



Lotus Chocolate Company Ltd.  
(An ISO 22000:2005 Certified Company)

Sumedha Estates (Puzzolana Towers),  
Avenue - 4, Street No. - 1, (Old Road No. 10),  
Banjara Hills, Hyderabad - 500 034, TS, INDIA.  
Tel : 91-40-2335 2607 / 08 / 09  
Fax : 91-40-2335 2610  
E-mail : info@lotuschocolate.com  
Web : www.lotuschocolate.com  
CIN No. : L15200AP1988PLC009111

04.09.2019/LCCL/SEC/19-20

To,  
The Listing Manager,  
BSE Limited,  
Floor 25, P.J. Towers,  
Dalal Street, Fort,  
Mumbai- 400 001(MH)

Dear Sir/Madam,

Sub:- Regulation 34(1) of Listing Regulations- Submission of Annual Report for the F.Y. 2018-19.  
Ref:- Scrip Code: 523475; ISIN: INE026D01011.

With respect to the above, pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of Lotus Chocolate Company Limited for the Financial Year 2018-19.

This is for your information and records in compliance with the Listing Regulations, 2015.

Thanking You,

Yours truly,  
For LOTUS CHOCOLATE COMPANY LIMITED

Subramanya Ram Ganapath  
Whole Time Director  
DIN:-02395478

Encl:- As above



**LOTUS CHOCOLATE COMPANY LIMITED**

**30<sup>th</sup> ANNUAL REPORT  
2018-2019**



## **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. Ananth Pai  
Shri. Gottemukkala Venkatapathi Raju  
Shri. Admala Surya Prakash Reddy

#### **DESIGNATION**

Chairperson  
Member  
Member  
Member

### **NOMINATION & REMUNERATION COMMITTEE**

#### **NAME**

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

#### **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 &amp; Associates

Chartered Accountants,

201, Dwarka Avenue, Dwarkapuri Colony,  
Punjagutta, Hyderabad – 500 082.**SECRETARIAL AUDITOR**

Mrs. Rakhi Agarwal

6-3-660, Flat 520, Block 4, Amrit Appartment,  
Kapadia Lane, Somajiguda,  
Hyderabad – 500 082.**REGISTRAR & TRANSFER AGENT**

CIL SECURITIES LIMITED

214, Raghavaratna, Towers,  
Chiragali Lane, Abids Hyderabad, 500 001

Phone # +91-040-2320 2465

Email : advisors@cilsecurities.com

Website : www.cilsecurities.com

**FACTORY**Doulatabad, Hathnoora Mandal,  
Sangareddy District,  
Telangana – 502 296.**REGISTERED OFFICE:****LOTUS CHOCOLATE COMPANY LIMITED**

CIN NO:L15200TG1988PLC009111

# 8-2-596, 1<sup>st</sup> 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.com

Website : www.lotuschocolate.com

**NOTICE OF 30<sup>th</sup> ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT THE 30<sup>th</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF LOTUS CHOCOLATE COMPANY LIMITED WILL BE HELD AT 10:00 A.M. ON MONDAY, 30<sup>TH</sup> SEPTEMBER, 2019 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 31<sup>st</sup> March, 2019 and the Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2019 along with the Auditors' Report, Board's Report & Corporate Governance Report thereon.
2. To appoint a Director in place of Shri. Peraje Ananth Pai, who retires by rotation and being eligible offers himself for re-appointment.

**SPECIAL BUSINESS:-**

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

**"RESOLVED THAT,** in accordance with the provisions of Sections 196, 197 and 203 of the Companies Act, 2013, or any amendment thereto or modification thereof, this Meeting hereby approves the re-appointment of Shri. Subramanya Ram Ganapath (DIN: 02395478) as a Whole time Director, not liable to retire by rotation, of the Company for a period of five years with effect from 3<sup>rd</sup> November, 2018, or till such earlier date in accordance with the policies and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines, on such remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting."

**By Order of the Board  
For LOTUS CHOCOLATE COMPANY LIMITED**

Sd/-	Sd/-
<b>P. Ananth Pai</b>	<b>G.S. Ram</b>
DIRECTOR	WHOLE TIME DIRECTOR
DIN: 00048339	DIN: 02395478

Place : Hyderabad  
Date : 14.08.2018

**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. The Register of Members and Share Transfer Books of the Company will remain closed from 23.09.2019 to 30.09.2019 (both days inclusive) for the purpose of annual closure. 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. 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 2019 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 2019 is being sent in the permitted mode.
14. Members may also note that the Notice of the 30<sup>th</sup> Annual General Meeting and Annual Report for 2019 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 30<sup>th</sup> 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 4 days on Thursday, 26<sup>th</sup> September 2019 from 10.00 AM to Sunday 29<sup>th</sup> September, 2019 till 5.00 PM.
  - 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 Thursday, 26<sup>th</sup> September 2019 from 10.00 AM to Sunday 29<sup>th</sup> September, 2019 till 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in

- dematerialized form, as on the cut-off- date 23<sup>rd</sup> September, 2019 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
- 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](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*	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"> <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> </ul>
	<ul style="list-style-type: none"> <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#	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.
- (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.

- (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](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) Thursday, 26<sup>th</sup> September 2019 from 10.00 AM to Sunday 29<sup>th</sup> September, 2019 till 5.00 PM.

During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 23.09.2019, 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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:-**

The following statement sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice:

**Item No.3:-**

The term of Shri.Subramanya Ram Ganapath as Whole time director of the company as approved by the members of the Company is completed on 2<sup>nd</sup> November, 2018, after which on the recommendation of the Nomination & Remuneration Committee ('the Committee') and subject to the approval of the Members, the Board at the meeting held on 11th January, 2019, re-designated Shri.Subramanya Ram Ganapath as Whole time director of the Company with effect from 3<sup>rd</sup> November, 2018 on the existing terms and conditions.

The Board at the aforesaid meeting, on the recommendation of the Committee, also recommended for the approval of the Members, the re-appointment of Shri.Subramanya Ram Ganapath as a Director, and as Whole time Director of the Company, as set out in the Resolution relating to his re-appointment, on the following remuneration

*None of the other Director(s) or key managerial personnel(s) or their relative(s) is, in anyway, concerned or interested in the said resolution.*

**Particulars of Directors seeking appointment and reappointment:-**

<b>Name of Director</b>	<b>Shri. G. S. Ram</b>
Date of Birth	05.08.1956
Date of Appointment	05.11.2008
Qualification	M.Sc (Food Technology)
Relationship between Directors inter-se	NA
Expertise in specific functional areas	FMCG Industry
List of Other Companies in which Directorship is held as on 31 <sup>st</sup> March, 2019	NIL
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director as on 31 <sup>st</sup> March, 2019	NIL
No. of shares held in the Company	500

**BY ORDER OF THE BOARD OF DIRECTORS**

Sd/-  
**P. Ananth Pai**  
DIRECTOR  
DIN No. 00048339

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

**Place: Hyderabad**

**Date: 14.08.2019**

**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-500 034 (TS)

## BOARD'S REPORT

Dear Member(s),

Your Directors have pleasure in presenting the 30<sup>th</sup> Annual Report of your Company and the Audited Financial statements for the Financial Year ended on 31<sup>st</sup> March, 2019 together with Auditors' Report thereon.

### FINANCIAL RESULTS:

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

Particulars	Year ended on 31.03.2019 (In Rupees)	Year ended on 31.03.2018 (In Rupees)
Revenue from Operations	65,68,58,287	56,91,67,167
Other Income	7,03,214	2,26,436
<b>Less:</b> Expenses	64,54,70,208	55,68,01,415
<b>Profit/(Loss) before Taxation</b>	<b>1,20,91,294</b>	<b>1,25,92,188</b>
<b>Less:</b> Tax Expense		
Current Tax	(12,39,895)	-
Deferred Tax		32,99,183
<b>Profit/Loss after Tax</b>	<b>1,33,31,189</b>	<b>92,93,005</b>
Other comprehensive Income	<b>(74,189)</b>	-
Gain/loss on Foreign Exchange	-	3,71,414
Balance Profit/(Loss) C/F to the Next Year	1,32,57,000	96,64,419

During the year under review your company has achieved the total turnover of ₹ 65,68,58,287/- as compared to Turnover of ₹ 56,91,67,167/- during the last financial year i.e. around 15% increase in turnover as against last Financial Year, registering a total profit of ₹ 1,32,57,000/- as compared to the loss amounting to ₹ 96,64,419/- in previous year.

### TRANSFER TO RESERVES:

The profit registered in the Financial Year 2018-19, amounting to ₹ 1,32,57,000/- has been transferred to General Reserve.

### FIXED DEPOSITS:

The Company has not accepted or invited any Deposits and consequently no deposit has matured / become due for re-payment as on 31<sup>st</sup> March 2019.

### DIRECTORS:

Shri. Peraje Ananth Pai, director of the company will retire by rotation at the ensuing 30<sup>th</sup> Annual General Meeting and being eligible, offers himself for re-appointment, as mentioned in Item 2 of Notice annexed to this Report.

Further, the Board recommends re-appointment of Shri. Subramanya Ram Ganpath, as Whole Time Director of the Company, at this Annual General Meeting as mentioned in item no. 3 of the Notice annexed to this 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 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.

**DIVIDEND:**

The Board of Directors of your company have not recommended any dividend for the financial year 2018-19.

**SECRETARIAL STANDARDS:**

The Directors and senior management state that applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by the Company.

**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. An extract from the Remuneration Policy is stated in the Corporate Governance Report.

**MEETINGS**

During the financial year 06(Six) Board Meetings and 04(Four) 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 73,96,600 @ 10% Redeemable Cumulative Preference shares to Promoters in the year 1998, which were due for redemption on 10.08.2018. Due to mounting losses and liquidity crunch, the Company was unable to pay any Dividend to Preference Shareholders till date. The financial condition of the company continued to deteriorate resulting in negative net worth and mounting debts. The Board believes that there is no alternative to the above proposal and it would serve the long term interests of the Company and the Shareholders and concluded to approach the Preference Shareholders for extension of redemption of shares and vary the nature and terms and conditions of the shares. Thereafter in a General Meeting held on 18<sup>th</sup> June, 2018, by special resolution, members had approved the fresh issue of 73,96,600-

10% Redeemable Cumulative Preference shares of ₹ 10/- each for redemption period of 10 years in lieu of old 10 % Redeemable Cumulative Preference shares, on the same terms and conditions as per earlier issue.

Further, in accordance with Sections 55(3) and 110 of the Companies Act, 2013, corresponding rules thereof, to execute the above fresh issue the company had filed a petition to Hon'ble National Company Law Tribunal(NCLT), Hyderabad Bench, after approval from shareholders and the same has been acknowledged by the Hon'ble Tribunal. On 19<sup>th</sup> July, 2019 the Tribunal approved the Petition and passed Order to issue and allot fresh 73,96,600-10% Redeemable Cumulative Preference Shares of ₹ 10/- each, for a redemption period of 10 Years in lieu of old 10% Redeemable Cumulative Preference Shares due for redemption on 10.08.2018, on the same term as per earlier issue.

Except above, there is no change in the Share Capital of the Company during the year under review.

**LISTING OF EQUITY SHARES:**

The Company's equity shares are listed on the following Stock Exchanges:

(i) BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra, India; and

The Company has paid the Annual Listing Fees to the said Stock Exchanges for the Financial Year 2019-20.

**RELATED PARTY TRANSACTIONS**

During the year under review, your Company has entered into transactions with related parties, the details of said transactions are provided in Notes to the Audited Accounts for the year 2018-19 as appended to this report.

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 such 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 and 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 for the year 2018-19, in Form AOC-2 is annexed 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.

On 19<sup>th</sup> July, 2019 Hon'ble National Company Law Tribunal(NCLT), Hyderabad Bench, approved the Petition filed by the company and passed the order to issue and allot fresh 73,96,600-10% Redeemable Cumulative Preference Shares of ₹ 10/- each, for a redemption period of 10 Years in lieu of old 10% Redeemable Cumulative Preference Shares due for redemption on 10.08.2018, on the same term as per earlier issue.

#### **STATUTORY AUDITORS**

M/s. VDNR & Associates, Statutory Auditors of the Company was appointed in 28<sup>th</sup> Annual General meeting of the Company for a period of Five years i.e. from the conclusion of 28<sup>th</sup> Annual General Meeting till the conclusion of 32<sup>nd</sup> Annual General Meeting to be held in the year 2022. In accordance with section 40 of the Companies Amendment Act, 2017, which omits the requirement of ratification of Appointment of Statutory Auditors in every subsequent Annual General Meeting, as stipulated under section 139 of the Companies Act, 2013. Therefore, M/s. VDNR & Associates, Chartered Accountants(Firm Regn No: 0112515) will continue to be the Statutory Auditors of the Company.

#### **SECRETARIAL AUDITOR**

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 2018-19. The Secretarial Audit Report in form MR-3, is annexed to this report as "Annexure-II".

The Secretarial Audit Report does not contain any qualifications, reservation or adverse remarks.

#### **INTERNAL AUDITORS**

M/s. Vasanth Pai & Co., Chartered Accountants, Hyderabad 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 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.

#### **HALAL CERTIFICATION: HIW22490213**

During the year under review your company is certified as Halal Certified Company, after meeting with all the audits and/or Standards as required under the Halal Certification process and Shariah (Islamic) Board Guidelines, it indicates that the Manufacturing process of the products of our company contains permitted ingredients, therefore is lawful for Muslim consumption as well.

#### **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 forming 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 Auditors confirming compliances forms an integral part of this Report.

#### **EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return as per the provisions of Section 92 of the Companies Act, 2013 and Rule 12 of

Companies (Management and Administration) Rules, 2014 in Form MGT-9 is enclosed as Annexure - III to this Report.

### **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 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**

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal

mechanism to the Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and provides direct access to the Chairperson of the Audit Committee in exceptional cases. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of vigil mechanism is available on the Company's website. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

### **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- IV 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 31<sup>st</sup> March, 2019, 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 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 31<sup>st</sup> March, 2019 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.

#### **DISCLOSURES 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 2018-19, the Company received no complaints on sexual harassment.

#### **CERTIFICATE BY PRACTICING COMPANY SECRETARY**

The Company has received certificate from Mrs. Rakhi Agarwal, Practising Company Secretaries, confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate of Affairs or any such authority. The said Certificate is annexed to this report.

#### **DECLARATION AS REQUIRED UNDER REGULATION 34(3) AND SCHEDULE V OF THE LISTING REGULATIONS**

All Directors and senior management personnel of the Company have affirmed compliance with Company's Code of Business Conduct for the financial year ended 31<sup>st</sup> March, 2019.

#### **COMPLIANCE WITH MANDATORY REQUIREMENTS**

Your Company has complied with all the mandatory corporate governance requirements under the Listing

Regulations, 2015 and the applicable amendments thereof. Your Company confirms compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations, 2015

#### **PARTICULARS OF EMPLOYEES**

The 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 Ganapath, (WTD)	2.32
Shri Dilip Mangesh Kalelkar, (WTD)	1.87

- (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 Ganapath, (WTD)	NIL
Shri Dilip Mangesh Kalelkar(WTD)	NIL
Ms. Shivani Sarda(CS)	NIL
Shri Vivekanand Narayan Prabhu(CFO)	NIL

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

- (iv) The number of permanent employees on the rolls of company is 66.
- (v) 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.

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

- (vi) 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 endeavour to build and nurture strong links with trade based on mutuality, respect and co-operation with each other.

**For and on behalf 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 : 14.08.2019

#### Annexures to Board's Report

Annexure No.	Content
I.	Form AOC-2- Particulars of contracts and arrangements with related parties
II.	Form MR-3 – Secretarial Audit report
III.	Form MGT-9 – Extract of Annual Return.
IV.	Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo



**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)*

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**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.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or Transactions including the value, if any:	Date(s) of approval by the Board, If any:	Amount paid as advances, if any:
1	Soubhagya Confectionery (P) Ltd.	- Sales of Goods	Yearly basis	Purchase/sales	24.05.2018	NIL
		- Purchase of Goods	Yearly basis			

**For and on behalf of the Board  
For LOTUS CHOCOLATE COMPANY LIMITED**



Sd/-

**P. Ananth Pai**

DIRECTOR

DIN: 00048339

Place : Hyderabad

Date : 14.08.2019

Sd/-

**G.S. Ram**

WHOLE TIME DIRECTOR

DIN: 02395478

**ANNEXURE-II**

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

*[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 31<sup>st</sup> March, 2019 (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 31<sup>st</sup> March, 2019 ("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 27<sup>th</sup> September, 2018.
- 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.

In terms of Sections 55(3) On 19<sup>th</sup> July, 2019 Hon'ble National Company Law Tribunal(NCLT), Hyderabad Bench, approved the Petition filed by the company and passed the order to issue and allot fresh 73,96,600-10% Redeemable Cumulative Preference Shares of ₹ 10/- each, for a redemption period of 10 Years in lieu of old 10% Redeemable Cumulative Preference Shares due for redemption on 10.08.2018, on the same term as per earlier issue.

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.

Sd/-

**RAKHI AGARWAL**

COMPANY SECRETARY

FCS NO.7047

CP NO.6270

Place : Hyderabad

Date : 14.08.2019

To,  
The Members,  
**LOTUS CHOCOLATE COMPANY LIMITED,**  
H.No.8-2-596,1<sup>st</sup> Fl, 1B, Sumedha Estates,  
Avenue-4, Puzzolana Towers, Street No.1,  
Road.10, Banjara Hills,  
Hyderabad- 500 034(TG)

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 : 14.08.2019

**ANNEXURE-III****FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN****as on the Financial Year ended on 31<sup>st</sup> March, 2018**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1.	CIN	<b>L15200TG1988PLC009111</b>
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 and contact details	8-2-596, 1 <sup>st</sup> Floor, 1B, Sumedha Estates, Avenue-4, Puzzolana Tower, Street No.1, Road no. 10, Banjara Hills, Hyderabad- 500 034 (TS)
6.	Whether Listed Company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>CIL SECURITIES LIMITED</b> 214, Raghavaratna Towers, Chiragali Lane, Abids, Hyderabad- 500 001(TS) Phone :- +91-040-2320 2465 Email ID: advisors@cilsecurities.com Website: www.cilsecurities.com

**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:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Cocoa Powder	18050000	14
2	Cocoa Mass	18031000	38

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

**IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)****i. Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/HUF	7318544	-	7318544	57.00	7318544	-	7318544	57.00	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	1934476	-	1934476	15.06	1934476	-	1934476	15.06	-
<b>Sub-total(A)(1)</b>	<b>9253020</b>	<b>-</b>	<b>9253020</b>	<b>72.06</b>	<b>9253020</b>	<b>-</b>	<b>9253020</b>	<b>72.06</b>	<b>-</b>
<b>2) Foreign</b>									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Public Shareholding</b>									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	100	1600	1700	00.01	100	1100	1200	00.01	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	700	700	00.01	-	700	700	00.01	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Foreign Banks)	-	1500	1500	00.01	-	1500	1500	00.01	-
<b>Sub-total (B)(1)</b>	<b>100</b>	<b>3800</b>	<b>3900</b>	<b>00.03</b>	<b>100</b>	<b>3300</b>	<b>3400</b>	<b>00.03</b>	<b>-</b>
<b>2. Non Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian	83589	86166	169755	01.32	84133	85726	169859	01.32	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1271785	1027964	2299749	17.90	1302073	921038	2223111	17.31	(00.59)
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakhs	1028810	42000	1070810	08.34	1121914	42000	1163914	09.06	00.72
c) Others(Specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians (NRI)	39745	-	39745	00.31	26020	-	26020	00.20	(00.11)
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing members	3570	-	3570	00.03	1225	-	1225	00.01	(00.02)
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies- DR	-	-	-	-	-	-	-	-	-
Directors and their relatives	500	-	500	00.01	500	-	500	00.01	-
<b>Sub-total (B)(2)</b>	<b>2427999</b>	<b>1156130</b>	<b>3584309</b>	<b>27.91</b>	<b>2535865</b>	<b>1048764</b>	<b>3584629</b>	<b>27.91</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2428099</b>	<b>1159930</b>	<b>3588029</b>	<b>27.94</b>	<b>2535965</b>	<b>1052064</b>	<b>3588029</b>	<b>27.94</b>	<b>-</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>11570185</b>	<b>1270864</b>	<b>12841049</b>	<b>100.00</b>	<b>11788985</b>	<b>1052064</b>	<b>12841049</b>	<b>100.00</b>	<b>-</b>

## ii. Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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	01.47	0	188420	01.47	0	0
2.	Prakash Peraje Pai	3659272	28.50	0	3659272	28.50	0	0
3.	Ananth Peraje Pai	3659272	28.50	0	3659272	28.50	0	0
4.	Nivedita Pai	152500	01.18	0	152500	01.18	0	0
5.	Ashwini Pai	327139	02.55	0	327139	02.55	0	0
6.	Abhijeet Pai	452139	03.52	0	452139	03.52	0	0
7.	Aman Pai	407139	03.17	0	407139	03.17	0	0
8.	Aditya Pai	407139	03.17	0	407139	03.17	0	0
	<b>Total</b>	<b>9253020</b>	<b>72.06</b>	<b>0</b>	<b>9253020</b>	<b>72.06</b>	<b>0</b>	<b>0</b>



## iii. Change in Promoters' Shareholding:

There is no Change in Promoters' Shareholding during the year under review.

## iv. Change in Shareholding of Top 10 Shareholders:

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year(01.04.2018)		Increase / Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of Shares	% of total share	Date	No. of Shares	Reason	No. of Shares	% of total share
1	V. Varija Vishwanath Kamath	4,12,228	03.21%	01.04.2018 To 31.03.2019	--	--	4,12,228	03.21%
2	Prabhakar Rao Mandava	65,000	00.51%	01.04.2018 To 31.03.2019	--	--	65,000	00.51%
3	Sree Rayalaseema Power Corpn Ltd	57,500	00.45%	01.04.2018 To 31.03.2019	--	--	57,500	00.45%
4	Gudipudi Venkateswara Rao	50,000	00.39%	01.04.2018 To 31.03.2019	--	--	50,000	00.39%
5	O.L.H.C.OF A.P.A/C ASIA PAC. INVTR L	50,000	00.39%	01.04.2018 To 31.03.2019	--	--	50,000	00.39%
6	Prema	42,000	00.33%	01.04.2018 To 31.03.2019	--	--	42,000	00.33%
7	Mayur Jaykumar Vora	38,800	00.30%	01.04.2018 To 31.03.2019	--	--	38,800	00.30%
8	Rameshwar nath Pandey	7,412	00.05%	01.04.2018 To 31.03.2019	29,208	Purchase	36,620	00.29%
9	Rajan Suresh Krishna	33,270	00.26%	01.04.2018 To 31.03.2019	--	--	33,270	00.26%
10	Dinaben Bhanubhai Kansara	41,610	00.32%	01.04.2018 To 31.03.2019	10,303	Sale	31,307	00.24%
11	Rajesh Bhanubhai Kansara	34,998	00.27%	01.04.2018 To 31.03.2019	28,468	Sale	6,530	00.05%

## v. Shareholding of Directors and Key Managerial Personnel:

S. No.	Name of the Shareholders (Directors' Shareholding)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total share of the Company	No. of Shares	% of total share of the Company
1	Prakash Peraje Pai	36,59,272	28.50	36,59,272	28.50
2	Ananth Peraje Pai	36,59,272	28.50	36,59,272	28.50
3	Ashwini Pai	3,27,139	02.55	3,27,139	02.55
4	Gottemukkala Venkatapathi Raju	1,20,000	00.93	1,20,000	00.93
5	Subramanya Ram Ganapath	500	0.001	500	0.001

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	31,25,513	16,63,38,816	-	16,94,64,329
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>31,25,513</b>	<b>16,63,38,816</b>	<b>-</b>	<b>16,94,64,329</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	61,56,430	-	-	61,56,430
- Reduction(/)	-	(1,93,38,816)	-	(1,93,38,816)
<b>Net Change</b>	<b>61,56,430</b>	<b>(1,93,38,816)</b>	<b>-</b>	<b>(1,31,82,386)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	92,81,943	14,70,00,000	-	15,62,81,943
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>92,81,943</b>	<b>14,70,00,000</b>	<b>-</b>	<b>15,62,81,943</b>

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Dilip Mangesh Kelelkar (WTD)	Subramanya Ram Ganapath (WTD)	
1.	Gross salary: (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	6,00,000	7,45,800	13,45,800
2.	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
3.	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961.	-	-	-
4.	Stock Option	-	-	-
5.	Sweat Equity	-	-	-
6.	Commission - as % of profit, and others, specify(if any)	-	-	-
7.	Others, please specify	-	-	-
8.	Total (A)	6,00,000	7,45,800	13,45,800
	Ceiling as per the Act;			

**B. Remuneration to other directors:-**

No remuneration was paid to other Directors during the year under review.

**C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD:**

S. No.	Particulars of Remuneration	Key Managerial Personnel			TOTAL
		Company Secretary		Chief Financial Officer	
		Babita Chandrakar#	Shivani Sarda*	Vivekanand Narayan Prabhu	
1.	Gross salary: 1. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	1,01,869	2,75,810	4,17,600	7,95,279
2.	2.Value of Perquisites u/s 17(2) Income tax Act,1961	-	-	-	-
3.	3.Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
4.	Stock Option	-	-	-	-
5.	Sweat Equity	-	-	-	-
6.	Commission as % of profit and others, specify	-	-	-	-
7.	Others, please Specify	-	-	-	-
8.	Total	1,01,869	2,75,810	4,17,600	7,95,279
<p># Ms Babita Chandrakar Resigned from the designation of Company Secretary &amp; Compliance Officer on 5<sup>th</sup> July, 2018. * Ms.Shivani Sarda is appointed as Company Secretary and Compliance officer of the Company with effect from 7<sup>th</sup> August, 2018.</p>					

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

For and on behalf of the Board

Place: Hyderabad  
Date: 14.08.2019

Sd/-  
P.Anantha Pai  
Director  
DIN:00048339

Sd/-  
G. S. Ram  
Wholetime Director  
DIN:- 02395478



**ANNEXURE-IV****PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

**FORM- A****1. CONSERVATION OF ENERGY:**

The Company has a well-structured energy management system in place and regular efforts are made to optimize process parameters and conserve energy. Additionally, the Company has also installed the energy saving devices such as CFL Lamps and LED Lamps, Power Capacitors, Steam Condensate Recovery, Street Lighting Timer, Water Level Controller.

The total energy consumption & energy consumption per unit of production is as follows-

S.No	PARTICULARS	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>A.</b>	<b>Power &amp; fuel consumption in respect of</b>		
1.	Electricity		
	a. Purchased :		
	Units (Kwh)	1441720	1747930
	Total (₹.)	11777806	13913523
	Rate per unit (₹.)	8.17	7.29
	b. Own Generation :		
	Through Diesel Generator		
	Units (Kwh)	67620	66430
	Units per Liter of Diesel Oil	2.39	2.48
	Cost per Unit (₹.)	34.24	27.36
2.	Furnace Oil/LSHS/LDO/HSD		
	Qty (Lts)		Nil
	Total Amount (₹.)		Nil
	Average (₹./Ltr)		Nil
3.	Wood/Coal		
	Qty (Kgs.)	507155	570340
	Total Amount (₹.)	2938026	3091481
	Average (₹./Kgs.)	5.79	5.42

<b>B.</b>	<b>Consumption per unit of production</b>		
	Cocoa & Chocolate products (tonnes)		
	i. Electricity (KWH/Tonnes)		
	- Cocoa	323	662
	- Chocolate	797	599
	ii. Furnace Oil/LSHS/LDO		
	HSD (KL/Tonne)		
	- Cocoa	NIL	NIL
	- Chocolate	NIL	NIL
	iii. Wood/coal (KG/MT)		
	- Cocoa	181	295
	- Chocolate	155	135

**2. TECHNOLOGY ABSORPTION :** Efforts made in technology absorption as per Form-B

**FORM-B**

(Disclosure of particulars with respect to Technology Absorption)

**A. Research and Development (R & D) :**

Specific areas in which R & D is carried out by the Company	Tailor made recipes
Benefits derived as a result of the above R & D	Retaining the esteemed customers within its fold and increased capacity
Expenditure on R & D	NIL

**B. Technology absorption, adaptation and innovation: NIL**

**3. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the year the total Foreign Exchange is ₹ 246.07/- lakhs only.

**For and on behalf of the Board  
For LOTUS CHOCOLATE COMPANY LIMITED**

Sd/-

**P. Ananth Pai**

DIRECTOR

DIN: 00048339

Place : Hyderabad

Date : 14.08.2019

Sd/-

**G.S. Ram**

WHOLE TIME DIRECTOR

DIN: 02395478

## 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 31<sup>st</sup> March, 2019, the Board consist of the following:

- 3 (Three) Non-executive Independent Directors;
- 2 (Two) Whole Time 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 31.03.2018 has been set out here below:

Sl. No.	Name of the Director	Category	Board Meetings attended	Attendance at last AGM on 27.09.2018
1.	P.Prakash Pai	Director	6	Yes
2.	P. Ananth Pai	Director	6	Yes
3.	Subramanya Ram Ganapath	Whole time director	6	Yes
4.	Gottemukkala Venkatapathi Raju	Independent Director	6	Yes
5.	Ashwini Pai	Director	6	Yes
6.	Bharathan Rajagopalan Thatai	Independent Director	6	Yes
7.	Dilip Mangesh Kalelkar	Whole time Director	6	Yes
8.	A.Surya Prakash Reddy	Independent Director	6	Yes

**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. Ananth Pai	7	0	0
4	Shri P. Prakash Pai	7	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 31.03.2019. 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 duly convened and held are 24.05.2018, 14.08.2018, 14.11.2018, 11.01.2019, 13.02.2019, 18.03.2019.

**e) Disclosure of relationship between directors inter-se**

Shri. G Mangilal Surana, Chairman-Emeritus is the father of Shri Narender Surana and Shri Devendra Surana, Managing Directors of the Company. Other than Shri. G Mangilal Surana, Chairman-Emeritus, Shri Narender Surana, Managing Director and Shri Devendra Surana, Managing Director, none of the Directors are related to any other Director.

**f) Shares held by Non-Executive Directors**

The number of equity shares held by Non-Executive Directors, as on 31.03.2019 are as follows:

Sl.No	Name of the Director	No of Equity Shares
1	Shri. P. Prakash Pai	3659272
2	Shri. P. Ananth Pai	3659272
3	Shri. Gottemukkala Venkatapathi Raju	-
4	Shri. Bharathan Rajgopalan Thatai	-
5	Shri. Admala Surya Prakash Reddy	-
6	Smt. Ashwini Pai	327139

**g) Familiarisation programmes imparted to independent directors:**

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. During the year 2018-19, Periodic presentations are made at the Board Meetings on business and performance, long term strategy, initiatives and risks involved. Independent Directors have been taken through various aspects of Business and operations. The framework on familiarisation programme has been posted in the website of the Company. The details of familiarization program is available on the website: [lotuschocolate.com/pdf/corporategovernance/policies/Familiarisation-Programme-for-ID.pdf](http://lotuschocolate.com/pdf/corporategovernance/policies/Familiarisation-Programme-for-ID.pdf)



**h) The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board:**

- Knowledge - understand the Company's business, policies, and culture (including its mission, vision, Values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities) and knowledge of the industry in which the Company operates.
- Behavioural Skills - attributes and competencies to use their knowledge and skills to function well as team members and to interact with key stakeholders.
- Strategic thinking and decision making
- Financial Skills
- Technical/Professional skills and specialized knowledge to assist the ongoing aspects of the Business.

**i) Confirmation from the Board:**

The Board of Directors be and hereby confirm that in the opinion of the Board, the Independent Directors fulfill the conditions specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

**j) No Independent Director has resigned from the Directorship of the Company before the expiry of their term of appointment during the financial year ended 31<sup>st</sup> March, 2019.**

**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:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by Management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal Audit Reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.
6. 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.
7. 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.
8. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
9. 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.
10. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
  11. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
  12. 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.
  13. Discussion with Internal Auditors any significant findings and follow up there on.
  14. 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.
  15. 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.
  16. To review the functioning of the Whistle Blower Mechanism.
  17. 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.

**(i) 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. Ananth Pai	Member
3	Shri Gottemukkala Venkatapathi Raju	Member
4	Shri. Admala Surya Prakash Reddy	Member

*Shri P.Prakash Pai ceased to be the member of the committee w.e.f.10.11.2018.*

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 Four(4) times during the financial year as follows:

S. No	Date	Committee Strength	No. Of Members Present
1	24.05.2018	5	5
2	14.08.2018	5	5
3	14.11.2018	4	4
4	13.02.2019	4	4

**No. Of Meetings Attended:**

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

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:**

The Nomination & Remuneration Committee presently comprises of following:

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

**(iii) Attendance during the year:**

During the financial year ended on 31<sup>st</sup> March, 2019, 03 meetings of the Nomination & Remuneration Committee were held, as follows:

S. No	Date	Committee Strength	No. Of Members Present
1.	14.08.2018	4	4
2.	12.11.2018	4	4
3.	11.01.2019	4	4

**No. Of Meetings Attended:**

Sl. No	Name of Director	No. Of Meetings Attended
1.	Shri Bharathan Rajagopalan Thatai	3
2.	Shri P. Prakash Pai	3
3.	Shri P. Ananth Pai	3
4	Shri Gottemukkala Venkatapathi Raju	3

**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:**

Name of Director	Salary	H R A	Commission	Perks	Total
Shri Subramanya Ram Ganapath, WTD	745,800	--	--	--	745,800
Shri Dilip Mangesh Kalelkar, WTD	600,000	--	--	--	600,000
<b>TOTAL</b>	<b>1,345,800</b>	<b>--</b>	<b>--</b>	<b>--</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 has 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, in accordance with the listing regulation, 2015.

**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 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. Ananth Pai	Member
3.	Shri Gottemukkala Venkatapathi Raju	Member
4.	Shri Subramanya Ram Ganapath	Member

**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
<b>There are no outstanding complaints as on 31.03.2019.</b>		

**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
2017-2018	Lions Bhavan, Near Paradise Circle, Secunderabad.	27 <sup>th</sup> September, 2018	10.00 A.M.
2016-2017	Lions Bhavan, Near Paradise Circle, Secunderabad.	27 <sup>th</sup> September, 2017	10.00 A.M.
2015-2016	Lions Bhavan, Near Paradise Circle, Secunderabad.	30 <sup>th</sup> September, 2016	10.00 A.M.

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

**2017-18:** In the AGM held on 27<sup>th</sup> September, 2018 the company has passed 03 Special resolutions

**2016-17:** In the AGM held on 27<sup>th</sup> September, 2017 the company has passed no Special resolutions.

**2015-16:** In the AGM held on 30<sup>th</sup> September, 2016 the company has passed no Special resolutions.

**ii) Postal Ballot passed in last year i.e., 2017-18:**

During the year 2017-18 no resolutions has passed 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. CEO/ CFO CERTIFICATION:-**

As required by Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO and CFO certification is annexed to this Corporate Governance Report as "Annexure- II".

**11. 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 Nava Telangana (Telugu). The financial results are also displayed on the Company's website [www.lotuschocolate.com](http://www.lotuschocolate.com)

**ii. Newspapers Publication**

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).

**iii. 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.

**12. MARKET PERFORMANCE COMPARISON:**

The graph of price fluctuation during the Financial Year 2018-19 is outlined below:



**Annexures to the Corporate Governance Report**

Annexure No.	Content
I.	Declaration for Compliance of Code of Conduct by Board.
II.	CEO/ CFO Certification

**ANNEXURE-I**

**DECLARATION FOR COMPLIANCE OF CODE OF CONDUCT BY BOARD**

To,  
**The Board of Directors**  
 Lotus Chocolate Company Limited  
 Hyderabad-500 034

Dear Sir,

**Sub: Affirmation of compliance with the Code of Conduct for Board and Senior Management.**

I, Subramanya Ram Ganapath, Whole time Director of Lotus Chocolate Company Limited, do hereby confirm that the company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct in accordance with Regulation 17(5)(a) & (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the Financial Year 2018-19.

Sd/-

**Subramanya Ram Ganapath**

Whole time Director

DIN: 02051710

Place : Hyderabad

Date : 14.08.2019

**ANNEXURE- II****CEO/ CFO CERTIFICATION**

**To,**

**The Board of Directors**

**Lotus Chocolate Company Limited**

Hyderabad-500 034

**Dear Members of the Board,**

I, Vivekanand Narayan Prabhu, Chief Financial Officer of Lotus Chocolate Company limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement of the Company and all the notes on accounts and the Board's report.
2. These statements do not contain any materially untrue statement or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. The financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/ or applicable laws and regulations.
4. There are no transactions entered into by the Company during the year that are fraudulent, illegal or violate the Company's Code of Conduct and Ethics, except as disclosed to the Company's auditors and the Company's audit committee of the Board of Directors.
5. I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and I have :
  - a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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 (GAAP) in India.
  - c. Evaluated the effectiveness of the Company's disclosure, controls and procedures.
6. I have disclosed, based on our most recent evaluation of the Company's internal control over financial reporting, wherever applicable, to the Company's auditors and the audit committee of the Company's Board:
  - a. Any deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and have confirmed that there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
  - b. Any significant changes in internal controls during the year covered by this report.
  - c. All significant changes in accounting policies during the year have been disclosed in the notes to the financial statements.
  - d. Any instances of significant fraud of which I am aware, that involve the Management or other employees who have a significant role in the Company's internal control system.



7. I affirm that we have not denied any personnel access to the audit committee of the Company.
8. I further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

Sd/-

**Vivekanand Narayan Prabhu**

Chief Financial Officer

Place : Hyderabad

Date : 14.08.2019

**Certificate under Schedule-V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015**

To

The Members,

Lotus Chocolate Company Limited,

Hyderabad.

I, Rakhi Agarwal, Practicing Company Secretary, have examined the Company and Registrar of Companies records, books and papers of Lotus Chocolate Company Limited (CIN: L15200TG1988PLC009111) having its Registered Office at 8-2-596, 1<sup>st</sup> Floor, 1B, Sumedha Estates, Avenue-4 IvrcI Towers, Street No.1, Rd.10, Banjara Hills, Hyderabad- 500034 IN (TG) (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on March 31, 2019.

In our opinion and to the best of our information and according to the examinations carried out by us and explanations and representation furnished to us by the Company and its officers, we certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority as on 31<sup>st</sup> March, 2019:

Sl. No	Name of Director	Designation	DIN No
1	Shri. Ananth Pai Peraje	Non-Executive Non Independent Director	00048339
2	Shri. Prakash Pai Peraje	Non-Executive Non Independent Director	00202327
3	Shri. Ram Subramanya Ganpath	Whole Time Director	02395478
4	Smt. Jhabakh Ashwini Pai	Women Director	02395485
5	Shri. Venkatapathi Raju Gottemukkala	Non-Executive Independent Director	02435073
6	Shri. Bharathan Rajagopalan Thatai	Non-Executive Independent Director	02464132
7	Shri. Dilip Mangesh Kalelkar	Whole Time Director	02545803
8	Shri. Admala Surya Prakash Reddy	Non-Executive Independent Director	07567290

Sd/-

**Rakhi Agarwal**

Company Secretary in Practice

FCS No.7047

CP No.6270

Place: Hyderabad

Date: 14.08.2019

**CERTIFICATE ON COMPLIANCE WITH THE PROVISIONS  
OF CORPORATE GOVERNANCE**

I have examined the compliance of conditions of corporate governance, by LOTUS CHOCOLATE COMPANY LIMITED, for the year ended 31.03.2019 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 my opinion and to the best of our information and according to the explanations given to me, I certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

I, 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.

I 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.

Sd/-

**For RAKHI AGARWAL**  
COMPANY SECRETARY

Place: Hyderabad  
Date: 14.08.2019



**For RAKHI AGARWAL PROPRIETOR**  
COMPANY SECRETARY  
FCS NO.:- 7047  
CP NO.:- 6270

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members

### **Lotus Chocolate Company Limited**

Lotus Chocolate Company Limited ('the Company') requires Independent auditor's certificate on corporate governance as per Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019.

### **Managements' Responsibility**

The preparation of the corporate governance report is the responsibility of the management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is also responsible for compliance with conditions of corporate governance as stipulated in regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance report and applying an appropriate basis of preparation.

### **Auditor's Responsibility**

Pursuant to the requirements of the Listing Regulations, our responsibility is to certify whether the Company has complied with the above said compliances of the conditions of the Corporate Governance for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March, 2019.

We have examined the compliance of the conditions of Corporate Governance by the Company for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March, 2019 as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations. 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 an audit nor an expression of opinion on the Standalone IND AS financial statements of the Company.

We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates issued for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of the Schedule V of the Listing Regulations, as applicable.

We 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.

### **Restrictions on Use**

This certificate is issued solely for the purpose of complying with regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March, 2019 and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Place: Hyderabad

Date: 29.05.2019

For VDNR & Associates  
Chartered Accountants  
(FRN - 011251S)  
Venkateswara Reddy D  
Partner  
M No.: 028488

**11. GENERAL SHAREHOLDER INFORMATION:**

<b>Annual General Meeting</b>	Date	: 30 <sup>th</sup> September, 2019
	Time	: 10:00 A.M.
	Venue : Lions Bhavan, Near Paradise Circle, Secunderabad-500 003(TS)	
<b>Financial Calendar</b>	1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019	
<b>Date of Book Closure</b>	23 <sup>rd</sup> September, 2019 - 30 <sup>th</sup> September, 2019 (after giving effect to all the valid share transfers lodged with the company before closing hours of 23 <sup>rd</sup> September, 2019)	
<b>Listing on Stock Exchanges</b>	BSE Ltd	
<b>Stock Code</b>	523475	
<b>ISIN Number for NSDL &amp; CDSL</b>	INE027D01011	

**i. Registrar and Transfer Agents**

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

**CIL SECURITIES LIMITED**

214, Raghava Ratna Tower, Chirag Ali Lane, Chirag Ali Lane,  
Hyderabad, Telangana 500001  
Phone # +91-040-2320 2465  
advisors@cilsecurities.com | 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.

However as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialised form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

**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 31<sup>st</sup> March, 2019:**

As mentioned in Form MGT-9 annexed to this Report.

**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, Sangareddy District- 502296 (TG)

**vii. Address for correspondence**

Sl.No.	Shareholders Correspondence for	Address
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>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.	Investor Correspondence / Queries on Annual Report, Revalidation of Dividend, Warrants, Sub-Division, etc.	<b>Shri. Vivekanand Narayan Prabhu CFO and Interim Compliance Officer</b> 8-2-596, 1 <sup>st</sup> 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:

National Securities Depository Ltd	Central Depository Services (India) Ltd
Trade World, 4 <sup>th</sup> Floor,	A-Wing, 25 <sup>th</sup> floor, Marathon Futurex, Mafatlal Mill Compounds,
Kamala Mills Compound,	NM Joshi Marg, Lower Parel,
Lower Parel, Mumbai – 400 013	Mumbai- 400 013 (MH)
Tel : 091-022-24972964-70	Tel : 022-23023333
Fax : 091-022-24972993 / 24976351	Fax: 022-23002043
Email :info@nsdl.co.in.	Email : investors@cDSLindia.com

**11. OTHER DISCLOSURES****(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;**

During the financial year ended 31<sup>st</sup> March, 2019, there were no materially significant related party transactions, which had potential conflict with the interests of the Company at large. The transactions with related parties are disclosed in the Notes to financial statements.

**(b) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;**

None.

**(c) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI Listing regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, 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). During the financial year under review, none of the Complaint has received.

**(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements;**

The Company has complied with all the mandatory requirements of Corporate Governance as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Adoption of non-mandatory requirements pursuant to SEBI (LODR), 2015 is being reviewed by the Board from time to time.

**(f) Web link where policy on dealing with related party transactions;**

The policy on dealing with related party transactions is available on the website of the Company: <http://www.lotuschocolate.com/investor-relations.php>

**(g) Disclosure of commodity price risks and commodity hedging activities:**

Not applicable

**(h) Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): Nil****(i) Certificate from Practising Company Secretaries:**

The Company has received a certificate from Mrs. Rakhi Agarwal, Practising Company Secretary confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

**(j) Instances of not accepting any recommendation of the Committee by the Board:**

There is no such instance where Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year.

**(k) Fees to the Statutory Auditors of the Company:**

The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors of the Company are as below:

Particulars	Amount (Rs)
Fees paid for Statutory Audit for the FY 2018-19	1,95,000
Fee for other services including reimbursement of expenses	20,000

The Company has not availed any services from the network firm/network entity of which the Statutory Auditors is a part.

**(l) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has in place a Policy on prevention of Sexual Harassment in line with the requirements of

The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year, no complaint was received by the Company.

11. The Company Complied with the requirements of the Schedule V Corporate Governance report sub-para (2) to (10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**12. Details of compliance with mandatory requirements and adoption of Discretionary Requirements**

The Company has complied with all the mandatory requirements of Corporate Governance as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Adoption of Discretionary Requirements pursuant to SEBI (LODR), 2015 is being reviewed by the Board from time to time.

13. **The Disclosures of the compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:**

Regulation	Particulars of Regulation	Compliance Status (Yes/ No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stake Holders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirement with respect of Subsidiary of Listed entity	Yes
25	Obligation with respect to Independent Director	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance Requirement	Yes
46(2) (b) to (i)	Website	Yes

**14. Code of Conduct**

The Board has laid down a Code of Conduct covering the ethical requirements to be complied with covering all the Board members and all employees of the Company. An affirmation of compliance with the code is received from them on an annual basis.

**15. CEO and CFO Certification**

In line with the requirements of Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Vivekanand Narayan Prabhu, 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 31, 2019 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.

**16. Disclosure with respect to Demat suspense account/ unclaimed suspense account:**

Pursuant to the SEBI Circular and Regulation 39 of the SEBI Listing Regulations, 2015, during the year under review, there are no outstanding shares in the demat suspense account.

**17. Unclaimed Dividend:**

Not Applicable

**18.** The Company has adopted the policy on dissemination of information on the material events to stock exchanges in accordance with the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is available on the website of the Company <http://www.lotuschocolate.com/investor-relations.php>

**19.** The Company has adopted the policy on preservation of documents in accordance with the Regulation 9 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Documents Preservation Policy is available on the website of the Company: <http://www.lotuschocolate.com/investor-relations.php>

**20. Transfer of Shares to Investor Education and Protection Fund**

Not Applicable

**21. 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 and is also available on Company's Website.

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.

**22. 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. Ram Subramanya Ganpath</b>
Date of Birth	05.08.1956
Date of Appointment	05.11.2008
Qualification	M.Sc (Food Technology)
Relationship between Directors inter-se	NIL
Expertise in specific functional areas	FMCG Industry
List of Other Companies in which Directorship is held as on 31 <sup>st</sup> March, 2018	NIL
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director as on 31 <sup>st</sup> March, 2018	Nil
No. of shares held in the Company	1



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure and developments, segment wise or product-wise performance, outlook, risks and opportunities of the Company and discussion on financial performance with respect to the operational performance, has been covered in the Board's Report more specifically under the sections on Financial Results.

2018-19 turned out to be another challenging year for the Indian economy. Despite the challenging conditions prevailing during the year, your Company's revenue grew ahead and recorded an increase as compared to last year. Private Capital Expenditure remained sluggish as evident from the decline in new project announcements. The much anticipated pick-up in Private Final Consumption Expenditure (PFCE) also remained elusive - attributable largely to distress in the agrarian sector, low rate of rural wage growth, subdued urban consumer sentiment and tight liquidity conditions. PFCE growth, in fact, decelerated in the second half of the year and particularly in the last 3-4 months as borne out by most major FMCG companies reporting slowdown in sales growth.

The Company has an adequate system of internal controls to ensure that transactions are properly authorised, recorded, and reported, apart from safeguarding its assets. The internal control system is supplemented by well-documented policies, guidelines and procedures and reviews carried out by the Company's internal audit function, which submits reports periodically to the Management and the Audit Committee of the Board.

In order to foster an improved internal control culture in the Company, wherein every employee is fully aware of all the major risk/ controls faced in his / her work sphere and assumes responsibility for the controls performed therein. The Self-Assessments by process / control owner are also used as the basis of CEO/CFO certification as required under Regulation 17(8) of the Listing Regulations. Our Company has a favourable work environment that motivates performance, customer focus and innovation while adhering to the highest degree of quality and integrity.



## INDEPENDENT AUDITOR'S REPORT

### To The Members of Lotus Chocolate Company Limited

#### Report on the Standalone Financial Statements

##### Opinion

We have audited the accompanying standalone financial statements of Lotus Chocolate Company Limited ("the Company"), which comprise the standalone Balance Sheet as at March 31, 2019, and the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of Changes in Equity and standalone Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as "standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA's) specified under section 143(10) of the Act. Our responsibilities under those SA's are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit matter	How the matter was addressed in our Audit
<b>The Company has a receivable of INR 640.63 lakhs as at 31<sup>st</sup> March, 2019.</b>	Our audit procedures in this area included the following:
<b>The Company's operations comprise wide ranging characteristics of individual customers across locations, some customers having a higher days sales outstanding than the average days sales outstanding. Consequently, there is an inherent exposure to credit risk for these customers.</b>	<ul style="list-style-type: none"> <li>- Obtaining an understanding of and testing key controls over receivables collection process and credit control process over aged receivables and customer credit approvals.</li> <li>- Assessing the classification of the balances in the receivables ageing by performing an independent re-computation of the aged receivables.</li> </ul>
	<ul style="list-style-type: none"> <li>- For a sample of customer balances, verified the subsequent receipts against the outstanding year end balances.</li> </ul>

##### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. (A) As required by Section 143(3) of the Act, based on our audit 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 purposes 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 standalone balance sheet, the standalone statement of Profit and Loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the 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".

- (B) With respect to the 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 standalone financial statements vide Note No.33 of the notes to the financial statements.
  - ii. The Company did not have any long term contracts including derivate contracts for which there were any material foreseeable losses.
  - iii. The Company has no amount required to be transferred to the Investor Education and Protection Fund during the year.
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31<sup>st</sup> March, 2019.
- (C) With respect to the matter to be included in the Auditor's Report U/s 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

Place: Hyderabad  
Date: 29.05.2019



**For VDNR & Associates**  
Chartered Accountants  
Firm Registration No. 011251S

**Venkateswara Reddy D**  
Partner  
Membership No. 028488

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT – 31<sup>st</sup> MARCH 2019****(Referred to in our report of even date)**

- i. In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner. In our opinion, the manner and periodicity is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the title deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- ii. The Inventory of Finished goods, raw materials, stores, spare parts, except those in transit and with third parties have been physically verified by 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.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3 (iii)(a) (b) and (c) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act in respect of loans, making investments and providing guarantees and securities, as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public in accordance with the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the activities/products manufactured by the Company. Accordingly, paragraph 3(vi) of the order is not applicable to the Company.
- vii.
  - (a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues have been generally and regularly deposited during the year by the company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31<sup>st</sup> March, 2019 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2019, which have not been deposited with the appropriate authorities on account of any dispute.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to the banker. The Company during the year has not availed any loans or borrowings from financial institutions, banks and government nor has not issued any debentures.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Accounting Standards.
- xiv. According to the information and explanations given to us, and on the basis of 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 paid convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company

**For VDNR & Associates**

Chartered Accountants

Firm Registration No. 0112515

**Venkateswara Reddy D**

Partner

Membership No. 028488

Place: Hyderabad

Date: 29.05.2019

## **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

(Referred to in paragraph 2(A)(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of LOTUS CHOCOLATE COMPANY LIMITED (“the Company”) as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management and the Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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, 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 information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the financial statements. 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 system 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 a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, 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 with respect to the financial statements.

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company’s internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

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 control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: Hyderabad  
Date: 29.05.2019



*For* **VDNR & Associates**  
Chartered Accountants  
Firm Registration No. 011251S

**Venkateswara Reddy D**  
Partner  
Membership No. 028488

**Balance Sheet as at 31<sup>st</sup> March, 2019**

(Amount in ₹)

	Note	As at 31 March 2019	As at 31 March 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4(a)	27,634,846	34,114,846
Capital work-in-progress		138,537	138,537
Intangible assets	4(b)	78,870	78,870
<b>Financial assets</b>			
Investments			
Loans	5	4,459,869	4,617,419
Trade Receivables	6	4,050,000	4,050,000
Other non current assets			
Deferred tax assets, net	7		
		<b>36,362,122</b>	<b>42,999,672</b>
<b>Current assets</b>			
Inventories	8	101,106,000	87,673,000
<b>Financial assets</b>			
Trade receivables	9	64,063,170	72,223,730
Cash and cash equivalents	10	5,019,381	12,018,275
Other bank balances			
Loans	11	1,872,798	3,331,628
Others	12	2,539,261	4,407,277
Current tax assets			
Other current assets			
		<b>174,600,610</b>	<b>179,653,910</b>
		<b>210,962,732</b>	<b>222,653,583</b>
<b>Total Assets</b>			
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	13	202,346,490	202,346,490
Other equity	14	(211,290,597)	(224,547,597)
		<b>(8,944,107)</b>	<b>(22,201,107)</b>
<b>Total equity</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	15	147,000,000	166,338,816
Provisions	16	2,497,536	1,675,601
		<b>149,497,536</b>	<b>168,014,417</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	17	9,281,843	3,125,513
Trade payables	18	55,541,129	56,064,678
Other financial liabilities	19	1,866,309	5,064,044
Other current liabilities	20	1,660,735	9,286,856
Provisions	21	-	-
Current tax liabilities			
Deferred tax liabilities	22	2,059,288	3,299,183
		<b>70,335,115</b>	<b>76,840,274</b>
		<b>219,832,651</b>	<b>244,854,691</b>
		<b>210,962,732</b>	<b>222,653,583</b>
<b>Total Liabilities</b>			
<b>Total equity and liabilities</b>			
<b>Notes forming part of standalone financial statements</b>			

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

**for VDNR & Associates**

Chartered Accountants

FRN: 011251S

Sd/-

**D VENKATESWARA REDDY**

Partner

Membership No.: 028488

Place : HYDERABAD

Date : 29.05.2019

for and on behalf of the Board of Directors of

**Lotus Chocolate Company Limited**

CIN: L15200TG1988PLC009111

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

Sd/-

**P. ANANTH PAI**

DIRECTOR

DIN No. 00048339

Sd/-

**SHIVANI SARDA**

COMPANY SECRETARY

FGKPS9094F

Sd/-

**G S RAM**

WHOLE TIME DIRECTOR

DIN No. 02395478

Sd/-

**VIVEKANAND NARAYAN PRABHU**

CHIEF FINANCIAL OFFICER

AAFPP5715N

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019**

(Amount in ₹)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	23	656,858,287	569,167,167
Other income	24	703,214	226,436
<b>Total income</b>		<b>657,561,501</b>	<b>569,393,603</b>
<b>Expenses</b>			
Cost of materials consumed	25	571,474,608	428,887,071
Changes in inventories and work in progress	26	(19,417,000)	21,431,476
Employee benefits expenses	27	30,653,747	28,567,341
Other operating expenses	28	36,574,322	38,933,121
Depreciation and amortisation expense	29	6,480,000	8,049,795
Finance costs	30	1,489,705	6,621,051
Other expenses	31	18,214,825	24,311,561
<b>Total expenses</b>		<b>645,470,208</b>	<b>556,801,415</b>
<b>Profit before tax</b>		12,091,294	12,592,188
<b>Tax expense</b>			
Current tax			
Deferred tax		(1,239,895)	3,299,183
<b>Total tax expense</b>		(1,239,895)	3,299,183
<b>Profit for the year</b>		<b>13,331,189</b>	<b>9,293,005</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Gain/(Losses) on Foreign Exchange		(74,189)	371,414
<b>Other comprehensive income for the year, net of tax</b>		(74,189)	371,414
<b>Total comprehensive income for the year</b>		<b>13,257,000</b>	<b>9,664,419</b>
<b>Earnings per equity share (nominal value of INR 4) in INR</b>			
Basic		1.04	0.75
Diluted		1.04	0.75
<b>Notes forming part of standalone financial statements</b>			

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

**for VDNR & Associates**

Chartered Accountants

FRN: 011251S

Sd/-

**D VENKATESWARA REDDY**

Partner

Membership No.: 028488

Place : HYDERABAD

Date : 29.05.2019

for and on behalf of the Board of Directors of

**Lotus Chocolate Company Limited**

CIN: L15200TG1988PLC009111

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

Sd/-

**P. ANANTH PAI**

DIRECTOR

DIN No. 00048339

Sd/-

**SHIVANI SARDA**

COMPANY SECRETARY

FGKPS9094F

Sd/-

**G S RAM**

WHOLE TIME DIRECTOR

DIN No. 02395478

Sd/-

**VIVEKANAND NARAYAN PRABHU**

CHIEF FINANCIAL OFFICER

AAFPP5715N

**Statement of Changes in Equity for the year ended March 31, 2019****a. Equity Share Capital**

(Amount in ₹)

	<b>No. of shares</b>	<b>Amount</b>
Balance as at April 1, 2017	12,841,049	128,410,490
Add: Issued during the year	-	-
Balance as at March 31, 2018	12,841,049	128,410,490
Add: Issued during the year	-	-
Balance as at March 31, 2019	12,841,049	128,410,490

**b. Preference Share Capital**

	<b>No. of shares</b>	<b>Amount</b>
Balance as at April 1, 2017	7,396,600	73,966,000
Add: Issued during the year	-	-
Balance as at March 31, 2018	7,396,600	73,966,000
Add: Issued during the year	-	-
Balance as at March 31, 2019	7,396,600	73,966,000



(Amount in ₹)

Particulars	Money received against Share Warrants	Reserves and Surplus				Total
		Securities premium	Capital reserve	State Investment Subsidy	Retained earnings	
<b>Balance at April 1, 2017</b>	-	37,968,442	27,414,157	1,500,000	(234,971,971)	
Profit for the year	-	-	-	-	9,293,005	
Adjustments for opening Balances	-	-	-	-	759,955	
<b>Other comprehensive income</b>	-	-	-	-	371,414	
Gain/(Losses) on Foreign Exchange Net off Taxes	-	-	-	-	-	
Income-tax effect	-	-	-	-	-	
<b>Balance at March 31, 2018</b>	-	<b>37,968,442</b>	<b>27,414,157</b>	<b>1,500,000</b>	<b>(224,547,597)</b>	
<b>Balance at April 1, 2018</b>	-	<b>37,968,442</b>	<b>27,414,157</b>	<b>1,500,000</b>	<b>(224,547,597)</b>	
Profit for the year	-	-	-	-	13,331,189	
Adjustments for opening Balances	-	-	-	-	-	
Additions during the year	-	-	-	-	-	
<b>Other comprehensive income</b>	-	-	-	-	(74,189)	
Gain/(Losses) on Foreign Exchange Net off Taxes	-	-	-	-	-	
Income-tax effect	-	-	-	-	-	
<b>Balance at March 31, 2019</b>	-	<b>37,968,442</b>	<b>27,414,157</b>	<b>1,500,000</b>	<b>(211,290,598)</b>	
<b>Notes forming part of standalone financial statements</b>						

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

**for VDNR & Associates**

Chartered Accountants

FRN: 0112515

for and on behalf of the Board of Directors of

**Lotus Chocolate Company Limited**

CIN: L15200TG1988PLC009111

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

Sd/-

**D VENKATESWARA REDDY**

Partner

Membership No.: 028488

Sd/-

**P. ANANTH PAI**

DIRECTOR

DIN No. 00048339

Sd/-

**G S RAM**

WHOLE TIME DIRECTOR

DIN No. 02395478

Sd/-

**SHIVANI SARDA**

COMPANY SECRETARY

FGKPS9094F

Sd/-

**VIVEKANAND NARAYAN PRABHU**

CHIEF FINANCIAL OFFICER

AAFP5715N

Place : HYDERABAD

Date : 29.05.2019

**Cash Flow Statement for the year ended March 31, 2019**

(Amount in ₹)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>12,091,294</b>	<b>12,592,188</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	6,480,000	8,049,795
Amoritsation of intangible assets	-	-
Finance income (including fair value change in financial instruments)	-	-
Dividend income from mutual funds	-	-
Finance costs (including fair value change in financial instruments)	1,489,705	6,621,051
Re-measurement losses on defined benefit plans	-	-
<b>Operating profit before working capital changes</b>	<b>20,060,999</b>	<b>27,263,033</b>
<i>Changes in working capital:</i>		
Adjustment for (increase)/decrease in operating assets		
Trade receivables - Non current	-	6,074,138
Trade receivables - current	8,160,560	(7,892,629)
Inventories	(13,433,000)	16,519,153
Loans - Non current	157,550	437,843
Loans - current	1,458,830	783,742
Other financial assets - current		
Other assets - current	1,868,017	1,544,942
Other assets - non current		
Adjustment for (increase)/decrease in operating liabilities		
Trade payables	5,632,781	(26,615,914)
Other financial liabilities - current	(12,137,940)	(2,029,116)
Other current liabilities		
Provisions		
<b>Cash generated from operations</b>	<b>11,767,797</b>	<b>16,085,191</b>
Interest Paid	-	-
Income taxes paid / Deferred taxes	1,239,895	(3,299,183)
<b>Net cash generated from/(used in) operating activities</b>	<b>13,007,692</b>	<b>12,786,008</b>
<b>II. Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangibles (including capital work in progress) (Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net		12,851,233
Dividend received on mutual funds		-
Interest received (finance income)		-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>12,851,233</b>
<b>III. Cash flows from financing activities</b>		
Share issue proceeds		
Proceeds from/(repayment of) long-term borrowings, net	(18,516,881)	(14,994,547)
Proceeds from/(repayment of) short-term borrowings, net		
Interest paid	(1,489,705)	(6,621,051)
<b>Net cash provided by financing activities</b>	<b>(20,006,586)</b>	<b>(21,615,598)</b>
<b>Net increase in cash and cash equivalents (I+II+III)</b>	<b>(6,998,894)</b>	<b>4,021,644</b>
Cash and cash equivalents at the beginning of the year	12,018,275	7,996,631
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>5,019,381</b>	<b>12,018,275</b>

(Amount in ₹)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Note:</b>		
<b>Cash and cash equivalents comprise:</b>		
Cash on hand	115,916	146,182
Balances with banks: - in current accounts & Deposits	4,903,465	11,872,093
	<b>5,019,381</b>	<b>12,018,275</b>
<b>Notes forming part of standalone financial statements 1-44</b>		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

**for VDNR & Associates**

*Chartered Accountants*

FRN: 011251S

Sd/-

**D VENKATESWARA REDDY**

*Partner*

*Membership No.: 028488*

Place : HYDERABAD

Date : 29.05.2019

for and on behalf of the Board of Directors of

**Lotus Chocolate Company Limited**

CIN: L15200TG1988PLC009111

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

Sd/-

**P. ANANTH PAI**

DIRECTOR

DIN No. 00048339

Sd/-

**SHIVANI SARDA**

COMPANY SECRETARY

FGKPS9094F

Sd/-

**G S RAM**

WHOLE TIME DIRECTOR

DIN No. 02395478

Sd/-

**VIVEKANAND NARAYAN PRABHU**

CHIEF FINANCIAL OFFICER

AAFPP5715N



## NOTES to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019

### SIGNIFICANT ACCOUNTING POLICIES

#### 1 General Information

Lotus Chocolate Company Limited is a Public Limited Company incorporated in India, having its registered office at Hyderabad, India. The Company is primarily engaged in the manufacturing of Chocolates. The Company is listed on the Bombay Stock Exchange (BSE).

#### 2 Basis of preparation of financial statements

##### 2.1 Statement of Compliance

The financial statements have been prepared in accordance of Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time)

##### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long term borrowings are measured at amortized cost using the effective interest rate method.

##### 2.3 Functional currency

The financial statements are presented in Indian rupees Lakhs, which is the functional currency of the Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

All amounts are in Indian Rupee Lakhs except share data, unless otherwise stated.

##### 2.4 Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

##### Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

##### Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or



- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

## 2.5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

### Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

### Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2019 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

## 2.6 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 3 Significant accounting policies

#### 3.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.

- Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, volume rebates and are recognised when all significant risks and rewards of ownership of the goods sold are transferred.
- Dividend income is accounted for when the right to receive the income is established.
- Difference between the sale price and carrying value of investment is recognised as profit or loss on sale / redemption on investment on trade date of transaction.
- Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### 3.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

Lease payments under operating lease are generally recognised as an expense in the statement of profit and loss on a straight-line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

Further, at the inception of above arrangement, the Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### 3.3 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

### 3.4 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

### 3.5 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

#### *Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### *Deferred tax*

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.6 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

### 3.7 Property, plant and equipment

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working

condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

### **3.8 Expenditure during construction period**

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under “Other non-current Assets”.

### **3.9 Depreciation**

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

The Company has componentised its PPE and has separately assessed the life of major components. In case of certain classes of PPE, the Company uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their estimated useful lives are as under:

#### **Particulars Useful Life**

Buildings -30 Years

Plant and Machinery -8 to15 years

Electrical Equipment -10 Years

Office Equipment -5 Years

Computers -3 Years

Furniture and Fixtures -10 Years

Vehicles -8 Years

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

### **3.10 Intangible assets and amortisation**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

## Amortization

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Design and development is amortised over a period of five years.

### 3.11 Inventories

#### Inventories are valued as follows:

- **Raw materials, fuel, stores & spare parts and packing materials:**

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on FIFO basis.

- **Work-in-progress (WIP), finished goods and stock-in-trade:**

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

### 3.12 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

### 3.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

### 3.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

### 3.15 Impairment of non financial assets

The carrying amounts of the Company's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased

or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the income statement, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

### **3.16 Employee benefits**

#### **Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **Defined contribution plans**

The Company's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

#### **Defined benefit plans**

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

#### **Termination benefits**

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

#### **Other long-term employee benefits**

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

### 3.17 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### 3.18 Contingent liabilities & contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

### 3.19 Financial instruments

#### a. Recognition and Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### b. Classification and Subsequent measurement

##### Financial assets:

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



#### Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional



compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets: Subsequent measurement and gains and losses**

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities: Classification, Subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**c. Derecognition**

**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit

**d. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**e. Impairment**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are

credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

#### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

#### Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

## NOTES FORMING PART OF BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT

## NOTE: 4 (a, b)

(Amount in ₹)

11. SCHEDULE OF FIXED ASSETS													
DESCRIPTION	%	GROSS BLOCK			DEPRECIATION				NET BLOCK				
		AS AT 01-04-2018	ADDITIONS DURING THE PERIOD	ADJ.FOR SALE/TRA. WO	AS AT 31.03.2019	UPTO 31.03.2018	DURING THE PERIOD	**ADJUSTED AGAINST SURPLUS IN PROFIT AND LOSS ACCOUNT	ADJ.FOR SALE/ DEL. WRITE BACK	UPTO 31.03.2019	AS AT 31.03.2019	AS AT 31.03.2018	
<b>(A) TANGIBLE ASSETS:</b>													
LAND - FREEHOLD		230,863			230,863	0				0		230,863	230,863
BUILDINGS	3.34	22,119,408			22,119,408	15,654,134				16,168,939		5,950,469	6,465,274
PLANT AND MACHINERY	7.42	191,999,131			191,999,131	165,382,804				171,258,835		20,740,296	26,616,327
ELECTRIC INSTALLATIONS	4.75	5,192,142			5,192,142	4,846,350				4,890,646		301,496	345,792
FURNITURES AND FIXTURES	6.33	2,566,002			2,566,002	2,402,362				2,436,797		129,205	163,640
OFFICE EQUIPMENT	4.75	1,281,256			1,281,256	1,185,924				1,189,730		91,526	95,332
OFFICE EQUIPMENT - COMPUTERS	16.21	2,877,590			2,877,590	2,754,374				2,761,002		116,588	123,216
VEHICLES	9.50	1,488,054			1,488,054	1,413,652				1,413,652		74,402	74,402
<b>Total</b>		<b>227,754,446</b>	<b>0</b>		<b>227,754,446</b>	<b>193,639,600</b>				<b>200,119,600</b>		<b>27,634,846</b>	<b>34,114,846</b>
<b>(B) INTANGIBLE ASSETS</b>		<b>78,870</b>	<b>-</b>		<b>78,870</b>	<b>-</b>				<b>-</b>		<b>78,870</b>	<b>-</b>
<b>TOTAL (A+B)</b>		<b>227,833,316</b>	<b>-</b>		<b>227,833,316</b>	<b>193,639,600</b>				<b>200,119,600</b>		<b>27,713,716</b>	<b>34,114,846</b>
<b>CAPITAL WORK IN PROGRESS</b>		<b>138,537</b>			<b>138,537</b>							<b>138,537</b>	<b>138,537</b>
<b>TOTAL (A+B+C)</b>		<b>227,971,853</b>	<b>-</b>		<b>227,971,853</b>					<b>6,480,000</b>		<b>27,852,253</b>	<b>27,852,253</b>
<b>Calculation of Deferred Tax Liability</b>													
Net Block as per Companies Act, 2013													
Less: Net Block as per Income tax Act, 1961													
Depreciation Shortage													
Deferred tax liability													
Less: Already provided													
Charged to the Statement of P&L													
										27,713,716.21			
										20,257,031.54			
										7,456,684.67			
										2,059,288.00			
										3,299,183.00			
										(1,239,895.00)			

**NOTE: 5**

(Amount in ₹)

<b>LOANS - NON CURRENT</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Deposits with Govt. Authorities	4,459,869	4,617,419
<b>Total</b>	<b>4,459,869</b>	<b>4,617,419</b>

**NOTE: 6**

(Amount in ₹)

<b>TRADE RECEIVABLES - NON CURRENT</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Outstanding for a period exceeding six months		
Unsecured, considered good	4,050,000	4,050,000
Unsecured, considered doubtful	-	-
Less: Allowance for doubtful receivables	-	-
<b>Total</b>	<b>4,050,000</b>	<b>4,050,000</b>

**NOTE: 7**

(Amount in ₹)

<b>Deferred tax assets, net</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Deferred tax asset		
- Tangible and Intangible assets	-	-
- Provision allowed under tax on payment basis	-	-
- Expected credit loss on financial assets	-	-
- MAT credit entitlement	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTE: 8**

(Amount in ₹)

<b>INVENTORIES</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Raw materials	32,617,000	38,575,000
Work in progress	25,337,000	6,437,000
Finished Goods	34,570,000	34,053,000
Stores and Spares and Fuel	2,899,000	3,476,000
Stock of Packing Material	5,683,000	5,132,000
<b>Total</b>	<b>101,106,000</b>	<b>87,673,000</b>

**NOTE: 9**

(Amount in ₹)

<b>TRADE RECEIVABLES - CURRENT</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Others		
Unsecured, considered good	64,063,170	72,223,730
Unsecured, considered doubtful	-	-
<b>Total</b>	<b>64,063,170</b>	<b>72,223,730</b>

**NOTE: 10**

(Amount in ₹)

<b>CASH AND CASH EQUIVALENTS</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Balances with banks:		
- On current accounts	4,903,465	11,872,093
- In earmarked Deposit Accounts	-	-
Cash on hand	115,916	146,182
<b>Total</b>	<b>5,019,381</b>	<b>12,018,275</b>

**NOTE: 11**

(Amount in ₹)

<b>LOANS - CURRENT</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Current</b>		
Unsecured - Considered good		
Advances to Suppliers	1,710,834	2,196,649
Advances to Employees	161,964	375,025
Others	-	759,955
<b>Total</b>	<b>1,872,798</b>	<b>3,331,628</b>

**NOTE: 12**

(Amount in ₹)

<b>OTHER FINANCIAL ASSETS</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Current</b>		
Unsecured - Considered Good		
Tax Deducted at source	442,237	442,237
Balance with Government Bodies	1,984,763	3,075,689
Prepaid Expenses	112,261	889,352
<b>Total</b>	<b>2,539,261</b>	<b>4,407,277</b>

**NOTE: 13**

(Amount in ₹)

<b>Share Capital</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Authorised Share Capital</b>		
2,20,00,000 shares of ₹ 10/- each (1,40,00,000 Equity Shares of 10/- each & 80,00,000 Preference Shares of 10/- each)	220,000,000	220,000,000
<b>Issued, subscribed and fully paid-up</b>		
Equity Shares - par Value ₹ 10/- each	128,410,490	128,410,490
Less: Calls Unpaid from members other than directors	30,000	30,000
	128,380,490	128,380,490
Preference Share Capital		
7396600 - 10% Redeemable Cumulative	73,966,000	73,966,000
<b>Total</b>	<b>202,346,490</b>	<b>202,346,490</b>

**(a) Reconciliation of shares outstanding at the beginning and end of the reporting year**

Particulars	Number of Shares	Value
<b>Equity shares of ₹ 10/- each fully paid</b>		
Balance at April 01, 2017	12,841,049	128,410,490
Issued during the year	-	-
<b>Balance at March 31, 2018</b>	<b>12,841,049</b>	<b>128,410,490</b>
Issued during the year	-	-
Balance at April 01, 2018	12,841,049	128,410,490
Issued during the year	-	-
<b>Balance at March 31, 2019</b>	<b>12,841,049</b>	<b>128,410,490</b>
<b>Preferential shares of ₹ 10/- each fully paid</b>		
Balance at April 01, 2017	7,396,600	73,966,000
Issued during the year	-	-
<b>Balance at March 31, 2018</b>	<b>7,396,600</b>	<b>73,966,000</b>
Issued during the year	-	-
Balance at April 01, 2018	7,396,600	73,966,000
Issued during the year	-	-
<b>Balance at March 31, 2019</b>	<b>7,396,600</b>	<b>73,966,000</b>
<b>Total</b>	<b>20,237,649</b>	<b>202,376,490</b>

**(b) Details of shareholders holding more than 5% shares in the Company**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Equity shares of ₹ 10/- each fully paid</b>		
<b>Mr. P. Prakash Pai</b>		
Number of shares held	3,659,272	3,659,272
% of holding	28.50%	28.50%
<b>Mr. P. Ananth Pai</b>		
Number of shares held	3,659,272	3,659,272
% of holding	28.50%	28.50%

**(c) Rights, Preference and restrictions attached to the Shares:****(i) Equity Shares:**

Equity Shares rank pari passu as regards to dividend and voting rights. Each share has one vote

**(ii) Preference Shares:**

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.

**NOTE: 14**

(Amount in ₹)

	As at March 31, 2019	As at March 31, 2018
<b>Securities premium</b>		
Opening balance	37,968,442	37,968,442
Add: Premium on fresh issue	-	-
Closing balance	<b>37,968,442</b>	<b>37,968,442</b>

Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.

<b>Capital Reserves</b>		
Opening balance	27,414,157	27,414,157
Additions during the year	-	-
Closing balance	<b>27,414,157</b>	<b>27,414,157</b>

Money received against share warrants represents monies received against which the equity shares have to be allotted.

<b>State Investment Subsidy</b>		
Opening balance	1,500,000	1,500,000
Add: Transfers during the year	-	-
Closing balance	<b>1,500,000</b>	<b>1,500,000</b>

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Retained earnings		
Opening balance	(291,430,196)	(301,854,570)
Profit/(loss) for the year	13,331,189	9,293,005
Other comprehensive income	(74,189)	371,414
Adjustments to opening balance	-	759,955
Less: Transfers to general reserve	-	-
Closing balance	<b>(278,173,196)</b>	<b>(291,430,196)</b>
<b>Total other equity</b>	<b>(211,290,597)</b>	<b>(224,547,597)</b>

Retained earnings reflect surplus/deficit after taxes in the profit or loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

**NOTE: 15**

(Amount in ₹)

<b>FINANCIAL LIABILITIES - NON CURRENT</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Unsecured loans</b>		
From Others:		
Directors	147,000,000	166,338,816
<b>Total</b>	<b>147,000,000</b>	<b>166,338,816</b>

**NOTE: 16**

(Amount in ₹)

<b>PROVISIONS - NON CURRENT</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Provision for employee benefits		
- Gratuity	2,089,575	1,469,844
- Leave Encashment	407,961	205,757
<b>Total</b>	<b>2,497,536</b>	<b>1,675,601</b>

**NOTE: 17**

(Amount in ₹)

<b>FINANCIAL LIABILITIES - BORROWINGS</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Borrowings</b>		
Canara Bank CC A/C	9,281,843	3,125,513
<b>Total</b>	<b>9,281,843</b>	<b>3,125,513</b>

**NOTE: 18**

(Amount in ₹)

<b>FINANCIAL LIABILITIES - TRADE PAYABLES</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Trade payables	-	-
- Total outstanding dues of micro enterprises and small enterprises (refer note 37)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
┆ Creditors for Supplies	54,616,787	52,812,108
┆ Creditors for Services	924,342	3,252,570
<b>Total</b>	<b>55,541,129</b>	<b>56,064,678</b>

**NOTE: 19**

(Amount in ₹)

<b>FINANCIAL LIABILITIES - OTHERS</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Current maturities of long term borrowings		
Interest accrued but not due on borrowings		
Salaries and Staff Benefits Payable	1,667,155	4,826,891
Salary Recoveries Payable	199,154	237,153
<b>Total</b>	<b>1,866,309</b>	<b>5,064,044</b>



**NOTE: 20**

(Amount in ₹)

<b>OTHER CURRENT LIABILITIES</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Current</b>		
Advance received from customers	-	-
Statutory liabilities	(2,023,332)	3,068,046
Outstanding Liabilities for Expenses	3,684,067	6,218,809
<b>Total</b>	<b>1,660,735</b>	<b>9,286,856</b>

**NOTE: 21**

(Amount in ₹)

<b>Provisions</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Current</b>		
Provision for employee benefits		
' - Bonus and Ex Gratia		
- Gratuity		
- Provision for Leave Salary		
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTE: 22**

(Amount in ₹)

	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>2,059,288</b>	<b>3,299,183</b>

**NOTE: 23**

(Amount in ₹)

<b>Revenue from operations</b>	<b>Year ended March 31,2019</b>	<b>Year ended March 31,2018</b>
Revenue from sale of products		
Gross Sales	656,858,287	586,770,155
Less: Excise Duty	-	17,602,988
<b>Net Sale of Products</b>	<b>656,858,287</b>	<b>569,167,167</b>

**NOTE: 24**

(Amount in ₹)

<b>Other income</b>	<b>Year ended March 31,2019</b>	<b>Year ended March 31,2018</b>
Interest income	208,896	226,436
Miscellaneous income	494,318	-
<b>Total</b>	<b>703,214</b>	<b>226,436</b>

**NOTE: 25**

(Amount in ₹)

<b>Expenses</b>	<b>Year ended March 31,2019</b>	<b>Year ended March 31,2018</b>
<b>Raw materials consumed</b>		
Opening Stock of raw materials and consumables	38,575,000	29,588,946
Add : Purchases during the year	550,566,653	417,014,275
Opening Stock Plus Purchases	589,141,653	446,603,221
Less : Closing Stock of raw materials and consumables	32,617,000	38,575,000
<b>Total Cost of Raw Material consumed</b>	<b>556,524,653</b>	<b>408,028,221</b>

<b>Packing materials consumed</b>		
Opening Stock of Packing materials	5,132,000	6,954,272
Add : Purchases during the year	15,500,956	19,036,578
Opening Stock Plus Purchases	20,632,956	25,990,850
Less : Closing Stock of Packing Materials	5,683,000	5,132,000
<b>Total cost of Packing material Consumed</b>	14,949,956	20,858,850
<b>TOTAL COST OF RAW MATERIAL CONSUMPTION</b>	<b>571,474,608</b>	<b>428,887,071</b>

**NOTE: 26**

(Amount in ₹)

<b>Changes in inventories and work in progress</b>	<b>Year ended March 31,2019</b>	<b>Year ended March 31,2018</b>
A. Finished Goods		
Inventories at the beginning of the year	34,053,000	45,438,750
Less : Inventories at the end of the year	34,570,000	34,053,000
(Increase) / Decrease in Inventories	<b>(517,000)</b>	<b>11,385,750</b>
B. Work in progress		
Inventories at the beginning of the year	6,437,000	16,482,726
Less : Inventories at the end of the year	25,337,000	6,437,000
(Increase) / Decrease in Inventories	<b>(18,900,000)</b>	<b>10,045,726</b>
<b>(Increase) / Decrease in Inventories (A+B)</b>	<b>(19,417,000)</b>	<b>21,431,476</b>

**NOTE: 27**

(Amount in ₹)

<b>Employee benefits expense</b>	<b>Year ended March 31,2019</b>	<b>Year ended March 31,2018</b>
Salaries, wages and bonus & Ex-Gratia	26,591,026	25,194,869
Contribution to provident and other funds	1,467,252	1,455,305
Other Employee Benefits	1,249,669	571,367
Directors' Remuneration	1,345,800	1,345,800
<b>Total</b>	<b>30,653,747</b>	<b>28,567,341</b>

**NOTE: 28**

(Amount in ₹)

<b>Other Operating Expenses</b>	<b>Year ended March 31,2019</b>	<b>Year ended March 31,2018</b>
Consumption of stores and spares	13,593,484	11,809,327
Power and fuel	14,746,915	16,516,025
Repairs to building	5,050	510,827
Repairs to machinery	512,385	342,155
Repairs to Other Assets	233,704	527,803
Other Manufacturing Expenses	7,482,784	9,220,861
R & D/ Lab Expenses	-	6,123
<b>Total</b>	<b>36,574,322</b>	<b>38,933,121</b>

**NOTE: 29**

(Amount in ₹)

<b>Depreciation and amortisation expense</b>	<b>Year ended March 31,2019</b>	<b>Year ended March 31,2018</b>
Depreciation of tangible assets	6,480,000	8,049,795
Amortization of intangible assets	-	-
<b>Total</b>	<b>6,480,000</b>	<b>8,049,795</b>

**NOTE: 30**

(Amount in ₹)

<b>Finance costs</b>	<b>Year ended March 31,2019</b>	<b>Year ended March 31,2018</b>
Interest Expense on Working Capital	141,091	5,724,623
Bank charges	1,348,614	896,428
<b>Total</b>	<b>1,489,705</b>	<b>6,621,051</b>

**NOTE: 31**

(Amount in ₹)

<b>Other expenses</b>	<b>Year ended March 31,2019</b>	<b>Year ended March 31,2018</b>
<b>A Selling Expenses</b>		
Freight, Hamali and Carriage Outwards & Sales incentives and Allowances	10,044,342	14,427,899
Business promotion expenses	-	876,884
<b>Total</b>	<b>10,044,342</b>	<b>15,304,783</b>
<b>B Administration Expenses</b>	<b>Year ended March 31,2019</b>	<b>Year ended March 31,2018</b>
Travelling and Conveyance	1,295,689	1,243,079
Professional Charges	2,020,343	650,565
Rent	187,550	750,000
Rates and taxes other than taxes on income	2,650,874	2,821,429
Insurance charges	409,046	614,280
Postage, Telephone & Courier charges	689,468	950,149
Payment to Auditors - As Statutory Audit Fees	155,000	155,000
- As Tax Audit Fees	40,000	40,000
- As Certification Fees	20,000	20,000
Meeting and Conferences	-	26,991
Other General Expenses	702,514	1,735,286
<b>Total</b>	<b>8,170,483</b>	<b>9,006,778</b>
<b>Total Other expenses (A+B)</b>	<b>18,214,825</b>	<b>24,311,561</b>

**32 Explanation on transition to Ind AS**

As stated in Note 2.1, these are the first standalone financial statements prepared in accordance with Ind AS. For the year ended March 31, 2017, the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provision of the Act ('Previous GAAP'). For the purpose of transition from Previous GAAP to

Ind AS, the Company has followed the guidance prescribed under Ind AS 101-first time adoption of Indian Accounting Standards ("Ind AS-101"), with effect from April 1, 2016 ('transition date').

The accounting policies set out in Note 3 have been applied in preparing these standalone financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening standalone Ind AS balance sheet on April 1, 2016

In preparing its standalone Ind AS balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts reported previously in standalone financial statement prepared in accordance with the Previous GAAP. This note explains how the transition from Previous GAAP to Ind AS has affected the Company's financial position and financial performance.

#### A. Mandatory exceptions to retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101 "First Time Adoption of Indian Accounting Standards":

- 1) **Estimates:** As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the Previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

- 2) **Classification and measurement of financial assets:** Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

#### B. Optional exemptions from retrospective application

Ind AS 101 "First time Adoption of Indian Accounting Standards" permits Companies adopting Ind AS for the first time to take certain exemptions from the full retrospective application of Ind AS during the transition. The Company has accordingly on transition to Ind AS availed the following key exemptions:

- 1) **Property, plant and equipment:** The Company has elected to treat Cost less accumulated depreciation as deemed cost for certain items of its property, plant and equipment.
- 2) **Intangible assets:** The Company has elected to treat Cost less accumulated depreciation as deemed cost for all items of intangibles.

### Other amendments to Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), on 28 March 2018, issued certain amendments to Ind AS. The amendments relate to the following standards:

**Ind AS 21, The Effects of Changes in Foreign Exchange Rates** - The amendment lays down the principle regarding advance payment or receipt of consideration denominated or priced in foreign currency and recognition of non-monetary prepayment asset or deferred income liability.

**Ind AS 12, Income Taxes** - The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences.

**Ind AS 28, Investments in Associates and Joint Ventures** - The amendment clarifies when a venture capital, mutual fund, unit trust or similar entities elect to initially recognize the investments in associates and joint ventures.

**Ind AS 112, Disclosure of Interests in Other Entities** – The amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as Held for sale or discontinued operations in accordance with Ind AS 105.

**Ind AS 40, Investment Property** - The amendment clarifies when a property should be transferred to / from investment property.

The amendments are effective 1 April 2018. The Company believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Company.

### 33 Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

#### Contingent liabilities and commitments

Particulars		As at 31-Mar-19	As at 31-Mar-18
i)	Contingent liabilities:		
	- Corporate guarantees given on behalf of others (refer note 'a' & 'b' below)	-	-
	- Letter of credit outstanding	-	-
	- Bank guarantees	-	-
	- Accrued and unpaid Preference dividend	130,489,400	130,489,400
ii)	Commitments:		
	- Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	-	-

**NOTE: 34**

(Amount in ₹)

<b>Related party disclosures</b>	
<b>a) Names of related parties and description of relationship</b>	
Entities having significant influence over the Company	
Subsidiary Company	
Key Management Personnel ("KMP")	P. Prakash Pai, Director
	P. Anantha Pai, Director
	P. Ashwini Pai, Director
	G. S. Ram, CEO, Whole Time Director
	Dilip Mangesh kalekar, Whole Time Director (Technical)
Enterprise / Entities under common Key Management Personnel ("KMP")	Puzzolana Machinery Fabricators (Hyderabad) LLP Soubhagya Confectionery Private Limited

d) Terms and conditions of transactions with related parties:

e) Others:

**NOTE: 35**

**Segment information** - Since the company is operating in one reportable segment, hence Segment reporting is not applicable

**NOTE: 36**

(Amount in ₹)

<b>Auditors' remuneration include:</b>			
<b>Particulars</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>	
Statutory audit fee (including limited review)	155,000	155,000	
Tax audit fee	40,000	40,000	
Certification Fees	20,000	20,000	
<b>Total</b>	<b>215,000</b>	<b>215,000</b>	

**NOTE: 37****Dues to Micro, small and medium enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier.

**NOTE: 38****Earnings per share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity Shares.

The following table sets out the computation of basic and diluted earnings per share:

<b>Particulars</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Profit for the year attributable to equity share holders	13,331,189	9,664,419
<b>Shares</b>		
Weighted average number of equity shares outstanding during the year – basic	12,838,049	12,838,049
Weighted average number of equity shares outstanding during the year – diluted	12,838,049	12,838,049
<b>Earnings per share</b>		
Earnings per share of par value ₹ 10 – basic	1.04	0.75
Earnings per share of par value ₹ 10 – diluted	1.04	0.75

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

**for VDNR & Associates**

*Chartered Accountants*

FRN: 011251S

Sd/-

**D VENKATESWARA REDDY**

*Partner*

Membership No.: 028488

Place : HYDERABAD

Date : 29.05.2019

for and on behalf of the Board of Directors of

**Lotus Chocolate Company Limited**

CIN: L15200TG1988PLC009111

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

Sd/-

**P. ANANTH PAI**

DIRECTOR

DIN No. 00048339

Sd/-

**SHIVANI SARDA**

COMPANY SECRETARY

FGKPS9094F

Sd/-

**G S RAM**

WHOLE TIME DIRECTOR

DIN No. 02395478

Sd/-

**VIVEKANAND NARAYAN PRABHU**

CHIEF FINANCIAL OFFICER

AAFPP5715N



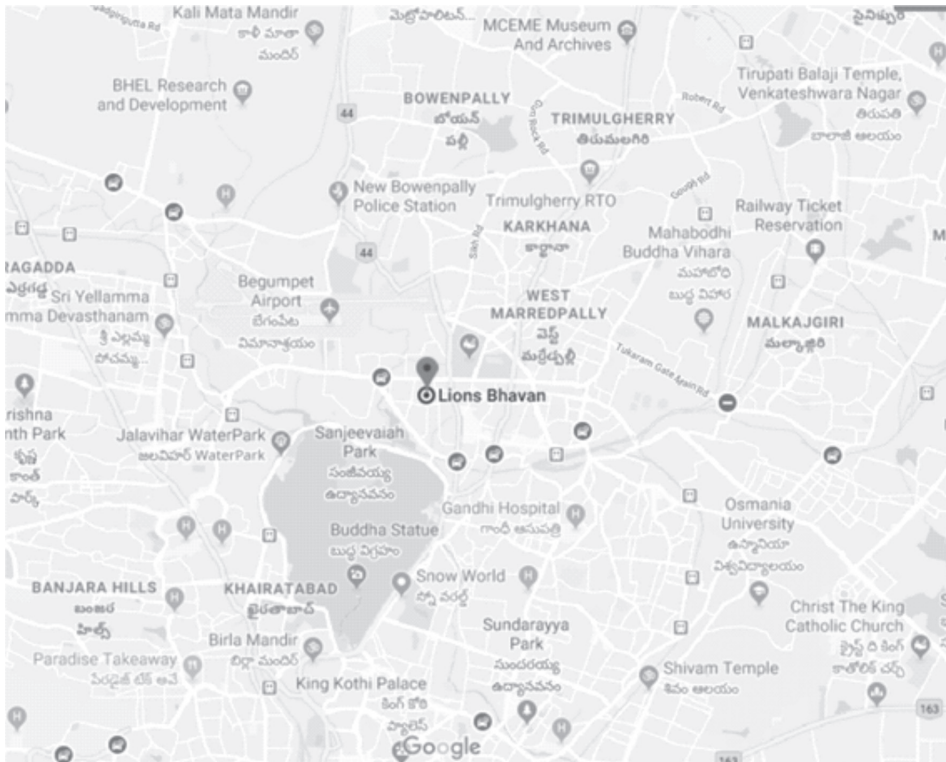






## ROUTE MAP TO AGM VENUE

**Venue : Lions Bhavan, New Paradise Circle, Secunderabad - 500 003 (TG)**



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

Distance from Secunderabad Station : 1.7 Km

Distance Form Airport: 37.2 Kms

# NOTES



# NOTES



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# Door No. 8-2-596, 1<sup>st</sup> Floor, 1B, Sumedha Estates

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

Banjara Hills, Hyderabad - 500 034 (TG)