



LOTUS CHOCOLATE COMPANY LIMITED

**25th ANNUAL REPORT
2013-2014**



BOARD OF DIRECTORS

Shri P.Prakash Pai	Director
Shri P.Ananth Pai	Director
Shri Ganpath Subramanya Ram	Whole Time Director
Shri Gottemukkala Venkatapathi Raju	Director
Shri Dilip Mangesh Kalelkar	Whole Time Director (Technical)
Smt Ashwini Pai	Director
Shri Abhijeet Pai	Director

Audit Committee

Shri P.Prakash Pai
Shri P.Ananth Pai
Shri G.S.Ram
Shri G V P Raju

Bankers

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

Shareholders'/Investors Grievance Committee

Shri P.Prakash Pai
Shri P.Ananth Pai
Shri G.S.Ram
Shri G V P Raju

Registered Office

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

Ph No's : 91-40-23352607/08/09

Fax No : 91-40-23352610

Email : complaints@lotuschocolate.com

CIN NO : L15200AP1988PLC009111

Auditors

M/s. S.R. Mohan & Co.
3rd Floor, North Block,
Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500001

Remuneration Committee

Shri P.Prakash Pai
Shri P.Ananth Pai
Shri G.S.Ram
Shri G V P Raju

Registrar & Share Transfer Agents

M/s.CIL Securities Limited
Reg.Off.: 214, Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500 001.

Works

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

NOTICE OF THE TWENTY FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of Lotus Chocolate Company Limited will be held at 10.00 A.M. on Tuesday, the 30.09.2014 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 31.03.2014 and the Balance Sheet as at that date together with the Report of Auditors and the Report of the Board of Directors.
2. To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:
"RESOLVED THAT pursuant to provisions of Section 139 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditor) Rules, 2014 and other applicable rules, if any(including any statutory modifications or re-enactments thereof for the time being in force)M/s.S R Mohan & Co.Chartered Accountants (Registration No.020026), be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this 25th Annual General Meeting till the conclusion of 28th Annual General Meeting to be held in the year 2017 (subject to ratification of their appointment by the members at every AGM held after this AGM), at such remuneration plus service tax,outof 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."
3. To appoint Director in the place of Shri Abhijeet Pai (DIN 02100465), Director who

retires by rotation and being eligible, offers himself for reappointment.

4. To appoint a Director in the place of Shri Gottemukkala Venkatapathi Raju (DIN 02435073), Director who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS

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

"Resolved that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions if any, of the Companies Act 1956 read with Schedule XIII thereto, consent of the Shareholders of the Company, be and is hereby accorded to the re-appointment of Shri.Ganpath Subramanya Ram as Whole-Time Director for a period of five years with effect from 04/11/2013 and payment of remuneration to him on the terms and conditions as specified below :

Terms and Conditions

Salary including perquisites : ₹ 62,150 p.m. (No PPF)."

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

"Resolved that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions if any, of the Companies Act 1956 read with Schedule XIII thereto, and section 196, 197 read with schedule V of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and such other applicable provisions if any of the Companies Act, consent of the shareholders of the Company, be and is hereby accorded to the re-appointment of Shri.Dilip Mangesh Kalelkar as Whole-Time Director (Technical) for a period of five years with effect from 01.05.2014 and payment of remuneration to him on the terms and conditions as specified below :

Terms and Conditions

Salary including perquisites : ₹ 50,000. p.m.”

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

“RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies(Audit or Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force),M/s.SVRR & Associates (Registration No.31669), the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the Cost Records of the Company for the financial year ended 31st March, 2015, with a remuneration,plus service tax, out of pocket, travelling and other expenses etc,as fixed by the Board of Directors on the recommendation of the Audit Committee be and is hereby ratified.”

“RESOLVED further that the Board of Directors of the Company be and is hereby authorised to do all the acts and take all such steps as may be necessary,proper or expedient to give effect to this resolution.”

For and on behalf of the Board

P. Ananth Pai
Director

G.S. Ram
Whole Time Director

Place : Hyderabad

Date : August 20, 2014

NOTES

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself only on a poll and a proxy need not be a member. The instrument appointing a proxy should however be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting.

2. Instrument of proxies in order to be effective must be deposited at the Company's registered office at # 8-2-596, 1st 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 Monday, 22nd day of September, 2014 to Tuesday, 30th day of September, 2014 (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.
6. Members may kindly refer “Corporate Governance Report” (Form part hereof), for details, about the Directors to be appointed / reappointed.
7. Members are advised to avail themselves of nomination facility as per the section 72 of the Companies Act, 2013 for which Nomination Form can be avail from the RTA.
8. Corporate Members are requested to send a duly certified copy of the Board Resolution / Power of Attorney authoring their representative for voting purpose and to attend at the Annual General Meeting (AGM).
9. **Instructions about Voting :**

The Members are requested to opt for one mode of voting, i.e. either through e-voting or postal ballot. If a Member casts votes by both modes, then voting done through a valid e-Voting shall prevail and physical ballot form voting of that Member shall be treated as invalid.

Please refer the following detailed instructions for both modes voting.

A) Voting through electronic means:

- i. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing Members facility to exercise their right to vote at the Postal Ballot by electronic means through e-Voting Services provided by Central Depository Services (India) Limited (CDSL) :

The instructions for e-voting are as under:

- i. Log on to the e-voting website www.evotingindia.com
- ii. Click on "Shareholders" tab.
- iii. Select the "LOTUS CHOCOLATE COMPANY LIMITED" from the drop down menu and click on "SUBMIT"
- iv. 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 and then enter the Captcha Code as displayed and Click on Login.
- v. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first time user follow the steps given below.
- vi. Fill up the following details in the appropriate boxes:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).
DOB#	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
DIVIDEND BANK DETAILS	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

* 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 sequence number (available in the Address Label pasted in the cover and/ or in the e-mail sent to Members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramanathan with sequence number 1 then enter RA00000001 in the PAN field.

- # Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id / folio number in the Dividend Bank details field.
- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach 'Set Password' 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.
- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the relevant EVSN for Lotus Chocolate Company Limited.
- xi. 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.
- xii. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

- xiii. 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.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi. If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- xvii. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then 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.
- II. The voting period begins on 23.09.2014 (09.00 AM) and ends on 24.09.2014 (06.00 PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as of 22.09.2014 (i.e., the cut-off may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- III. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help Section or write an email to helpdesk.evoting@cdslindia.com or complaints@lotuschocolate.com
- IV. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 22.09.2014
- V. Rakhi Agarwal, Practicing Company Secretary (Membership No: 7047), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman/Managing Director of the Company.
- B) Voting by using the Postal Ballot Form:**
 - I. A Ballot Form is provided (enclosed separately) for the benefit of Members who do not have access to e-voting facility, to enable them to send their assent or dissent by post.
 - II. Please complete and sign the Ballot Form (no other form or photocopy thereof is permitted) and send it so as to reach the Scrutinizer appointed by the Board of Directors of the Company, not later than the close of working hours (1700 hours) on 24.09.2014. For this purpose, a self-addressed prepaid "Business Reply Inland Letter" ("BR Letter") is enclosed and postage will be paid by the Company, if posted in India. The BR Letter bears the name and address of the Registered Office of the Company, and is to the attention of the Scrutinizer. However, BR Letters containing the Ballot Form(s), if deposited in person or sent by courier or registered / speed post at the expenses of the Member, will also be accepted.
 - III. The Form should be signed by the Member as per the specimen signature registered with the Company / Depository Participants. In case of joint holding, the Form should be completed and signed by the first named Member and in his/ her absence, by the next named joint holder.

- There will be one Form for every Folio/ Client ID irrespective of the number of joint holders. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA or enclosing an attested copy of the POA. Exercise of vote is not permitted through proxy.
- IV. For shares held by Companies, Bodies Corporate, Trusts, Societies, etc. the duly completed Form should be accompanied by a certified true copy of the Board Resolution/ Authorization together with attested specimen signature(s) of the duly authorized signatory(ies).
 - V. Votes should be cast in case of each resolution, either in favour or against by putting the tick (4) mark in the column provided for assent/ dissent. Members may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed the Member's total shareholding. If the shareholder does not indicate either "FOR" or "AGAINST" in case of any resolution, it will be treated as "ABSTAIN" for that resolution and the shares held will not be counted under either head.
 - VI. The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on 22.09.2014 ("Cut Off Date") as per the Register of Members of the Company and as informed to the Company by the Depositories in case of Beneficial Owners.
 - VII. Duly completed Forms should reach the Scrutinizer not later than the close of working hours (1700 hours) on 24.09.2014. Ballot Forms received after 24.09.2014 will be strictly treated as if the reply from the Members has not been received.
 - VIII. A Member may request for a duplicate Ballot Form, if so required. However, the duly filled in and signed duplicate Form should reach the Scrutinizer not later than the date specified at Sl.No.6 above.
 - IX. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or the number of votes or as to whether the votes are in favour or against or if the signature cannot be verified.
 - X. The Scrutinizer's decision on the validity of a Ballot will be final.
 - XI. Members are requested not to send any other paper along with the Ballot Form in the enclosed self-addressed envelope as all such envelopes will be sent to the Scrutinizer and any other paper found in such envelope would be destroyed by him. They are also requested not to write anything on the Ballot Form except giving their assent or dissent and putting their signature.
- C) Other Instructions:**
- I. The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through physical ballot, to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.
 - II. The results of the voting shall be declared on or after the Annual General Meeting of the Company. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website www.lotuschocolate.com and be communicated to the Stock Exchanges where the Company is listed, viz. BSE Ltd.
 - III. Members may address any query to Shri G.S.Ram, Compliance Officer - Whole Time Director at the Registered Office of the Company,
8-2-596, 1st floor, 1B,
Sumedha Estates (IVRC Towers),
Avenue - 4, Street No -1 (Old Road No.10),
Banjara Hills, Hyderabad,
Andhra Pradesh,
INDIA. Pin: 500034.
Telephone No's : 91-40-23352607/08/09
Fax No : 91-40-23352610
Email : complaints@lotuschocolate.com

**EXPLANATORY STATEMENT IN RESPECT OF
THE SPECIAL BUSINESS ITEMS PURSUANT TO
Section 102 OF THE COMPANIES ACT, 2013**

Item No. 5

As the member are aware, Shri Ganpath Subramanya Ram was appointed as Whole Time Director of the Company and the said tenure is expiring on 03.11.2013, the Board of Directors of the Company, accordingly on its meeting held on 04.11.2013, subject to approval of Members of Company, reappointed Shri Ganpath Subramanya Ram as Whole Time Director for a period of five years with effect from 04.11.2013, at the remuneration recommended by the Remuneration Committee and approved by the Board.

It is proposed to seek the Members approval for the said reappointment and remuneration payable to Shri Ganpath Subramanya Ram, as Whole Time Director, in terms of applicable provisions of Companies Act.

None of the Directors except Shri Ganpath Subramanya Ram, and his relatives are in any way concerned or interested financially or otherwise, in the resolution set out at the Item No.5 of the Notice.

Item No. 6

As the member are aware, Shri Dilip Mangesh Kalelkar was appointed as Whole Time Director (Technical) of the Company and the said tenure is expiring on 01.05.2014, the Board of Directors of the Company, accordingly on its meeting held on 01.05.2014, subject to approval of Members of Company, reappointed Shri Dilip Mangesh Kalelkar as Whole Time Director (Technical) for a period of five years with effect from 01.05.2014, at the remuneration recommended by the Remuneration Committee and approved by the Board.

It is proposed to seek the Members approval for the said reappointment and remuneration payable to Shri Dilip Mangesh Kalelkar as Whole Time Director, in terms of applicable provisions of Companies Act.

None of the Directors except Shri Dilip Mangesh Kalelkar, and his relatives are in any way concerned or interested financially or otherwise, in the resolution set out at the Item No.6 of the Notice.

Item No. 7

The Board at the recommendation of the Audit Committee has approved the appointment of Cost Auditors namely M/s.SVVR Associates (Registration No. 31669) Cost Accountants to conduct the audit of Cost Records of the Company for the financial year ended 31st March, 2015 at a Cost Audit Fees plus service tax, out of pocket , travelling and other expenses etc.

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("Act") and as per the rule 14 of Companies (Audit and Auditors) Rules, 2014 the appointment and remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly consent of the members is sought for passing an Ordinary Resolution as set out at the Item No.7 of the notice for the ratification of the remuneration payable to the Cost Auditors for the financial year ended 31st March, 2015.

The Board commends the Ordinary Resolution set out for approval by the shareholders.

None of the Directors/Managerial Personnel of the Company/relatives are in any way concerned or interested financially or otherwise, in the resolution set out at the Item No.7 of the Notice.

Information on Director seeking re-appointment as require under Clause 49 VI (A) of the Listing Agreement with Stock Exchange

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

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

NOTICE-GREEN INITIATIVE

Dear Shareholders,

Sub: Email address for mailing Annual Reports, Notices and other documents

As a part of "Green Initiative" in the Corporate Governance the Ministry of Corporate Affairs vide Circular No 18/2011 dated 29th April 2011 has enabled Companies to send Annual Reports, Notices and other documents through electronic mail.

In the view of the above, we propose to send the Annual Reports, Notices and other documents to our Members through electronic mail.

- A. For Members holding shares in electronic form, the email address provided by you and made available to us by the Depositories will be used for sending the Annual Report. Kindly update your email address with your Depository Participant, including changes if any. In case you desire to receive in physical form please inform us in writing.
- B. Members holding shares in physical form are requested to register their email address so that the Annual Report can be sent through email. You may register your email id with our Registrar & Transfer Agent, whose address and email id is as under:

CIL Securities Limited,
214, Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500 001

e-mail: rta@cilsecurities.com /
secretary@cilsecurities.com

- C. Members can also register their choice by logging in to www.cilsecurities.com and clicking on "MCA's Green Initiative" link.

Thanking you,

Yours sincerely,

For Lotus Chocolate Company Limited

Ganpath Subramanya Ram

Whole Time Director & Compliance Officer

Date: August 20, 2014