

LACTOSE

LACTOSE (INDIA) LIMITED
Govt. recognised Export House
CIN : L15201GJ1991PLC015186

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001

Scrip Code: 524202

Sub: Submission of Annual Report of the Company

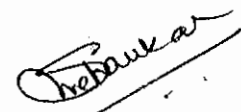
Ref: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

With reference to the captioned subject, please find enclosed Annual Report of the Company duly approved by the shareholders at the 27th Annual General Meeting of the Company held on 26th September, 2018 at Survey No. 6, Village Poicha (Rania), Savli, District – Vadodara, Gujarat - 391730.

You are requested to kindly take the same on record.

For Lactose (India) Limited



Suyog Chaukar
Company Secretary



Place: Mumbai

Date: 28th September, 2018



LACTOSE (INDIA) LIMITED

LACTOSE

27th

ANNUAL REPORT 2017-2018

LACTOSE (INDIA) LIMITED

BOARD OF DIRECTORS

Shri. Atul Maheshwari	<i>Managing Director</i>
Smt. Sangita Maheshwari	<i>Whole Time Director & C.F.O.</i>
Shri. S.S.Toshniwal	<i>Director</i>
Shri. Pramod Kalani	<i>Director</i>
Shri. G. K. Sarda	<i>Director</i>
Shri. Abhijit Perival	<i>Director</i>

AUDITORS

K. M. Tulsian & Associates
Chartered Accountants
A-703, Rajeshri Accord, Telly Cross Lane,
Off. S. N. Road, Andheri (East),
Mumbai - 400069.

CORPORATE OFFICE

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

BANKERS

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

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Pvt. Ltd.
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (East), Mumabi - 400059.
ISIN No. - INE058I01013
BSE Scrip Code - 524202
Company Identification No: L15201GJ1991PLC015186

REGISTERED OFFICE & WORKS

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

COMPANY SECRETARY

Mr. Suyog Chaukar
(Company Secretary & Compliance Officer)

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Twenty Seventh Annual General Meeting of the Members of Lactose (India) Limited will be held on Wednesday, 26th September, 2018 at 09:00 a.m. at the Registered office of the Company situated at Survey No. 6, Village Poicha (Rania) Savli, Vadodara Gujarat - 391780, to transact the following business:**

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2018, 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. Continuing the directorship of Mr. Shyamsunder Bhorilal Toshniwal, Non- Executive Director of the Company.

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

“RESOLVED THAT in terms of requirements of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the members of the Company be and is hereby accorded for the Company to continue the Directorship of Mr. Shyamsunder Toshniwal(DIN:01223515) as Non Executive Director of the Company although he has attained age of 78 years as on 30th May, 2018.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the “Board” which terms shall be deemed to include any Committee of Directors which the Board may have constituted/ will constitute to exercise any or all of its powers including the powers conferred by this resolution) be and is hereby authorised to take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution.”

Date: 19th July, 2018

By Order of the Board

Place: Mumbai

Regd. Office: Survey No. 6, Village Poicha (Rania), Savli Vadodara, Gujarat - 391780
Suyog Chaukar (Company Secretary)

NOTES TO NOTICE

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form MGT-11 is sent herewith.

Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

2. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (herein after referred to as “the Act”, in respect of item 3 is annexed hereto. As required in terms of Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, relevant information in respect of the Directors seeking appointment and re-appointment at the AGM is annexed hereto.
3. The Register of Members and the Share Transfer books of the Company will remain closed from Thursday, 20th September, 2018 to Wednesday, 26th September, 2018(both days inclusive) for annual closing for the financial year 2017-18.
4. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Registrar and Share Transfer Agent M/s. Bigshare Services Private Limited.
5. Queries on financial statements and operations of the Company, if any, may be sent to the Company Secretary seven days in advance of the meeting so as to enable the Management to keep the information ready at the meeting.
6. All transfer deeds, requests for change of address, bank particulars /mandates /ECS mandates, PAN should be lodged with Company's Registrar and Share Transfer Agent M/s. Bigshare Services Private Limited, in case of shares held in physical form on or before Wednesday, 19th September, 2018 The above details in respect of the shares held in electronic form should be sent to the respective Depository Participants by the members well in time.
7. In case of joint holders attending the Meeting, only such joint holder who is high in the order of names in the Register of Members will entitled to vote.
8. Members are also requested to note that the Company has entered into Tri-partite Agreement with NSDL and CDSL towards Dematerialization of shares. Members are requested to send all their requests towards Dematerialization to their respective DP's.
9. Members are requested to advise immediately about any change of address:
 - a) To their Depository Participants (DPs) in respect of their electronic share accounts.
 - b) To the Company's Registrar & Share Transfer Agents M/s. Bigshare Services Private Limited in respect of their physical share folios if, any.
10. Under Section 72 of the Act, members are entitled to make nomination in respect of shares held by them in physical mode. Members desirous of making nominations are requested to send their request in Form No. SH.13 to the Company's Registrar and Share Transfer Agent.

Lactose (India) Limited

11. As a measure of economy, Members are requested to bring their copy of Annual Report to the meeting. Members / Proxies should bring the attendance slip duly filled in and signed for attending the meeting. MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.
12. The Annual Report of the Company circulated to the members of the Company will be made available on the Company's website at www.lactoseindialimited.com.
13. The Company or its Registrars and Transfer Agents, M/s. Bigshare Services Private Limited cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants.
14. Electronic copy of the Notice of the AGM of the Company inter alia indicating the process and manner of e-voting along with the Attendance slip and Proxy form is being sent to all the members whose email IDs are registered with the Company/Depository participants(s) for communication purpose unless any member has requested for a hard copy of the same. For the members who have not registered their email address, physical copies of the notice of the AGM of the Company inter alia indicating the process and manner of e-voting along with the Attendance slip and proxy form is being sent in the permitted mode.
15. SEBI has notified that requests for effecting transfer of securities shall not be processed by listed entities unless the securities are held in the dematerialized form with a depository. in view of the above and to avail various other benefits of dematerialisation like easy liquidity, since trading is permitted in dematerialized form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries, members are advised to dematerialise shares held by them in physical form.
16. To support green initiative of the Government in full measure, Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in the following manner:
- In respect of electronic holdings with the Depository through their concerned Depository Participants.
 - Members who hold shares in physical form are requested to register their e-mail ID with ashish.lactose@gmail.com quoting your name and folio number
17. Procedure for voting through electronic means:
- In compliance with the provision of Section 108 of the Companies Act, 2013 and Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members' facility to exercise their right to vote at 27th AGM by electronic means and the business may be transacted through e-voting Services provided by Central Depository Services Limited (CDSL).
- The instructions for shareholders voting electronically are as under:
- For Members, whose e-mail addresses are registered with the Company/ Depositories:

The instructions for members for voting electronically are as under:

- The voting period begins on Saturday, 22nd September, 2018 at 9 a.m. and ends on Tuesday, 25th September, 2018 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Wednesday, 19th September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- Log on to the e-voting website www.evotingindia.com
- Click on Shareholders
- Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	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"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/mail) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.
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. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form

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

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Lactose (India) Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com 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.
- (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
- 18. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- 19. Ms.Priti Jajodia, Proprietor, Jajodia and Associates, Practicing Company Secretaries(Membership No: 36944), has been appointed as the scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- 20. 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.
- 21. 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.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
- (B) The voting period begins on Saturday, 22nd September, 2018 at 9 a.m. and ends on Tuesday, 25th September, 2018 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Wednesday, 19th September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

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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 of the Notice dated 19th July, 2018 and the same should be taken as forming part of the notice.

Item No. 3

Pursuant to recommendation made in the Report of Committee on Corporate Governance (constituted under chairmanship of Mr. Uday Kotak), SEBI vide its Notification dated 9th May, 2018, notified SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and stated that no listed entity shall continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Mr. Shyamsunder Toshniwal, Non-Executive Director of the Company has already attained the age of 78 years as on 30th May, 2018. Mr. Shyamsunder Toshniwal brings with him rich experience in the field of financial and legal matters and he is well versed with the Industry. He has been associated with the Company for about four years. His immense experience in legal matters provides a much needed overall guidance to the management on various aspects of business. Therefore, it is proposed to continue directorship of Mr. Shyamsunder Toshniwal as Non-Executive Director of the Company and accordingly approval of members of the Company is sought to continue his directorship. The Brief profile of Mr. Shyamsunder Toshniwal, the nature of his expertise, the names of listed entities in which he holds directorships/ memberships of Committees of Board, and details of his shareholding in the Company and other information is annexed to the Explanatory Statement.

Your Directors recommend Resolution at Item No. 3 as a Special Resolution for approval of the members.

None of the Directors, Key Managerial Personnel and their relatives thereof other than Mr. Shyamsunder Toshniwal, Mr. Atul Maheshwari and Mrs. Sangeeta Maheshwari has any concern or interest, financial or otherwise, in the resolution at Item No. 3 of this Notice.

APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

The details pertaining to appointment or re-appointment of the Directors as required to be provided pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are as follows:

Name of the Director	Mr. Shyamsunder Toshniwal
Date of Birth	30 th May, 1940
Date of Appointment	13 th August, 2014
Brief Resume	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.
Expertise in specific functional area	Financial and Legal Matters
Qualification	B.Com (Hons). LLB
List of outside Directorship held as on 31st March, 2018 (Excluding Private Limited Companies and Foreign Companies)	NIL
Chairman/Member of the Committee of Board of Directors of the Company as on 31st March, 2018	NIL
No of Shares held in the Company as on 31st March, 2018	53,073
Relationship with other Directors and Key Managerial Personnel	Mrs. Sangeeta Maheshwari- Daughter Mr. Atul Maheshwari- Son- in- law

ROUTE MAP OF THE VENUE OF THE AGM



Lactose (India) Limited

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Twenty Seventh Annual Report of the Company together with the Audited Statement of the Accounts for the year ended on 31st March, 2018.

FINANCIAL STATEMENT:

(Rs. In Lakhs)

Particulars	2017-18	2016-17
Operating and other Income	3179.07	3665.52
Expenditure	3456.37	3228.44
Profit before Tax	(277.31)	437.08
Prior period Items	-	-
Provision for Current Tax	-	91.13
Deferred Tax	(148.10)	64.46
Minimum Alternate Tax Credit Entitlement	-	-
Taxation of Earlier Years	3.71	3.07
Profit After Tax	(126.56)	280.13

SHARE CAPITAL:

The Authorised Share Capital of the Company as on 31st March, 2018 is Rs. 12,00,00,000/- (Rupees Twelve Crores only). The Issued, Subscribed and Paid-Up Equity Share Capital as on 31st March, 2018 is Rs. 10,03,90,000/- (Rupees Ten Crore Three Lakh Ninety Thousand only). During the year under review, the Company had allotted 360,000 equity shares on conversion of Convertible Warrants issued on preferential basis to Promoters and Promoter Group in the below mentioned manner in two tranches i.e. 169,8000 Equity Shares in First Tranche on 23rd January, 2018 and 190,200 Equity Shares in Second Tranche on 20th March, 2018.

Sr. No	Name of the Allottee(s)	No. of Shares allotted	Date of Allotment	Price per share (Rs.)
1.	Mr. Atul Maheshwari	34,100	23 rd January, 2018	158.10/-
2.	Mrs. Sangita Maheshwari	34,100	23 rd January, 2018	158.10/-
3.	Mr. Shyamsunder Toshniwal	37,500	23 rd January, 2018	158.10/-
4.	Mrs. Madhu Toshniwal	37,500	23 rd January, 2018	158.10/-
5.	Mr. Yash Maheshwari	6,600	23 rd January, 2018	158.10/-
6.	M/s. Madhusa Lifecare Private Limited (Formerly known as Madhusa Projects Private Limited)	20,000	23 rd January, 2018	158.10/-
7.	Mr. Atul Maheshwari	68,400	20 th March, 2018	158.10/-
8.	Mrs. Sangita Maheshwari	68,400	20 th March, 2018	158.10/-
9.	Mr. Yash Maheshwari	13,400	20 th March, 2018	158.10/-
10.	M/s. Madhusa Lifecare Private Limited (Formerly known as Madhusa Projects Private Limited)	40,000	20 th March, 2018	158.10/-

During the year under review, the Company has not issued shares with differential voting rights nor has issued any sweat equity shares as on 31st March, 2018.

DIVIDENDS:

Since the Company has incurred losses in the FY 2017-18, the Board of Directors of your Company do not recommend any Dividend on equity shares for the FY 2017-18.

REVIEW OF OPERATIONS:

During the year under review, revenue of the Company was Rs. 3179.07 lakhs as compared to Rs. 3665.52 lakhs in the corresponding previous year. The Company incurred a net loss of Rs. 126.56 lakhs as compared to a net profit Rs. 280.13 lakhs in the previous year.

TRANSFER TO RESERVE:

The Company has not transferred any amount to reserves during the Financial Year 2017-18.

DEPOSITS:

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

Further the below mentioned director(s) hold the instruments convertible into equity shares:-

Sr. No	Name of the Allottee(s)	No. of Convertible Warrants held	Date of Allotment
1.	Mr. ShyamsunderToshniwal	75,000	20 th December, 2017

DIRECTORS:

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

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 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD EVALUATION

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

The performance evaluations of Independent Directors were also carried out and the same was noted. Independent Directors in their separate meeting held on 20th March, 2018 carried out the performance evaluation of the Chairman, Managing Director and the Board as a whole.

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 2017-18 Ten (10) 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, all the Independent Directors of the Company met once during a year, 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.

STATUTORY AUDITOR& AUDIT REPORT:

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

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

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies Appointment and Remuneration of Managerial Personnel) rules, 2014, the Secretarial Auditors, **Mrs. Priyanka Lahoti**, Practicing Company Secretary, Mumbai (Certificate of Practice No. 8654), have issued Secretarial Audit Report for the Financial Year 2017-18 which is annexed as "**Annexure A**" and forms part of this Report.

MANAGEMENT'S REPLY ON AUDITOR'S REMARK IN SECRETARIAL AUDIT REPORT:

The Board of Directors would like to submit here that it was an operational delay in filing of Listing Application with the BSE Limited of 169,800 Equity Shares. Further the Company has complied by paying the requisite fees as prescribed under Regulation 108 (2) of LODR Regulations and SEBI circular dated 15/06/2017 for the delayed period after which the BSE Limited granted listing approval on date 07th May, 2018.

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

The Accounts Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures

Lactose (India) Limited

and policies at all locations of the Company. Significant Audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

VIGIL MECHANISM/WHISTLE BLOWER POLICY:

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

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

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

FOREIGN CURRENCY EARNING AND OUTGO

		<i>Rs. In Lacs</i>
i)	CIF Value of Imports	91.26
ii)	Expenditure in foreign currency	24.64
iii)	Foreign Exchange earned	83.5

PARTICULARS OF EMPLOYEES:

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

EXTRACT OF ANNUAL RETURN:

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

RELATED PARTY TRANSACTIONS:

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

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

The details of Loan, Guarantees and Investments made by the

Company under the provisions of Section 186 of the Companies Act, 2013 are provided in the notes to the Financial Statements.

SAFETY, HEALTH AND ENVIRONMENT:

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

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

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

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

- 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;
- 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, 2018 and of the profit or loss of the company for the year ended on that date;
- 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;
- That the annual financial statements have been prepared on a going concern basis;
- That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- 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 E" forming the part of this Annual Report.

DISCLOSURES:

AUDIT COMMITTEE:

The Audit Committee comprises Independent Directors namely Mr. G. K. Sarda (Chairman), Mr. Pramod Kalani and Mr. Abhijit Periwal as other members. The Audit Committee played an important role during the year. It coordinated 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 2017-18 Five (5) 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 2017-18 Four (4) 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 2017-18 One (1) Nomination & Remuneration Committee's Meetings were conveyed and held by the Company. The details of which are given in the Corporate Governance Report. The Nomination and Remuneration Committee recommends to the Board the suitability of candidates for appointment as Key Managerial Personnel, Directors and the remuneration packages payable to them and other employees.

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:

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

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

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

MATERIAL CHANGES:

There are no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company i.e. 31st March, 2018 to which these financial statements relate and date of this report.

RISK MANAGEMENT POLICY:

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

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

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

PREVENTION OF INSIDER TRADING:

The Company has adopted a code of conduct for prevention of insider trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

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

SIGNIFICANT OR MATERIAL ORDERS AGAINST COMPANY

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

APPRECIATION:

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

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

For and on Behalf of the Board

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

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

Date : 19th July, 2018
Place : Mumbai

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

ANNEXURE "A" TO THE DIRECTOR'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

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

To,
The Members,
LACTOSE (INDIA) LIMITED
Village Poicha (Rania),
Survey No. 6, Savli,
District Vadodara – 391780

We have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **LACTOSE (INDIA) LIMITED** (hereinafter called "The Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our limited verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We herewith report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test check basis, the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and produced before us for the financial year ended March 31, 2018, as per the provisions of:

- I. The Companies Act, 2013 ("The Act") and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable to the Company:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May, 2015);
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - f. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
No such transaction during the year under review.
 - g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
No such transaction during the year under review.
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
No such transaction during the year under review.
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
No such transaction during the year under review.
- VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company as mentioned belows:
- Factories Act, 1948
 - Industrial Disputes Act, 1947
 - Payment of Wages Act, 1936 & Payment of Bonus Act, 1965
 - Payment of Gratuity Act, 1972
 - The Contract Labour (Regulation and Abolition) Act, 1970
 - Employees Provident Fund and Miscellaneous Provisions Act, 1952
 - Employees State Insurance Act, 1948
 - Environment Protection Act, 1986
 - Indian Contracts Act, 1872
 - Income Tax Act, 1961 and Indirect Tax Laws
 - Pollution Control Laws
 - Explosives Act, 1884 and Explosives Rules, 2008

- Drugs and Cosmetic Acts, 1940 and Rules thereunder
 - Drug (Price Control) Order, 2013
 - The Central Excise Act, 1944
 - The Customs Act, 1962
 - The Central Sales Tax Act, 1956
 - Service Tax Rules, 1994
 - Information Technology Act, 2000
 - The Minimum Wages Act, 1948
 - The Employees Compensation Act, 1923
 - The Maternity Benefit Act, 1961
 - The Indian Electricity Rules, 1956
 - The Standard Weight and Measurement Act, 1976
 - Food Safety And Standards Act, 2006
 - The Patents Act, 1970
 - The Trade Marks Act, 1999
 - Indian Boilers Act, 1923
2. Issued and offered 510,000 Convertible Warrants on Preferential basis in its Extra Ordinary General Meeting held on 20th December, 2017. Thereafter the Company allotted 510,000 Convertible Warrants on Preferential basis on 29th December, 2017;
 3. The Company had allotted First Tranche of 169,800 Equity Shares on 23rd January, 2018 the Listing Approval for which was received on 07th May, 2018 and Second Tranche of 190,200 Equity Shares on 20th March, 2018 the Listing Approval for which was received on 18th June, 2018.

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

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

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

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

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards, etc. as mentioned above **subject to the following observations:**

- (a) ***The Company filed the Listing Application with the BSE Limited of its 169,800 Equity Shares allotted on 23rd January, 2018 on Conversion of Convertible Warrants with a delay of 25 days. However Company paid the applicable penalty as levied by BSE Ltd and accordingly received the approval of Listing Application for 169,800 Equity Shares on 07th May, 2018.***

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

1. Approved appointment of Mr. Suyog Chaukar as Company Secretary & Compliance Officer of the Company with effect from 01st October, 2017;

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

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

Priyanka Lahoti

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

Date: 19th July, 2018

Place: Mumbai

Lactose (India) Limited

ANNEXURE “B” TO THE DIRECTOR’S REPORT

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

A. Power & Fuel Consumption:-

Power and Fuel Consumption		Current year 31.03.2018	Previous year 31.03.2017
1) Electricity			
	Purchase Unit (KWH)	43,70,961.00	37,82,985.00
	Total Amount (Amount in Lacs)	329.44	289.34
	Rate per Unit (Amount in Rupees)	7.54	7.65
2) Agro Waste Briquettes			
	Quantity (MTS)	240.21	3,962.00
	Total Amount (Amount in Lacs)	13.77	243.20
	Average Rate/ Ton (Amount in Rupees)	5,732.85	6,137.79
3) Bio Coal			
	Quantity (MTS)	3,003.74	162.00
	Total Amount (Amount In Lacs)	187.22	9.55
	Average Rate/ Ton (Amount in Rupees)	6,232.86	5,900.00

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, 2018:

(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	31.14:1
2	Mrs. Sangita Maheshwari, Whole Time Director & Chief Financial Officer	27.18:1
(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	4.76%
2	Mrs. Sangita Maheshwari, Whole Time Director & Chief Financial	8.84%
3	Mr. Suyog Chaukar, Company Secretary & Compliance Officer	Appointed w.e.f. 01 st October, 2017
(iii)	The percentage increase/ decrease in the median remuneration of employees in the financial year	-0.99%
(iv)	The number of permanent employees on the rolls of the Company as on 31st March, 2018.	90
(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 -8.26%, after accounting for promotions and other event based compensation revisions. Increase in the managerial remuneration for the year was 6.62%
(vi)	The key parameters for any variable component of remuneration availed by the directors	NIL

(vii)	Affirmation that the remuneration is as per the remuneration policy of the Company:	Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Remuneration Policy of your Company.
(II) Statement showing details of Employees of the Company as per Section 197 (12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:		
In pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of top ten employees in terms of remuneration drawn is provided in a separate annexure forming part of this Report. Pursuant to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013 the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary of the Company and the same will be furnished without any fee.		

ANNEXURE “D” TO THE DIRECTOR’S REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31st March, 2018

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

I	REGISTRATION & OTHER DETAILS:				
i	CIN	L15201GJ1991PLC015186			
ii	Registration Date	11 th March, 1991			
iii	Name of the Company	Lactose (India) Limited			
iv	Category / Sub-category of the Company	Company Limited By shares & Indian Non- government Company			
v	Address of the Registered office & contact details	Survey No. 6, Village Poicha, (Rania), Savli Vadodara, Gujarat - 391780 Tel: +91- 22 2411 7030, Fax: +91- 22 2411 7034 Email Id: lactose@vsnl.com			
vi	Whether listed company	Yes			
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Bigshare Services Private Limited Address: 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumabi - 400059.			
II	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY				
All the business activities contributing 10% or more of the total turnover of the company shall be stated					
SL. No.	Name & Description of main products / services	NIC Code of the Product / service	% to total turnover of the company		
1	Manufacturing of Pharmaceuticals	21002	14.50%		
2	Manufacturing of Other Pharmaceuticals	21009	83%		
III	PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES				
Sl. No.	Name & Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
Not Applicable					

Lactose (India) Limited

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

i) Category-wise Share Holding: As per Attachment

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	2085183	0	2085183	21.54	2863241	0	2863241	28.52	6.98
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	
c) Bodies Corporates	0	0	0	0	0	0	0	0	
d) Bank/FI	0	0	0	0	0	0	0	0	
e) Any other	0	0	0	0	0	0	0	0	
i) Directors Relatives	478058	0	478058	4.94	0	0	0	0.00	
ii) Group Companies	518184	0	518184	5.35	578184	0	578184	5.76	0.41
SUB TOTAL:(A) (1)	3081425	0	3081425	31.84	3441425	0	3441425	34.28	7.38
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	3081425	0	3081425	31.84	3441425	0	3441425	34.28	-2.44
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	77920	77920	0.81	0	77920	77920	0.776173	0.03
C) Central govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	0	77920	77920	0.805042	0	77920	77920	0.78	0.03
(2) Non Institutions									
a) Bodies corporates	898401	437547	1335948	13.80	1484083	17347	1501430	14.95597	-1.15
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	996072	2774607	3770679	38.96	1078904	2605690	3684594	36.70	2.25

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ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	496560	0	496560	5.13	360661	0	360661	3.59	1.54
c) Others (specify)									
i) Trusts	0	0	0	0	0	0	0	0	0
ii) Clearing Member	10030	0	10030	0.10	41950	0	41950	0.41787	-0.31
iii) Non-Resident Indians	118817	780000	898817	9.29	135292	780000	915292	9.117362	0.17
iv) Non-Resident Indians (Repat)	0	0	0	0	5050	0	5050	0	0
v) Non-Resident Indians (Non Repat)	7621	0	7621	0.08	10678	0	10678	0.11	-0.03
vi) Directors Relatives	0	0	0	0	0	0	0	0	0
vii) Employee	0	0	0	0	0	0	0	0	0
viii) Foreign Nationals	0	0	0	0	0	0	0	0	0
ix) Overseas Bodies Corporates	0	0	0	0	0	0	0	0	0
x) Unclaimed Suspense Account	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(2):	2527501	3992154	6519655	67.36	3116618	3403037	6519655	64.89	2.47
Total Public Shareholding (B)= (B)(1)+(B)(2)	2527501	4070074	6597575	68.16	3116618	3480957	6597575	65.67	2.49
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	5608926	4070074	9679000	100	3480957	10039000	100	100	0

(ii) Shareholding of Promoters

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Mr. Yashwardhan Maheshwari	15360	0.16	0.00	35360	0.35	0.00	-0.19
2	Mr. SS Toshniwal	15573	0.16	0.00	53073	0.53	0.00	-0.37
3	Mrs. Madhubala Toshniwal	498468	5.15	0.00	535968	5.34	0.00	-0.19
4	M/s. Atul Maheshwari HUF	50000	0.52	0.00	50000	0.50	0.00	0.02
5	Mrs. Pushpa Maheshwari	112920	1.17	0.00	112920	1.12	0.00	0.05
6	M/s. Madhusa Projects Private Limited	518184	5.35	0.00	578184	5.76	0.00	-0.41
7	Mr. Atul Maheshwari	846010	8.74	0.00	948510	9.45	0.00	-0.71
8	Mrs. Sangita Maheshwari	1024910	10.59	0.00	1127410	11.23	0.00	-0.64
	Total	3081425	31.84	0.00	3441425	34.28	0.00	-2.44

(iii) Change in Promoters' Shareholding:

SI No.	Promoters' Name	Share holding at the beginning of the Year		Cumulativbe share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the Company
1	Mr. Atul Maheshwari				
A	At the beginning of the year	846010	8.74	-	-
B	Changes during the year				
	Date		Reason		
	23.01.2018		Allotment*	34100	0.35
	20.03.2018		Allotment*	68400	0.68
C	At the end of the year	-	-	948510	9.44
2	Mr. Yash Maheshwari				
A	At the beginning of the year	15360	0.16		
B	Changes during the year				
	Date		Reason		

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	23.01.2018	Allotment*	6600	0.07	21960	0.22
	20.03.2018	Allotment*	13400	0.13	35360	0.35
C	At the end of the year				35360	0.35
3	Mrs. Sangeeta Maheshwari					
A	At the beginning of the year		1024910	10.60		
B	Changes during the year					
	Date	Reason				
	23.01.2018	Allotment*	34100	0.35	1059010	10.75
	20.03.2018	Allotment*	68400	0.68	1127410	11.23
C	At the end of the year				1127410	11.23
4	Mrs. Madhu Toshniwal					
A	At the beginning of the year		20410	0.21		
B	Changes during the year					
	Date	Reason				
	23.01.2018	Allotment*	37500	0.38	57910	0.58
C	At the end of the year				57910	0.58
5	Mr. Shyamsunder Toshniwal					
A	At the beginning of the year		15573	0.16		
B	Changes during the year					
	Date	Reason				
	23.01.2018	Allotment*	37500	0.38	53073	0.53
C	At the end of the year				53073	0.53
6	M/s. Madhusa Projects Private Limited					
A	At the beginning of the year		518184	5.35	-	-
B	Changes during the year					
	Date	Reason				
	23.01.2018	Allotment*	20000	0.20	538184	5.46
	20.03.2018	Allotment*	40000	0.40	578184	5.76
C	At the end of the year		-	-	578184	5.76

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

Sl. No.	Shareholders' Name	Share holding at the beginning of the Year		Cumulative share holding during the year		
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the Company	
1	M/s. Gyaneshwar Multitrade Private Limited					
A	At the beginning of the year	840000	8.37	-	-	
B	Changes during the year					
	Date	Reason				
	14-Apr-2017	Buy	420000	13.02	1260000	12.55
	2-Jun-2017	Sell	3000	12.99	1257000	12.52
	9-Jun-2017	Sell	4000	12.95	1253000	12.48
	16-Jun-2017	Sell	27225	12.66	1225775	12.21
	23-Jun-2017	Sell	2211	12.64	1223564	12.19
	30-Jun-2017	Sell	20896	12.43	1202668	11.98
	7-Jul-2017	Sell	54347	11.86	1148321	11.44
	14-Jul-2017	Sell	790	11.86	1147531	11.43
	21-Jul-2017	Sell	1537	11.84	1145994	11.42
	28-Jul-2017	Sell	5633	11.78	1140361	11.36
	18-Aug-2017	Sell	2568	11.76	1137793	11.33
	25-Aug-2017	Sell	1114	11.74	1136679	11.32
	1-Sep-2017	Sell	4095	11.70	1132584	11.28
	8-Sep-2017	Sell	2920	11.67	1129664	11.25
	15-Sep-2017	Sell	724	11.66	1128940	11.25
	6-Oct-2017	Buy	1352	11.68	1130292	11.26
	27-Oct-2017	Sell	601	11.67	1129691	11.25
	10-Nov-2017	Sell	3688	11.63	1126003	11.22
	17-Nov-2017	Sell	9270	11.54	1116733	11.12
	8-Dec-2017	Sell	500	11.53	1116233	11.12
	19-Dec-2017	Buy	475	11.54	1116708	11.12

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	9-Mar-2018	Buy	907	11.35	1117615	11.13
C	At the end of the year		-	-	1117615	11.13
2	Indu Kasat					
A	At the beginning of the year		780000	7.77		
B	Changes during the year		No Change			
C	At the end of the year		-	-	780000	7.77
3	Mr. Onkar Singh					
A	At the beginning of the year		100120	1.00	-	-
B	Changes during the year		No Change			
C	At the end of the year		-	-	100120	1.00
4	Mr. Ayush Mittal					
A	At the beginning of the year		55788	0.56	-	-
B	Changes during the year					
	Date	Reason				
	14-Apr-2017	Sell	1390	0.56	54398	0.54
	21-Apr-2017	Sell	2638	0.53	51760	0.52
	28-Apr-2017	Sell	509	0.53	51251	0.51
	12-May-2017	Sell	1270	0.52	49981	0.50
	19-May-2017	Sell	16185	0.35	33796	0.34
	2-Jun-2017	Sell	322	0.35	33474	0.33
	9-Jun-2017	Sell	1974	0.33	31500	0.31
	14-Jul-2017	Sell	725	0.32	30775	0.31
	21-Jul-2017	Sell	1250	0.31	29525	0.29
	2-Aug-2017	Sell	1850	0.29	27675	0.28
	9-Aug-2017	Sell	3056	0.25	24619	0.25
	11-Aug-2017	Sell	520	0.25	24099	0.24
	18-Aug-2017	Sell	640	0.24	23459	0.23
	25-Aug-2017	Sell	150	0.24	23309	0.23
	15-Sep-2017	Sell	18285	0.05	5024	0.05
	19-Dec-2017	Sell	5024	0.00	0	0.00
C	At the end of the year		-	-	0	0.00
5	Mr. Maheshkumar Kankarej					
A	At the beginning of the year		97000	0.93	-	-
B	Changes during the year					
	Date	Reason				
	15-Sep-2017	Sell	3000	0.97	94000	0.94
C	At the end of the year		-	-	94000	0.94
6	Bank of Baroda					
A	At the beginning of the year		77500	0.77		
B	Changes during the year		No Change			
C	At the end of the year		-	-	77500	0.77
7	Mr. Saurabh Parikh					
A	At the beginning of the year		56756	0.59	-	-
B	Changes during the year					
	Date	Reason				
	14-Apr-2017	Sell	8000	0.56	54296	0.54
	2-Jun-2017	Sell	3271	0.53	51025	0.51
	7-Jul-2017	Buy	1715	0.54	52740	0.53
	14-Jul-2017	Buy	1139	0.56	53879	0.54
	21-Jul-2017	Buy	100	0.56	53979	0.54
	28-Jul-2017	Buy	600	0.56	54579	0.54
	9-Aug-2017	Buy	86	0.56	54665	0.54
	11-Aug-2017	Buy	700	0.57	55365	0.55
	18-Aug-2017	Buy	1500	0.59	56865	0.57

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	25-Aug-2017	Buy	100	0.59	56965	0.57
	13-Oct-2017	Sell	4765	0.54	52200	0.52
	31-Oct-2017	Sell	2000	0.52	50200	0.50
	22-Dec-2017	Sell	4700	0.47	45500	0.45
C	At the end of the year		-	-	62296	0.64
8	Mr. Nishant Parikh					
A	At the beginning of the year		58680	0.58	-	-
B	Changes during the year					
	Date	Reason				
	14-Apr-2017	Sell	14711	0.45	43969	0.44
	28-Apr-2017	Sell	2969	0.42	41000	0.41
	5-May-2017	Sell	1000	0.41	40000	0.40
	2-Jun-2017	Sell	8050	0.33	31950	0.32
	9-Jun-2017	Sell	1950	0.31	30000	0.30
	30-Jun-2017	Buy	700	0.32	30700	0.31
	7-Jul-2017	Buy	1151	0.33	31851	0.32
	18-Aug-2017	Buy	3949	0.37	35800	0.36
	25-Aug-2017	Buy	480	0.37	36280	0.36
	1-Sep-2017	Sell	4634	0.33	31646	0.32
	8-Sep-2017	Sell	947	0.32	30699	0.31
	15-Sep-2017	Sell	3699	0.28	27000	0.27
	22-Sep-2017	Sell	2301	0.26	24699	0.25
	13-Oct-2017	Sell	1000	0.24	23699	0.24
	22-Dec-2017	Sell	5000	0.19	18699	0.19
	30-Mar-2018	Buy	301	0.19	19000	0.19
C	At the end of the year		-	-	19000	0.19
9	Mr. Rajesh Joseph					
A	At the beginning of the year		41783	0.42	-	-
B	Changes during the year					
	Date	Reason				
	14-Apr-2017	Buy	3714	0.47	45497	0.45
	21-Apr-2017	Buy	6062	0.53	51559	0.51
	28-Apr-2017	Buy	12652	0.66	64211	0.64
	5-May-2017	Sell	31	0.66	64180	0.64
	12-May-2017	Buy	8359	0.75	72539	0.72
	19-May-2017	Buy	4712	0.80	77251	0.77
	26-May-2017	Buy	50928	1.32	128179	1.28
	2-Jun-2017	Buy	150	1.33	128329	1.28
	9-Jun-2017	Buy	1671	1.34	130000	1.29
	16-Jun-2017	Buy	10	1.34	130010	1.30
	30-Jun-2017	Sell	34700	0.98	95310	0.95
	14-Jul-2017	Buy	295	0.99	95605	0.95
	28-Jul-2017	Buy	98	0.99	95703	0.95
	11-Aug-2017	Buy	7	0.99	95710	0.95
	25-Aug-2017	Buy	6	0.99	95716	0.95
	1-Sep-2017	Buy	5	0.99	95721	0.95
	13-Oct-2017	Buy	4	0.99	95725	0.95
	31-Oct-2017	Sell	725	0.98	95000	0.95
	17-Nov-2017	Buy	10	0.98	95010	0.95
	24-Nov-2017	Buy	10	0.98	95020	0.95
	1-Dec-2017	Buy	30	0.98	95050	0.95
	12-Jan-2018	Sell	50	0.98	95000	0.95
	9-Mar-2018	Buy	5	0.96	95005	0.95
C	At the end of the year		-	-	95005	0.95
10	Mr. Jalindranath More					
A	At the beginning of the year		-	-	-	-
B	Changes during the year					

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Date	Reason				
2-Jun-2017	Buy	5587	0.06	5587	0.06
9-Jun-2017	Buy	16832	0.23	22419	0.22
16-Jun-2017	Sell	22419	0.00	0	0.00
7-Jul-2017	Buy	5488	0.06	5488	0.05
14-Jul-2017	Sell	5488	0.00	0	0.00
9-Aug-2017	Buy	7750	0.08	7750	0.08
11-Aug-2017	Buy	33600	0.43	41350	0.41
18-Aug-2017	Buy	9094	0.52	50444	0.50
25-Aug-2017	Sell	8967	0.43	41477	0.41
1-Sep-2017	Sell	33355	0.08	8122	0.08
8-Sep-2017	Buy	397	0.09	8519	0.08
15-Sep-2017	Sell	769	0.08	7750	0.08
29-Sep-2017	Buy	22574	0.31	30324	0.30
6-Oct-2017	Buy	2157	0.34	32481	0.32
13-Oct-2017	Sell	23805	0.09	8676	0.09
27-Oct-2017	Buy	1832	0.11	10508	0.10
19-Dec-2017	Sell	10508	0.00	0	0.00
20-Dec-2017	Buy	10758	0.11	10758	0.11
29-Dec-2017	Buy	146410	1.62	157168	1.57
30-Dec-2017	Buy	22278	1.85	179446	1.79
12-Jan-2018	Buy	3052	1.89	182498	1.82
19-Jan-2018	Buy	2700	1.91	185198	1.84
2-Feb-2018	Buy	1327	1.89	186525	1.86
30-Mar-2018	Buy	36879	2.225361092	223404	2.23
C	At the end of the year	-		223404	2.23

*Allotment Pursuant to Conversion of Convertible Warrants

V. INDEBTEDNESS

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

Indebtness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	2,342.26	369.63		2,711.89
ii) Interest due but not paid		39.88		39.88
iii) Interest accrued but not due	0	30,35,500	0	30,35,500
Total (i+ii+iii)	2,342.26	409.50	-	2,751.77
Change in Indebtedness during the financial year				
Additions	3,974.72	1,452.78		5,427.50
Reduction	2,518.73	1,795.44		4,314.17
Net Change	1,455.99	-342.67		1,113.33
Indebtedness at the end of the financial year				
i) Principal Amount	3,798.26	26.96		3,825.21
ii) Interest due but not paid				-
iii) Interest accrued but not due	34.07	0.34		34.40
Total (i+ii+iii)	3,832.32	27.30	-	3,859.62

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs. lakhs)

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Mr. Atul Maheshwari	Mrs. Sangita Maheshwari	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	47.18	41.18	-
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-

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	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	Total (A)	47.18	41.18	88.36
	Ceiling as per the Act	-	-	-

B. Remuneration to other directors:

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

D. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Amount in Rs. lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary Mr. Jay Bhatt (upto 30.09.2017)	Company Secretary Mr. Suyog Chaukar (w.e.f 01.10.2017)	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1.19	1.19	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	Total	1.19	1.19	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

For Lactose (India) Limited

Date: 19th July, 2018
Place: Mumbai

Sd/-
(Atul Maheshwari)
Managing Director
DIN: 00255202
Address: 1302, Spring Tower,
ICC G.D. Ambedkar Road, Next to
Wadala Telephone Exchange,
Dadar (East),
Mumbai - 400014.

Sd/-
(Sangita Maheshwari)
Whole-time Director & CFO
DIN: 00369898
Address: 1302, Spring Tower,
ICC G.D. Ambedkar Road, Next to
Wadala Telephone Exchange,
Dadar (East),
Mumbai - 400014.

**ANNEXURE 'E'
REPORT ON CORPORATE GOVERNANCE**

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

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

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

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

2. BOARD OF DIRECTORS:

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

• Composition and Category of Directors:

The composition of the Board is in conformity with the Listing Regulations and the Companies Act, 2013 ('the Act'). As on 31st March, 2018, 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 2017-18 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. Abhijit K. Periwal	Non - Executive Independent Director
Mr. Shyamsunder B. Toshniwal	Non-Executive Director

b) Meetings and Attendance:

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

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

Ten Board Meetings were held during the financial year 2017-18 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	20 th May, 2017
2	28 th July, 2017
3	14 th September, 2017
4	09 th October, 2017
5	21 st November, 2017
6	14 th December, 2017
7	29 th December, 2017
8	23 rd January, 2018
9	14 th February, 2018
10	20 th March, 2018

Information placed before the Board:

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

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

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

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

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Name of the Director	Category	Attendance at Meetings held during financial year 2017-18		Directorship in other Indian Public Limited Companies ¹	No. of Board Committees in which Director is Chairman/ Member ²	
		Board Meetings	Last AGM held on 09 th August, 2017		Chairman	Member
Mr. Atul Maheshwari	Managing Director	10	Present	-	2	-
Mrs. Sangita Maheshwari	Whole time Director and Chief Financial Officer	10	Present	-	-	-
Mr. G. K. Sarda	Non Executive Independent Director	10	Present	-	3	2
Mr. Pramod Kalani	Non Executive Independent Director	10	Present	-	-	3
Mr. Abhijit K. Periwal	Non Executive Independent Director	10	Present	-	-	5
Mr. Shyamsunder B. Toshniwal	Non Executive Director	10	Present	-	-	-

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

c) Board Agenda:

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

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

d) Post-Meeting follow-up mechanism

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

e) Separate Meeting of Independent Directors

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 20th March, 2018 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.

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:

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

Composition, Meetings and Attendance:

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

During the financial year 2017-18 Five Meetings were held on 20th May, 2017, 14th September, 2017, 21st November, 2017, 14th December, 2017 and 14th February, 2018.

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. Abhijit Keriwal	Member (Independent Non-Executive Director)	5

b) Stakeholders Relationship Committee

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

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

Terms of Reference:

This Committee oversees redressal of Shareholders'/ Investors' Grievances and is empowered to perform the following functions on behalf of the Board in relation to handling of Shareholder's/Investors' Grievances. The

Broad terms of reference and functions of the Stakeholders Relationship Committee are as follows:

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

Composition, Meetings and Attendance:

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

During the financial year 2017-18 Four meetings were held on 20th May, 2017, 14th September, 2017, 14th December, 2017 and 14th February, 2018.

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. Abhijit Periwal	Member (Independent Non-Executive Director)	4

Compliance Officer

The Company has appointed Mr. Suyog Chaukar, Company Secretary of the Company as a Compliance Officer of the Company w.e.f. 01st October, 2017 prior to which Mr. Jay Bhatt was Company Secretary and Compliance Officer.

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, 2018. To expedite these processes the Board has delegated necessary powers to the Registrar and Share Transfer Agents viz. M/s. Big Share Services Private Limited.

c) Nomination & Remuneration Committee

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

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

Terms of Reference:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Composition, Meetings and Attendance:

The Nomination & Remuneration Committee comprises of Three Directors all of whom are Non-Executive Independent Directors. During the financial year 2017-18, one meeting of the Committee were held on 09th October, 2017.

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. Abhijit Periwal	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

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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 2017-18:

Name of Director	Sitting Fees (Rs.)
Mr. G. K. Sarda	NIL
Mr. Pramod Kalani	NIL
Mr. Abhijit Periwal	NIL

Details of Remuneration paid to the Managing Director & Whole-time Director during the financial year 2017-18:

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	47.18	41.18
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - As % of profit - Others, specify..	-	-
5.	Others, please specify	-	-
	Total	47.18	41.18

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

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

Remuneration of Non-Executive Directors:

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him not exceeding the sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Familiarisation Programme:

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

d) Risk Management Committee

As per the Companies Act, 2013 and as part of good corporate governance the Company has constituted the Risk Management Committee. The Committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company.

The Committee reviewed the risk trend, exposure and potential impact analysis carried out by the management. It was specifically confirmed to the Committee by the MD and the CFO that the mitigation plans are finalized and up to date, owners are identified and the progress of mitigation actions are monitored. The Risk Management Committee 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 a Non-Executive Director. During the Financial Year 2017-18, one meeting was held on 14th February, 2018:

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. Abhijit Periwal	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 a Non-Executive Director. During the Financial Year 2017-18, one meeting was held on 14th February, 2018.

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. Abhijit Periwal	Member (Independent Non-Executive Director)	1

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:

2016-17

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

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

Special Resolutions passed:

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

2015-16

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

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

Special Resolutions passed:

- Approval of revision in remuneration payable to Mr. Atul Maheshwari, Managing Director of the Company;
- Approval of revision in remuneration payable to Mrs. Sangita Maheshwari, Whole-time Director of the Company;

- Appointment of Mr. Yash Maheshwari as Manager at the place of profit.

2014-15

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

Date and Time: 1st August, 2015 at 05:00 p.m.

Special Resolutions passed:

- Appointment of Mr. Abhijit Periwal as an Independent Director of the Company;
- Issue & allot 12,60,000 (Twelve Lacs sixty thousand) Convertible Warrants on preferential basis.

Extra- Ordinary General Meeting:

2017-18

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

Date and Time: 20th December, 2017 at 02:00 p.m.

Special Resolutions passed:

- Issue and Offer 510,000 Convertible warrants on Preferential basis

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	: Wednesday, 26 th September, 2018 at 09:00 a.m.
	Venue	: Survey No. 6, Village Poicha (Rania) Savli, Vadodara Gujarat – 391780
6.2. Financial Year 2018-19 – Board Meeting Calendar (Tentative):		
	Results for first quarter ended 30 th June, 2018	: On or before 14 th August, 2018

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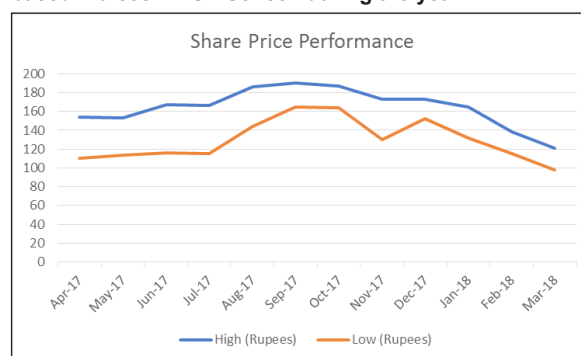
	Results for second quarter ending 30 th September, 2018	: On or before 14 th November, 2018
	Results for third quarter ending 31 st December, 2018	: On or before 14 th February, 2019
	Results for financial year ending 31 st March, 2019	: On or before 30 th May, 2019
6.3.	Book Closure date:	: From Thursday, 20 th September, 2018 to Wednesday, 26 th September, 2018
6.4.	Listing of Equity Shares on Stock Exchange:	: BSE Limited
6.5.	Stock Code:	: 524202
6.6.	Demat ISIN Number in NSDL and CDSL:	: INE058I01013
6.7.	Registrar and Share Transfer Agents:	: M/s. Bigshare Services Private Limited
6.8	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.
6.9	Plant Location:	: Survey No. 6, Village Poicha (Rania) Savli, Vadodara Gujarat – 391780
6.10	Outstanding GDRs/ ADRs/Warrants or any Convertible Instruments:	: The Company has not issued any ADR or GDR. Further, the Company has issued and allotted 510,000 Convertible Warrants to Promoters and Promoter Group of which 360,000 were converted into equity shares and 150,000 are yet to be converted.

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 2017-2018 on BSE are as under:

No.	Period	Bombay Stock Exchange	
		High (Rupees)	Low (Rupees)
1.	April-17	153.85	110.00
2.	May-17	153.10	113.15
3.	June-17	166.95	115.75
4.	July-17	166.25	115.25
5.	August-17	185.80	144.20
6.	September-17	190.05	165.00
7.	October-17	187.00	163.50
8.	November-17	172.60	130.00
9.	December-17	173.00	152.00
10.	January-18	165.05	131.40
11.	February-18	138.00	115.00
12.	March-18	121.00	97.45

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, 2018:

Range of Holdings	Number of Shareholders	% of Shareholders	Number of Shares	% to Share Capital	
1	500	15308	95.0158	2583220	25.7318
501	1000	470	2.9173	379154	3.7768
1001	2000	175	1.0862	257941	2.5694
2001	3000	43	0.2669	108405	1.0798
3001	4000	27	0.1676	95153	0.9478
4001	5000	13	0.0807	58249	0.5802
5001	10000	32	0.1986	228203	2.2732
10001	999999999	43	0.2669	6328675	63.0409
TOTAL		16111	100.0000	10039000	100.0000

Shareholding Pattern as on 31st March, 2018:

Category	No. of Shares	% of Shares
Indian Promoters	3,441,425	34.28
Private Corporate Bodies	1,621,300	16.16
Indian Public	4,045,255	40.29
NRIs/OBC	931,020	9.27
Total	10,039,000	100

Physical/NSDL/CDSL/Summary Report as on 31st March, 2018

Particulars	Number of Shares	% of Total Issued Capital
Held in Dematerialised form in CDSL	2,090,493	20.82
Held in Dematerialised form in NSDL	4,107,550	40.92
Physical	3,840,957	38.26
Total No. of Shares	10,039,000	100

6.14	Address for Correspondence:	
	(i) Investors Correspondence:	: For Shares held in Physical Form
		M/s. Bigshare Services Private Limited. E- 2, Ansa Ind Estate, Saki Vihar Road, Andheri(E), Sakinaka, Mumbai, Maharashtra 400072
		For Shares held in Demat Form
		To the respective Depository Participants.
	(ii) Any query on Annual Report:	Mr. Suyog Chaukar (Company Secretary and Compliance Officer) Lactose (India) Limited G-02, Ground Floor, 'A' Wing, Navbharat Estate, Zakaria Bunder Road, Sewri(West), Mumbai-400015
	(iii) E-mail ID for Investor Grievance	suyog.lactose@gmail.com
	(iv) Corporate Website::	www.lactoseindialimited.com

7. DISCLOSURES

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

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

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

The Company has complied with the requirements of the Stock Exchanges/SEBI and other Statutory Authorities on all matters related to Capital Markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities.

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

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

Reconciliation of Share Capital Audit:

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

Adoption of Insider Trading Policy:

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

Vigil Mechanism / Whistle Blower Policy:

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

Sexual Harassment Policy:

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 covering all employees of the Company. Internal Complaints Committee set up for the purpose did not receive any complaints for redressal during the year.

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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, 2018.

For Lactose (India) Limited

SD/-
Atul Maheshwari
Managing Director
DIN: 00255202

Mumbai, 19th July, 2018

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.

9. CEO / CFO Certification:

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

By Order of the Board

Sd/-

Date: 19th July, 2018
Place : Mumbai

Atul Maheshwari
(Managing Director)
DIN: 00255202

Regd. Office: :

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development:

The Indian pharmaceuticals market is the third largest in terms of volume and fourteen largest in terms of value. India is the largest provider of generic drugs globally with the Indian generics accounting for 50 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

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

The Indian pharma industry, which is expected to grow over 22.4 per cent per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same period. The market is expected to grow to US\$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size. Branded generics dominate the pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues).

Indian pharmaceutical exports are poised to grow between 8-10 per cent. India's pharmaceutical exports stood at US \$ 17.27 billion in 2017-18 and are expected to reach US \$ 20 billion by 2020.

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Mr Ananth Kumar, Union Minister of Chemicals and Petrochemicals, has announced setting up of chemical hubs across the country, early environment clearances in existing clusters, adequate infrastructure, and establishment of a Central Institute of Chemical Engineering and Technology.

Some of the major initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

Opportunities and Threats:

There is High demand for your company's products. The sector needs to continuously invest in development of R&D capabilities and its well-established Contract Manufacturing Services segment. Strong international collaborations and partnership will support India's efforts to deliver more value-added products.

Outlook:

Growing the Business exponentially would require investing in infrastructure, in people and consolidation of our strength.

Your Company has decided to focus on products and markets of higher profitability only. The change in marketing strategy and exposure in the world market will enable us to become a global force to reckon with. We have started exporting new products to Korea, Jordan, Nigeria etc. and the demand for the products is growing.

Risk and Concerns:

Continuation of Global slowdown is bound to effect demand and profitability.

Internal Control System and their adequacy:

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

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

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

Human Resource development / Industrial relations:

The company has made a plan to recruit best talents of industry by providing them long term growth plan and various facilities. Proper job evaluation, merit rating and allocating right job to right person is the basis of our HR policy.

Harmonious industrial relations continued to prevail throughout the year.

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AUDITORS' CERTIFICATE

The Members,
Lactose (India) Limited

We have examined the compliance of the conditions of Corporate Governance by Lactose (India) Limited ("the Company"), for the financial year 2017-18, as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we hereby certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 27 & Chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2017-18.

We further state that our examination of such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For K. M. Tulsian & Associates

Chartered Accountants
Firm Regn. No. 111075W

Sd/-

Nitesh Musahib
Partner
Mem. No. 131146

Date: 19th July, 2018

Place: Mumbai

MD/CEO/CFO CERTIFICATION

To,

The Board of Directors,
Lactose (India) Limited,
Survey No.6 Village Poicha(Rania)
Savli Baroda 391780

Sub. : Certificate to the Board pursuant to Regulation 17(8) of the SEBI (LODR) Regulations, 2015

We, Atul Maheshwari, Managing Director and Sangita Maheshwari, Chief Financial Officer of Lactose (India) Limited ('the Company'), hereby certify that in respect of the financial year ended March 31, 2018:

- (a) We have reviewed financial statements and the cash flow statement of the Company for the year and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee that there are no deficiencies in the design or operation of such internal controls.
- (d) We have indicated, wherever applicable, to the auditors and the Audit committee:
 - (i) there have been no significant changes in internal control over financial reporting during the year;
 - (ii) there have been no significant changes in accounting policies during the year; and
 - (iii) there have been no instances of significant fraud of which we have become aware.

FOR LACTOSE (INDIA) LIMITED

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

Sd/-
(Sangita Maheshwari)
Chief Financial Officer
DIN: 00369898

Date : 29th May, 2018

Place : Mumbai

INDEPENDENT AUDITOR'S REPORT

To the Members of Lactose India Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Lactose India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (IND AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, and other accounting principles generally accepted in India

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner

so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the company as at March 31, 2018, and its loss, total comprehensive income, the changes in equity and its cash flow for the year ended on that date

Others Matters

The financials statements of the Company for the year ended 31st March, 2017, were audited by SGCO & Co. LLP vide their unmodified audit report dated 20th May 2017, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the financial statement. Our audit report is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by sub-section 3 of Section 143 of the Act, we report that:
 - 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;
 - 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;
 - The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
 - On the basis of the written representations received from the Directors as on 31st March 2018 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2018 from being appointed as a Director in terms of subsection 2 of Section 164 of the Act;
 - With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and ;
 - 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:
 - The Company has disclosed the impact of pending litigations on its financial position in its financial statements (refer note no.30 of the Ind AS financial statements)
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For K.M Tulsian & Associates
Chartered Accountants
Firm's Registration No. 111075W

Sd/-
Nitesh Musahib
Partner
Mem. No. 131146

Place: Mumbai
Date: 29th May, 2018

Lactose (India) Limited

Annexure "A" to Independent Auditor's Report

Annexure referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" in the Independent Auditor's Report of even date to the members of Lactose (India) Limited ("the Company") on the Ind AS financial statements for the year ended 31st March 2018.

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of its 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 records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories have been physically verified by the management during the year at reasonable intervals. Discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) a) During the year the Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013.
- b) In view of our comments in para (iii) (a) above, clauses 3 (iii) (a), (b) and (c) of the said Order are not applicable to the Company
- (iv) In our opinion and according to the information and explanation given to us, section 185 of the Act is not applicable, since the Company has not granted any loan and has not provided any guarantees or security to the parties covered under section 185 of the Act. With regards to investments in securities and loans provided to other body corporates, the Company has complied with the provisions of section 186 of the Act.
- (v) In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from the public within the provision of Section 73 to 76 of the Act and the rules framed thereunder.
- (vi) The Central Government has not prescribed the maintenance of cost record under Section 148(1) of the Act, for the company.
- (vii) a) According to the records of the Company, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues, to the extent applicable, have been regularly deposited with the appropriate authorities except there is slight delays in few cases of Tax Deducted at Source (TDS), professional tax, provident fund, Service Tax and Goods and Service Tax.
- And
According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, goods and service tax, Value added tax, custom duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six month from the date they became payable
- b) There are no dues of Income Tax, Sales Tax Wealth

Tax, Service Tax, Duty of Custom, Duty of Excise, Goods & Service Tax, Value added tax and Cess except mention below which have not been deposited on account of dispute with the appropriate authorities

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

- (viii) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of dues to financial institution or banks. The Company has not issued any debentures.
- (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) According to the information & explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with section 188 and 177 of Companies Act, 2013 wherever applicable and the details have been disclosed in the financial statements as required by the accounting standards and Companies Act, 2013.
- (xiv) During the year, the company has issued 5,10,000 share warrants and out of this 3,60,000 share warrants were converted into equity shares. The Company has complied with the provisions of section 42 of the act in this regard and applied the funds received for the purpose of funds raised.
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) In our opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For K.M Tulsian & Associates
Chartered Accountants
Firm's Registration No. 111075W

Sd/-

Nitesh Musahib
Partner

Mem No : 131146

Place: Mumbai
Date: 29th May, 2018

Annexure “B” to the Independent Auditor’s Report of even date on the financial statements of Lactose (India) Limited for the year ended 31st March 2018.

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

We have audited the internal financial controls over financial reporting of Lactose (India) Limited (“the Company”) as of March 31, 2018 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 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 company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 ICAI.

For K.M Tulsian & Associates
Chartered Accountants
Firm’s Registration No. 111075W

Place: Mumbai
Date: 29th May, 2018

Sd/-
Nitesh Musahib
Partner
Mem. No. 131146

Lactose (India) Limited

BALANCE SHEET AS AT MARCH 31, 2018

(₹ in lakhs)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	6,188.41	6,237.69	6,223.83
Capital work-in-progress	3	24.51	110.02	99.03
Investment Property	4	128.37	130.62	132.87
Financial assets				
Investments	5	6.25	5.81	5.12
Other Financial Assets	6	78.51	79.13	81.49
Other non-current assets	7	138.13	195.69	134.11
Total non-current assets		6,564.18	6,758.96	6,676.45
Current assets				
Inventories	8	713.21	648.02	619.85
Financial assets				
Trade receivables	9	538.29	892.00	888.86
Cash and cash equivalents	10	267.88	5.74	14.12
Bank balances other than Cash and cash equivalents	11	10.73	48.83	19.24
Other Financial Assets	6	7.91	1.78	107.57
Other current assets	7	80.81	142.55	70.22
Income tax assets (net)	12	72.76	9.10	22.75
Total current assets		1,691.59	1,748.02	1,742.61
TOTAL ASSETS		8,255.77	8,506.98	8,419.06
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	1,003.90	967.90	883.90
Other equity		2,172.41	1,706.51	1,337.13
Total equity		3,176.31	2,674.41	2,221.03
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	14	3,401.91	1,962.58	2,253.10
Trade Payables	15	-	420.49	620.23
Other financial liabilities	16	-	32.66	25.08
Provisions	17	48.56	50.27	45.55
Deferred Tax Liabilities	18	114.21	260.10	195.93
Other non-current liabilities	19	255.16	371.89	459.41
Total non-current liabilities		3,819.84	3,097.99	3,599.30
Current liabilities				
Financial liabilities				
Borrowings	14	-	813.54	627.36
Trade payables	20	-	-	-
- Total outstanding dues to micro enterprise and small enterprise (refer note 20)		46.16	123.98	88.28
- Total outstanding dues to creditors other than micro enterprise and small enterprise		471.46	698.39	524.64
Other financial liabilities	16	548.31	775.72	776.07
Other current liabilities	19	190.66	321.14	581.41
Provisions	17	3.03	1.81	0.97
Total current liabilities		1,259.62	2,734.58	2,598.73
TOTAL EQUITY AND LIABILITIES		8,255.77	8,506.98	8,419.06
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 K. M. Tulsian & Associates
Chartered Accountants
Firm Registration No.111075W

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

Sd/-
Nitesh Musahib
Partner
Mem. No. 131146
Place: Mumbai
Date: 29th May, 2018

Sd/-
Atul Maheshwari
Managing Director
DIN 00255202
Place: Mumbai
Date: 29th May, 2018

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

Sd/-
Suyog Chaukar
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
INCOME			
Revenue from Operations	21	3,112.90	3,579.83
Other Income	22	66.17	85.69
Total Income		3,179.07	3,665.52
EXPENSES			
Cost of materials consumed	23	572.80	624.44
Excise Duty		2.51	14.09
Changes in Inventories of finished goods and Work in progress	24	(1.67)	(87.21)
Employee benefits expense	25	995.52	929.46
Finance costs	26	546.06	446.09
Depreciation and amortisation expense	3	359.12	340.56
Other expenses	27	982.03	961.02
Total expenses		3,456.37	3,228.44
Profit / (Loss) before tax		(277.31)	437.08
Tax expense/ (credit)			
Current income tax		-	91.13
Tax adjustment for earlier years		3.71	3.07
Deferred income tax		(148.10)	64.46
Total Tax expense/ (credit)		(144.39)	158.66
Profit/ (loss) for the year (A)		(132.92)	278.42
Other comprehensive income (OCI)			
Items not to be reclassified subsequently to profit or loss			
- Remeasurement of post employment benefit obligation		8.57	2.47
- Income tax effect on above		(2.21)	(0.76)
Items that will be reclassified subsequently to profit or loss			
		-	-
Other comprehensive income for the year, net of tax (B)		6.36	1.71
Total comprehensive income/ (loss) for the year, net of tax (A+B)		(126.56)	280.13
Earnings per share (EPS)	28		
(per equity share of nominal value Rs. 10 each)			
Basic and diluted (in Rs.)		(1.37)	2.88
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 K. M. Tulsian & Associates
Chartered Accountants
Firm Registration No.111075W

Sd/-
Nitesh Musahib
Partner
Mem. No. 131146
Place: Mumbai
Date: 29th May, 2018

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

Sd/-
Atul Maheshwari
Managing Director
DIN 00255202
Place: Mumbai
Date: 29th May, 2018

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

Sd/-
Suyog Chaukar
Company Secretary

Lactose (India) Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / profit before tax	(277.31)	437.08
Adjustments for		
Depreciation and amortisation expense	359.12	340.56
Interest expenses (including fair value change in financial instruments)	546.06	446.09
Interest income	(19.79)	(13.70)
Reversal of provision for expected credit loss	(7.39)	(3.17)
Remeasurement of post employment benefit obligation	8.57	2.47
Amortisation of deferred liabilities	(27.47)	(29.48)
Profit on sale of Investment	(0.72)	-
Unrealised loss on exchange fluctuations (net)	0.20	0.28
Sundry Balances written back	-	(22.55)
Loss on Sale Of Property,Plant and Equipments	-	0.09
Provision / (Write back) for Diminution in value of investments	-	(0.69)
Operating profit before working capital changes	581.28	1,156.99
Adjustments for changes in working capital:		
Decrease / (increase) in Inventories	(65.19)	(28.17)
Decrease / (increase) in Trade Receivables	361.10	(0.26)
Decrease / (increase) in Other financial assets	(5.51)	108.14
Decrease / (increase) in Other assets	137.74	(43.90)
(Decrease) / increase in Trade and other payables	(727.39)	34.23
(Decrease) / increase in Other financial Liabilities	49.03	(48.05)
(Decrease) / increase in Other liabilities	(247.21)	(347.80)
(Decrease) / increase in Short Term Provisions	1.22	0.83
(Decrease) / increase in Long Term Provisions	(1.71)	4.72
Cash generated from / (used in) operations	83.37	836.74
Direct taxes paid (net of refunds received)	(67.38)	(81.58)
Net cash (used in) / from generated from operating activities (A)	15.99	755.15
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property,plant and equipments/CWIP	(222.09)	(368.46)
Proceeds from sale of Property,plant and equipments	-	5.21
Capital Advance (given) / received	(18.45)	(90.00)
Fixed Deposits with Banks	38.11	(29.60)
Movement in Investment	0.28	-
Interest received	19.79	13.70
Net cash (used in) / generated from investing activities (B)	(182.36)	(469.15)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from long-term borrowings (net)	1197.33	(290.52)
Proceeds/(Repayment) from short-term borrowings (net)	(813.54)	241.47
Proceeds from issue of Share Warrants	628.45	173.25
Interest paid	(583.72)	(418.58)
Net cash (used in) / from financing activities (C)	428.51	(294.38)
Net decrease in cash and cash equivalents (A+B+C)	262.14	(8.38)
Cash and cash equivalents at the beginning of the year	5.74	14.12
Cash and cash equivalents at the end of the year	267.88	5.74
Components of cash and cash equivalents considered only for the purpose of cash flow statement		
In bank current accounts in Indian rupees	261.82	2.53
Cash on hand	6.06	3.21
	267.88	5.74

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.
- Amendment to Ind AS 7**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in the liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from April 1, 2017 and the required disclosure is made below. There are no other impact on financial statements due to this amendment.

Particulars	As at 31 March 2017	Cash Flows (Net)	Non - cash changes	As at 31 March 2018
Borrowings - Non current	1,962.58	1,862.64	(423.31)	3,401.91
Other financial liabilities	665.31	(665.31)	356.18	356.18
Borrowings - current	813.54	(813.54)	-	-

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 K. M. Tulsian & Associates
Chartered Accountants
Firm Registration No.111075W

Sd/-
Nitesh Musahib
Partner
Mem. No. 131146
Place: Mumbai
Date: 29th May, 2018

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

Sd/-
Atul Maheshwari
Managing Director
DIN 00255202
Place: Mumbai
Date: 29th May, 2018

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

Sd/-
Suyog Chaukar
Company Secretary

Lactose (India) Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A) Equity share capital

Particulars	Number	(₹ in lakhs)
Equity shares of Rs.10 each issued, subscribed and paid		
Balance as at 1 April 2016	88,39,000	883.90
Changes in equity share capital for the year ended 31 March 2017	8,40,000	84.00
Balance as at the 31 March 2017	96,79,000	967.90
Changes in equity share capital for the year ended 31 March 2018	3,60,000	36.00
Balance as at the 31 March 2018	1,00,39,000	1,003.90

B) Other equity

Particulars	Reserves and surplus			Other Comprehensive Income	Money received against share warrants	Total equity attributable to equity holders
	Capital Reserve	Securities Premium Reserve	Retained Earnings	Remeasurement of Defined Benefit Plans		
Balance as at 1 April 2016	75.00	142.23	1,062.15	-	57.75	1,337.13
Money received against Convertible Share Warrants	-	-	-	-	173.25	173.25
Converted to Equity Shares	-	-	-	-	(231.00)	(231.00)
Received during the year	-	147.00	-	-	-	147.00
Total comprehensive income for the year	-	-	278.42	1.71	-	280.13
Balance as at 31 March 2017	75.00	289.23	1,340.57	1.71	-	1,706.51
Received during the year		533.16			628.45	1,161.61
Converted to Equity Shares					(569.16)	(569.16)
Total comprehensive income for the year	-	-	(132.92)	6.36	-	(126.55)
Balance as at 31 March 2018	75.00	822.39	1,207.65	8.07	59.29	2,172.41

Nature and purpose of reserves

Capital reserve

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

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;

- i) towards the issue of unissued shares of the Company to the members of the Company as fully paid bonus shares;
- ii) for the purchase of its own shares or other securities;

- iii) in writing off the preliminary expenses of the Company;
- iv) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and
- v) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

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

For K. M. Tulsian & Associates

Chartered Accountants
Firm Registration No.111075W

Sd/-

Nitesh Musahib

Partner

Mem. No. 131146

Place: Mumbai

Date: 29th May, 2018

For and on behalf of the Board of Directors

LACTOSE (INDIA) LIMITED

CIN : L15201GJ1991PLC015186

Sd/-

Atul Maheshwari

Managing Director

DIN 00255202

Place: Mumbai

Date: 29th May, 2018

Sd/-

Sangita Maheshwari

Whole Time Director & C.F.O.

DIN- 00369898

Sd/-

Suyog Chaukar

Company Secretary

Lactose (India) Limited

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

Note 1 Corporate Information

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 2018 were authorised for issue in accordance with resolution of the Board of Directors on 29th May, 2018.

Note 2.1 Significant Accounting Policies

i Basis of Preparation

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The financial statements for all periods upto and including year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) ("previous GAAP"). The financial statements for the year ended 31 March 2018 are the first financial statements prepared by the Company in accordance with Ind AS. Refer note 2.2 for information on how the Company adopted Ind AS.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities which have been measured at fair value, on an accrual basis of accounting.

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 lakhs (INR 00,000), except when otherwise indicated."

ii Accounting Estimates

The preparation of the financial statements, in conformity with the Ind AS, requires the management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Deferred tax assets

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Defined benefit plans

The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)."

Impairment of Receivables

The impairment provisions of financial receivables disclosed based on the assumptions about risk of default and expected loss rates.

iii Property, Plant and Equipment

Recognition and Measurement

Property, Plant and Equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

Transition to Ind AS

On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2016 of its Property, Plant and Equipment and use that carrying value as the deemed cost except for land which is measured at fair value as deemed cost on the date of transition i.e. 1 April 2016."

Depreciation

Depreciation on Property, Plant and Equipment is provided on the straight-line method, computed on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013."

iv Investment properties

Recognition and measurement

Investment properties are held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment Property is initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Any gain or loss on disposal of investment property calculated as the difference between the net proceeds from disposal and the carrying amount of the item is recognised in Statement of Profit & Loss.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of the investment property existing as at 1st April 2016 as per Previous GAAP and use that as its deemed cost.

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

Depreciation

Depreciation on investment properties is provided on the straight-line method, computed on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation of are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

vi Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

Initial Recognition

In the case of financial assets, not recorded at fair value through profit or loss (FVTPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. 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.

Subsequent Measurement

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

Financial Assets 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 Assets 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 FVTPL.

Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortized cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition."

Trade receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected, etc. and expectations about future cash flows. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information."

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

De-recognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised."

b) Equity Instruments and Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

Financial Liabilities

1) Initial Recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

2) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

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

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.

3) De-recognition of Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.”

c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

vii Employee Benefits

a Defined Contribution Plan

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.

b Defined Benefit Plan

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.

c Leave entitlement and compensated absences

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

d Short-term Benefits

Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.

viii Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand , which are subject to an insignificant risk of changes in value.

ix Borrowing Costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.”

x 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 approximates the actual rate at the date of the transactions.

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

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 recognized as income or expense in the Statement of Profit and Loss.

xi Revenue Recognition

- a** Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- b** 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.
- c** Revenue in respect of export sales is recognised on shipment of products.
- d** Dividend income is recognized when the company's right to receive dividend is established.
- f** Rental Income is recognized on accrual basis as per the terms of agreement.
- g** Revenue from conversion charges is recognised on completion of particular Job work.

Purchases are stated inclusive of custom duty, clearing & forwarding charges and net of discounts, returns, VAT and rate differences.

Sales are inclusive of excise duty and are stated net of sales tax, value added tax, service tax, goods and sales tax and applicable discounts and allowance

xii 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 Income Tax

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

b Deferred Income 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.

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.

xii 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.

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

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.”

xiii Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. In respect of assets given on operating lease, income is recognized on straight line basis over the lease term. Assets acquired on finance lease are capitalised at fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

Income earned by way of leasing or renting out of commercial premises is recognised as income in accordance with Indian Accounting Standard 17 on “Leases” (Ind AS 17).

xiv Trade receivables

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.

xv Trade payables

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.

xvi 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).

xvii Provisions, Contingent Liabilities and Contingent Assets

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.

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

xviii Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III.

xvix Recent accounting pronouncements

Standards issued but not yet effective

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, the ministry of Corporate Affairs (the MCA) notified the Companies (Indian Accounting Standards Amendment Rules 2018 containing Appendix B to Ind AS 21 Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipts in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The amendment will come into force from April 1, 2018. The Company is evaluating the impact of this amendment on its financial statements.

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115, Revenue from Contract with Customers : On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cashflows arising from the entity's contract with customers.

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

NOTEK 2.2 : FIRST TIME ADOPTION OF IND AS

These are Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2.1 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet as at April 1, 2016 (The Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes :

A) Exemptions and exceptions availed

1) Ind-AS optional exemptions :

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

a) Deemed cost

Ind AS 101 permits a first time adopter to elect to fair value of its property, plant and equipment as recognised in financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of transition or apply principles of Ind AS retrospectively. Ind AS 101 also permits the first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS.

The company has elected to measure items of property plant & equipment at its carrying value at the transition date except for certain class of assets which are measured at Fair value as deemed cost.

b) For financial instruments, wherein fair market values are not available (viz. interest free and below market rate security deposits or loans) the Company has elected to adopt fair value recognition prospectively to transactions entered after the date of transition.

2) Ind AS mandatory exceptions :

a) Estimates

An entity estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

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

i) Impairment of financial assets based on expected credit loss model.

b) Derecognition of financial assets and financial liabilities

Ind AS 101 requires a first time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly, the Company has applied the derecognition requirement for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after date of transition to Ind AS.

c) Classification of financial assets and liabilities

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist on the date of transition to Ind AS. Accordingly, the Company has applied the above requirement prospectively. Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

d) **Impairment of financial assets**

Ind AS 101 requires an entity to assess and determine the impairment allowance on financial assets as per Ind AS 109 using the reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments which were initially recognised and compare that to the credit risk at the date of transition to Ind AS. The Company has applied this exception prospectively.

B) Transition to Ind AS - Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

- I. Reconciliation of Balance sheet as at April 1, 2016 and March 31, 2017
- II. Reconciliation of Total Comprehensive Income for the year ended March 31, 2017
- III. Reconciliation of Equity as at April 1, 2016 and March 31, 2017 between previous GAAP and IND AS

The presentation requirements under Previous GAAP differs from Ind AS and hence Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.

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

I. Reconciliation of Balance sheet as at April 1, 2016 and March 31, 2017

(₹ in lakhs)							
Particulars	Foot notes	As at 31 March 2017 (Previous GAAP)	Ind AS Adjustments	As at 31 March 2017 (IND AS)	As at 1 April 2016 (Previous GAAP)	Ind AS Adjustments	As at 1 April 2016 (IND AS)
ASSETS							
Non-current assets							
Property, plant and equipment	4 & 8	6,136.25	101.44	6,237.69	6,124.64	99.19	6,223.83
Capital work-in-progress		110.02	-	110.02	99.03	-	99.03
Investment Property	4	-	130.62	130.62	-	132.87	132.87
<u>Financial assets</u>							
Investments	7	4.00	1.80	5.81	3.86	1.27	5.12
Other Financial Assets	3	80.30	(1.18)	79.13	83.13	(1.63)	81.49
Other non-current assets	5	424.88	(229.20)	195.69	298.16	(164.06)	134.11
Total non-current assets		6,755.45	3.49	6,758.96	6,608.82	67.63	6,676.45
Current assets							
Inventories		648.02	-	648.02	619.85	-	619.85
<u>Financial assets</u>							
Trade receivables	1	904.82	(12.82)	892.00	904.84	(15.98)	888.86
Cash and cash equivalents		5.74	-	5.74	14.12	-	14.12
Bank balances other than Cash and cash equivalents		48.83	-	48.83	19.24	-	19.24
Other financial assets		1.79	-	1.79	107.57	-	107.57
Other current assets	3	147.09	(4.55)	142.55	68.75	1.47	70.22
Income tax assets (net)		-	9.10	9.10	-	22.75	22.75
Total current assets		1,756.27	(8.26)	1,748.02	1,734.36	8.24	1,742.61
TOTAL ASSETS		8,511.73	(4.77)	8,506.98	8,343.18	75.87	8,419.06
EQUITY AND LIABILITIES							
Equity							
Equity share capital		967.90	-	967.90	883.90	-	883.90
Other equity		1,521.59	184.93	1,706.51	1,158.31	178.82	1,337.13
Total equity		2,489.49	184.93	2,674.41	2,042.21	178.82	2,221.03
Liabilities							
Non-current liabilities							
<u>Financial liabilities</u>							
Borrowings		1,962.58	-	1,962.58	2,253.11	-	2,253.10
Trade Payables	9	481.42	(60.93)	420.49	708.67	(88.44)	620.23
Other financial liabilities		32.66	-	32.66	25.08	-	25.08
Provisions		50.27	-	50.27	45.55	-	45.55

Lactose (India) Limited

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

Particulars	Foot notes	As at 31 March 2017 (Previous GAAP)	Ind AS Adjustments	As at 31 March 2017 (IND AS)	As at 1 April 2016 (Previous GAAP)	Ind AS Adjustments	As at 1 April 2016 (IND AS)
Deferred Tax Liabilities	5	407.32	(147.21)	260.10	253.21	(57.28)	195.93
Other non-current liabilities	9	312.93	58.96	371.89	370.97	88.44	459.41
Total non-current liabilities		3,247.18	(149.18)	3,097.99	3,656.59	(57.28)	3,599.30
Current liabilities							
<u>Financial liabilities</u>							
Borrowings		813.54	-	813.54	627.36	-	627.36
Trade payables		123.98	-	123.98	88.28	-	88.28
		698.39	-	698.39	524.64	-	524.64
Other financial liabilities		775.72	-	775.72	776.07	-	776.07
Other current liabilities		321.14	-	321.14	581.41	-	581.41
Provisions		42.31	(40.51)	1.81	46.63	(45.66)	0.97
Total current liabilities		2,775.08	(40.51)	2,734.58	2,644.39	(45.66)	2,598.73
TOTAL EQUITY AND LIABILITIES		8,511.75	(4.77)	8,506.98	8,343.19	75.87	8,419.06

I. Reconciliation of Balance sheet as at April 1, 2016 and March 31, 2017

(Amount in ₹)

Particulars	Foot notes	For the period ended March 31, 2017		
		(Previous GAAP)	IND AS Adjustment	(IND AS)
Income				
Revenue from Operations	6	3,565.74	14.09	3,579.83
Other Income	3	52.04	33.64	85.69
Total income		3,617.79	47.73	3,665.52
Expenses				
Cost of materials consumed		624.44	-	624.44
Excise Duty	6	-	14.09	14.09
Changes in Inventories of finished goods and Work in progress		(87.21)	-	(87.21)
Employee benefits expense	2	926.98	2.47	929.46
Finance costs	9	418.58	27.51	446.09
Depreciation and amortisation expense		340.56	-	340.56
Other expenses	1&3	960.56	0.46	961.02
Total expenses		3,183.90	44.53	3,228.44

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

Particulars	Foot notes	For the period ended March 31,2017		
		(Previous GAAP)	IND AS Adjustment	(IND AS)
Profit/ (loss) before tax		433.89	3.19	437.08
Tax expense				
Current income tax		91.13		91.13
Tax adjustment for earlier years		3.07		3.07
MAT Credit (Entitlement)/Utilised	5	88.46	(88.46)	-
Deferred income tax	5	(22.81)	87.27	64.46
Total tax expenses		159.85	(1.19)	158.66
Profit/(Loss) for the period (A)		274.03	4.39	278.42
Other comprehensive income				
Items not to be reclassified subsequently to profit or loss				
- Remeasurement of post employment benefit obligation	2	-	2.47	2.47
- Income tax effect on above		-	(0.76)	(0.76)
Other comprehensive income for the year, net of tax (B)		-	1.71	1.71
Total comprehensive income for the year, net of tax (A+B)		274.03	6.10	280.13

III. Reconciliation of Equity as at April 1, 2016 and March 31, 2017 between previous GAAP and IND AS

Particulars	Foot notes	As at 31-Mar-17	As at 1-Apr-16
Equity as per Previous GAAP		2,489.49	2,042.21
Add/(Less) :			
Rent expense on amortisation of security deposits	3	(1.70)	(1.63)
Interest income on amortisation of security deposits	3	1.55	1.47
Reversal of provision for Expected Credit Loss on trade receivables	1	(12.82)	(15.98)
Financial liabilities carried at amortised cost	9	1.97	-
Measurement of Investment at Fair Value through Profit & Loss.	7	1.41	0.88
Deferred Tax impact of above adjustments	5	(6.15)	4.61
Revaluation of Land	8	232.06	232.06
Reversal of deferred tax on indexation of land	5	(31.39)	(42.58)
Equity as per IND AS		2,674.41	2,221.03

Lactose (India) Limited

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

Footnotes to the reconciliation of equity as at April 1, 2016 & March 31, 2017 and Statement of profit and loss for the year ended March 31, 2017

1) Trade Receivables

Under Indian GAAP, the Company has created provision for impairment of receivables which consists only in respect of specific amount for probable losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model.

2) Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the statement of profit and loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to other equity through OCI.

3) Security Deposit

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be initially recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposits has been recognised as prepaid rent.

4) Investment Properties

Under previous GAAP, investment properties were presented as a part of non-current investments/Plant, Property and Equipment. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

5) Deferred Tax (Including MAT Credit)

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. This has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in other equity or a separate component of equity.

Under Previous GAAP, MAT credit was disclosed under non-current assets. In accordance with Ind AS 12, deferred tax shall include any carry forward unused tax credits. Hence, MAT credit entitlement has been included in deferred tax liability (net).

Leasehold land is a non-depreciable asset, Management is expecting that its carrying value will be recovered through sale and the indexation benefit at the time of disposal will be available, accordingly deferred tax asset on the difference between carrying value and indexed value has been created.

6) Revenue

Under Indian GAAP, revenue from sale of products was presented excluding excise duty. Under Ind AS, revenue from sale of products is presented inclusive of excise duty. Excise duty paid is presented on the face of the statement of profit and loss as part of expenses. There is no impact on total equity and profits.

7) Financial Assets (Investments)

Under Indian GAAP, the Company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company classified these investments in equity shares as FVTPL investments. Ind AS requires such investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments at fair value and cost as at the date of transition has been recognised in other equity, net of related deferred taxes.

8) Property, Plant & Equipment

The Company have considered fair value of land in accordance with stipulations of Ind AS 101 with the resultant impact being accounted for in the reserves.

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

9) Financial Liabilities

Under Previous GAAP, non-current liabilities were recognised on undiscounted basis. Ind AS requires such financial liabilities to be recognised at present value (discounted value) where the effect of time value of money is material. This led to a decrease in the value of non-current financial liabilities on the date of transition which was adjusted against retained earnings. Ind AS also provides that where discounting is used, the carrying amount of the liability increases in each period to reflect the passage of time. This increase is recognised as finance cost. The interest cost on unwinding of discount and impact of change in discount rate are recognised in the Statement of Profit and Loss under 'Finance costs'.

10) Other Comprehensive Income

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

11) Statement of Cash Flows

The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flow from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2017 as compared with the previous GAAP.

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

Note 3 : Property, plant and equipment

Particulars	(₹ in lakhs)								Total	
	Land - Owned	Building - (Factory)	Building - (Office)	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equip-ments Office & Air Condi-tioners	Comput-ers		Electrical Installa-tions
Gross carrying value										
Balance as at 1 April 2016 (Refer Note (i) below)	280.25	1,535.53	10.32	4,133.30	70.24	77.78	4.17	4.67	107.58	6,223.83
Additions	-	-	-	347.43	15.17	-	0.62	0.49	13.42	377.14
Additions/(Deletion) on account of Exchange Differences	-	(2.68)	-	(16.64)	-	-	-	-	(0.35)	(19.67)
Deductions/ Adjustment made during the Year	-	-	-	(7.03)	-	(7.81)	-	-	-	(14.84)
Balance as at 31 March 2017	280.25	1,532.85	10.32	4,457.06	85.41	69.97	4.79	5.16	120.65	6,566.46
Additions	-	-	-	257.23	3.13	27.97	1.18	3.41	6.62	299.53
Additions/(Deletion) on account of Exchange Differences	-	1.10	-	6.82	-	-	-	-	0.14	8.07
Balance as at 31 March 2018	280.25	1,533.95	10.32	4,721.11	88.54	97.94	5.97	8.57	127.41	6,874.06
Accumulated depreciation										
Balance as at 1 April 2016 (Refer Note (i) below)	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	58.99	0.20	220.31	13.65	20.04	1.88	3.34	19.89	338.31
Adjustments / deductions	-	-	-	(2.11)	-	(7.42)	-	-	-	(9.54)
Balance as at 31 March 2017	-	58.99	0.20	218.20	13.65	12.62	1.88	3.34	19.89	328.77
Depreciation charge	-	59.02	0.20	244.58	13.56	20.94	1.32	1.01	16.24	356.88
Adjustments / deductions	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	-	118.01	0.40	462.77	27.21	33.56	3.20	4.36	36.14	685.65
Net carrying value										
Balance as at 1 April 2016	280.25	1,535.53	10.32	4,133.30	70.24	77.78	4.17	4.67	107.58	6,223.83
Balance as at 31 March 2017	280.25	1,473.86	10.12	4,238.86	71.76	57.35	2.92	1.81	100.76	6,237.69
Balance as at 31 March 2018	280.25	1,415.94	9.92	4,258.34	61.33	64.38	2.78	4.21	91.27	6,188.41

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

Note (i) :

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. However the Company has elected to consider fair value of its land as its deemed cost on the date of transition to Ind AS. Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP.

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

Note 3 : Capital work-in-progress

Particulars	Plant and Machinery	Pre - Operative Expenses	Electrical Installation	Water Management Expenses	Total
Balance as at 1 April 2016	91.95	2.05	5.03	-	99.03
Additions/(Adjustment) during the Year	100.55	11.50	-	-	112.05
Capitalisation During the Year	-93.98	-2.05	-5.03	-	-101.06
Balance as at 31 March 2017	98.52	11.50	-	-	110.02
Additions/(Adjustment) during the Year	-0.03	-	9.70	14.81	24.48
Capitalisation During the Year	-98.49	-11.50	-	-	-109.99
Balance as at 31 March 2018	-	-	9.70	14.81	24.51

Lactose (India) Limited

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

Note 4 : Investment Property

(₹ in lakhs)

Particulars	Building	Total
Gross carrying value		
Balance as at 1 April 2016 (Refer Note (i) below)	132.87	132.87
Additions	-	-
Disposals	-	-
Balance as at 31 March 2017	132.87	132.87
Additions	-	-
Disposals	-	-
Balance as at 31 March 2018	132.87	132.87
Accumulated depreciation		
Balance as at 1 April 2016 (Refer Note (i) below)	-	-
Additions	2.25	2.25
Disposals	-	-
Balance as at 31 March 2017	2.25	2.25
Additions	2.25	2.25
Disposals	-	-
Balance as at 31 March 2018	4.49	4.49
Net carrying value		
Balance as at 1 April 2016	132.87	132.87
Balance as at 31 March 2017	130.62	130.62
Balance as at 31 March 2018	128.37	128.37

Note:

- i) For Investment Property existing as on the date of transition to Ind AS the company has used IGAAP carrying value as Deemed cost

The Company has availed the deemed cost exemption in relation to the investment property on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP.

Particulars	Building
Gross Block as at 1 April 2016	142.06
Accumulated depreciation as at 1 April 2016	9.19
Net Block as at 1 April 2016	132.87

- ii) Amounts recognised in Profit and Loss for Investment purpose

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Rental Income	6.00	5.66
Direct Operating Expenses from Property that generates Rental Income	1.04	3.38
Profit from Investment Property before Depreciation	4.96	2.27
Depreciation	2.25	2.25
Profit From Investment Properties	2.71	0.03

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

iii) Fair Value

Particulars	As at 31 March 2018	As at 3 1 March 2017	As at 1 April 2016
Investment Properties	167.18	161.35	139.87
	167.18	161.35	139.87

Estimation of Fair value :

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

Note 5 : Investments

Particulars	(₹ in lakhs)		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
I. Investment at fair value through Profit or loss			
Investment in Equity instruments			
i) In other companies	5.51	5.81	5.12
Investment in mutual fund	0.73	-	-
Total non-current investments	6.25	5.81	5.12

Note 5.1 Detailed list of non-current investments

Face value of Rs. 10 each, unless otherwise stated	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Nos	(₹ in lakhs)	Nos	(₹ in lakhs)	Nos	(₹ 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	0.01	1,000	0.01
Shardul Securities & Finance Limited (face value of Rs. 10/- each, fully paid up)	12,800	5.49	12,800	5.64	12,800	5.11
Ojas Technochem Products Limited (face value of Rs. 10/- each, fully paid up)	5,000	-	5,000	0.15	5,000	-
		5.51		5.81		5.12
ii) Investment in mutual fund						
L&T Floating Rate Fund- Growth	4,261	0.73		-		-
		0.73		-		-
Total non-current investments		6.25		5.81		5.12

Particular	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
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Details:**Aggregate of non-current investments:**

Book value of investments (net of impairment allowance)	6.25	5.81	5.12
Investments carried at deemed cost	-	-	-
Investments carried at fair value through profit and loss	6.25	5.81	5.12

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

Note 6 : Other Financial Assets

(Unsecured & considered good, unless otherwise stated)

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Non-current			
Security Deposits	78.51	79.13	81.49
Total non-current financial assets	78.51	79.13	81.49
Current			
Advances recoverable in cash or in kind	7.80	1.79	2.57
Other Receivable	0.12	-	105.00
Total current financial assets	7.91	1.79	107.57
Total other financial assets	86.43	80.91	189.06

Note 7 : Other non-current assets

(Unsecured, considered good, unless otherwise stated)

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Non-current			
Capital advances	108.45	90.00	-
Balance with government authorities	28.41	104.04	128.93
Prepaid expenses	1.28	1.65	5.18
Total non-current assets	138.13	195.69	134.11
Current			
Interest accrued on deposits	4.09	-	5.15
Duties and Taxes Receivable	49.58	119.78	37.61
Advance to suppliers	19.86	11.47	7.21
Prepaid expenses	7.27	11.29	20.25
Total current assets	80.81	142.55	70.22
Total other assets	218.94	338.23	204.33

Note 8 : Inventories

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

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Raw Materials and components	151.05	83.81	96.29
Work-in-progress	464.07	383.66	388.85
Finished goods	60.05	138.79	46.39
Stores, spares and other consumables	38.03	41.76	88.32
Total Inventories	713.21	648.02	619.85

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

Note 9 : Trade receivables

(Unsecured & considered good, unless otherwise stated)

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Trade receivables	543.72	904.82	904.84
Less: Provision for expected credit loss	(5.43)	(12.82)	(15.98)
Total trade receivables	538.29	892.00	888.86

Note 10 : Cash and cash equivalents

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Balances with banks			
- Current accounts in Indian rupees	261.82	2.53	3.94
Cash on hand	6.06	3.21	10.18
Total cash and cash equivalents	267.88	5.74	14.12

Note 11 : Bank balances other than Cash and cash equivalents

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ 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	7.69	48.83	19.24
Fixed deposits with bank	3.03	-	-
Total other bank balances	10.73	48.83	19.24

Margin money amounting to Rs. 7.69 lakh is held as bank guarantee.

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

Particulars	(₹ in lakhs)	
	2017-18	2016-17
Current tax expense (A)		
Current year	-	91.13
Short/(Excess) provision of earlier years	3.71	3.07
Deferred tax expense (B)		
Origination and reversal of temporary differences	(148.10)	64.46
Tax expense recognised in the income statement (A+B)	(144.39)	158.66

Lactose (India) Limited

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

(b) Amounts recognised in other comprehensive income

Particulars	2017-18			2016-17		
	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	8.57	(2.21)	6.36	2.47	(0.76)	1.71
	8.57	(2.21)	6.36	2.47	(0.76)	1.71

(c) Reconciliation of effective tax rate

Particulars	2017-18	2016-17
Profit before tax	(277.31)	437.08
Tax using the Company's domestic tax rate (Current year 26% and Previous Year 34.608%)	(72.10)	151.26
Tax effect of :		
Effect of expenses that is not deductible in determining taxable profits	1.66	(0.65)
Adjustments recognised in current year in relation to the current tax of prior years	3.71	3.07
Others	(77.66)	4.98
Tax expense as per Statement of Profit & Loss	(144.39)	158.66
Effective tax rate	52.070%	36.300%

(d) Income tax assets (net)

Particular	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Advance income tax and TDS	72.76	9.10	22.75
Total Income Tax Assets	72.76	9.10	22.75

Note 13 : Share capital

Particular	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Authorised share capital			
12,000,000 equity shares of Rs.10/- each	1,200.00	1,200.00	1,200.00
Total authorised share capital	1,200.00	1,200.00	1,200.00
Issued, subscribed and paid-up equity share capital:			
1,00,39,000 (PY 96,79,000) equity shares of Rs. 10/- each, fully paid up	1,003.90	967.90	883.90
Total issued, subscribed and paid-up equity share capital	1,003.90	967.90	883.90

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

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

	Number	(₹ in lakhs)
As at 1 April 2016	88,39,000	883.90
Issued during the year	8,40,000	84.00
As at 31 March 2017	96,79,000	967.90
Issued during the year	3,60,000	36.00
As at 31 March 2018	1,00,39,000	1,003.90

b. Terms/rights attached to equity shares:

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

c. Shareholding of more than 5%:

Name of the Shareholder	As on March 31, 2018		As on March 31, 2017		As on March 31, 2016	
	% held	No. of shares	% held	No. of shares	% held	No. of shares
Gyaneshwar Multitrade Private Limited	11.13%	11,17,615	13.02%	12,60,000	0.00%	-
Sangeeta Maheshwari	11.23%	11,27,410	10.59%	10,24,910	11.60%	10,24,910
Atul Maheshwari	9.45%	9,48,510	8.74%	8,46,010.00	9.57%	8,46,010
Indu Kasat	7.77%	7,80,000	8.06%	7,80,000	8.82%	7,80,000
Madhusa Lifecare Private Limited	5.76%	5,78,184	5.35%	5,18,184	5.98%	5,28,248
Madhu Toshniwal	5.34%	5,35,968	5.15%	4,98,468.00	5.64%	4,98,468

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

Note: 3,60,000 Equity Shares (of Rs 10 each fully paid up) have been issued on conversion of the Share warrant issued at a Rs 158.18 in the ratio of one share per warrant in the current year

Note 14 : Borrowings

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
	Non current		
Secured			
Term loan from bank	-	2,342.26	2,616.71
Less: Current Maturities of Long term Borrowings	-	(665.31)	(595.61)
Term Loan from Others	3,707.87	-	-
Less: Current maturities of long term debt	(340.00)	-	-
	3,367.87	1,676.95	2,021.10
Vehicle loan from Bank	23.26	-	13.07
Less: Current Maturities of Long term Borrowings	(4.94)	-	(13.07)
Vehicle loan from Others	-	-	1.34
Less: Current Maturities of Long term Borrowings	-	-	(1.34)
	18.32	-	-
	3,386.19	1,676.95	2,021.10

Lactose (India) Limited

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

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Unsecured			
Loan from Directors	-	150.63	172.00
Inter corporate Deposits	-	135.00	60.00
Loan from Others	26.96		
Less: Current maturities Inter Corporate Loans	(11.24)	-	-
	15.71	285.63	232.00
Total non-current borrowings	3,401.91	1,962.58	2,253.10
Current			
Secured			
Cash Credit from Bank	-	729.54	565.86
Unsecured (Repayable on demand)			
Inter Corporate Loan	-	84.00	61.50
Total current borrowings	-	813.54	627.36
Total borrowings	3,401.91	2,776.12	2,880.46

Note:

i) Secured borrowings

Term Loan From Financial Institution

- a) Term loan from Piramal Finance Ltd. Amounting to Rs. 3707.87 lakhs (31.03.2017 : Rs. Nil 01.04.2016 : Rs Nil) is secured by
 - i) Exclusive charges over current and future Fixed assets of the borrower
 - ii) Joint, Several Irrevocable unconditional personal guarantee of Shri Atul Maheshwari and Smt. Sangeeta Maheshwari
 - iii) It carries an interest rate of 13.50% p.a.. The loan is repayable in 72 monthly installment starting from 5th September, 2017.
 - iv) A First charge by way of hypothecation by the Borrower of its current asset ranking on a pari paru basis with the charge created/to be created for securing non fund based working capital facility availed/to be availed by the Borrower aggregating to the extent of Rs.300 lakhs

Term Loan From Banks :

- a) Term loan from Oriental Bank of Commerce amounting to Rs.Nil (31.03.2017: Rs.1019.73 lakhs 01.04.2016 : Rs 1379.73 lakhs) was secured against hypothecation of Land and Building, Plant and Machinery, Furniture and Fixtures, Vehicles and other assets created out of the said Term loan. It carries an interest rate 4.00% + Base Rate. The loan was repayable in 60 equal monthly installments of Rs. 30 lakhs each, starting from February, 2015. The same is fully repaid during the year.
- b) Term loan from Oriental Bank of Commerce amounting to Rs. Nil (31.03.2017 : Rs. 343.70 lakhs 01.04.2016 : Rs : Nil) was secured against Hypothecation of all the Plant & Machineries, furnitures & fixtures, Vehicles and all other assets of the company created out of term loan. The asset shall be charged exclusively to our bank. It carries an interest rate 9.70% (Bank Rate) + 4.25% (Bank's Spread) - 0.25% (Concession). The loan was repayable in 60 equal monthly installments of Rs. 6.25 lakhs each starting from 07th October,2016. The Term Loan was sanctioned for Rs. 375 lakhs. The same is fully repaid during the year.
- c) Term loan from ICICI Bank amounting to USD Nil (Equivalent to INR .Nil) (31.03.2017 : USD 15,09,603.66 equivalent to Rs 978.83 lakhs 01.04.2016 : USD 18,64,804 equivalent to Rs 1,236.98 lakhs) was secured by Pari pasu Charge with Oriental Bank of Commerce on present & future movable fixed assets ,Factory land & building and current assets of the company. It carries an interest rate of MCLR - 1Y - 9.15% + Spread is 3.70% .The loan was repayable in quarterly installment of USD 88,800.20 , starting from July,2015. Equitable mortgage on residential premises of directors of the Company is also offered as a collateral security.The loan is further secured by personal guarantees by the directors and relative of directors of the company. The same is fully repaid during the year.

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

Vehicle loans From Bank

- a) Vehicle loan from HDFC Bank amounting to Rs. 6.71 lakhs (31.03.2017 : Rs.Nil, 01.04.2016 : Rs.Nil) is secured against respective vehicle. It carries interest rate of 8.50% p.a. and is repayable in 60 equal monthly installment amounting to Rs. 0.14 lakhs each, starting from 7th February 2018.
- b) Vehicle loan from HDFC Bank amounting to Rs. 4.87 lakhs (31.03.2017 : Rs.Nil, 01.04.2016 : Rs.Nil) is secured against respective vehicle. It carries interest rate of 8.50% p.a. and is repayable in 60 equal monthly installment amounting to Rs. 0.1 lakhs each, starting from 7th February 2018.
- c) Vehicle loan from HDFC Bank amounting to Rs. 6.42 lakhs (31.03.2017 : Rs.Nil, 01.04.2016 : Rs.Nil) is secured against respective vehicle. It carries interest rate of 8.46% p.a. and is repayable in 48 equal monthly installment amounting to Rs. 0.17 lakhs each, starting from 5th November 2017.
- d) Vehicle loan from HDFC Bank amounting to Rs. 5.26 lakhs (31.03.2017 : Rs.Nil, 01.04.2016 : Rs.Nil) is secured against respective vehicle. It carries interest rate of 8.46% p.a. and is repayable in 48 equal monthly installment amounting to Rs. 0.14 lakhs each, starting from 5th November 2017.
- e) Vehicle loan from ICICI Bank amounting to Rs. Nil (31.03.2017 : Rs.Nil, 01.04.2016 : Rs.4.35 lakhs) is secured against respective vehicle. It carries interest rate of 10.60% p.a. and was repayable in 60 equal monthly installment amounting to Rs. 0.75 lakhs each. The same has been fully repaid during the year 31st March 2017
- f) Vehicle loan from ICICI Bank amounting to Rs.Nil (31.03.2017 : Rs.Nil, 01.04.2016 : Rs. 4.35 lakhs) is secured against respective vehicle. It carries interest rate of 10.60% p.a. and was repayable in 60 equal monthly installment amounting to Rs. 0.75 lakhs each. The same has been fully repaid during the year 31st March 2017.
- g) Vehicle loan from Kotak Mahindra Bank amounting to Rs.Nil (31.03.2017 : Rs.Nil, 01.04.2016 : Rs.1.88 lakhs) is secured against respective vehicle. It carries interest rate of 12.20% p.a. and was repayable in 47 equal monthly installment amounting to Rs. 0.32 lakhs each. The same has been fully repaid during the year 31st March 2017.
- h) Vehicle loan from Kotak Mahindra Bank amounting to Rs.Nil (31.03.2017 : Rs.Nil, 01.04.2016 : Rs.2.50 lakhs) is secured against respective vehicle. It carries interest rate of 11.40% p.a. and was repayable in 47 equal monthly installment amounting to Rs. 0.26 lakhs each. The same has been fully repaid during the year 31st March 2017.

Vehicle loans From Others

Vehicle loan from Tata Capital Limited amounting to Rs.Nil (31.03.2017 : Rs.Nil, 01.04.2016 : Rs.1.34 lakhs) is secured against respective vehicle. It carries interest rate of 12.99% p.a. and was repayable in 60 equal monthly installment amounting to Rs. 0.2 lakhs each. The same has been fully repaid during the year.

Cash Credit

- a) Cash Credit Facility from Oriental Bank of Commerce amounting to Rs Nil (31.03.2017 : Rs.5.97 lakhs, 01.04.2016 : Rs.311.65 lakhs) was secured against hypothecation of stocks of raw materials, stock in process, finished goods, stores & spares and trade receivables of the Company. It carries interest rate of 4.50% + Base Rate. Outstanding balance of cash credit facility had been fully repaid during the year.
- b) Cash Credit Facility from ICICI Bank amounting to Rs Nil (31.03.2017 : Rs.132.67 lakhs , 01.04.1016 : Rs.187.51 lakhs) was secured against hypothecation of stocks of raw materials, stock in process, finished goods, stores & spares and trade receivables of the Company ranking pari pasu with Oriental Bank of Commerce and second pari pasu charge on future and present movable fixed assets of the Company. Equitable mortgage of the residential premises of directors of the Company was also given as a collateral security. The loan was further secured by personal guarantees from directors and relative of directors. It carries interest rate of MCLR - 1Y - 9.15% + Spread is 3.70%. Outstanding balance of cash credit facility had been fully repaid during the year.
- c) Packing Cash Credit Facility from Oriental Bank of Commerce amounting to Rs.Nil (31.03.2017 : Nil, 01.04.1016 : Rs.66.7 lakhs) was secured against hypothecation of paid stocks meant for export.

II) Unsecured borrowings

Unsecured borrowings from Financial Institution

Long Term Loan From Bajaj Finserv amounting to Rs. 26.96 lakhs (31.03.2017 : Rs.Nil, 01.04.2016 : Rs.Nil) which are unsecured and carry interest rate of 16.75%p.a and is repayable in 36 installments of Rs. 1.24 lakhs each starting from 2nd June 2017.

Unsecured borrowings from Directors

Long term loans from Directors and Inter Corporate Loans which were unsecured and carry interest @ 12.5% p.a. are repaid during the current year.

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

Corporate Loan

The Company has taken inter corporate loan which carries interest 16.50% and are repayable before 31st March, 2018.

Note 15 : Trade Payables

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Trade Payables	-	420.49	620.23
Total Trade Payables	-	420.49	620.23

Note 16 : Other financial liabilities

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Non - Current			
Interest accrued but not due	-	32.66	25.08
Total Non - Current Other financial liabilities	-	32.66	25.08
Current			
Current maturities of long-term debt	356.18	665.31	610.03
Provision for Expenses	105.81	70.25	63.14
Deposit received	3.98	2.00	3.40
Other Payable	47.94	30.94	94.22
Interest accrued but not due	34.40	7.21	5.28
Total Current Other financial liabilities	548.31	775.72	776.07
Total other financial liabilities	548.31	808.38	801.14

Note 17 : Provisions

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Non-current			
Provision for employee benefits (Refer note 31)			
- Gratuity	48.56	50.27	45.55
Total non-current provisions	48.56	50.27	45.55
Current			
Provision for employee benefits (Refer note 31)			
- Gratuity	3.03	1.81	0.97
Total current provisions	3.03	1.81	0.97
Total provisions	51.59	52.08	46.52

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

Note 18 : Deferred Tax Liabilities

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Deferred Tax Liability on account of :			
Property, Plant and Equipments	645.86	680.17	589.98
Interest expenses on unwinding of financial liability	16.79	-	-
Investments carried at fair value through profit and loss	0.12	0.56	0.39
	662.77	680.73	590.38
Deferred Tax Asset on account of :			
Provision for employee benefits	16.46	17.71	14.38
Provision for expected credit loss on trade receivables	1.79	3.70	4.61
Unabsorbed Depreciation	345.15	214.07	279.82
MAT Credit Entitlement	185.15	185.15	95.64
	548.56	420.63	394.45
Total Deferred Tax Liabilities	114.21	260.10	195.93

Note 19 : Other non-current liabilities

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
Non-current			
Unbilled Lease Rentals	-	-	0.27
Advance Manufacturing Consideration	312.93	370.70	612.00
Less : Current maturities of Advance Manufacturing Consideration	(57.77)	(57.77)	(241.30)
Deferred Liabilities	-	58.96	88.44
Total other non-current liabilities	255.16	371.89	459.41
Current			
Duties & Taxes Payable	36.34	23.97	24.87
Current maturities of Advance Manufacturing Consideration (Refer Note below)	57.77	57.77	241.30
Advance from Customer	28.74	80.45	87.87
Payable for Capital goods	67.55	158.95	227.38
Prepaid Rent Income	0.26	-	-
Total other current liabilities	190.66	321.14	581.41
Total other liabilities	445.82	693.03	1,040.83

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 Indegrients India Private Limited (KIPL) and accordingly as per the manufacturing agreement with KIPL, has recognised during the year income of Rs.57.77 lakhs (31.03.2017 :Rs.57.77 lakhs, 01.04.2016 : Rs57.77 lakhs) on proportionate basis out of total Advance Manufacturing Consideration amounting to Rs. 577.72 lakhs and the balance of Rs.57.77 lakhs (31.03.2017 Rs. 57.77 lakhs is disclosed under the head "Other Current liability" and Rs. 312.93 lakhs (31.03.2017 Rs.370.70 lakhs, 01.04.2016 Rs 428.48 lakhs) is disclosed under the head "Other Long term liability".

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

Note 20 : Trade payables

Particulars	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)	As at 1 April 2016 (₹ in lakhs)
- Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note below)	46.16	123.98	88.28
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	471.46	698.39	524.64
Total trade payables	517.63	822.37	612.92

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 2017.

The disclosure pursuant to the said Act is as under:

Particulars	31 March 2018 (₹ in lakhs)	31 March 2017 (₹ in lakhs)	01 April 2016 (₹ in lakhs)
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year*;	46.16	123.98	88.28
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	-	-	-
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.	-	-	-

*Interest paid or payable by the Company on the aforesaid principal amount has been waived by the concerned suppliers.

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 21 : Revenue from Operations

Particulars	Year ended 31 March 2018 (₹ in lakhs)	Year ended 31 March 2017 (₹ in lakhs)
Sale of Product Comprises of:		
Sales	452.77	480.06
Conversion Charges	2,592.19	3,031.61
	3,044.96	3,511.66
Other operating revenue		
Scrap Sales	10.17	10.39
Manufacturing Consideration	57.77	57.77
	67.94	68.17
Total Revenue from Operations	3,112.90	3,579.83

Note : Consequent to the introduction of Goods and Service Tax (GST) with effect from July 1, 2017, Central Excise Duty, Value

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

Added Tax (VAT), etc. have been replaced by GST. In accordance with Indian Accounting Standard - 18 on "Revenue" and Schedule III of Companies Act 2013, GST is not Included in Revenue from operations from 1st July 2017 onwards. However, for the period April 2017 to June 2017 and Earlier Comparative Periods, excise duty is included in the revenue from operations hence not comparable.

Note 22 : Other Income

Particulars	Year ended 31 March 2018 (₹ in lakhs)	Year ended 31 March 2017 (₹ in lakhs)
Interest Income		
- on rent deposits	0.50	0.46
-on Fixed Deposits	1.34	2.28
- on others	9.77	0.59
-on Income Tax Refund	2.96	-
-on VAT Refund	5.71	10.83
Reversal of provision for Expected Credit Loss	7.39	3.17
Rent Income	10.23	9.86
Amortisation of deferred liabilities	27.47	29.48
Profit on sale of Investment	0.72	-
Reversal of provision for diminution in the value of Investments	-	0.69
Sundry Balances written back (net)	-	22.55
Miscellaneous Income	0.08	5.79
Total other income	66.17	85.69

Note 23 : Cost of materials consumed

Particulars	Year ended 31 March 2018 (₹ in lakhs)	Year ended 31 March 2017 (₹ in lakhs)
Raw Materials /Components		
Opening Stock	83.81	96.29
Add: Purchases	670.66	611.96
Less Resin transferred to FA	(30.61)	-
Less: Closing Stock	(151.05)	(83.81)
Total Cost of Materials Consumed	572.80	624.44

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

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

Particulars	Year ended 31 March 2018 (₹ in lakhs)	Year ended 31 March 2017 (₹ in lakhs)
<u>Opening Inventory</u>		
Finished Goods	138.79	46.39
Work-In-Progress	383.66	388.85
	522.45	435.24
<u>Closing Inventory</u>		
Finished Goods	60.05	138.79
Work-In-Progress	464.07	383.66
	524.12	522.45
Total Changes in Inventories of finished goods and Work in Progress	(1.67)	(87.21)

Note 25 : Employee benefits expense

Particulars	Year ended 31 March 2018 (₹ in lakhs)	Year ended 31 March 2017 (₹ in lakhs)
Salaries and wages	874.80	818.20
Directors Remuneration	88.37	82.88
Gratuity (Refer note 31)	9.00	8.70
Contribution to provident and other funds (Refer note 31)	14.60	14.22
Staff welfare	8.75	5.46
Total employee benefits expense	995.52	929.46

Note : Salaries and Wages include amount paid towards contractual wages Rs.496.37 lakhs (31.03.2017 : Rs.468.63 lakhs ; 01.04.2016 : Rs 349.96 lakhs).

Note 26 : Finance costs

Particulars	Year ended 31 March 2018 (₹ in lakhs)	Year ended 31 March 2017 (₹ in lakhs)
Interest Expenses		
- Banks & Financial Institutions	468.75	369.48
- Unsecured loan	43.54	29.74
- amortisation of Trade payables	29.43	27.51
- unwinding of security deposit	0.03	-
Bank Charges	4.31	19.35
Total finance costs	546.06	446.09

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

Note 27 : Other expenses

Particulars	Year ended 31 March 2018 (₹ in lakhs)	Year ended 31 March 2017 (₹ in lakhs)
Stores and spares consumed	77.50	75.74
Power and Fuel expenses	532.46	542.10
Laboratory materials consumed	21.29	28.34
Rent	26.67	25.21
Repairs to :		
- Building	6.23	14.36
- Machinery	17.68	14.88
- Others	21.74	20.32
Insurance Charges	12.04	10.75
Rates and Taxes	10.48	6.79
Legal and Professional	42.97	41.90
Communication Expenses	10.02	9.35
Auditor's Remuneration	6.05	7.31
Travelling Expenses	42.91	33.17
Freight Outward	3.05	7.82
Sales Promotion Charges	16.82	13.02
Loss on Sale Of Property,Plant and Equipments	-	0.09
Foreign Exchange Loss (Net)	0.20	0.28
Loss on fair value changes in investments	0.28	-
Miscellaneous Expenses	133.64	109.59
Total other expenses	982.03	961.02
Auditors' remuneration:		
i) Statutory audit fees	5.75	5.20
ii) Taxation Matters	-	1.05
iii) Other Services	0.30	1.06
	6.05	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

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

Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	(Rs. in lakhs)	(132.92)	278.42
Weighted average number of equity shares for EPS computation	(Nos.)	97,16,887	96,79,000
EPS - Basic and Diluted EPS	(Rs.)	(1.37)	2.88

Lactose (India) Limited

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

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	
Mrs. Sangita Maheshwari	Whole time Director and CFO
Mr Atul Maheshwari	Managing Director
Mr S S Toshniwal	Director
Yash Maheshwari	Manager
Mrs. Madhu Toshniwal	Relative of Director
Mr Jay Bhatt	Company Secretary (upto 30.09.2017)
Mr Suyog Chaukar	Company Secretary (from 01.10.2017)
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	

- 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	Year ended
		31 March 2018 (₹in lakhs)	31 March 2017 (₹in lakhs)
Mr. Atul Maheshwari	Director's Remuneration	47.18	45.04
	Loan Taken	106.75	4.25
	Interest Expense	1.67	4.00
	Loan Repaid	143.00	
Mrs. Sangita Maheshwari	Director's Remuneration	41.18	37.84
	Rent	5.04	4.68
	Loan Taken	206.27	30.75
	Loan Repayment	265.64	37.54
	Interest Expense	2.74	7.72
Mrs. Madhu Toshniwal	Consultancy Charges paid	6.90	5.65
	Loan taken	65.63	0.00
	Loan Repaid	65.63	0.00
Mr SS Toshniwal	Loan taken	102.13	0.00
	Loan Repayment	157.12	25.00
	Interest Expense	3.69	7.24
Mr Yash Maheshwari	Salary paid	3.80	0.00

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

II. Enterprises over which key management personnel have significant influence

Particulars	Nature of Transaction	Year ended 31 March 2018 (₹in lakhs)	Year ended 31 March 2017 (₹in lakhs)
Madhusa Projects Private Limited	Loan Taken	732.00	152.00
	Repayment of Loans Taken	832.00	112.00
	Interest Expense	7.53	3.11
	Advance received	-	33.73
	Purchases	51.63	
	Sales	6.09	
	Reimbursement of expenses	0.91	
Madhusa biotech Private Limited	Advance against property	-	90.00
Eurolife Healthcare Private Limited	Sales	112.50	172.91
	Purchases	5.83	0.00
	Others receivable	14.42	0.00
	Advance received	-	12.98
Omega Colors Private Limited	Loan Taken	130.00	50.00
	Interest Expense	4.86	0.70
	Loan Repaid	180.00	0.00

III. Balance Outstanding of Related Parties:

Particulars	Nature of Transaction	As on March 31, 2018 (₹in lakhs)	As on March 31, 2017 (₹in lakhs)	As on April 1, 2016 (₹in lakhs)
Mrs Sangita Maheshwari	Loan Payable	-	59.38	60.00
	Interest Payable	-	1.73	0.89
	Director Remuneration Payable	3.43	3.43	2.52
	Advance given against rent			2.20
		3.43	64.54	65.61
Mr. Atul Maheshwari	Loan Payable	-	36.25	32.00
	Interest Payable	-	0.94	1.20
	Director Remuneration Payable	3.93	3.93	3.13
		3.93	41.12	36.33
Mrs. Madhu Toshniwal	Other receivable			97.93
	Expense Payable	0.52	0.58	0.32
		0.52	0.58	98.25
Mr. SS Toshniwal	Loan Payable	-	55.00	80.00
	Interest Payable	-	24.45	17.93
	Other receivable		-	52.50
		-	79.45	150.43

Lactose (India) Limited

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

Mr. Yash Maheshwari	Salary Payable	0.45	-	
		0.45	-	
Lotus Global Private Limited	Trade payables			0.76
		-	-	0.76
Madhusa biotech Private Limited	Capital Advance	90.00	90.00	
		90.00	90.00	
Madhusa Projects Private Limited	Loan Payable	-	100.00	60.00
	Interest Payable	-	6.66	5.05
	Trade payable	2.63		
	Trade receivable	-	-	138.27
	Advance received	28.74	35.73	
		31.37	142.39	203.32
Eurolife Healthcare Private Limited	Advance From Customer	-	12.98	51.24
	Trade payable	5.83		
	Trade receivable	30.12		
		-	12.98	51.24
Omega Colors Private Limited	Loan Payable	-	50.00	
	Interest Payable	-	0.48	
		-	50.48	

Note 30 : Contingent liabilities and Commitments

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

Particular	As on March 31, 2018 (₹in lakhs)	As on March 31, 2017 (₹in lakhs)	As on April 1, 2016 (₹in lakhs)
I) Claims not acknowledged as Debts :			
i) Disputed liability in respect of Income tax	20.23	20.23	20.23
II) Guarantees			
i) Guarantee given by Bank on behalf of the Company	6.05	1.05	1.05
III) Other money for which the company is contingently liable			
i) Letter of Credit	-	279.75	107.00
ii) Custom Duty against Export Obligation (Refer Note (a) below)	35.84	116.63	137.36

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.810.32 lakhs (31.03.2017 Rs 2637.04 lakhs, 01.04.2016 Rs 3712.80 lakhs) needs to be completed under both the licence. This export obligation to be completed within 6 years from the date of purchase of respective EPCG license In case of advance licence, export obligation to be completed within 18 months from the date of purchase of advance licence

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

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs.306.12 lakhs (31.03.2017 : Rs.247.50 lakhs, 01.04.2016 : Rs Nil).

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 2018 (₹in lakhs)	Year ended 31 March 2017 (₹in lakhs)	
a) Changes in defined benefit obligations			
Defined Benefit Obligation ("PBO") at the beginning of the year	52.08	46.52	
Service cost for the year	4.99	5.51	
Interest cost for the year	4.01	3.19	
Actuarial losses / (gains)	(8.57)	(2.47)	
Benefits paid	(0.91)	(0.67)	
Defined Benefit Obligation ("PBO") as at the end of the year	51.59	52.08	
b) Amounts recognised in the Statement of Profit and Loss			
Current service cost	4.99	5.51	
Net interest on net Defined Liability / (Asset)	4.01	3.19	
Expenses recognised in the statement of profit and loss	9.00	8.70	
c) Remeasurement (gains)/ losses recognised in OCI			
Actuarial changes arising from changes in financial assumptions	(3.62)	3.73	
Actuarial changes arising from changes in demographic assumptions	-	-	
Experience adjustments	(4.95)	(6.21)	
Total	(8.57)	(2.48)	
d) The amounts recognised in the Balance Sheet are as follows:			
Present value of obligation as at the end of the year	51.59	52.08	
Funded value of assets (unfunded)	-	-	
Net assets / (liability) recognised in balance sheet	(51.59)	(52.08)	
e) Actuarial assumptions	31 March 2018	31 March 2017	1 April 2016
Discount rate	7.70% p.a.	6.85% p.a.	7.70% p.a.
Normal retirement age (in years)	60	60	58
Salary escalation rate (% p.a.) *	7.00% p.a.	7.00% p.a.	7.00% p.a.
Attrition rate	5.00% p.a.	5.00% p.a.	1% at each stage + 30% Service related
Mortality rate	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Lactose (India) Limited

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

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

Particulars	31 March 2018 (₹ in lakhs)	31 March 2017 (₹ in lakhs)
One percent increase		
i. Discount rate	47.78	47.72
ii. Salary escalation rate - over a long-term	55.88	56.98
iii. Withdrawal rate	51.65	52.03
One percent decrease		
i. Discount rate	55.90	57.04
ii. Salary escalation rate - over a long-term	47.73	47.69
iii. Withdrawal rate	51.53	52.12

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation, keeping all other actuarial assumptions constant.

g) Maturity analysis of defined benefit obligation

1st Following Year	3.03	1.81
2nd Following Year	5.33	2.81
3 rd Following Year	2.55	4.97
4th Following Year	2.50	2.30
5th Following Year	2.51	2.47
Sum of Year 6 to 10 Year	21.23	24.38
Total expected payments	37.16	38.74

B Defined contribution plans

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

(i) Contribution to provident fund	14.60	14.22
	14.60	14.22

C Current/ non-current classification

Particulars	31 March 2018 (₹ in lakhs)	31 March 2017 (₹ in lakhs)	1 April 2016 (₹ in lakhs)
Gratuity			
Current	3.03	1.81	0.97
Non-current	48.56	50.27	45.55
	51.59	52.08	46.52

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".

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

Note 33 : Operating leases

Leases as lessor

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

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

Particulars	31 March 2018 (₹ in lakhs)	31 March 2017 (₹ in lakhs)	1 April 2016 (₹ in lakhs)
Within less than 1 year	7.89	6.00	5.66
Between one and five years	15.14	23.03	29.03
Later than five years	-	-	-

Leases as lessee

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

Particulars	31 March 2018 (₹ in lakhs)	31 March 2017 (₹ in lakhs)	1 April 2016 (₹ in lakhs)
Within less than 1 year	17.29	26.22	25.02
Between one and five years	18.78	33.67	57.49
Later than five years	52.80	55.2	57.6

Note 34: Fair Value Measurement

A) Accounting classification and fair values

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

₹ in lakhs

31 March 2018	Note	Carrying amount			Fair value			Total
		FVTPL	FVTOCI	Amortised Cost	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
Financial assets								
Investments	5	6.25	-	-	5.51	0.73	-	6.25
Trade receivables	9	-	-	538.29	-	-	-	-
Cash and cash equivalents	10	-	-	267.88	-	-	-	-
Bank balances other than Cash and cash equivalents	11	-	-	10.73	-	-	-	-
Other financial asset	6	-	-	86.43	-	-	-	-
		6.25	-	903.32				
Financial liabilities								
Borrowings	14	-	-	3,401.91	-	-	-	-
Trade payables	15	-	-	517.63	-	-	-	-
Other financial liabilities	16	-	-	548.31	-	-	-	-
		-	-	4,467.85				

Lactose (India) Limited

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

₹ in lakhs

31 March 2017	Note	Carrying amount			Fair value			Total
		FVTPL	FVTOCI	Amor- tised Cost	Level 1 - Quoted price in active markets	Level 2 - Signifi- cant ob- servable inputs	Level 3 - Sig- nificant unob- servable inputs	
Financial assets								
Investments	5	5.81	-	-	5.81	-	-	5.81
Trade receivables	9	-	-	892.00	-	-	-	-
Cash and cash equivalents	10	-	-	5.74	-	-	-	-
Bank balances other than Cash and cash equivalents	11	-	-	48.83	-	-	-	-
Other financial asset	6	-	-	80.91	-	-	-	-
		5.81	-	1,027.49				
Financial liabilities								
Borrowings	14	-	-	2,776.12	-	-	-	-
Trade payables	15	-	-	1,242.86	-	-	-	-
Other financial liabilities	16	-	-	808.38	-	-	-	-
		-	-	4,827.36				

₹ in lakhs

1 April 2016	Note	Carrying amount			Fair value			Total
		FVTPL	FVTOCI	Amor- tised Cost	Level 1 - Quoted price in active markets	Level 2 - Signifi- cant ob- servable inputs	Level 3 - Sig- nificant unob- servable inputs	
Financial assets								
Investments	5	5.12	-	-	5.12	-	-	5.12
Trade receivables	9	-	-	888.86	-	-	-	-
Cash and cash equivalents	10	-	-	14.12	-	-	-	-
Bank balances other than Cash and cash equivalents	11	-	-	19.24	-	-	-	-
Other financial asset	6	-	-	189.06	-	-	-	-
		5.12	-	1,111.27				
Financial liabilities								
Borrowings	14	-	-	2,880.45	-	-	-	-
Trade payables	15	-	-	1,233.15	-	-	-	-
Other financial liabilities	16	-	-	801.14	-	-	-	-
		-	-	4,914.74				

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

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

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used. Related valuation processes are described in Note 4.

i) Financial instruments measured at amortised cost

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

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

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

Note 35 : Financial risk management objectives and policies

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

i. Market risk

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

a) Interest rate risk

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

Lactose (India) Limited

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

Interest rate sensitivity

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

Particulars	(₹ in lakhs)		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Increase in basis points	50 basis points	50 basis points	50 basis points
Effect on profit/(loss) before tax, increase by	(9.34)	(18.79)	(19.37)
Decrease in basis points	50 basis points	50 basis points	50 basis points
Effect on profit/(loss) before tax, decrease by	9.34	18.79	19.37

Fair value sensitivity analysis for fixed-rate instruments :

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

b) Foreign currency risk

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

Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	As on March 31, 2018		As on March 31, 2017		As on April 1, 2016		
	(₹ in lakhs)	In USD	(₹ in lakhs)	In USD	(₹ in lakhs)	In USD	In EURO
Advance received from customer	-	-	29.90	46,116	29.22	46,116	
Loan payable	-	-	978.83	15,09,604	1,236.98	18,64,804	
Trade Receivable	-	-	15.57	24,010	-	-	
Trade Payables	39.83	61,423	-	-	9.29	-	12,411

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 receivables from customers and investment securities. The carrying amounts of financial assets represent the maximum credit exposure.

Trade receivables

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. To manage credit risk, the Company periodically assesses the financial reliability of the customer, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. Outstanding customer receivables are regularly monitored to make an assessment of recoverability. Receivables are provided as doubtful / written off, when there is no reasonable expectation of recovery. Where receivables have been provided / written off, the Company continues regular follow up, engage with the customers, legal options / any other remedies available with the objective of recovering these outstandings. The Company is not exposed to concentration of credit risk to any one single customer since services are provided to vast spectrum. The Company also takes security deposits, advances, post dated cheques etc from its customers, which mitigate the credit risk to an extent.

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

Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks of Rs 267.89 lakhs; Rs 5.75 and Rs 14.12 lakhs as at 31 March 2018 ; 31 March 2017 and 1 April 2016 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.

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

Particulars	31 March 2018 (₹ in lakhs)	31 March 2017 (₹ in lakhs)
Balance at the beginning of the year	12.82	15.98
Balance at the end of the year	5.43	12.82

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

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

Particulars	Note No.	Contractual cash flows			Total
		Less than 1 year	1 - 5 years	More than 5 years	
(₹ in lakhs)					
As at 31 March 2018					
Non - derivative financial liabilities					
Borrowings	14	413.95	1,197.96	1,790.00	3,401.91
Trade payables	15	517.63	-	-	517.63
Other financial liabilities	16	548.31	-	-	548.31
		1,479.89	1,197.96	1,790.00	4,467.85
As at 31 March 2017					
Non - derivative financial liabilities					
Borrowings	14	813.54	1,962.58	-	2,776.12
Trade payables	15	822.37	420.49	-	1,242.86
Other financial liabilities	16	775.72	32.66	-	808.38
		2,411.63	2,415.73	-	4,827.36
As at 01 April 2016					
Non - derivative financial liabilities					
Borrowings	14	627.36	2,253.09	-	2,880.45
Trade payables	15	612.92	620.23	-	1,233.15
Other financial liabilities	16	776.07	25.08	-	801.14
		2,016.35	2,898.40	-	4,914.74

Lactose (India) Limited

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

Note 36 : Capital management

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

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

Particulars	(₹ in lakhs)		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total debts	3,792.49	3,448.65	3,495.75
Total equity	3,176.31	2,674.41	2,221.03
Total debts to equity ratio (Gearing ratio)	0.54	0.56	0.61

Note 37 : Disclosure of Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes (SBNs) Disclosure related to Specified Bank Notes (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	(₹ in lakhs)		
	SBNs (INR 1,000 and INR 500)*	Other denomination notes	Total
Closing cash in hand as on 8th November 2016	-	0.22	0.22
(+) Permitted receipts	-	3.30	3.30
(-) Permitted payments	-	3.52	3.52
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30th December 2016	-	0.00	0.00

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

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

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

For K. M. Tulsian & Associates
Chartered Accountants
Firm Registration No.111075W

Sd/-
Nitesh Musahib
Partner
Mem. No. 131146
Place: Mumbai
Date: 29th May, 2018

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

Sd/-
Atul Maheshwari
Managing Director
DIN 00255202
Place: Mumbai
Date: 29th May, 2018

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

Sd/-
Suyog Chaukar
Company Secretary

LACTOSE (INDIA) LIMITED

CIN: L15201GJ1991PLC015186

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

ATTENDANCE SLIP ANNUAL GENERAL MEETING 26TH September, 2018

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

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

I hereby record my presence at the Annual General Meeting of the Company at Village Poicha (Rania), Survey no. 6, Savli, dist. Vadodara – 391780 at 04.00 p.m on 26th of September, 2018

Member / Proxy's Signature



ELECTRONIC VOTING PARTICULARS

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

NOTE: Please read the complete instructions given under the Note (The Instructions for shareholders voting electronically) to the Notice of the Annual General Meeting. The voting period begins on Saturday, 22nd September, 2018 at 9 a.m. and ends on Tuesday, 25th September, 2018 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut- off date Thursday, 20th September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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Form No. MGT-11

PROXY FORM

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

Name of the Member(s): _____

Registered Address: _____

Email Id: _____

Folio No./client ID No. _____ DP ID No. _____

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

1. Name : _____ Email Id: _____

Address: _____

Or failing him

Signature: _____

2. Name : _____ Email Id: _____

Address: _____

Or failing him

Signature: _____

3. Name : _____ Email Id: _____

Address: _____

Signature: _____

As my/our proxy to attend and vote (on a poll) for me/us and my/our behalf at the 27th Annual General Meeting of the Company to be held on Wednesday, 26th September, 2018 at 9.00 a.m. at Village Poicha (Rania), Survey No. 6, Savli, Dist. Vadodara – 391780 at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of Annual Accounts and reports thereon for the financial year ended 31st March, 2018.
2. Reappointment of Mr. Shyamsunder Toshniwal, as Director of the Company who retires by rotation.
3. To continue directorship of Mr. Shyamsunder Toshniwal, who has attained the age of 78 years as on 30th May, 2018.

Signed this _____ day of _____ 2018.

Signature of share holder _____ Signature of Proxy holder(s) _____

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

Dear Shareholder

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

The Ministry of Corporate affairs, Government of India, has by circular no 17/2011 dated 21st April 2011 and 18/

2011 dated 29th April,2011 respectively, clarified that a company will have complied with the provisions of the companies act, 1956, if service of notice(s) / document(s) on its shareholders has been made through electronic mode. This initiative by the government is indeed commendable and your company supports the same. We are sure, that as a responsible shareholder, you too will support this initiative. By registering yourself with the company for e-communication, you will be able to receive such notice(s) / document(s) etc. promptly and without loss in postal transit.

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

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

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

Thanking you

Yours sincerely,

For Lactose (India) Limited

Atul Maheshwari

Managing Director

Folio No. / DP ID & Client ID _____

Name of 1st Registered Holder _____

Name of Joint Holder(s) _____

E-mail Address (To Be Registered) _____

Mobile No. _____

Date: _____

Signature: _____

BOOK - POST

If undelivered, please return to :

LACTOSE (INDIA) LIMITED

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