

LACTOSE (INDIA) LIMITED



30th

ANNUAL REPORT 2020-2021

LACTOSE (INDIA) LIMITED

BOARD OF DIRECTORS

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

AUDITORS

C A S & Co. Chartered Accountants

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

CORPORATE OFFICE

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

BANKERS

HDFC Bank Ltd.

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

REGISTRAR & SHARE TRANSFER AGENT

Big Share Services Pvt. Ltd.

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 - 391780

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

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

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 30TH ANNUAL GENERAL MEETING OF THE MEMBERS OF LACTOSE (INDIA) LIMITED WILL BE HELD ON THURSDAY, 30TH SEPTEMBER 2021 AT 12.00 NOON THROUGH ELECTRONIC MODE [VIDEO CONFERENCING (“VC”) OR ANY OTHER AUDIO-VISUAL MEANS (“OAVM”)] TO TRANSACT THE FOLLOWING BUSINESS:

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

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2021, 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. Approval of Related transaction(s)

To consider and if thought fit, to pass with or without modification(s), 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 20 Cores (Rupees Twenty Crores Only) 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.)	Period of transaction
1.	Vitanosh Ingredients Private Limited	Enterprise where Promoter has Significant Influence	Sales	Rs. 20,00,00,000	01 st April, 2021 to 31 st March, 2025
			Purchase	Rs. 20,00,00,000	
2.	Eurolife Healthcare Pvt Ltd	Enterprise where KMP has Significant Influence	Sales	Rs. 10,00,00,000	01 st April, 2022 to 31 st March, 2025
			Purchase	Rs. 10,00,00,000	
3.	Madhusa Lifecare Pvt Ltd	Enterprise where KMP has Significant Influence	Sales	Rs. 10,00,00,000	01 st April, 2022 to 31 st March, 2025
			Purchase	Rs. 10,00,00,000	
4.	Omega Colors Pvt Ltd	Enterprise where KMP has Significant Influence	Sales	Rs. 10,00,00,000	01 st April, 2022 to 31 st March, 2025
			Purchase	Rs. 10,00,00,000	
5.	YVM Global	Proprietorship Firm of Manager	Sales	Rs. 10,00,00,000	01 st April, 2022 to 31 st March, 2025
			Purchase	Rs. 10,00,00,000	
6.	Cellseed Enterprises Pvt Ltd	Enterprise where KMP has Significant Influence	Sales	Rs. 10,00,00,000	01 st April, 2022 to 31 st March, 2025
			Purchase	Rs. 10,00,00,000	
7.	Marisa International	Firm of Relative of Director	Rent Payable	Rs. 10,00,000	01 st April, 2022 to 31 st March, 2025

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

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4. Payment of Remuneration to Mrs. Sangita Maheshwari, Whole-Time Director, for the period from 01st February 2022 to 31st January,2024:

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

“**RESOLVED THAT** pursuant to recommendation of Nomination and Remuneration Committee and in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) and the Rules framed thereunder, (including any statutory modifications or re-enactment thereof, for the time being in force) and the Articles of Association of the Company and subject to such other approvals as may be necessary, consent of the Members, be and is hereby accorded for the payment of the remuneration to Mrs. Sangita Maheshwari (DIN: 00369898) as a Whole time Director, designated as an Executive Director, for the remaining period from 01st February, 2022 to 31st January, 2024 not exceeding the limits specified under Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to the Whole time Director, subject to such other approvals as may be necessary.

RESOLVED FURTHER THAT Mr. Atul Maheshwari, Managing Director or Mr. Ritesh Pandey, 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. Payment of Remuneration to Mr. Atul Maheshwari, Managing Director, for the Period From 01st October 2022 to 30th September, 2024:

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

“**RESOLVED THAT** pursuant to recommendation of Nomination and Remuneration Committee and in

accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) and the Rules framed thereunder, (including any statutory modifications or re-enactment thereof, for the time being in force) and the Articles of Association of the Company and subject to such other approvals as may be necessary, consent of the Members, be and is hereby accorded for the payment of the remuneration to Mr. Atul Maheshwari (DIN:00255202) Managing Director, designated as an Executive Director, for the remaining period viz., 01st October, 2022 to 30th September, 2024 not exceeding the limits specified under Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to the Managing Director, subject to such other approvals as may be necessary.

RESOLVED FURTHER THAT Mrs. Sangita Maheshwari, Managing Director or Mr. Ritesh Pandey, 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.”

By Order of the Board

Sd/-

Ritesh Pandey
(Company Secretary)

Date :30.08.2021

Place: Mumbai

Regd. Office:

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

NOTES TO NOTICE

- i. The Statement as required under Section 102 of the Companies Act, 2013 ("the Act") is annexed to the Notice.
- ii. In view of the current extraordinary circumstances caused by the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 05th May, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" read with General Circular No. 14/ 2020 dated 08th April, 2020, the General Circular No. 17/ 2020 dated 13th April, 2020, No. 33/2020 dated 28th September, 2020 and General Circular No. 39/2020 dated 31st December, 2020 and General Circular No.02/2021 dated 13th January, 2021 (collectively referred to as "MCA Circulars") permitted the Companies to hold their Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the current AGM of the Company is being held through VC / OAVM. The deemed venue for the 30th AGM will be the registered office of the Company. The procedure for joining the AGM through VC/ OAVM is mentioned in this Notice.
- iii. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
- iv. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
- v. Members shall have the option to vote electronically ("e-voting") either before the AGM ("remote e-voting") or during the AGM.

In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and

- Administration) Rules, 2014 and any amendments thereto, Secretarial Standard on General Meetings ("SS-2"), Regulation 44 of the SEBI Listing Regulations and MCA Circulars, the facility for remote e-voting and e-voting in respect of the business to be transacted at the AGM is being provided by the Company through Central Depository Services (India) Limited ("CDSL"). Necessary arrangements have been made by the Company with CDSL to facilitate remote e-voting and e-voting during the AGM.
- vi. The Company has appointed Mr. Nishant Bajaj (Practicing Company Secretary), having COP no. 21538, as the scrutinizer for scrutinizing the entire e-voting process i.e. remote e-voting and e-voting during the AGM, to ensure that the process is carried out in a fair and transparent manner.
 - vii. The attendance of the Members joining the AGM through VC / OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Act.
 - viii. Members attending the AGM through VC / OAVM should note that those who are entitled to vote but have not exercised their right to vote by remote e-voting, may vote during the AGM through e-voting for all businesses specified in the Notice. The Members who have exercised their right to vote by remote e-voting may attend the AGM but cannot vote during the AGM.
 - ix. Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the Member / Beneficial Owner list maintained by the depositories as on the cutoff date i.e. Thursday, 23rd September, 2021 ("cut-off date").
 - x. A person who is not a member as on Wednesday, 22nd September, 2021 should treat this Notice for information purposes only.
 - xi. A person, whose name is recorded in the Register of Members / Beneficial Owners list maintained by the depositories as on Thursday, 23rd September, 2021 only shall be entitled to avail the facility of remote e-voting or e-voting during the AGM.
 - xii. Register of Members and Share Transfer Books will remain closed from Thursday 23rd September, 2021 to Thursday, 30th September, 2021 (both days inclusive).
 - xiii. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote during the AGM.
 - xiv. Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which includes easy liquidity since trading is permitted in dematerialized form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents. Further, with effect from 01st April 2019, requests for transfer of securities are not permitted unless the securities are

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- held in a dematerialized form with a depository except in case of transmission or transposition of securities as per SEBI Listing Regulations. Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding at the earliest.
- xv. Members holding shares in dematerialized form are requested to update with their respective Depository Participants (“DP”), their bank account details (account number, 9 digit MICR and 11 digit IFSC), e-mail IDs and mobile number. Members holding shares in physical form may communicate details to the Company / Registrar and Transfer Agent viz. Bigshare Services Private Limited (“RTA”) before Thursday, 23rd September, 2021 by quoting the Folio No. and attaching a scanned copy of the cancelled cheque leaf of their bank account and a self-attested scanned copy of the PAN card.
- xvi. Members can avail of the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act.
- xvii. Additional information of Directors seeking re-appointment at the ensuing AGM, as required under Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of the SS-2, is annexed to the Notice
- xviii. In line with MCA Circulars and SEBI circular dated 12th May 2020, the Notice calling the AGM along with the Annual Report for 2020-21 (“Annual Report”) is being sent through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice of AGM and Annual Report will also be available on the website of the Company at www.lactoseindialimited.com, and the website of the Stock Exchanges i.e. BSE Limited at www.bseindia.com. The Notice is also disseminated on the website of CDSL (agency providing the remote e-voting facility and e-voting during the AGM) at www.evotingindia.com. For the purpose of receiving the Notice of the AGM and the Annual Report through electronic mode in case the email address is not registered with the respective DPs / Company / RTA, Members may register the email IDs using the facility provided by the Company through the following link <https://bigshareonline.com/InvestorRegistration.aspx#AdvdTrack#> Members who have not yet registered their e-mail addresses are requested to register the same with their DPs in case the shares are held by them in dematerialized form and with Company/ RTA in case the shares are held by them in physical form.
- xix. All the documents referred in the Notice are available for inspection electronically from the date of dispatch of Notice upto 30th Annual General Meeting. Members seeking to inspect such documents are requested to write to the Company at lil@lactoseindialimited.com.
- xx. In case of any queries regarding the Annual Report, the Members may write to investor@bigshareonline.com to receive an email response.
- xxi. In continuation of this Ministry’s General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated, 13th, January 2021.
- xxii. **Procedure for voting through electronic means:**
- (A) Procedure and instructions for remote e-voting**
- Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL
- The instructions for shareholders voting electronically are as under:
- For Members, whose e-mail addresses are registered with the Company/ Depositories:
- The instructions for members for voting electronically are as under:
- (i) The voting period begins on Sunday, 26th September, 2021 at 9.00 a.m. (IST) and ends on Wednesday, 29th September, 2021 at 5.00 p.m (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Thursday, 23rd September, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders’ resolutions. However, it has been observed that the participation by the public non-institutional shareholders/ retail shareholders is at a negligible level.

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

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs,

thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

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

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

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	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

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

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

1. Log on to the e-voting website www.evotingindia.com
2. Click on "Shareholders" module.
3. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- d. Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com>

from [cdslindia.com](http://www.cdslindia.com) from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
6. If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

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

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However,

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

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the Electronic Voting Sequence Number (EVSN) of Lactose (India) Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively, non-individual Members are required to send the relevant Board resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the scrutinizer and to the Company, if the aforesaid documents are not uploaded on the CDSL e-voting system, for scrutinizer to verify the same
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800 22 5533.
- (xxi) All grievances connected with the e-voting facility may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to helpdesk.evoting@cdslindia.com or call 1800 22 5533 / 022-2305 8542.

- **Process for those shareholders whose email addresses/mobile no. are not registered with the company/depositories**
- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
- For Demat shareholders -Please update your email id & mobile no. with your respective Depository Participant (DP)
- For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

Lactose (India) Limited

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

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

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

- iv. Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast Monday, 20th September, 2021 to Wednesday, 22nd September, 2021 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at lil@lactoseindialimited.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance Monday, 20th September, 2021 to Wednesday, 22nd September, 2021 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at lil@lactoseindialimited.com. These queries will be replied to by the company suitably by email
- v. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

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

- i. The procedure to be followed for e-voting on the day of the AGM will be the same mentioned above for remote e-voting.
- ii. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.

- iii. Only those Members, who are present at the AGM through VC / OAVM and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting during the AGM.
- iv. If any votes are cast by the Members through the e-voting facility available during the AGM and if the said Members have not participated in the AGM through VC / OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the AGM is available only to the Members attending the AGM
- v. Members who need any technical assistance before or during the AGM, can contact Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to helpdesk.evoting@cdslindia.com or call 1800 22 5533 / 022-2305 8542.

Declaration of Results:

- i. Mr. Nishant Bajaj, Practicing Company Secretary (COP No: 21538), has been appointed as the scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- ii. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty-eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- iii. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.lactoseindialimited.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

ANNEXURE TO THE NOTICE

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

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

Name of the Director	Mrs. Sangita Maheshwari	Mr. Shyamsunder Toshniwal	Mr. Atul Maheshwari
DIN	00369898	01223515	00255202
Designation	Whole Time Director	Non- Executive Director	Managing Director
Date of Birth	06/02/1967	30/05/1940	02/07/1965
Age	54 years	81 years	56 years
Date of Appointment	24/02/2014	13/08/2014	11/03/1991
Nationality	Indian	Indian	Indian
Brief Resume	Over 30 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.
Expertise in specific functional area	Sales and Marketing	Financial and Legal Matters	Pharmaceutical Company
Qualification	B.com	B.Com (Hons). LLB	MBA in International Business from the University of New Hampshire, USA
List of outside Directorship held as on 31st March, 2021 (Excluding Private Limited Companies and Foreign Companies)	NIL	NIL	Photoquip (India) Ltd
Chairman/Member of the Committee of Board of Directors of the Company as on 31st March, 2021	NIL	NIL	Chairman of Risk Management Committee & Sexual Harassment Committee of Lactose (India) Limited Member of Audit Committee and Nomination and remuneration committee of Photquip India Limited
No of Shares held in the Company as on 31st March, 2021	13,41,910	11,22,573	11,63,010
Relationship with other Directors and Key Managerial Personnel	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

Lactose (India) Limited

Remuneration proposed to be paid	<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 & Conditions remains same.</p>	NA	<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 & Conditions remains same.</p>
Remuneration last drawn (including sitting fees, if any) for the financial year 2020-21	52.67 Lakhs p.a.	Nil	95.78 Lakhs p.a.
Number of Board Meetings attended during the financial year 2020-21	8	8	8
Terms and Conditions of Appointment/Re-appointment	N.A	N.A	N.A

ANNEXURE TO THE NOTICE

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

In Conformity with the Provisions of Section 102(1) of the Companies Act, 2013 the following Explanatory Statement sets out all the material facts relating to the item of Special Business at item no. 3 to 5 of the Notice dated 30th August, 2021 and the same should be taken as forming part of the notice.

Item No. 3:

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.

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.)	Period of transaction
1.	Vitanosh Ingredients Private Limited	Enterprise where Promoter has Significant Influence	Sales	Rs. 20,00,00,000	01 st April, 2021 to 31 st March, 2025
			Purchase	Rs. 20,00,00,000	
2.	Eurolife Healthcare Pvt Ltd	Enterprise where KMP has Significant Influence	Sales	Rs. 10,00,00,000	01 st April, 2022 to 31 st March, 2025
			Purchase	Rs. 10,00,00,000	
3.	Madhusha Lifecare Pvt Ltd	Enterprise where KMP has Significant Influence	Sales	Rs. 10,00,00,000	01 st April, 2022 to 31 st March, 2025
			Purchase	Rs. 10,00,00,000	
4.	Omega Colors Pvt Ltd	Enterprise where KMP has Significant Influence	Sales	Rs. 10,00,00,000	01 st April, 2022 to 31 st March, 2025
			Purchase	Rs. 10,00,00,000	
5.	YVM Global	Proprietorship Firm of Manager	Sales	Rs. 10,00,00,000	01 st April, 2022 to 31 st March, 2025
			Purchase	Rs. 10,00,00,000	
6.	Cellseed Enterprises Pvt Ltd	Enterprise where KMP has Significant Influence	Sales	Rs. 10,00,00,000	01 st April, 2022 to 31 st March, 2025
			Purchase	Rs. 10,00,00,000	
7.	Marisa International	Firm of Relative of Director	Rent Payable	Rs. 10,00,000	01 st April, 2022 to 31 st March, 2025

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. 3 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) and 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.

Item No. 4:

The Members at the 28th Annual General Meeting ('AGM') held on 30th September, 2019 approved the re-appointment of Mrs. Sangita Maheshwari as Wholetime Director of the Company with effect from 01st February, 2019 for the tenure of 5 years.

Pursuant to the provisions of Section 196, 197 and 198 of the Companies Act, 2013 read with Schedule V and on the recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 30th August, 2021 has approved

Lactose (India) Limited

the remuneration of Mrs. Sangita Maheshwari for a remaining period of two years effective from 01st February, 2022 to 31st January, 2024 on terms and conditions as enumerated.

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. 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 245.50 Lakhs.
4	Financial performance based on given indicators	:	Financial performance of the Company for the last 3 years are as under:

(Rs. In Lakhs)

Particulars	FY 2020-21	FY 2019-20	FY 2018-19
Operational and other Income	3527.64	4,034.40	4103.30
Expenditure	3,854.68	4,024.46	3995.85
Profit/(Loss) before Tax	(327.04)	9.94	107.45
Provision for Current Tax	0	1.55	20.73
Deferred Tax Liability / Assets	(84.20)	0.82	14.69
Taxation of earlier years	4.89	0.37	0
Profit/(Loss) after Tax	(242.21)	3.61	70.81

2. Information about the appointee:

1	Background details, Recognition or awards	:	Over 30 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	:	Rs. 52.67 Lakhs p.a.
3	Job Profile and her Suitability	:	Whole Time Director & Chief Financial Officer
4	Remuneration proposed	:	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. ii. Such benefits, perquisites and allowances as may be determined by the Board from time to time. Other terms & Conditions remains same.
5	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.
6	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	:	Mr. Shyamsunder Toshniwal- Father Mr. Atul Maheshwari- Husband

3. Other Information

1	Reason for loss or inadequate profit	:	During the financial year ended 31st March, 2021, the profits of the Company may not be adequate due to COVID impact.
2	Steps taken or proposed to be taken for improvement	:	The Company has taken significant steps to reduce costs in line with the projected sales given the COVID impact.
3	Expected increase in productivity and profits in measurable terms	:	During 2021-2022, Q2 and Q3 business results is expected to show further progressive recovery and underlying business results.

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 this Resolution. The above statements may be regarded as an abstract of the terms and memorandum of interest pursuant to section 190 of the Companies Act, 2013.

Item No. 5:

The Members at the 28th Annual General Meeting ('AGM') held on 30th September, 2019 approved the re-appointment of Mr. Atul Maheshwari as Managing Director of the Company with effect from 1st October 2019 for the tenure of 5 years.

Pursuant to the provisions of Section 196, 197 and 198 of the Companies Act, 2013 read with Schedule V and on the recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 30th August, 2021 has approved the remuneration of Mrs. Sangita Maheshwari for a remaining period of two years effective from 01st October, 2022 to 30th September, 2024 terms and conditions as enumerated.

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. 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 245.50 Lakhs.
4	Financial performance based on given indicators	:	Financial performance of the Company for the last 3 years are as under:

(Rs. In Lakhs)

Particulars	FY 2020-21	FY 2019-20	FY 2018-19
Operational and other Income	3527.64	4,034.40	4103.30
Expenditure	3,854.68	4,024.46	3995.85
Profit/(Loss) before Tax	(327.04)	9.94	107.45
Provision for Current Tax	0	1.55	20.73
Deferred Tax Liability / Assets	(84.20)	0.82	14.69
Taxation of earlier years	4.89	0.37	0
Profit/(Loss) after Tax	(242.21)	3.61	70.81

2. Information about the appointee:

1	Background details, Recognition or awards	:	Atul Maheshwari is the primary Promoter of Lactose India Limited. He has done 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	:	Rs. 95.78 Lakhs p.a.
3	Job Profile and her Suitability	:	Managing Director
4	Remuneration proposed	:	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. ii. Such benefits, perquisites and allowances as may be determined by the Board from time to time. Other terms & Conditions remains same.
5	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.
6	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	:	Mrs. Sangita Maheshwari- Wife Mr. Shyamsunder Toshniwal- Father-in-law

Lactose (India) Limited

3. Other Information

1	Reason for loss or inadequate profit	:	During the financial year ended 31 st March, 2021, the profits of the Company may not be adequate due to COVID impact.
2	Steps taken or proposed to be taken for improvement	:	The Company has taken significant steps to reduce costs in line with the projected sales given the COVID impact.
3	Expected increase in productivity and profits in measurable terms	:	During 2021-2022, Q2 and Q3 business results is expected to show further progressive recovery and underlying business results.

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 this Resolution. The above statements may be regarded as an abstract of the terms and memorandum of interest pursuant to section 190 of the Companies Act, 2013.

By Order of the Board

Sd/-

Ritesh Pandey
(Company Secretary)

Date :30.08.2021

Place: Mumbai

Regd. Office:

Survey No. 6,

Village Poicha (Rania),

Savli Vadodara,

Gujarat – 391780

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

Fax +91-22-24117034

CIN L15201GJ1991PLC015186

Website www.lactoseindialimited.com

E-mail id lil@lactoseindialimited.com

DIRECTORS' REPORT

To,
The Members,

Your Directors are presenting the 30th Annual Report of the Company together with the Audited Statement of the Accounts for the Financial year ended on 31st March, 2021.

FINANCIAL STATEMENT:

(Rs. In Lakhs)

Particulars	2020-2021	2019-2020
Operating and other Income	3,527.64	4,034.39
Expenditure	3,854.68	4,024.46
Profit before Tax	(327.04)	9.94
Provision for Current Tax	-	1.55
Deferred Tax	(84.20)	0.82
Taxation of Earlier Years	4.89	0.37
After Tax	(242.21)	3.60

DIVIDENDS:

The Board of Directors of your Company do not recommend any Dividend on equity shares for the FY 2020-2021.

REVIEW OF OPERATIONS:

During the year under review, revenue of the Company was decreased to Rs. 3,527.64 lakhs as compared to Rs. 4,034.39 lakhs in the corresponding previous year. The Company incurred a loss of Rs. 242.21 lakhs as compared to profits of Rs. 3.60 lakhs in the corresponding previous year.

TRANSFER TO RESERVE:

The Company has not transferred any amount to reserves during the Financial Year 2020-21.

DEPOSITS:

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

(a)	Deposits accepted during the year	Nil
(b)	Remained unpaid or unclaimed as at the end of the year	Nil
(c)	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved: (i) At the beginning of the year (ii) Maximum during the year (iii) At the end of the year	Nil
(d)	The details of deposits which are not in compliance with the requirements of Chapter	Nil

NATURE OF BUSINESS:

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

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

DETAILS OF SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES:

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

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

COMPLIANCE WITH SECRETARIAL STANDARDS:

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

SHARE CAPITAL:

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

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of Shares	(Rs.in Lakhs)	Number of Shares	(Rs in Lakhs)
Authorised Capital: Equity Shares of Rs 10/- each	1,50,00,000	1500.00	1,20,00,000	1200.00
Issued ,Subscribed & Paid-Up Capital: Equity Shares of Rs 10/- each	1,14,37,000	1143.70	1,01,89,000	1018.90

During the year under review, the Company had allotted 24,00,000 Convertible warrants convertible into equity shares on preferential basis to Promoters and Promoter Group.

Further, the company had converted 12,48,000 equity shares on conversion of convertible warrants (out of 24,00,000 convertible warrants in the Board meeting held on 24th February, 2021 in the following manner:

Lactose (India) Limited

Sr. No	Name of the Allottee(s)	No. of Equity Shares
1	Mr. Shyamsunder Toshniwal	2,14,500
2	Mrs. Madhubala Toshniwal	2,14,500
3	Mr. Atul Maheshwari	2,14,500
4	Mrs. Sangita Maheshwari	2,14,500
5	SST Private Family Trust	3,90,000
TOTAL		12,48,000

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

At the 30th Annual General Meeting ("AGM") of the Company and in accordance with the applicable provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Shyamsunder Toshniwal (DIN: 01223515) is liable to retire by rotation and being eligible, offers himself - for re-appointment as Director- of the Company.

Necessary resolution- for his re-appointment is included in the Notice of 30th AGM for seeking approval of the members of the Company.

DECLARATION BY AN INDEPENDENT DIRECTOR(S)

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

FORMAL ANNUAL BOARD EVALUATION

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

The Board evaluated its performance after seeking inputs from all the directors on the basis of criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the Committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are as provided in the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

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

MANAGEMENT DISCUSSION & ANALYSIS REPORTS

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

BOARD MEETINGS:

During the FY 2020-21, 08 (Eight) 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 11th February, 2021 during the financial year 2020-21, 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 AUDIT:

At the Annual General Meeting of the Company held on 09th August, 2017, C A S & Co., 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], subject to ratification of their appointment by Member's at very AGM, if do required under the Act. The requirement to place the matter relating to appointment of

auditors for ratification by members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from 07th May, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory auditors at the ensuing AGM.

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

SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Managerial Personnel) Rules, 2014, the Board of Directors had appointed **M/s. Jajodia and Associates**, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2021. The Report of the Secretarial Audit is annexed as **"Annexure A"** to this Board's Report.

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

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

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY:

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

During the financial year 2020-2021, such controls were tested and no reportable material weakness in the design or operation was observed. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.

VIGIL MECHANISM/WHISTLE BLOWER POLICY:

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

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

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

FOREIGN CURRENCY EARNING AND OUTGO

Sr No.	Particulars	Rs. In Lakhs
i)	CIF Value of Imports	259.14
ii)	Expenditure in foreign currency	7.28
iii)	Foreign Exchange earned	245.50

PARTICULARS OF EMPLOYEES:

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

EXTRACT OF ANNUAL RETURN:

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

RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

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

SAFETY, HEALTH AND ENVIRONMENT:

Your Company recognizes its role in health and safety, as well as its responsibility towards environment and society. In fact, your Company's goals are: no accidents, no injuries to people and no damage to environment. Safety and security of

Lactose (India) Limited

personnel, assets and environmental protection are also on top of the agenda of the Company at its manufacturing facilities.

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

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

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

- (a) That in the preparation of the annual financial statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) That such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgments have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2021 and of the profit or loss of the company for the year ended on that date;
- (c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) That the annual financial statements have been prepared on a going concern basis;
- (e) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- (f) That systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE:

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

DISCLOSURES:

AUDIT COMMITTEE

The Audit Committee comprises 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 2020-21, 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 2020-21, 4 (Four) Stakeholders Relationship Committee's Meetings were conveyed and held by the Company. The details of which are given in the Corporate Governance Report. With the compulsory dematerialization of the Company's shares and electronic mode of transfers, postal dispatches which led to usual complaints, have been minimized.

NOMINATION & REMUNERATION COMMITTEE:

During the FY 2020-21, 01 (One) Nomination & Remuneration Committee's Meetings were conveyed and held by the Company. The details of which are given in the Corporate Governance Report. The Nomination and Remuneration Committee recommends to the Board the suitability of candidates for appointment as Key Managerial Personnel, Directors and the remuneration packages payable to them and other employees.

CORPORATE SOCIAL RESPONSIBILITY ("CSR"):

During the FY 2020-21, Corporate Social Responsibility is not applicable to the company.

SEXUAL HARASSMENT POLICY

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

The following is a summary of sexual harassment complaints received and disposed of during the year 2020-21:

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

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

MATERIAL CHANGES:

During the financial year 2020-21 under review, the company had allotted 12,48,000 equity shares pursuant to conversion of convertible warrant on 24th February, 2021.

Further, there are no other material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company i.e. 31st March, 2021 to which these financial statements relate and date of this report.

RISK MANAGEMENT POLICY:

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

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

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

CODE OF CONDUCT:

Your Company has established a Code of Conduct and Code of Fair Disclosures for Prohibition of Insider Trading ("Code of Conduct" or "Code") which is applicable to the Employees, Directors, designated persons, immediate relatives of designated persons and connected persons of the Company. The Code lays down the standard of conduct, which is expected to be followed by the Directors and employees in their business dealings, and in particular, on matters relating to integrity in

the work place, dealing with stakeholders and in business practices. All the Board Members and the Senior Management employees have confirmed compliance with the Code.

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

SIGNIFICANT OR MATERIAL ORDERS AGAINST COMPANY

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

APPRECIATION:

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

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

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

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

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

**Date: 30.08.2021
Place : Mumbai**

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

ANNEXURE “A” TO THE DIRECTOR’S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR FINANCIAL YEAR ENDED ON 31ST MARCH, 2021

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

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

I 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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company, the information to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by The Ministry of Corporate Affairs and The Securities and Exchange Board of India, as applicable, warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2021, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021, according to the applicable provisions of:

- I. The Companies Act, 2013 (“The Act”) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) to the extent applicable to the Company:-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2018;
 - b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2018;
 - c. The Securities and Exchange Board of India, (Prohibition of Insider Trading) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; No such transaction during the year under review.
 - f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2018;
 - j. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
- VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company as mentioned 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

- Pollution Control Laws
- Explosives Act, 1884 and Explosives Rules, 2008
- Drugs and Cosmetic Acts, 1940 and Rules thereunder
- Drug (Price Control) Order, 2013
- The Minimum Wages Act, 1948
- The Employees Compensation Act, 1923
- The Indian Electricity Rules, 1956
- The Standard Weight and Measurement Act, 1976
- Food Safety and Standards Act, 2006

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

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

I 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.

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

I 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.

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

1. Received In-principle approval from BSE vide letter dated 22nd October, 2020 for the issue of 24,00,000 warrants

convertible into 24,00,000 equity shares of Rs. 10/- each to be issued at a price of Rs. 21/- to Promoters on preferential basis;

2. Allotted 24,00,000 Convertible Warrants on preferential basis to promoter and/or other than promoters with an option to convert the same into equal number of equity shares including premium of Rs. 11/- per share on face value of Rs.10/- per share, Preferential basis, on 02nd November, 2020;
3. Allotted first tranche of 12,48,000 equity shares on conversion of 12,48,000 convertible warrants (out of 24,00,000 convertible warrants) on preferential basis on 24th February, 2021.

I 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, my report of even dated to be read along with the following clarifications:

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

FOR JAJODIA & ASSOCIATES

**Sd/-
Priti Jajodia
Company Secretary in Practice
M.No.: 36944
CP No.: 19900
UDIN: A036944C000859601**

**Place: Mumbai
Date: 30th August, 2021**

Lactose (India) Limited

'Annexure I'

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

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

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

FOR JAJODIA & ASSOCIATES

Sd/-
Priti Jajodia
Company Secretary in Practice
M.No.: 36944
CP No.: 19900
UDIN: A036944C000859601

Place: Mumbai
Date: 30th August, 2021

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
		31.03.2021	31.03.2020
1)	Electricity		
	Purchase Unit (KWH)	4955584.00	5002409.00
	Total Amount (Amount in Lacs)	367.27	372.01
	Rate per Unit (Amount in Rupees)	7.41	7.44
2)	Agro Waste Briquettes		
	Quantity (MTS)	20.05	940.35
	Total Amount (Amount in Lacs)	1.50	63.95
	Average Rate/ Ton (Amount in Rupees)	7500.00	6800.66
3)	Bio Coal		
	Quantity (MTS)	3284.60	3010.08
	Total Amount (Amount In Lacs)	215.06	188.33
	Average Rate/ Ton (Amount in Rupees)	6547.52	6256.64

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, 2021:

(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	34.60:1
2	Mrs. Sangita Maheshwari, Whole Time Director & Chief Financial Officer	19.01:1
(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	18%
2	Mrs. Sangita Maheshwari, Whole Time Director & Chief Financial	Nil
3	Mr. Ritesh Pandey, Company Secretary & Compliance Officer	Nil
(iii)	The percentage increase/ decrease in the median remuneration of employees in the financial year	0.64%
(iv)	The number of permanent employees on the rolls of the Company as on 31st March, 2021.	81
(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 -3.17%, after accounting for promotions and other event based compensation revisions. Increase in the managerial remuneration for the year was 11.35%.
(vi)	The key parameters for any variable component of remuneration availed by the directors	NIL
(vii)	Affirmation that the remuneration is as per the remuneration policy of the Company:	Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Remuneration Policy of your Company.
(II) Statement showing details of Employees of the Company as per Section 197 (12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:		
<p>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.</p>		

ANNEXURE 'D'

REPORT ON CORPORATE GOVERNANCE

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

The Company's philosophy on Corporate Governance is to make an earnest endeavour for increasing the level of transparency, accountability and equity in all its dealings with customers, suppliers, shareholders, lenders, government agencies and employees. In widest sense your Company believes that prime responsibility is to adhere and enforce sound principles of Corporate Governance.

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, 2021, 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 2020-21 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 & Chairman

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.

c) Eight Board Meetings were held during the financial year 2020-21 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.	30 th June, 2020
2.	13 th August, 2020
3.	15 th September, 2020
4.	23 rd September, 2020
5.	02 nd November, 2020
6.	10 th November, 2020
7.	11 th February, 2021
8.	24 th February, 2021

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;
- d) **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 of Directorship	No. of Shares/ Convertible Warrants held	Attendance at Meetings held during financial year 2020-21		Directorship in other Indian Public Limited Companies	No. of Committees position held in other companies		Directorship in other listed Companies and Category of Directorship
			Board Meetings	Last AGM		Chairman	Member	
Mr. Atul Maheshwari	Managing Director	Equity- 11,63,010 Convertible warrants- 1,98,000	8	Present	1	1	1	Photoquip India Ltd. Non-Executive - Independent Director
Mrs. Sangita Maheshwari	Whole time Director and Chief Financial Officer	Equity- 13,41,910 Convertible warrants- 1,98,000	8	Present	-	-	-	-
Mr. G. K. Sarda	Non Executive Independent Director	Equity-1100	8	Present	-	-	-	-
Mr. Pramod Kalani	Non Executive Independent Director	-	8	Present	-	-	-	-
Mr. Mahendra Singhi Omprakash	Non Executive Independent Director	Equity- 500	8	Present	-	-	-	-
Mr. Shyamsunder B. Toshniwal	Non Executive Director	Equity- 11,22,573 Convertible warrants- 1,98,000	8	Present	-	-	-	-

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.

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) Familiarization programme for Independent Directors:

The Board members are provided with the necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic presentations are also made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the Company's business were made at the Board Meetings held during the year.

f) 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 11th February, 2021 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.
- g)** The web-link for details of familiarization programme imparted to Independent Directors : <https://www.lactoseindialimited.com/policy.php>
- h)** A chart or a matrix setting out the skills / expertise / competence of the Board of Directors along with disclosure of relationships between directors inter-se:

Name of Directors	Designation	Disclosure of Relationship	List of core skills/ expertise/ competence
Mr. Atul Maheshwari	Managing Director	Mrs. Sangita Maheshwari- Wife; Mr. Shyamsunder Toshniwal- Father-in-law	International Marketing/ Pharmaceuticals Company
Mrs. Sangita Maheshwari	Whole time Director and Chief Financial Officer	Mr. Shyamsunder Toshniwal- Father; Mr. Atul Maheshwari- Husband	Finance, Sales and Marketing
Mr. G. K. Sarda	Non Executive Independent Director	NA	Engineering
Mr. Pramod Kalani	Non Executive Independent Director	NA	Manufacturing of Pharmaceuticals
Mr. Mahendra Singhi Omprakash	Non Executive Independent Director	NA	Pharmaceuticals and International Marketing
Mr. Shyamsunder B. Toshniwal	Non Executive Director	Mrs. Sangita Maheshwari- Daughter; Mr. Atul Maheshwari- Son-in-law	Financial and Legal Matters

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:

- i. Oversight of the Company’s financial reporting process and disclosure of its financial information;

- ii. Recommending to the Board the appointment, re-appointment and removal of statutory auditors, cost auditors, branch auditors and fixation of their remuneration;
- iii. Approval of payments to statutory auditors for any other services rendered by them;
- iv. 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;

Lactose (India) Limited

- 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 non-payment 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 wherever 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 2020-21 Five Meetings were held on 30th June 2020, 13th August 2020, 15th September 2020, 10th November 2020 and 11th February 2021.

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)	5
Mr. Mahendra Singhi Omprakash	Member (Independent Non-Executive Director)	5

b) 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 2020-21, One (1) meeting of the Committee were held on 13th August 2020.

Name of the Members	Category	No. of Meeting Attended
Mr. G. K. Sarda	Chairman (Independent Non-Executive Director)	1
Mr. Pramod Kalani	Member (Independent Non-Executive Director)	1
Mr. Mahendra Singhi Omprakash	Member (Independent Non-Executive Director)	1

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 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 except sitting fees.

Details of sitting fees paid to the Directors during the financial year 2020-21:

Name of Director	Sitting Fees (Rs.)
Mr. G. K. Sarda	NIL
Mr. Pramod Kalani	NIL
Mr. Mahendra Singhi Omprakash	NIL

c) 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:

- 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.

Lactose (India) Limited

- 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 2020-21 Four Meetings were held on 30th June 2020, 15th September 2020, 10th November 2020 and 11th February 2021.

Name of the Members	Category	No. of Meetings attended
Mr. G. K. Sarda	Chairman (Independent Non-Executive Director)	4
Mr. Pramod Kalani	Member (Independent Non-Executive Director)	4
Mr. Mahendra Singi Omprakash	Member (Independent Non-Executive Director)	4

Compliance Officer

The Company Secretary acts as the Secretary to the Committee

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, 2021. 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.

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 met once in the Financial Year.

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 2020-21, One (1) meeting of the Committee was held on 24th February 2021.

Name of the Members	Category	No. of Meeting Attended
Mr. Atul Maheshwari	Chairman (Managing Director)	1
Mr. G. K. Sarda	Member (Independent Non-Executive Director)	1
Mr. Mahendra Singhi Omprakash	Member (Independent Non-Executive Director)	1

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.

Composition, Meetings and Attendance

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

Name of the Members	Category
Mr. Atul Maheshwari	Chairman (Managing Director)
Mr. G. K. Sarda	Member (Independent Non-Executive Director)
Mr. Mahendra Singhi Omprakash	Member (Independent Non-Executive Director)

Details of Remuneration paid to the Managing Director & Whole-time Director during the financial year 2020-21:

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.	Gross Salary (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	95.78	52.67
2.	<i>Stock Option</i>	-	-
3.	<i>Sweat Equity</i>	-	-
4.	<i>Commission</i> - As % of profit - Others, specify..	-	-
5.	<i>Others, please specify</i>	95.78	52.67
Total		95.78	52.67

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

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.

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:

2019-20

Venue: Through video conference or other audio visual means. (Deemed venue is Village Poicha (Rania), Survey No. 6, Savli, District Vadodara – 391780)

Date and Time: 09th September, 2020 at 11:00 a.m.

Special Resolutions passed:

- Issue, Offer & Allot 24,00,000 Convertible Warrants on preferential basis

2018-19

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

Date and Time: 30th September, 2019 at 12:30 p.m.

Special Resolutions passed:

- Approved the re-appointment of Mr. Atul Maheshwari as a Managing Director for a further tenure of 5 years with effect from 01st October, 2019;
- Approved the re-appointment of Mrs. Sangita Maheshwari as a Whole time Director for a further tenure of 5 years with effect from 01st February, 2019;
- Approved re-appointment of Mr. Pramod Kalani as a Non-executive Independent Director for a further tenure of 5 years;
- Approved re-appointment of Mr. Gopal Krishna Sarda as Non-executive Independent Director for a further tenure of 5 years ;
- Approved re-appointment of Mr. Mahendra Singhi Omprakash as a Non-executive Independent Director for a tenure of 5 years ;
- Approved Related party transactions.

Lactose (India) Limited

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.

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 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

6.1. Annual General Meeting:	
Day, Date and Time	: Thursday, 30 th September, 2021 at 12.00 noon
Venue	: Through Video Conferencing or OAVM (Deemed Venue is Survey No. 6, Village Poicha (Rania) Savli, Vadodara Gujarat – 391780)
6.2. Financial Year 2021-22 – Board Meeting Calendar (Tentative):	
Results for first quarter ended 30 th June, 2021	: On or before 14 th August, 2021
Results for second quarter ending 30 th September, 2021	: On or before 14 th November, 2021

	Results for third quarter ending 31 st December, 2021	: On or before 14 th February, 2022
	Results for financial year ending 31 st March, 2022	: On or before 30 th May, 2022
6.3. Book Closure date:		: from Thursday 23 rd September, 2021 to Thursday, 30 th September 2021
6.4. Dividend Payment Date		: Not Applicable
6.5. Listing on Stock Exchange:		: BSE Limited Phiroze Jeejeebhoy Towers, Dalal St, Kala Ghoda, Fort, Mumbai, 400001 <i>(Listing Fees have been paid to the Exchange)</i>
6.6. Stock Code:		: 524202
6.7. Demat ISIN Number in NSDL and CDSL:		: INE058I01013
6.8. Registrar and Share Transfer Agents:		: Bigshare Services Private Limited
6.9. Share Transfer System:		: Share Transfers and Share Certificates are processed and returned within 30 days from the date of receipt subject to the documents being valid and complete in all respects. A summary of transfers/transmission of securities of the Company from the Registrar and Transfer Agent is placed before every Stakeholders Relationship Committee Meeting.
6.10. Plant Location:		: Survey No. 6, Village Poicha (Rania) Savli, Vadodara Gujarat – 391780
6.11. Outstanding GDRs/ ADRs/Warrants or any Convertible Instruments:		: The Company has not issued any ADR or GDR or warrants or any convertible instruments, which was likely to impact on equity share capital.

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 2020-21 on BSE Limited are as under:

No.	Period	BSE Limited	
		High (Rupees)	Low (Rupees)
1.	April-20	21.75	16.00
2.	May-20	20.75	17.10
3.	June-20	22.50	17.30
4.	July-20	20.00	17.00
5.	August-20	28.05	18.20
6.	September-20	22.90	19.75
7.	October-20	21.50	16.20
8.	November-20	27.00	20.35
9.	December-20	27.50	21.30
10.	January-21	26.80	22.25
11.	February-21	28.50	20.25
12.	March-21	41.75	23.75

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, 2021

Distribution of Shares (Slab-Wise)	Shareholders		Share Amount (Rupees.)	
	Nos.	% of Total Nos.	Amt.	% of Total Amt.
Upto 5,000	15,927	99.45%	36,23,5400	31.68%
5,001-10,000	28	0.18%	2,07,5060	1.81%
10,001- & Above	60	0.37%	76,05,9540	66.51%
Total	16,015	100%	11, 43,70,000	100%

Shareholding Pattern as on 31st March, 2021:

Category	No. of Shares	% of Shares
Indian Promoters	56,19,425	49.13 %
Private Corporate Bodies	0	0
Indian Public	58,17,575	50.87 %
NRI's/OBC	0	0
Total	1,14,37,000	100.00

Physical/NSDL/CDSL/Summary Report as on 31st March, 2021

Particulars	Number of Shares	% of Total Issued Capital
Held in Dematerialised form in CDSL	19,79,652	17.31%
Held in Dematerialised form in NSDL	69,97,132	61.18%
Physical	24,60,216	21.51%

6.14 Address for Correspondence:

(i) Investors Correspondence:	For Shares held in Physical Form
	Bigshare Services Private Limited. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai – 400059
	For Shares held in Demat Form
	To the respective Depository Participants.
(ii) Any query on Annual Report:	Mr. Ritesh Pandey (Company Secretary and Compliance Officer) Lactose (India) Limited Survey No.6 Village Poicha(Rania) Savli Baroda 391780
(iii) E-mail ID for Investor Grievance	lil@lactoseindialimited.com
(iv) Corporate Website:	www.lactoseindialimited.com

5. DISCLOSURES

- The transactions entered into with Related Parties as defined under the Companies Act, 2013, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.
- There has been no non-compliance or penalties, or structures imposed on your company by any of the Stock exchanges or SEBI, or any statutory authority

on any matter related to capital markets during the last three years.

- c) The Company has a Whistle Blower Policy in place. The Company takes cognizance of complaints and suggestions by employees and others. All the employees of the Company have free access to the Audit Committee of the Company. The weblink for Whistle Blower Policy is <https://www.lactoseindialimited.com/pdf/annual-reports/Vigil%20Mechanism%20Whistle%20Blower%20Policy.pdf>
- d) The Board of Directors has laid down a Code of Conduct for all the Board Members and Members of the Senior Management of the Company. In addition there is also a Code of Conduct for Regulating, Monitoring and Reporting of Trading in shares of the Company by Designated Persons. A declaration from the Chairman affirming compliance of the said Code is annexed.
- e) The detailed policy on dealing with related party transactions is posted on the Company's website at <https://www.lactoseindialimited.com/> and can be accessed at web-link. <https://www.lactoseindialimited.com/pdf/annual-reports/Related-Party-Transaction-Policy.pdf>
- f) Web link where policy for determining 'material' subsidiaries is <https://www.lactoseindialimited.com/pdf/annual-reports/Policy-on-material-Subsidiary.pdf>
- g) Disclosures in relation to the Sexual Harassment Of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- A) number of complaints filed during the financial year: 0
- B) number of complaints disposed off during the financial year: 0
- C) number of complaints pending as on end of financial year: 0
- h) A Certificate from a Company Secretary in practice as required that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such Statutory Authority. The certificate of Company Secretary in practice is annexed.
- i) The company has paid a consolidated amount of Rs.7.32 Lakhs as total fees for all services rendered by the statutory auditor and all entities in the network firm/network entity to which the statutory auditor is part.
- j) The corporate governance report discloses the extent to which the discretionary requirements as specified in Part E Schedule II have been adopted.

Code of Conduct for Board Members and Senior Management:

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

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

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, 2021.

For Lactose (India) Limited

SD/-
Atul Maheshwari
Managing Director
DIN: 00255202

Mumbai, 30th August, 2021

Details of compliance with mandatory requirements and adoption of the non-mandatory

requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Mandatory Requirements:

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

CEO / CFO Certification:

The 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.

Date : 30th August, 2021
Place : Mumbai

By Order of the Board

Sd/-

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

Atul Maheshwari
(Managing Director)
DIN: 00255202

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

The Members

Lactose (India) Limited

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

I have examined the compliance of conditions of Corporate Governance by Lactose (India) Limited (“the Company”) for the year ended 31st March, 2021 as stipulated under Regulations 17 to 27, of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) as amended.

The compliance of conditions of Corporate Governance is the responsibility of the Company’s Management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in 17 to 27, of Regulation 46 and para C, D & E of Schedule V of the SEBI Listing Regulations during the year ended 31st March, 2021.

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: 30th August, 2021

Place: Mumbai

UDIN: A036944C000859623

Lactose (India) Limited

ANNEXURE TO CORPORATE GOVERNANCE REPORT CERTIFICATE

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the MCA portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of Directors of the Company as stated below for the Financial year ending on 31st March 2021 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities Exchange and Board of India, Ministry of Corporate affairs or any such other Statutory Authority.

Sr No.	Name of Directors	Director Identification Number (DIN)	Original Date of appointment in company
1	Atul Maheshwari	00255202	11/03/1991
2	Sangita Maheshwari	00369898	24/01/2014
3	Gopal Krishan Sarda	01397105	10/09/2008
4	Pramod Kalani	00548503	15/01/2010
5	Mahendrakumar Singhi Omprakash	00369418	25/01/2019
6	Shyamsunder Bhorilal Toshniwal	01223515	13/08/2014

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

For Jajodia and Associates
Practicing Company Secretaries

Sd/-
Mrs. Priti Jajodia
Proprietor
COP: 19900
Date: 30th August, 2021
Place: Mumbai
UDIN: A036944C000859581

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Pharmaceutical Industry:

Globally, the past 15 months were an unprecedented period with economies combating the extreme volatility, uncertainty and complexity presented by the COVID-19 pandemic. Governments and central banks initiated massive fiscal and liquidity measures to shore up countries and economies finances battered by widespread lockdowns imposed to contain the pandemic. The pandemic tested the resilience and agility of businesses to adapt to evolving consumer demand patterns, while tackling several challenges in the supply chain.

Market Size

The global pharmaceuticals market reached a value of nearly \$1,217.1 billion in 2019, having increased at a compound annual growth rate (CAGR) of 6.7% since 2015. The market is expected to decline from \$1,217.1 billion in 2019 to \$1,209.6 billion in 2020 at a rate of -0.6%. The decline is mainly due to lockdown and social distancing norms imposed by various countries and economic slowdown across countries owing to the COVID-19 outbreak and the measures to contain it. The market is then expected to recover and grow at a CAGR of 8.5% from 2021 and reach \$1,738.2 billion in 2023. The market is expected to reach \$2,050.9 billion in 2025 and \$3,206.3 billion in 2030. Technological advances, changes in lifestyles, new methods for drug discovery, large pool of undiagnosed population, and an increase in pharmaceutical drug usage due to the COVID-19 pandemic will drive the growth of the market. Factors that could hinder the growth of the pharmaceuticals market include reduction in free trade and high manufacturing costs of biologics.

The pharmaceuticals market consists of sales of pharmaceuticals and related services by entities that produce pharmaceuticals used in treating diseases. This industry includes establishments that produce biologics and pharmaceutical drugs. The pharmaceutical industry develops drugs to diagnose, cure, treat or prevent diseases, infections, and injuries. Pharmaceuticals are subjected to various laws and regulations that deal with patenting, testing, safety, efficacy and marketing. Pharmaceutical drug manufacturers produce pharmaceutical drugs made from active pharmaceutical ingredients (API) and excipients.

Indian Industry Structure and Development:

Learning from the challenges during the peak phases of the pandemic, the Indian regulatory authorities announced several landmark reforms to boost the India's exports as well as reduce dependency on API and key starting raw material imports. The regulatory authorities also sharpened their focus on other aspects of the healthcare value chain to ensure continuity of supply of medicines, affordability and long-term preparedness for combatting future pandemics.

Market Size

Indian pharmaceutical sector supplies over 50% of the global demand for various vaccines, 40% of the generic demand for US and 25% of all medicines for UK. India contributes the second-largest share of pharmaceutical and biotech workforce in the world. According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market is estimated at US\$ 42 billion in 2021 and likely to reach US\$ 65 billion by 2024 and further expand to reach ~US\$ 120-130 billion by 2030.

Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and 10,500 manufacturing units.

India is the 12th largest exporter of medical goods in the world. The country's pharmaceutical sector contributes 6.6% to the total merchandise exports. As of May 2021, India supplied a total of 586.4 lakh COVID-19 vaccines, comprising grants (81.3 lakh), commercial exports (339.7 lakh) and exports under the COVAX platform (165.5 lakh), to 71 countries.

Indian drugs are exported to more than 200 countries in the world, with US being the key market. Generic drugs account for 20% of the global export in terms of volume, making the country the largest provider of generic medicines globally. It is expected to expand even further in the coming years. The Indian pharmaceutical exports, including bulk drugs, intermediates, drug formulations, biologicals, Ayush & herbal products and surgical, reached US\$ 24.44 billion in FY21.

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

'Pharma Vision 2020' by the Government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery. The Indian drugs and pharmaceuticals sector has received cumulative FDI inflows worth US\$ 17.75 billion between April 2000 and December 2020.

To achieve self-reliance and minimize import dependency in the country's essential bulk drugs, the Department of Pharmaceuticals initiated a PLI scheme to promote domestic manufacturing by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of Rs. 6,940 crore (US\$ 951.27 million) from FY21 to FY30. In June 2021, Finance Minister Ms. Nirmala Sitharaman announced an additional outlay of Rs. 197,000 crore (US \$26,578.3 million) that will be utilised over five years for the pharmaceutical PLI scheme in 13 key sectors such as active pharmaceutical ingredients, drug intermediaries and key starting materials.

Under Union Budget 2021-22, the Ministry of Health and Family Welfare has been allocated Rs. 73,932 crore (US\$

Lactose (India) Limited

10.35 billion) and the Department of Health Research has been allocated Rs. 2,663 crore (US\$ 365.68 billion). The government allocated Rs. 37,130 crore (US\$ 5.10 billion) to the 'National Health Mission'. PM Aatmanirbhar Swasth Bharat Yojana was allocated Rs. 64,180 crore (US\$ 8.80 billion) over six years. The Ministry of AYUSH was allocated Rs. 2,970 crore (US\$ 407.84 million), up from Rs. 2,122 crore (US\$ 291.39 million).

India plans to set up a nearly Rs. 1 lakh crore (US\$ 1.3 billion) fund to provide boost to companies to manufacture pharmaceutical ingredients domestically by 2023.

Opportunities and Threats:

There are very few manufacturers of API developed by the company worldwide, which has high demand in the market. A part from this, being in contract manufacturing business our clients has added new products to the existing product line.

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

Segment-wise or product-wise performance:

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

Outlook:

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 few 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 continuous flow of information at all level and effective internal audit and internal checks are done at regular interval to ensure their adequacy and efficiency.

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

- Budgets are prepared for all the operational levels.
- Any material variance from budget has to be approved by the Commercial director.

- Any major policy change is approved by the managing director.
- Any deficiency in not achieving target is reviewed at management meetings.

Discussion on financial performance with respect to operational performance:

(Rs. In Lakhs)

Particular	For the year ended 31.03.2021	For the year ended 31.03.2020
Revenue from Operation	3496.33	4004.85
Other Income	31.31	29.54
Profit/Loss Before Depreciation and Tax	108.76	400.57
Tax (Including Deferred Tax) Net	(79.31)	2.73
Profit/Loss After Depreciation and Tax	(242.21)	3.61

Human Resource development / Industrial relations:

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

Details of significant changes:

Particulars	FY 2020-21	FY 2019-20
Debtors Turnover	18%	17%
Inventory Turnover	46%	43%
Interest Coverage Ratio	83%	58%
Current Ratio	1.69	1.73
Debt Equity Ratio	1.30	1.13
Operating Profit Margin(%)	19%	24%
Net Profit Margin(%)	-6.93%	0.09%

Details of any change in Return on Net Worth:

The Company Return on Net Worth (RoNW) has gone down to **-6.90%** for financial year 2020-21 as compared to **0.11%** for financial year 2019-20. The drop in RoNW was primarily decreased in the revenue due to COVID-19 Social Distancing restriction imposed by Government of India.

INDEPENDENT AUDITOR'S REPORT

To the Members of Lactose India Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lactose India Limited ("the Company"), which comprises the balance sheet as at 31st March 2021, and the statement of Profit and Loss (Including Other Comprehensive Income), statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS) specified under Section 133 of the Act, of the state of affairs of the Company as at March 31, 2021, and its loss and other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Other Information

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

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

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

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet , the Statement of Profit & Loss including the statement of other comprehensive income, the statement of changes in Equity, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements (refer note no 31 of the Financial Statements)
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
3. In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the act which are required to be commented upon by us

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

Sd/-
Nitesh Musahib
Partner
Mem.No.131146

UDIN No:- 21131146AAAAE05311

Place: Mumbai
Date:- 21st June 2021

Lactose (India) Limited

Annexure “A” to Independent Auditor’s Report

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

(Referred to in paragraph 1, under Report on Other Legal & Regulatory Requirements section of our Report of even date)

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, the fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the company and the nature of its assets. In accordance with this program certain fixed assets were verified during the year. The frequency of verification is reasonable and no discrepancies have been noticed on such physical verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties included in the ‘Property , plant & equipment’ are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (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) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost record under Section 148 of the Act, for the company.
- (vii) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues

including Provident fund, Employees’ State Insurance, Income-tax, Sales-tax, Goods and Services tax, Duty of customs , Duty of excise, Value Added Tax, Cess and Other Statutory Dues applicable to it

- b) According to the information and explanations provided to us, no undisputed amounts payable in respect of Provident fund, Employees’ State Insurance, Income-tax, Sales Tax, Goods and Service tax, Duty of customs, Duty of excise, Value added tax, Cess and Other Statutory Dues were outstanding, at the year end, for a period of more than six months from the date they became payable
- c) According to the records of the company , the dues of Income tax, Duty of Excise, Service Tax which have not been deposited on 31st March 2021 on account of any dispute, are as follows

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

- (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) According to the information and explanations given by the management, the company has utilized the monies raised by the way of term loan for the purpose for which the loan was obtained .The company has not raised any money by way of initial public offer or further public offer (including debt instruments)
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations provided by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations provided by the management, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the details have been disclosed in the financial statements as required by the applicable accounting standard
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has made a preferential issue of Convertible Share Warrants and during the year the company has converted 12,48,000 share warrants into Equity Shares. The Company has complied with the provision of section 42 of the companies Act, 2013 and amount raised has been utilized for the purpose for which the fund was raised
- (xv) According to the information and explanations provided by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act
- (xvi) According to the information and explanations 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
Chartered Accountants
FRN. 111075W

Sd/-

Nitesh Musahib
Partner

Mem.No.131146

UDIN No:- 21131146AAAAE05311

Place: Mumbai.

Date: 21st June 2021

Annexure “B” to Independent Auditor’s Report

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

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

We have audited the internal financial controls with reference to the financial statement of Lactose India Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Financial Statements

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

A company’s internal financial control over financial reporting with reference to these Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting with reference to these Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Financial Statements and such internal financial controls over financial reporting with reference to these Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

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

Sd/-

Nitesh Musahib
Partner

Mem. No. 131146

UDIN No:- 21131146AAAAE05311

Place: Mumbai
Date: 21st June 2021

Balance Sheet as at 31st March 2021

(₹ in lakhs)

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3A	5,887.74	6,098.73
Right of use Assets	3B	56.04	80.19
Intangible Asset	3C	2.80	3.49
Capital work-in-progress	3D	351.80	23.30
<u>Financial assets</u>			
Investments	4	67.53	6.65
Other Financial Assets	5	417.96	108.96
Other non-current assets	6	80.24	97.97
Total non-current assets		6,864.11	6,419.29
Current assets			
Inventories	7	832.19	890.85
<u>Financial assets</u>			
Trade receivables	8	642.87	698.12
Cash and cash equivalents	9	216.20	164.97
Bank balances other than Cash and cash equivalents	10	49.81	23.12
Other Financial Assets	5	22.21	16.47
Other current assets	6	101.19	73.58
Income tax assets (net)	11	105.86	113.81
Total current assets		1,970.33	1,980.92
TOTAL ASSETS		8,834.44	8,400.21
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	1,143.70	1,018.90
Other equity		2,365.23	2,409.68
Total equity		3,508.93	3,428.58
LIABILITIES			
Non-current liabilities			
<u>Financial liabilities</u>			
Borrowings	13	3,926.46	3,441.61
Lease Liability	14	32.65	49.54
Provisions	15	76.20	72.36
Deferred Tax Liabilities	16	45.79	127.87
Other non-current liabilities	17	81.85	139.62
Total non-current liabilities		4,162.95	3,831.00
Current liabilities			
<u>Financial liabilities</u>			
Borrowings	13	268.80	152.96
Trade payables	18		
- Total outstanding dues to micro enterprise and small enterprise		36.12	34.30
- Total outstanding dues to creditors other than micro enterprise and small enterprise		180.58	347.00
Lease Liability	14	24.88	31.99
Other financial liabilities	19	487.20	359.68
Provisions	15	2.49	6.69
Other current liabilities	17	162.49	208.00
Total current liabilities		1,162.56	1,140.62
TOTAL EQUITY AND LIABILITIES		8,834.44	8,400.21
Notes 1 to 38 form an integral part of the financial statements			

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

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

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

Sd/-
Nitesh Musahib
Partner
Mem. No. 131146

Place: Mumbai
Date : 21st June 2021

Sd/-
Atul Maheshwari
Managing Director
DIN : 00255202

Place: Mumbai
Date : 21st June 2021

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

Sd/-
Ritesh Pandey
Company Secretary

Lactose (India) Limited

Statement of Profit and Loss for the year ended 31 March 2021

(₹ in lakhs)

Particulars	Note No.	Year ended 31 March 2021	Year ended 31 March 2020
INCOME			
Revenue from Operations	20	3,496.33	4,004.84
Other Income	21	31.31	29.55
Total Income		3,527.64	4,034.39
EXPENSES			
Cost of materials consumed	22	465.09	539.61
Purchase of Stock-in-Trade	23	-	164.22
Changes in Inventories of finished goods and Work in progress	24	52.27	(13.97)
Employee benefits expense	25	1,211.89	1,320.92
Finance costs	26	544.80	555.70
Depreciation and amortisation expense	3	435.80	390.63
Other expenses	27	1,144.83	1,067.35
Total expenses		3,854.68	4,024.46
Profit / (Loss) before tax		(327.04)	9.93
Tax expense/ (credit)			
Current tax		-	1.55
Tax for earlier years		4.89	0.37
Deferred tax liability / (assets)		(84.20)	0.82
Total Tax expense/ (credit)		(79.31)	2.73
Profit/ (loss) for the year (A)		(247.75)	7.20
Other comprehensive income (OCI)			
Items not to be reclassified subsequently to profit or loss			
- Remeasurement of post employment benefit obligation		7.68	(4.98)
- Income tax effect on above		(2.14)	1.39
Items that will be reclassified subsequently to profit or loss			
		-	-
Other comprehensive income for the year, net of tax (B)		5.54	(3.60)
Total comprehensive income/ (loss) for the year, net of tax (A+B)		(242.21)	3.60
Earnings per share (EPS)			
(per equity share of nominal value Rs. 10 each)	28		
Basic and diluted (in Rs.)		(2.40)	0.07
Notes 1 to 38 form an integral part of the financial statements			

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

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

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

Sd/-
Nitesh Musahib
Partner
Mem. No. 131146
Place: Mumbai
Date : 21st June 2021

Sd/-
Atul Maheshwari
Managing Director
DIN : 00255202
Place: Mumbai
Date : 21st June 2021

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

Sd/-
Ritesh Pandey
Company Secretary

Cash Flow Statement for the year ended 31 March 2021

(₹ in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / profit before tax	(327.04)	9.93
Adjustments for		
Depreciation and amortisation expense	435.80	390.63
Interest expenses (including fair value change in financial instruments)	544.80	555.70
Interest income	(14.96)	(17.08)
Provision / (Reversal) of provision for expected credit loss	(4.77)	4.25
Provision made for expected credit loss	-	
Remeasurement of post employment benefit obligation	7.68	(4.98)
Unrealised Gain on exchange fluctuations (net)	(0.31)	-
Gain / loss on fair value of investment	(0.88)	1.05
Loss on sale of Fixed Asset	17.45	1.64
Unrealised loss on exchange fluctuations (net)	-	-
Operating profit before working capital changes	657.74	941.13
Adjustments for changes in working capital:		
Decrease / (increase) in Inventories	58.65	(79.78)
Decrease / (increase) in Trade Receivables	60.33	(15.02)
Decrease / (increase) in Other financial assets	(314.74)	(27.24)
Decrease / (increase) in Other assets	(9.88)	45.89
(Decrease) / increase in Trade and other payables	(164.60)	(129.75)
(Decrease) / increase in Other financial Liabilities	29.59	(10.12)
(Decrease) / increase in Other liabilities	(103.27)	(6.50)
(Decrease) / increase in Short Term Provisions	(4.21)	1.66
(Decrease) / increase in Long Term Provisions	3.84	16.82
Cash generated from / (used in) operations	213.44	737.09
Direct taxes paid (net of refunds received)	3.06	4.11
Net cash (used in) / from generated from operating activities (A)	216.50	741.20
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, plant and equipments/CWIP	(549.00)	(307.20)
Proceeds from sale of Property, plant and equipments	3.10	0.68
Capital Advance (given) / received	-	0.00
Fixed Deposits with Banks	(26.70)	1.56
Purchase of Investment	(60.00)	-
Interest received	14.96	17.08
Net cash (used in) / generated from investing activities (B)	(617.64)	(287.87)

Lactose (India) Limited**Cash Flow Statement for the year ended 31 March 2021**

(₹ in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from long-term borrowings (net)	582.77	82.99
Proceeds/(Repayment) from short-term borrowings (net)	115.85	138.42
Payment of Lease Liabilities (Refer note 2.26 and note 33 as Ind AS 116 applicable from 1st April, 2019)	(24.00)	(22.93)
Proceeds from issue of Equity Shares (including Security Premium)	262.08	
Proceeds from issue of Share Warrants	60.48	-
Interest paid	(544.80)	(555.70)
Net cash (used in) / from financing activities (C)	452.37	(357.22)
Net decrease in cash and cash equivalents (A+B+C)	51.23	96.10
Cash and cash equivalents at the beginning of the year	164.97	68.87
Cash and cash equivalents at the end of the year	216.20	164.97
Components of cash and cash equivalents considered only for the purpose of cash flow statement		
In bank current accounts in Indian rupees	211.30	157.79
Cash on hand	4.90	7.18
	216.20	164.97

Note :

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

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

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

For C A S & CO.

Chartered Accountants
Firm Registration No.111075W

Sd/-
Nitesh Musahib
Partner
Mem. No. 131146
Place: Mumbai
Date : 21st June 2021

For and on behalf of the Board of Directors

LACTOSE (INDIA) LIMITED
CIN : L15201GJ1991PLC015186

Sd/-
Atul Maheshwari
Managing Director
DIN : 00255202
Place: Mumbai
Date : 21st June 2021

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

Sd/-
Ritesh Pandey
Company Secretary

Statement of Changes in Equity for the year ended 31 March 2021

A) Equity share capital

Particulars	Number	(₹ in lakhs)
Equity shares of Rs.10 each issued, subscribed and paid		
Balance as at 1 April 2019	1,01,89,000	1,018.90
Issue of Equity Share	-	-
Balance as at the 31 March 2020	1,01,89,000	1,018.90
Issue of Equity Share	12,48,000	124.80
Balance as at the 31 March 2021	1,14,37,000	1,143.70

B) Other equity

(₹ in lakhs)

Particulars	Reserves and surplus			Other Comprehensive Income	Share Warrants	Total equity attributable to equity holders
	Capital Reserve	Securities Premium Reserve	Retained Earnings	Remeasurement of Defined Benefit Plans		
Balance as at 1 April 2019	75.00	1,044.54	1,279.67	6.87	-	2,406.08
Total comprehensive income for the year			7.20	(3.60)		3.60
Balance as at 31 March 2020	75.00	1,044.54	1,286.87	3.27	-	2,409.68
Total comprehensive income for the year	-	-	(247.75)	5.54	-	(242.21)
Money received against Convertible Share Warrants	-	-	-	-	60.48	60.48
Share Premium on issue of Equity shares	-	137.28	-	-	-	137.28
Balance as at 31 March 2021	75.00	1,181.82	1,039.12	8.82	60.48	2,365.23

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

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

II Securities premium reserve

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

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

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

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

For C A S & CO.

Chartered Accountants

Firm Registration No.111075W

Sd/-

Nitesh Musahib

Partner

Mem. No. 131146

Place: Mumbai

Date : 21st June 2021**For and on behalf of the Board of Directors****LACTOSE (INDIA) LIMITED**

CIN : L15201GJ1991PLC015186

Sd/-

Atul Maheshwari

Managing Director

DIN : 00255202

Place: Mumbai

Date : 21st June 2021

Sd/-

Sangita Maheshwari

Whole Time Director & CFO

DIN : 00369898

Sd/-

Ritesh Pandey

Company Secretary

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

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 2021 were authorized for issue in accordance with resolution of the Board of Directors on 21st June, 2021.

2. Statement of Significant Accounting Policies:

2.1 Basis of preparation of financial statements:

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

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

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

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

2.2 Use of estimates:

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

2.3 Fair Value Measurement:

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

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

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

2.4 Revenue Recognition

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

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

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

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

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

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

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

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

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

2.5 Inventories

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

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

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

2.6 Property, Plant and Equipment (PPE):

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

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

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

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

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

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

2.7 Capital Work in Progress

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

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.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

2.10 Depreciation

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

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

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

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

2.11 Impairment of Non - financial Assets:

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

Recoverable amount is determined:

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

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

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

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

2.12 Government Subsidy

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

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

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

2.13 Income Tax

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

a) **Current Tax**

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

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

b) Deferred tax

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

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

c) Minimum Alternate Tax

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

2.14 Financial Assets

a) Initial recognition and measurement

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

b) Subsequent measurement

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

Financial Asset at Amortised Cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

Financial Asset Measured at Fair Value

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

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

Impairment of Financial Assets

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

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

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

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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

De-recognition of Financial Assets

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

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

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

2.15 Financial Liabilities

a) Initial recognition and measurement

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

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.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

2.17 Employee Benefits

a) Short-term employee benefit

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

b) Post-employment obligations

The Company operates the following post – employment schemes:

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

Gratuity Obligation:

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

Defined Contribution Plans

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

2.18 Foreign Exchange Translation and Accounting of Foreign Exchange Transaction

a) Initial Recognition

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

b) Conversion :

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

c) Treatment of Exchange Difference

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

2.19 Provisions, Contingent Liabilities and Capital Commitments

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

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

Contingent assets are disclosed in the financial statements.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

2.20 Earnings per Share

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

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

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

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

2.22 Cash and Cash equivalents

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

2.23 Cash Flows

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

2.24 Trade Receivable

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

2.25 Trade payable

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

2.26 Leases

Company as a lessee

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

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

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

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Note 3A : Property, plant and equipment

Tangible Assets

Gross carrying value (at deemed cost)

(₹ in lakhs)

Particulars	Land - Freehold	Building - (Factory)	Building - (Office)	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Electrical Installations	Total
Balance as at 1 April 2019	280.25	1,538.22	10.32	4,907.74	88.68	97.94	24.20	9.57	127.41	7,084.33
Additions	-	-	-	316.61	-	94.68	4.58	12.53	-	428.40
Deductions made during the year	-	-	-	-	-	(38.94)	-	-	-	(38.94)
Balance as at 31 March 2020	280.25	1,538.22	10.32	5,224.35	88.68	153.68	28.78	22.09	127.41	7,473.79
Additions	-	91.40	-	117.30	5.64	-	4.69	1.47	-	220.50
Deductions made during the year	-	-	-	(31.83)	-	-	-	-	-	(31.83)
Balance as at 31 March 2021	280.25	1,629.62	10.32	5,309.82	94.32	153.68	33.47	23.56	127.41	7,662.46
Accumulated depreciation										
Balance as at 1 April 2019	-	177.12	0.61	712.91	39.03	55.33	5.84	5.86	48.83	1,045.52
Depreciation charge	-	59.16	0.20	262.26	9.66	16.44	4.46	1.83	12.15	366.17
Adjustments / deductions	-	-	-	-	-	(36.62)	-	-	-	(36.62)
Balance as at 31 March 2020	-	236.28	0.81	975.17	48.69	35.15	10.30	7.68	60.98	1,375.07
Depreciation charge	-	61.27	0.20	300.59	9.34	16.94	5.04	5.42	12.14	410.95
Deductions	-	-	-	(11.29)	-	-	-	-	-	-11.29
Balance as at 31 March 2021	-	297.55	1.01	1,264.47	58.03	52.09	15.34	13.11	73.13	1,774.73
Net carrying value										
Balance as at 1 April 2019	280.25	1,361.10	9.71	4,194.83	49.65	42.61	18.36	3.71	78.58	6,038.81
Balance as at 31 March 2020	280.25	1,301.94	9.51	4,249.18	39.99	118.54	18.49	14.41	66.43	6,098.73
Balance as at 31 March 2021	280.25	1,332.07	9.31	4,045.34	36.29	101.59	18.14	10.45	54.28	5,887.74

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Note 3B : Right of use Assets

(Refer note 2.26 and note 33 as Ind AS 116 applicable from 1st April, 2019)

(₹ in lakhs)

Particulars	Office Premises	Land	Total
Gross Carrying Value (at deemed cost)			
Balance as at 1st April 2019			
Addition	94.82	9.65	104.47
Disposals	-	-	-
Balance as on 1st April 2020	94.82	9.65	104.47
Addition	-	-	-
Disposals	-	-	-
Balance as on 31st March 2021	94.82	9.65	104.47
Accumulated Amortisation			
Balance as at 1st April 2019	-	-	-
Amortisation charge	22.35	1.93	24.28
Balance as on 1st April 2020	22.35	1.93	24.28
Amortisation charge	22.22	1.93	24.15
Balance as on 31st March 2021	44.57	3.86	48.43
Net Carrying value			
Balance as on 31st March 2020	72.47	7.72	80.19
Balance as on 31st March 2021	50.24	5.79	56.04

Note 3C : Intangible Asset

(₹ in lakhs)

Particulars	Software	Total
Gross carrying value(at deemed cost)		
Balance as at 1st April 2019	-	-
Addition	3.67	3.67
Disposals	-	-
Balance as on 31st March 2020	3.67	3.67
Addition	-	-
Disposals	-	-
Balance as on 31st March 2021	3.67	3.67
Accumulated Amortisation		
Balance as at 1st April 2019	-	-
Amortisation charge	0.18	0.18
Balance as on 31st March 2020	0.18	0.18
Amortisation charge	0.70	0.70
Balance as on 31st March 2021	0.87	0.87
Net Carrying value		
Balance as at 1st April 2019	-	-
Balance as on 31st March 2020	3.49	3.49
Balance as on 31st March 2021	2.80	2.80

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

Note 3D : Capital work-in-progress

(₹ in lakhs)

Particulars	Total
Gross Carrying value (at deemed cost)	
Balance as at 1 April 2019	148.17
Additions/(Adjustment) during the Year	176.65
Capitalisation During the Year	(301.52)
Balance as at 31 March 2020	23.30
Additions/(Adjustment) during the Year	481.67
Capitalisation During the Year	(153.17)
Balance as at 31 March 2021	351.80

Note 4 : Investments

(₹ in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
I. Investment at fair value through Profit or loss		
Investment in Equity instruments		
i) In other companies	6.36	5.80
Investment in mutual fund	61.17	0.85
Total non-current investments	67.53	6.65

Note 5.1 Detailed list of non-current investments

Face value of Rs. 10 each, unless otherwise stated	As at 31 March 2021		As at 31 March 2020	
	Nos / Units	(₹ in lakhs)	Nos / Units	(₹ in lakhs)
I. Investments valued At Fair value through Profit and Loss, fully paid up, quoted, unless otherwise stated				
i) Investment in Equity instruments				
Clio Infotech Limited (face value of Rs. 10/- each, fully paid up)	1,000	0.02	1,000	0.02
Shardul Securities & Finance Limited (face value of Rs. 10/- each, fully paid up)	12,800	6.34	12,800	5.78
		6.36		5.80
ii) Investment in mutual fund				
L&T Money Market Fund	28,395	5.90	4,261	0.85
Axis Short Term Fund - Regular Growth	1,05,030.59	25.14	-	-
Aditya Birla Sunlife Banking & Psu Debt fund - Growth-Regular Plan	1,777.27	5.03	-	-
Hdfc Short Term Debt Fund- Regular Plan Growth	1,02,342.74	25.10	-	-
		61.17		0.85
Total non-current investments		67.53		6.65
Particulars		As at 31 March 2021 (₹ in lakhs)		As at 31 March 2020 (₹ in lakhs)

Details:**Aggregate of non-current investments:**

Book value of investments (net of impairment allowance)	67.53	6.65
Investments carried at fair value through profit and loss	67.53	6.65

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Note 5 : Other Financial Assets

(Unsecured & considered good, unless otherwise stated)

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Non-current		
Security Deposits	417.96	108.96
Total non-current financial assets	417.96	108.96
Current		
Loan to employee	3.91	6.01
Other Receivable	18.30	10.46
Total current financial assets	22.21	16.47
Total other financial assets	440.17	125.43

Note 6 : Other non-current assets

(Unsecured & considered good, unless otherwise stated)

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Non-current		
Capital advances	6.03	1.00
Balance with government authorities	12.78	28.41
Prepaid expenses	61.43	68.56
Total non-current assets	80.24	97.97
Current		
Interest accrued on deposits & Fixed deposit	3.11	4.23
Duties and Taxes Receivable	35.59	27.12
Advance to suppliers	26.08	9.94
Prepaid expenses	36.41	32.29
Total current assets	101.19	73.58
Total other assets	181.43	171.55

Note 7 : Inventories

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

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Raw Materials and components	294.55	301.17
Work-in-progress	440.30	465.65
Finished goods	44.96	71.88
Stores, spares and other consumables	52.38	52.15
Total Inventories	832.19	890.85

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

Note 8 : Trade receivables

(Unsecured & considered good, unless otherwise stated)

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Trade receivables	649.64	709.66
Less: Provision for expected credit loss	(6.77)	(11.54)
Total trade receivables	642.87	698.12

Note 9 : Cash and cash equivalents

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Balances with banks		
- Current accounts in Indian rupees	211.30	157.79
Cash on hand	4.90	7.18
Total cash and cash equivalents	216.20	164.97

Note 10 : Bank balances other than Cash and cash equivalents

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Earmarked balances with banks for:		
Margin money deposits with original maturity of more than 3 months and remaining maturities of less than 12 months	2.97	19.07
Fixed deposits with bank	46.84	4.05
Total other bank balances	49.81	23.12

Margin money amounting to Rs. 2.97 lakh including interest is held as bank guarantee.

Note 11 : Income tax assets (net)**(a) Amounts recognised in Statement of Profit and Loss**

(₹ in lakhs)

Particulars	2020-21	2019-20
Current tax expense (A)		
Current year	-	1.55
Short/(Excess) provision of earlier years	4.89	0.37
Deferred tax expense (B)		
Origination and reversal of temporary differences	(84.20)	0.82
Tax expense recognised in the income statement (A+B)	(79.30)	2.73

(b) Amounts recognised in other comprehensive income

Particulars	2020-21 (₹ in lakhs)			2019-20 (₹ in lakhs)		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of post employment benefit obligation	7.68	(2.14)	5.54	(4.98)	1.39	(3.60)
	7.68	(2.14)	5.54	(4.98)	1.39	(3.60)

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(c) Reconciliation of effective tax rate

Particulars	2020-21 (₹ in lakhs)	2019-20 (₹ in lakhs)
Profit before tax	(327.04)	9.93
Tax using the Company's domestic tax rate @ 26%	(85.03)	2.58
Tax effect of :		
Tax effect on non-deductible expenses/ income	(6.82)	(10.53)
Adjustments recognised in current year in relation to the tax of prior years	4.89	0.37
Others	7.66	10.31
Tax expense as per Statement of Profit & Loss	(79.29)	2.73
Effective tax rate	24.246%	27.524%

(d) Income tax assets (net)

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Advance income tax and TDS	105.86	113.81
Total Income Tax Assets	105.86	113.81

Note 12 : Share capital

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Authorised share capital		
1,50,00,000 (PY 1,20,00,000) equity shares of Rs.10/- each	1,500.00	1,200.00
Total authorised share capital	1,500.00	1,200.00
Issued, subscribed and paid-up equity share capital:		
1,14,37,000 (PY 1,01,89,000) equity shares of Rs. 10/- each, fully paid up	1,143.70	1,018.90
Total issued, subscribed and paid-up equity share capital	1,143.70	1,018.90

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

Particulars	Number	(₹ in lakhs)
As at 1 April 2019	1,01,89,000	1,018.90
Issued during the year	-	-
As at 31 March 2020	1,01,89,000	1,018.90
Issued during the year **	12,48,000	124.80
As at 31 March 2021	1,14,37,000	1,143.70

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.

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

c. Shareholding of more than 5%:

Name of the Shareholder	As on March 31, 2021		As on March 31, 2020	
	% held	No. of shares	% held	No. of shares
Gyaneshwar Multitrade Private Limited	6.44%	7,36,864	7.75%	7,89,870
Sangita Maheshwari	11.73%	13,41,910	11.06%	11,27,410
Atul Maheshwari	10.17%	11,63,010	9.31%	9,48,510
Shyamsunder Toshniwal	9.82%	11,22,573	8.91%	9,08,073
Madhusa Lifecare Private Limited	5.06%	5,78,184	5.67%	5,78,184
Madhu Toshniwal	7.22%	8,25,468	6.00%	6,10,968

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.

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

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

In terms of the issue, the amount so received from the above issue of shares has been utilized for the working capital requirements of the Company

Note 13 : Borrowings

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Non current		
Secured		
Term Loan from NBFCs	4,215.90	3,608.83
Less: Current maturities of long term Borrowing	(341.07)	(239.57)
	3,874.83	3,369.26
Vehicle loan from Bank	72.35	92.82
Less: Current Maturities of Long term Borrowings	(20.72)	(20.47)
	51.63	72.35
	3,926.46	3,441.61
Unsecured		
Loan from NBFCs	-	7.95
Less: Current maturities of long term Borrowing	-	(7.95)
	-	-
Total non-current borrowings	3,926.46	3,441.61
Current		
Secured		
Loan from NBFCs repayable on demand	-	152.96
Unsecured		
Loan from Directors	268.80	-
Total current borrowings	268.80	152.96
Total borrowings	4,195.26	3,594.57

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Note:

I) Secured borrowings

Term Loan From NBFCs

- Term loan from Aditya Birla Finance Limited. Amounting to Rs.3,480.54 lakhs (PY : Rs.3535.00 lakhs) . It carries an interest rate of 11.75% p.a.. The loan is repayable in 120 monthly installment starting from 15th October, 2019.
- Term loan from Aditya Birla Finance Ltd. Amounting to Rs.735.36 lakhs (PY : Rs.Nil) . It carries an interest rate of 11.75% p.a.. The loan is repayable in 36 monthly installment starting from 5th November, 2021.
- Working Capital loan from Aditya Birla Finance Ltd amounting to Rs.Nil (P.Y.152.96 lakhs) . The cash credit is repayable on demand and carries interest @ 11.75% p.a (PY 12.5% p.a.)

The above loan from Aditya Birla are secured by

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

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

Term Loan From Banks :

Vehicle loans From Bank

- Vehicle loans from HDFC Bank amounting to Rs.66.12 lakhs (PY : Rs. 84.97 lakhs) are secured against respective vehicles. It carries interest rate of 8.46% to 10.00% p.a. and are repayable in 48 to 60 equal monthly installments.
- Vehicle loan from Axis Bank amounting to Rs.6.23 lakhs (PY : Rs.7.85 lakhs) is secured against respective vehicles. It carries interest rate of 9.51% p.a. and is repayable in 60 equal monthly installment.

Unsecured borrowings from NBFCs

- Loan From Bajaj Finance Limited amounting to Rs.Nil (PY : Rs.2.44 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.
- Loan From Tata Capital Financial Services Ltd amounting to Rs.Nil (PY: Rs.5.52 lakhs) which are unsecured and carry interest rate of 19.75%p.a and is repayable in 12 installments as per repayment schedule.

II) Unsecured borrowings from Directors

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

Note 14 : Lease Liability

(Refer note 2.26 and note 33 as Ind AS 116 applicable from 1st April, 2019)

Particulars	As at 31-Mar-21 (₹ in lakhs)	As at 31-Mar-20 (₹ in lakhs)
Non - Current		
Lease liability	32.65	49.54
Current		
Lease Liability	24.88	31.99
Total	57.53	81.53

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

Note 15 : Provisions

Particulars	As at 31-Mar-21 (₹ in lakhs)	As at 31-Mar-20 (₹ in lakhs)
Non-current		
Provision for employee benefits (Refer note 31)		
- Gratuity	76.20	72.36
Total non-current provisions	76.20	72.36
Current		
Provision for employee benefits (Refer note 31)		
- Gratuity	2.49	6.69
Total current provisions	2.49	6.69
Total provisions	78.69	79.05

Note 16 : Deferred Tax Liabilities

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Deferred Tax Liability on account of :		
Property, Plant and Equipments	733.30	729.78
	733.30	729.78
Deferred Tax Asset on account of :		
Provision for employee benefits	20.46	23.47
Lease as per Ind As 116	0.06	0.35
Provision for expected credit loss on trade receivables	1.76	3.00
Investments carried at fair value through profit and loss	(0.18)	0.22
Unabsorbed Depreciation	456.14	367.43
MAT Credit Entitlement	209.25	207.44
	687.49	601.91
Total Deferred Tax Liabilities	45.79	127.87

Note 17 : Other non-current liabilities

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Non-current		
Advance Manufacturing Consideration [Refer note (a) below]	139.62	197.39
Less : Current maturities of Advance Manufacturing Consideration	(57.77)	(57.77)
Total other non-current liabilities	81.85	139.62
Current		
Duties & Taxes Payable	24.32	24.65
Current maturities of Advance Manufacturing Consideration [Refer Note (a) below]	57.77	57.77
Advance from Customer	48.00	115.55
Payable for Capital goods	32.40	10.03
Total other current liabilities	162.49	208.00
Total other liabilities	244.34	347.62

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

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 (31.03.2020 :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 (PY Rs. 57.77 lakhs is disclosed under the head "Other Current liability" and Rs. 139.62 (PY Rs. 197.39 lakhs), is disclosed under the head "Other Long term liability".

Note 18 : Trade payables

Particulars	As at 31-Mar-21 (₹ in lakhs)	As at 31-Mar-20 (₹ in lakhs)
- Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note below)	36.12	34.30
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	180.58	347.00
Total trade payables	216.70	381.30

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 2020.

The disclosure pursuant to the said Act is as under:

Particulars	As at 31-Mar-21 (₹ in lakhs)	As at 31-Mar-20 (₹ in lakhs)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year*;	36.12	34.30
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	0.23	0.15
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 19 : Other financial liabilities

Particulars	As at 31-Mar-21 (₹ in lakhs)	As at 31-Mar-20 (₹ in lakhs)
Current		
Current maturities of long-term debt	361.80	268.00
Provision for Expenses	103.02	73.95
Deposit received	0.70	0.19
Interest accrued but not due	21.68	17.54
Total	487.20	359.68

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

Note 20 : Revenue from Operations

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Sale of Product Comprises of:		
Sales	581.10	834.46
Conversion Charges	2,850.39	3,099.76
	3,431.49	3,934.22
Other operating revenue		
Scrap Sales	7.07	9.19
MEIS Export Incentive	-	3.66
Manufacturing Consideration	57.77	57.77
	64.84	70.62
Total Revenue from Operations	3,496.33	4,004.84

Note 21 : Other Income

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Interest Income		
-on Fixed Deposits	4.95	1.71
- on others	3.18	4.71
-on Income Tax Refund	3.49	10.67
-on VAT Refund	3.33	
Rent Income	5.04	4.80
Fair valuation of Investment	0.88	-
Sundry balances written back	-	6.70
Foreign Exchange Gain	5.64	0.93
Miscellaneous Income	-	0.03
Total other income	31.31	29.55

Note 22 : Cost of materials consumed

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Raw Material Consumed	377.45	413.45
Packing Material Consumed	87.64	126.16
Total	465.09	539.61

Note 23 : Purchase of Stock-in-Trade

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Purchase of Stock-in-Trade	-	164.22
Total	-	164.22

Lactose (India) Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

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

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Opening Inventory		
Finished Goods	71.88	48.97
Work-In-Progress	465.65	474.61
	537.53	523.58
Closing Inventory		
Finished Goods	44.96	71.88
Work-In-Progress	440.30	465.65
	485.26	537.53
Total Changes in Inventories of finished goods and Work in Progress	52.27	(13.97)

Note 25 : Employee benefits expense

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Salaries and wages	1,024.41	1,144.73
Directors Remuneration	148.46	133.32
Gratuity (Refer note 31 A)	13.86	13.50
Contribution to provident and other funds (Refer note 31 (B))	19.51	20.64
Staff welfare	5.65	8.73
Total employee benefits expense	1,211.89	1,320.92

Note : Salaries and Wages include amount paid towards contractual wages Rs. 509.84 lakhs (31.03.2020 : Rs.595.98 lakhs).

Note 26 : Finance costs

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Interest Expenses		
- Banks & Financial Institutions	509.28	484.30
- Unsecured loan	19.23	0.97
- Interest accrued on lease liability as per Ind AS 116 (Refer note 33)*	6.09	7.84
- Other Borrowing Cost	8.24	59.88
Bank Charges	1.96	2.71
Total finance costs	544.80	555.70

* As Ind AS116 applicable from 1st April, 2019

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

Note 27 : Other expenses

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Stores and spares consumed	81.74	82.62
Power and Fuel expenses	583.84	629.81
Laboratory materials consumed	27.53	22.50
Rent (Refer note 33)*	-	0.01
Repairs to :		
- Building	9.10	12.30
- Machinery	73.46	39.26
Insurance Charges	20.85	12.98
Rates and Taxes	4.00	7.05
Legal and Professional	41.90	31.78
Communication Expenses	7.62	7.36
Auditor's Remuneration	7.32	7.31
Freight Outward	4.33	6.82
Sales Promotion Charges	18.34	20.58
Bad Debts	46.37	-
Environment Compensation Expense	48.20	
Loss on fair value changes in investments	-	1.05
Provision for expected credit loss	-	4.25
Miscellaneous Expenses	170.23	181.67
Total other expenses	1,144.83	1,067.35

* As Ind AS116 applicable from 1st April, 2019

Auditors' remuneration:

i) Statutory audit fees	7.32	7.31
	7.32	7.31

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.

Basic and diluted EPS

Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	(Rs. in lakhs)	(247.75)	7.20
Weighted average number of equity shares for EPS computation	(Nos.)	1,03,12,090	1,01,89,000
EPS - Basic and Diluted EPS	(Rs.)	(2.40)	0.07

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

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

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

Nature of relationship	Nature of the party
A) Key Management Personnel (KMP) and their relatives	
Mr Atul Maheshwari	Managing Director
Mrs. Sangita Maheshwari	Whole time Director and CFO
Mr Shyam Sunder Toshniwal	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 Ritesh Pandey	Company Secretary
B) Entities in which KMP have significant influence	
Eurolife Healthcare Private Limited	
Madhusa Projects Private Limited	
Madhusa Biotech Private Limited	
Lotus Global Private Limited	
Omega Colors Private Limited	
Vitanosh Ingredients 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 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Mr. Atul Maheshwari	Director's Remuneration	95.78	80.83
	Loan Taken	180.00	1.43
	Interest Repaid	10.22	1.43
	Interest Expense	11.77	-
Mrs. Sangita Maheshwari	Director's Remuneration	52.67	52.67
	Rent paid	6.12	5.76
	Loan Taken	120.00	-
	Loan Repayment including interest	40.21	14.55
	Interest Expense	7.46	-
Mrs. Madhu Toshniwal	Consultancy Charges paid	6.90	6.90
Mr Yash Maheshwari	Salary paid	23.78	23.78

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

II. Enterprises over which key management personnel have significant influence

Particulars	Nature of Transaction	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Madhusa Lifecare Private Limited	Job Work income	6.53	-
	Sales	-	-
Madhusa Biotech Private Limited	Refund of capital advance	-	90.00
Eurolife Healthcare Private Limited	Sales	-	25.39
Vitanosh Ingeredients Private Limited	Deposit given	300.00	25.00
	Advance recd against supply	48.00	-
Lotus global private limited	Loan Taken	-	15.00
	Repayment of Loans Taken	-	15.97
	Interest Expense	-	0.97
Omega Colors Private Limited	Sales	-	119.02
Omega Colors Private Limited	Purchases	-	355.42

III. Balance Outstanding of Related Parties:

Particulars	Nature of Transaction	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Mrs Sangita Maheshwari	Loan Payable	87.25	-
	Director Remuneration Payable	3.03	3.19
Mr. Atul Maheshwari	Director Remuneration Payable	5.34	5.76
	Loan Payable	181.56	-
Mrs. Madhu Toshniwal	Expense Payable	0.53	0.52
Mr. Yash Maheshwari	Salary Payable	1.35	1.35
Vitanosh Ingredients Private Limited	Deposit Receivable	300.00	25.00
	Advance recd for supply	48.00	-
Madhusa Lifecare Private Limited	Advance for supply of goods.	-	2.22
Eurolife Healthcare Private Limited	Trade receivable	4.28	52.67
Omega Colors Private Limited	Trade receivable	-	44.21

Note 30 : Contingent liabilities and Commitments

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

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
I) Disputed Statutory Liability		
i) Disputed liability in respect of Income tax (AY 13-14)	20.23	20.23
Disputed liability in respect of Service Tax (From April 14 to March15)	79.06	-
Disputed liability in respect of Excise Duty (From Oct 14 to June 17)	102.82	-
II) Guarantees		
i) Guarantee given by Bank on behalf of the Company	1.05	16.05
III) Other money for which the company is contingently liable		
i) Duty against pending export obligation	-	16.34
ii) Duty against the material imported on Advance license (Refer note a below)	112.76	-

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

Note :

- (a) The Company has obtained Advance Licence for purchase of raw material and license under Export Promotion Capital Goods Scheme (EPCG) for purchase of capital goods on zero percent custom duty. Under the both licence the Company needs to fulfill certain export obligations, failing which, it is liable for payment of custom duty. Export Obligations amounting to Rs.Nil (31.03.2020 Rs 32.39 lakhs), needs to be completed under the EPCG licence. If the export obligation as per above is not fulfilled, then the duty component will be RS Nil (PY Rs 16.34 lakh) This export obligation to be completed within 6 years from the date of purchase of respective EPCG license. In case of advance licence, material must be exported within 18 months from the date on which goods were cleared from Customs under advance licence
- (b) **Commitments**
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs 51.17 lakhs (31.03.2020 : Rs.2.74. lakhs).

Note 31 : Disclosure relating to employee benefits as per Ind AS 19 'Employee Benefits'

A Defined benefit obligations - Gratuity (unfunded)

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

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
a) Changes in defined benefit obligations		
Defined Benefit Obligation ("PBO") at the beginning of the year	79.05	60.57
Service cost for the year	8.49	9.38
Interest cost for the year	5.38	4.12
Actuarial losses / (gains)	(7.68)	4.98
Benefits paid	(6.55)	-
Defined Benefit Obligation ("PBO") as at the end of the year	78.68	79.05
b) Amounts recognised in the Statement of Profit and Loss		
Current service cost	8.49	9.38
Net interest on net Defined Liability / (Asset)	5.38	4.12
Expenses recognised in the statement of profit and loss	13.86	13.50
c) Remeasurement (gains)/ losses recognised in OCI		
Actuarial changes arising from changes in financial assumptions	-	-
Actuarial changes arising from changes in demographic assumptions	-	-
Experience adjustments	(7.68)	4.98
Total	(7.68)	4.98
d) The amounts recognised in the Balance Sheet are as follows:		
Present value of obligation as at the end of the year	78.68	79.05
Funded value of assets (unfunded)	-	-
Net assets / (liability) recognised in balance sheet	(78.68)	(79.05)
e) Actuarial assumptions	31 March 2021	31 March 2020
Discount rate	6.80% p.a.	6.80% p.a.
Normal retirement age (in years)	58	58
Salary escalation rate (% p.a.) *	7.00% p.a.	7.00% p.a.
Attrition rate	5% to 1%	5% to 1%
Mortality rate	Indian assured lives mortality (2012-14) ultimate	Indian assured lives mortality (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 2021**

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

Particulars	31 March 2021 (₹ in lakhs)	31 March 2020 (₹ in lakhs)
One percent increase		
i. Discount rate	72.77	73.19
ii. Salary escalation rate - over a long-term	85.38	85.68
iii. Withdrawal rate	78.65	78.98
One percent decrease		
i. Discount rate	85.46	85.76
ii. Salary escalation rate - over a long-term	72.73	73.15
iii. Withdrawal rate	78.72	79.13

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	2.49	6.69
2nd Following Year	5.24	3.53
3 rd Following Year	7.71	4.84
4th Following Year	8.24	7.15
5th Following Year	9.08	9.02
Sum of Year 6 to 10 Year	59.58	57.44
Total expected payments	92.34	88.68

B Defined contribution plans

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
a) The Company has recognised the following amounts in the Statement of Profit and Loss for the year:		
(i) Contribution to provident fund	19.51	20.64
	19.51	20.64

C Current/ non-current classification

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Gratuity		
Current	2.49	6.69
Non-current	76.20	72.36
	78.68	79.05

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 2021

Note 33: Leases

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

Following are the changes in the carrying value of right of use assets for the year ended 31st March 2021

Particulars	(₹ in lakhs)
Balance as at 1st April 2020	80.19
Addition	-
Deletion	-
Depreciation	24.15
Balance as at 31st March 2021	56.04

The following is the breakup of current and non current lease liabilities as at 31st March 2021

Particulars	(₹ in lakhs)
Current lease liability	24.88
Non current lease liability	32.65
	57.53

The following is the movement in lease liability during the year ended 31st March 2021

Particulars	(₹ in lakhs)
Balance as at 1st April 2020	81.54
Addition	-
Finance cost accrued during the year	-
Deletion	-
Payment of lease liabilities	24.00
Balance as at 31st March 2021	57.53

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis

Particulars	(₹ in lakhs)
Less than one year	24.88
Later than one year but not later than five year	40.39
Later than five year	-
Balance as at 31st March 2021	65.27

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

Note 34: Fair Value Measurement**(i) Financial instruments by category**

Particulars	Refer note	31st March 2021 (₹ in lakhs)				31st March 2020 (₹ in lakhs)			
		Carrying Amount	FVPL	FVOCI	Amortised Cost	Carrying Amount	FVPL	FVOCI	Amortised Cost
Financial Assets:									
Investments in Equity Instruments	5	6.36	6.36			5.80	5.80		
Investments in Mutual Fund	5	61.17	61.17			0.85	0.85		
Trade receivables	9	642.87			642.87	698.12			698.12
Cash and cash equivalents	10	216.20			216.20	164.97			164.97
Bank balances other than Cash and cash equivalents	11	49.81			49.81	23.12			23.12
Other financial asset	6	440.16			440.16	125.43			125.43
Total Financial Assets		1,416.58	67.53	-	1,349.05	1,018.29	6.65	-	1,011.64
Financial Liabilities:									
Borrowings	14	4,195.26			4,195.26	3,520.73			3,594.57
Trade payables	19	216.70			216.70	381.30			381.30
Lease Liability	15	57.53			57.53	81.54			81.54
Other financial liabilities	19	487.20			487.20	359.68			359.68
Total Financial Liabilities		4,956.69	-	-	4,956.69	4,343.25	-	-	4,417.09

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

Note 35 : Financial risk management objectives and policies

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

i. Market risk

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

a) Interest rate risk

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

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
Total Borrowings	4,578.73	3,880.11

Cash flow sensitivity analysis for variable-rate instruments

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

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
Increase in basis points	50 basis points	50 basis points
Effect on profit/(loss) before tax, increase by	(22.89)	(19.40)
Decrease in basis points	50 basis points	50 basis points
Effect on profit/(loss) before tax, decrease by	22.89	19.40

Other Price risk

The company is not exposed to the other price risk

b) Foreign currency risk

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

Particulars of unhedged foreign currency exposures as at the reporting date

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

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

c) Commodity and other price risk

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

ii. Credit risk

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

Trade and other receivables from customers

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

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

Ageing of Accounts receivables :

Particulars	(₹ in lakhs)	
	As at 31-03-2021	As at 31-03-2020
Not Due	645.66	639.61
0 - 6 months	-	33.85
6 - 12 months	-	-
Beyond 12 months	3.98	36.19
Total	649.64	709.65

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

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

Movements in provision of doubtful debts			(₹ in lakhs)
Particulars	As at 31-03-2021	As at 31-03-2020	
Opening provision	11.54	7.29	
Add : Provision / (Reversal) for Expected Credit Loss	(4.77)	4.25	
Closing provisions	6.77	11.54	

Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks of Rs. 216.20 lakhs Rs. 164.97 lakhs as at 31 March 2021, 31 March 2020 respectively. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good. Also, Company invests its short term surplus funds in bank fixed deposit, which carry no / low mark to market risks for short duration therefore does not expose the Company to credit risk.

iii. Liquidity risk

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

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

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

(₹ in lakhs)						
Particulars	Note No.	Contractual cash flows				Total
		On Demand	Less than 1 year	1 - 5 years	More than 5 years	
As at 31 March 2021						
Non - derivative financial liabilities						
Borrowings	13	268.80	383.47	2,070.59	1,855.86	4,578.73
Trade payables	18	216.70	-	-	-	216.70
Lease Liability	14	-	24.88	32.65	-	57.53
Other financial liabilities	19	-	103.72	-	-	103.72
		485.50	512.08	2,103.25	1,855.86	4,956.69
As at 31 March 2020						
Non - derivative financial liabilities						
Borrowings	13	152.96	285.54	1,180.77	2,260.84	3,880.11
Trade payables	18	381.30	-	-	-	381.30
Lease Liability	15	-	31.99	49.54	-	81.54
Other financial liabilities	19	-	74.14	-	-	74.14
		534.26	391.67	1,230.31	2,260.84	4,417.09

**Summary of significant accounting policies and
other explanatory information for the year ended 31 March 2021**

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.

(₹ in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Total debts	4,578.73	3,880.11
Total equity	3,508.93	3,428.58
Total debts to equity ratio (Gearing ratio)	1.30	1.13

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 : The Company has considered the possible effects that may result from COVID-19 in the preparation of the financial results including the recoverability of carrying amounts of assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the management has, used internal and external sources of information up to the date of approval of these financial results and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial results

Note 38 : Prior year comparatives

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

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

As per our report of even date

For C A S & CO.

Chartered Accountants

Firm Registration No.111075W

Sd/-

Nitesh Musahib

Partner

Mem. No. 131146

Place: Mumbai

Date : 21st June 2021

For and on behalf of the Board of Directors

LACTOSE (INDIA) LIMITED

CIN : L15201GJ1991PLC015186

Sd/-

Atul Maheshwari

Managing Director

DIN : 00255202

Place: Mumbai

Date : 21st June 2021

Sd/-

Sangita Maheshwari

Whole Time Director & CFO

DIN : 00369898

Sd/-

Ritesh Pandey

Company Secretary

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If undelivered, please return to :

LACTOSE (INDIA) LIMITED

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