



**LOTUS CHOCOLATE COMPANY LIMITED**

**28<sup>th</sup> ANNUAL REPORT  
2016-2017**



**LOTUS CHOCOLATE COMPANY LIMITED****BOARD OF DIRECTORS****Name**

Shri P. Prakash Pai  
 Shri P. Anantha Pai  
 Shri Subramanya Ram Ganapath  
 Shri Dilip Mangesh Kalelkar  
 Smt. Ashwini Pai  
 Shri Gottemukkala Venkatapathi Raju  
 Shri Bharathan Rajagopalan Thatai  
 Shri. Admala Surya Prakash Reddy

**Designation**

Non-Executive Non-Independent Director  
 Non-Executive Non-Independent Director  
 Whole Time Director  
 Whole Time Director (Technical)  
 Women Director  
 Non-Executive Independent Director  
 Non-Executive Independent Director  
 Non-Executive Independent Director

**STATUTORY COMMITTEES****AUDIT COMMITTEE****Name**

Shri Bharathan Rajagopalan Thatai  
 Shri P. Prakash Pai  
 Shri P. Anantha Pai  
 Shri Gottemukkala Venkatapathi Raju  
 Shri. Admala Surya Prakash Reddy

**Chairperson/Member**

Chairperson  
 Member  
 Member  
 Member  
 Member

**NOMINATION & REMUNERATION COMMITTEE****Name**

Shri Bharathan Rajagopalan Thatai  
 Shri P. Prakash Pai  
 Shri P. Anantha Pai  
 Shri Gottemukkala Venkatapathi Raju

**Chairperson/Member**

Chairperson  
 Member  
 Member  
 Member

**STAKEHOLDER RELATIONSHIP COMMITTEE****Name**

Shri P. Prakash Pai  
 Shri P. Anantha Pai  
 Shri Gottemukkala Venkatapathi Raju  
 Shri Subramanya Ram Ganapath

**Chairperson/Member**

Chairperson  
 Member  
 Member  
 Member

**RISK MANAGEMENT COMMITTEE****Name**

Shri P. Prakash Pai  
 Shri P. Anantha Pai  
 Shri Subramanya Ram Ganapath

**Chairperson/Member**

Chairperson  
 Member  
 Member

**CHIEF FINANCIAL OFFICER**

Shri P. Ravi Kumar

**COMPANY SECRETARY**

Ms. Babita Chandrakar

**BANKERS**

Canara Bank,  
 Balanagar, branch,  
 Hyderabad-500042

**AUDITORS****NEW STATUTORY AUDITOR**

M/s. VDNR & Associates  
Chartered Accountant,  
201, Dwarka Avenue, Dwarkapuri Colony,  
Panjagutta, Hyderabad – 500034.

**OLD STATUTORY AUDITOR**

M/s. S.R. Mohan & Company,  
Chartered Accountants,  
3rd Floor, North Block, Raghava Ratna Towers,  
Chirag Ali Lane, Hyderabad - 500001  
Ph: 040-23201223

**SECRETARIAL AUDITOR**

Mrs. Rakhi Agarwal  
6-3-660, Flat 520, Block 4, Amrit Appartment,  
Kapadia Lane, Somajiguda, Hyderabad – 500082.

**REGISTRAR & TRANSFER AGENT**

CIL SECURITIES LIMITED  
214, Raghavaratna Towers,  
Chiragali Lane, Abids  
Hyderabad, 500001  
Phone # +91-040-2320 2465  
Email ID: advisors@cilsecurities.com  
Website: www.cilsecurities.com

**FACTORY**

Doulatabad  
Hathnoora Mandal,  
Medak District, Telangana,  
PIN-502 296.

**REGISTERED OFFICE:****Lotus Chocolate Company Limited**

# 8-2-596 , 1st Floor, 1B, Sumedha Estates,  
Avenue- 4, Puzzolana Towers,  
St.No.1. Rd. No.10 ,Banjara Hills,  
Hyderabad-500 034.  
Ph No's :91-40-23352707/08/09  
Fax No :91-40-23352710  
Email: complaints@lotuschocolate.com  
Website: www.lotuschocolate.com  
CIN NO:L15200TG1988PLC009111

## NOTICE OF 28<sup>th</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the **28th Annual General Meeting** of the members of **LOTUS CHOCOLATE COMPANY LIMITED** will be held at 10:00 a.m. on Wednesday, 27th September, 2017 at Lions Bhavan, Near Paradise Circle, Secunderabad to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2017 and the Statement of Profit & Loss for the year ended 31st March, 2017 along with the Auditors' Report, Boards' Report & Corporate Governance Report thereon.
2. To appoint a Director in place of Shri. Subramanya Ram Ganapath who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in terms of the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactments thereof, for the time being in force) appointment of M/s. VDNR & Associates, Chartered Accountants (Firm Regn No: 0112515) be and hereby are appointed as Statutory Auditors of the Company to hold office from conclusion of this 28th Annual General Meeting till the conclusion of 32nd Annual General Meeting to be held in the financial year 2021-2022(subject to ratification of their appointment by the members at every Annual General Meeting held after this Annual General Meeting) at such remuneration plus GST, out of pocket, travelling and other expenses etc. And to authorise the Board of Directors of the Company to fix such remuneration as may be recommended by the Audit Committee may be paid on progressive dealing basis or otherwise as agreed upon between the said auditor and the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

By Order of the Board

**For LOTUS CHOCOLATE COMPANY LIMITED**

Sd/-

**P. Anantha Pai**

DIRECTOR

DIN: 00048339

Sd/-

**G.S. Ram**

WHOLE TIME DIRECTOR

DIN: 02395478

Place : Hyderabad

Date : 09.08.2017

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself and such proxy need not be a member of the company. Proxies, in order to be valid and effective, must be delivered at the registered office of the company not later than forty-eight hours before the commencement of the Meeting. Pursuant to provisions of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014 a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing such representative to attend and vote on their behalf at the Meeting.
3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. Members who hold shares in Dematerialized form are requested to write their DP ID and Client ID and those who hold shares in Physical Form are requested to write their Folio Number in the attendance slip for attending the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the registered office of the Company on all working days except Saturdays and Sundays, between 11.00 AM and 1.00 PM up to the date of the Meeting.
7. Brief resume of the Director including those proposed to be appointed, nature of their expertise in specific functional areas, names of Companies in which they hold directorships and memberships / Chairmanships of Board Committees, shareholding and relationships between directors inter – se stipulated under Regulation 27(2) of SEBI (LODR) Regulations, 2015 are provided in the Report on Corporate Governance forming part of the Annual Report.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 21.09.2017 to Wednesday, 27.09.2017.
9. Explanatory Statement as required under section 102 of the companies in respect of special business is annexed hereto- not applicable as no special business to be transacted.
10. The Shareholders are expected to send their queries on Annual Report to the Company Secretary, at least 7 days before the date of meeting, so that the requisite information/ explanations can be provided in time.
11. M/s.CIL Securities Limited, Regd. Office: 214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad-500001, is the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of members may be communicated to them.
12. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent/Company.
13. Electronically copy of the Annual Report for 2017 is being sent to all the members whose email ids are registered with the company/ Depository participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2017 is being sent in the permitted mode.
14. Members may also note that the Notice of the 28th Annual General Meeting and Annual Report for 2017 will also be available on the Company's website: [www.lotuschocolate.com](http://www.lotuschocolate.com) their download. The physical copies of the aforesaid documents will also be available at the Company's Registered office in Hyderabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send request to the Company's investor email id: [info@lotuschocolate.com](mailto:info@lotuschocolate.com).
15. All documents referred to in the accompanying Notice and Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days except Sunday, up to and including the date of the Annual General Meeting of the Company.
16. Voting through electronic means:
  - i. According to Section 108 of Companies Act, 2013, read with Rule 20 of Companies (Management and Administration) Rules, 2014 e-voting is mandatory for all listed companies or companies having Shareholders not less than one thousand
  - ii. In compliance with provisions of Sections 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rule 2014, the Company is pleased to provide members facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means and the business may be transacted through e- Voting Services provided by Central Depository services (India) Limited (CDSL).
  - iii. A member may exercise his vote at any general meeting by electronic means and company may pass any resolution by electronic voting system in accordance with Rule 20 of the Companies (Management and Administration) Rules, 2014.
  - iv. During the e-voting period, members of the Company, holding shares either in physical form or dematerialized form, as

- on the fixed or record date, may cast their vote electronically.
- v. The e-Voting shall remain open for 5 days from 10:00 AM of Friday, 22nd Day of September 2017 to 5:00 PM of Tuesday, 26th Day of September, 2017.
- vi. The Company has appointed Mrs. Rakhi Agarwal, Practicing Company Secretary as scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.
- vii. Vote once cast by the member cannot be changed/ altered.

In case of members receiving e-mail:

- (i) The voting period begins on Friday, 22.09.2017 at 10 .a.m and ends on Tuesday, 26.09.2017 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off- date 20.09.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "LOTUS CHOCOLATE COMPANY LIMITED" from the drop down menu and click on "SUBMIT"
- (v) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB#	<p>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.</p>
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"> <li>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 member id / folio number in the Dividend Bank details field.</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <LOTUS CHOCOLATE COMPANY LIMITED> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Note for Non-Individual Shareholders and Custodians

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to [https:// www.evotingindia.co.in](https://www.evotingindia.co.in) and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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.

**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 Friday, 22.09.2017 at 10.00 am and ends on Tuesday, 26.09.2017 at 5pm.  
During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 20.09.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**REGISTERED OFFICE**

#8-2-596, 1ST Floor,  
1B, Sumedha Estate,  
Puzzolana Towers, Avenue-4,  
St.No.1, Road No.10, Banjara Hills,  
Hyderabad-500034  
Telangana

**BY ORDER OF THE BOARD OF DIRECTORS**

Sd/-  
**P. Anantha Pai**  
DIRECTOR  
Din No. 00048339

Sd/-  
**G. S. Ram**  
WHOLETIME DIRECTOR  
Din No. 02395478

Date : 09.08.2017



**Details of Director seeking appointment/re-appointment at the Annual General Meeting (Pursuant to Regulation 36(3) of the Listing Regulations)**

<b>Name of Director</b>	<b>Shri. Subramanya Ram Ganapath</b>
Date of Birth	05-08-1952
Date of Appointment	05-11-2008
Qualification	B Sc (Ag)
Relationship between Directors inter-se	None
Expertise in specific functional areas	Overall Business Management including functional expertise in Sales, Marketing and Corporate
Management	
List of Other Companies in which Directorship is held as on 31st March, 2017.	Nil
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2017	Nil
No. of shares held in the Company	500



## DIRECTORS' REPORT

Dear Member

The Directors have pleasure in presenting the 28th Annual Report of your Company and the Audited financial statements for the financial year ended 31st March 2017 together with Auditors' Report thereon.

### FINANCIAL RESULTS:

The performance of the Company during the year has been as under:

(Amount in ₹. Lakhs)

	<b>Current Year Ended 31.03.2017</b>	<b>Previous Year Ended 31.03.2016</b>
Turnover	<b>6646.24</b>	6539.56
Other Income	<b>12.73</b>	21.84
Profit/(Loss) before exceptional, items	<b>(45.99)</b>	128.30
Profit/(Loss) before Taxation	<b>(46.47)</b>	125.71
Net Profit after Taxation	<b>(46.47)</b>	125.71

### PERFORMANCE :

During the year under review the turnover of the Company is Rs. 66.46 Crores in comparison to the previous year's figure at Rs. 65.40 Crores.

The company has incurred net loss which is reported at Rs. 46.47 lakhs in comparison to Rs. 125.71 lakhs net profit in the previous year. The company has been trying hard to reduce the interest and other costs and to get more profits. In future after adopting all cost cutting measures and by improving its overall sales the company is hopeful of performing much better and improves its profitability accordingly.

### FIXED DEPOSITS:

The Company has not accepted or invited any Deposits and consequently no deposit has matured / become due for re-payment as on 31st March 2017.

### DIRECTORS:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Further, there has been no change in the circumstances which may affect the status as Independent Director during the Year.

The brief particulars of the Directors seeking appointment/reappointment at this Annual General Meeting are being annexed to the Corporate Governance Report.

### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 the Board has carried out performance evaluation taking into consideration of various aspects of the Board's functioning, composition of Board, and its Committees, execution, and performance of specific duties, obligations and governance. The Performance of evaluation of Independent Directors was completed. The Performance evaluation of Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with evaluation process.

### REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy which lays down a framework in relation to selection, appointment and remuneration to Directors, Key Managerial Personnel and Senior Management of the Company. The Remuneration Policy is stated in the Corporate Governance Report.

### MEETINGS

During the financial year 6 Board Meetings and 5 Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period of 120 days as prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### SHARE CAPITAL:

The Company has issued 10% Redeemable Cumulative Preference shares which forms part of Share Capital to Promoters during the year 28th March, 1998 which stands to be redeemed during the year 27th March, 2018 of a consideration Rs. 7,39,66,000. As the reserves of our company is negative your Board of Directors of the Company is intending to make an application to NCLT under section 55(3) of Companies Act, 2013 and rules and regulations made there under and Rule 69

as per NCLT Rules, 2016 for issue further redeemable preference shares equal to the amount due, including the dividend thereon, in respect of the unredeemed preference shares, and on the issue of such further redeemable preference shares, the unredeemed preference shares shall be deemed to have been redeemed.

## **RELATED PARTY TRANSACTIONS**

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval, where ever required. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseeable and repetitive nature. A statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee and the Board of Directors on a quarterly basis. The Company has developed a Policy on Related Party Transactions for the purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

The particulars of contracts and arrangements with related parties referred to in sub-section (1) of section 188 is prepared in Form AOC-2 pursuant to clause (h) of the Companies (Accounts) Rules, 2014 and the same is annexed herewith as "Annexure-I" to this Report.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT:**

There are no significant and material orders passed by the Regulators/ Courts that would impact the going concern status of the Company and its future operations.

## **AUDITORS**

### **Statutory Auditors**

M/s. VDNR & Associates, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 141(3)(g) of Companies Act,

2013. Accordingly the said Auditors are appointed as Statutory Auditors of the Company at the ensuing Annual General Meeting till the conclusion of 32nd Annual General Meeting to be held in the year 2022 (subject to ratification of their appointment by the members at every AGM held after this AGM).

### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mrs. Rakhi Agarwal, Company Secretary in Whole Time Practice to undertake the Secretarial Audit of the Company for the Financial Year 2016-17. The Report of the Secretarial Audit Report is annexed herewith as "Annexure-II".

### **Internal Auditors**

M/s Vasanth Pai & Co. Chartered Accountants performs the duties of internal auditors of the Company and their report is reviewed by the Audit Committee from time to time.

### **ISO 9001:22000 CERTIFICATION**

Your Company continues to hold ISO 9001-2008 Certification by meeting all the requirements of Certification from time to time.

### **FSSC CERTIFICATION**

Your company's manufacturing factory located at Nastipur Village, Hathnoora Mandal, Sangareddy District, has been certified to the latest version of FSSC 22000:2010 (Food Safety Standard Certification by TUV NORD).

This Certification indicates our commitment in a sustainable manner, in meeting global quality, environment, health and safety standards. This is a milestone in our quest for quality.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review as stipulated under SEBI (LODR) Regulations, 2015 with the stock exchanges, is presented in a separate section forms part of the Annual Report.

### **CORPORATE GOVERNANCE:**

The Company has implemented the procedures and adopted practices in conformity with the Code of Corporate Governance enunciated in Regulation 27(2)

of the SEBI Listing Regulations, 2015 with the Stock Exchanges.

A separate report on corporate governance practices followed by the Company together with a Certificate from the Company's Auditors confirming compliances forms an integral part of this Report.

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure-III".

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Board of your company has laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively. Your Company has adopted policies and procedures for ensuring the orderly and effectively. Your company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

### **RISK MANAGEMENT**

The Board of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management policy/plan for the Company and ensuring its effectiveness. The Risk Management Committee oversees the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting. The Audit Committee has additional oversight in the area of

financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour the company has adopted a vigil mechanism policy.

### **HUMAN RESOURCES**

Many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement programmes which has helped the Organization achieve higher productivity levels. A significant effort has also been undertaken to develop leadership as well as technical/ functional capabilities in order to meet future talent requirement.

### **PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo required to be disclosed under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 are provided in the Annexure forming part of this Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) That in the preparation of the accounts for the financial year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the Financial Year and of the Profit

or Loss of the Company for the year under review;

- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the Directors have prepared the accounts for the financial year ended 31st March 2017 on a 'going concern' basis;
- e) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- f) That devised proper systems to ensure compliance with the provisions of all applicable laws in place and were adequate and operating effectively.

#### **DISCLOSURE AS PER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under.

During the financial year 2016-17, the Company received no complaints on sexual harassment.

#### **PARTICULARS OF EMPLOYEES**

Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **PARTICULARS OF REMUNERATION**

Disclosures with respect to the remuneration of Directors and employees as required under Section 197(12) of Companies Act, 2013 and Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as follows:

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

<b>Name of the Director</b>	<b>Ratio to Median Remuneration</b>
Shri Subramanya Ram Ganpath, WTD	4.19
Shri Dilip Mangesh Kalelkar, WTD	3.37

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

<b>Name of Person</b>	<b>% increase in remuneration</b>
Shri Subramanya Ram Ganpath, Whole Time Director	--
Shri Dilip Mangesh Kalelkar, Whole Time Director	--
Ms. Babita Chandrakar, Company Secretary	--
Shri P. Ravi Kumar, Chief Financial Officer	--

- (iii) The percentage increase in the median remuneration of employees in the financial year is 3%.

- (iv) The number of permanent employees on the rolls of company is 139.

- (v) The explanation on the relationship between average increase in remuneration and company performance;

On an average, employees received an increase of 3%. The increase in remuneration is in line with the market trends.

- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;

<b>Particulars</b>	<b>₹</b>
Remuneration of Key Managerial Personnel (KMP) during financial year 2016-17 (aggregated)	1,345,800
Total Revenue	665,897,781
Remuneration (as % of Total Revenue)	0.202

- (vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing

date of the current financial year and previous financial year;

Particulars	Unit	As at 31.03.2017	As at 31.03.2016
Closing rate of share at BSE	₹.	34.9	51
EPS (Consolidated)	₹.	(0.36)	0.98
Market Capitalization	₹.	4,481,526,101	654,893,499
Price Earnings ratio	Ratio	(0.28)	52

- (viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

There were no average increase in salaries of employees other than managerial personnel in 2016-17.

Percentage increase in the managerial remuneration for the year was - Nil

- (ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;

Name of Person	Remuneration (₹)	Total Revenue (₹)	Remuneration as % of Total Revenue
Shri Subramanya Ram Ganpath, WTD	745,800	665,897,781	0.112
Shri Dilip Mangesh Kalekar, WTD	600,000	665,897,781	0.090

- (x) The key parameters for any variable component of remuneration availed by the directors - No.
- (xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Nil.

- (xii) Affirmation that the remuneration is as per the remuneration policy of the company - Yes.

Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry, despite increased competition from several existing and new players.

## CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

## ACKNOWLEDGEMENTS:

The Board desires to place on record its sincere appreciation for the support and co-operation that the Company received from the suppliers, customers, strategic partners, Bankers, Auditors, Registrar and Transfer Agents and all others associated with the Company. The Company has always looked upon them as partners in its progress and has happily shared with them rewards of growth. It will be the Company's endeavor to build and nurture strong links with trade based on mutuality, respect and co-operation with each other.

By Order of the Board

**For LOTUS CHOCOLATE COMPANY LIMITED**

Sd/-

**P. Anantha Pai**

DIRECTOR

DIN: 00048339

Sd/-

**G.S. Ram**

WHOLE TIME DIRECTOR

DIN: 02395478

Place : Hyderabad

Date : 09.08.2017

## ANNEXURE TO THE DIRECTORS' REPORT

Information Under Section 134(3) (m) of The Companies Act, 2013, Read with Rules 8(3) of the Companies (Accounts) Rules, 2014:

### A. Conservation of Energy

a. Energy Conservation measures taken:

The Company has installed the following energy saving devices:

- CFL Lamps and LED Lamps
- Power Capacitors
- Steam Condensate Recovery
- Street Lighting Timer
- Water Level Controller
- Timmers

b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

Energy saving devices are being installed to reduce consumption of electrical energy.

c. Impact of measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production of goods.

d. Total energy consumption & energy consumption per unit of production in prescribed Form 'A'

			Year ended 31 <sup>st</sup> March, 2017	Year ended 31 <sup>st</sup> March, 2016
<b>A.</b>		<b>Power &amp; fuel consumption in respect of</b>		
	1.	Electricity		
		a. Purchased :	2,019,445	2,280,717
		Units (Kwh)		
		Total (₹.)	14,721,377	16,807,715
		Rate per unit (₹.)	7.29	7.36
		b. Own Generation :		
		Through Diesel Generator		
		Units (Kwh)	135,060	103,158
		Units per Liter of Diesel Oil	2.87	2.85
		Cost per Unit (₹.)	22.49	17.39
	2.	Furnace Oil/LSHS/LDO/HSD		
		Qty (Lts)	Nil	Nil
		Total Amount (₹.)	Nil	Nil
		Average (₹/Ltr)	Nil	Nil
	3.	Wood/Coal		
		Qty (Kgs.)	630,185	634,576
		Total Amount (₹.)	3,115,741	3,314,746
		Average (₹/Kgs.)	4.94	5.22



B.	Consumption per unit of production		
	Cocoa & Chocolate products (tonnes)		
	i. Electricity (KWH/Tonnes)		
	- Cocoa	570 unit/MT	614 units/MT
	- Chocolate	640 units/MT	598 units/MT
	ii. Furnace Oil/LSHS/LDO HSD (KL/Tonne)		
	- Cocoa	Nil	Nil
	- Chocolate	Nil	Nil
	iii. Wood/coal (KG/MT)		
	- Cocoa	262 kgs/MT	269 Kgs/MT
	- Chocolate	118 kgs/MT	10 Kgs/MT

## B Technology Absorption

e. Efforts made in technology absorption in Form `B

### Research & Development

- Specific areas in which R & D was carried out by the Company:

Research and Development work has been continued to develop tailor-made recipes. Improved the packing mode of consumer products with better appeal and product protection. Improvements in Cocoa process carried out to improve product safety and quality. Cocoa plant is being certified for HACCP (Food Safety Systems) and successfully undergone through surveillance audits.

- Benefits derived as a result of the above R & D:

The Company could sustain the stiff competition and is able to retain the esteemed customers within its fold and also increase its capacity.

- Future Plans & Actions

Further new Chocolate products will be introduced later this year. To achieve this the Company is making special efforts to develop management skills, raising performance, Leadership capabilities sharpening the customers at all levels within the company.

- Expenditure on R & D:

- Capital - Nil
- Recurring - ₹ 3,996
- Total as % turnover - 0.00%

- Technology Absorption, Adoption and Innovation :-

### C. Foreign Exchange Earnings & Outgo:

- Activities relating to exports, initiatives taken to increase the exports, development of new export markets for products and services and export plans:

The Company has exported its Cocoa and Chocolate Products to Nepal.

- Total foreign exchange used and earned (CIF Value):

₹ in Lacs

- |     |   |     |
|-----|---|-----|
| i)  | Foreign Exchange earnings   | Nil |
| ii) | Foreign Exchange Outgo<br>(including raw materials,<br>components and spare parts<br>of capital goods and other<br>expenditures in foreign<br>currency including dividends) | Nil |

By Order of the Board

**For LOTUS CHOCOLATE COMPANY LIMITED**

Sd/-  
**P. Anantha Pai**  
DIRECTOR  
DIN: 00048339

Sd/-  
**G.S. Ram**  
WHOLE TIME DIRECTOR  
DIN: 02395478

Place : Hyderabad

Date : 09.08.2017



**ANNEXURE-I****FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

No transactions.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Sl. No.	(a) Name(s) of the related party and nature of relationship	(b) Nature of contracts/ arrangements/ transactions	(c) Duration of the contracts/ arrangements/ transactions	(d) Salient terms of the contracts or arrangements or Transactions including the value, if any:	(e) Date(s) of approval by the Board, if any:	(f) Amount paid as advances, if any:
1	Shri. P. Prakash Pai Director	Unsecured loans	01.4.2016 to 31.03.2017	Unsecured loans	30/05/2016	--
2	Shri. P. Anantha Pai Director	Unsecured loans	01.04.2016 to 31.03.2017	Unsecured loans	30/05/2016	--
3	Puzzolana Machinery Fabricatore (Hyd) LLP	i. Purchase of Machinery & Spare Parts ii. Chocolates Sales	01.04.2016 to 31.03.2017	i. Purchase of Machinery & Spare Parts ii. Chocolates Sales	30/05/2016	--
4	Soubhagya Confectionery (P) Limited	Purchases/ Sales	01.04.2016 to 31.03.2017	Purchase/ Sales	30/05/2016	--

**ANNEXURE II****SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**LOTUS CHOCOLATE COMPANY LIMITED.**

I have conducted the secretarial audit of the compliance of applicable statutory provisions of the Act, Rules and Regulations as mentioned below and the adherence to good corporate practices by **Lotus Chocolate Company Limited** (herein after called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification on the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and other authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on **31st March, 2017** (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 ("Audit Period") according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made there-under;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the Extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

vi) The Listing Agreements entered into by the Company with Stock Exchange(s),

vii) I have also examined compliance with the applicable clauses of the following:

- (a) The Listing Agreement entered into by the Company with the Stock Exchanges and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (b) Secretarial Standards issued by the Institute of Company Secretaries of India in respect of Board and General Meetings of the Company

I, further report that:

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
- (b) Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance.

- (c) It is also noted that the Company has an Internal Audit System to constantly monitor the process for efficient compliances.

In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers and agents, we report that the Company has complied with the provisions of the Act, the Rules made there under and the Memorandum and Articles of Association of the Company with regard to:

- a. maintenance of various statutory registers and documents and making necessary entries therein;
- b. closure of Register of Members;
- c. forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities;
- d. service of documents by the Company on its Members, Debenture holders, Stock Exchanges, Auditors and the Registrar of Companies;
- e. notice of Board and various Committee meetings of Directors;
- f. meetings of Directors and all the Committees of Directors and passing of circular resolutions;
- g. notice and convening of Annual General Meeting held on 30th September, 2016.
- h. minutes of the proceedings of the Board Meetings, Committee Meetings and General Meetings;
- i. approvals of the Board of Directors, Committee of Directors, Members and government authorities, wherever required;
- j. constitution of the Board of Directors, Committees of Directors and appointment, retirement and reappointment of Directors including Managing Directors and Executive Directors;
- k. payment of remuneration to Directors, Managing Director and Executive Directors;
- l. appointment and remuneration of Statutory Auditors and Cost Auditors;
- m. transfer and transmission of the Company's shares, issue and allotment of shares and issue and delivery of certificates of shares;
- n. borrowings and registration of charges;
- o. report of the Board of Directors;
- p. generally, all other applicable provisions of the Act and the Rules thereunder.

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

**I further report that,** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the specific industry related laws as applicable specifically:

- (a) Customs Act, 1962 and the rules made thereunder as applicable;
- (b) Central Excise Act, 1944 and the rules made thereunder as applicable.
- (c) Rule 3(4) A.P. Shops and Establishment Rule, 1990.
- (d) Labour Act, 1970 or Labour Act, 2015 and rule made thereunder applicable
- (e) A.P. Tax on Professional, Trades Calling and Employment, 1987 and the rules made thereunder as applicable.
- (f) Employees Provident Fund Scheme, 1952 and the rules made thereunder as applicable.
- (g) Employee Pension Scheme, 1995 and the rules made thereunder as applicable.
- (h) Employees Deposit Linked Insurance Scheme, 1976 and the rules made thereunder as applicable.
- (i) Industrial Dispute Act, 1947 and the rules made thereunder as applicable.
- (j) Factories Act, 1948 and its other related acts, and the rules made thereunder as applicable.

- (k) Payment of Gratuity Act, 1972 and the rules made thereunder as applicable.
- (l) Food Safety and Standards Act, 2006, rules and regulations thereunder.
- (m) Legal Metrology Act, 2009 rules and regulations thereunder
- (n) Bureau of Indian Standards (BIS) Act, 1986.

**I further report that** during the audit period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

We have relied on the information supplied and representation made by the company and its officers, agents, for systems and mechanism followed by the company for compliance under the applicable Acts, Laws and Regulations to the Company.

Place : Hyderabad  
Date: 09.08.2017

Sd/-  
**RAKHI AGARWAL**  
COMPANY SECRETARY  
FCS NO.7047  
CP NO.6270

## 'ANNEXURE A'

To,  
The Members,  
**LOTUS CHOCOLATE COMPANY LIMITED,**  
H.No.8-2-596,1st FL,1B,  
Sumedha Estates, Avenue - 4,  
Puzzolana Towers, Street No. 01,  
Road No.10, Banjara Hills,  
Hyderabad, Telangana - 500034.

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

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

Sd/-  
**RAKHI AGARWAL**  
COMPANY SECRETARY  
FCS NO.7047  
CP NO.6270

Place : Hyderabad  
Date: 09.08.2017

**ANNEXURE III****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2017

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

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L15200TG1988PLC009111
2.	Registration Date	03/10/1988
3.	Name of the Company	LOTUS CHOCOLATE COMPANY LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non-Government Company.
5.	Address of the Registered office & contact details	8-2-596, 1 <sup>st</sup> Floor, 1B, Sumedha Estates, Puzzolana Towers, Avenue-4 Puzzolana Towers, Street No.1, Road no. 10, Banjara Hills Hyderabad, Telangana - 500034
6.	Whether listed company	Listed
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	CIL SECURITIES LIMITED 214, Raghavaratna Towers, Chiragali Lane, Abids Hyderabad, 500001 Phone # +91-040-2320 2465 Email ID: <a href="mailto:advisors@cilsecurities.com">advisors@cilsecurities.com</a> Website: <a href="http://www.cilsecurities.com">www.cilsecurities.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

Sl. No.	Name and Description of main products/services	NIC/ITC Code of the Product/Services	% to total turnover of the Company
1	Cocoa Powder	180500.00	13.92
2	Cocoa Butter	180400.00	11.37

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Name and address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
NA	NA	NA	NA	NA

**IV. A) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

## Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/ HUF	73,18,544	-	73,18,544	57.00	73,18,544	--	73,18,544	57.00	--
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	--	--	--	--	--	--	--	--	--
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any other	19,34,476		19,34,476	15.06	19,34,476	--	19,34,476	15.06	--
<b>Total shareholding of Promoter (A)</b>	<b>92,53,020</b>	<b>-</b>	<b>92,53,020</b>	<b>72.06</b>	<b>92,53,020</b>	<b>--</b>	<b>92,53,020</b>	<b>72.06</b>	<b>--</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	1,700	1,700	0.01	100	1,600	1,700	0.01	--
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	700	700	0.01	--	700	700	0.01	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others – Foreign Banks	--	1,500	1,500	0.01	--	1,500	1,500	0.01	--
<b>Sub-total (B) (1):-</b>	<b>-</b>	<b>3,900</b>	<b>3,900</b>	<b>0.03</b>	<b>100</b>	<b>3,800</b>	<b>3,900</b>	<b>0.03</b>	<b>--</b>

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.	--	--	--	--	--	--	--	--	--
i) Indian	90,961	86,166	1,77,127	1.38	83,589	86,166	1,69,755	1.32	(0.06)
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals	--	--	--	--	--	--	--	--	--
i) Individual shareholders holding nominal share capital upto ₹. 2 lakhs	13,42,942	10,48,473	23,91,415	18.62	13,99,351	10,27,964	24,27,315	18.90	0.28
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	9,31,676	42,000	9,73,676	7.58	9,01,244	42,000	9,43,244	7.35	(0.23)
c) Others (specify)									
Non Resident Indians	33,722	-	33,722	0.26	39,745	-	39,745	0.31	0.05
Overseas Corporate Bodies	--	--	--	--	--	--	--	--	--
Foreign Nationals	--	--	--	--	--	--	--	--	--
Clearing Members	3,889	-	3,889	0.03	3,570	-	3,570	0.03	-
Trusts	--	--	--	--	--	--	--	--	--
Foreign Bodies - D R	-	--	--	--	--	--	--	--	--
<b>Directors and their Relatives</b>	<b>4,300</b>	<b>-</b>	<b>4,300</b>	<b>0.03</b>	<b>500</b>	<b>--</b>	<b>500</b>	<b>0.01</b>	<b>(0.02)</b>
<b>Sub-total (B) (2):-</b>	<b>24,07,490</b>	<b>11,76,639</b>	<b>35,84,129</b>	<b>27.92</b>	<b>24,27,999</b>	<b>11,56,130</b>	<b>35,84,309</b>	<b>27.92</b>	<b>0.02</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>24,07,490</b>	<b>11,80,539</b>	<b>35,88,029</b>	<b>27.94</b>	<b>24,28,099</b>	<b>11,59,930</b>	<b>35,88,029</b>	<b>27.94</b>	<b>--</b>

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
<b>Grand Total (A+B+C)</b>	<b>1,16,60,510</b>	<b>11,80,539</b>	<b>1,28,41,049</b>	<b>100</b>	<b>11,570,185</b>	<b>1,270,864</b>	<b>1,28,41,049</b>	<b>100</b>	<b>-</b>

**B) Shareholding of Promoter-**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Poornima pai	188420	1.47	0	188420	1.47	0	Nil
2	Prakash Peraje Pai	3659272	28.50	0	3659272	28.50	0	Nil
3	Anantha Peraje Pai	3659272	28.50	0	3659272	28.50	0	Nil
4	Nivedita Pai	152500	1.19	0	152500	1.19	0	Nil
5	Ashwini pai	327139	2.55	0	327139	2.55	0	Nil
6	Abhijeet pai	452139	3.52	0	452139	3.52	0	Nil
7	Aman Pai	407139	3.17	0	407139	3.17	0	Nil
8	Aditya Pai	407139	3.17	0	407139	3.17	0	Nil
	<b>Total</b>	<b>9253020</b>	<b>72.07</b>	<b>0</b>	<b>9253020</b>	<b>72.07</b>	<b>0</b>	<b>NIL</b>

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Increase / Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
--	--	--	--	--	--	--	--	--



**D) Shareholding Pattern of top ten Shareholders:**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Increase / Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
1.	V. VARIJA VISHWANATH KAMATH	412,228	3.21	01/04/2016 to 31/03/2017	--	--	412,228	3.21
2	PRABHAKAR RAO MANDAVA	98,000	0.76	01/04/2016 to 31/03/2017	(25,071)	Decreased due to sell of shares during the Financial Year	72,929	0.57
3	SREE RAYALASEEMA POWER CORPN LTD	57,500	0.45%	01/04/2016 to 31/03/2017	--	--	57,500	0.45%
4	K SUREKHA	55,300	0.43%	01/04/2016 to 31/03/2017	--	--	55,300	0.43%
5	O.L.H.C.OF A.P.A/C ASIA PAC. INVTR L	50,000	0.39%	01/04/2016 to 31/03/2017	--	--	50,000	0.39%
6	GUDIPUDI VENKATESWARA RAO	50,000	0.39%	01/04/2016 to 31/03/2017	--	--	50,000	0.39%
7	PREMA	42,000	0.33%	01/04/2016 to 31/03/2017	--	--	42,000	0.33%
8	MAYUR JAYKUMAR VORA	38,800	0.30	01/04/2016 to 31/03/2017	--	--	38,800	0.30
9	RAJAN SURESH KRISHNA	33,270	0.26	01/04/2016 to 31/03/2017	--	--	33,270	0.26
10	RAMESHWAR NATH PANDEY	16,711	0.13	01/04/2016 to 31/03/2017	4,301	Increased due to purchase of sale during the financial year	21,012	0.16

**E) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Increase / Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
1	PRAKASH PERAJE PAI (Director)	3659272	28.50	01/04/2016 to 31/03/2017	--	--	3659272	28.50
2	ANANTHA PERAJE PAI (Director)	3659272	28.50	01/04/2016 to 31/03/2017	--	--	3659272	28.50
3	ASHWINI PAI (Women Director)	327139	2.55	01/04/2016 to 31/03/2017	--	--	327139	2.55
4	G. VENKATAPATHI RAJU	120000	0.93	01/04/2016 to 31/03/2017	--	--	120000	0.93
5	SUBRAMANYA RAM GANAPATH (WTD)	500	0.001	01/04/2016 to 31/03/2017	--	--	100	0.001

**V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	112,409,411	181,238,816	-	293,648,227
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>112,409,411</b>	<b>181,238,816</b>	<b>-</b>	<b>293,648,227</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	60,695,169	-	-	(60,695,169)
<b>Net Change</b>	<b>60,659,169</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	51,714,242	181,238,816	-	232,953,058
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>51,714,242</b>	<b>181,238,816</b>	<b>-</b>	<b>232,953,058</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
1	Gross salary	6,00,000	7,45,800	1,345,800
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	--	--
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission - as % of profit - others, specify...	--	--	--
5	Others, please specify	--	--	--
	<b>Total (A)</b>	<b>600,000</b>	<b>745,800</b>	<b>1,345,800</b>
	Ceiling as per the Act			

**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors			
	Fee for attending board committee meetings	--	--	--
	Commission	--	--	--
	Others, please specify	--	--	--
	Total (1)	--	--	--
2	Other Non-Executive Directors			
	Fee for attending board committee meetings	--	--	--
	Commission	--	--	--
	Others, please specify	--	--	--
	Total (2)	--	--	--
	Total (B)=(1+2)	--	--	--
	Total Managerial Remuneration	--	--	--
	Overall Ceiling as per the Act	--	--	--

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

SN	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		P. Ravi Kumar (CFO)*	Babita Chandrakar (CS)**	
1	Gross salary	--	97,668	97,668
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	--	--
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission	--	--	--
	- as % of profit	--	--	--
	others, specify...	--	--	--
5	Others, please specify	--	--	--
	Total		97,668	97,668

Shri. P. Ravi Kumar appointed as CFO on 02.01.2017

\*\*Ms. Babita Chandrakar appointed as CS on 02.01.2017

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

## REPORT ON CORPORATE GOVERNANCE

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

Lotus Chocolate Company Limited to set the highest standards of Corporate Governance right from its inception benchmarked with the best class practices across the globe. Effective Corporate Governance is the manifestation of professional beliefs and values, which configures the organizational values, credo and actions of its employees. The aim of "Good Corporate Governance" is to ensure commitment of the board in managing the company in a transparent manner for maximizing long-term value of the company for its shareholders and all other partners. It integrates all the participants involved in a process, which is economic, and at the same time social.

Hence it harmonizes the need for a company to strike a balance at all times between the need to enhance shareholders' wealth whilst not in any way being detrimental to the interests of the other stakeholders in the company.

### 2. BOARD OF DIRECTORS:

#### a) Composition and Category of Directors:

In terms of compliance with the requirement of Regulation 17 of SEBI (LODR) Regulations, 2015, the Company endeavour to have an optimum combination of Executive and Non-Executive Directors to maintain the independence of the Board and separate the functions of Governance and Management through Board and Committees. As on 31st March, 2017, the Board consist of the following:

- 3 (Three) Non-executive Independent Directors;
- 2 (Two) Executive Directors;
- 2(Two) Non-Executive Non-Independent Directors;
- 1(One) Women Director

#### b) Attendance of each Director at the Board meetings and the last Annual General Meeting:

The particulars of attendance of Board Meetings and Annual General Meeting by Directors for the financial year ended 31.03.2017 has been set out here below:

Sl. No	Name of the Director	Category	Meetings attended	Attendance at last AGM on 30.09.2016
1	P.Prakash Pai	Director	6	Yes
2	P. Anantha Pai	Director	6	Yes
3	Subramanya Ram Ganapath	Whole time director	6	Yes
4	Gottemukkala Venkatapathi Raju	Director	6	Yes
5	P. Abhijeet Pai*	Director	Nil	Yes
6	Ashwini Pai	Director	5	Yes
7	Bharathan Rajagopalan Thatai	Director	6	Yes
8	Dilip Mangesh Kalelkar	Whole time Director	4	Yes
9	Rabindranath Jarugumilli**	Independent Director	0	No
10	A.Surya Prakash Reddy***	Independent Director	5	Yes

\*Shri P. Abhijeet Pai resigned on 01.09.2016

\*\*Shri Rabindranath Jarugumilli resigned on 05.07.2016

\*\*\*Shri A. Surya Prakash Reddy appointed as Independent Director on 05.07.2016

**c) Number of other Directorships, Committee Membership(s) & Chairmanship(s):**

Sl. No.	Name of the Director	Other Directorships	Committee Membership	Committee Chairmanship
1	Shri Dilip Mangesh Kalekar	0	0	0
2	Shri Subramanya Ram Ganapath	0	0	0
3	Shri P. Anantha Pai	5	0	0
4	Shri P. Prakash Pai	5	0	0
5	Smt. Ashwini Pai	1	0	0
6	Shri Gottemukkala Venkatapathi Raju	0	0	0
7	Shri Bharathan Rajagopalan Thatai	0	0	0
8	Shri A. Surya Prakash Reddy	0	0	0

**d) Number of Board Meetings held and the date on which held:**

In terms of compliance with the requirement of SEBI (LODR) Regulations, 2015, 06 (Six) Board Meetings were held during the financial year ended 31.03.2017. The maximum gap between any two Board Meetings was not more than 120 days at any time.

The dates on which the Board meetings were held are:

Sl. No.	Date
1	30.05.2016
2	05.07.2016
3	12.08.2016
4	12.11.2016
5	25.01.2017
6	13.02.2017

**BOARD COMMITTEES:**

Details of the Board Committees and other related information are provided hereunder:

**3. AUDIT COMMITTEE:****(i) Brief description of terms of reference:**

The terms of reference stipulated by the Board to the Audit Committee includes review of the following:

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions 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.
- Oversight 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 to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of Audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.

- The annual financial statements before submission to the Board for approval, with particular reference to following with the Management:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (3C) of Section 134 of the Companies Act, 2013
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgment by Management
  - iv. Significant adjustments made in the financial statements arising out of Audit findings
  - v. Compliance with listing and other legal requirements relating to financial statements
  - vi. Disclosure of any related party transactions
  - vii. Qualifications in the draft Audit Report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with Internal Auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with Statutory Auditors before the Audit commences, about the nature and scope of Audit as well as post-Audit discussion to ascertain any area of concern.
- To review the functioning of the Whistle Blower Mechanism.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

**(ii) Composition:**

The Company's Audit Committee comprises of the following Directors :

Sl.No	Name of Director	Designation
1	Shri Bharathan Rajagopalan Thatai	Chairperson
2	Shri P. Prakash Pai	Member
3	Shri P. Anantha Pai	Member
4	Shri Gottemukkala Venkatapathi Raju	Member
5	Shri. Admala Surya Prakash Reddy	Member

The Company continued to derive immense benefit from the deliberation of the Audit Committee comprising of three Non-Executive Independent Directors and two Independent Director. As Shri Bharathan Rajagopalan Thatai, who is heading the Audit Committee as Chairman having rich experience and professional knowledge in Finance, Accounts and Company Law, the members always added the value for the Company. Minutes of each Audit Committee are placed before the Board and discussed in the meeting.

**(iii) Meeting and attendance during the year:**

In terms of compliance with the requirement of Regulation 18 of SEBI (LODR) Regulations, 2015 the Audit Committee met 5(Five) times during the financial year as follows:

S. No	Date	Committee Strength	No. of Members Present
1	30.05.2016	5	4
2	05.07.2016	5	4
3	12.08.2016	5	5
4	12.11.2016	5	5
5	13.02.2017	5	5

**No. Of Meetings Attended:**

Sl No	Name of the Director	No. of Meetings Attended
1.	Shri Bharathan Rajagopalan Thatai	5
2.	Shri P. Prakash Pai	5
3.	Shri P. Anantha Pai	5
4	Shri Gottemukkala Venkatapathi Raju	5
5	Shri. Admala Surya Prakash Reddy*	3

\*Shri A. Surya Prakash Reddy is appointed as Independent Director on 05.07.2016

The Statutory Auditors and Internal Auditors of the Company have also attended the above meetings on invitation. The recommendations made by the Audit Committee from time to time have been followed by the Company. The Chairman of the Audit Committee has attended the Annual General Meeting to answer the queries raised by the Shareholders regarding Audit and Accounts.

**4. NOMINATION & REMUNERATION COMMITTEE:****(i) Brief description :**

The Nomination and Remuneration Committee of the Board identifies persons qualified to become Directors and formulates criteria for evaluation of the Directors and the Board. The Committee's role also includes recommending to the Board the appointment, remuneration and removal of Directors and managers one level below Director.

**ii) Composition:**

Sl.No	Name of Director	Designation
1.	Shri Bharathan Rajagopalan Thatai	Chairperson
2.	Shri P. Prakash Pai	Member
3.	Shri P. Anantha Pai	Member
4	Shri Gottemukkala Venkatapathi Raju	Member



**iii) Attendance during the year:**

During the financial year ended 31st March, 2017, 4 meetings of the Nomination & Remuneration Committee were held, as follows:

S. No	Date	Committee Strength	No. of Members Present
1.	05.07.2016	4	4
2.	12.11.2016	4	4
3.	25.01.2017	4	4

**No. Of Meetings Attended:**

SI No	Name of the Director	No. of Meetings Attended
1.	Shri Bharathan Rajagopalan Thatai	4
2.	Shri P. Prakash Pai	4
3.	Shri P. Anantha Pai	4
4	Shri Gottemukkala Venkatapathi Raju	4

**REMUNERATION POLICY:**

The nomination and remuneration policy aims at attracting and retaining high calibre talent. The remuneration policy, therefore, is market-led and takes into account the competitive circumstance of each business so as to attract and retain quality talent and leverage performance significantly. The Nomination and Remuneration Policy which, inter alia, deals with the manner of selection of Board of Directors, KMP & other senior management and their remuneration. The extract of the same is as follows:

**a) Remuneration to Executive Director and KMP:**

Executive Directors and KMP are eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The Executive Director and KMP remuneration is determined based on levels of responsibility and scales prevailing in the industry. The executive directors are not paid sitting fee for any Board/Committee meetings attended by them.

**b) Remuneration to Non-Executive Directors:**

The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committees thereof.

**(i) Details of Remuneration of Non – Executive Directors:**

The Company does not pay Sitting fees to the Non-executive Directors.

**(ii) Pecuniary relationship or transactions of Non-Executive Director:**

The Non-Executive Independent Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters or its Management, which in the opinion of the Board may affect independence of judgment of such Directors.

**(iii) Details of Remuneration to Executive Directors:**

(Amount in ₹)

Name of Director	Salary	H R A	Commission	Perks	Total
Shri Subramanya Ram Ganpath, WTD	745,800	--	--	--	745,800
Shri Dilip Mangesh Kalelkar, WTD	600,000	--	--	--	600,000
<b>TOTAL</b>	<b>1,345,800</b>	--	--	--	<b>1,345,800</b>

**FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS:**

Your Company follows a structured orientation and familiarisation programme through various reports/codes/ internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis. Periodic presentations are made at the Board Meetings on business and performance, long term strategy, initiatives and risks involved. The framework on familiarisation programme have been posted in the website of the Company.

**CODE OF CONDUCT:**

The Company has in place a comprehensive Code of Conduct applicable to all the employees and Non-executive Directors including Independent Directors. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. A copy of the Code has been posted on the Company's website.

**INDEPENDENT DIRECTORS' MEETING:**

During the year, meeting of Independent Directors was held to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

**PERFORMANCE EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The Performance evaluation of the Chairman and Managing Director and the Non-Independent Directors was carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE:****(i) Brief description of terms of reference:**

The Stakeholders Relationship Committee oversees redressal of shareholder and investor grievances and, inter alia, approves transmission of shares, sub-division / consolidation / renewal / issue of duplicate share certificates/ complaints regarding non-receipt of Dividends, Annual Reports, etc.

**(ii) Composition:**

Sl.No.	Name of Director	Designation
1.	Shri P. Prakash Pai	Chairman
2.	Shri P. Anantha Pai	Member
3.	Shri Gottemukkala Venkatapathi Raju	Member
4.	Shri Subramanya Ram Ganapath	Member

Ms. Babita Chandrakar is acting as Compliance Officer of the Company.

**Status of Investor Complaints for the Financial Year**

Nature of Complaint	Received	Resolved
Non-receipt of Share Certificates sent for transfer	Nil	Nil
Non-receipt of Dividend Warrants	Nil	Nil
Any other complaints (Change of address)	Nil	Nil

There are no outstanding complaints as on 31.03.2017.

**6. RISK MANAGEMENT COMMITTEE:**

The Company has constituted a Risk Management Committee which has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Board of Directors review these procedures periodically.

**7. GENERAL BODY MEETINGS:****i) Location and time for the last 3 years General Meetings were:**

Year	Locations	Date	Time
2015-2016	Lions Bhavan, Near Paradise Circle, Secunderabad.	30th September, 2016	10.00a.m.
2014-2015	Lions Bhavan, Near Paradise Circle, Secunderabad.	29th September, 2015	10.00 a.m
2013-2014	Lions Bhavan, Near Paradise Circle, Secunderabad.	30th September 2014	10.00 a.m

**ii. Whether any special resolutions passed in the previous 3 AGMs**

**2014-15:** In the AGM held on 30th September, 2016 the company has passed no Special resolutions.

**2013-14:** In the AGM held on 29th September, 2015 the company has passed no Special Resolutions.

**2012-13:** In the AGM held on 30th September, 2014 the company has passed no Special Resolutions.

**ii) Postal Ballot passed in last year i.e., 2015-16:**

During the year 2015-16 your Company has passed 4 resolutions through Postal Ballot as per the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014

**9. DISCLOSURES:**

- (i) Disclosures on materially significant related party transactions i.e., transactions of the company of material nature, with its promoter, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large:

Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions during the year conflicting with the interest of the Company.

- (ii) **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange, SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

None.

**(iii) Whistle Blower policy:**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015 the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The policy is available on the Company website, [www.lotuschocolate.com](http://www.lotuschocolate.com)

**(iv) Non Mandatory Requirements:**

Adoption of non-mandatory requirements of SEBI (LODR) Regulations, 2015 is being reviewed by the Board from time to time.

**10. MEANS OF COMMUNICATION:****i. Financial / Quarterly Results:**

The Company intimates un-audited as well as audited financial results to the Stock Exchanges, immediately after the Board meetings at which they are approved. The results of the Company are also published in at least one prominent national and one regional newspaper having wide circulation. Normally the results are published in Financial Express (English) and Nav Telangana (Telugu). The financial results are also displayed on the Company's website [www.lotuschocolate.com](http://www.lotuschocolate.com)

**ii. Newspapers wherein results normally published**

The official news releases are published in Financial Express (English) and Nav Telangana (Telugu) Detailed presentations made to institutional investors, financial analyst, etc. are displayed on the Company's website [www.lotuschocolate.com](http://www.lotuschocolate.com).

**Website :**

The website [www.lotuschocolate.com](http://www.lotuschocolate.com) contains a separate dedicated section for the Company's "Investor Relations" where shareholders' information is available. The full Annual Report, shareholding pattern etc. is also available in the 'Investor Relations' sections on the website of the Company.

**CEO/ CFO Certification**

In line with the requirements of Regulation 17(8) of SEBI (LODR) Regulations, 2015, Shri P. Ravi Kumar, Chief Finance Officer have submitted a certificate to the Board, certifying inter-alia, that the Financial Statements and the Cash Flow Statement for the year ended March 31st March, 2017 were reviewed to the best of their knowledge and belief, that they do not contain any material untrue statement, do not omit any material facts, are not misleading statements, together present a true and fair view and are in compliance with the applicable laws and regulations. The certificate further confirms that the transactions entered into by the Company for establishing internal control, financial reporting, evaluation of the internal control systems and making of necessary disclosures to the Auditors and the Audit Committee have been complied with.

**The Management Discussion and Analysis Report:**

A Report of the Management Discussion and Analysis is attached as part of the Annual Report.

**11. GENERAL SHAREHOLDER INFORMATION:**

<b>Annual General Meeting</b>	Date : 27th September, 2017 Time : 10:00 A.M. Venue : Lions Bhavan, Near Paradise Circle, Secunderabad.
<b>Financial Calendar</b>	1st April 2016 to 31st March 2017
<b>Date of Book Closure</b>	21st September, 2017 - 27th September, 2017 (both days inclusive)
<b>Listing on Stock Exchanges</b>	BSE Ltd
<b>Stock Code</b>	523475
<b>ISIN Number for NSDL &amp; CDSL</b>	INE026D01011

**i. Registrar and Transfer Agents**

Share Transfers & Communication regarding Share Certificates, Dividends & Change of Address may be sent to

<b>M/s CIL SECURITIES LIMITED</b>
214, Raghava Ratna Tower, Chirag Ali Lane, Chirag Ali Lane, Hyderabad, Telangana 500001
Phone # +91-040-2320 2465
Email ID: advisors@cilsecurities.com Website: www.cilsecurities.com

**ii. Share Transfer System**

The Transfer of shares in physical form is processed and completed by Registrar & Transfer Agents within a maximum period of 30 days from the date of receipt, provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Agreement with the Stock Exchanges, a Practicing Company Secretary carries out audit of the system of transfer and a certificate to that effect is issued.

**iii. Reconciliation of share Capital Audit:**

As stipulated by the SEBI, a qualified Practicing Company Secretary carries out the Share Capital Audit to reconcile the total admitted Capital with NSDL and CDSL and the total issued and listed capital. The Audit is carried out every quarter and the Report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The Report inter-alia confirms the total listed and paid up share capital of the Company is in agreement with the aggregate of the total dematerialised shares and those in the physical mode.

**iv. Shareholding Pattern as on 31st March, 2017:**

Category	No. of. Shares	% Holding
Promoters	92,53,020	72.06
Promoters Bodies Corporate	0	0
Resident Individuals	33,70,559	26.25
Bodies Corporate	1,69,755	1.32
Indian Financial Institutions	0	0
Non Resident Indians	39,745	0.31
Government	700	0.01
Trusts	0	0
Clearing Members	3,570	0.03
Mutual Funds	0	0
Banks – Foreign Banks	3,200	0.02
Directors and Relatives	500	0.00
<b>Total</b>	<b>1,28,41,049</b>	<b>100</b>

**v. Dematerialisation of Shares & Liquidity**

The trading in Company's shares is permitted only on dematerialized form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scrip-less trading, the Company has enlisted its shares with NSDL and CDSL.

**vi. Plant Locations:**

Doulatabad, Hathnoora Mandal, Medak District, Telangana, PIN-502 296.

**vii. Address for correspondence**

<b>Sl. No.</b>	<b>Shareholders Correspondence for</b>	<b>Address</b>
1.	Transfer/Dematerialization/ Consolidation/ Split of shares, Issue of Duplicate Share Certificates, Non-receipt of dividend/ Bonus shares, etc., change of address of Members and Beneficial Owners and any other query relating to the shares of the Company.	<b>M/s CIL SECURITIES LIMITED</b> 214, Raghava Ratna Tower, Chirag Ali Lane, Chirag Ali Lane, Hyderabad, Telangana 500001 Phone # +91-040-2320 2465 Email ID: advisors@cilsecurities.com Website: www.cilsecurities.com
2.	<b>Investor Correspondence / Queries on Annual Report, Revalidation of Dividend, Warrants, Sub-Division, etc.</b>	<b>Ms. Babita Chandrakar</b> Company Secretary and Compliance Officer 8-2-596, 1st Floor, 1B, Sumedha Estates, Avenue-4, Puzzolana Towers, Street No. 1, Road No. 10, Banjara hills, Hyderabad, Telangana – 500034 E-mail: complaints@lotuschocolate.com Website: www.lotuschocolate.com Phone No.: 040-2352707/08 Fax no.: 040-2352710

**12. Depository Services:**

For guidance on Depository Services, Shareholders may write to the Company or to the respective Depositories:

<b>National Securities Depository Ltd</b> Trade World, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400 013 Tel : 091-022-24972964-70 Fax : 091-022-24972993 / 24976351 Email :info@nsdl.co.in.	<b>Central Depository Services (India) Ltd</b> Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai – 400 023 Tel : 091-022-22723333/22723224 Fax: 091-022-22723199 Email : investors@cdslindia.com
--	--

**13. Company's Policy on prevention of insider trading:**

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2016, and in continuation with your Company's efforts to enhance the standards of corporate governance in the Company, and to strictly monitor and prevent insider trading within the company, your company has in place a Code of Conduct which is approved by the Board.

The Chief Financial Officer is acting as Compliance Officer for the said purpose. The code is applicable to all such employees, officers, Directors and Promoters of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism. The code has been circulated to all the members of the Board and Senior Management and others concerned the compliance of the same has been affirmed by them.

**14. Particulars of Directors, who are retiring by rotation, seeking re-appointment at the forthcoming Annual General Meeting pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standard-2:**

<b>Name of Director</b>	<b>Shri. Subramanya Ram Ganapath</b>
Date of Birth	05-08-1952
Date of Appointment	05-11-2008
Qualification	B Sc (Ag)
Relationship between Directors inter-se	None
Expertise in specific functional areas	Overall Business Management including functional expertise in Sales, Marketing and Corporate Management
List of Other Companies in which Directorship is held as on 31st March, 2017.	Nil
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2017	Nil
No. of shares held in the Company	500

**DECLARATION OF COMPLIANCE OF CODE OF CONDUCT**

Pursuant to the Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th Oct' 2004, it is hereby declared that the Company has obtained confirmation from all the Board Members and Senior Management Personnel of the Company for the compliance of the Code of Conduct of the Company for the year 2016-17.

Place: Hyderabad  
Date: 09.08.2017

Sd/-  
**G.S. Ram**  
**WHOLE-TIME DIRECTOR**  
**DIN: 02395478**

**AUDITORS' CERTIFICATE REGARDING CORPORATE GOVERNANCE**

To  
The Members of  
**Lotus Chocolate Company Limited**

We have examined the compliance of conditions of Corporate Governance by M/s **Lotus Chocolate Company Limited** for the year ended 31st March 2017, as stipulated in SEBI (LODR) Regulations, 2015 with BSE Limited.

The compliance of these conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an Audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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



**For M/s. S.R. Mohan & Company**

Chartered Accountants

(FRN- 002111S)

Sd/-

**B Brahmanandam**

Partner

M. No. 020026

Date : 09.08.2017

Place: Hyderabad



**CEO/CFO CERTIFICATIONS**

As required by Regulation 17(8) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 entered with the Stock Exchanges, we have certified to the Board that for the financial year ended 31st March 2017, the Company has complied with the requirements of the said sub clause.

**For LOTUS CHOCOLATE COMPANY LIMITED**

Sd/-

P. RAVI KUMAR  
CHIEF FINANCIAL OFFICER

Place: Hyderabad

Date: 09.08.2017

**Compliance with Code of Business Conduct and Ethics**

As provided under regulation 17(5) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 entered with the Stock Exchange, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and the Ethics for the financial year ended 31st March, 2017.

**For LOTUS CHOCOLATE COMPANY LIMITED**

Sd/-

P. RAVI KUMAR  
CHIEF FINANCIAL OFFICER

Place: Hyderabad

Date: 09.08.2017

**CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of corporate governance, by **LOTUS CHOCOLATE COMPANY LIMITED**, for the year ended 31.03.2017 as stipulated in Regulation 27(2) of (Listing Obligations & Disclosure Requirements) of the said Company with stock exchange.

The compliance of conditions of 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 audit nor an expression of opinion on the financial statement 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 corporate governance as stipulated in the above mentioned listing agreement.

We state that as the records maintained, no investor grievances against the Company are pending for a period exceeding one month before Shareholders/Investors Grievance Committee.

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 RAKHI AGARWAL**  
COMPANY SECRETARY

Sd/-

**RAKHI AGARWAL**  
PROPRIETOR  
FCS NO.7047, CP NO.6270

Place: Hyderabad

Date: 09.08.2017

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry Structure and development:

The chocolate market is on a growth path. Increasing popularity of Chocolates and multiple earners in a family has led to higher disposable income levels. Confectionary is slowly but steadily being replaced by Chocolate and its variants. The overall market size is increasing and the new entrants are helping expand the market further, both domestic and multinational players. There is a major surge in Cocoa and Chocolate related activity in our country.

### 2. Opportunities and threats:

With the booming organized Greenfield industries, software, malls, the income of households have become steady and growing in both the urban and semi urban areas. Rural areas with high repatriation income is also in the consumption race. The demand for chocolate and confectionary products owing to this is finding great acceptance. Competition is very intense and also the opportunities arising out of new markets and new entrants is very promising. We service large manufacturers for their requirement of intermediaries like cocoa powder, cocoa butter, cocoa mass, chocolate etc.

### 3. Segment-wise or product-wise performance:

The Company caters to both industrial and consumer demand. The industrial segment includes large chocolate consumers like bakeries, ice cream manufacturers besides some multinational companies. For the retail consumers, the company offers a wide range of products to suit every pocket. We serve the consumers through a network of distributors and retailers.

### 4. Outlook:

The company is one of India's select manufacturers of the finest chocolates, cocoa product and cocoa derivatives. Currently, the company's products are supplied to chocolate makers and chocolate users in India, our main focus is on targeting local bakeries to multi-national companies. Incorporated in 1989 and having commenced operations in 1992, the company has acquired reputation as a reliable business partner for the supply of cocoa and chocolate products.

The company's outlook: Lotus brand has become synonymous with uncompromising quality, consistency, reliability and hygiene which vitally important in food products business. We are a TUV Nord certified company, affirms our commitment to very high quality standards. The company visualizes bright prospects in current financial year and also into the future. Exports will be a thrust area with falling rupee, the company will have a strong recovery with exports.

### 5. Internal control systems and their adequacy:

The company has adequate and internal control system to ensure the safeguarding of the company's assets against loss and to verify that all the transactions are authorized, recorded and reported correctly. An extensive exercise of internal audit, periodical review by the management strengthen the above procedures. We also adopted Internal Financial controls adopted under new Companies Act, 2013.

### 6. Financial and Operational Performance:

Detailed financial information is available in the Director's report and attached accounts statements.

### 7. Material Developments in Human Resources / Industrial relations :

The Company recognizes the importance and contribution of its human resources for its growth and development and in turn is committed to the development of its employees. The employee's relations have been cordial and satisfactory during the year under review. The company has about 139 permanent employees in its various departments.

**8. Cautionary statement:**

Statements made in this report describing the company's projections, estimates, expectations or predictions may be "forward looking" within meaning of applicable securities laws and regulations. Actual results may differ from such estimates whether expressed or implied. Factors which would make a significant difference to the company's operations include availability of quality cocoa beans, market prices of other important raw materials like milk powder, vegetable fat etc., changes in Government regulations and tax laws economic conditions affecting demand/supplies and other environmental factors over which the company does not have control.



## INDEPENDENT AUDITORS' REPORT

### To the Members of Lotus Chocolate Company Limited.

#### 1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lotus Chocolate Company Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### 2. Management's responsibility for the Standalone Financial Statements

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

#### 3. Auditors' Responsibility

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

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

We conducted our audit in accordance with the standards on auditing under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in accordance with the accounting principles generally accepted in India:

- (i) In the case of Balance Sheet of the state of affairs as at March 31, 2017;
- (ii) In the case of Statement of Profit and Loss of LOSS for the year ended on that date; and
- (iii) In the case of Cash Flow Statement of its cash flow for the year ended on that date.

**5. Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the Paragraph 3 and 4 of the Order.
- (2) As required Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with Accounting Standards specified under Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014
  - (e) On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act
  - (f) With respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and
  - (g) With respect to other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements vide Note No. 29 of Notes to the Financial Statements.
    - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - (iii) According to the records of the Company, no amount is required to be transferred to the Investor Education and Protection Fund during the year.
    - (iv) The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 31 to the standalone financial statements.

Place: Hyderabad

Date: 12.06.2017

**ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT**

*The Annexure referred to in Paragraph 5 (1) of Independent Auditors' Report to the Members of Lotus Chocolate Company Limited On the standalone financial statements for the year ended on March 31, 2017*

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The Company has a phased programme of physical verification of Fixed Assets which in our opinion is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.  
(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company
2. The Inventory of finished goods,, raw materials, stores, spare parts, except those in transit and with third parties have been physically verified by the management at the year end. We consider that the frequency of the verification is reasonable, having regard to the nature of business and size of the Company. No material discrepancies were noticed on physical verification.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
4. According to the information and explanations given to us, the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees are not applicable to the Company.
5. According to the information and explanations given to us, the Company has not accepted any deposits during the year and hence compliance with the provisions of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014, as amended with regard to acceptance of deposits are not applicable to the Company.
6. According to the information and explanations given to us, maintenance of cost records is not prescribed for the activities/products manufactured by the Company; hence the matters relating to the maintenance of cost records are not applicable.
7. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance Income-tax, and Sales Tax, Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it to the appropriate authorities. According to the records of the Company and information and explanations given to us none of these undisputed taxes are in arrears as at March 31, 2017 for a period exceeding six month from the date they become payable.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess, which have not been deposited on account of any dispute. The particulars of dues of Customs Duty as at 31st March, 2017 which have not been deposited on account of a dispute, are as follows:

<b>Name of Statute</b>	<b>Nature of dues</b>	<b>Amount (Rs in Lakhs)</b>	<b>Period to which it relates</b>	<b>Forum where pending</b>
Customs	Customs Duty	319.04	1996-1997	High Court, Chennai
Customs	Customs Duty	180.00	1996-1997	Appellate Tribunal, Chennai

8. According to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks, government and the Company has not issued any debentures.
9. The Company has not raised any money by way of initial public offer or further public offer or by way of term loans during the year, hence clause (ix) of Companies (Auditor's Report) Order, 2016 (CARO) is not applicable.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers has been noticed or reported during the year.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act
12. The Company is not NIDHI company hence clause (xii) of CARO is not applicable to the Company
13. According to the information and explanations furnished to us, and based on our examination of books and records, we are of the opinion that all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and all the details have been disclosed in the financial statements as per applicable Accounting Standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
16. The Company is not required to be registered under Section 45-1A of the Reserve Bank of India.

Place: Hyderabad

Date: 12.06.2017

## ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT

*The Annexure referred to in Paragraph 5 (2) (f) of Independent Auditors' Report to the Members of Lotus Chocolate Company Limited On the standalone financial statements for the year ended on March 31, 2017*

### **Report on the Internal Financial Controls over Financial Reporting under clause (i) of sub section 3 of Section 143 of the Companies Act, 2013**

1. We have audited the internal financial controls over financial reporting of Lotus Chocolate Company Limited (the Company) as at March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **2. Management's Responsibility:**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial control over financial reporting criteria established by the Company considering the essential components of control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **3. Auditor's Responsibility:**

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

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

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

#### **4. Meaning of Internal Financial Controls Over Financial Reporting:**

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



**5. Inherent Limitations of Internal Financial Controls Over Financial Reporting:**

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

**6. Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Place: Hyderabad

Date: 12.06.2017



**Balance Sheet as at 31 March, 2017**

	Particulars	Note No.	As at 31 March, 2017 Amount in ₹	As at 31 March, 2016 Amount in ₹
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	2	202,346,490	202,346,490
	(b) Reserves and surplus	3	(234,971,972)	(230,324,551)
			(32,625,482)	(27,978,061)
<b>2</b>	<b>Share application money pending allotment</b>		-	-
<b>3</b>	<b>Non-current liabilities</b>			
	a) Long-term borrowings	4	181,238,816	181,238,816
	(b) Long-term provisions	5	1,770,148	1,405,529
			183,008,964	182,644,345
<b>4</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	6	51,714,242	112,409,411
	(b) Trade payables	7	34,091,863	48,609,186
	(c) Other current liabilities	8	18,509,295	22,242,694
	(d) Short-term provisions	9	1,541,319	2,751,406
			105,856,719	186,012,697
	<b>TOTAL</b>		<b>256,240,201</b>	<b>340,678,981</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	10	55,197,281	57,905,242
	(ii) Intangible assets		36,000	-
	(iii) Capital work-in-progress		-	-
			55,233,281	57,905,242
	(b) Long Term Loans and Advances & Deposits	11	5,055,262	4,468,183
<b>2</b>	<b>Current assets</b>			
	(a) Inventories	12	104,192,153	159,572,047
	(b) Trade receivables	13	74,455,239	90,003,398
	(c) Cash and cash equivalents	14	7,996,632	14,936,784
	(d) Short-term loans and advances	15	4,115,370	8,467,611
	(e) Other current assets	16	5,192,264	5,325,716
			195,951,659	278,305,556
	<b>TOTAL</b>		<b>256,240,201</b>	<b>340,678,981</b>
	Significant Accounting Policies and Notes form integral part of Financial Statements.	1 to 34		

In terms of our report attached.

**For S.R. Mohan & Co**

Chartered Accountants

FRN: 002111S

Sd/-

**B. BRAHMANANDAM**

Partner

Membership No 020026

Sd/-

Place : HYDERABAD

Date : 12.06.2017

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

Sd/-

**P. ANANTHA PAI**

DIRECTOR

Sd/-

**BABITA CHANDRAKAR**

COMPANY SECRETARY

Sd/-

**G S RAM**

WHOLE TIME DIRECTOR

Sd/-

**P. RAVI KUMAR**

CHIEF FINANCIAL OFFICER

**Statement of Profit and Loss for the year ended 31 March, 2017**

	Particulars	Note No.	For the year ended 31 March, 2017 Amount in ₹	For the year ended 31 March, 2016 Amount in ₹
<b>A</b>	<b>FROM CONTINUING OPERATIONS:</b>			
<b>I</b>	Revenue From Operations:	17	664,624,218	653,955,695
<b>II</b>	Other income	18	1,273,563	2,184,594
<b>III</b>	<b>Total revenue (I+II)</b>		<b>665,897,781</b>	<b>656,140,289</b>
<b>IV</b>	<b>Expenses</b>			
	(a) Cost of materials consumed	19	498,272,404	547,898,459
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	35,685,394	(54,317,857)
	(c) Employee benefits expense	21	43,109,176	43,194,969
	(d) Finance costs	22	12,239,464	9,126,705
	(e) Depreciation and amortisation expense		8,015,120	7,711,416
	(f) Other expenses	23	73,175,400	89,695,924
	<b>Total expenses</b>		<b>670,496,958</b>	<b>643,309,617</b>
<b>V</b>	<b>Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)</b>		(4,599,177)	12,830,672
<b>VI</b>	Prior Period Adjustment		(48,243)	(259,554)
<b>VII</b>	<b>Profit / (Loss) before tax (V + VI)</b>		<b>(4,647,420)</b>	<b>12,571,119</b>
<b>VIII</b>	<b>Tax expense:</b>			
	(a) Current tax		0	0
	(b) Deferred tax		0	0
	<b>Profit / (Loss) after tax (VII -VIII)</b>		<b>(4,647,420)</b>	<b>12,571,119</b>
<b>IX</b>	<b>Basic and diluted Earnings per Equity Share (face value of ₹10/- each) before prior year adjustment</b>		(0.36)	0.98
<b>X</b>	<b>Basic and diluted Earnings per Equity Share (face value of ₹10/- each) after prior year adjustment</b>		(0.36)	0.98
	"Significant Accounting Policies and Notes form integral part of Financial Statements."	1-34		

In terms of our report attached.

**For S.R. Mohan & Co**

Chartered Accountants

FRN: 002111S

Sd/-

**B. BRAHMANANDAM**

Partner

Membership No 020026

Sd/-

Place : HYDERABAD

Date : 12.06.2017

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

Sd/-

**P. ANANTHA PAI**

DIRECTOR

Sd/-

**G S RAM**

WHOLE TIME DIRECTOR

Sd/-

**BABITA CHANDRAKAR**

COMPANY SECRETARY

Sd/-

**P. RAVI KUMAR**

CHIEF FINANCIAL OFFICER

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2017**

PARTICULARS	(In ₹) Year ended 31.03.2017	(In ₹) Year ended 31.03.2016
A. Cash Flow from Operating Activities:		
<b>Net Profit before tax and Extra Ordinary items</b>	<b>(4,599,177)</b>	<b>12,830,672</b>
<b>Adjustment for:</b>		
Depreciation	8,015,120	7,711,416
Interest	12,239,464	9,126,705
Loss on sale of asset	(192)	0
<b>Operating Profit before working capital Changes</b>	<b>15,655,215</b>	<b>29,668,793</b>
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	55,379,894	(99,641,536)
Trade and other receivables	19,446,772	(14,650,412)
Adjustments for increase / (decrease) in operating liabilities:		
Trade and other payables	(80,322,580)	(5,896,376)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>10,159,301</b>	<b>(90,519,532)</b>
Interest Paid	(12,239,464)	(9,126,705)
Cash flow before extra ordinary items	(2,080,163)	(99,646,237)
Extra Ordinary items	(48,243)	(259,554)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(2,128,406)</b>	<b>(99,905,790)</b>
B. Cash Flow from Investing activities:		
Purchase/sale of Fixed Assets (net)	(5,176,366)	(8,439,821)
Adj for sale of Fixed Assets/Depreciation write back	0	760,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,176,366)</b>	<b>(7,679,821)</b>
C. Cash Flow from Financing Activities:		
Receipt/(Repayment) of Loans	364,619	110,906,649
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>364,619</b>	<b>110,906,649</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS(A+B+C)</b>	<b>(6,940,153)</b>	<b>3,321,037</b>
CASH & CASH EQUIVALENTS (As on 31.03.2017)	7,996,632	14,936,784
CASH & CASH EQUIVALENTS (As on 31.03.2016)	14,936,784	11,615,747
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(6,940,153)</b>	<b>3,321,037</b>

1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on 'Cash Flow Statements (AS-3)' specified under section 133 of the Companies Act, 2013.

2 Previous year's figures have been rearranged/regrouped wherever necessary.

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

**For S.R. Mohan & Co**

Chartered Accountants

FRN: 002111S

Sd/-

**B. BRAHMANANDAM**

Partner

Membership No 020026

Sd/-

Place : HYDERABAD

Date : 12.06.2017

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

Sd/-

**P. ANANTHA PAI**

DIRECTOR

Sd/-

**BABITA CHANDRAKAR**

COMPANY SECRETARY

Sd/-

**G S RAM**

WHOLE TIME DIRECTOR

Sd/-

**P. RAVI KUMAR**

CHIEF FINANCIAL OFFICER

**Notes : 1****SIGNIFICANT ACCOUNTING POLICIES****1. ACCOUNTING ASSUMPTIONS:**

The accounts have been prepared under the historic cost convention on the basis of a going concern concept, with revenues recognized and expenses accounted for on their accrual, with due provisions/adjustments for obligations that have been crystallised but not yet incurred.

Accounting policies not specifically referred to herein below are consistent and in consonance with generally accepted accounting principles prevalent in India.

**2. BASIS OF PRESENTATION:**

The structures of the accounts have been drawn in accordance with the Schedule III to the Companies Act, 2013.

**3. FIXED ASSETS:**

Fixed assets are stated at cost less depreciation. Cost includes freight, installation charges, duties, taxes, insurance, interest levied on borrowed funds used to finance assets in the course of construction and installation and other related incidental charges. Expenditure for additions and improvements are capitalized and expenditure for maintenance and repairs are charged to profit and loss account. When assets are sold or retired, their cost or valuation and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

**4. DEPRECIATION:**

Depreciation on fixed assets (except land) has been provided on Straight Line Method as per rates provided in Schedule II to the Companies Act, 2013.

**5. IMPAIRMENT**

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized where ever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to

their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**6. INVESTMENTS:**

All investments are stated at cost i.e., cost of acquisition is inclusive of expenditure incidental to acquisition.

Provision for diminution in their market value of current investments is recognized and charged to Profit and Loss Account.

**7. INVENTORIES:**

Inventories are valued as under:

- a) Raw-materials, packing materials, stores and spares:

At cost (determined on a weighted average basis) which includes freight, duty and insurance

- b) Work-in-process:

At cost plus allocation and apportionment of relevant factory overheads applicable till the stage of completion.

- c) Finished goods:

1. At factory: Valued at lower of cost or market value. Cost computed on the basis of material, direct labour and allocation and apportionment of relevant factory overheads incurred and excise duty payable on such goods.

2. At branches: Valued at lower of cost or market value. Cost computed on the basis of material, direct labour and allocation and apportionment of relevant factory overheads including excise duty paid on such goods and transport charges to the branch.

**8. PROVISIONS:**

- A. In accordance with year-end review of the reliability of Trade receivables and other receivables, specific provisions are created and maintained against those Trade receivables and other receivables

that in the opinion of the management may not be recovered partially or fully.

- B. Provisions are made for non-moving, obsolete and unserviceable inventories / stores on the basis of technical evaluation.

#### **9. REVENUE RECOGNITION:**

Sale of goods is recognized at the point of dispatch of finished goods to Customers.

Sales are exclusive of excise duty and sales tax.

Income from interest on call money arrears accounted for on cash basis.

#### **10. Borrowing Cost**

Borrowing Costs directly attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are charged to Profit and Loss Account.

#### **11. RESEARCH AND DEVELOPMENT:**

Expenditure pertaining to Research and Development is charged to revenue in the year in which it is incurred.

#### **12. EMPLOYEE BENEFITS**

- A) In respect of Gratuity for eligible employees, provision is made as per Actuarial Valuation certified by Mr. K.V.Y .Sastry for the year ended 31/03/2017
- B) In respect of leave encashment, provision is made based on salary as at March, 31, 2017 for the leave accumulated and credited to the respective employees as per Actuarial Valuation.

#### **13. PRIOR-PERIOD ITEMS:**

An item has been determined as prior period item in accordance with the accounting standards issued by the ICAI

#### **14. EXCEPTIONAL ITEM:**

An item of income/expense arising from certain ordinary activities of the Company which are of such size, nature or incidence that their disclosure is relevant to be made separately are treated as exceptional item.

#### **15. FOREIGN CURRENCY TRANSACTIONS:**

Foreign currency transactions are accounted at the rate prevailing on the transaction date. Exchange differences if any arising on the date of settlement have been charged to profit & loss account.

#### **16. TAXES ON INCOME**

Current tax is determined in accordance with the provisions of the Income Tax Act, 1961, as the amount of tax payable to the Tax Authorities in respect of taxable income for the year.

Deferred tax: Since the company has substantial carried forward business losses and unabsorbed depreciation, it is unlikely to have taxable profits in the near future and the deferred tax liability is much lesser than deferred tax assets and hence it is considered prudent not to recognize either deferred tax assets or deferred tax liability.

#### **17. TREATMENT OF CONTINGENT LIABILITIES:**

Liabilities, which may or may not arise and not crystallized as at the end of accounting period, have been shown as contingent liabilities.

**NOTES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

(Amount in ₹)

<b>2. SHARE CAPITAL</b>	<b>As at March 31, 2017</b>		<b>As at March 31, 2016</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
<b>Authorised:</b>				
Equity Shares - Par Value Rs. 10/- each	14,000,000	140,000,000	14,000,000	140,000,000
Preference Shares - Par Value Rs.10/- each	8,000,000	80,000,000	8,000,000	80,000,000
<b>Issued, Subscribed and fully paid up:</b>				
Equity Shares - Par Value Rs. 10/- each	12,841,049	128,410,490	12,841,049	128,410,490
Less: CALLS UNPAID				
From Members other than Directors		30,000		30,000
<b>Preference Share Capital</b>				
73,96,600 -10% Redeemable Cumulative Preference Shares Rs 10/- each (Previous Year 73,96,600)	7,396,600	73,966,000	7,396,600	73,966,000
<b>TOTAL</b>		<b>202,346,490</b>		<b>202,346,490</b>
<b>(A) Reconciliation of Equity Shares:</b>				
As at the beginning of the year	12,841,049	128,380,490	12,841,049	128,380,490
Issued During the Year	-	-	-	-
As at the End of the year	12,841,049	128,380,490	12,841,049	128,380,490
<b>(B) Reconciliation of Preference Shares:</b>				
As at the beginning of the year	7,396,600	73,966,000	7,396,600	73,966,000
Issued During the Year	-	-	-	-
As at the End of the year	7,396,600	73,966,000	7,396,600	73,966,000
<b>(C) Shareholders holding more than 5% of the Equity Shares in the Company</b>				
	<b>As at March 31, 2017</b>	<b>Percentage of holding</b>	<b>As at March 31, 2016</b>	<b>Percentage of holding</b>
Mr. Prakash Peraje Pai	3,659,272	28.50	3,659,272	28.50
Mr. Anantha Peraje Pai	3,659,272	28.50	3,659,272	28.50
<b>Rights, Preferences and restrictions attached to the Shares:</b>				
<b>(i) Equity Shares:</b>				
Equity shares rank pari passu as regards to dividend and voting rights. Each share has one vote.				
<b>(ii) Preference Shares</b>				
Preference shares have right to preferential dividend of 10% per annum on cumulative basis and also for redemption of principal over the equity shares. Preference share holders have right to vote only on the matters concerning the preference shares.				

(Amount in ₹)

3. RESERVES AND SURPLUSES:	As at 31-03-2017		As at 31-03-2016	
	Amount	Amount	Amount	Amount
<b>(A) Capital Reserve:</b>				
As at the Beginning of the year	27,414,157		27,414,157	
Additions during the year	0		0	
Less: Transferred to Profit & Loss Statement	0		0	
As at end of the year		27,414,157		27,414,157
<b>(B) Securities Premium Account</b>				
As at the Beginning of the year	37,968,442		37,968,442	
Additions during the year	0		0	
Less Transferred to Profit & Loss Statement	0		0	
As at end of the year		37,968,442		37,968,442
<b>(C) State Investment Subsidy</b>		₹ 1,500,000		1,500,000
<b>(D) Surplus/(Deficit) in Profit and Loss</b>				
As at the beginning of the year	(297,207,150)		(315,718,916)	
Additions during the year	(4,647,420)		7,107,726	
As at the end of the year		(301,854,571)		(297,207,150)
<b>TOTAL</b>		<b>(234,971,972)</b>		<b>(230,324,551)</b>

(Amount in ₹)

4. LONG TERM BORROWINGS:	As at 31.03.2017	As at 31.03.2016
(i) Unsecured Loans		
From Directors	181,238,816	181,238,816
<b>TOTAL</b>	<b>181,238,816</b>	<b>181,238,816</b>



(Amount in ₹)

<b>5. LONG TERM PROVISIONS:</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Provision for Employee Benefits:		
Provision for Gratuity	1,548,753	1,364,659
Provision for Leave Encashment	221,395	40,870
<b>TOTAL</b>	<b>1,770,148</b>	<b>1,405,529</b>

Provision for Gratuity and Leave Encashment is made as per Actuarial Valuation Certificate

(Amount in ₹)

<b>6. SHORT - TERM BORROWINGS:</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Canara Bank Cash Credit Loan	51,714,242	112,409,411
<b>TOTAL</b>	<b>51,714,242</b>	<b>112,409,411</b>

6.1. Loans from bank is primarily secured by first charge on inventory, trade receivables and other current assets.

6.2. The Bank Loan is also collaterally secured by way of first charge on Fixed Assets of the Company including EM of Factory Land and Buildings situated at S No 31 & 39 in Nasthipur Village, Hathnura Mandal, Medak District

(Amount in ₹)

<b>7. TRADE PAYABLES</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Creditors for Supplies	30,575,695	45,996,353
Creditors for Services	3,516,168	2,612,833
<b>TOTAL</b>	<b>34,091,863</b>	<b>48,609,186</b>

The company have not received any intimation from suppliers regarding their status under the Micro, Small & Medium Enterprises Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year end to whether with interest paid/payable as required under the said Act has not been given.

(Amount in ₹)

<b>8. OTHER CURRENT LIABILITIES</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Salaries and other Staff benefits Payable	3,445,801	3,220,214
Salary Recoveries Payable	334,424	343,972
VAT & Other Indirect Taxes Payable	6,341,393	9,138,221
TDS Payable	157,014	139,673
Outstanding Liabilities for Expenses	5,139,172	7,197,734
Advances from Customers	3,091,490	2,202,880
<b>TOTAL</b>	<b>18,509,295</b>	<b>22,242,694</b>

(Amount in ₹)

<b>9. SHORT TERM PROVISIONS</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Provision for Employee benefits:		
Bonus and Ex-gratia	957,564	1,985,798
Provision for Gratuity	536,751	561,131
Provision for Leave Salary	47,004	204,477
<b>TOTAL</b>	<b>1,541,319</b>	<b>2,751,406</b>

## 10. SCHEDULE OF FIXED ASSETS

(Amount in ₹)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	AS AT 01-04-2016	ADDITIONS DURING THE PERIOD	ADJ. FOR SALE/ TRA.WO	AS AT 31.03.2017	UPTO 31.03.2016	DURING THE PERIOD	ADJ. FOR SALE/DEL. WRITE BACK	UPTO 31.03.2017	AS AT 31.03.2017 AS AT 31.03.2016
<b>(A) TANGIBLE ASSETS:</b>									
LAND - FREEHOLD	230,863	0	0	230,863	0	0	0	0	230,863
BUILDINGS	21,261,348	858,060	0	22,119,408	14,322,789	691,828	0	15,014,617	7,104,792
PLANT AND MACHINERY	203,144,848	4,441,806	0	207,586,654	153,535,010	7,066,968	0	160,601,979	46,984,675
ELECTRIC INSTALLATIONS	5,192,142	0	0	5,192,142	4,688,824	102,499	0	4,791,323	400,819
FURNITURES AND FIXTURES	2,566,002	0	0	2,566,002	2,316,809	42,777	0	2,359,585	206,417
OFFICE EQUIPMENT	1,245,059	0	0	1,245,059	1,094,876	86,320	0	1,181,196	63,863
OFFICE EQUIPMENT - COMPUTERS	2,851,590	26,000	0	2,877,590	2,737,907	8,233	0	2,746,141	131,449
VEHICLES	1,637,554	0	149,500	1,488,054	1,527,949	12,495	126,792	1,413,652	74,402
<b>Total</b>	<b>238,129,406</b>	<b>5,325,866</b>	<b>149,500</b>	<b>243,305,772</b>	<b>180,224,164</b>	<b>8,011,120</b>	<b>126,792</b>	<b>188,108,492</b>	<b>55,197,281</b>
<b>(B) INTANGIBLE ASSETS</b>									
COMPUTER SOFTWARE	40,000	0	0	40,000	0	4,000	0	4,000	36,000
<b>TOTAL (A+B)</b>	<b>238,169,406</b>	<b>5,325,866</b>	<b>149,500</b>	<b>243,345,772</b>	<b>180,224,164</b>	<b>8,015,120</b>	<b>0</b>	<b>188,112,492</b>	<b>55,233,281</b>
PREVIOUS YEAR									
<b>AS AT 31ST MARCH 2016</b>	<b>230,946,821</b>	<b>8,439,821</b>	<b>1,257,236</b>	<b>238,129,406</b>	<b>172,512,748</b>	<b>7,711,416</b>	<b>0</b>	<b>180,224,164</b>	<b>57,905,242</b>
									<b>58,434,073</b>

(Amount in ₹)

<b>11. LONG TERM LOANS &amp; ADVANCES</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
(a) Deposits with Govt. Authorities	4,617,419	4,070,489
(b) Prepaid Expenses	437,843	397,694
<b>TOTAL</b>	<b>5,055,262</b>	<b>4,468,183</b>

(Amount in ₹)

<b>12. INVENTORIES</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Raw Material	29,588,946	54,488,692
Work -in- Process	16,482,726	20,113,957
Finished Goods	45,438,750	71,126,516
Stores and Spares and Fuel	3,031,912	1,674,158
Stock of Packing Materials	6,954,272	7,386,534
	101,496,606	154,789,857
ADD: Excise duty on closing stock of finished goods	4,279,754	6,366,397
	105,776,360	161,156,254
Less:		
Provision for Non- Moving Stock	1,584,207	1,584,207
<b>TOTAL</b>	<b>104,192,153</b>	<b>159,572,047</b>
12.1 Raw material, Packing material and Stores and Spares are valued at cost on weighted average.		
12.2 Work in process is taken at cost at various stages of production.		
12.3 Finished goods are valued at lower of the cost or Net Realisable Value.		

(Amount in ₹)

<b>13. TRADE RECEIVABLES:</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Outstanding for a period exceeding six months		
Unsecured - Considered good	10,124,138	8,159,333
Unsecured - Considered Doubtful	0	49,945
	10,124,138	8,209,278
Less: Provision for doubtful debts	0	49,945
	10,124,138	8,159,333
Others		
Unsecured - Considered good	64,331,101	81,844,065
Unsecured - Considered Doubtful	0	0
	<b>64,331,101</b>	<b>81,844,065</b>
<b>TOTAL</b>	<b>74,455,239</b>	<b>90,003,398</b>

(Amount in ₹)

<b>14. CASH AND CASH EQUIVALENTS</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
(a) Balances with Banks		
in Current Accounts	7,619,093	14,418,070
in earmarked deposit accounts	300,000	420,000
	7,919,093	14,838,070
(b) Cash on Hand	77,540	98,715
<b>TOTAL</b>	<b>7,996,632</b>	<b>14,936,784</b>

(Amount in ₹)

<b>15. SHORT TERM LOANS AND ADVANCES</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Unsecured - Considered good		
Advances to Suppliers	3,799,693	7,802,254
Advances to Employees	315,677	665,357
<b>TOTAL</b>	<b>4,115,370</b>	<b>8,467,611</b>

(Amount in ₹)

<b>16. OTHER CURRENT ASSETS:</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Unsecured - Considered good		
Tax Deducted at Source	419,382	390,120
Interest Accrued	672,854	599,332
Balance with Government Bodies	3,110,342	3,110,342
Cenvat Credit	282,925	583,970
Prepaid Expenses	706,761	641,952
<b>TOTAL</b>	<b>5,192,264</b>	<b>5,325,716</b>

(Amount in ₹)

<b>17. REVENUE FROM OPERATIONS:</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Sale of Manufactured Products		
Gross Sales	731,762,272	726,580,913
Less Excise Duty	67,138,054	72,625,218
Net Sale of Products	664,624,218	653,955,695
Income from Operations	664,624,218	653,955,695

(Amount in ₹)

<b>18. OTHER INCOME</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Interest Income	437,394	393,291
Misc. Income	836,169	1,791,303
<b>TOTAL</b>	<b>1,273,563</b>	<b>2,184,594</b>

(Amount in ₹)

<b>19. COST OF MATERIAL CONSUMED</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
A. Raw material		
Opening Stock	54,488,692	7,439,486
Purchases	445,441,536	565,915,830
Purchase plus Opening Stock	499,930,228	573,355,316
Less Closing Stock	29,588,946	54,488,692
Raw Material Consumed	470,341,282	518,866,624
B. Packing Material		
Opening Stock	7,386,534	6,104,209
Purchases	27,498,859	30,314,160
Purchase plus Opening Stock	34,885,393	36,418,369
Less Closing Stock	6,954,272	7,386,534
Packing Material Consumed	27,931,121	29,031,835
<b>Total Material Consumed (A+B)</b>	<b>498,272,404</b>	<b>547,898,459</b>

(Amount in ₹)

<b>20. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
A. Opening Stock:		
Finished Goods	77,492,913	36,321,178
Work in Process	20,113,957	6,967,836
Total Opening Stock (A)	97,606,870	43,289,013
B. Closing Stock		
Finished Goods	45,438,750	77,492,913
Work in Process	16,482,726	20,113,957
Total Closing Stock (B)	61,921,476	97,606,870
<b>Decrease/(Increase) in Inventory (A-B)</b>	<b>35,685,394</b>	<b>(54,317,857)</b>

(Amount in ₹)

<b>21. EMPLOYEE BENEFITS EXPENSES</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Salaries and Wages, Bonus & Ex-gratia	37,822,904	38,382,166
Provident Fund & ESI Contributions	2,002,830	1,994,417
Gratuity and leave encashment	766,326	308,342
Staff Welfare	1,171,315	1,164,243
Directors' Remuneration	1,345,800	1,345,800
<b>Total</b>	<b>43,109,176</b>	<b>43,194,969</b>

(Amount in ₹)

<b>22. FINANCE COSTS</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Interest Expense on Working Capital	11,554,922	8,378,928
Bank Charges	684,542	747,777
<b>Total</b>	<b>12,239,464</b>	<b>9,126,705</b>

(Amount in ₹)

<b>23. OTHER EXPENSES</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
<b>A. Manufacturing Expense</b>		
Consumption of Stores & Spares	6,899,736	8,936,821
Power & Fuel	21,842,734	22,259,081
Repairs to Building	285,022	495,725
Repairs to Plant & Machinery	839,782	1,303,508
Repairs to Other Assets	125,401	211,524
Other Manufacturing Expenses	10,533,419	15,725,136
R & D/ Lab Expenses	3,996	12,145
	40,530,090	48,943,939

(Amount in ₹)

<b>B. Selling Expenses</b>		
Business Promortion	3,014,344	3,998,233
Sales Incentives and Allowances	5,736,357	6,870,385
Freight , Hamali and Carriage Outwards	12,700,850	16,434,811
	21,451,551	27,303,429
<b>C. Administration Expenses</b>		
Rates & Taxes other than taxes on Income	2,070,331	3,178,187
Professional Charges	655,700	741,612
Rent	2,033,000	1,455,000
Travelling & Conveyance	2,026,929	2,986,806
Meeting & Conferences	39,459	18,903
Insurance	583,301	617,009
Postage, Telephone & Courier Charges	1,313,621	1,410,468
General Expenses	2,311,419	2,880,571
Payment to Auditors - As Statutory Audit Fees	100,000	100,000
As Tax Audit Fees	40,000	40,000
As Certification Fee	20,000	20,000
	11,193,760	13,448,556
<b>TOTAL</b>	<b>73,175,400</b>	<b>89,695,924</b>

(Amount in ₹)

<b>24. SEGMENT REPORTING</b>	<b>Turnover in ₹</b>	
	<b>For the Year 2016-17</b>	<b>For the Year 2015-16</b>
(a) Cocoa Products including chocolates		
India	664,624,218	653,955,696
Export	0	0
<b>TOTAL</b>	<b>664,624,218</b>	<b>653,955,696</b>
(b) Conversion	-	-

(Amount in ₹)

<b>25. IMPORTED AND INDIGENOUS MATERIALS CONSUMED</b>				
<b>Particulars</b>	<b>For the year ended 31 st March 2017</b>		<b>For the year ended 31 st March 2016</b>	
	<b>In Rs</b>	<b>%</b>	<b>In Rs</b>	<b>%</b>
Raw Materials :				
Imported	10,662,187	2%	11,904,225	2%
Indigenous	431,324,576	98%	554,011,605	98%
<b>Total</b>	<b>441,986,763</b>	<b>100%</b>	<b>565,915,830</b>	<b>100%</b>
Components and Spares Parts				
Imported	1,788,625	15%	639,228	7%
Indigenous	10,329,587	85%	8,296,747	93%
<b>Total</b>	<b>12,118,212</b>	<b>100%</b>	<b>8,935,975</b>	<b>100%</b>

<b>26. EARNINGS PER SHARE</b>			
<b>Particulars</b>	<b>31st March, 2017</b>	<b>31st March, 2016</b>	
<b>Numerator</b>			
Net Profit / ( Loss) as disclosed in Statement of Profit & Loss	(4,647,420)	12,571,119	
"Net Profit / ( Loss) attributable to the Equity Shareholders"	(4,647,420)	12,571,119	
<b>Denominator</b>			
Weighted average No. of Equity Shares	12,841,049	12,841,049	
"Basic and diluted Earnings Per Share ( face value of Rs.10 each)"	(0.36)	0.98	
"Basic and diluted Earnings Per Share After Exceptional items"	(0.36)	0.98	

**27. RELATED PARTY DISCLOSURES:**

Related parties with whom company entered into transactions during the year:

**(i) List of Related Parties:****(a) Key Management Personnel and Enterprises:**

- (i) P. Prakash Pai, Director
- (ii) P. Anantha Pai, Director
- (iii) P. Ashwini Pai, Director
- (iv) G. S. Ram, CEO, Whole Time Director
- (v) Dilip Mangesh Kalelkar, Whole Time Director (Technical)

**(b) Enterprises / Entities having Common Key Management Personnel**

- i. Puzzolana Machinery Fabricators (Hyderabad) LLP
- ii. Soubhagya Confectionery Private Limited

The company has identified all related parties and details of transactions are given below. There are no other related parties where control exists that need to be disclosed.

(Amount in ₹)

Name of the transacting related party	Relationship between the parties	Nature of Transaction	Value / Volume of transactions during the year	Amount outstanding as on 31.03.2017
P. Prakash Pai	Director	Unsecured Loans Taken	NIL (NIL)	91,719,408 (91,719,408)
		Unsecured Loans Repaid	NIL (10,00,000)	NIL
		Interest	NIL (NIL)	
P. Anantha Pai	Director	Unsecured Loans Taken	NIL (NIL)	89,519,408 (89,519,408)
		Unsecured Loans Repaid	NIL (10,00,000)	NIL
		Interest	NIL (NIL)	
P. Ashwini Pai	Director	Managerial Remuneration	Nil (NIL)	Nil (Nil)
G.S. Ram	Whole Time Director	Managerial Remuneration	745,800 (745,800)	62,150 (62,150)
Dilip Mangesh Kalelkar	Whole Time Director (Technical)	Managerial Remuneration	600,000 (600,000)	50,000 (50,000)
Puzzolana Machinery Fabricators (Hyderabad) LLP	"Common Key Management Personnel"	1. Purchase of Machinery & Spare parts	NIL (3,958,562)	NIL (50,034)
		2. Chocolate Sales	77,025 (51,747)	77,025 (Nil)
Soubhagya Confectionery Private Limited	"Common Key Management Personnel"	1. Purchases	1165109 (NIL)	NIL (NIL)
		2. Sales	52,433,589 (43,581,648)	3,703,004 (2,221,226)



<b>28. PARTICULARS OF MANAGERIAL REMUNERATION :</b>		(Amount in ₹)
Mr. G.S.Ram, Whole Time Director	<b>For the year 2016-17</b>	<b>For the year 2015-16</b>
Salary	745,800	7,45,800
Perquisites - PF	0	0
Total	745,800	7,45,800
Note : As Mr. G.S.Ram is aged above 60 years, we have not deposited any Provident Fund for the financial year 2016-17		
Mr. Dilip Kalelkar, Whole Time Director ( Technical)	<b>For the year 2016-17</b>	<b>For the year 2015-16</b>
Salary	600,000	600,000
Perquisites - PF	0	0
Total	600,000	600,000
Note : We have not paid managerial remuneration to any Director other than those mentioned above.		

<b>29. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:</b>	
1.	Claims against the Company not acknowledged as debts:
a)	From Commissioner of Customs, Chennai in respect of Advance licenses not fulfilled within the stipulated time though extension and clubbing of such licences have been allowed by the Licensing authority Rs. 18,000,000 (Previous year Rs. 18,000,000). The company has received order in favour of the company from Commissioner of Customs, Chennai Vide order No. 10404/2009 dt 23-12-2009. However the department has preferred an appeal before the appellate tribunal against the order issued by Commissioner Customs, (Seaport-Export).
b)	From Directorate of Revenue Intelligence, Chennai in respect of alleged non fulfillment of export obligation for Rs. 31,900,000 (Previous year Rs. 31,900,000)
2.	Accrued and unpaid preference dividend Rs. 130,489,400 (previous year Rs. 123,092,800)

(Amount in ₹)

<b>30. EXPENSES/INCOME EARNED/INCURRED IN FOREIGN CURRENCY:</b>		
Particulars	<b>For the year ended 31.3.2017</b>	<b>For the year ended 31.3.2016</b>
<b>A) Import of material ( CIF value)</b>		
Capital Equipment's	NIL	NIL
Raw Materials	11,693,208	6,785,387
Components & Spares	1,788,625	639,220
<b>B) Expenditure in Foreign Currency</b>		
Foreign travel expenses	NIL	NIL
Interest paid on Foreign Currency Term Loan	NIL	NIL
<b>C) Earnings in Foreign Currency on account of</b>		
Export Sales	NIL	NIL
<b>D) Earnings in Foreign Currency on account of Dividends</b>	NIL	NIL

- 31.** Balances of Trade receivables, payables and loans & advances are subject to confirmation and reconciliation.
- 32.** Figures have been rounded off to the nearest rupee.
- 33.** Previous years figures have been regrouped / reclassified where ever necessary to conform to the current year's classification.
- 34. Disclosure on Specified Bank Notes**

PARTICULARS	SBNs	Other denomination notes	Total
<b>Closing cash in hand as on 8-11-2016</b>	<b>27000</b>	775	27775
(+) Permitted receipts	0	58368	58368
(-) Permitted payments	20000	38236	58236
(-) Amount deposited in Banks	7000		7000
<b>Closing cash in hand as on 30-12-2016</b>		20907	20907

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

**For S.R. Mohan & Co**  
Chartered Accountants  
FRN: 002111S

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

Sd/-  
**B. BRAHMANANDAM**  
Partner  
Membership No 020026

Place : HYDERABAD  
Date : 12.06.2017



Sd/-  
**P. ANANTHA PAI**  
DIRECTOR

Sd/-  
**BABITA CHANDRAKAR**  
COMPANY SECRETARY

Sd/-  
**G S RAM**  
WHOLE TIME DIRECTOR

Sd/-  
**P. RAVI KUMAR**  
CHIEF FINANCIAL OFFICER



**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]

CIN : L15200TG1988PLC009111  
 Name of the company : Lotus Chocolate Company Limited  
 Registered Office : # 8-2-596, 1<sup>ST</sup> Floor, 1B, Sumedha Estate, Avenue-4, Puzzolana Towers, St. No.1.  
 Road No. 10, Banjara Hills, Hyderabad-500034.  
 Name of the Member (s) :  
 Registered address :  
 E-mail Id :  
 Folio No./ Client Id & DP ID :

I/We, being the Member(s) of..... shares of the above named company, hereby appoint :

1. Name : .....  
 Address : .....  
 E-mail Id : .....  
 Signature : ....., or failing him
2. Name : .....  
 Address : .....  
 E-mail Id : .....  
 Signature : ....., or failing him
3. Name : .....  
 Address : .....  
 E-mail Id : .....  
 Signature : ....., or failing him

as my/our proxy to attend and vote (on a poll )for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on Wednesday, 27th Day of September, 2017 at 10.00 A.M. at Lions Bhavan, Near Paradise Circle, Secunderabad and at any adjournment thereof in respect of such resolutions as are indicated below:

## Resolution Nos.

1. Adoption of Accounts and Reports
2. To appoint a Director in place of Shri Subramanya Ram Ganapath who retires by rotation and being eligible offers himself for re-appointment.
3. Appointment of Statutory Auditor M/s. VDNR & Associates.

Affix ₹ 1/-  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature of shareholder

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

**Attendance Slip**

Attendance by

(Please tick the appropriate)

1. Member                      2. Proxy                      3. Authorised Representative

I hereby record my presence at the 28th Annual General Meeting of the Company being held on Wednesday, 27th Day of September, 2017 at Lions Bhavan, Near Paradise Circle, Secunderabad.

Name of Proxy (in BLOCK LETTERS):

Shareholder's/Proxy's Signature:

MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT WITH THEM TO THE ANNUAL GENERAL MEETING

## ROUTE MAP TO AGM VENUE

### Venue :



Landmark: Near Paradise Hotel, Silver Plate Resturant, Paradise Circle

Distance from Secunderabad Station : 1.7 Km

NOTES



NOTES



## PRINTED MATTER - BOOK POST

*In the business  
of pure joy*



If Undelivered Please Return to :

**Lotus Chocolate Company Limited**

# Door No. 8-2-596, 1st Floor, 1B, Sumedha Estates

Puzzolana Towers, Avenue-4, Street No. 1, Road No. 10,

Banjara Hills, Hyderabad - 500 034