

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 clause 49(I)(A) of Listing Agreement, 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 31st March, 2015, the Board consist of the following:

- 3 Independent Non-executive Directors;
- 2 Executive Directors;
- 4 Non-Executive 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 31.03.2015 has been set out here below:

S. No	Name of Director	Category	Meetings attended	Attendance at last AGM on 30.09.2014
1	Shri Dilip Mangesh Kalekar	Whole-Time Director	7	Yes
2	Shri Subramanya Ram Ganapath	Whole-Time Director	9	Yes
3	Shri P. Ananth Pai	Director	9	Yes
4	Shri P. Prakash Pai	Director	9	Yes
5	Shri Pai Abhijeet	Director	7	Yes
6	Smt. Ashwini Pai	Women Director	7	Yes
7	Shri Gottemukkala Venkatapathi Raju	Independent Director	9	Yes
8	Shri Bharathan Rajagopalan Thatai	Independent Director	9	-
9	Shri Rabindranath Jarugumilli	Independent Director	-	-

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	1	0	0
3	Shri P. Ananth Pai	6 & 1 (LLP)	0	0
4	Shri P. Prakash Pai	6 & 1 (LLP)	0	0
5	Shri Pai Abhijeet	7	0	0
6	Smt. Ashwini Pai	1	0	0
7	Shri Gottemukkala Venkatapathi Raju	0	0	0
8	Shri Bharathan Rajagopalan Thatai	0	0	0
9	Shri Rabindranath Jarugumilli	0	0	0

d) Number of Board Meetings held and the date on which held:

In terms of compliance with the requirement of clause 49(l) (C) of Listing Agreement, 09(Nine) Board Meetings were held during the financial year ended 31.03.2015. 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 held are:

14.05.2014	13.08.2014	20.08.2014
30.09.2011	12.11.2014	26.11.2014
12.02.2015	28.03.2015	30.03.2015

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:

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions submitted by Management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal Audit Reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- 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.
- 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.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- 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.
 - Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
 - Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
 - 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.
 - Discussion with Internal Auditors any significant findings and follow up there on.
 - 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.
 - 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.
 - To review the functioning of the Whistle Blower Mechanism.
 - 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.

(ii) Composition:

The Company's Audit Committee comprises of the following Directors all of whom are Non-Executive, the majority being Independent Directors:

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 Bharathan Rajagopalan Thatai	Member

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 Prakash Pai Peraje, 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 clause 49(II)(B) of Listing Agreement, the Audit Committee met 5 (Five) times during the financial year under review, on 14.05.2014, 13.08.2014, 20.08.2014, 12.11.2014 and 26.11.2014 and the attendance of the members of the Audit Committee as recorded is as under:

SI No	Name of the Director	No. of Meetings Attended
1.	Shri P. Prakash Pai	5
2.	Shri P. Ananth Pai	5
3.	Shri Gottemukkala Venkatapathi Raju	5
4.	Shri Bharathan Rajagopalan Thatai	5

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 of terms of reference:

During the year at a meeting of the Board of Directors of the Company held on 30th March, 2015 in compliance with the provisions of the Companies Act, 2013 and the listing agreement, the Board has renamed its "Remuneration Committee" as the "Nomination and Remuneration Committee". The brief terms of reference of the Nomination and Remuneration Committee, inter alia, include the following:

- Identifying and selection of persons for appointment as directors and senior management in accordance with the criteria laid down and to recommend to the Board their appointment.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Recommend/review remuneration of the Managing Director and Whole time Director(s) based on performance and defined assessment criteria.
- Recommend to the Board a policy for selection and appointment of Directors, Key Managerial Personnel and other senior management positions.
- Formulate and review criteria for evaluation of performance of the Board of Directors
- Devise a policy on Board diversity.
- Succession planning for the Board level and key management positions.
- Carry out any other function as mandated by the Board from time to time and/or enforced by any statutory notification/amendment.

(ii) Composition:

SI.No	Name of Director	Designation
1.	Shri P. Prakash Pai	Member
2.	Shri P. Ananth Pai	Member
3.	Shri Gottemukkala Venkatapathi Raju	Member

(iii) Attendance during the year:

The Remuneration Committee met 5 (Five) times, during the financial year under review, on 14.05.2014, 13.08.2014, 20.08.2014, 12.11.2014 and 26.11.2014. The attendance of the meeting by the members of the Committee as recorded is as under:

S. No	Name of the Director	No. of Meetings Attended
1.	Shri Ananth Pai Peraje	5
2.	Shri Prakash Pai Peraj	5
3.	Shri Gottemukkala Venkatapathi Raju	5

REMUNERATION POLICY:

The nomination and remuneration committee has adopted a 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:

(Amount in Rs.)

Name of Director	Salary	H R A	Commission	Perks	Total
Shri Subramanya Ram Ganpath, WTD	745,800	--	--	--	745,800
Shri Dilip Mangesh Kalelkar, WTD	600,000	--	--	--	600,000
TOTAL	1,345,800	--	--	--	1,345,800

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 have 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.

PERFORMANCE EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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 Managing 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:**

During the year at a meeting of the Board of Directors of the Company held on 26th November, 2014 in compliance with the provisions of the Companies Act, 2013 and the listing agreement, the Board has renamed its "Shareholders Grievance Committee" as the "Stakeholders Relationship Committee". The Stakeholders Relationship Committee constituted by the Board of Directors inter alia approves transfer of shares and redresses shareholders / investor's grievances and complaints regarding non-receipt of Dividends, Annual Reports, etc.

(ii) Composition:

Sl.No.	Name of Director	Designation
1.	Shri P. Prakash Pai	Member
2.	Shri P. Ananth Pai	Member
3.	Shri Gottemukkala Venkatapathi Raju	Member
4.	Shri Subramanya Ram Ganapath	Member

Shri U.V.Kini is acting as Compliance Officer of the Company.

Status of Investor Complaints for the Financial Year

Nature of Complaint	Received	Resolved
Non-receipt of Share Certificates sent for transfer	01	01
Non-receipt of Dividend Warrants	03	03
Any other complaints (Change of address)	02	02

There are no outstanding complaints as on 31.03.2015.

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
2013-2014	Lions Bhavan, Near Paradise Circle, Secunderabad.	30 th September 2014	10.00 a.m
2012-2013	Lions Bhavan, Near Paradise Circle, Secunderabad.	30 th September 2013	10.00 a.m
2011-2012	Lions Bhavan, Near Paradise Circle, Secunderabad.	29 th September 2012	10.00 a.m

ii. Whether any special resolutions passed in the previous 3 AGMs

2013-14: In the AGM held on 30th September, 2014 the company has passed no Special Resolutions.

2012-13: In the AGM held on 30th September, 2013 the company has passed no Special Resolutions.

2011-12: In the AGM held on 30th September, 2012 the company has passed no Special Resolutions.

ii) Postal Ballot passed in last year i.e., 2014-15:

During the year 2014-15 your Company has not passed any resolution through Postal Ballots 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 Clause 49 of the Listing Agreement, 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

(iv) Non Mandatory Requirements:

Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

10. 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 Andhra Bhoomi (Telugu). The financial results are also displayed on the Company's website www.lotuschocolate.com

ii. Newspapers wherein results normally published

The official news releases are published in Business Standard (English) and Andhra Bhoomi (Telugu), Detailed presentations made to institutional investors, financial analyst, etc. are displayed on the Company's website www.lotuschocolate.com.

Website:

The website 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.

CEO/ CFO Certification

In line with the requirements of Clause 49 (V) of the Listing Agreement, Shri Kommula Ganeswara Rao, 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, 2015 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.

The Management Discussion and Analysis Report:

A Report of the Management Discussion and Analysis is attached as part of the Annual Report.

11. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting	Date : 29 th September, 2015 Time : 10:00 A.M. Venue : Lions Bhavan, Near Paradise Circle, Secunderabad.
Financial Calendar	1 st April to 31 st March.
Date of Book Closure	23.09.2015 to 29.09.2015 (both days inclusive)
Listing on Stock Exchanges	BSE Ltd
Stock Code	523475
ISIN Number for NSDL & CDSL	INE026D01011

i. Registrar and Transfer Agents

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

<p>M/s CIL SECURITIES LIMITED 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</p>
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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.

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 31st March, 2015:

Category	No. of. Shares	% Holding
Promoters	9,253,020	72.06
Promoters Bodies Corporate	---	---
Resident Individuals	3,335,614	25.98
Bodies Corporate	201,503	1.57
Indian Financial Institutions	1,700	0.01
Non Resident Indians	12,891	0.10
Government	700	0.01
Trusts	---	---
Clearing Members	6,925	0.05
Mutual Funds	---	---
Banks – Foreign Banks	1,500	0.01
Directors and Relatives	27,196	0.21
Total	12,841,049	100

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, Medak District, Andhra Pradesh, PIN-502 296.

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.	M/s CIL SECURITIES LIMITED 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.	Shri U.V. Kini Company Secretary and Compliance Officer. 8-2-596, 1st Floor, 1B, Sumedha Estates, Avenue-4, IVRCL Towers, Street No. 1, Road No. 10, Banjara hills, Hyderabad, Telangana – 500034 E-mail: complaints@lotuschocolate.com Phone No.: 040-2352607/08 Fax no.: 040-2352610

12. Depository Services:

For guidance on Depository Services, Shareholders may write to the Company or to the respective Depositories:

National Securities Depository Ltd Trade World, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400 013 Tel : 091-022-24972964-70 Fax : 091-022-24972993 / 24976351 Email :info@nsdl.co.in.	Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai – 400 023 Tel : 091-022-22723333/22723224 Fax: 091-022-22723199 Email : investors@cdslindia.com
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13. Company's Policy on prevention of insider trading:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, 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.

The Chief Financial Officer is acting as Compliance Officer for the said purpose. 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.

14. Particulars of Directors, who are retiring by rotation, seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:-

Name of Director	Smt. Ashwini Pai
Expertise in specific functional areas	Having skill of leadership qualities in business development and management.
Date of Birth	12/12/1986
Qualification	Engineering Graduate
List of Other Companies in which Directorship is held as on 31 st March, 2015.	1
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director as on 31 st March, 2015	--

DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

Pursuant to the Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th Oct' 2004, it is hereby declared that the Company has obtained confirmation from all the Board Members and Senior Management Personnel of the Company for the compliance of the Code of Conduct of the Company for the year 2014-15.

Place: Hyderabad
Date: 20.08.2015

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



AUDITORS' CERTIFICATE REGARDING CORPORATE GOVERNANCE

To
The Members of
Lotus Chocolate Company Limited

We have examined the compliance of conditions of Corporate Governance by **M/s Lotus Chocolate Company Limited** for the year ended 31st March 2015, as stipulated in Clause 49 of the Listing Agreement with BSE Limited.

The compliance of these conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the 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 Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further 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.



For M/s. S.R. Mohan & Company
Chartered Accountants
(FRN- 002111S)

Sd/-
B Brahmanandam
Partner
M. No. 020026

Date : 20.08.2015
Place: Hyderabad

CEO/CFO CERTIFICATIONS

As required by sub clause V of the Clause 49 of the Listing Agreement entered with the Stock Exchanges, we have certified to the Board that for the financial year ended 31st March 2015, the Company has complied with the requirements of the said sub clause.

For LOTUS CHOCOLATE COMPANY LIMITED

Sd/-
KOMMULA GANESWARA RAO
CHIEF FINANCIAL OFFICER

Date: 20.08.2015

Compliance with Code of Business Conduct and Ethics

As provided under Clause 49 of the Listing Agreement entered with the Stock Exchange, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and the Ethics for the financial year ended 31st March, 2015.

For LOTUS CHOCOLATE COMPANY LIMITED

Sd/-
KOMMULA GANESWARA RAO
CHIEF FINANCIAL OFFICER

Date: 20.08. 2015

CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of corporate governance, by LOTUS CHOCOLATE COMPANY LIMITED, for the year ended 31.03.2015 as stipulated in Clause 49 of the Listing Agreement 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We 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.

We 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.

For RAKHI AGARWAL & ASSOCIATES
COMPANY SECRETARIES

Sd/-
RAKHI AGARWAL
PROPRIETOR
FCS NO.7047, CP NO.6270

Place: Hyderabad
Date: 20.08.2015