

LACTOSE (INDIA) LIMITED



19th
ANNUAL REPORT 2009 - 2010

LACTOSE (INDIA) LIMITED

BOARD OF DIRECTORS

Shri. S. M. Maheshwari
Shri. Atul Maheshwari
Shri. O. P. Singhi
Shri. Pramod Kalani
Shri. G. K. Sarda

Chairman & Managing Director
Executive Director
Director
Director
Director

AUDITORS

Singrodia Goyal & Co.
Chartered Accountants
201, 204 Rajeshri Accord,
Telly Cross Lane, S. N. Road,
Andheri (East),
Mumbai - 400 069

BANKERS

Oriental Bank of Commerce
Prabhadevi Branch, Aman Chambers,
1st Floor, Veer Savarkar Marg,
(Opp. New Passport Office),
Prabhadevi, Mumbai - 400 025.

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE

211, Laxmi Plaza, Laxmi Industrial Estate,
New Link Road, Andheri (West),
Mumbai - 400 053.

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 058I013
BSE Scrip Code - 524202

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NOTICE

NOTICE is hereby given that the Nineteenth 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 – 391 780 on Wednesday the **29th day of September, 2010** 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, 2010 and Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

3. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. Pramod Kalani holds office only up to the date of this meeting, and in respect of whom the Company has received a notice in writing alongwith a deposit of Rs. 500/- under Section 257 of the said Act from a member signifying his intention to propose Mr. Pramod Kalani 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, the following resolution as a Special Resolution: **“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or reenactment thereof for the time being in force), the shareholders hereby approves the increase in the remuneration of Mr. Atul Maheshwari as an Executive Director of the Company, not liable to retire by rotation, for his balance tenure of total period of 5 years which is effective from 1st April, 2010 upon the same terms and conditions & with an increase remuneration of Rs. 375000/- per month & all other perquisites set out in the draft Agreement submitted to this meeting and for identification, which agreement is hereby specifically sanctioned 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 XIII to the Companies Act, 1956 (‘the Act’) or any amendments thereto.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy in profits in any financial year during the period effective from 01.04.2010, the Company will pay Shri Atul Maheshwari remuneration, perquisites, benefits and amenities including the Commission, not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 as may be decided by the Board of Directors.”

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. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business at item no. 3 & 4 is annexed hereto and it is forming a part of the notice.

3. The register of members and share transfer books shall remain closed from Friday, 24th September, 2010 to Wednesday 29th September, 2010 both days inclusive.

4. 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.

5. Members/ Proxies are requested to bring their Attendance Slip duly filled in along with their copy of Annual Report to the Meeting.

6. 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.

7. 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.

8. 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.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 3.

Mr. Pramod Kalani was appointed as an Additional Director w. e. f. 15.01.2010. As per Section 260 of the Companies Act, 1956 he holds office upto the date of Annual General Meeting. Hence this resolution.

None of the Directors except Mr. Pramod Kalani are concerned or interested in the aforesaid resolution.

The Directors recommend this Resolution for your approval.

Item No. 4.

The Board of Directors has reappointed Mr. Atul Maheshwari as an Executive Director for a further period of 5 years with effect from 01.10.2009. The Board has approved the increase in the remuneration limits as suggested by the Remuneration Committee. The following terms were decided by the Directors at its meeting held on 14.05.2010, pursuant to the recommendations of the remuneration committee of the Board.

i) Remuneration: Upto a limit of Rs. 375000/- 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 01.04.2010, the Company will pay Mr. S. M. Maheshwari remuneration, perquisites, benefits and amenities not exceeding the ceiling laid down in section II of part II of Schedule XIII of the Companies Act, 1956 or as may be decided by the Board of Directors.

Mr. Atul Maheshwari and Mr. S. M. Maheshwari are 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 302 of the companies Act, 1956. The Directors recommend this Resolution for your approval.

Registered Office: *By order of the Board of*
VILLAGE POICHA (RANIA), *Lactose (India) Limited*
SURVEY NO. 6, SAVLI,
DIST. VADODARA – 391 780. *Managing Director*
Place: Mumbai
Date: 09.08.2010

DIRECTORS' REPORT

To,
The Members,
Your Directors have pleasure in presenting the Nineteenth Annual Report of the Company together with the Audited Statement of the Accounts for the year ended on 31st March, 2010.

FINANCIAL STATEMENT:

	<i>Rs. In Lacs)</i>	
	2009-2010	2008-2009
Operating Income	2574.93	2180.20
Expenditure	(2335.72)	(2020.95)
Profit before Depreciation and Tax	239.21	159.25
Depreciation	145.43	138.23
Profit before Tax	93.78	21.02
Prior period Items	0.00	0.00
Profit before Tax	93.78	21.02
Provision for Current Tax	(14.72)	(5.33)
Deferred Tax	(25.17)	(7.27)
FBT	0.00	(3.25)
Taxation of Earlier Years	(4.37)	(0.63)
Profit After Tax	49.52	4.55

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 2574.93 Lacs, (Previous Year 2180.20Lacs) showing a growth of 18.10 % compared to the previous year. The Company has earned a profit after tax of Rs. 49.52 Lacs, compared to last year's profit of Rs. 4.55 Lacs. The Company has achieved EPS of Rs 0.71 against 0.07 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.

Your Company has also installed and commissioned Agro waste fired boiler and has applied for availing of Carbon Credits against the use of Agro waste instead of Fossil fuel

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.

PREFERENTIAL ISSUE OF CONVERTIBLE WARRANTS

The Company had passed a special resolution under Section

81 (1A) of the Companies Act, 1956 for the preferential issue of 9,85,000 Convertible Warrants at Rs. 10/- each for cash at par convertible at the option of the holder into one Equity share of Rs. 10/- each at its extra ordinary general meeting held on 18.12.2008. The necessary in-principle approval was obtained from the Mumbai Stock Exchange and the Company has allotted 9,85,000 Convertible Warrants of Rs. 10/- each for cash at par at its Board Meeting held on 06.01.2009. Thereafter the Company has converted entire 9,85,000 Convertible warrants into 9,85,000 equity shares in three different trenches dated 06.03.2009, 15.01.2010 & 01.06.2010.

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 2009 on an ongoing concern basis.

CASH FLOW STATEMENT:

The cash flow statement for the year 2009 – 2010 is attached to the Balance Sheet.

DIRECTORS:

During the year Mr. Abhijeet Periwal resigned as a Director and Mr. Pramod Kalani was appointed as an additional Director of the Company. 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**
- Installed and Commissioned Farm waste Briquettes fired boiler in place of Furnace oil fired boiler for generation of steam
 - Planning to Install Condensate Recovery system to enhance Conservation of energy

(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 Rs. 284.73 Lacs foreign exchange and has incurred an expenditure of Rs.731.73 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

APPRECIATION:

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

For and on Behalf of the Board

PLACE : MUMBAI

DATE : 09.08.2010

(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, 2010

Employed throughout the financial year under review and were in receipt of remuneration aggregating Rs.24,00,000/- 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	69	1830000	Chairman and Managing Director	M Pharm	45	11.03.1991	-
2	*Atul Maheshwari	45	1920000	Executive Director	MBA (U.S.A.)	20	11.03.1991	-

* Note Re-Appointed during the year

ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE – 'B'

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

A. Power & Fuel Consumption:-

	2009-10	2008-09
1. Electricity		
Purchase Unit (KWH)	2020728	1697046
Total Amount (Rs.)	12399425	10006300
Average Rate Per Unit (Rs.)	6.14	5.90
2. Furnance Oil and LSHS		
Quantity K. Ltrs/ Mt. (KL)	172.14	318.06
Total Amount (Rs.)	3533240	9267229
Average Rate / L. of Oil (Rs.)	20.53	29.14
3. Agro Waste Briquettes		
Quantity (MTS)	838	NIL
Total Amount (Rs.)	3445338	NIL
Average Rate / Ton (Rs.)	4111	NIL

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 5 members consisting of 2 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	Executive Director
3. Mr. Omprakash Singhi	Non - Executive Director
4. Mr. G. K. Sarda	Non - Executive Director
5. Mr. Pramod Kalani **	Non - Executive Director

** Mr. Pramod Kalani was appointed as an additional Director effective from 15.01.2010.

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	7	7	Yes
2. Mr. Atul Maheshwari	7	7	Yes
3. Mr. Omprakash Singhi	7	7	No
4. Mr. Abhijeet Periwal*	2	2	No
5. Mr. G. K. Sarda	7	7	No
6. Mr. Pramod Kalani**	1	1	N. A.

* Mr. Abhijeet Periwal resigned from the post of Director effective from 29.09.2009

** Mr. Pramod Kalani was appointed as an additional Director effective from 15.01.2010.

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. Omprakash Singhi	Nil	Nil
4. Mr. Abhijeet Periwal	1	Nil
5. Mr. G. K. Sarda	1	Nil
6. Mr. Pramod Kalani	Nil	Nil

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

Sr. No	Date of Board Meeting
01	29.04.2009
02	31.07.2009
03	31.08.2009
04	29.09.2009
05	30.10.2009
06	15.01.2010
07	30.01.2010

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, 2009 are as follows:

Member	No. of Meetings held	No. of Meetings attended
1. Mr. Omprakash Singhi	5	5
2. Mr. Abhijeet Periwal	3	3
3. Mr. G. K. Sarda	5	5
4. Mr. Pramod Kalani **	1	1

** Mr. Pramod Kalani was appointed as an additional Director effective from 15.01.2010. After his appointment he was inducted as a member in the Audit Committee in place of Mr. Abhijeet Periwal who resigned effective from 29.09.2009. 5 meetings of the Committee were held during the year ended 31st March, 2010.

The dates on which the meetings were held are as follows: 29.04.2009, 31.07.2009, 31.08.2009, 30.10.2009 and 30.01.2010

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:

Investor Grievance Committee of the Board of Directors of the Company was reconstituted during the year. Composition of **Investor Grievance Committee**, meetings held and attended during the financial year ended on 31st March, 2010 are as follows:

29.04.2009, 31.07.2009, 30.10.2009, 30.01.2010

Composition, Meetings and attendance during the year:

Members	Designation	Meeting held	Meetings Attended
Mr. S. M. Maheshwari	Chairman	4	4
Mr. Omprakash Singhi	Member	4	4
Mr. G. K. Sarda	Member	4	4

5. Queries/Request received during the year ended 31st March 2010

Nature of Queries/request	Received	Cleared
Non receipt of Annual Report	13	13
Non receipt of Demat Credit	02	02
Non receipt of Demat Rejection Documents	02	02
Non Receipt of Dividend Warrant	07	07
Non Receipt of Exchange Share Certificates	02	02
Non Receipt of Share Certificate after Transfer	03	03
SEBI	04	04
Total :	33	33

Outstanding Complaints as on 31st March, 2010 were NIL
Mr. Ashish Bhatia, employee of the Company is appointed as Compliance Officer of the Company as per the requirements under the listing Agreement.

6. REMUNERATION COMMITTEE

The company has now set up remuneration committee though the said is not mandatory under Clause 49 of the Listing Agreement. The meeting took place on 31.08.2009 for the first time to review the remuneration payable to Mr. S. M. Maheshwari, Managing Director & Mr. Atul Maheshwari, Executive Director of the Company.

The Committee Consisted of Mr. Omprakash Singhi acting as a Chairman, Mr. Abhijeet Periwal and Mr. G. K. Sarda as Members. With the resignation of Mr. Abhijeet Periwal he will be replaced by Mr. Pramod Kalani.

The remuneration paid to the Managing Director and Executive Director for the year ended 31st March, 2010 is given below:

a) Managing Director	Mr. S. M. Maheshwari
Salary, contribution to PF, and perquisites Sitting Fees	Rs. 18, 30, 000/- p. a.
Total	Rs. 18,30, 000/-
b) Executive Director	Mr. Atul Maheshwari.
Salary, contribution to PF, and perquisites Sitting Fees	Rs. 19, 20, 000/- p. a.
Total	Rs. 19, 20, 000/-

7. General Body Meetings: Annual General Meeting

Location	Date	Time Special Resolutions	No. of
Survey no: 6, Village Poicha (Rania), Savli, Dist: Vadodara – 391 780.	16.07.2007	3.00 p.m.	4
Survey no: 6, Village Poicha (Rania), Savli, Dist: Vadodara – 391 780.	20.08.2008	3.00 p.m.	1
Survey no: 6, Village Poicha (Rania), Savli, Dist: Vadodara – 391 780.	30.09.2009	3.00 p.m.	1

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 :

- Date, Time, Venue of AGM: 29th September, 2010, at 11.00 A.M on Wednesday, at the Registered Office of the Company.
- Financial calendar:

Particulars	Date
1st Quarter results	on or before 31st July 2010
2nd Quarter results	on or before 31st October 2010
3rd Quarter results	on or before 31st January, 2011
4th Quarter results	on or before 15th May, 2011

- Date of Book Closure:** 24th September, 2010 to 29th September, 2010.
- Stock Code: **524202**
- Registrar and Share Transfer Agents: **Bigshare Services Pvt. Ltd.**
- Plant Location : **Survey No 6, Village Poicha (Rania), Taluka Savli, Dist: Vadodara, Gujarat – 391 780.**
- Address for Correspondence: **211, Laxmi Plaza, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053.**
- Distribution Schedule:

Category	No. of Holders	%age	No. of Shares	%age
1-5000	17,360	95.53684	3042368	43.83816
5000-10000	525	2.88922	416295	5.99849
10001-20000	185	1.01811	272869	3.93183
20001-30000	31	0.17060	79661	1.14785
30001-40000	15	0.08255	53227	0.76695
40001-50000	07	0.03852	33090	0.47680
50001-100000	24	0.13208	181231	2.61140
100001-99999999	24	0.13208	2861259	41.22852
Total :	18,171		6940000	

Categories of shareholding as on 31st March 2010

CATEGORY	NO. OF SHARES HELD	% OF SHARE HOLDING
A PROMOTER (S) HOLDING		
1.PROMOTER (S) -INDIAN PROMOTERS -FOREIGN PROMOTERS	1744082	25.13086
2.PERSONS ACTING IN CONCERT		
SUB-TOTAL	1744082	25.13086
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	1.12277
C.FII (S)	-	-
SUB-TOTAL	77920	1.12277
4. OTHERS		
A. PRIVATE CORPORATE BODIES	129639	1.86800
B. INDIAN PUBLIC	4205759	60.60172
C. NRIS / OCBS	782400	11.27378
D. ANY OTHER (FOREIGN-COMPANIES) CLEARING MEMBERS	200	0.00288
SUB-TOTAL	5117998	73.74637
GRAND TOTAL	6940000	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 2010-11 are paid. **The stock code at BSE : 524202** The Company had come out with the Preferential Issue of 9,85,000 Convertible warrants of Rs. 10/- for cash at par each convertible at the option of the holder into one Equity share of Rs. 10/- each. The said warrants were converted into the equity shares in three trenches & all the Equity shares aggregating to 9,85,000 shares are listed.

xii) Secretarial Audit

A qualified practicing 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 2010 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 2010, 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: 09.08.2010

K. M. Tulsian
Partner
Membership No. 38430

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Industry Structure and Development:

The Indian economy has been witnessing a phenomenal growth since the last decade. The country is still holding its ground in the midst of the current global financial crisis. The world Economy is beginning to recover from one of the worst economic downturns in decades.

It is estimated that by 2015, the Indian Pharmaceutical Industry will rank amongst the top 10 in the world. A healthy competitive structure and international approved facilities have served to encourage the growth of pharmaceutical industry.

Opportunities and Threats:

Your Company has started manufacturing of Liquid Formulations. Existing products have been moved on to the International market arena and the Company has received an excellent response to its product line. Though the slow down in foreign countries remains a worry

Outlook:

Your Company has decided to focus on products and markets of higher profitability only. The change in marketing strategy and

exposure in the world market will enable us to become a global force to reckon with. We have started exporting new products to Canada, Nigeria etc and the demand for the products is very healthy

Risk and Concerns:

The slowdown in the American and European economies is a concern.

Your company has commissioned Briquettes Fired Boiler for steam generation to offset the rise in fuel prices

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.

AUDITORS' REPORT

To the Members of **Lactose (India) Limited,**

We have audited the attached Balance Sheet of **Lactose (India) Limited** as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1 We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

2 As required by the Companies (Auditors Report) Order, 2003 and amendments thereto issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

3 Further to our comments in the Annexure referred to in paragraph 2 above, 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, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d) In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956. *Except,*

Accounting Standard 15 (AS -15) relating to Accounting of Employee Benefits as referred to in note no.1 (II) of Schedule "19", where no provision has been made for employee benefits i.e.gratuity and leave encashment. We are unable to comment upon the resultant effect on expenses, provisions and profit for the year.

- e) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board, we report that none of the director is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- f) *Balances of sundry debtors, creditors, loans and advances including cash held at Baroda are subject to confirmation, reconciliation and consequential adjustment, if any. We are unable to comment upon the resultant effect on the assets, liabilities and profit for the year.*
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes appearing thereon, subject to 3 (d), (f) & (g), give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
 - ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date, and
 - iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Singrodia Goyal & Co.
Chartered Accountants
Firm Regn. No.:112081W

K.M Tulsian
Partner Mem. No. : 38430

Place : Mumbai
9th, August, 10

ANNEXURE TO AUDITORS REPORT

Annexure referred to in Paragraph 2 of the Auditors Report for the year ended 31st March 2010.

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 upto 31.3.2009. The Company is still in the process of compilation the record in respect of addition/ deduction made during the year.
- 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 size of the Company and the nature of its business. Accordingly, certain fixed assets have been physically verified during the year. *However, since the fixed assets register is under compilation, we are unable to comment on the discrepancies noticed on such verification, if any.*
- 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 during the year at reasonable intervals.
- 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 unsecured loans to any party covered in the register maintained under section 301 of the Companies Act, 1956.
- b) In view of above, Para 4 (iii) (b), (c) and (d) of the said Order are not applicable to the Company. c) The Company has taken unsecured loans from two parties covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis. The maximum amount outstanding during the year was Rs. 7.45 lacs and the year-end balance was Rs. 4.69 lacs.
- d) In our opinion, the rate of interest and other terms & conditions of such loans have been taken are prima facie, not prejudicial to the interest of the Company.
- e) In view of our comments in Para (iii) (c) and (d) above, clause 4 (iii) (g) of the said Order is not applicable to the Company.
- (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 adequate internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company.
- (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 have generally been regularly deposited with the appropriate authorities. There are no undisputed amount payable in respect of such statutory dues which have remained outstanding as at 31st March, 2010 for a period more than six months from the date they became payable
- b) According to the information & explanations given to us, the dues in respect of Income Tax has not been fully

deposited with the appropriate authorities on account of dispute and the forum where dispute is pending as on 31st March, 2010 is as follows :

Name of Statute	Amount Disputed (Rs. In lacs)	Amount Paid (Rs. In lacs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	111.15	55.10	A.Y. 2005-06	ITAT

- (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 Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xii) of the order are not applicable to the company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. The Company has invested temporary surplus funds in marketable securities and mutual funds. Proper records have been maintained of the transactions and contracts and timely entries have been made therein. The marketable securities and mutual funds have been held by the Company, in its own name.
- (xv) The Company has not given any guarantee for the loans taken by others from banks or financial institutions. However, the Company has given guarantee on behalf of other Company to the Central Excise Department at the terms & conditions which are not prejudicial to the interest of the Company.
- (xvi) The Company has applied the term loans during the year for the purpose they were obtained.
- (xvii) On an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long term investments.
- (xviii) The Company has made preferential allotment of shares, by conversion of share warrants issued in earlier years, to parties covered in the register maintained under section 301 of the Act. The same has been 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) There were no frauds on or by the Company noticed or reported during the course of our audit during the year.

For Singrodia Goyal & Co.
Chartered Accountants
Firm Regn. No.:112081W

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

Place : Mumbai
Date : 9th August 10

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SECHEDULE	AS AT	AS AT
		31/03/2010 AMOUNT(RS.)	31/03/2009 AMOUNT(RS.)
I SOURCES OF FUNDS			
SHARE HOLDERS FUNDS			
Share Capital	1	69,400,000	66,120,000
Share Warrants	1A	345,000	673,000
Reserves and Surplus	2	37,314,481	32,431,669
LOAN FUNDS			
Secured Loans	3	61,486,701	66,800,099
Unsecured Loans	4	4,072,628	8,299,491
DEFERRED TAX LIABILITY (net) (Refer Note 11 (ii) of Schudule 19)		12,704,357	10,187,629
		185,323,167	184,511,887
II APPLICATION OF FUNDS			
FIXED ASSETS :	5		
Gross Block		247,633,338	223,598,180
Less: Depreciation		110,381,247	95,963,568
Net Block		137,252,091	127,634,612
Capital work in progress		-	3,590,233
		137,252,091	131,224,845
INVESTMENTS	6	2,991,550	3,151,895
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	13,494,472	17,359,010
Sundry Debtors	8	45,419,450	27,666,623
Cash & Bank Balances	9	3,449,925	3,814,762
Loans & Advances	10	63,210,081	67,356,341
		125,573,929	116,196,737
LESS: CURRENT LIABILITIES & PROVISION	11	80,494,402	66,061,590
Net Current Assets		45,079,526	50,135,147
		185,323,167	184,511,887
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	19		

As per our attached report of even date

For **SINGRODIAGOYAL & CO.**
Chartered Accountants

K. M. Tulsian
(Partner)
Mem. No. 38430

Place : Mumbai,
Date : 9th August, 10

For and on behalf of The Board

S. M. MAHESHWARI
(Chairman & Managing
Director)

OM PRAKASH SINGHI
(Director)

Place : Mumbai,
Date : 9th August, 10

ATUL MAHESHWARI
(Executive Director)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	SCHEDULE	YEAR ENDED 31-03-10 AMOUNT (RS.)	YEAR ENDED 31-03-09 AMOUNT (RS.)
A. INCOME			
Income from Operations	12	240,216,429	215,435,497
Other Income	13	11,037,100	1,388,374
Increase/(Decrease) In Stock	14	6,239,291	1,196,938
		<u>257,492,819</u>	<u>218,020,809</u>
B. EXPENDITURE			
Cost of Goods Consumed / Sold	15	129,536,139	104,954,010
Manufacturing & Other Expenses	16	75,520,465	72,388,478
Excise Duty , Service tax & Sales Tax	17	15,331,082	13,067,313
Directors Remuneration		3,750,000	1,320,000
Interest & Finance Charges	18	9,434,380	10,365,079
Depreciation		14,542,608	13,823,202
		<u>248,114,675</u>	<u>215,918,081</u>
PROFIT BEFORE TAX		9,378,144	2,102,728
LESS: Provision For Taxation			
Current Tax		1,471,719	532,632
Deffered Tax Liability (Assets)		2,516,728	727,224
Fringe Benefit Tax		-	325,000
Tax of earlier year		<u>437,425</u>	<u>63,000</u>
PROFIT AFTER TAX		4,952,272	454,872
Add : Balance as per last year		25,927,891	25,473,019
Balance Carried to Balance Sheet		<u>30,880,163</u>	<u>25,927,891</u>
Earning Per Share of Rs. 10/- each			
Basic		0.74	0.07
Diluted		0.74	0.07

AS PER OUR ATTACHED REPORT OF EVEN DATE

For **SINGRODIA GOYAL & CO.**
Chartered Accountants

For and on behalf of The Board

K. M Tulsian
(Partner)
Mem. No. 38430

S. M. MAHESHWARI **ATUL MAHESHWARI**
(Chairman & Managing Director) (Executive Director)

OM PRAKASH SINGHI
(Director)

Place : Mumbai,
Date : 9th August, 10

Place : Mumbai,
Date : 9th August, 10

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Schedule " 1 " Share Capital		
Authorized	<u>100,000,000</u>	<u>100,000,000</u>
10,000,000 Equity Shares of Rs.10/- each	100,000,000	<u>100,000,000</u>
Issued Subscribed & Paid up Capital		
6,940,000 (P.Y.6,612,000) Equity Shares of Rs.10/- each fully paid up.	<u>69,400,000</u>	<u>66,120,000</u>
	69,400,000	<u>66,120,000</u>
Schedule " 1A " :- Share Warrants		
345,000 Warrants of Rupee 1/- each paid up. (Each Warrant carry option / entitlement to subscribe to one equity share of Rs.10/- each at a price of Rs.10/- per equity share)	345,000	673,000
	<u>345,000</u>	<u>673,000</u>
Schedule " 2 " :- Reserves & Surplus		
State Subsidy Reserve	2,500,000	2,500,000
Securities Premium	4,003,778	4,003,778
Less: Share Issue Expenses	69,460	3,934,318
Profit & Loss Account	<u>30,880,163</u>	<u>25,927,891</u>
	37,314,481	<u>32,431,669</u>
Schedule " 3 " :- Secured Loans (Refer Note 5 of Schedule '19')		
Term Loans From Banks	21,619,142	19,688,838
Working Capital Loans From Banks	36,820,034	42,855,805
Vehicle Loans	<u>3,047,526</u>	<u>4,255,456</u>
	61,486,701	<u>66,800,099</u>
Schedule " 4 " :- Unsecured Loans		
Inter Corporate Deposits	3,603,412	5,850,925
From Directors	<u>469,216</u>	<u>2,448,566</u>
	4,072,628	<u>8,299,491</u>

**SCHEDULE 5
FIXED ASSETS (AT COST LESS DEPRECIATION)**

Amount in (Rs)

Sr. No.	Description of Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		As at 01.04.2009	Additions during the year	Deductions during the year	As at 31.03.2010	Up to 31.03.2009	Provided the year	Adjustments during the year	Up to 31.03.10	As at 31.03.2010	As at 31.03.2009		
1	FREEHOLD LAND	4,911,525	-	151,665	4,759,860	-	-	-	-	4,759,860	4,911,525		
2	FACTORY BUILDING	62,173,864	3,003,183	1,270,082	63,906,965	14,671,926	2,122,216	82,982	16,711,160	47,195,805	47,501,938		
3.	OFFICE BUILDING	1,281,075	-	-	1,281,075	213,939	42,788	-	256,727	1,024,348	1,067,136		
4	PLANT & MACHINERY	125,064,250	20,102,480	75,000	145,091,730	66,273,998	9,805,340	27,756	76,051,582	69,040,148	58,790,252		
5	ELECTRICAL INSTALLATIONS	3,644,448	218,186	97,644	3,765,030	250,314	281,001	14,193	517,122	3,247,908	3,394,174		
6	LABORATORY EQUIPMENT	9,115,959	582,311	-	9,698,270	7,148,874	681,458	-	7,830,332	1,867,938	1,967,085		
7	FURNITURE & FIXTURE	4,400,678	1,663,689	-	6,064,367	1,401,084	357,204	-	1,758,288	4,306,079	2,999,594		
8	COMPUTERS	2,570,789	59,700	-	2,630,489	1,854,601	423,032	-	2,277,633	352,856	716,188		
9	VEHICLES	10,435,552	-	-	10,435,552	4,148,832	829,571	-	4,978,403	5,457,149	6,286,720		
	TOTAL	223,598,180	25,629,549	1,594,391	247,633,338	95,963,568	14,542,610	124,931	110,381,247	137,252,091	127,634,612		
	PREVIOUS YEAR	213,357,103	10,241,077	-	223,598,180	82,140,366	13,823,202	-	95,963,568	127,634,612	131,216,736		

Particulars	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Schedule “ 6 “ :- Investments		
Long Term Investments		
(a) Non Trade, Unquoted		
Eurolife Healthcare Private Limited 160,000 Equity shares of Rs.10/- each fully paid up	1,600,000	1,600,000
(b) Non Trade, Quoted		
(i) Shardul Securities Limited 12800 Equity Shares of Rs.10/- each fully paid up	384,000	384,000
(ii) Ojas Technochem Limited 5000 Equity Shares of Rs.10/- each fully paid up	123,915	123,915
(iii) Clio Infotech Limited 1000 Equity Shares of Rs.10/- each fully paid up	43,980	43,980
(c) Investments in Mutual Funds		
30,657.919 units of Kotak Opportunities - Growth Option Plan of Kotak Mutul Fund (NAV as on 31.03.10 is Rs.1,313,201)	1,000,000	1,000,000
	<u>3,151,895</u>	<u>3,151,895</u>
Less : Provision for Diminution in value of Fixed Assets	<u>(160,345)</u>	<u>-</u>
	<u>2,991,550</u>	<u>3,151,895</u>
Note:		
Market Value of Quoted Investments	899,070	400,900
Aggregate Value of Quoted Investments	551,895	551,895
Aggregate Value of Unquoted Investments	<u>1,600,000</u>	<u>1,600,000</u>
Schedule “ 7 “ :- Inventories		
As taken, valued and certified by the management)		
Raw Materials	2,596,577	14,104,918
Finished Goods	8,283,780	2,044,489
Packing Materials	1,830,338	395,023
Stores & Spares	783,778	814,580
	<u>13,494,472</u>	<u>17,359,010</u>
Schedule “ 8 “ :- Sundry Debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	2,788,760	1,976,100
Considered Doubtful	2,189,600	2,189,600
	<u>4,978,360</u>	<u>4,165,700</u>
Less: Provision for doubtful debts	<u>2,189,600</u>	<u>2,189,600</u>
	2,788,760	1,976,100
Other Debts (Considered Good)	42,630,690	25,690,523
	<u>45,419,450</u>	<u>27,666,623</u>
Schedule “ 9 “ :- Cash and Bank Balances		
Cash in Hand		
	2,169,957	1,864,630
Balance with Scheduled Banks		
In Current Account	145,027	815,190
In Fixed Deposits	1,134,942	1,134,942
	<u>3,449,925</u>	<u>3,814,762</u>

Particulars	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Schedule “ 10 “ :- Loans and Advances		
Advance recoverable in cash or in kind or for value to be received	16,578,172	19,389,633
Balance with Excise Department	25,839,378	30,481,171
Other Advances	4,047,373	5,384,312
Deposits	4,371,702	983,899
Advance Tax & TDS	12,373,456	11,117,326
	<u>63,210,081</u>	<u>67,356,341</u>
Schedule “ 11 “ :- Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors		
(a)Due to Micro & Small & Medium Enterprises (Refer Note 9 of Schedule 19)	-	-
(b)Due to Others	53,021,210	37,671,119
Other Liabilities	26,001,474	24,739,686
	<u>79,022,683</u>	<u>62,410,805</u>
Provisions		
Provision for Taxation	1,471,719	3,650,785
	<u>80,494,402</u>	<u>66,061,590</u>
Schedule “ 12 “ :- Income from Operations		
Sales	200,200,196	180,278,928
Conversion Charges (TDS-Rs. 744,368/-) (Previous year Rs. 691,876/-)	39,346,865	34,534,767
Scrap Sales	669,368	621,802
	<u>240,216,429</u>	<u>215,435,497</u>
Schedule “ 13 “ :- Other Income		
Interest Income (TDS Rs. 75,000/-) (P.Y. Rs. 153,593/-)	665,626	810,386
Interest on Income tax refund	861,801	-
Dividend Received	12,800	12,800
Profit on Sale of SEZ unit	2,426,330	-
Foreign Exchange Fluctuation (Net)	6,446,789	565,188
Sundry balances written back	623,754	-
	<u>11,037,100</u>	<u>1,388,374</u>
Schedule “ 14 “ :- Increase / (Decrease) In Stocks		
Finished Goods		
Closing Stocks	8,283,780	2,044,489
Less: Opening Stocks	2,044,489	847,551
	<u>6,239,291</u>	<u>1,196,938</u>
Schedule “ 15 “ :- Cost of Goods Consumed / Sold		
Opening Stocks	14,104,918	20,364,232
Purchases	118,027,798	98,694,695
	<u>132,132,716</u>	<u>119,058,927</u>
Less : Closing Stocks	2,596,577	14,104,918
	<u>129,536,139</u>	<u>104,954,009</u>

Particulars	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Schedule " 16 " :- Manufacturing and Other Expenses		
1. Payment to & Provision for Employees		
Salary, Wages and Bonus	13,877,234	12,072,156
Labour Charges	7,949,911	5,640,088
Contribution to Provident & Other Funds	665,160	633,785
Staff Welfare Expenses	198,958	186,079
	22,691,263	18,532,108
2. Operating Expenses		
Power & Fuel Consumed	19,777,531	19,329,278
Stores & Spares Consumed	6,268,885	4,518,277
Packing Materials Consumed	3,271,051	6,034,916
Laboratory Materials Consumed	609,491	314,892
Carriage Inwards	3,159,014	2,163,741
ETP Plant Expenses	240,200	156,600
Repairs & Maintenance (Plant & Machinery)	2,159,911	1,009,182
Quality Claim Loss	-	721,183
Factory Expenses	41,870	59,844
	35,527,953	34,307,913
3. Other Expenses		
Rent	902,042	852,023
Communication Costs	722,920	842,026
Printing & Stationery	353,236	435,051
Traveling & Conveyance	1,111,723	1,942,127
Insurance	329,548	1,472,532
Electricity Charges	1,55,693	165,908
Repairs to Buildings	489,643	244,987
Repairs to Others	162,789	70,590
Legal & Professional Charges	2,455,701	2,190,792
Vehicle Expenses	1,087,450	759,722
Freight Outward	2,183,974	4,510,403
Commission and Discount	2,491,841	2,962,779
Sales Promotion Expenses	3,012,828	634,916
Auditors Remuneration	154,420	125,000
Donations	320,000	506,800
Shares issue Expenses	-	636,644
Diminution in value of Investments	160,345	-
Miscellaneous Expenses	1,207,095	1,196,159
	17,301,249	19,548,458
	75,520,465	72,388,478
Schedule " 17 " :- Excise Duty, Service Tax and Sales Tax		
Excise Duty	11,356,023	10,120,959
Service Tax	10,733	19,936
Sales Tax	3,964,326	2,926,418
	15,331,082	13,067,313
Schedule " 18 " :- Interest and Financial Charges		
Interest on Fixed Loans	7,737,098	8,451,433
Interest on Other Loans	888,340	1,011,656
Bank Charges	808,943	901,990
	9,434,380	10,365,079

Schedule "19": Significant Accounting Policies & Notes on Accounts

I. Significant Accounting Policies

1. 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.
- b) Financial Statements are based on historical cost convention and are prepared on accrual basis.

2. Revenue Recognition:

- i. Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.
- ii. Revenue in respect of export sales is recognised on shipment of products.
- iii. Interest is recognised on a time proportion basis taking in to account the amount outstanding and the rate applicable.
- iv. Dividend income is recognised on actual realisation.
- v. Conversion charges revenue is recognised on completion of work basis.

3. Purchases are stated net of discounts, returns, VAT and rate differences.

4. Sales are inclusive of sales tax and are stated net of discounts, returns and rebates.

5. 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

6. 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.

7. Depreciation:

- i) No depreciation is provided for on Land.
- ii) 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.

8. Inventories:

Inventories are valued as follows:

- i) Finished Goods are valued at lower of cost or net realisable value.
- ii) Raw Materials, Stores, Spares & Tools 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) Accessories and Packing Materials are valued at lower of cost or net realisable value.

9. 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.

10. Employee Benefits:

- i) Company's contribution to Provident Fund and other Funds for the year is accounted on accrual basis and charged to the Profit & Loss Account for the year.
- ii) Liability for leave encashment benefits and retirement benefits in the form of Gratuity has been recorded on cash basis.

11. Provisions and Contingent Liabilities:

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

12. 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.

13. Foreign Currency Transactions:

The transactions in foreign currencies on revenue accounts are stated at the rate of exchange prevailing on the date of transactions.

- i) **The difference on account of fluctuation in the rate of exchange, prevailing on the date of transaction and the date of realisation is charged to the Profit & Loss Account.**
- ii) **Differences on translation of Current Assets and Current Liabilities remaining unsettled at the year-end are recognised in the Profit and Loss Account.**

14. 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.

II. Notes to Accounts

1. Liabilities in respect of Gratuities and Leave Encashment are accounted for on cash basis which is not in conformity with Accounting Standard (AS) 15 (Revised 2005) on Employee Benefits as notified by the Companies (Accounting Standards) Rules, 2006 which requires that Gratuity and Leave Encashment be accounted for on accrual basis.
2. Contingent Liabilities not provided for :
 - i) Guarantee given by Banks on behalf of the Company Rs. 1.05 lacs. (Previous year Rs. 1.21 lacs)
 - ii) Estimated amount of contracts remaining to be executed on capital account is Rs. Nil (Previous year Rs.58.75 lacs)
 - iii) Income Tax Demands which are under dispute and is being contested by the Company by the way of appeal with ITAT Rs.111.15 Lacs (Previous year Rs.111.15 Lacs). Amount Paid Rs.55.10 Lacs (Previous year Rs.55.10 Lacs)
 - iv) Guarantee to Assistant Commissioner of Central Excise on behalf of other Company is NIL. (Previous year Rs.100 Lacs)
3. In the opinion of the Board the Current Assets, Loans & Advances are approximately of the value stated and are realisable in the ordinary course of business except for those which are considered doubtful and provided for. The provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

4. Balances of sundry debtors, creditors, loans and advances including cash held at Baroda are subject to confirmation, reconciliation and consequential adjustment, if any.

5. Secured Loans:

i) Term Loans from Banks:

Term Loan I - Rs.64.50 Lacs ** (Previous year Rs. 34.09 Lacs) is secured by Equitable Mortgage of Plant & Machinery, Furniture & Fixtures and Other Fixed Assets.

Term Loan II - Rs.146.79 Lacs** (Previous year Rs. 162.80 Lacs) is secured by Equitable Mortgage of Plant & Machinery, Furniture & Fixtures and Other Fixed Assets.

ii) Working Capital Loans from Banks:

a) Cash Credit Loan:**

Rs.368.20 Lacs (Previous year Rs. 400.66 Lacs) is secured by hypothecation of Stocks and Book Debts.

b) Packing Credit Loan:

Rs.4.9 Lacs (Previous year Rs27.90 Lacs) is secured by hypothecation of Stocks and Book Debts of export division and the personal guarantee of promoter directors.

iii) Vehicle Loans (Hire Purchase Loan):

Rs.30.48Lacs (Previous year Rs 42.55 Lacs) is secured by specific assets financed.

****Term Loans and Cash Credit Loans are further collaterally secured by:**

- Equitable Mortgage over Factory Land.
- Hypothecation of all Movable Assets of the Company.
- Personal Guarantee of Directors of the Company.

6. Directors' Remuneration:

(Rs. In lacs)

Particular	31st March 2010	31st March 2009
Directors Remuneration	37.50	13.20
Total	37.50	13.20

7 Auditor's Remuneration:

(Rs. In lacs*)

Particular	31st March 2010	31st March 2009
Audit Fees	1.40	1.20
Tax Audit Fees	-	0.25
Income Tax Matters	1.40	0.75
Other Services	0.35	—
Total	3.15	2.20

**amounts excluding service tax*

8. Additional Information Pursuant to the Provisions of Part II of the Schedule VI of the Companies Act 1956

i) Quantitative Information:

i) Installed Capacity

2500 MT

ii) Opening Stock, Production, Sales and Closing Stock Of Finished Goods: - (Rs.in Lacs)

Item	Opening Stock		Production/Purchase		Sales \ Wastage		Closing Stock	
	Qty	Amt.	Qty	Amt.	Qty	Amt.	Qty	Amt.
Lactose	5.17	5.44	2,314.80	-	2,246.13	1,702.43	73.85	51.13
(In MT)	(4.12)	(4.43)	(1,747.93)	-	(1,746.88)	(1,746.83)	(5.17)	(5.44)
Liquid Formulation(Ltrs)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	(1,005,000.00)	(1.39)	Nil	(Nil)	(1,005,000)	(1.39)	Nil	Nil
Lactulose (Ltrs)	12,290.00	12.28	177,480.00	177.75	162,615.00	221.46	27,155.00	31.70
	(2,948.00)	(2.65)	(87,980.00)	(96.31)	(78,638.00)	(86.68)	(12,290.00)	(12.28)

Note: - Figures in brackets are pertaining to the previous year.

iii) Raw Material Consumed/ Sold

Particulars	Crude Lactose		Raw Material Glutex & C-Pac		Packing Materials & Others		Whey - 80 %	
	Qty. (MT)	Value Rs.	Qty. (kgs)	Value Rs.	Qty. (kgs)	Value Rs.	Qty. (kgs)	Value Rs.
Opening Stock	285.75 (318.73)	113.91 (203.50)	Nil (Nil)	Nil (Nil)	- -	- -	Nil (70.68)	Nil (0.05)
Purchases	2,800.25 (2,335.23)	1,062.44 (888.49)	Nil (Nil)	117.84 (98.46)	- -	187.63 (199.77)	Nil (Nil)	Nil (Nil)
Closing Stock	41.00 (285.75)	19.61 (113.93)	Nil (Nil)	4.60 (25.85)	- -	34.64 (34.65)	Nil (Nil)	Nil (Nil)
Consumption	2,886.25 (2,256.31)	1,156.74 (978.08)	Nil (Nil)	113.23 (72.60)	- -	152.99 (187.67)	70.68 (70.68)	0.05 (0.05)
Sales	158.75 (111.90)	78.12 (54.57)	Nil (Nil)	150.83 (137.42)	- -	Nil (Nil)	Nil (Nil)	Nil (Nil)

Previous year figures are re grouped wherever necessary.

* Closing Stock & Purchases include Material in Transit Nil (Previous year 28.50). Closing Stock also includes WIP 10.00 MT (Previous Year 38.353 MT)

** Consumption Quantity signifies quantity used in production of lactose and value signifies the value of quantity consumed in production of lactose.

*** Sales signify the quantity and sales value of edible lactose traded.

iv) Value of Imported and Indigenous Raw Materials and Stores consumed during the year:

(Rs. In lacs)

Description	31st March 2010		31st March 2009	
	In %	In Rs.	In %	In Rs.
Raw Materials				
Manufacturing – Imported	74.13	960.26	67.90	712.63
- Indigenous	22.98	297.68	29.77	312.41
Trading - Imported	—	37.42	—	—
- Indigenous	2.89	—	2.33	24.50
Total	100.00	1295.36	100.00	1049.54
Stores & Spares				
- Imported	-	—	—	—
- Indigenous	100.00	61.93	100.00	45.18
Total	100.00	61.93	100.00	45.18

(v) **C.I.F. Value of Imports and Expenditure in Foreign Exchange**

Particulars	(Rs. in lacs)	
	31st March 2010	31st March 2009
C.I.F. Value of Imports		
Raw Materials	720.75	570.91
Expenditure in Foreign Exchange		
Travelling Expenses	4.96	8.22
Commission	6.02	14.02

- Notes:** 1) Licensed capacity is not applicable
2) All capacities are expressed on triple shift basis
3) The installed capacities are as per the certificate given by the Executive Director on which the Auditors have relied, being a technical matter.

9. **Amounts due to Micro, Small and Medium Enterprises:**

The name of the Micro, Small and Medium Enterprises suppliers defined under "The Micro, Small and Medium Enterprises Development Act 2006" could not be identified, as necessary evidence is not in the possession of the Company.

10. **Earning Per Share:**

In accordance with Accounting Standard 20- Earning Per Share, the computation of earning per share is set below:

Sr. No. Particulars	31st March 2010	31st March 2009
i) Weighted average number of Equity Shares of Rs. 10 each		
a) Number of shares at the beginning of the year of Rs 10 each	66,12,000	55,20,000
b) Number of shares at the end of the period of Rs 10 each	69,40,000	66,12,000
c) Weighted average number of shares outstanding during the year of Rs 10 each	66,80,296	62,44,569
ii) Net Profit after tax available for equity shareholders (Rs. In lacs)	49.52	4.55
iii) Basic Earning Per Share (In Rs.)	0.74	0.07
iv) Diluted Earning Per Share (In Rs.)	0.74	0.07

Note:

The Basic EPS is calculated by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.

11. **Taxation:**

- i) Provision for taxation for the year has been made in accordance with the provisions of the Income Tax Act, 1961.
ii) In terms of Accounting Standard 22 on "Accounting for Taxes on Income", the Company has recognised Deferred Tax Liabilities amounting to Rs.25.17 lacs for the year ended 31st March 2010 in the Profit & Loss Account.

The accumulated balance in Net Deferred Tax Liability / (Assets) comprises of: (Rs. in lacs)

Particulars	31st March 2010	31st March 2009
Depreciation	127.58	103.22
Tax Disallowances	0.53	(4.65)
Carry Forward Losses	NIL	NIL
Previous Years disallowances	NIL	1.49
Previous Years b/f Depreciation Loss	NIL	1.82
Deferred Tax Liability / (Assets)	127.04	101.88

12. Segmental Information:

i) Primary (Business) Segment:

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.

ii) Secondary (Geographical) Segment:

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:

<i>(Rs. in lacs)</i>		
Sales	31st March 2010	31st March 2009
India	1949.94	1461.00
Export	452.23	693.36
Total	2402.16	2154.36

The following is the carrying amount of segment assets and additions to fixed assets by geographical area in which the assets are located:

<i>(Rs. in lacs)</i>		
Carrying Amount of Segment Assets	31st March 2010	31st March 2009
India	1795.32	1815.25
Outside India*	57.91	29.87
Total	1853.23	1845.12

*Carrying amount of Segment assets outside India represents receivables from Export Sales.

13. Advances recoverable in cash or in kind includes advance paid for office premises to a relative of the directors amounting to Rs. 135.00 lacs (P.Y. Rs. 131.91 lacs). The registration and stamp duty for the transfer of the premises is under process.

14. Related Party Disclosures:

As required under Accounting Standard 18 "Related Party Disclosure", following are the details of transactions during the year with the related parties of the Company as defined in AS 18:

i) **For the year ended 31st March, 2010**

a) Key Management Personnel

Mr. S. M. Maheshwari	Director
Mr. Atul Maheshwari	Director

b) Relative of Director and Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transactions during the year.

- Mrs. Sangita Maheshwari
- Madhusa Projects Private Limited

<i>(Rs. in lacs)</i>		
Nature of Transactions	In relation to (a) above	In relation to (b) above
Rent Paid	Nil	5.28
Directors Remuneration	37.50	Nil
Salaries	Nil	5.48
Unsecured Loans received	Nil	Nil
Interest Paid on Unsecured Loans	2.81	6.07
Repayment of Loans Taken	17.03	27.33
Equity Contribution	Nil	29.52
Share Warrants converted	Nil	3.28

Amount outstanding as on 31st March 2010

Loans Payable	4.69	36.03
Advance for Office Premises	Nil	135.00

Note: Related Parties are as disclosed by the Management and relied upon by the Auditors.

i) For the year ended 31st March, 2009

a) Key Management Personnel

Mr. S. M. Maheshwari

Director

Mr. Atul Maheshwari

Director

Mr. Anand Sharma

Director (Upto 04.04.2008)

b) Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transactions during the year.

- Mrs. Sangita Maheshwari
- Madhusa Projects Private Ltd

(Rs. in lacs)

Nature of Transactions	In relation to (a) above	In relation to (b) above
Rent Paid	Nil	7.20
Directors Remuneration	13.20	Nil
Salary Payment	Nil	4.88
Unsecured Loans received	10.09	50.00
Interest Paid on Unsecured Loans	2.88	1.00
Repayment of Loans Taken	2.12	50.00
Equity Contributions	Nil	31.20
Share Warrants	Nil	6.73
Amount outstanding as on 31st March 2009		
Loans Payable	24.49	Nil
Advance for Office Premises	Nil	131.91

Note: Related Parties are as disclosed by the Management and relied upon by the Auditors.

15. During the year, the company has raised funds amounting to Rs. 29.52 lacs through the conversion of share warrants which were issued in previous years.
16. Figures of the previous year have been regrouped, reclassified and/or rearranged wherever necessary.

As per our report of even date attached

For Singrodia Goyal & Co.
Chartered Accountants

For and on behalf of the Board

K.M. Tulsian
Partner
Mem. No. 38430

S.M. MAHESHWARI
Chairman & Managing
Director

ATUL MAHESHWARI
Executive Director

Om Prakash Singhi
Director

Place : - Mumbai
Date : - 9th August, 10

Cash Flow Statement for the year ended 31st March, 2010

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Cash Flow from Operating Activities		
Net Profit before tax & extraordinary items	9,378,144	2,102,728
Adjustments for:		
Depreciation	14,542,608	13,823,202
Interest Received	(665,626)	(810,386)
Interest receivable on tax refund	(861,801)	
Dividend Received	(12,800)	(12,800)
Profit on Sale of SEZ unit	(2,426,330)	-
Financing Charges	8,625,438	9,463,089
Decrease in value of Investments	160,345	-
Unrealised (Gain)/Loss Foreign Exchange Fluctuation (Net)	-	-
Operating Profit before Working Capital Changes	28,739,978	24,565,833
Adjustments for:		
Trade and other receivables	(17,752,827)	12,944,772
Inventories	3,864,538	5,177,892
Loans and Advances	5,298,180	7,126,841
Trade payables	16,611,878	(18,957,479)
Cash flow from operating activities	36,761,747	30,857,859
Taxes paid (net of refunds)	(4,482,539)	(3,745,012)
Cash flow before Prior Period Adjustments		
Prior Period Adjustment	-	-
Net Cash from Operating Activities	32,279,208	27,112,847
Cash Flow from Investing Activity		
Addition to Fixed Assets (Including Capital Work in Progress)	(22,039,316)	(13,831,310)
Proceeds from sales of Fixed Assets	4,000,000	-
Sale of Investments	-	(1,000,000)
Interest Received	665,626	810,386
Dividend Received	12,800	12,800
Net Cash used in Investing Activities	(17,360,890)	(14,008,124)
Cash Flow from Financing Activities		
Proceeds from issue of shares	2,952,000	11,593,000
Expenses relating to issue of shares	(69,460)	
Proceeds from borrowings	(9,540,261)	(14,249,187)
Interest Paid	(8,625,438)	(9,463,089)
Net cash used in Financing Activities	(15,283,159)	(12,119,276)
Net increase/decrease in cash or cash equivalents	(364,837)	985,446
Foreign Exchange Fluctuation (Net)	-	-
Cash & Cash Equivalents (Opening Balance)	3,814,762	2,829,316
Cash & Cash Equivalents (Closing Balance)	3,449,925	3,814,762

Note:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement notified by Companies (Accounting Standard) Rules, 2006 and relevant provisions of the Companies Act, 1956 in all material aspects

2. Cash and Cash Equivalent at the end of the year consist of Cash In hand and Balances with banks as follows:

3. Particulars	As at 31.03.2010	As at 31.03.2009
Cash in hand	2,169,957	1,864,630
Balance with Schedule Banks		
In Current Account	145,027	815,190
In Fixed Deposits	1,134,942	1,134,942
	<u>3,449,925</u>	<u>3,814,762</u>

4. The Previous year's figures have been regrouped, rearranged wherever necessary in order to conform to current year's presentation.

5. Figures in brackets reflect cash outflow.

As per our report of even date attached.

For Singrodia Goyal & Co.
Chartered Accountants

K.M. Tulsian
Partner (Mem. No. 38430)
Place : Mumbai
Date : 9th August, 10

For and on behalf of the Board
S. M. Maheshwari
Chairman & Managing Director

Om Prakash Singhi
Director

Atul Maheshwari
Executive Director

Place : Mumbai
Date : 9th August, 10

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No.	0 4 - 1 5 1 8 6	State Code	0 4
Balance Sheet Date	3 1 - 0 3 - 10		
	Date Month Year		

II. Capital raised during the year (Rs. in Lakhs)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement/ Promoter's Contribution (Including Warrants)	3625
Call Unpaid Received	N I L	Contribution	

III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

Total Liabilities	185323	Total Assets	185323
Source of Funds		Reserve and Surplus	37314
Paid-up Capital	69400	Unsecured Loans	4073
Secured Loans	61487		
Share Warrants	345		
Deferred Tax Liability	12704		
Application of Funds			
Net Fixed Assets	137252	Investments	2992
Net Current Assets	45080		

IV. Performance of Company. (Rs. in Lakhs)

Turnover and Income	257493	Total Expenditure	248115
+ -- Profit/Loss Before Tax	9378	Profit/Loss After Tax	4952
(Please tick appropriate box, + Profit, - for Loss)			
Basic Earning Per Share in (Rs)	0.74	Dividend Rate %	N I L
Diluted Earning Per Share in (Rs.)	0.74		

V. Generic Names of Three Principal Products/Services of Company (As Per Monetary Terms)

Item Code No. (ITC Code)	1 7 0 2 1 1 0 0
Product Description	Production of Lactose Powder

Signatories to Schedule "1" to "19"

As per our report of even date attached.

For Singrodia Goyal & Co.
Chartered Accountants

K.M. Tulsian
Partner
Mem. No. 38430

For and on behalf of the Board

S. M. Maheshwari
Chairman & Managing
Director

Atul Maheshwari
Executive Director

Om Prakash Singhi

Place
Date



LACTOSE (INDIA) LIMITED

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

ATTENDANCE SLIP

Shareholders attending the Meeting in persons or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the **ANNUAL GENERAL MEETING** of the Company at Village Poicha (Rania), Survey no. 6, Savli, dist. Vadodara – 391 780 on Wednesday the 29th September 2010 at 11.00 A. M. and at any adjournment thereof.

Full name of the Shareholder
(in block capitals)

Signature of Shareholder

Folio No. _____

Full Name of proxy
(in block capitals)

Signature of Proxy



LACTOSE (INDIA) LIMITED

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

PROXY FORM

Folio No. _____

I/We _____ of _____

name being a member of above Company, hereby appoint Shri/ Smt./ Kum _____ of _____ in the district of _____

or failing him /her Shri/ Smt./ Kum _____ in the district of _____ for me

or us on my/our behalf at the ANNUAL GENERAL MEETING of the Company, to be held on Wednesday the 29th September 2010 at 11.00 A. M. and at any adjournment thereof.

Signed this _____ day of _____

Rs.1/-
Revenue
Stamp to
be affixed

This proxy form duly completed must be received at the Company's Registered Office at least 48 hours before the meeting.

BOOK - POST

If undelivered, please return to :

LACTOSE (INDIA) LIMITED

Survey No. : 06

Village Poicha (Rania),

Savli, Dist. Vadodara,

Gujarat - 391 780.

SAMSON PRINTERS : ☎ 2265 2648