

## Report on Corporate Governance

### ANNEXURE-IV

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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 of 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 endeavours 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 March 31, 2023, the Board consisted of the following:

- 2 (Two) Non-Executive Independent Directors;
- 1 (One) Executive Director;
- 2 (Two) Non-Executive Director;
- 1 (One) Non-Executive Woman Director

##### b) Attendance of each director at the Board Meetings and the General Meetings for the financial year ended March 31, 2023:

The particulars of attendance of Board Meetings and General Meetings by Directors for the financial year ended March 31, 2023 has been set out here below:

Sr. No.	Name of the Director	Designation	Category	Number of Board Meetings		Attendance at last AGM on 30.09.2022
				Held	Attended	
1	Mr. Bharathan Rajagopalan Thatai	Chairman	Independent Director	8	8	Yes
2	Mr. Gottemukkala Venkatapathi Raju	Director	Independent Director	8	8	Yes
3	Mr. Subramanya Ram Ganpath	Whole-time director	Executive Director	8	8	Yes
4	Mr. Gangasani Sudhakar Reddy	Director	Non-Executive Director	8	8	Yes
5	Mr. Admala Surya Prakash Reddy	Director	Non-Executive Director	8	5	Yes
6	Ms. Usha Abbagani	Director	Non-Executive Director	8	8	Yes

**c) Number of other Directorships, Committee Membership(s) & Chairmanship(s)**

Sr. No.	Name of the Director	Other Directorships	Committee Membership (As per Regulation 26 of Listing Regulations)	Committee Chairmanship (As per Regulation 26 of Listing Regulations)
1	Mr. Subramanya Ram Ganapath	0	1	0
2	Mr. Gottemukkala Venkatapathi Raju	0	2	0
3	Mr. Bharathan Rajagopalan Thatai	0	1	1
4	Mr. Gangasani Sudhakar Reddy	0	0	0
5	Ms. Usha Abbagani	0	2	1
6	Mr. Admala 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, 8 (Eight) Board Meetings were held during the financial year ended on March 31, 2023. 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 May 18, 2022, June 30, 2022, August 5, 2022, September 6, 2022, November 11, 2022, December 5, 2022, December 29, 2022 and January 31, 2023.

**e) Disclosure of relationship between Director inter-se:**

None of the Directors are related to each other.

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

The number of equity shares held by Non-Executive Directors, as on March 31, 2023 are as follows:

Sr. No.	Name of the Director	No of Equity Shares
1	Mr. Gottemukkala Venkatapathi Raju	1,20,000
2	Mr. Bharathan Rajgopalan Thatai	2,000
3	Mr. Gangasani Sudhakar Reddy	1,745
4	Ms. Usha Abbagani	-
5	Mr. Admala Surya Prakash Reddy	746

**g) Familiarisation programmes for independent directors:**

The Company conducted 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 2022-23, periodic presentations were made at the Board Meetings on business and performance, long term strategy, initiatives and risks involved. Independent Directors were explained various aspects of business and operations. The details of familiarization program is available on the website and can be accessed at: [https://www.lotuschocolate.com/documents/disclosures/Familiarization\\_of\\_Independent\\_Directors.pdf](https://www.lotuschocolate.com/documents/disclosures/Familiarization_of_Independent_Directors.pdf)

**h) Core skills / expertise / competencies available with the Board**

The Board comprises of qualified and experienced members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The following skills / expertise / competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- Expertise and knowledge in the field of Confectionery segment.

- Expertise and knowledge in Engineering and Food
- Expertise and knowledge in Legal and other regulatory affair
- Knowledge of Finance

Given below is a list of core skills/ expertise/ competencies of the individual Directors:

Sr. No.	Name of the Director	Area of skills / expertise / competencies
1	Mr. Subramanya Ram Ganpath	Expertise and knowledge in the field of Cocoa and Chocolate Industries.
2	Mr. Gottemukkala Venkatapathi Raju	Expertise and knowledge in the field of Engineering and Food
3	Mr. Bharathan Rajgopalan Thatai	Expertise and knowledge in the field of Finance
4	Mr. Gangasani Sudhakar Reddy	Expertise and knowledge in the field of Engineering and Food
5	Ms. Usha Abbagani	Expertise and knowledge in the field of Legal and other regulatory affair
6	Mr. Admala Surya Prakash Reddy	Expertise and knowledge in the field of Agro based Industry

**i) Confirmation from the Board:**

The Board of the Company comprises of 2 (two) Independent Directors, constituting one-third of total strength of the Board.

Every Independent Director, at the first meeting of the Board in which he / she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he / she meets the criteria of independence as provided under the law and that he / she is not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact his / her ability to discharge his / her duties with an objective independent judgement and without any external influence.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

**Selection and Appointment of Independent Directors:**

The Nomination and Remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Independent Director and recommend to the Board his / her appointment. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position. The Committee shall devise a policy on Board diversity after reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board which will facilitate the Committee to recommend on any proposed changes to the Board to complement the Company's corporate strategy.

**3. BOARD COMMITTEES:**

Details of the Board Committees and other related information are provided hereunder:

**A. AUDIT COMMITTEE:**

**(i) Brief 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.
- 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.

The detailed terms of reference of the Committee are available on the website of the Company which can be accessed at [https://www.lotuschocolate.com/documents/disclosures/Terms\\_of\\_Reference\\_of\\_Various\\_Committees.pdf](https://www.lotuschocolate.com/documents/disclosures/Terms_of_Reference_of_Various_Committees.pdf)

**(ii) Composition:**

The Company's Audit Committee comprises of the following Directors:

S r. No.	Name of Director	Designation
1	Mr. Bharathan Rajagopalan Thatai	Chairman (Independent Director)
2	Mr. Gottemukkala Venkatapathi Raju	Member (Independent Director)
3	Ms. Usha Abbagani	Member (Non-Executive Director)

The Company continued to derive immense benefit from the deliberation of the Audit Committee comprising of two Independent Directors and one Non-Executive Director. As Mr. 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.

**(iii) Meeting and attendance:**

During the financial year, 6 (Six) meetings of the Committee were held on May 18, 2022; August 05, 2022; November 11, 2022, December 05, 2022, December 29, 2022 and January 31, 2023, respectively. The details of the meetings and attendance of members of the Committee at these meetings are given below:

Sr. No.	Name of the Members	No. of Committee Meetings	
		Held	Attended
1	Mr. Bharathan Rajagopalan Thatai	6	6
2	Mr. Gottemukkala Venkatapathi Raju	6	6
3	Ms. Usha Abbagani	6	6

The representatives of 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.

**B. NOMINATION & REMUNERATION COMMITTEE:****(i) Brief terms of reference:**

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.

The detailed terms of reference of the Committee are available on the website of the Company which can be accessed at [https://www.lotuschocolate.com/documents/disclosures/Terms\\_of\\_Reference\\_of\\_Various\\_Committees.pdf](https://www.lotuschocolate.com/documents/disclosures/Terms_of_Reference_of_Various_Committees.pdf)

**(ii) Composition:**

The Nomination & Remuneration Committee presently comprises of following:

Sr. No.	Name of Director	Designation
1.	Mr. Gottemukkala Venkatapathi Raju	Chairman (Independent Director)
2.	Mr. Bharathan Rajagopalan Thatai	Member (Independent Director)
3.	Ms. Usha Abbagani	Member (Non-Executive Director)

**(iii) Meeting and Attendance:**

During the financial year, 2 (two) meetings of the Committee were held on August 05, 2022 and December 05, 2022 respectively. The details of the meetings and attendance of members of the Committee at these meetings are given below:

Sr. No.	Name of the Members	No. of Committee Meetings	
		Held	Attended
1	Mr. Gottemukkala Venkatapathi Raju	2	2
2	Mr. Bharathan Rajagopalan Thatai	2	2
3	Ms. Usha Abbagani	2	2

**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 business so as to attract and retain quality talent and leverage performance significantly. The Nomination and Remuneration Policy, *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 fee to the Non-executive Directors.

**(ii) Pecuniary relationship or transactions of Non-Executive Directors:**

The Non-Executive 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:****(In Rs. Per Annum)**

Name of Director	Salary	H R A	Commission	Perks	Total
Mr. Subramanya Ram Ganpath, Whole time Director	7,45,800	—	—	—	7,45,800
<b>TOTAL</b>	<b>7,45,800</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7,45,800</b>

**FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS:**

The 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.

**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. The Code of Conduct is available on the Company's website.

#### **INDEPENDENT DIRECTORS' MEETING:**

During the year, 1 (One) separate meeting of Independent Directors was held on March 13, 2023, without the attendance of Non-Independent Directors and members of the management, to review the performance of the Chairman, Non-Independent Directors, various committees of the Board and the Board as a whole in accordance with the listing regulation, 2015. The Independent Directors also reviewed the quality, quantity and timeliness of flow of information from the management to the Board and its committees which is necessary to perform reasonably and discharge their duties. The meeting was attended by all the Independent Directors of the Company.

#### **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 and circulated, 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, Non-independent Directors and the Board as a whole was carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

### **C. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

#### **(i) Brief 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.

The detailed terms of reference of the Committee are available on the website of the Company which can be accessed at [https://www.lotuschocolate.com/documents/disclosures/Terms\\_of\\_Reference\\_of\\_Various\\_Committees.pdf](https://www.lotuschocolate.com/documents/disclosures/Terms_of_Reference_of_Various_Committees.pdf)

#### **(ii) Composition:**

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Designation</b>
1.	Ms. Usha Abbagani	Chairperson (Non-Executive Director)
2.	Mr. Gottemukkala Venkatapathi Raju	Member (Independent Director)
3.	Mr. Subramanya Ram Ganpath	Member (Executive Director)

#### **(iii) Meeting and Attendance:**

During the financial year, 1 (one) meeting of the Committee was held on March 29, 2023. The details of the meeting and attendance of members of the Committee at this meeting are given below:

<b>Sr. No.</b>	<b>Name of the Members</b>	<b>No. of Committee Meetings</b>	
		<b>Held</b>	<b>Attended</b>
1	Ms. Usha Abbagani	1	1
2	Mr. Gottemukkala Venkatapathi Raju	1	1
3	Mr. Subramanya Ram Ganpath	1	1

#### **(iii) Name and Designation of the Compliance Officer**

Mr. Subodhakanta Sahoo - Company Secretary

**(iv) Status of Investor Complaints for the Financial Year**

<b>Nature of Complaint</b>	<b>Received</b>	<b>Resolved</b>
Non-receipt of Share Certificates sent for transfer	1	1
Non-receipt of Dividend Warrants	Nil	Nil
Any other complaints (Change of address)	Nil	Nil
<b>There are no outstanding complaints as on 31.03.2023</b>		

**D. RISK MANAGEMENT COMMITTEE:****(i) Brief terms of reference:**

The Company has voluntarily formulated a Risk Management Committee. Risk Management Committee reviews and discusses, as and when appropriate, with management, the Company's risk governance structure and the Company's risk assessments and minimisation procedures. The Committee also reviews the major risk exposures of the Company and its business including market, credit, operational, liquidity, funding and reputational risks.

The detailed terms of reference of the Committee are available on the website of the Company which can be accessed at [https://www.lotuschocolate.com/documents/disclosures/Terms\\_of\\_Reference\\_of\\_Various\\_Committees.pdf](https://www.lotuschocolate.com/documents/disclosures/Terms_of_Reference_of_Various_Committees.pdf)

**(ii) Composition:**

The Risk Management Committee presently comprises of following:

<b>Sr. No</b>	<b>Name of Director</b>	<b>Designation</b>
1.	Mr. Gangasani Sudhakar Reddy	Chairman (Non-Executive Director)
2.	Ms. Usha Abbagani	Member (Non-Executive Director)
3.	Mr. Subramanya Ram Ganpath	Member (Executive Director)

**E. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:****(i) Brief terms of reference:**

The Corporate Social Responsibility Committee formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken and its implementation by the Company as per Schedule VII of the Companies Act, 2013. The committee also recommend the amount of expenditure to be incurred on the activities referred above.

**(ii) Composition:**

In accordance with Section 135 of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on January 31, 2023 constituted the Corporate Social Responsibility Committee, comprising of the following:

<b>Sr. No.</b>	<b>Name of Member</b>	<b>Designation</b>
1	Mr. Bharathan Rajagopalan Thatai	Chairman (Independent Director)
2	Ms. Usha Abbagani	Member (Non-Executive Director)
3	Mr. Gangasani Sudhakar Reddy	Member (Non-Executive Director)

**(iii) Meeting and Attendance:**

During the financial year, 1 (one) meeting of the Committee was held on January 31, 2023. The details of the meeting and attendance of members of the Committee at this meeting are given below:

Sr. No.	Name of the Members	No. of Committee Meetings	
		Held	Attended
1	Mr. Bharathan Rajagopalan Thatai	1	1
2	Ms. Usha Abbagani	1	1
3	Mr. Gangasani Sudhakar Reddy	1	1

**4. GENERAL BODY MEETINGS:**

**i) Location and time for the last 3 years General Meetings were:**

Year	Type of Meeting	Location	Date	Special Resolutions Passed	Time
2022-23	EGM	Held through video conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) (Deemed Venue : 8-2-596, 1st Floor, 1B, Sumedha Estates, Avenue 4, Puzzolana Towers, Street No. 1, Road No. 10, Banjara hills, Hyderabad Telangana – 500034)	February 16, 2023	1. To approve the limit under Section 186 of the Companies Act, 2013 2. To create, offer, issue and allot Redeemable Preference Shares by way of a preferential allotment on a Private Placement Basis	11:30 a.m.
2021-22	AGM	Held through video conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) (Deemed Venue : 8-2-596, 1st Floor, 1B, Sumedha Estates, Avenue 4, Puzzolana Towers, Street No. 1, Road No. 10, Banjara hills, Hyderabad Telangana – 500034)	September 30, 2022	No	09:00 a.m.
2020-21	AGM	Held through video conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) (Deemed Venue : 8-2-596, 1st Floor, 1B, Sumedha Estates, Avenue 4, Puzzolana Towers, Street No. 1, Road No. 10, Banjara hills, Hyderabad Telangana – 500034)	September 18, 2021	No	09:00 a.m.



Year	Type of Meeting	Location	Date	Special Resolutions Passed	Time
2019-20	AGM	Held through video conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) (Deemed Venue : 8-2-596, 1st Floor, 1B, Sumedha Estates, Avenue 4, Puzzolana Towers, Street No. 1, Road No. 10, Banjara hills, Hyderabad Telangana – 500034)	November 30, 2020	No	09:00 a.m.

**ii) Postal Ballot passed in last year**

No resolution was 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.

**5. 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**”.

**6. MEANS OF COMMUNICATION:**

**i. Financial / Quarterly Results:**

The Company intimates unaudited 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 Nava 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 Company’s website ([www.lotuschocolate.com](http://www.lotuschocolate.com)) contains a separate dedicated section ‘Investor Relations’ where shareholders’ information is available.

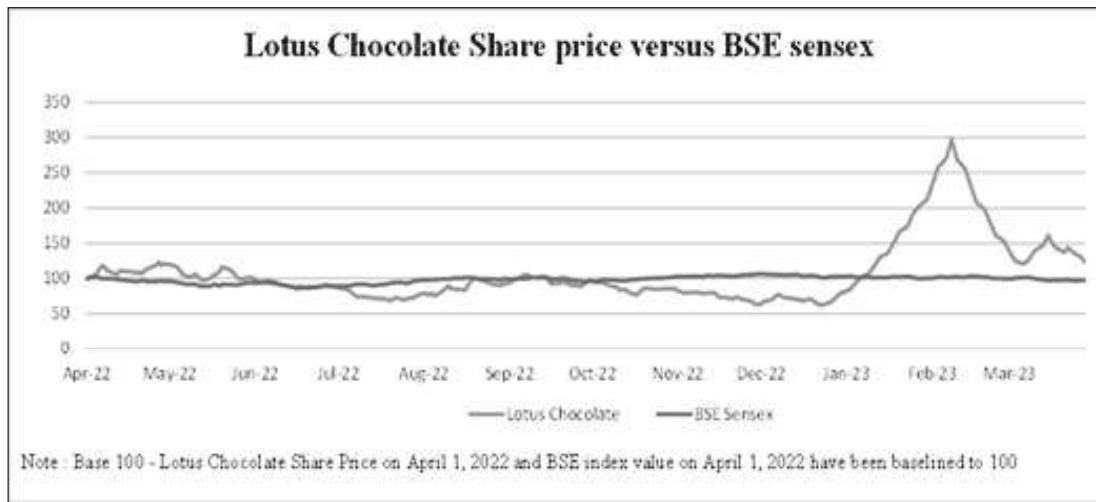
**7. MARKET PERFORMANCE COMPARISON:**

The graph of price fluctuation during the Financial Year 2022-23 is outlined below:

**Stock Market Price Data**

Month	BSE Limited (BSE)		
	High Price (₹)	Low Price (₹)	Volume (No.)
April 2022	198.45	139.10	340189
May 2022	192.00	145.60	154818
June 2022	158.00	126.40	61671
July 2022	137.50	101.45	141047
August 2022	158.10	104.25	515984
September 2022	168.50	132.70	104732
October 2022	150.00	116.10	92724
November 2022	134.95	96.00	173089
December 2022	122.95	92.50	140957
January 2023	341.60	129.05	918426
February 2023	480.45	223.40	190503
March 2023	253.20	182.05	1352445

[Source: This information is compiled from the data available on the website of BSE.]



**8. SHAREHOLDER INFORMATION:**

<b>Annual General Meeting</b>	Date	August 10, 2023
	Time	11:30 a.m.
	Through video conferencing (“VC”)/ Other Audio Visual Means (“OAVM”)	
<b>Financial Year</b>	1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023	
<b>Financial Calendar</b>	(Tentative) Results for the Quarter Ending June 30, 2023 – Third week of July, 2023 September 30, 2023 – Third week of October, 2023 December 31, 2023 – Third week of January, 2024 March 31, 2024 – Third week of April, 2024 Annual General Meeting – July / August 2024	
Dividend Payment Date	Not Applicable	
<b>Date of Book Closure</b>	August 03, 2023 – August 10, 2023	
<b>Cut-off date for remote e-voting</b>	The remote e-voting /voting rights of the shareholders/ beneficial owners shall be reckoned on the equity shares held by them as on the Cut-off Date i.e. August 03, 2023.	
<b>Listing on Stock Exchanges</b>	BSE Ltd, P J Towers Dalal Street, Mumbai-400001	
<b>Stock Code</b>	523475	
<b>ISIN</b>	INE026D01011	

**i. Registrar and Share Transfer Agent**

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

**CIL SECURITIES LIMITED**

Mr. M M Hussain  
214, Raghava Ratna Tower, Chirag Ali Lane,  
Hyderabad, Telangana 500001  
Contact No. : +91-040-2320 2465  
Email : [rt@cilsecurities.com](mailto:rt@cilsecurities.com)  
Website : [www.cilsecurities.com](http://www.cilsecurities.com)

**ii. Payment of Listing Fees**

Annual listing fee for the financial year 2022-23 has been paid by the Company to BSE Limited.

**iii. Payment of Depository Fees**

Annual Custody / Issuer fee is being paid by the Company within the due date based on invoices received from the Depositories.

**iv. Credit Rating**

The Company does not have any debt instruments or any fixed deposits scheme or programme and as of now, there is no proposal of any scheme or programme in respect of mobilisation of funds, whether in India or abroad, hence credit rating in relation to aforesaid purpose is not applicable to the Company.

**v. Share Transfer System**

As mandated by SEBI, securities of the Company can be transferred / traded only in dematerialised form. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation. In this regard, communication regarding dematerialisation of shares and explaining procedure thereof, is available on the website of the Company. During the year, the Company obtained, a certificate from a Company Secretary in Practice, certifying that all certificates for transfer, transmission, sub-division, consolidation, renewal, exchange and deletion of names, were issued as required under Regulation 40(9) of the Listing Regulations. The certificate was duly filed with the Stock Exchanges.

**vi. 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.

**vii. Shareholding Pattern as on 31st March, 2023:**

Sr. No.	Category of shareholder	Number of shareholders	Total number of shares (Fully Paid-up)	% of total number of shares (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>			
(1)	Indian	8	92,54,020	72.07
(2)	Foreign	-	-	-
	<b>Total Shareholding of Promoter and Promoter Group</b>	<b>8</b>	<b>92,54,020</b>	<b>72.07</b>
<b>(B)</b>	<b>Public Shareholding</b>			
(1)	Institutions	4	3400	0.03
(2)	Non-institutions	15,114	35,83,629	27.90
	<b>Total Public Shareholding</b>	<b>15,118</b>	<b>35,87,029</b>	<b>27.93</b>
<b>(C)</b>	<b>Non-Promoter Non-Public</b>			
(1)	Shares held by Custodian(s) against which Depository Receipts have been issued	-	-	—
	Total shares held by Non-Promoter Non-Public	-	-	
	<b>Total (A) + (B) + (C)</b>	<b>15,126</b>	<b>1,28,41,049</b>	<b>100</b>

**viii. The Distribution of Shareholding as on 31st March, 2023:**

Category (Shares)	No. of Shareholders	No. of Shares	% of total Shares
0-500	14741	1305453	10.17
501-1000	332	267004	2.08
1001-2000	140	210400	1.64
2001-3000	58	145031	1.13
3001-4000	23	81437	0.63
4001-5000	20	95796	0.75
5001-10000	31	230169	1.79
10001 and above	33	10505759	81.81
<b>Total</b>	<b>15378</b>	<b>12841049</b>	<b>100.00</b>

**ix. Dematerialisation of Shares & Liquidity**

Mode of Holding	% of total shares
NSDL	8.78
CDSL	83.81
Physical	7.41
<b>Total</b>	<b>100.00</b>

**x. Plant Locations:**

Doultabad, Nastipur Village, Hathnoora Mandal, Sangareddy District, Telangana - 502296

**xi. Address for correspondence**

Sr. 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, Hyderabad, Telangana 500001 Contact No. : +91-040-2320 2465 Email ID: <a href="mailto:rta@cilsecurities.com">rta@cilsecurities.com</a> Website: <a href="http://www.cilsecurities.com">www.cilsecurities.com</a>
2.	Investor Correspondence / Queries on Annual Report, Revalidation of Dividend, Warrants, Sub-Division, etc.	<b>Mr. Subodhakanta Sahoo</b> <b>Company Secretary and Compliance Officer</b> 8-2-596, 1st Floor, 1B, Sumedha Estates, Avenue 4, Puzzolana Towers, Street No. 1, Road No. 10, Banjara hills, Hyderabad Telangana – 500034 Email: <a href="mailto:cs@lotuschocolate.com">cs@lotuschocolate.com</a> Website: <a href="http://www.lotuschocolate.com">www.lotuschocolate.com</a> Phone No.: 040-2352707/08 Fax no.: 040-2352710

**xii. Depository Services:**

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

<b>National Securities Depository Ltd</b> Trade World, 4 <sup>th</sup> Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400 013 Tel : 091-022-24972964-70 Fax : 091-022-24972993 / 24976351 Email : <a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a>	<b>Central Depository Services (India) Ltd</b> A-Wing, 25 <sup>th</sup> floor, Marathon Futurex, Mafatlal Mill Compounds, NM Joshi Marg, Lower Parel, Mumbai - 400 013 (MH) Tel : 022-23023333 Fax: 022-23002043 Email : <a href="mailto:investors@cdslindia.com">investors@cdslindia.com</a>
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**9. OTHER DISCLOSURES****Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;**

All the contracts / arrangements / transactions entered by the Company during the financial year with related parties were in its ordinary course of business and on an arm's length basis.

During the year under review, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on Materiality of Related Party Transactions or which is required to be reported in Form No. AOC-2 in terms of Section 134(3)(h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

The Company has made full disclosure of transactions with the related parties as set out in Note 30 or 33 of Financial Statement, forming part of the Annual Report.

There were no materially significant related party transactions which could have potential conflict with interests of the Company at large.

The Company's Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions is available on the website of the Company.

(a) **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.

(b) **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 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).

(c) **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 SEBI (LODR) Regulations, 2015. Adoption of non-mandatory requirements pursuant to SEBI (LODR), 2015 is being reviewed by the Board from time to time.

(d) **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: <https://www.lotuschocolate.com/documents/policies/Policy-of-Materiality-of-RPT.pdf>

(e) **Material Subsidiary Company:**

During the year under review, the Company does not have any material subsidiary company, however the Company has in place a Policy for determining Material Subsidiaries.

The Policy is available on the Company's website and can be accessed at <https://www.lotuschocolate.com/documents/policies/Policy-on-material-subsiary.pdf> for determining-material-subsiary.

(f) **Disclosure by listed entities and its subsidiaries of loans and advances in the nature of loans to Firms/Companies in which directors are interested by name and amount;**

The Company has not granted any Loan to Firms/Companies in which directors are interested.

(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 Practicing 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 2022-23	2,50,000
Fee for other services including reimbursement of expenses	Nil

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.

10. 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.

11. **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/NA)
17	Board of Directors	Yes
17A	Maximum number of directorships	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders' 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	NA
24A	Secretarial Audit	Yes
25	Obligations with respect to Independent Director	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance Requirements	Yes
46(2) (b) to (i)	Website	Yes

**12. Code Of Conduct Declaration**

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.

The Code of Conduct Declaration is annexed herewith and marked as **Annexure I** to this Report.

**13. CEO and CFO Certification**

The Managing Director and Chief Executive Officer (MD & CEO) and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations, a copy of which is attached to this Report. The CEO & MD and CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

The CEO and CFO Certification is annexed herewith and marked as **Annexure II** to this Report.

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

- (a) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year : NIL
- (b) Number of shareholders who approached listed entity for transfer of shares from suspense account during the year : NIL
- (c) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year : NIL
- (d) Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares : NIL

**15. Unclaimed Dividend:**

Not Applicable

**16.** 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 <https://www.lotuschocolate.com/documents/policies/ArchivalPolicy.pdf>

**17.** 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: <https://www.lotuschocolate.com/documents/policies/Policy-on-Preservation-of-Documents.pdf>

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

Not Applicable

**19. 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.

**Annexures to the Corporate Governance Report**

Annexure No.	Content
I.	Code Of Conduct Declaration
II.	CEO/ CFO Certification
III.	Certificate of Non-Disqualification Of Directors
IV.	Certificate on Corporate Governance



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ANNEXURE-I

**CODE OF CONDUCT DECLARATION**

I hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company as adopted by the Board of Directors.

**G.S. Ram**  
**Whole Time Director**  
**DIN: 02395478**

Place: Hyderabad  
Date: May 22, 2023

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

[Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**To,  
The Board of Directors  
Lotus Chocolate Company Limited**

1. We have reviewed the financial statements and cash flow Statements of Lotus Chocolate Company Limited for the year ended March 31, 2023 and to the best of our knowledge and belief;
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
  - i. that there are no significant changes in internal control over financial reporting during the year; and
  - ii. that there are no significant changes in accounting policies during the year; and
  - iii. that there are no instances of significant fraud of which we have become aware.

**G.S. Ram  
Whole time Director  
DIN: 02395478**

**Vivekanand Narayan Prabhu  
Chief Financial Officer**

Place: Hyderabad  
Date: May 22, 2023

## ANNEXURE- III

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Members,  
**Lotus Chocolate Company Limited,**  
Hyderabad.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Lotus Chocolate Company Limited having CIN L15200TG1988PLC009111 and having registered office at 8-2-596, 1st Floor, 1B, Sumedha Estates, Avenue-4, Puzzolana Towers, Street No. I, Road No. 10, Banjara Hills, Hyderabad, Telangana-500034 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended 31st March, 2023, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN No	Date of Appointment
1	Mr. Ram Subramanya Ganpath	02395478	05.11.2008
2	Ms. Usha Abbagani	09056155	12.02.2021
3	Mr. Venkatapathi Raju Gottemukkala	02435073	30.01.2009
4	Mr. Bharathan Rajagopalan Thatai	02464132	26.11.2014
5	Mr. Gangasani Sudhakar Reddy	07261620	22.02.2021
6	Mr. Admala Surya Prakash Reddy	07567290	05.08.2022

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on my verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date: May 22, 2023

**RAKHI AGARWAL**  
**Company Secretary**  
FCS NO.: 7047  
CP NO.: 6270  
UDIN: F007047E000585042

## ANNEXURE- IV

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
**Lotus Chocolate Company Limited**  
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Lotus Chocolate Company Limited (“the Company”) for the year ended March 31, 2023 as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance of conditions of Corporate Governance is the responsibility of the management, our examination was limited to procedures and implementation thereof, adopted by Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Regulations. It is neither an 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 and representations made by the management, we certify that, the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

Place: Hyderabad  
Date: May 22, 2023

**RAKHI AGARWAL**  
**Company Secretary**  
FCS NO.:- 7047  
UDIN : F007047E000585174