

LACTOSE (INDIA) LIMITED

LACTOSE

23rd

ANNUAL REPORT 2013-2014

LACTOSE (INDIA) LIMITED

BOARD OF DIRECTORS

Shri. Atul Maheshwari	<i>Managing Director</i>
Shri. Sangita Maheshwari	<i>Director</i>
Shri. S.S.Toshniwal	<i>Director</i>
Shri. Pramod Kalani	<i>Director</i>
Shri. G. K. Sarda	<i>Director</i>

AUDITORS

S G C O & Co.

Chartered Accountants
4 A, Kaledonia - HDIL,
2nd Floor, Sahar Road, Near Andheri Station
Andheri (East), Mumbai - 400 069

FINANCE MANAGER

Nitesh Kumar Khetan

BANKERS

Oriental Bank of Commerce

Mahatma Gandhi Seva Mandir Trust Bldg,
Ground Floor, Opp Bandra Talao,
S.V.Road, Bandra West,
Mumbai - 400 050.

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

Big Share Services Pvt. Ltd.
E 2/3, Ansa Industrial Estate,
Saki vihar Road, Saki Naka,
Andheri (East), Mumbai - 400 072.
ISIN No. - INE 0581013
BSE Scrip Code - 524202
Company Identification No: L15201GJ1991PLC015186

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NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of **LACTOSE (INDIA) LIMITED** will be held at the Registered office of the Company, at Village Poicha (Rania), Survey No. 6, Savli, District Vadodara – 391780 on Thursday the **25th day of September, 2014** at 11.00 a. m. to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary Resolution:
“**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions if any, of the Companies Act, 2013, M/s S G C O & Co., Chartered Accountants, (ICAI Registration No. 112081W) be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at the remuneration to be fixed by the Board of Directors in addition to out of pocket expenses as may be incurred by them during the course of the Audit.”

SPECIAL BUSINESS:

3. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary Resolution:
“**RESOLVED THAT** in accordance with the provisions of Section 161 of the Companies Act, 2013, Mrs. Sangita Maheshwari holds office only up to the date of this meeting, and in respect of whom the Company has received a notice in writing along with a deposit of ₹ 1,00,000/- under Section 160 of the said Act from a member signifying his intention to propose Mrs. Sangita Maheshwari as a candidate for the office of director be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** in accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Shyam Sunder Toshniwal holds office only up to the date of this meeting, and in respect of whom the Company has received a notice in writing along with a deposit of ₹ 1,00,000/- under Section 160 of the said Act from a member signifying his intention to propose Mr. Shyam Sunder Toshniwal as a candidate for the office of director be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or reenactment thereof for the time being in force) Mrs. Sangita Maheshwari be and she is hereby appointed as a Whole-time Director of the Company, not liable to retire by rotation, for a tenure of 5 years effective from 1st February 2014 on remuneration and perquisites set out in the explanatory statement annexed to the notice

convening this meeting with liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such manner as the Board may deem fit and is acceptable to Mrs. Sangita Maheshwari, within the limits specified in Schedule V to the Companies Act, 2013 ('the Act') or any amendments thereto.”

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

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or reenactment thereof for the time being in force) Mr. Atul Maheshwari be and he is hereby re-appointed as a Managing Director of the Company, not liable to retire by rotation, for a tenure of 5 years effective from 1st October 2014 on remuneration and perquisites set out in the explanatory statement annexed to the notice convening this meeting with liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such manner as the Board may deem fit and is acceptable to Mr. Atul Maheshwari, within the limits specified in Schedule V to the Companies Act, 2013 ('the Act') or any amendments thereto.”
“**RESOLVED FURTHER THAT** in the event of loss or inadequacy in profits in any financial year during the currency of tenure of Managing Director, the Company will pay Mr. Atul Maheshwari remuneration and perquisites referred above as minimum remuneration subject to Schedule V of the Companies Act, 2013.”
7. To consider and if thought fit, to pass, with or without modification(s), the following resolutions as a Special Resolution:
“**RESOLVED THAT** pursuant to Sections 42 and all other applicable provisions, if any, of the Companies Act, 2013 and the Guidelines issued by the Securities and Exchange Board of India (SEBI) for Preferential Allotment of Convertible warrants into Equity Shares (including any amendment to or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to the permission(s), sanction(s) and approvals of the SEBI, Reserve Bank of India (RBI), Bombay Stock Exchange Limited and such other authorities as may be required from time to time and subject to such conditions, modifications and alterations as may be prescribed by any one of them while granting such permission(s), sanction(s) and approval(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution at its sole discretion, consent of the Company be and is hereby accorded to the Board to offer, issue and allot on preferential basis upto 25,68,000 (Twenty Five Lacs sixty eight thousand) Convertible Warrants of ₹ 10/- (Rupees Ten) each convertible at the option of the holder into one equity share of ₹ 10/- each at a premium of ₹ 7.40/- (or such adjusted numbers for any bonus, stock splits or consolidation,

reduction or other reorganization of the capital structure of the company) at a price of ₹ 17.40 per warrant for cash (the pricing which is determined in accordance with the SEBI Guidelines as applicable) aggregating ₹ 4,46,83,200/- (Four Crores Forty Six Lacs Eighty Three Thousand Two Hundred only) and on which 25% is payable on application of convertible warrants and the rest of the amount payable at the time of conversion of warrants into equity shares in one or more tranches within 18 months from the date of issue, at such time or times, in such manner, form and numbers as may be prescribed while granting permission(s), sanction(s) and approval(s) by the aforesaid authorities and / or which the Board may at its absolute discretion consider proper, desirable and expedient by way of Preferential allotment(s) to the allottee, whether shareholders of the Company or not, as mentioned herein below:

Sr. No.	Name of Party	No. of Warrants proposed to be allotted
1.	Gyaneshwar Multitrade Private Limited	2568000
	Total	2568000

and also to seek listing of such securities on the stock exchange(s) in consultation with Advisor(s) appointed for the said purpose, as may be deemed appropriate, fit and proper by the Board."

"RESOLVED FURTHER THAT the offer, issue and allotment of the aforesaid Convertible Warrants shall be made within 15 days from the date of passing of this resolution subject however, to the applicable statutory regulatory provisions and the SEBI Guidelines".

"RESOLVED FURTHER THAT the "Relevant Date" under SEBI Guidelines for the purpose of determining the issue price of resultant shares shall be 26th August 2014, being 30 days prior to the date of passing this resolution."

"RESOLVED FURTHER THAT the equity shares on conversion of warrants referred to hereinabove shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing shares of the Company including entitlement for dividend."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such actions and to give all such directions, or to do all such acts, deeds, matters and things as may be necessary or desirable and to settle any question or difficulty that may arise in this regard for the purpose of giving effect to the above Resolution."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 149,152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof, for the time being in force) Shri. G. K. Sarda, (Din- 01397105) who was appointed as a Director liable to retire by rotation at the Annual General Meeting of the Company and in respect of whom the Company has received Notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office up to 5 (five) consecutive years from the date of this Annual General

Meeting till the conclusion of the 28th Annual General meeting of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution".

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 149,152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof, for the time being in force) Shri. Pramod Kalani, (Din- 00548503) who was appointed as a Director liable to retire by rotation at the Annual General Meeting of the Company and in respect of whom the Company has received Notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office up to 5 (five) consecutive years from the date of this Annual General Meeting till the conclusion of the 28th Annual General meeting of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution".

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 61 read with Section 13 and Section 64 and all other applicable provisions of the Companies Act, 2013, and such other approvals as may be required, authorized share capital of the Company be and is hereby increased from ₹ 10,00,00,000/- (Rupees ten Crore only) to ₹ 12,00,00,000/- (Rupees twelve Crores only) by creation of 20,00,000 (Twenty Lakhs) further equity shares of ₹ 10/- (Ten) each ranking pari-passu with the existing equity shares."

"RESOLVED FURTHER THAT Mr. Atul Maheswari, Managing Director of the Company be and is hereby authorized to file the necessary forms with the office of the Ministry of Corporate Affairs in this regard by digitally signing the same for and on behalf of the Company"

11. To consider and if thought fit to pass with or without modification(s) the following resolution as a special resolution.

Alteration in clause No. V(A) of the Memorandum of Association of the Company

"RESOLVED THAT pursuant to the provisions of Section 13 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed thereunder, the consent of the members of the Company be and is hereby accorded for substituting **Clause V (A)** of the Memorandum of Association of the Company with the following clause.

V(A) The authorized share capital of the Company is ₹ 12,00,00,000/- (Rupees twelve Crores only) divided into 1,20,00,000 (One Crore twenty Lakhs) equity shares of ₹ 10/- (Rupees Ten) each.”

12. To consider and if thought fit to pass with or without modification(s) the following resolution as a special resolution.

Alteration in Article No. 3(A) of the Articles of Association of the Company

“RESOLVED THAT pursuant to Section 14 of the Companies Act, 2013, Article No. 3(A) of the Articles of Association of the Company be altered and substituted by the following new clause:

3 *A. The authorized share capital of the company ₹ 12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs) equity shares of ₹ 10/- (Rupees Ten) each and the Company shall be at liberty to classify and issue such unclassified shares with such preferential deferred, qualified or special; rights privileges or conditions as they deem fit.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to 102(1) of the Companies Act, 2013 in respect of item 3 to 12 of the notice is annexed hereto.
3. The Annual Report will also be available on the website of the Company at www.lactoseindialimited.com in the Investors relation section.
4. The register of members and share transfer books shall remain closed from Monday 22nd September, 2014 to Thursday 25th September, 2014 both days inclusive.
5. The instrument of proxy for use at the meeting must be lodged at the Registered Office of the Company, not less than forty-eight hours before the commencement of the meeting.
6. Members/ Proxies are requested to bring their Attendance Slip duly filled in along with their copy of Annual Report to the Meeting.
7. Members are requested to address all the documents, transfer deeds, demat requests, and other communications with respect to shares in physical mode to the Registrar & Share Transfer Agents of the Company, M/s. Big Share Services Private Limited, directly quoting their full name, Folio No. and Name of the Company.
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. Big Share Services Private Limited in respect of their physical share folios if, any.
10. 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.

Procedure for e-voting

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 thirtieth AGM by electronic means and the business may be transacted through e-voting Services provided by Central Depository Services Limited (CDSL).

The instruction for e-voting are as under:

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • 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 last 8 digits of the demat account/folio number in the PAN field. • In case the folio 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. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cutoff date in the Dividend Bank details field.
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- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> 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.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same through email to ndassociates@rediffmail.com with a copy marked to helpdesk.evoting@cdslindia.com.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 18.09.2014 at 10.00 a. m. and ends on 19.09.2014 at 6.00 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 of 22.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com
- (C) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (D) The voting rights of the shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 22.08.2014.
- (E) Ms. Neeta Desai of ND & Associates, has been appointed as the scrutinizer to Scrutinize the e-voting process in a fair and transparent manner.
- (F) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and a Scrutinizer Report of the Votes cast in favour or against, if any, forthwith to the Chairman of the Company.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3.

Mrs. Sangita Maheshwari was appointed as an Additional Director w. e. f. 24.01.2014. As per Section 261 of the Companies Act, 2013 she holds office upto the date of Annual General Meeting. Hence this resolution.

None of the Directors except Mr. Atul Maheshwari, Mrs. Sangita Maheshwari & Mr. Shyam Sunder Toshniwal are concerned or interested in the aforesaid resolution. The details of Mrs. Sangita Maheshwari as are follows:

Name of Director	Sangita Maheshwari
Date of Birth	06.02.1967
Date of Appointment	24.01.2014
Expertise in specific Functional areas	Over 23 years of her experience includes the Sales and Marketing of Product in India and International. Her Job profile also includes cash flow management and development of new Business.
Qualifications	B. Com
Directorships held in other companies (Excluding Foreign Companies)	Madhusa Projects Private Limited
Committee position held in other companies	NIL
No. of Shares held	10,45,110

The Directors recommend this Resolution for your approval.

Item No. 4.

Mr. Shyam Sunder Toshniwal was appointed as an Additional Director w. e. f. 13.08.2014. As per Section 261 of the Companies Act, 2013 he holds office up to the date of Annual General Meeting. Hence this resolution.

None of the Directors except Mr. Shyam Sunder Toshniwal, Mr. Atul Maheshwari & Mrs. Sangita Maheshwari are concerned or interested in the aforesaid resolution. The details of Mr. Shyam Sunder Toshniwal are as follows:

Name of Director	Shyamsunder Bhorilal Toshniwal
Date of Birth	30.05.1940
Date of Appointment	13.08.2014
Expertise in specific Functional areas	Well versed with Industry with vast experience in financial and legal matters
Qualifications	B. Com (Hons) . LLB
Directorships held in other companies (Excluding Foreign Companies)	Eurolife Healthcare Private Limited Cellseed Enterprises Private Limited Shivalik Research & Analytical Services Private Limited Adhusha Biotech Private Limited Madhusa Holdings Private Limited Omega Colors Private Limited Miracle Bio Science Private Limited
Committee position held in other companies	NIL
No. of Shares held	22010

The Directors recommend this Resolution for your approval.

Item No. 5.

The Board of Directors has appointed Mrs. Sangita Maheshwari as Whole-Time Director for a period of 5 years with effect from 01.02.2014. The Board had approved the remuneration of ₹ 1,25,000/- per month payable to her at its meeting held on 24.01.2014, pursuant to the recommendations of the remuneration committee of the Board. Now the Remuneration Committee has approved confirmation of her appointment to be placed before the members in general meeting with increase in remuneration and has suggested an outer limit of ₹ 5,00,000/- per month. The other terms and conditions as specified below remains the same.

- i) Remuneration : Upto a limit of ₹ 5,00,000 per month, as may be decided by the Board from time to time depending on Company's performance.
- ii) Such benefits, perquisites and allowances as may be determined by the Board from time to time.

In the event of loss or inadequacy of profits in any financial year during the period effective from 01.02.2014, the Company will pay Mrs. Sangita Maheshwari remuneration, perquisites, benefits and amenities not exceeding the ceiling laid down in section II of part II of Schedule V of the Companies Act, 2013 or as may be decided by the Board of Directors.

Mr. Atul Maheshwari, Mr. Shyam Sunder Toshniwal and Mrs. Sangita Maheshwari herself is to be considered as interested in the aforesaid resolution.

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

The Directors recommend this Resolution for your approval.

Item No. 6.

The Board of Directors had re-appointed Mr. Atul Maeshwari as an Executive Director for a period of 5 years with effect from 01.10.2009. His term is getting over on 01.10.2014. His designation was changed as a Managing Director effective from 24.01.2014 with the remuneration and other terms & Conditions remaining same for his balance tenure. The Board of Directors has re-appointed Mr. Atul Maeshwari as Managing Director for a period of 5 years with effect from 01.10.2014. The Board has approved the following terms at this meeting pursuant to the recommendations of the remuneration committee of the Board.

- i) Remuneration: Upto a limit of ₹ 5,00,000 per month, as may be decided by the Board depending on Company's performance.
- ii) Such benefits, perquisites and allowances as may be determined by the Board from time to time.

In the event of loss or inadequacy of profits in any financial year during the period effective from 01.10.2014, the Company will pay Mr. Atul Maheshwari remuneration, perquisites, benefits and amenities not exceeding the ceiling laid down in section II of part II of Schedule V of the Companies Act, 2013 or as may be decided by the Board of Directors.

Mrs. Sangita Maheshwari, Mr. Shyam Sunder Toshniwal and Mr. Atul Maheshwari himself is to be considered as interested in the aforesaid resolution.

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

The Directors recommend this Resolution for your approval.

Item No. 7

The Company plans to make Preferential Issue of 25,68,000

Convertible Warrants of ₹ 10/- each for cash at a price of ₹ 17.40/- aggregating to ₹ 4,46,83,200/- convertible at the option of the holder into one Equity Shares of ₹ 10/- each at the premium of ₹ 7.40/- (or such adjusted numbers for any bonus, stock splits or consolidation, reduction or other reorganization of the capital structure of the company). The details of the same are as under:

(a)	Relevant date and the price at which allotment is proposed	Relevant date in accordance with the SEBI guidelines for issue of Convertible warrants on preferential basis is 26.08.2014 and the price at which allotment proposed is ₹ 17.40/-. It is proposed to issue and allot the Warrants of ₹ 10/- each for cash at a premium of ₹ 7.40 at the option of the holders into one equity share of ₹ 10/- each at the premium of ₹ 7.40/- (or such adjusted numbers for any bonus, stock splits or consolidation, reduction or other reorganization of the capital structure of the company) which is in accordance with SEBI preferential allotment guidelines, as applicable.
(b)	Number of Equity Shares proposed to be allotted on preferential allotment basis pursuant to Special Resolution passed under Section 42 of the Companies Act, 2013.	25,68,000 Convertible Warrants of ₹ 10/- each for cash at a price of ₹ 17.40/- each for cash aggregating to ₹ 44683200/-
(c)	Objects of the Issue	To augment the financial resources of the Company.
(d)	Intention of the Promoters/Directors/Key Management Personnel to subscribe to the offer and terms of payment.	The Promoter group entities are not applying in these issues. The subscribe to the tune of 25,68,000 Convertible Warrants of ₹ 10/- each for cash at a price of ₹ 17.40/- each for cash. 25% payable on Convertible Warrants at the time of application. Rest of the amount at the time of conversion of warrants into equity shares which will be within 18 months from the date of Issue.
(e)	Proposed time within which the allotment shall be complete	The Warrants are proposed to be allotted within 15 days of the passing of the Special Resolution approving their respective allotment. Provided that where the allotment is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of such approval.

(f)	Lock in period	The Convertible Warrants into Equity Shares proposed to be allotted on preferential issue basis shall be locked in as per the SEBI Guidelines for Preferential Issues.
(g)	Consequential changes, if any, in the Board of Directors	The proposed preferential allotment shall not result into any changes in the Board of Directors.

(h) Identity, No. of Convertible Warrants proposed to be allotted, total number of shares to be held post-preferential allotment, Percentage of Post Preferential equity capital held by each of the allottees:

Sr. No.	Name of the Applicant	No. of Equity Shares proposed to be allotted	% of expanded Equity Share Capital
1.	Gyaneshwar Multitrade Private Limited	25,68,000	24.50
Sub Total (A)		25,68,000	24.50

(i) Holding of the allottees prior to the allotment & post allotment

Sr. No.	Name of Party	Prior holding (no. of Equity shares)	Post holding (no. of Equity shares)
1.	Gyaneshwar Multitrade Private Limited	Nil	25,68,000

(ii) Consequential changes in the shareholding pattern/ voting rights

Sr. No.	Category	Pre-allotment in terms of shares		Post allotment in terms of shares	
		No.	%	No.	%
A.	Promoters & persons acting in concert	3247082	38.57	3247082	29.55
Total (A)		3247082	38.57	3247082	29.55
B.	Mutual Funds/ Financial Institutional Investors/ Banks	77920	0.93	77920	0.71
	Central Govt. / State Govt.			-	-
Total (B)		77920	0.93	77920	0.71
C.	Public NRIs/OCBs (b) Others	5093998	60.50	7661998	69.74
Total (C)		5093998	60.50	7661998	69.74
Total (A+B+C)		8419000	100.00	10987000	100.00

The proposed preferential allotment shall not result in change in Management control. Voting rights shall change in accordance with the shareholding pattern as above mentioned. A copy of the certificate received from the auditors of the Company in connection with the pricing of the proposed preferential issue shall be available for inspection during business hours on all working days at the Registered Office of the Company till the date of the ensuing Annual General Meeting.

The Board recommends the above resolution for your approval.

No Directors may be deemed to be concerned/ interested in the resolution.

Item No. 8 & 9.

Shri. G. K. Sarada, and Shri. Pramod Kalani are independent

Directors of the Company and has held the position such for some years.

The Securities Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of Independent directors by the listing Company.

It is proposed to appoint Shri. G. K. Sarda and Shri. Pramod Kalani as independent Directors of the Company pursuant to Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 up to 5 (five) consecutive years the date of this Annual General Meeting till the conclusion of the 28th Annual General meeting of the Company.

Shri. G. K. Sarda and Shri. Pramod Kalani are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has also received notices in writing from members along with deposits of requisites amount under Section 160 of the Act proposing the candidature of each of the Shri. G. K. Sarda and Shri. Pramod Kalani for the office of Directors of the Company.

The Company has also received declaration from Shri. G. K. Sarda and Shri. Pramod Kalani that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Shri. G. K. Sarda and Shri. Pramod Kalani is interested in the resolutions set out respectively at item no. 07 to 09 of the notice with regard to their respective appointment.

Brief resume of Shri. G. K. Sarda and Shri. Pramod Kalani are provided in the herein

A brief profile along with other details of the Independent Directors are as follows:

Name of the Director	Shri. G. K. Sarda
Date of joining the Board	10.09.2008
Profile of the Director	Vast experience with Engineering Background and Company Management
No. of shares held in the Company	Nil
Directorships and Committee memberships in other companies	Tunewell Electronics Private Limited All India Glass Manufacturers Federation

Name of the Director	Shri. Pramod Kalani
Date of joining the Board	15.01.2010
Profile of the Director	Background In Pharmaceutical Manufacturing Company
No. of shares held in the Company	Nil
Directorships and Committee memberships in other companies	Sadasukha Foods Private Limited Oasis Laboratories Private Limited Shivalik Research & Analytical Services Pvt. Ltd.

Item No. 10 to 12:

The authorized share capital of the Company presently stands at ₹ 10,00,00,000/- (Rupees Ten Crore) divided into 1,00,00,000 (One Crore) equity shares of ₹ 10/- (ten) each. With the growing expansion of the Company's business it is desirable to bring the authorized capital of the Company in proper co-relation with the magnitude of the Company's resources and size of its undertaking. It is, therefore, considered advisable to increase the authorized capital of the Company from ₹ 10,00,00,000/- (Rupees Ten Crores) to ₹ 12,00,00,000/- (Rupees Fifteen Crores only) by creation of 20,00,000 (Twenty Lakhs) further equity shares of ₹ 10/- (Ten) each, which will rank pari passu in all respects with the existing equity shares in the Company.

The proposed increase of the authorized capital of the Company re-quires the approval of the members in general meeting. Consequent upon the increase in authorized capital of the Company, it's Memorandum of Association and Articles of Association will require alteration so as to reflect the increase in share capital. Hence the above resolutions.

Registered Office:
VILLAGE POICHA (RANIA),
SURVEY NO. 6,
SAVLI, DIST.
VADODARA – 391 780.

**By order of the Board of
Lactose (India) Limited**

Managing Director

Place: Mumbai

Date: 14th August, 2014

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report of the Company together with the Audited Statement of the Accounts for the year ended on 31st March, 2014.

FINANCIAL STATEMENT:

	(₹ In Lacs)	
	2013-14	2012-13
Operating Income	2276.49	4735.39
Expenditure	(2219.09)	(4421.09)
Profit before Depreciation and Tax	57.40	314.30
Depreciation	241.95	177.47
Profit before Tax	(184.55)	136.83
Prior period Items	190.00	2.84
Profit before Tax	5.44	139.67
Provision for Current Tax	0.00	(46.89)
Deferred Tax	1.28	0.72
Minimum Alternate Tax Credit Entitlement	-	-
Taxation of Earlier Years	1.55	3.92
After Tax	2.62	97.42

DIVIDENDS:

To conserve the resources for future expansion of business your Directors do not recommend any dividend on Equity Shares for the financial year under review.

REVIEW OF OPERATIONS:

During the year under review, the Company achieved sales 2276.49 Lacs. (Previous Year ₹ 4735.39 Lacs). The Company has earned a profit after tax of ₹ 2.62 lacs, compare to last year's profit of ₹ 97.42 Lacs. The Company has achieved EPS of ₹ 0.03 against ₹ 1.34 in the previous year. A detailed analysis of the performance for the year has been included in the Management Discussion and Analysis, which forms part of the Annual Report.

CORPORATE GOVERNANCE:

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance forms part of this Annual Report and the Management's Discussion and Analysis report forms part of this report.

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance with Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that -

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- The accounting policies selected and applied on a consistently basis give a true and fair view of the state of affairs of the Company and of the profit for the financial year;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the aforesaid Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;

- The annual accounts have been prepared for the financial year ended 31st March 2014 on an ongoing concern basis.

CASH FLOW STATEMENT:

The cash flow statement for the year 2013 – 2014 is attached to the Balance Sheet.

DIRECTORS:

During the year under review Mr. S. M. Maheshwari resigned from the Board. The Board would further take this opportunity to announce the sad demise of it's Ex – Chairman cum Managing Director Mr. S. M. Maheshwari who was the founder member / promoter of the Company. The Board appreciated his efforts and contribution in setting up the Company and bringing it to this stage. The Board of Directors mourns his death and pray god that his soul rest in peace. Mr. Atul Maheshwari was appointed as Managing Director in his place and Mrs. Sangita Maheshwari was appointed as Whole Time Director of the Company. Mr. Shyamsunder Borilal Toshniwal was appointed as an Additional Director and Mr. Mahendra Singhi resigned from the post of Director. Except this there are no changes in the directors of the Company.

FIXED DEPOSITS:

Your Company has not accepted any Fixed Deposits under Section 58A of the Companies Act, 1956 during the year under review.

PERSONNEL:

Information in accordance with sub-section (2A) of Section 217 Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Director's Report is given as Annexure "A" to this Report.

AUDITORS:

M/s. Singrodia Goyal & Co., Chartered Accountants, Mumbai the Statutory Auditors of the Company would retire at the ensuing Annual General Meeting; however, they have shown their willingness to continue as the auditors of the Company. Hence the Company proposes to re-appoint M/s. Singrodia Goyal & Co. Chartered Accountants, Mumbai as the Statutory Auditors of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTFLOW:

(A) CONSERVATION OF ENERGY:

The Company has taken following measures for conservation of Energy

- Regular preventive maintenance of pumps and Air compressors, steam traps, Joints, steam Leakage to reduce transmission loss and to get maximum output
 - Keeping lights and Air conditioning systems off during non-working hours
 - Maintenance of Power factor
 - Reduced use of water by better process and control
- Specific Measures

- Replaced traditional tube lights by LED power saving tube lights

(B) TECHNOLOGY ABSORPTION:

The Company has not incurred any expenditure of either capital or of recurring nature on Research and Development.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

The company has earned ₹ 563.75 Lacs foreign exchange and has incurred an expenditure of ₹ 1.00 Lacs on foreign travel, Commission, import of Crude Lactose and others.

(D) POLLUTION AND ENVIRONMENTAL CONTROL:

The Company has taken adequate steps regarding the disposal of effluent requiring Pollution or Environment control. Looking at Further expansion planning, Company has become members of central Effluent Treatment Plant. The company has commissioned new Effluent water processing plant

the Company by all valued customers and bankers viz. Oriental Bank of Commerce.

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.

APPRECIATION:

Your Directors take this opportunity to convey their deep sense of gratitude for valuable assistance and Co-operation extended to

For and on Behalf of the Board

PLACE : MUMBAI

DATE : 14th August, 2014

(CHAIRMAN)

ANNEXURE 'A' TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND ANNEXED TO AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2014.

Employed throughout the financial year under review and were in receipt of remuneration aggregating ₹ 60,00,000/- or more.

Sr. no	Name	Age	Remuneration (Rupees)	Designation/ Nature of Duties	Qualification	Exp Years	Date of Commencement Of Employment	Last Employment Held by Such Employees
1	S.M.Maheshwari	72	3000000	Chairman*And ManagingDirector	M Pharm	42	11.03.1991	—
2	Atul Maheshwari	47	3000000	Executive*Director	MBAU.S.A	22	11.03.1991	—

Mr. S. M. Maheshwari resigned as an Director effective from 24.01.2014 and in his place Mr. Atul MAHESHWARI was appointed as a Managing Director.

ANNEXURE TO DIRECTOR'S REPORT**ANNEXURE – 'B'****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.****A. Power & Fuel Consumption:-**

		2013-14	2012-13
1.	Electricity		
	Purchase Unit (KWH)	2433037	2199594
	Total Amount (₹)	17187988	15170716
	Average Rate Per Unit (₹)	7.06	6.89
2.	Furnace Oil and LSHS		
	Quantity K. Litres/ Mt. (KL)	-	21.720
	Total Amount (₹)	-	1229911
	Average Rate / L. of Oil (₹)	-	56.63
3.	Agro Waste Briquettes		
	Quantity MTS	1886.935	1477.525
	Total Amount (₹)	11659171	9068360
	Average Rate / Ton (₹)	6178.89	6137.53

REPORT ON CORPORATE GOVERNANCE:

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the listing agreement is set out below:

1. Statement on Company's Philosophy on code of governance:

The Company's philosophy on Corporate Governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, consumers, dealers, lenders and ensuring high degree of regulatory compliances.

The company also believes that its systems and procedure will enhance corporate performance and maximize shareholder value in the long term.

2. Board Of Directors:**a) Composition and Category of Directors.**

The Present Board comprises of 6 members consisting of 3 Executive Director and 3 Non-Executive Directors. All the Non-Executive Directors are also independent Directors. The name and category of each Director is given below:

	Name of the Director	Category
1.	Mr. S.M. Maheshwari*	Chairman & Managing Director
2.	Mr. Atul Maheshwari**	Managing Director
3.	Mr. G. K. Sarda	Non - Executive Director
4.	Mr. Pramod Kalani	Non - Executive Director
5.	Mr. Mahendra Singhi	Non - Executive Director
6.	Mrs. Sangita Maheshwari ***	Whole Time Director

* Mr. S.M. Maheshwari has resigned with effect from 24.01.2014

** Mr. Atul Maheshwari's designation has changed from Executive Director to Managing Director with effect from 24.01.2014

*** Mrs. Sangita Maheshwari has been appointed as Additional director with effect from 24.01.2014 and appointed as Whole-time Director from 01.02.2014

b) Attendance of each Director at the Board Meetings and the Last Annual General Meeting (AGM)

Name of the Director	No. of Board Meetings held	No. of Board Meetings Attended	Attendance at last AGM
1. Mr. S. M. Maheshwari	11	09	Yes
2. Mr. Atul Maheshwari	11	11	Yes
3. Mr. G. K. Sarda	11	11	Yes
4. Mr. Pramod Kalani	11	11	Yes
5. Mr. Mahendra Singhi	11	11	Yes
6. Mrs. Sangita maheshwari	11	01	No

- c) Number of other Directorship and Chairmanship / Membership of committees of each Director

	Name of Director	No. of other Directorship in other Companies	No. of Chairmanship/ Membership in other Board Committees
1.	Mr. S. M. Maheshwari	Nil	Nil
2.	Mr. Atul Maheshwari	Nil	Nil
3.	Mr. G. K. Sarda	02	Nil
4.	Mr. Pramod Kalani	03	Nil
5.	Mr. Mahendra Singhi	03	Nil
6.	Mrs. Sangita Maheshwari	01	Nil

- d) Number of Board Meetings held and the dates of the Board Meeting

Sr. No	Date of Board Meeting
01	24.04.2013
02	18.06.2013
03	05.08.2013
04	14.08.2013
05	02.09.2013
06	15.11.2013
07	14.12.2013
08	30.12.2013
09	21.01.2014
10	24.01.2014
11	14.02.2014

The gap between two board meetings did not exceed four months.

3. Audit Committee Meetings and attendance during the year

Composition of Audit Committee, meetings held and attended during the financial year ended on 31st March, 2014 are as follows:

Member	No. of Meetings held	No. of Meetings attended
1. Mr. G. K. Sarda	4	4
2. Mr. Pramod Kalani	4	4
3. Mr. Mahendra Singhi	4	4

4 meetings of the Committee were held during the year ended 31st March, 2014. The dates on which the meetings were held are as follows:

24.04.2013, 14.08.2013, 15.11.2013 and 14.02.2014

The terms reference to the Audit Committee are broadly as under:

- Overall assessment of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment of external auditor, fixation of audit fee and also approval for payment for any other service rendered by the Auditors.
- Reviewing with management the annual financial statement before submission to the board, focusing primarily on:
 - Matters required to be included in the Director's Responsibility Statement to be included in the

Board's report in terms of Clause 2(AA) of Section 217 of the Companies Act, 1956.

- Changes if any, in accounting policies and practice.
 - Major accounting entries based on exercise of judgment by management.
 - Observations if any, in draft audit report.
 - Significant changes/amendments, if any, arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Qualification in the draft audit report.
 - Compliance with stock exchange and legal requirements concerning financial statement.
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
- Review of Quarterly /Half Yearly unaudited financial results before submission to the auditors and the Board.
 - Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit functions, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - Discussion with internal auditors any significant finding and follow up thereon.
 - Reviewing the findings, if any, of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board.
 - Discussions with external auditors before the audit commence nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
 - Reviewing the company's financial and risk management policies.
 - To look into the reasons for substantial defaults, if any, in the payment to the shareholders (in case of non – payment of declared dividends) and creditors.
 - Financial Statements and Investments made by subsidiaries.

The Audit Committee also reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory Auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

In addition the committee increases its sphere with the amendment in the Companies Act, 1956 and Corporate

Governance regulations resulting in more transparency in the accounts of the Company.

4. Investor Grievance Committee:

Composition of **Investor Grievance Committee**, meetings held and attended during the financial year ended on 31st March, 2014 are as follows:

24.04.2013, 14.08.2013, 15.11.2013 and 14.02.2014

Composition, Meetings and attendance during the year:

Members	Designation	Meetings held	Meeting Attended
Mr. S. M. Maheshwari	Chairman	4	3
Mr. G. K. Sarda	Member	4	3
Mr. Pramod Kalani	Member	4	4
Mr. Atul Maheshwari	Chairman*	4	1

* Due to resignation of Mr. S.M. Maheshwari on 24.01.2014, Mr. Atul Maheshwari appointed as Chairman of the Investor Grievance Committee. Further, the committee was reframed on 14.02.14 and now it comprises of Mr. Atul Maheshwari, Mr. Pramod Kalani and Mr. G. K. Sarda

5. Queries/Request received during the year ended 31st March 2014

Nature of Queries/request	Received	Resolved
Non receipt of Annual Report	01	01
Non Receipt of Dividend Warrant	01	01
Non Receipt of Share Certificate after Transfer	05	05
SEBI	00	00
Non receipt of Demat Credit	03	03
Non receipt of Demat Rejection Documents	00	00
Non receipt of Exchange Share Certificate	00	00
Change of Address	00	00
Request for Transmission Form	00	00
Others	00	00
Total :	10	10

There were no Outstanding Complaints as on 31st March, 2014.

Mr. Ashish Bhatia, employee of the Company continued to act as a Compliance Officer of the Company as per the requirements under the listing Agreement. He supervised all the compliances are made in time.

6. REMUNERATION COMMITTEE

The company set up remuneration committee though the said committee is not mandatory under Clause 49 of the Listing Agreement.

The Committee consists of Mr. G. K. Sarda acting as a Chairman, Mr. Pramod Kalani and Mr. Mahendra Singhi as Members.

There was one meeting held on 24.01.2014 for financial year ended 31.03.2014.

Composition, Meetings and attendance during the year:

Members	Designation	Meetings held	Meeting Attended
Mr. G. K. Sarda	Member	1	1
Mr. Pramod Kalani	Member	1	1
Mr. Mahendra Singhi	Member	1	1

7. General Body Meetings:

Annual General Meeting

Location	Date	Time	No. of Special Resolutions
Survey no: 6, Village Poicha (Rania), Savli, Dist: Vadodara – 397 080.	29.09.2011	11.00 p.m.	1
Survey no: 6, Village Poicha (Rania), Savli, Dist: Vadodara – 397 080.	28.09.2012	11.00 a.m.	Nil
Survey no: 6, Village Poicha (Rania), Savli, Dist: Vadodara – 397 080.	30.09.2013	11.00 a.m.	Nil

8. DISCLOSURES :

- Disclosure on materially significant related party transactions, i.e. transaction of the Company of materially nature with its promoters, Directors, relatives, subsidiary is that may have potential conflict with the interest of the Co at large.

Ans : None

- Details of non compliance by the Company i.e. penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory Authority related to Capital Market during last 3 years

Ans : None

- The Company has complied with all mandatory requirement as stated in clause 49 of Listing Agreement and the non-mandatory requirement have been complied with to the extent feasible.

9. MEANS OF COMMUNICATION:

- Quarterly results Published in the newspaper in Free Press Journal & Navshakti
- Whether the Management Discussions and Analysis is a part of Annual report Yes

10. General Shareholder Information :

- i) Date, Time, Venue of AGM: 5th September, 2014, at 11.00 A.M on Friday, at the Registered Office of the Company.

- ii) Financial calendar:

Particulars	Date
1 st Quarter results	on or before 15 th August 2014
2 nd Quarter results	on or before 15 th November 2014
3 rd Quarter results	on or before 15 th February 2015
4 th Quarter results	on or before 31 st May, 2015

- iii) Date of Book Closure: 1st September, 2014 to 5th September, 2014. Both days inclusive)

- iv) Stock Code: **524202**

- v) Registrar and Share Transfer Agents: **Bigshare Services Pvt. Ltd.**

- vi) Plant Location :

Survey No 6, Village Poicha (Rania), Taluka Savli, Dist: Vadodara, Gujarat – 391 780

vii) Address for Correspondence:
Unit No. G - 02, 'A' wing, Ground Floor, Navbharat Estates,
Zakaria Bunder Road, Sewri (West), Mumbai – 400015

viii) Distribution Schedule:

Category	No. of Holders	%age	No. of Shares	%age
1-5000	16532	95.32	2867490	35.84
5001-10000	513	2.96	409944	05.12
10001-20000	191	1.10	286851	03.59
20001-30000	26	0.15	65285	00.82
30001-40000	20	0.12	73659	00.92
40001-50000	05	0.03	23300	00.29
50001-100000	26	0.15	185729	02.32
100001-99999999	31	0.18	4087742	51.10
Total :	17344		8000000	100.00

Categories of shareholding as on 31st March 2014

CATEGORY	NO.OF SHARES HELD	%OF SHARE HOLDING
A PROMOTER (S) HOLDING		
1. PROMOTER (S) -INDIAN PROMOTERS -FOREIGN PROMOTERS	2828082	35.35
2. PERSONS ACTING IN CONCERT	—	—
SUB-TOTAL	2828082	35.35
B NON-PROMOTERS HOLDING		
3. INSTITUTIONAL INVESTORS	-	-
A. MUTUAL FUNDS AND UTI	-	-
B. BANKS, FINANCIAL INST, INSURANCE COMPANY (CENTRAL / STATE GOVT. INST / NON-GOVERNMENT INST)	77920	0.97
C. FII (S)	-	-
SUB-TOTAL	77920	0.97
4. OTHERS		
A. PRIVATE CORPORATE BODIES	81366	1.02
B. INDIAN PUBLIC	4216159	52.70
C. NRIS / OCBS	794491	9.93
D. ANY OTHER (FOREIGN- COMPANIES) CLEARING MEMBERS	1982	0.02
SUB-TOTAL	5093998	63.67
GRAND TOTAL	8000000	100

ix) Dematerialization of Shares:

The shares of the company form a part of the Compulsory demat segment. The Company has established connectivity with Both the Depositories viz. National Securities Depository

Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the registrars, Big Share Services Pvt Limited

x) **International Securities Identification Number (ISIN)**

The Company's Scrip form a part of the SEBI's Compulsory demat segment bearing ISIN No INE 058I013

xi) **Listing on the Stock Exchange:**

The Equity Shares of the Company is listed on **Bombay Stock Exchange Limited**. The Annual Listing fees for the year 2014-15 are paid. **The stock code at BSE : 524202**

xii) **Secretarial Audit**

A qualified Practising Company Secretary carried out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued capital. These audits confirm that the total issued/ pad-up capital of the Company is in agreement with the total number of the shares in Physical form and the total number of the dematerialized shares held with NSDL and CDSL. The same is also placed before the Board of Directors.

Auditor's Certificate on Compliance with the Corporate Governance under clause 49 of the listing Agreement

To the Members of Lactose (India) limited

We have examined the compliance of conditions of corporate governance by Lactose (India) Limited ("the Company") for the year ended on 31st March 2014 as stipulated in clause 49 of the listing agreement of the company with the stock exchanges.

The compliance of conditions of the corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company, for ensuring the compliance of the conditions of the corporate governance. It is neither an auditor nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the corporate governance as stipulated in the abovementioned listing agreement.

We have been explained that no investor's grievance are pending for a period of exceeding one month as on 31st March 2014, against the Company as per the records maintained by the company.

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

For Singrodia Goyal & Co.
Chartered Accountant

Place: Mumbai
Date: 14th August, 2014

K. M. Tulsian
Partner
Membership No. 38430

CHIEF EXECUTIVE OFFICER (CEO)/ CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,
The Board of Directors,
Lactose (India) Limited.

We the undersigned, in our respective capacities as Chairman & Managing Director and Finance Manager of Lactose (India) Limited ("The Company") to best of our knowledge and belief certify that:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2014 and that:
- (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 my knowledge and belief, no transactions entered into by the Company during the year which is 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 that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditor any
- (i) Significant changes in internal control over financial reporting during the year.
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
 - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

S. M. Maheshwari
Chairman & Managing Director

Nitesh Kumar Khetan
Finance Manager.

Place : Mumbai
Date :- 24th April, 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Industry Structure and Development:

As the company that showed the way in manufacturing Excipient for the industry in India, Lactose India Limited is expanding its Portfolio to add Manufacturing of an API Lactulose in Financial Year 14-15

Lactose India's state-of-the-art Excipient plant meets stringent quality and current good manufacturing practices (cGMP) requirements and environment and safety standards. All of them are approved by various regulatory agencies

With the capacity to manufacture nearly 11,000 metric tons of Excipient annually, the plant is geared to meet the diverse needs of both Indian and international customers.

Lactose India Limited has key strategic alliances in place with big pharmaceutical companies to support the future growth of the Company

By building deeper engagements, Lactose India Limited will develop and strengthen its key Relationship with existing and new partners.

The recent change of the Central Government, the Indian pharmaceutical industry is eagerly awaiting new forward-looking policies which will encourage growth

Opportunities and Threats:

There is High demand for your company's products.

Outlook:

Growing the Business exponentially would require investing in infrastructure, in people and consolidation 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. Your Company has started exporting new products to Canada, Nigeria etc and the demand for the products is very healthy.

Risk and Concerns:

Higher interest rate regimes are bound to stay for a long period thereby effecting expansion plans and profitability

Internal Control System and their adequacy:

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of **Lactose (India) Limited,**
Report on the Financial Statements

We have audited the accompanying financial statements of Lactose (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the Company's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of

the Company's internal control. An audit also includes evaluating and appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013; and
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956;

For S G C O & Co.
Chartered Accountants
Firm Reg. No. 112081W

K.M Tulsian|
Place : Mumbai
Date : 29th May, 2014

Partner
Mem. No. : 38430

Annexure to Auditors Report

Annexure referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date on accounts of **Lactose (India) Limited** for the year ended 31st March 2014. As required by the Companies (Auditors Report) Order, 2003 and amendments thereto and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

- (i)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The Company has a programme for physical verification of fixed assets on a rotational basis, which in our opinion is reasonable having regard to the size of the Company and the nature of its business. Accordingly, physical verification of certain fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.
 - c) During the year, there is no substantial disposal of fixed assets, which affects going concern assumption.

- (ii) a) The inventories have been physically verified by the management at the year end.
- b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of its inventories. No material discrepancies were noticed on physical verification as compared to book records.
- (iii) a) The Company has not granted loan to any party covered in the register maintained under section 301 of the Act.
- b) In view of our comments in para (iii) (a) above, clauses 4 (iii) (b), (c) and (d) of the said Order are not applicable.
- c) The Company has taken unsecured loans from three parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was ₹ 1,77,08,526 and the year-end balance was ₹ 1,77,08,526.
- d) In our opinion, the rate of interest and other terms & conditions of such loans are prima facie, not prejudicial to the interest of the Company.
- e) There is no stipulation with regard to repayment of principal amount, hence clause 4 (iii) (g) of the said Order is not applicable.
- (iv) There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control systems.
- (v) a) Based on the audit procedures performed by us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained in that section.
- b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system which is conducted by independent firm of chartered accountants. In our opinion and according to the information and explanation given to us, the internal audit system is commensurate with the size of the Company and the nature of its business.
- (viii) As per explanation & information given to us, the Company has maintained the cost record as prescribed by the Central Government under clause (d) of subsection (1) of Section 209 of the Act. However the same have not been reviewed by us.
- (ix) a) Accordingly to the records of the Company, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, to the extent applicable, have generally been regularly deposited with the appropriate authorities *except few delays have been observed in respect of payment of Profession Tax, TDS and Service Tax.* There are no undisputed amount payable in respect of such statutory dues, which have remained outstanding as at 31st March, 2014 for a period more than six months from the date they became payable *except profession tax amounting to ₹27,670 which have been subsequently paid.*
- b) There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, excise duty cess which have not been deposited on account of any dispute with the appropriate authorities.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year and in the immediately preceding financial year.
- (xi) According to the information & explanations given to us the Company has not defaulted in repayment of dues to banks & financial institutions.
- (xii) The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) The Company has not given any guarantee for the loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanation given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained.
- (xvii) *On an overall examination of the balance sheet of the Company, we are of the opinion that short-term funds to the extent of ₹2,78,84,670/- have been used for long-term investments.*
- (xviii) The Company has made a preferential issue of Convertible Warrants to the parties covered in the register maintained under Section 301 of the Act. The same has been made in conformity with the guidelines issued by the Securities and Exchange Board of India relating to such preferential allotment and on that basis not prejudicial to the interest of the Company.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised money through a public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of any fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For S G C O & Co.
Chartered Accountants
Firm Regn. No.:112081W

K.M. Tulsian
Partner
Mem. No. : 38430

Place: Mumbai
Date: 29th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	80,000,000	76,030,000
Reserves and Surplus	3	68,574,882	67,260,812
Money received against Convertible Share Warrants	4	1,657,150	2,912,663
		150,232,032	146,203,475
Non-current liabilities			
Long-Term Borrowings	5	195,453,377	47,069,686
Deferred Tax Liabilities (Net)	6	11,512,737	11,385,072
Other Long Term Liabilities	7	85,493,003	88,451,350
Long-Term Provisions	8	3,377,346	3,203,076
		295,836,463	150,109,184
Current liabilities			
Short-Term Borrowings	9	23,286,465	28,108,037
Trade Payables	10	81,819,813	104,797,197
Other Current Liabilities	11	52,271,629	36,721,314
Short-Term Provisions	12	86,760	2,176,936
		157,464,667	171,803,485
TOTAL		603,533,162	468,116,143
ASSETS			
Non-current Assets			
Fixed Assets	13		
- Tangible assets		279,272,296	150,603,467
Capital work-in-progress	14	154,039,659	108,825,907
		433,311,955	259,429,374
Non-Current Investments	15	5,590,080	6,590,080
Long-Term Loans and advances	16	35,051,129	5,242,691
		473,953,164	271,262,145
Current Assets			
Inventories	17	18,198,257	40,973,866
Trade Receivables	18	76,143,845	105,004,267
Cash and Bank Balances	19	7,812,350	13,135,024
Short-Term Loans and Advances	20	27,425,545	37,740,841
		129,579,997	196,853,998
TOTAL		603,533,162	468,116,143
Significant accounting policies	1		

Accompanying notes to the financial statements
In terms of our report of even date

1 to 41

For S G C O & Co.
Chartered Accountants

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

Atul Maheshwari
Managing Director

Sangita Maheshwari
Director

K.M. Tulsian
Partner
Mem. No. 38430

Nitesh Kumar Khetan
Finance Manger

Place : Mumbai
Date : 29th May, 2014

Place : Mumbai
Date : 29th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)			
Particulars	Note No.	Year Ended March 31, 2014	Year Ended March 31, 2013
Income:			
Revenue from operations	21	222,439,895	466,065,045
Other income	22	5,209,288	7,474,437
Total Revenue		227,649,182	473,539,482
Expenses:			
Cost of materials consumed	23	73,413,141	297,099,111
Purchase of Stock-in-Trade	24	11,187,342	-
Changes in inventories of finished goods, work-in-progress	25	12,220,589	23,968,560
Employee benefits expense	26	58,522,545	49,621,875
Finance costs	27	10,786,630	5,183,439
Depreciation and amortization expense	13	24,195,316	17,747,375
Other expenses	28	55,779,080	66,236,265
Total Expenses		246,104,643	459,856,626
Profit/(Loss) before Prior Period Items, Exceptional Items and Tax		(18,455,461)	13,682,856
Add / (Less) : Prior Period Income / (Expenses)	29	-	283,958
Profit/(Loss) before exceptional items and tax		(18,455,461)	13,966,814
Less: Tax Expenses:			
Exceptional Item	30	19,000,000	-
Profit before Tax		544,539	13,966,814
Less: Tax Expenses:			
Current Tax :	5,430		4,689,000
Less: MAT Credit Entitlement	(5,430)	-	-
Net Current Tax		544,539	4,689,000
Deferred Tax Liability / (Assets)		127,665	(72,683)
Tax of Earlier Years		154,855	(392,077)
Profit for the year		262,020	9,742,574
Earnings per equity share: (Nominal value of ₹10 each)	31		
- Basic		0.03	1.34
- Diluted		0.03	1.34
Significant accounting policies	1		

Accompanying notes to the financial statements
In terms of our report of even date

1 to 41

For S G C O & Co.
Chartered Accountants

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

Atul Maheshwari
Managing Director

Sangita Maheshwari
Director

K.M. Tulsian
Partner
Mem. No. 38430

Nitesh Kumar Khetan
Finance Manger

Place : Mumbai
Date : 29th May, 2014

Place : Mumbai
Date : 29th May, 2014

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Note 1 : Significant Accounting Policies:

A Basis of Accounting:

- a) The Financial Statements have been prepared in compliance with the Accounting Standards notified by Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956 in all material aspects read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013.
- b) Financial Statements are based on historical cost convention and are prepared on accrual basis.

B Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the periods in which the results are known/ materialize.

C Revenue Recognition

- i) Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.
- ii) Interest is recognised on a time proportion basis taking in to account the amount outstanding and the rate applicable.
- iii) Revenue in respect of export sales is recognised on shipment of products.
- iv) Dividend income is recognised when right to receive the same is established.
- v) Advance Manufacturing Consideration is recognized as income on SLM basis over the period of 10 years as mentioned in the manufacturing agreement.
- vi) Revenue from conversion charges is recognised on completion of particular Job work.

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

E Sales are inclusive of excise duty & sales tax and are stated net of discounts, returns and rebates.

F Fixed Assets:

Fixed Assets are stated at actual cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

G Impairment of Fixed Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

H Depreciation:

Depreciation on Fixed Assets has been provided on 'Straight Line Method' as per the rates and in the manner prescribed in the Schedule XIV of the Companies Act, 1956.

I Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred except the borrowing cost attributable to be acquisitions / constructions of a qualifying assets which are capitalised as a part of the cost of the fixed assets, up to the date, the assets are ready for its intended use.

J Inventories

- i) Finished Goods are valued at lower of cost or net realisable value.
- ii) Raw Materials are valued at lower of cost or net realisable value.
- iii) Work-in-Process is valued at lower of the cost or net realisable value.
- iv) Packing Materials, Store & Spares are valued at cost or net realisable value.

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

K Investments

Investments that is intended to be held for more than a year from the date of acquisition are classified as long term investments and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

L Employee Benefits

- i) Company's contribution to Provident Fund and other Funds for the year is accounted on accrual basis and charged to the Statement of Profit & Loss for the year.
- ii) Retirement benefits in the form of Gratuity are considered as defined benefit obligations and are provided on the basis of the actuarial valuation, using the projected unit credit method as at the date of the Balance Sheet.

M Provisions and Contingent Liabilities

- i) Provisions are recognized in terms of Accounting Standard 29- "Provisions, Contingent Liabilities and Contingent Assets issued by Company Accounting Standard Board, 2006, when there is a present legal or statutory obligation as a result of past events where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.
- ii) Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.
- iii) Contingent Liabilities are disclosed by way of notes.

N Foreign Currency Transactions

- i) The transactions in foreign currencies on revenue accounts are stated at the rate of exchange prevailing on the date of transactions.
- ii) The difference on account of fluctuation in the rate of exchange, prevailing on the date of transaction and the date of realisation are recognised as Income or Expenses.
- iii) Differences on translation of Current Assets and Current Liabilities remaining unsettled at the year-end are recognised as Income or Expenses.

O Accounting for Government Grants

- i) Capital subsidy received from State Government is shown under the head 'Capital Reserve'.
- ii) Subsidy for acquiring certain Plant and Machinery is deducted from the cost of the related plant and machinery.

P Accounting for Taxation of Income

Current Taxes

Provision for current income-tax is recognized in accordance with the provisions of Indian Income- tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

Deferred Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future. Deferred tax assets are reviewed as at each Balance Sheet date.

Q Miscellaneous Expenditure

- i) Preliminary expenses are amortised in the year in which they are incurred.
- ii) Expenses on preferential issue of shares/warrants are written off against the securities premium received.

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Note 2 : Share Capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised Capital		
10,000,000 Equity Shares of ₹10/- each	100,000,000	100,000,000
Issued Subscribed and Paid up Capital		
80,00,000 (PY 76,03,000) Equity Shares of ₹10/- each fully paid up	80,000,000	76,030,000
	80,000,000	76,030,000

b. Terms & Conditions

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shareholders having more than 5 % shareholding

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No of Equity shares held	Holding (%)	No of Equity shares held	Holding (%)
Sangita Maheshwari	911,530	11.39	784,980	10.32
Indu Kasat	780,000	9.75	780,000	10.26
Atul Maheshwari	666,940	8.34	449,870	5.26
Madhusa Projects Private Limited	534,832	6.69	534,832	7.03
Madhu Toshniwal	490,500	6.13	433,410	5.70

d. Reconciliation of equity shares outstanding

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	Amount (In ₹)	Number	Amount (In ₹)
At the beginning of the year	7,603,000	76,030,000	7,285,000	72,850,000
Issued during the year	397,000	3,970,000	318,000	3,180,000
At the end of the year	8,000,000	80,000,000	7,603,000	76,030,000

Note 3 : Reserves and Surplus

Particulars	As at March 31, 2014	As at March 31, 2013
Capital Reserves	7,500,000	7,500,000
Securities Premium Account		
Balance as per last financial statements	4,710,838	3,868,138
Add: Share premium received during the year	1,052,050	842,700
	5,762,888	4,710,838

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Surplus in the statement of Profit & Loss		
Balance as per last financial statements	55,049,974	45,307,400
(+) Net Profit for the current year	262,020	9,742,574
	55,311,994	55,049,974
GRAND TOTAL	68,574,882	67,260,812

Note 4 : Money received against Convertible Share Warrants

Particulars	As at March 31, 2014	As at March 31, 2013
Money received against 8,16,000 (P.Y. 11,34,000) Convertible Share Warrants	6,679,200	6,935,363
Less: Converted to 3,97,000 (P.Y. 3,18,000) equity shares	5,022,050	4,022,700
	1,657,150	2,912,663

The Company in March 2013 had made a preferential issue of 11,34,000 Convertible Warrants at a premium of ₹ 2.65 per warrant (Face value ₹ 10 each) in accordance with SEBI guidelines and had received 25 % upfront money amounting to ₹ 35,86,275.

In terms of the issue out of the above.

- 3,18,000 share warrants had been converted into 3,18,000 fully paid equity shares of ₹10/- each at a premium of ₹2.65 per share on 18th March 2013 and had received ₹ 30,17,025 against the balance amount receivable on warrants.
- 3,97,000 share warrants have been converted into 3,97,000 fully paid equity shares of ₹ 10/- each at a premium of ₹ 2.65 per share on 21st January 2014 and have received ₹ 37,66,538 against the balance amount receivable on warrants.
- Further, the Company on the balance 4,19,000 shares had received an amount of Rs. 3,32,063 in addition to the 25 % upfront money and the entire balance of Rs. 16,57,150 is reflected under Money received against Convertible Share Warrants.

The total amount so received so received from the above issue of shares has been utilized for the working capital requirements of the Company.

Note 5 : Long-Term Borrowings

Particulars	As at March 31, 2014	As at March 31, 2013
SECURED		
Term Loans		
From Banks	179,633,190	41,790,616
Less: Current maturities of long term debt (Refer Note no. 11)	6,000,000	1,393,020
	173,633,190	40,397,596
Vehicle Loans		
From Banks	5,520,076	7,463,905
From Others	1,152,014	1,665,742
	6,672,090	9,129,647
Less: Current maturities of long term debt (Refer Note no. 11)	2,560,429	2,457,556
	4,111,661	6,672,090
UNSECURED		
Loans from Directors	3,173,776	-
Inter Corporate Loans	14,534,750	-
TOTAL	195,453,377	47,069,686

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Other information regarding secured loans :

Term loan from banks :

- a) Term loan from Oriental Bank of Commerce amounting to ₹ 17,96,33,190 (PY ₹ 4,17,90,616) is secured against hypothecation of Building, Plant and Machinery, Furniture and Fixtures, Vehicles and other assets created out of Term Loan. Loan is taken for the specific purpose of expansion of capacity for manufacturing of Lactose Monohydrate and Setting-up the new facility of Lactulose Solution in the factory. It carries an interest rate of 14.40 % (4.00% + Base Rate of 10.40%). The loan is repayable in 60 equal monthly installments of ₹ 30,00,000 each, after a moratorium of 12 months, starting from the February, 2014. However, at the specific request of the Company, the bank has extended the date of repayment by a year i.e. from February 2014 to February 2015. The interest is payable as and when due. The Term Loan is sanctioned for ₹ 18,00,00,000.

Vehicle loans from banks :

- a) Vehicle loan from HDFC Bank amounting to ₹ NIL (PY ₹ 74,724) is secured against respective vehicle. It carries interest rate of 10.14% p.a. and is repayable in 36 equal monthly installment amounting to ₹ 12,825 each, starting from 7th October 2010.
- b) Vehicle loan from ICICI Bank amounting to ₹ NIL (PY ₹ 82,779) is secured against respective vehicle. It carries interest rate of 12.99% p.a. and is repayable in 36 equal monthly installment amounting to ₹ 12,533 each, starting from 15th November 2010.
- c) Vehicle loan from ICICI Bank amounting to ₹ 19,62,258/- (PY ₹ 26,13,178) is secured against respective vehicle. It carries interest rate of 10.60% p.a. and is repayable in 60 equal monthly installment amounting to ₹ 74,749 each, starting from 1st November 2011.
- d) Vehicle loan from ICICI Bank amounting to ₹ 19,62,263/- (PY ₹ 26,13,181) is secured against respective vehicle. It carries interest rate of 10.60% p.a. and is repayable in 60 equal monthly installment amounting to ₹ 74,749 each, starting from 1st November 2011.
- e) Vehicle loan from Kotak Mahindra Bank amounting to ₹ 8,34,336 (PY ₹ 11,03,429) is secured against respective vehicle. It carries interest rate of 12.20% p.a. and is repayable in 47 equal monthly installment amounting to ₹ 32,400 each, starting from 10th November 2012.
- f) Vehicle loan from Kotak Mahindra Bank amounting to ₹ 7,61,219 (PY ₹ 9,76,614) is secured against respective vehicle. It carries interest rate of 11.40% p.a. and is repayable in 47 equal monthly installment amounting to ₹ 26,300 each, starting from 20th March 2013.

Vehicle Loan from Others :

- a) Vehicle loan from Kotak Mahindra Prime Limited amounting to ₹ 6,22,600 (PY ₹ 9,70,531) is secured against earmarked vehicle. It carries interest rate of 9.46% p.a. and is repayable in 60 equal monthly installment amounting to ₹ 35,415 each, starting from 1st December 2010
- b) Vehicle loan from Tata Capital Limited amounting to ₹ 5,29,414 (PY ₹ 6,95,211) is secured against earmarked vehicle. It carries interest rate of 12.99% p.a. and is repayable in 60 equal monthly installment amounting to ₹ 19,880 each, starting from 9th December 2011.

Loan from Directors / Inter Corporate Loans :

Loans from Directors and Inter Corporate Loans are unsecured and repayable only after financial year 2020-21. The loans carry interest @ 14% p.a.

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Note 6 : Deferred Tax Liabilities (Net)

The major components of deferred tax liability / asset as recognised in the financial statement is as follows:

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred Tax Liability on account of :		
Excess of net block of fixed assets as per books of accounts over net block for tax purpose	23,031,886	12,545,649
	23,031,886	12,545,649
Deferred Tax Asset on account of :		
Employee Benefits	1,116,305	1,160,577
Unabsorbed Depreciation	10,402,844	-
	11,512,737	11,385,072

Note 7 : Other Long term Liabilities

Particulars	As at March 31, 2014	As at March 31, 2013
Advance Manufacturing Consideration (Refer Note No. 36)	54,401,967	57,772,000
Less : Current maturities (Refer Note no. 11)	5,777,200	5,777,200
	48,624,767	51,994,800
Rent Deposit	350,000	-
Unbilled Lease Rentals	61,686	-
Trade Payables	36,456,550	36,456,550
	85,493,003	88,451,350

Note 8 : Long-Term Provisions

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for Employee Benefits:		
Gratuity Payable	3,440,606	3,493,873
Less : Current Portion of Gratuity Payable (Refer Note no. 12)	63,260	290,797
	3,377,346	3,203,076

Note 9 : Short-Term Borrowings

Particulars	As at March 31, 2014	As at March 31, 2013
SECURED		
Loans repayable on demand		
From Banks	23,286,465	28,108,037
	23,286,465	28,108,037

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Other Information regarding loans repayable on demands

- a) Cash Credit Facility from Oriental Bank of Commerce amounting to ₹ 2,32,86,465 (PY ₹ 2,81,08,037) is secured against hypothecation of stocks of raw material, stock in process, finished goods, stores & spares and Trade receivables of the Company. It carries interest rate of 13.90% (3.50% + Base Rate of 10.40%).

Note 10 : Trade Payables

Particulars	As at March 31, 2014	As at March 31, 2013
Due to Medium, Small and Micro Enterprises	1,543,922	726,860
Others	80,275,891	104,070,337
	81,819,813	104,797,197

Disclosures under Sec 22 of Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2014	As at March 31, 2013
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year;	1,543,922	726,860
The amount of interest accrued and remaining unpaid at the end of accounting year; and	18,080	21,763
The amount of interest paid by the buyer in terms of section 16 along with the amount of the payment made to the supplier beyond the appointed day during the 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 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.	27,475	11,542

Note 11 : Other Current Liabilities

Particulars	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term debt	8,560,429	3,850,576
Current maturities of Advance Manufacturing Consideration (Refer Note 36)	5,777,200	5,777,200
Consideration towards Sale of Customers	-	19,000,000
Advances from Customers	-	609,160
Payable for Capital Goods	32,884,276	5,179,183
Duties & Taxes Payable	866,296	670,441
Expenses Payable	4,183,427	1,634,754
	52,271,629	36,721,314

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Note 12 : Short-Term Provisions

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits:		
Current Portion of Gratuity Payable	63,260	290,797
Others		
Provison for Income Tax (Net)	-	1,864,539
Provison for Wealth Tax	23,500	21,600
	86,760	2,176,936

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Note 12 : Fixed Assets

Description of Assets	Gross Block				Accumulated Depreciation			Net Block		
	As at April 1, 2013	Additions during the year	Deletions during the year	As at March 31, 2014	Up to April 1, 2013	Depreciation charge for the year	Adjustments On disposals	Up to March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible Assets										
Land - Owned	4,819,242	-	-	4,819,242	-	-	-	-	4,819,242	4,819,242
Building - (Factory)	69,751,441	34,812,277	-	104,563,718	23,235,396	3,008,223	-	26,243,619	78,320,099	46,516,045
Building - (Office)	1,281,075	-	-	1,281,075	187,877	20,882	-	208,759	1,072,316	1,093,198
Plant & Machinery	170,313,010	111,100,711	-	281,413,721	110,783,733	17,447,359	-	128,231,092	153,182,629	59,529,277
Furniture & Fixtures	9,294,189	4,075,571	-	13,369,760	3,108,500	1,211,142	-	4,319,642	9,050,118	6,185,689
Vehicles	17,717,382	-	1,016,932	16,700,450	3,299,596	1,603,635	503,954	4,399,277	12,301,173	14,417,786
Office Equipment & Air Conditioners	10,350,136	249,600	-	10,599,736	9,884,849	46,843	-	9,931,692	668,044	465,287
Computers	3,834,675	231,251	-	4,065,926	2,871,708	206,101	-	3,077,809	988,117	962,967
Electrical Installations	4,023,668	2,907,713	-	6,931,381	1,377,396	419,579	-	1,796,975	5,134,406	2,646,272
Assets under Lease										
Building (Office)	14,205,600	-	-	14,205,600	237,896	231,552	-	469,448	13,736,152	13,967,704
Total	305,590,418	153,377,123	1,016,932	457,950,609	154,986,951	24,195,316	503,954	178,678,313	279,272,296	150,603,467
Previous Year	287,121,837	19,680,600	1,212,019	305,590,418	138,072,206	17,747,375	832,630	154,986,951	150,603,467	149,049,631

(Amount in ₹)

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Note 14 : Capital work-in-progress

The Company has started the expansion of their capacity for manufacturing of Lactose Monohydrate and Lactulose. Necessary details as required by Revised Schedule VI has been disclosed below :

Particulars	As at March 31, 2014	As at March 31, 2013
Opening Balance	108,825,907	6,515,437
Add : Expenditure during the year		
Equipment Cost (ETP)	-	1,886,312
Equipment, Plant & Machinery Cost	119,028,495	82,217,070
Construction Cost	54,654,827	20,443,703
Furnitures & Fixtures	2,754,185	-
Bank Interest on Term Loan	14,602,436	662,864
Foreign Travelling Expenses	-	3,080,620
Processing Fees & Documentation Charges on Term Loan	12,860,160	2,421,650
Personnel Cost	1,328,974	-
Other Expenses	1,161,316	-
Less: Lactose plant capitalized during the year	161,176,641	8,401,749
	154,039,659	108,825,907

Note 15 : Non-Current Investments

Particulars	As at March 31, 2014	As at March 31, 2013
(Valued at cost, unless stated otherwise)		
Unquoted, Trade Investments		
Investment in Equity instruments	5,200,000	5,200,000
4,00,000 (P.Y. 4,00,000) Equity Shares of Eurolife Healthcare Private Limited of ₹ 10 each fully paid up		
(A)	5,200,000	5,200,000
Quoted, Non-Trade Investments		
Investment in Equity instruments		
1,000 (P.Y. 1,000) Equity Shares of Clio Infotech Limited of ₹ 10 each fully paid up	43,980	43,980
12,800 (P.Y. 12,800) Equity Shares of Shardul Securities & Finance Limited of ₹ 10 each fully paid up	384,000	384,000
5,000 (P.Y. 5,000) Equity Shares of Ojas Technochem Limited of ₹ 10 each fully paid up	123,915	123,915
Investments in Mutual Funds		
NIL (PY 30,657.92) units of Kotak Oppurtunities Growth Fund	-	1,000,000
(B)	551,895	1,551,895
TOTAL (A+B)	5,751,895	6,751,895
Less : Provision for dimunition in the value of Investments	161,815	161,815
	5,590,080	6,590,080

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Aggregate market value of quoted investments	422,820	1,947,720
Aggregate book value of quoted investments	551,895	1,551,895
Aggregate value of unquoted investments	5,200,000	5,200,000

Note 16 : Long-Term Loans and advances

(Unsecured, considered good)

Particulars	As at March 31, 2014	As at March 31, 2013
Capital Advances	24,832,278	605,657
Security Deposits	4,647,308	3,816,328
MAT Credit Entitlement	5,430	-
Advance Tax & TDS (Net)	3,226,478	820,706
Duties and Taxes Receivable	2,339,635	-
	35,051,129	5,242,691

Note 17 : Inventories

Particulars	As at March 31, 2014	As at March 31, 2013
Valued at Cost or Net Realisable Value whichever is lower		
Raw Materials and components	9,510,577	20,705,114
Work-in-progress	2,637,233	5,015,132
Finished goods	3,085,396	12,928,086
Stores and spares	2,965,051	2,325,534
TOTAL	18,198,257	40,973,866

Note 18 : Trade Receivables

(Unsecured, considered good)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	9,589,131	10,959,004
Others	66,554,714	94,045,263
	76,143,845	105,004,267

Trade Receivables stated above include debts due by:

Particulars	As at March 31, 2014	As at March 31, 2013
Due from private limited Company in which director of the Company is interested as director	11,585,547	6,159,494
Due from Proprietary concern in which relative of director of the Company is proprietor	6,574,284	-

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Note 19 : Cash and Bank Balances

Particulars	As at March 31, 2014	As at March 31, 2013
Cash & Cash Equivalents		
Balances with banks		
- Current Account	4,005,381	7,269,721
- Fixed Deposits (with original maturity period upto 3 months)	2,662,834	5,026,199
Cash on hand	141,369	562,921
Other Bank Balances		
Fixed Deposits (Original maturity more than 3 months and upto 12 months) *	1,002,766	276,184
	7,812,350	13,135,024

Particulars	As at March 31, 2014	As at March 31, 2013
* Fixed Deposits pledged with banks against Bank Guarantee	299,487	276,184

Note 20 : Short-Term Loans and Advances

(Unsecured, considered good) (Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Advances Recoverable in Cash or in Kind	26,093,050	31,579,160
Advance to Suppliers	268,717	5,232,932
Prepaid Expenses	1,063,778	928,749
	27,425,545	37,740,841

Advances to Supplier includes :

Particulars	As at March 31, 2014	As at March 31, 2013
Advance given to a Private Limited Company in which director of the Company is interested as director	-	1,885,231

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Note 21 : Revenue from operations

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Operating Revenues		
Gross Sales	103,456,489	441,619,323
Less: Excise Duty	4,356,418	34,339,216
	99,100,071	407,280,107
Conversion Charges	119,021,632	57,954,117
	218,121,703	465,234,224
Other Operating Revenues		
Scrap Sales	948,159	830,821
Manufacturing Consideration (Refer Note 36)	3,370,033	-
	222,439,895	466,065,045

Note 22 : Other income

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Interest Income		
Interest on Fixed Deposits	678,284	959,845
Interest on Loans and Advances	-	879,577
Other non-operating income		
Profit on Sale of Non-Current Investment	538,828	-
Gain on Foreign Exchange Fluctuation (Net)	3,617,080	2,386,986
Dividend from Non-Current Investments	7,680	7,680
Bad Debts Recovery	-	300,000
Balance Written Back (Net)	-	2,313,149
Other Income	-	559,784
Rent Income	367,416	67,416
	5,209,288	7,474,437

Note 23 : Cost of materials consumed

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Raw Materials :		
Opening Stock	20,705,114	25,254,915
Add: Purchases	62,218,604	292,549,310
Less: Closing Stock	9,510,577	20,705,114
	73,413,141	297,099,111

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Note 24 : Purchase of Stock-in-Trade

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Purchases	11,187,342	-
	11,187,342	-

Note 25 : Changes in inventories of finished goods, work-in-progress

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Opening Inventory		
Finished Goods	12,928,086	32,833,448
Work-In-Progress	5,015,132	9,078,330
	17,943,218	41,911,778
Closing Inventory		
Finished Goods	3,085,396	12,928,086
Work-In-Progress	2,637,233	5,015,132
	5,722,629	17,943,218
	12,220,589	23,968,560

Note 26 : Employee benefits expense

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Salaries and Wages	50,997,044	41,984,193
Directors Remuneration	5,750,000	6,000,000
Gratuity Expenses	534,905	535,835
Contribution to PF & Other Funds	856,135	787,810
Staff welfare expenses	384,461	314,037
	58,522,545	49,621,875

Note: Salaries and Wages include amount paid towards contractual wages ₹ 2,58,83,116 (P.Y. ₹ 1,97,79,539).

Note 27 : Finance costs

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Interest to Banks & Financial Institutions	9,613,707	3,988,907
Interest on Unsecured Loan	620,585	102,737
Interest to Others	18,080	21,763
Bank Charges	534,259	1,070,033
	10,786,630	5,183,439

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Note 28 : Other expenses

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Stores and spares consumed	5,079,349	7,737,824
Laboratory Materials consumed	1,293,830	1,776,894
Power and Fuel expenses	28,931,882	25,478,317
ETP Plant expenses	600,295	557,382
<u>Repairs to :</u>		
- Building	37,967	144,062
- Machinery	851,332	953,799
- Others	39,951	-
Rent	1,635,174	288,000
Rates and Taxes	362,318	345,124
Legal and Professional	2,972,841	3,232,689
Communication Expenses	909,523	1,055,881
Electricity Charges	184,969	155,674
Insurance Charges	2,325,180	2,039,350
Auditor's Remuneration	567,418	530,901
Travelling Expenses	2,338,374	3,301,394
Vehicle Expenses	1,975,348	1,195,279
Printing & Stationery	670,004	493,527
Commission & Brokerages	377,537	3,243,694
Freight Outward	335,507	4,128,740
Sales Promotion Charges	722,288	949,185
Loss on Sale of Fixed Assets	362,978	155,889
Sundry Balances Written Off (Net)	183,350	-
Sales Tax Paid	810,107	6,942,459
Miscellaneous Expenses	2,211,559	1,530,201
	55,779,080	66,236,265

Auditors Remuneration includes :

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Audit Fees	410,114	370,788
Taxation Matter	11,236	11,236
Other Services	146,068	148,877
TOTAL	567,418	530,901

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Note 29 : Prior Period Income / (Expenses)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Prior Period Income		
Service Tax Credit taken for earlier years	-	(584,801)
Prior Period Expenses		
Professional Fees	-	300,843
	-	(283,958)

Note 30 : Exceptional Item

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Consideration for Sale of Customers (Refer Note below)	19,000,000	-
	19,000,000	-

Note: The Company had during the earlier years received an amount of Rs. 1,90,00,000 from Kerry Ingredients Private Limited (KIPL) for transfer of Company's customers as per the manufacturing agreement executed on 11th January, 2013. During the Current year in terms of Manufacturing Agreement, the Company has transferred its entire customers to KIPL and accordingly the amount received has been recognized as income under exceptional item.

Note 31 : Earnings per equity share:

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Basic / Dilutive Earnings per Share		
Profit attributable to Equity shareholders	262,020	9,742,574
Weighted average number of equity shares	7,678,050	7,296,326
Basic Earnings Per Share	0.03	1.34
Face value per Share	10.00	10.00

Note 32 : Contingent Liabilities

Particulars	As at March 31, 2014	As at March 31, 2013
Guarantee given by Bank on behalf of the Company	455,000	455,000
Letter of Credit	11,727,450	-
TOTAL	12,182,450	455,000

Note 33 : Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 7,39,39,966/- (PY: ₹ 48,65,059).

Note 34 :

In the opinion of the Board the Current Assets and Long Term Loans and advances, are realisable in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of amount reasonably necessary.

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Note 35 :

During the FY 2013-14, the Company has commenced Commercial production of its upgraded manufacturing facility to produce Lactose exclusively for Kerry Indegredients India Private Limited (KIPL) from 1st September, 2013 and accordingly as per the manufacturing agreement with KIPL dated 11th January, 2013, has recognised income of ₹ 33,70,033 (P.Y. Nil) on proportionate basis out of total Advance Manufacturing Consideration amounting to ₹ 5,77,72,000 and the balance ₹ 5,44,01,967 is disclosed as liabilities under Note no. 7 of the financial statements.

Note 36 : Disclosure pursuant to Accounting Standard – 15 ‘Employee Benefits’

Assumptions	Year Ended March 31, 2014	Year Ended March 31, 2013
Salary Growth *	7.00%	6.50%
Discount Rate	9.00%	8.50%
Withdrawal Rate	5% at younger ages and reducing to 1% at older ages according to graduated scale.	5% at younger ages and reducing to 1% at older ages according to graduated scale.
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.

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

(i) Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Present value of obligation as at the beginning of the year:	3,493,873	3,123,153
Interest cost	314,449	279,337
Current service cost	279,974	265,468
Benefits paid	(588,172)	(165,115)
Actuarial (gain) / loss on obligation	(59,518)	(8,970)
Closing Present value of obligation	3,440,606	3,493,873

(ii) Actuarial gain/ loss recognised in the Statement of Profit and Loss:

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Actuarial gain/ (loss) for the year obligation	-	-
Total (gain)/ loss for the year	(59,518)	(8,970)
Actuarial (gain)/ loss recognised during the year.	(59,518)	(8,970)

(iii) The amounts recognised in the Balance Sheet are as follows:

Particulars	As at March 31, 2014	As at March 31, 2013
Present value of obligation as at the end of the year	3,440,606	3,493,873
Funded value of assets (unfunded)	-	-
Net assets / (liability) recognised in balance sheet	(3,440,606)	(3,493,873)

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

(iv) The amounts recognised in the Statement of Profit and Loss are as follows:

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Current service cost	279,974	265,468
Past service cost	-	-
Interest cost	314,449	279,337
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the year	(59,518)	(8,970)
Expenses recognised in the statement of profit and loss	534,905	535,835
Add : Opening liability provided in Current year on account of change in Accounting Policy	-	-
Total Liability Provided in Current Year	534,905	535,835

Note 37 : Segment Reporting

Basis of preparation

In accordance with the requirements of Accounting Standard 17 "Segment Reporting", the Company's business consists of one reportable business segment i.e., "Manufacturing & Trading of Pharmaceutical Products", hence no separate disclosures pertaining to attributable Revenues, Profits, Assets, Liabilities, Capital Employed are given.

Secondary segment reporting is on the basis of geographical location of the customers. The operation of the Company comprises local sales and export sales. The management views the Indian market and Export market as distinct geographical segments. The following is the distribution of the Company's sales by geographical markets:

Information about Geographical Segments :

i. Revenue from Operation

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Domestic Sales	42,724,479	295,791,636
Export Sales	56,375,592	111,488,471
Total	99,100,071	407,280,107

ii. Segment Assets

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
India	592,337,913	457,849,238
Outside India	11,195,249	10,266,905
Total	603,533,162	468,116,143

Note : Carrying amount of Segment assets outside India represents receivables from Export Sales and Capital Advances.

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Note 38 : Related Party disclosures

a. List of related parties

Name of the Party	Relationship
Mr. SM Maheshwari	Director (upto 24th January, 2014)
Mr. Atul Maheshwari	Director
Mrs. Sangita Maheshwari	Director (from 1st February, 2014)
Mr. Yash Maheshwari	Relative of Director
Mr. SS Toshniwal	Relative of Director
Mr. SM Maheshwari	Relative of Director (from 1st February, 2014)
Mrs. Madhu Toshniwal	Relative of Director
Mrs. Sangita Maheshwari	Relative of Director (upto 24th January, 2014)
Eurolife Healthcare Private Limited	Enterprises having same Key Management Personnel and / or their Relatives
Madhusa Projects Private Limited	Enterprises having same Key Management Personnel and / or their Relatives
Himalayan Herbal Foods	Enterprises having same Key Management Personnel and / or their Relatives
Madhusa Holdings Private Limited	Enterprises having same Key Management Personnel and / or their Relatives
Lotus Global Private Limited	Enterprises having same Key Management Personnel and / or their Relatives

b. Transactions with Related Parties :

Name of Party	Nature of Transaction	Year Ended March 31, 2014	Year Ended March 31, 2013
Mr. SM Maheshwari	Director's Remuneration	2,500,000	3,000,000
	Salary	500,000	
	Repayment of Loans Taken	-	494,954
	Interest Paid	-	43,525
Mr. Atul Maheshwari	Director's Remuneration	3,000,000	3,000,000
	Loans Taken	1,000,000	-
	Interest Paid	65,589	
	Share Warrant Money	-	1,592,509
	Equity Contribution (Including Premium)	2,745,936	2,199,329
Mrs. Sangita Maheshwari	Salary	1,250,000	1,500,000
	Director's Remuneration	250,000	-
	Rent	360,000	288,000
	Loans Taken	2,000,000	-
	Interest Paid	127,496	-
	Share Warrant Money	-	928,257
	Equity Contribution (Including Premium)	1,600,858	1,282,331
Mrs. Madhu Toshniwal	Share Warrant Money	-	391,897
	Equity Contribution (Including Premium)	675,257	541,041

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

Name of Party	Nature of Transaction	Year Ended March 31, 2014	Year Ended March 31, 2013
Mr. Yash Maheshwari	Salary	61,742	-
Mr SS Toshniwal	Consultancy Charges paid	330,000	330,000
Himalayan Herbal Foods	Sales	11,469,364	-
Lotus Global Pvt Ltd	Purchase	72,562	-
Madhusa Projects Private Limited	Loan Taken	14,150,000	-
	Interest Paid	427,500	59,212
	Repayment of Loans Taken	-	2,032,935
Eurolife Healthcare Private Limited	Sales	57,951,616	23,131,844
	Purchase	758,127	-
	Advance received back	1,885,231	-
	Loan received back	-	3,910,508
	Interest Received	-	407,750

c. Balance Outstanding of Related Parties :

Name of Party	Receivable / Payable	Year Ended March 31, 2013	Year Ended March 31, 2012
Mrs Sangita Maheshwari	Unsecured Loan Payable	2,114,746	-
	Director Remuneration Payable	250,000	-
Mr. Atul Maheshwari	Unsecured Loan Payable	1,059,030	-
	Director Remuneration Payable	250,000	-
Mr. SM Maheshwari	Salary Payable	500,000	-
Mr. Yash Maheshwari	Salary Payable	10,000	-
Mr. SS Toshniwal	Consultancy Charges Payable	27,500	-
Lotus Global Pvt Ltd	Trade Payables	33,999	-
Himalayan Herbal Foods	Trade Receivables	6,574,284	-
Madhusa Projects Private Limited	Unsecured Loan Payable	14,534,750	-
Eurolife Healthcare Private Limited	Trade Receivables	11,585,547	6,159,494
	Trade Payables	758,127	-
	Advance to Suppliers	-	1,885,231

Note 39 : Information pursuant to para 5(viii) of the General Instructions to the Statement of Profit and Loss

(a) Value of Imports on C.I.F Basis:

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Raw Materials	-	27,188,555
Stock-in-Trade	11,187,342	-
Capital goods	27,410,586	465,372
TOTAL	38,597,928	27,653,927

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

(b) Earnings in foreign currency (on accrual basis):

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
F.O.B. Value of Exports	56,375,592	111,488,471
TOTAL	56,375,592	111,488,471

(c) Expenditure in foreign currency (on accrual basis):

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Travelling Expenses	100,987	4,083,794
TOTAL	100,987	4,083,794

(d) Consumption of raw materials:

Particulars		Year Ended March 31, 2014		Year Ended March 31, 2013	
		Amount	Percentage	Amount	Percentage
Manufacturing -	Imported	-	-	50,185,651	17%
	Indigenous	73,413,141	100%	246,913,459	83%
TOTAL		73,413,141	100%	297,099,110	100%
Spares -	Imported	-	-	-	-
	Indigenous	5,079,349	100%	7,737,824	100%
TOTAL		5,079,349	100%	7,737,824	100%

Note 40 : Information pursuant to para 5(ii) and 5(iii) of the General Instructions to the Statement of Profit and Loss

(a) Particulars of consumption of raw materials:

Raw Materials	Year Ended March 31, 2014	Year Ended March 31, 2013
Crude Lactose	33,717,007	264,822,857
Lactulose	-	26,963,221
Others	39,696,134	5,313,032
	73,413,141	297,099,110

(b) Particulars of traded goods purchases:

Traded Goods	Year Ended March 31, 2014	Year Ended March 31, 2013
Low Density Polyethylene	11,187,342	-
	11,187,342	-

(c) Particulars of Work-in-progress:

Work in Progress	As at March 31, 2014	As at March 31, 2013
Lactose	-	3,575,132
Others	2,637,233	1,440,000
	2,637,233	5,015,132

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2014**

(Amount in ₹)

(d) Particulars of sales and inventory position:

Manufactured Goods	Year Ended March 31, 2014		
	Sales	Closing Inventory	Opening Inventory
Lactose	31,978,333 (346,326,826)	- (10,076,082)	10,076,082 (32,147,532)
Lactulose	12,700 (28,232,224)	1,944,576 (1,956,088)	1,956,088 (189,249)
Others	71,465,456 (67,060,273)	1,140,820 (895,916)	895,916 (496,666)
TOTAL	103,456,489 (441,619,323)	3,085,396 (12,928,086)	12,928,086 (32,833,447)

* Previous year figures are in brackets

(e) Particulars of sales and inventory position:

Traded Goods	Year Ended March 31, 2014		
	Sales	Closing Inventory	Opening Inventory
Low Density Polyethylene	11,469,364 (NIL)	- (NIL)	- (NIL)
TOTAL	11,469,364 (NIL)	- (NIL)	- (NIL)

* Previous year figures are in brackets

Note 41 :

Previous year's figures have been re-grouped / re-classified to conform to this year's classification.

In terms of our report of even date

For S G C O & Co.
Chartered Accountants

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

K.M. Tulsian
Partner
Mem. No. 38430

Place : Mumbai

Date : 29th May, 2014

Atul Maheshwari
Managing Director

Sangita Maheshwari
Director

Nitesh Kumar Khetan
Finance Manager

Place : Mumbai

Date : 29th May, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	(Amount in ₹)	
Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
A. Cash Flow from Operating Activities\		
Net Profit before taxation	544,539	13,966,814
Adjustments for:		
Depreciation on fixed assets	24,195,316	17,747,375
Loss on sale of fixed assets	362,978	155,889
Decrease in Value of investments	-	1,470
Share Issue Expenses	-	115,732
Interest expense	10,252,372	4,113,407
Deduct:		
Dividend Received	(7,680)	(7,680)
Profit on Sale of Investments	(538,828)	-
Interest income	(678,284)	(1,839,422)
Unrealised gain on Foreign Exchange Fluctuations	(2,362,363)	-
Operating Profit before Working Capital changes	31,768,050	34,253,585
Adjustments for :		
(Increase) / Decrease in inventories	22,775,609	28,310,723
(Increase) / Decrease in trade receivables	31,476,418	(910,735)
Increase/(Decrease) in trade payable	(22,977,384)	60,176,426
Increase/(Decrease) in long term trade payable	411,686	36,456,550
Increase/(Decrease) in other current liabilities	15,550,314	(10,899,142)
Increase/(Decrease) in short term provisions	(225,637)	(46,089)
Increase/(Decrease) in long term provisions	174,270	415,009
CASH GENERATED FROM OPERATIONS	78,953,325	147,756,327
Income tax Paid	4,430,595	3,125,690
Net Cash inflow from/ (outflow) from Operating activities	74,522,730	144,630,637
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(153,377,123)	(19,680,600)
Fixed Deposits with Banks (more than 3 months maturity period)	(726,582)	(276,184)
Capital WIP	(45,213,752)	(102,310,470)
Sale of Fixed Assets	150,000	223,500
Sale of Investments	1,538,828	-
Long term loans & advances received back / (given)	(27,650,869)	7,040,029
Short term loans & advances received back / (given)	10,315,296	(28,697,584)
Interest received	678,284	1,839,422
Dividend received	7,680	7,680
Net Cash inflow from/ (outflow) from Investing activities	(214,278,238)	(141,854,207)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	(Amount in ₹)	
Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
C. Cash Flow from Financing Activities		
Proceeds / (Repayment) of long term borrowings	148,383,691	34,168,758
Proceeds / (Repayment) of short term borrowings	(4,821,572)	(6,519,020)
Advance for Expansion	(3,370,033)	(24,777,200)
Proceeds from Share Issue	5,022,050	4,022,700
Share warrant money pending allotment	(1,255,513)	2,912,663
Share Issue Expenses	-	(115,732)
Interest paid	(10,252,372)	(4,113,407)
Net Cash inflow from/ (outflow) from Financing activities	133,706,251	5,578,762
Net increase / (decrease) in cash and cash equivalents	(6,049,256)	8,355,193
Cash and cash equivalents at the beginning of the year	12,858,840	4,503,648
Cash and cash equivalents at the end of the year	6,809,583	12,858,840

Notes 1 :

Cash and Cash Equivalents at the end of the year consists of cash in hand and balances with banks are as follows :

	Year Ended March 31, 2014	Year Ended March 31, 2013
Cash in hand	141,369	562,921
Bank balances	6,668,215	12,295,919
	6,809,583	12,858,840

Note 2:

Previous year's figures have been regrouped and rearranged wherever necessary in order to conform to current year's figures.

In terms of our report of even date

For S G C O & Co.
Chartered Accountants

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

K.M. Tulsian
Partner
Mem. No. 38430

Place : Mumbai

Date : 29th May, 2014

Atul Maheshwari
Managing Director

Sangita Maheshwari
Director

Nitesh Kumar Khetan
Finance Manger

Place : Mumbai

Date : 29th May, 2014

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: _____

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

(To be presented at the entrance)

23rd ANNUAL GENERAL MEETING ON THURSDAY 25th SEPTEMBER, 2014 AT 11.00 A.M.

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

Folio No. _____ DP ID No. _____ Client Id No. _____

Name of the Memembr _____ Signature _____

Name of the Proxy Holder _____ Signature _____

1. Only member/proxy holder can attend the meeting.
2. Member/proxy holder should bring his/her copy of the Annual report for the reference at the Meeting.

LACTOSE (INDIA) LIMITED

CIN: L15201GJ1991PLC015186

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

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

Form No. MGT-11

PROXY FORM

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

Name of the Member(s): _____

Registered Address: _____

Email Id: _____

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

I/We being the member(s) of Shares of Expo Gas Container Limited, hereby appoint

1. Name : _____ Email Id: _____

Address: _____ Signature: _____

Or failing him

2. Name : _____ Email Id: _____

Address: _____ Signature: _____

Or failing him

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 23rd Annual General Meeting of the Company to be held on Thursday, 25th September, 2014 at 11.00 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, 2014
2. To appoint auditor and fix their remuneration.
3. To confirm appointment of Mrs. Sangita Maheshwari as Director of the Company.
4. To confirm appointment of Mr. Shyamsunder Toshniwal as Director of the Company.
5. To appoint Mrs. Sangita Maheshwari as Whole- time Director of the Company.
6. To appoint Mr. Atul Maheshwari as Managing Director of the Company.
7. To make Preferential Issue of 25,68,000 Convertible Warrants of Rs. 10/- each for cash at a premium of Rs. 7.40 aggregating to Rs. 44,683,200.
8. To appoint Mr. G.K. Sarda as an Independent Director for a term upto five years.
9. To appoint Mr. Pramod Kalani as an Independent Director for a term upto five years.
10. Increase in Authorized Capital of the Company.
11. Amendment in the capital clause of Memorandum.
12. Amendment in the capital clause of Articles.

Signed this _____ day of _____ 2014.

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.

Rs.1/-
Revenue
Stamp
to be affixed

BOOK - POST

If undelivered, please return to :

LACTOSE (INDIA) LIMITED

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

FORM A**Covering letter of the annual audit report to be filed with the Stock Exchange**

1	Name of the company	Lactose (India) Limited
2	Annual financial statements for the year ended	31 st March, 2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not Applicable
5	To be signed by- <ul style="list-style-type: none">• Managing Director• CFO• Auditor of the company• Audit Committee Chairman	<p><i>AAI Maheshwari</i></p> <p><i>nitesh</i></p> <p>FVS & CO. Chartered Accountants Firm Reg. No.112081W</p> <p><i>[Signature]</i></p> <p>K. M. Tulsian Partner Mem No. 38430</p> <p><i>[Signature]</i></p> 