



LOTUS CHOCOLATE COMPANY LIMITED

**27th ANNUAL REPORT
2015-2016**



LOTUS CHOCOLATE COMPANY LIMITED**BOARD OF DIRECTORS**

Shri P. Prakash Pai	- Director
Shri P. Ananth Pai	- Director
Shri Abhijeet Pai	- Director
Smt. Ashwini Pai	- Women Director
Shri Gottemukkala Venkatapathi Raju	- Director
Shri Bharathan Rajagopalan Thatai	- Independent Director
Shri Rabindranath Jarugumilli	- Independent Director
Shri A. Surya Prakash Reddy	- Independent Director
Shri Subramanya Ram Ganapath	- Whole Time Director
Shri Dilip Mangesh Kalelkar	- Whole Time Director (Technical)

STATUTORY COMMITTEES**AUDIT COMMITTEE**

Shri P. Prakash Pai	- Chairman
Shri P. Ananth Pai	- Member
Shri Gottemukkala Venkatapathi Raju	- Member
Shri. Bharathan Rajagopalan Thatai	- Member

NOMINATION & REMUNERATION COMMITTEE

Shri P. Prakash Pai	- Member
Shri P. Ananth Pai	- Member
Shri Gottemukkala Venkatapathi Raju	- Member

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

Shri P. Prakash Pai	- Member
Shri P. Ananth Pai	- Member
Shri Gottemukkala Venkatapathi Raju	- Member
Shri Subramanya Ram Ganapath	- Member

RISK MANAGEMENT COMMITTEE

Shri P. Prakash Pai	- Member
Shri P. Ananth Pai	- Member
Shri Subramanya Ram Ganapath	- Member

COMPANY SECRETARY

Shri U.V. Kini

CHIEF FINANCIAL OFFICER

Shri Kommula Ganeswara Rao

BANKERS

Canara Bank,
Balanagar branch,
Hyderabad - 500042

AUDITORS

M/s. S.R. Mohan & Company,
Chartered Accountants
3rd Floor, North Block, Raghava Ratna Towers,
Chirag Ali Lane, Abids, Hyderabad-500 001
Ph : 040-23201223

SECRETARIAL AUDITOR

Mrs. Rakhi Agarwal
A-10, Janata Hsg. Society,
Opp. Pantaloons, Shyamlal Building,
Begumpet, Hyderabad -500 016

REGISTRAR & SHARE 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**

Nastipur Village,
Hathnoora Mandal,
Medak District, Telangana State.
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 27th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27th Annual General Meeting of the members of LOTUS CHOCOLATE COMPANY LIMITED will be held at 10:00 a.m. on Friday, 30th September, 2016 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, 2016 and the Statement of Profit & Loss for the year ended 31st March, 2016 along with the Auditors' Report, Directors' Report & Corporate Governance Report thereon.
2. To appoint a Director in place of Shri. P Prakash Pai who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri. P Ananth Pai who retires by rotation and being eligible offers himself for re-appointment.
4. 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. S.R. Mohan & Co., Chartered Accountants (Firm Regn No: 002111S) approved in the 25th Annual General Meeting until the conclusion of 28th Annual General Meeting is hereby ratified in this Annual General Meeting till the conclusion of next Annual General Meeting of the Company, on a remuneration as may be decided by 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."

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 149, 152 and other applicable provisions, if any, of the Act, and the Rules framed thereunder read with Schedule IV to the Act, as amended from time to time, appointment of Shri. A. Surya Prakash Reddy (DIN: 07567290) (who meets the criteria for independence) as provided in Section 149(6) of the Act as an Independent Director of the Company, not liable to retire by rotation, for a term commencing with effect from 05th July, 2016 to 04th July, 2021 be and is hereby approved."

By Order of the Board

For LOTUS CHOCOLATE COMPANY LIMITED

Sd/-
P. Ananth Pai
DIRECTOR
DIN: 00048339

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

Place : Hyderabad

Date : 12.08.2016

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 Saturday, 24.09.2016 to Friday, 30.09.2016 (both days inclusive).
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 2016 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 2016 is being sent in the permitted mode.
14. Members may also note that the Notice of the 27th Annual General Meeting and Annual Report for 2016 will also be available on the Company's website: 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.
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

- 27th 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 3 days from 10.00 AM of Tuesday, 27th Day of September 2016 to 5.00 PM of 29th September 2016, Thursday.
 - 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 Tuesday, 27.09.2016 at 10.a.m and ends on Thursday, 29.09.2016 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 23.09.2016 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
- (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
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. 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 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*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number 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 in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.
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- (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> 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.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

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 Tuesday 27.09.2016 at 10.00 am and ends on Thursday 29.09.2016 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 23.09.2016 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 under help section or write an email to 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. Ananth Pai

DIRECTOR

Din No. 00048339

Sd/-

G. S. Ram

WHOLETIME DIRECTOR

Din No. 02395478

Date : 12.08.2016

Statement Pursuant to the Section 102(1) of the Companies Act 2013

The following Statement set out all material facts relating to Item No.5 mentioned in the accompanying Notice.

Item No.5:

The Board of Directors of the Company ('the Board') at the meeting held on 05.07.2016 recommended subject to the approval of the Members, the appointment of Shri. A .Surya Prakash Reddy as Independent Director of the Company in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), or any amendment thereto or modification thereof, as set out in the Resolution relating to the appointment of Shri. A.Surya Prakash Reddy.

In the view of your Board, the continued association of Shri. A. Surya Prakash Reddy, with the Company as Independent Director, and the rich experience he brings, would benefit the Company. Declarations have been received from the aforesaid Director that he meets the criteria of Independence prescribed under Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014.

DIRECTORS' REPORT

To The Members of
Lotus Chocolate Company Limited

The Directors have pleasure in presenting the 27th Annual Report of your Company and the Audited Financial Statements for the Financial Year ended 31st March 2016 together with Auditors' Report thereon.

FINANCIAL RESULTS:

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

(Amount in ₹. Lakhs)

	Current Year Ended 31.03.2016	Previous Year Ended 31.03.2015
Turnover	6539.56	6077.95
Other Income	21.84	65.76
Profit/(Loss) before exceptional, items	128.30	77.67
Profit/(Loss) before Taxation	125.71	71.07
Net Profit after Taxation	125.71	71.07

PERFORMANCE :

During the year under review the turnover of the Company is ₹.65.40 Crores in comparison to the previous year's figure at ₹. 60.78 Crores.

The company has achieved net profit after tax which is reported at ₹. 125.71 lakhs in comparison to ₹. 71.07 lakhs in the previous year. The company has been trying hard to reduce the finance and other costs to improve 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 2016.

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 their 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.

Sri Rabindranath Jarugumilli resigned during the year 2016-17. The Directors place on record his appreciation for the services rendered by him during his tenure.

Pursuant to the provisions of Section 149(4) of the Act, the appointment of Shri. A. Surya Prakash Reddy was formalized as the Independent Director of the Company.

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 year 5 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.