Other financial liabilities	15	-	-	548.31	-	-	-	<b>548.31</b>
		-	-	<b>4,467.85</b>	-	-	-	<b>4,467.85</b>

**B) Measurement of fair values****Valuation techniques and significant unobservable inputs**

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.

**i) Financial instruments measured at amortised cost**

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Borrowings	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Not applicable	Not applicable
Other financial liabilities - (current maturities of long-term debt)	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Not applicable	Not applicable

## Lactose (India) Limited

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

#### ii) Financial instruments measured at fair value through profit or loss

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in mutual funds	The fair values of investments in mutual fund units is based on the net asset value ("NAV") as stated by the issuer of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which the issuers will redeem such units from the investor.	Not applicable	Not applicable

#### 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. Major financial instruments affected by market risk includes loans and borrowings.

##### a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any exposure to the risk of changes in market interest rates relates primarily to the Company's total debt obligations with fixed interest rates.

##### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit/(loss) before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	(₹ in lakhs)	
	As at 31 March 2019	As at 31 March 2018
Increase in basis points	50 basis points	50 basis points
Effect on profit/(loss) before tax, increase by	(18.16)	(9.34)
Decrease in basis points	50 basis points	50 basis points
Effect on profit/(loss) before tax, decrease by	18.16	9.34

##### Fair value sensitivity analysis for fixed-rate instruments :

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IND AS 107, since neither the carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

##### 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**Particulars of unhedged foreign currency exposures as at the reporting date**

Particulars	As on March 31, 2019		As on March 31, 2018	
	(₹ in lakhs)	In USD	(₹ in lakhs)	In USD
Advance received from customer	-	-	-	-
Loan payable	-	-	-	-
Trade Receivable	12.60	18,110.4	-	-
Trade Payables	4.37	7,481.2	39.83	61,423

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.

**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 considers the probability of default upon initial recognition of asset and whether there has been a significant increase in the credit risk on an on-going basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on assets as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- Actual or expected significant adverse changes in business
- Actual or expected significant changes in the operating results of the counterparty
- Financial or economic conditions that are expected to cause a significant change to the counterparties ability to meet its obligation
- Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. When loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. When recoverable are made, these are recognised as income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

**Ageing of Accounts receivables :**

(₹ in lakhs)

Particulars	As at 31-03-2019	As at 31-03-2018
Not Due	424.99	452.21
0 - 6 months	267.42	89.29
6 - 12 months	-	-
Beyond 12 months	2.22	2.22
Total	694.64	543.72

## Lactose (India) Limited

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

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

#### Movements in provision of doubtful debts

Particulars	(₹ in lakhs)	
	As at 31-03-2019	As at 31-03-2018
Opening provision	5.43	12.82
Add : Additional provision made	-	-
Less : Provision reversed	-	(7.39)
Add : Provision for Expected Credit Loss	1.86	-
Closing provisions	7.29	5.43

#### Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks of Rs. 68.87 lakhs Rs 267.89 lakhs as at 31 March 2019, 31 March 2018 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.

The allowance for impairment in respect of trade receivables during the year is stated below:

Particulars	31 March 2019 (₹ in lakhs)	31 March 2018 (₹ in lakhs)
Balance at the beginning of the year	5.43	12.82
Balance at the end of the year	7.29	5.43

#### 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. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Exposure to liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

Particulars	Note No.	(₹ in lakhs)			
		Contractual cash flows			
		Less than 1 year	1 - 5 years	More than 5 years	Total
<b>As at 31 March 2019</b>					
<b>Non - derivative financial liabilities</b>					
Borrowings	14	496.42	2,668.59	-	3,165.01
Trade payables	19	511.07	-	-	511.07
Other financial liabilities	15	523.24	-	-	523.24
		<b>1,530.73</b>	<b>2,668.59</b>	<b>-</b>	<b>4,199.31</b>
<b>As at 31 March 2018</b>					
<b>Non - derivative financial liabilities</b>					
Borrowings	14	413.95	1,197.96	1,790.00	3,401.91
Trade payables	19	517.63	-	-	517.63
Other financial liabilities	15	548.31	-	-	548.31
		<b>1,479.89</b>	<b>1,197.96</b>	<b>1,790.00</b>	<b>4,467.85</b>



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**Note 36 : 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.

Particulars	(₹ in lakhs)	
	As at 31 March 2019	As at 31 March 2018
Total debts	3,603.98	3,792.49
Total equity	3,424.98	3,176.31
<b>Total debts to equity ratio (Gearing ratio)</b>	<b>0.51</b>	<b>0.54</b>

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 37 : 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 37 form an integral part of the financial statements**

**For C A S & CO.**  
(formerly known as K.M. Tulsian & Associates)  
Chartered Accountants  
Firm Registration No.111075W

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

Sd/-  
**Nitesh Musahib**  
Partner  
Mem. No. 131146  
Place: Mumbai  
Date: 28<sup>th</sup> May, 2019

Sd/-  
**Atul Maheshwari**  
Managing Director  
DIN 00255202  
Place: Mumbai  
Date: 28<sup>th</sup> May, 2019

Sd/-  
**Sangita Maheshwari**  
Whole Time Director & C.F.O.  
DIN- 00369898

Sd/-  
**Riddhi Sidhpura**  
Company Secretary



## LACTOSE (INDIA) LIMITED

CIN: L15201GJ1991PLC015186

**REGISTERED OFFICE** : VILLAGE POICHA (RANIA), SURVEY NO. 6, SAVLI, DIST. VADODARA – 391780  
Tel: 02667244729, Email ID:investor.lactose@gmail.com Web: www.lactoseindialimited.com

### ATTENDANCE SLIP ANNUAL GENERAL MEETING 30<sup>th</sup> September, 2019

DP ID – Client ID / : Folio No .	
Name & Address : Of sole Member	
Name of the Joint : Holder(s)	
No of Shares held :	

I certify that I am a member / Proxy for the member of the Company.

I hereby record my presence at the Annual General Meeting of the Company at Village Poicha (Rania), Survey no. 6, Savli, dist. Vadodara – 391780 at 12:30 p.m on 30th of September, 2019

\_\_\_\_\_  
Member / Proxy's Signature



### ELECTRONIC VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	User ID	(Pan / Seq.No)

NOTE: Please read the complete instructions given under the Note (The Instructions for shareholders voting electronically) to the Notice of the Annual General Meeting. The voting period begins on Friday, 27<sup>th</sup> September, 2019 at 9.00 a.m. and ends on Sunday, 29<sup>th</sup> September, 2019 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut- off date Tuesday, 24<sup>th</sup> September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.



## LACTOSE (INDIA) LIMITED

CIN: L15201GJ1991PLC015186

REGISTERED OFFICE : VILLAGE POICHA (RANIA), SURVEY NO. 6, SAVLI, DIST. VADODARA – 391780

Tel: 02667244729, Email ID:investor.lactose@gmail.com Web: www.lactoseindialimited.com

Form No. MGT-11

### PROXY FORM

(Pursuant to section 105(6) of the companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014)

Name of the Member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

Email Id: \_\_\_\_\_

Folio No./client ID No. \_\_\_\_\_ DP ID No. \_\_\_\_\_

I/We being the member(s) of Shares of Lactose (India) Limited, hereby appoint

1. Name : \_\_\_\_\_ Email Id: \_\_\_\_\_

Address: \_\_\_\_\_

Or failing him

Signature: \_\_\_\_\_

2. Name : \_\_\_\_\_ Email Id: \_\_\_\_\_

Address: \_\_\_\_\_

Or failing him

Signature: \_\_\_\_\_

3. Name : \_\_\_\_\_ Email Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

As my/our proxy to attend and vote (on a poll) for me/us and my/our behalf at the 28<sup>th</sup> Annual General Meeting of the Company to be held on Monday, 30<sup>th</sup> September, 2019 at 12.30 p.m. at Village Poicha (Rania), Survey No. 6, Savli, Dist. Vadodara –391780 at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of Annual Accounts and reports thereon for the financial year ended 31st March, 2019.
2. Reappointment of Mr. Shyamsunder Toshniwal, as Director of the Company who retires by rotation.
3. Reappointment of Mrs.Sangita Maheshwari, as Whole-Time Director of the Company.
4. Re-appointment of Mr. Atul Maheshwari as Managing Director of the Company.
5. Appointment of Mr. Mahendra Singhi Omprakash, as an Independent Director of the Company
6. Re-appointment of Mr. Pramod Kalani as an Independent Director of the Company.
7. Re-appointment of Mr. Gopal Krishna Sarda as an Independent Director of the Company
8. Approval for Related Party Transactions

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of share holder \_\_\_\_\_ Signature of Proxy holder(s) \_\_\_\_\_

Note: This form of Proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.

**Dear Shareholder**

**Sub: Green Initiative in corporate Governance-Electronic mode of service of Documents**

The Ministry of Corporate affairs, Government of India, has by circular no 17/2011 dated 21<sup>st</sup> April 2011 and 18/2011 dated 29<sup>th</sup> April, 2011 respectively, clarified that a company will have complied with the provisions of the companies act, 1956, if service of notice(s) / document(s) on its shareholders has been made through electronic mode. This initiative by the government is indeed commendable and your company supports the same. We are sure, that as a responsible shareholder, you too will support this initiative. By registering yourself with the company for e-communication, you will be able to receive such notice(s) / document(s) etc. promptly and without loss in postal transit.

It is proposed that henceforth documents like Notices of Meetings, annual Reports, Directors Report, Auditors Report and other shareholder communication will be sent electronically to the email address provided by you and made available to the Company by the Depositories viz, NSDL / CDSL. As and when there are changes in your email address, you are requested to keep your Depository Participant (DP) informed of the same.

For shares held in Physical form, shareholders can either register their email address with the Company at investor.lactose@gmail.com mentioning their name(s) and Folio no. or return this Letter duly filled in to the Company's Registrar & Transfer Agent.

Kindly note that if you still wish to get a hard copy of the above documents, the Company will send the same, free of cost, upon receipt of a request from you.

Thanking you

Yours sincerely,

**For Lactose (India) Limited**

**Atul Maheshwari**

Managing Director

Folio No. / DP ID & Client ID \_\_\_\_\_

Name of 1<sup>st</sup> Registered Holder \_\_\_\_\_

Name of Joint Holder(s) \_\_\_\_\_

E-mail Address (To Be Registered) \_\_\_\_\_

Mobile No. \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_



**BOOK - POST**

*If undelivered, please return to :*

**LACTOSE (INDIA) LIMITED**

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