



LOTUS CHOCOLATE COMPANY LIMITED

**29th ANNUAL REPORT
2017-2018**



BOARD OF DIRECTORS**NAME**

Shri P. Prakash Pai
 Shri P. Ananth 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. Ananth Pai
 Shri. Gottemukkala Venkatapathi Raju
 Shri. Admala Surya Prakash Reddy

DESIGNATION

Chairperson
 Member
 Member
 Member
 Member

NOMINATION & REMUNERATION COMMITTEE**NAME**

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

DESIGNATION

Chairperson
 Member
 Member
 Member

STAKEHOLDER RELATIONSHIP COMMITTEE**NAME**

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

DESIGNATION

Chairperson
 Member
 Member
 Member

RISK MANAGEMENT COMMITTEE**NAME**

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

DESIGNATION

Chairperson
 Member
 Member

CHIEF FINANCIAL OFFICER

Shri. Vivekanand Narayan Prabhu

COMPANY SECRETARY

Ms. Shivani Sarda

BANKERS

Canara Bank,
 Balanagar Branch,
 Hyderabad-500 042

AUDITORS

STATUTORY AUDITOR

M/s. VDNR & Associates

Chartered Accountant,

201, Dwarka Avenue, Dwarkapuri Colony,

Panjagutta, Hyderabad – 500034.

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 : advisors@cilsecurities.comWebsite : www.cilsecurities.com**FACTORY**

Doulatabad, Hathnoora Mandal,

Sangareddy District, Telangana,

PIN-502 296.

REGISTERED OFFICE:**LOTUS CHOCOLATE COMPANY LIMITED**

CIN NO:L15200TG1988PLC009111

8-2-596, 1st Floor, 1B,

Sumedha Estates, Avenue - 4,

Puzzalona Towers, St.No.1. Rd. No.10,

Banjara Hills, Hyderabad-500 034.

Ph. No. :91-40-3352707/08/09

Fax No. :91-40-23352710

Email : complaints@lotuschocolate.comWebsite : www.lotuschocolate.com

NOTICE OF 29th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 29TH ANNUAL GENERAL MEETING OF THE MEMBERS OF LOTUS CHOCOLATE COMPANY LIMITED WILL BE HELD AT 10:00 A.M. ON THURSDAY, 27TH SEPTEMBER, 2018 AT LIONS BHAVAN, NEAR PARADISE CIRCLE, SECUNDERABAD -500 003(TG) TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2018 and the Statement of Profit & Loss for the year ended 31st March, 2018 along with the Auditors' Report, Board's Report & Corporate Governance Report thereon.
2. To appoint a Director in place of Shri. Peraje Prakash Pai, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Smt. Ashwini Pai, who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS:-

4. *To consider and if thought fit, to pass with or without modification, the following resolution as **ORDINARY RESOLUTION:***

"RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with rules made thereunder (including any statutory modification(s), circular(s), notification(s) or re-enactment thereof for the time being in force) and in terms of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the members be and is hereby accorded to the Board to enter into a sale(s) and/or purchase(s) transactions of Machinery and Chocolates with Puzzolana Machinery Fabricators (HYD) LLP, and Soubhagya Confectionery Private Limited, related parties within the meaning of the aforesaid law, on such terms and conditions as may be mutually agreed upon, in aggregate, for a total consideration upto a maximum amount of Rs. 25,00,00,000/- (Twenty five Crores only)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution."

5. *To consider and if thought fit, to pass with or without modification, the following resolution as **SPECIAL RESOLUTION:***

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013 and of the Articles of Association of the Company, and, recommendation of Nomination and Remuneration Committee, and of the Board, approval of the members of the Company be and is hereby accorded to re-appoint Shri. Dilip Mangesh Kelelkar, as Whole time Director(Technical) of the Company with effect from 28th September, 2018 to 27th September, 2021, on payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions as detailed in the explanatory statement attached hereto, with right to alter and vary the terms and conditions of the said re-appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Shri. Dilip Mangesh Kelelkar."

"RESOLVED FURTHER THAT the remuneration payable to Shri. Dilip Mangesh Kelelkar, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors and/or Director(s) to give effect to the aforesaid resolution."

6. *To consider and if thought fit, to pass with or without modification, the following resolution as **SPECIAL RESOLUTION:***

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Gottemukkala Venkatapathi Raju (DIN:02435073), who was appointed as an Independent Director and who holds office of Independent Director up to the conclusion of this Annual General Meeting and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution."

7. *To consider and if thought fit, to pass with or without modification, the following resolution as **SPECIAL RESOLUTION:***

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Bharathan Rajagopalan Thatai (DIN:02464132), who was appointed as an Independent Director and who holds office of Independent Director up to the conclusion of this Annual General Meeting and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution."

By Order of the Board

For LOTUS CHOCOLATE COMPANY LIMITED

Sd/-

P. Ananth Pai

DIRECTOR

DIN: 00048339

Place : Hyderabad

Date : 14.08.2018

Sd/-

G.S. Ram

WHOLE TIME DIRECTOR

DIN: 02395478

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, 20.09.2018 to Thursday, 27.09.2018 (both days inclusive).
9. Explanatory Statement as required under section 102 of the companies in respect of special business is annexed hereto.
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. 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 2018 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 2018 is being sent in the permitted mode.

14. Members may also note that the Notice of the 29th Annual General Meeting and Annual Report for 2018 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 29th 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 Saturday, 22nd Day of September 2018 to 5.00 PM of 26th September 2018, Wednesday.
 - 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.

In case of members receiving e-mail:

- (i) The voting period begins on Saturday, 22nd Day of September 2018 from 10:00 A.M to Wednesday, 26th September 2018 till 05.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off- date 20.09.2018 may cast their vote electronically(after giving effect to all the valid share transfers lodged with the company before closing hours of 20.09.2018). 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
- 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 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)
	• 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	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
Bank Details#	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.

- (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.

- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) 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.
- (xviii) 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.com> 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) Saturday, 22nd Day of September, 2018 from 10:00 A.M to Wednesday, 26th September 2018, till 05.00 PM.

During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 20.09.2018, may cast their votes 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.