



# LOTUS

CHOCOLATE COMPANY LIMITED

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**20TH ANNUAL REPORT  
2008 - 2009**

**BOARD OF DIRECTORS**

Shri.P.Prakash Pai  
Shri P.Anantha Pai  
Shri Ganpath Subramonia Ram  
Smt.T Sarada  
Shri Gottemukkala Venkatapathi Raju  
Shri Dilip Mangesh Kalelkar  
Ms.Ashwini Pai  
Shri Abhijeet Pai

Director  
Director  
Whole Time Director  
Director  
Director  
Whole Time Director(Technical)  
Whole Time Director  
Director

**Auditors**

M/s. S.R.Mohan & Co.  
3rd Floor, North Block  
Raghava Ratna Towers,  
Chirag Ali Lane, Hyderabad-500 001

**Registrar & Share Transfer Agents**

M/s.Sathguru Management Consultants  
Private Limited  
Plot No.15, Hindi Nagar,  
Punjabgutta, Hyderabad  
500 034.

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**Registered Office**

# 8-2-596 , 1<sup>st</sup> Floor, 1B,  
Sumedha Estates, Avenue - 4,  
IVRCL Towers, St.No.1. Rd. No.10  
Banjara Hills,  
Hyderabad-500 034.

**Bankers**

**State Bank of India**  
Industrial Finance Branch  
Somajiguda,  
Hyderabad-500 082.

**Works**

Doulatabad  
Hathnoora Mandal,  
Medak District, Andhra Pradesh,  
PIN-502 296.

**Bank of Baroda**

Khairtabad Branch,  
Hyderabad-500 004.

**NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Twentieth-Annual General Meeting of Lotus Chocolate Company Limited will be held at 10.00 A.M. on Wednesday, the 30.09.2009 at LIC Bhavan, Lions Bhavan, Paradise, Secunderabad to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Profit and Loss Account for the Year ended 31.03.2009 and the Balance Sheet as at that date together with the Report of Auditors and the Report of the Board of Directors.
2. To re-appoint M/s.S.R.Mohan & Co., Chartered Accountants, Hyderabad as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration as may be mutually agreed upon between the said S.R. Mohan & Co., and the Board of Directors of the Company.
3. To appoint a Director in the place of Ms T Sarada who retires by rotation and being eligible, offers herself for reappointment.

**SPECIAL BUSINESS**

4. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri P. Prakash Pai, who was appointed as an Additional Director of the Company with effect from 29<sup>th</sup> October, 2008 under Article 98 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri P. Anantha Pai, who was appointed as an Additional Director of the Company with effect from 29<sup>th</sup> October, 2008 under Article 98 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider and, if deemed fit, to pass, with or without modification, the following resolution as

an Ordinary Resolution :

"RESOLVED THAT Shri Ganpath Subramonia Ram, who was appointed as an Additional Director of the Company with effect from 5<sup>th</sup> November, 2008 under Article 98 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri Gottemukkala Venkatapathi Raju, who was appointed as an Additional Director of the Company with effect from 30<sup>th</sup> January, 2009 under Article 98 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Shri Dilip Mangesh Kalekar, who was appointed as an Additional Director of the Company with effect from 09<sup>th</sup> February, 2009 under Article 98 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Ms.Ashwini Pai, who was appointed as an Additional Director of the Company with effect from 05<sup>th</sup> November, 2008 under Article 98 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Shri. Abhijeet Pai, who was appointed as an Additional Director of the Company with effect from 05<sup>th</sup> November, 2008 under Article 98 of the Articles of Association of the Company

and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation."

11. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions if any, of the Companies Act 1956 read with Schedule XIII thereto, but subject to ratification and approval of the shareholders of the Company consent be and is hereby accorded to the appointment of Shri.Ganpath Subramonia Ram as Whole-Time Director for a period of five years with effect from 05.11.2008 and payment of remuneration to him on the terms and conditions as specified below:

**Terms and Conditions**

1. Salary including perquisites : Rs.66,362.p.m. (INCLUDING GPF)."
12. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :  
 "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions if any, of the Companies Act 1956 read with Schedule XIII thereto, but subject to ratification and approval of the shareholders of the Company consent be and is hereby accorded to the appointment of Ms.Ashwini Pai as Whole time Director for a period of five years with effect from 01.04.2009 and payment of remuneration to her on the terms and conditions as specified below:

**Terms and Conditions**

1. Salary including perquisites : Rs.21,510.p.m. (INCLUDING GPF)."
13. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :  
 "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions if any, of the Companies Act 1956 read with Schedule XIII thereto, but subject to ratification and approval of the shareholders of the Company consent be and is hereby accorded to the appointment of Shri.Dilip Mangesh Kalelkar as Whole-Time Director for a period of five years with effect from 01.05.2009 and payment of remuneration to him on the terms and conditions as specified below:

**Terms and Conditions**

1. Salary including perquisites : Rs.50,000 p.m."

For and on behalf of the Board

**P.Anantha Pai**  
Director

**G.S.Ram**  
Whole Time Director

Place : Hyderabad

Date : 17.08.2009

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. Instrument of proxies in order to be effective must be deposited at the Company's registered office at #8-2-596, 1<sup>st</sup> Floor, 1B, Sumedha Estates, Avenue-4, IVRCL Towers, St.No.1, Road No.10, Banjara Hills, Hyderabad-500 034 not less than 48 hours before the meeting.
3. Members/Proxies should bring the attendance slip duly filled-in for attending the meeting.
4. The Register of Members and Share Transfer books of the Company will remain closed from Wednesday, 23<sup>rd</sup> day of September, 2009 to Wednesday, 30<sup>th</sup> day of September, 2009 (both days inclusive).
5. Members desiring any information on the Accounts are requested to write to the company at least seven days before the meeting so as to enable the management to keep the information ready.

**ANNEXURE TO NOTICE**

**EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

**Item No. 4,5,6,7,8,9 and 10**

Consequent upon the takeover of the Company under the provisions of the SEBI (Substantial Acquisition of Shares and takeover) Regulations, 1997 there has been a change in the Management of the Company due to which the constitution of the Board of your Company has been changed.

Shri P. Prakash Pai and Shri P. Anantha Pai were inducted as Additional Directors w.e.f. 29<sup>th</sup> October, 2008. Shri Ganpath Subramonia Ram, Ms. Ashwini Pai and Shri Abhijeet Pai were inducted as Additional Directors on 05.11.2008. G.Venkatapathi Raju was inducted as Additional Director on 30.01.2009 and Shri Dilip Mangesh Kalelkar was inducted as Additional Director on

09.02.2009 on the Board of your Company and their appointment is to be regularised at the ensuing Annual General Meeting.

Your Directors recommend the Resolutions for approval.

None of the Directors of the Company except Shri P. Prakash Pai, Shri P. Anantha Pai, Shri Ganpath Subramonia Ram, Ms. Ashwini Pai and Shri Abhijeet Pai, G. Venkatapathi Raju and Shri Dilip Mangesh Kalelkar is concerned or interested in the Resolution.

#### Item No. 11 and 12

The Board of Directors in its meeting held on 05.11.2008 has appointed Shri Ganpath Subramonia Ram and Ms. Ashwini Pai on 01.04.2009 as Whole Time Director(s) of the Company to look into the day-to-day affairs of the Company subject however to the ratification and approval of the shareholders of the Company in the ensuing general meeting.

Your Directors recommend the Resolutions for approval.

None of the Directors of the Company except Shri Ganpath Subramonia Ram and Ms. Ashwini Pai are concerned or interested in the Resolution.

#### Item No. 13

The Board of Directors in its meeting held on 01.05.2009 has appointed Shri Dilip Mangesh Kalelkar as Whole Time Director-New Product Development of the Company to look into the day-to-day affairs of the Company for the New Product Development of the Company, subject however to the ratification and approval of the shareholders of the Company in the ensuing general meeting.

Your Directors recommend the Resolution for approval.

None of the Directors of the Company except Shri Dilip Mangesh Kalelkar is concerned or interested in the Resolution.

**Information on Directors seeking appointment/re-appointment as required under Clause 49VI(A) of the Listing Agreement with Stock Exchanges.**

#### Ms T Sarada

Ms T Sarada is the original promoter director of Lotus Chocolate Company Limited. She is a renowned film actress of Indian Cinema with over 260 films to her credit in many languages. She was awarded the coveted "President's Award" (the Urvashi award) for best actress thrice and has earned international recognition at major film festivals.

She was elected as the Member of Parliament and currently, she is actively participating in politics.

#### Shri P.Prakash Pai

Shri P. Prakash Pai is an Engineering Graduate. He is the

Managing Partner of M/s. Puzzolana Machinery Fabricators for the past 27 years and possesses extensive experience and entrepreneurial leadership in the development of a machine building enterprise. He has developed several import substitutions for the Engineering and process industries. He has been awarded with VIKAS RATNA in the year 1990. His global exposure and hands-on experience in design, manufacturing, erection and commissioning of rotating equipment & systems and innovative leadership is a major strength to Puzzolana.

#### Shri P.Anantha Pai

Shri P. Anantha Pai is as Chartered Accountant by qualification. He is the Joint Managing Partner of M/s Puzzolana Machinery Fabricators and has 22 years of machine manufacturing experience. He has developed special skills in costing, purchasing, optimization methods, finance & accounts. His co-ordination and monitoring skills and project execution experience help the Firm to meet its targets. His dedicated services are responsible for the successful implementation of different projects.

#### Ms. Ashwini Pai

Ms. Ashwini Pai is an Engineering Graduate, having skill of leadership qualities in business development and management.

#### Shri Abhijeet Pai

Shri Abhijeet Pai is an Engineering Graduate by qualification. He is the President of M/s. Puzzolana Machinery Fabricators for the last 3 years and has taken active part in overseas business development.

#### Shri Ganpath Subramonia Ram

Shri Ganpath Subramonia Ram is a Science Graduate by Academics. He has been associated with the Company since inception. He assumed responsibilities and has been instrumental in fulfilling all the export obligations and launching the industrial products meant for institutions. He has about 25 years of experience in the confectionary industry. He was earlier associated with Parrys Confectionary Limited placed at Chennai.

#### Shri Gottemukkaia Venkatapathi Raju

Shri Gottemukkala Venkatapathi Raju is an AMIE Mechanical by qualification and has 29 years extensive experience in designing and development of machines for crushing, screening and material handling equipments.

#### Shri Dilip Mangesh Kalelkar

Shri Dilip Mangesh Kalelkar is a Chemical Engineer from UDCT, Mumbai University. He has an experience of about 32 years in Chemical and Food Industry, including 25 years with Cadbury India and other Cadbury Industries.

## LOTUS CHOCOLATE COMPANY LIMITED

## DIRECTORS' REPORT

To the Members,

Your Directors present the 20<sup>th</sup> Annual Report together with the audited accounts for the year ended 31<sup>st</sup> March, 2009.

## FINANCIAL RESULTS

Rs in lakhs

	Year ended 2009	Year ended 2008
Income	2723.04	2414.62
Gross Profit before Interest & Depreciation	266.74	205.99
Interest	(7.43)	(17.30)
Depreciation	(92.68)	(113.44)
Extra-ordinary items	166.63	75.25
Profit/(loss) for the year		
Loss brought forward from previous year	(2315.81)	(2391.07)
Loss carried forward	(2149.18)	(2315.81)
To Balance Sheet		

Loss carried forward to Balance Sheet is Rs.2149.18 lakhs.

## PERFORMANCE

Lotus sales turnover at Rs.2723.04 Lakhs was up 12.77 % over last year. The company continued to follow its policy of offering value to the customer with sales prices just below inflation. The Company's volumes however remain stagnates as the capacity available was just sufficient to meet the existing market presence. The management is addressing this area of concern as major initiatives are planned during the current fiscal year.

In the current year, the actual production was 6988 MT as against 7595 MT during the earlier period giving a modest dip of 8.5%.

Concerted efforts have contributed to increase in revenue by 12.77 % over the previous year to Rs.2414.62 lakhs and record a net profit of Rs.166.63 lakhs

Nevertheless with the global market down ie 2008-09, notwithstanding the challenging difficult environments caused by the global market down, the company managed to earn the modest profit of Rs.166.63 lakhs 4<sup>th</sup> year successfully.

As you are aware the year 2008 witnessed many upheavals, especially in the financial section was full of turbo lances that a wave of fear and suspicions gripped many of us.

The company is in the process of concluding a strategic conversion arrangement with Cadburys.

## PLAN

The promoters who acquired the business during the previous financial year i.e. July,2008 has quite aggressive plan to improve the capacity for the manufacturer of Consumer products. The volumes of consumer products are expected to improve drastically, resulting in increase the revenues. Besides this will also create interest, excitement in the market place. The management would also focus in creating & promoting brands. This will certainly give the Company long term competitiveness.

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

## MODERNISATION

Your company has critically focused on the modernization of its asset begun. The process has just began proceeding smoothly. This move is expected to improve cost efficiencies.

## BIFR

On the basis of the annual accounts of the Company upto 31<sup>st</sup> December, 2003, the Board of directors after assessment of the same and all other relevant facts formed their opinion under the provisions of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 that the Company has become a sick industrial company as its accumulated losses exceed its networth and also in terms of Section 15(1) of the said Act a reference has been done and registered to the Board of Industrial and Financial Reconstruction (BIFR) for determination of the measures which shall be adopted with respect to the Company.

## PARTICULARS OF EMPLOYEES

During the year under review, none of the employees of the Company have drawn remuneration as specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## PARTICULARS REGARDING ENERGY CONSERVATION ETC.

The particulars required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed to this Report.

**DEPOSITS**

The Company has not accepted any deposit during the year under review.

**BOARD OF DIRECTORS**

Ms.Sarada , Director retires by rotation at the 20th Annual General Meeting and being eligible offers herself for reappointment. Consequent upon the takeover of the Company under the provisions of the SEBI (Substantial Acquisition of Shares and takeover) Regulations, 1997 there has been a change in the Management of the Company due to which the constitution of the Board of your Company has been changed further Shri P. Prakash Pai and Shri P. Anantha Pai were inducted as Additional Directors w.e.f. 29<sup>th</sup> October, 2008. Shri Ganpath Subramonia Ram, Ms. Ashwini Pai and Shri Abhijeet Pai were inducted as Additional Directors on 05.11.2008. G.Venkatapathi Raju was inducted as Additional Director on 30.01.2009 and Shri Dilip Mangesh Kalelkar was inducted as Additional Director on 09.02.2009 on the Board of your Company and their appointment is to be regularised at the ensuing Annual General Meeting.

The Board of Directors in its meeting held on 05.11.2008, 01.04.2009 and 01.05.2009 respectively has appointed Shri.Ganpath Subramonia Ram , Ms.Ashwini Pai and Shri Dilip Mangesh Kalelkar as Whole Time Directors of the Company to look into the day to day affairs of the Company and Shri Dilip Mangesh Kalelkar as Director responsible for the New Product Development. There appointment is however subject to ratification and approval of the shareholders of the Company in the ensuing general meeting.

Shri Devabhaktuni Durga Prasad, Shri Alapathi Ramakrishna, Shri K.Srinivas resigned as Directors w.e.f.30.01.2009, Shri P.Shivaramakrishna resigned as Director w.e.f. 09.02.2009 and Shri D.Manohar resigned w.e.f.30.04.2009 as Director on the Board of Directors of the Company.

**AUDITORS**

M/s S R Mohan & Company, Chartered Accountants, Hyderabad, Statutory Auditors of your Company hold office until the conclusion of the 20th Annual General Meeting and are being proposed for re-appointment. The Company has received a certificate from them to the effect that their appointment if made would be within the limits prescribed under Section 224(1) of the Companies Act, 1956.

**DIRECTORS RESPONSIBILITY STATEMENT**

The Board submits as under :

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 that period;
- that the directors had taken proper and sufficient care for the 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 fraud and other irregularities.
- that the directors had prepared the annual accounts on a going concern basis.

**ACKNOWLEDGEMENT**

Yours Directors place on record the appreciation for the sincere efforts and hard work put in by the employees of the Company in its operations. The Directors acknowledge the support and co – operation received from Banks and other Governmental Agencies.

The Directors express their gratitude to the shareholders of the Company for the confidence and faith reposed in the management.

For and on behalf of the Board

**P.Anantha Pai**  
Director

**G.S.Ram**  
Whole Time Director

Place : Hyderabad

Date : 17.08.2009