

# LOTTE

ANNUAL REPORT - 2012



<b>CONTENTS</b>	<b>Page No.</b>
CORPORATE INFORMATION	3
NOTICE TO SHAREHOLDERS	4
DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS	7
ANNEXURES TO DIRECTORS' REPORT	10
REPORT ON CORPORATE GOVERNANCE	12
GENERAL SHAREHOLDER INFORMATION	15
REPORT OF THE AUDITORS	17
BALANCE SHEET	20
STATEMENT OF PROFIT AND LOSS	21
CASH FLOW STATEMENT	22
NOTES TO FINANCIALS	23



## **CORPORATE INFORMATION**

**Board of Directors**

MANG KO NOH  
Chairman

MILAN WAHI  
Managing Director

KYO HEE KIM  
Whole Time Director

MYUNG KI MIN  
Director

D.G. RAJAN  
Director

**Company Secretary**

T . G . KARTHIKEYAN

**Registered Office**

NO. 4/111, MOUNT POONAMALLEE ROAD,  
MANAPAKKAM, CHENNAI 600 089

**Head Office**

4/169, RAJIV GANDHI SALAI (OMR),  
KANDANCHAVADI BUS STOP,  
OPP. LANSON TOYOTA SERVICE CENTRE,  
PERUNGUDI TALUK, CHENNAI - 600096.

**Factories**

NELLIKUPPAM (CUDDALORE DIST.), TAMIL NADU.  
POONAMALLEE-THIRUVALLUR ROAD, CHENNAI, TAMIL NADU.

**Auditors**

B S R & Company  
CHARTERED ACCOUNTANTS  
CHENNAI

**Bankers**

STANDARD CHARTERED BANK  
STATE BANK OF INDIA  
HDFC BANK LTD.  
SHINHAN BANK

## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Fifty Eighth Annual General Meeting of the Company will be held on Friday, the June 14, 2013 at 11.00 a.m. at M.A. Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai 600 108, to transact the following business :

### ORDINARY BUSINESS

- To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended December 31, 2012 and the Balance Sheet as at that date and the Auditors' Report thereon.
- To appoint a Director in the place of Mr. Myung Ki Min, who retires by rotation and is eligible for reappointment.
- To consider the reappointment of M/s. B S R & Company, Chartered Accountants, Chennai, as auditors of the Company to hold office from the conclusion of the 58<sup>th</sup> Annual General Meeting till the conclusion of the 59<sup>th</sup> Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

- To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

**RESOLVED THAT** Mr. Kyo Hee Kim, who was appointed as an Additional Director of the Company with effect from July 12, 2012, whose term of office as an Additional Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office shall not be liable to retire by rotation.

- To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, Mr. Kyo Hee Kim, in respect of whom the Company has already received the approval of Government, be and is hereby appointed as Whole Time Director of the Company for a period of 3 years effective from July 12, 2012 based on the following terms and conditions.

	Description	Remuneration per year (Rs.)
Salary	Basic Salary	660,000
	<b>Total (A)</b>	<b>660,000</b>
Benefits	Housing (Rent free furnished accommodation)	1,000,000
	Car running expenses	120,000
	Club entrance fee & subscription	25,000
	Medical reimbursement at actuals (Maximum Rs.1,00,000/-)	100,000
	Medical Insurance upto sum insured Rs. 2 Lakhs & Co. Hospitalisation	18,000
	Telephone Land Line & Mobile	30,000
	Personal Allowance	174,000
	Special Personal Allowance	159,480
	Additional Personal Allowance	472,800
	Grade Allowance	96,300
	<b>Total (B)</b>	<b>2,195,580</b>
Retirement benefits	Provident Fund	79,200
	Gratuity	32,208
	Superannuation Fund	99,000
	<b>Total (C)</b>	<b>210,408</b>
	<b>Total Salary (A+B+C)</b>	<b>3,065,988</b>

## NOTICE TO SHAREHOLDERS (contd.)

**RESOLVED FURTHER THAT** in the event of no profits or inadequacy of profits, the above remuneration shall be considered as the minimum remuneration.

**RESOLVED FURTHER THAT** subject to applicable provisions of the Companies Act and subject to the approval of the Central Government, if necessary, the consent of the Company be and is hereby accorded for the payment of the remuneration exceeding the limit of 5% of Net Profits p.a. in case of sufficient profits.

**RESOLVED FURTHER THAT** Mr.Kyo Hee Kim shall be governed by all service conditions of the Company as applicable to Senior Management Staff including age of retirement.

**RESOLVED FURTHER THAT** Mr. Kyo Hee Kim shall not be entitled to any sitting fee for attending the meeting of the Board or any Committee thereof.

**RESOLVED FURTHER THAT** the Board of Directors or the Remuneration and Nomination Committee be and is hereby authorized to alter or vary or increase the component and elements of remuneration payable to Mr.Kyo Hee Kim within the overall limits under the companies Act, 1956 and to do all such acts, deeds and things and execute all such documents and forms as may be required and to give effect to the resolutions.

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED THAT** Mr. Mang Ko Noh, who was appointed as an Additional Director of the Company with effect from March 28, 2013, whose term of office as an Additional Director expires at this Annual General Meeting and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956 in writing, proposing his candidature for the office of Director, be and is hereby appointed as Director and Chairman of the Company, whose period of office shall be liable to retire by rotation.

## ANNEXURE TO THE NOTICE :

### A. Profile of Directors seeking appointment / reappointment

Mr. Myung Ki Min is a Graduate in Commerce and holds Masters degree in Marketing from Korea University. He possess rich experience spanning more than two decades in Sales in Lotte Confectionery Co Ltd., Korea. He resigned from the post of Managing Director w.e.f. July 12, 2012 and is continuing as Director.

Mr. Kyo Hee Kim is a Graduate in Economics and has rich experience in the fields of finance, HR etc. He has been associated with Lotte group for about 18 years and served in our company as Vice President & C.F.O. Currently, he is the Whole Time Director of the Company.

Mr. Mang Ko Noh holds a Masters Degree in Business Administration and has wide experience in many fields such as purchase and product management. He has been associated with Lotte, Korea from the year 1983 and currently he is a Global Strategy Director of our parent Company viz. Lotte Confectionery Co. Ltd.

### B. Explanatory statement under Section 173(2) of the Companies Act, 1956.

#### Item Nos. 4 & 5

Mr. Kyo Hee Kim was co-opted as an Additional Director of the Company at the Board Meeting held on July 12, 2012 as per Section 260 of the Companies Act, 1956 and vacate his office of additional director in the ensuing Annual General Meeting.

At the same Board Meeting he was appointed as Whole Time Director.

The Central Government, vide its letter dated January 29, 2013, had accorded its approval for the appointment of Mr. Kyo Hee Kim, a foreign national, as Whole Time Director for a period of three years from July 12, 2012 to July 11, 2015.



## NOTICE TO SHAREHOLDERS (contd.)

The Company has received a notice under Section 257 of the Companies Act 1956 in writing from a Shareholder along with requisite deposit proposing the appointment of Mr. Kyo Hee Kim as Director.

In order to regularise his appointment, the above resolutions are placed before the members for their approval.

None of Directors other than Mr. Kyo Hee Kim is interested or concerned in the above resolution.

The Board of Directors recommends the passing of above Special resolutions.

### Item No.6:

Mr Mang Ko Noh was co-opted as an Additional Director of the Company at the Board Meeting held on March 28, 2013 as per Section 260 of the Companies Act, 1956 with a term of office till this Annual General Meeting.

The Company has received a notice under section 257 of the Companies Act 1956 in writing from a Shareholder along with requisite deposit proposing the appointment of Mr. Mang Ko Noh as Director.

None of Directors other than Mr. Mang Ko Noh is interested or concerned in the above resolution.

The Board of Directors recommends the passing of resolution.

By Order of the Board  
For Lotte India Corporation Limited

Chennai  
May 7, 2013

T.G.Karthikeyan  
Company Secretary

### Notes

1. The relevant explanatory statement pursuant to Sec.173(2) of the Companies Act, 1956 ("The

Act") in respect of Item No. 4, 5 and 6 are annexed.

2. A member entitled to attend and vote at the above meeting may appoint one or more Proxies to attend and vote instead of himself / herself. The Proxy need not be a Member of the Company. Proxy to be valid, shall be deposited with the Company not later than forty eight hours before the time for holding the meeting.
3. Members, who are having shares in physical form are requested to intimate change in their addresses, if any, immediately to the Company at its Head Office quoting their folio number, certificate number.
4. Members, who are having shares in Demat form are requested to intimate change in their addresses, if any, immediately to their Depository Participants with whom they are maintaining their Demat Account.
5. Book closure: The Register of Members and Share Transfer books of the Company shall remain closed from June 10, 2013 to June 14, 2013 (both days inclusive).
6. The Company had changed its Head Office from Greams Road to 4/169, Rajiv Gandhi Salai (OMR), Kandanchavadi Bus Stop, Opp. Lanson Toyota Service Centre, Chennai – 600096 w.e.f. April 8, 2013.
7. **As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company by sending an email to "compsecy@lotteindia.com", in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.**

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors have pleasure in presenting the 58<sup>th</sup> Annual Report of your Company together with the audited financial statements for the year ended December 31, 2012.

### Financial Results

	(Rs. in lakhs)	
	For the year ended December 31, 2012	For the year ended December 31, 2011
Sales	31,931.62	28,873.79
Less : Excise duty	1,967.14	1,603.50
Less : Discount	1,749.75	1,567.98
Net Sales	28,214.73	25,702.31
Add: Other Income	329.40	320.96
<b>Total Income</b>	<b>28,544.13</b>	<b>26,023.27</b>
Profit before depreciation, interest & finance charges	2,389.08	2,331.92
Less : Depreciation, Interest & finance charges	1,551.86	1,716.89
<b>Profit before tax</b>	<b>837.22</b>	<b>615.03</b>
Less : Provision for Taxes :		
– Current	170.87	130.50
– Deferred	—	
<b>Profit / (Loss) after tax</b>	<b>666.35</b>	<b>484.53</b>
Add : Balance brought forward from previous year	(216.05)	(700.58)
Balance profit / Loss transferred to Balance Sheet	450.30	(216.05)

The Board of Directors has decided not to recommend any dividend for the year ended December 31, 2012.

### Performance Highlights

For the year ended December 31, 2012, the Company achieved a gross sales of Rs.31,931.62 lakhs as against Rs. 28,873.79 lakhs for the year ended December 31, 2011.

During the year under review, the Company has achieved a Profit after tax of Rs.666.35 lakhs as against the profit of Rs. 484.53 lakhs for the year ended December 31, 2011.

Despite a steep increase in the price of critical raw/base materials like sugar, wheat, vegetable fat, etc., the Company has sustained its margins through various strategic measures and cost reduction initiatives, which has helped your Company to manage the working capital and regular investments with internal accruals.

### Industry trends

The majority of the consumers of confectionery products are the younger generation. The majority of the retail sales in this industry takes place in single units and not in packs or in quantities and thus the majority of the consumption is at the "Point of Sale". Super markets, chain stores etc. are also becoming a place for promotions to consumers.

There is always an increasing awareness among the consumers and the public in general about the confectionery products as more and more international products are making its entry into Indian Market and the consumers today are demanding superior quality branded products with best price.

The confectionery sector witnessed good growth in its consumer base. One of the primary reasons associated with this trend is the growing gifting culture and the use of confectionery products as a replacement of sweets. Moreover, the rural market is also contributing towards the growth of this industry by showing increased consumption of confectionery products in terms of volumes. There is an uphill trend in the confectionery trade as more companies are showing interest in the segment, so this industry is expected to grow in the future.



## **DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS (contd.)**

### **Outlook**

The Company expects good growth in candies and chocopie in the short term. The Company plans to invest in brand building in both short term and long term in order to spruce-up the growth.

Your Company is strengthening its distribution network both in urban and rural areas to drive growth. We are planning to test market the new products in the coming year which will be the future growth drivers for the Company.

The Company is also planning to have manufacturing set up near places of demand/market to reduce the time and cost of delivery.

### **Business Risk Management**

Your Company has adequate Business Risk Management system to identify, evaluate the business risks, which is being monitored by top management. These risks are analyzed and appropriate action plan is drawn up and implemented.

The key business risks identified by the Company and its mitigation plans are given below:

The main risk for the Company has been its single sector dependence, price point sensitivity, volatile raw material prices and stiff competition from other organized players.

During the course of this year, the Company has taken a series of measures to broad base its product portfolio through varied price point offerings. The Company has also taken various steps to source the raw materials in bulk at predetermined rates. The Company is also planning to import new products from Korea.

These efforts will help us to move away from this risk to some extent.

### **Internal Control System**

Your Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes,

safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of internal policies. The Company has a well defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down to ensure adequacy of the control system, adherence to the management instructions and legal compliances.

### **Directors**

During the year under review, Mr. Yong Su Kim, Director, resigned on July 12, 2012 and in his place Mr. Jung woo Lee was appointed on the same date. Mr. Jung Woo Lee also resigned on March 22, 2013. Your Directors wish to place on record their deep appreciation of their valuable contribution to the growth of the Company.

Mr. Myung Ki Min resigned from the post of Managing Director and is continuing as Director.

Mr. Milan Wahi was elevated to the post of Managing Director w.e.f. July 12, 2012.

Mr. Kyo Hee Kim was inducted into the Board as Whole Time Director w.e.f. July 12, 2012.

Mr. Mang Ko Noh was appointed as Director cum Chairman of the Company in the place of Mr. Jung Woo Lee w.e.f. March 28, 2013.

### **Directors' Responsibility Statement**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directors, based on representations from the Operating Management, confirm that:

- (a) In the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) They have, in selection of the accounting policies, consulted the statutory auditors and applied these policies consistently, making judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs

## **DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS (contd.)**

of the Company as on December 31, 2012 and of the profit of the Company for the year ended December 31, 2012;

- (c) They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the annual accounts on a going concern basis.

### **Auditors**

M/s. B S R & Company, Chartered Accountants, Chennai, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible have expressed their willingness to be reappointed.

### **Cost Auditor**

The Company has come under the purview of Companies (Cost Accounting Records) Rules, 2011 as a result of which, your Company has appointed Mr.S.A.Murali Prasad, Cost Accountant, Chennai, as Cost Auditor to issue the Compliance Report for submission to Central Government for the year ended December 31, 2012.

### **Disclosures**

A statement concerning particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 is given in Annexure "B" to this report.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

During the year 2012, the Company had initiated a number of measures for Conservation of Energy and Water at its manufacturing facility at Nellikuppam and Nemam. Through these measures, the Company has achieved significant reduction in Consumption of power and usage of water, and is expected to reap the resultant benefits in the coming years.

As required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, wherever applicable, are given in Annexure "A" to this Report.

### **New Head Office**

The Company had changed its Head Office from Greams Road to its own premises at 4/169, Rajiv Gandhi Salai (OMR), Kandanchavadi Bus Stop, Opp. Lanson Toyota Service Centre, Chennai – 600 096 w.e.f. April 8, 2013.

### **Acknowledgement**

The Board wishes to place on record, its appreciation for the co-operation and support received from the Bankers, Suppliers, Converters and the Shareholders. The Board also wishes to place on record the whole hearted co-operation given by employees, at all levels, during the year.

### **Cautionary Statement**

Statement in the Directors' report and Management Discussion & Analysis describing the objectives, expectations may be forward looking. 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.

On behalf of the Board

Chennai  
May 7, 2013

Milan Wahi  
Managing Director

D.G.Rajan  
Director

**ANNEXURE ‘A’ TO DIRECTORS’ REPORT**

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of Directors’ Report.

**A. Power and Fuel Consumption**

	For the year ended Dec.31, 2012	For the year ended Dec.31, 2011
1. Electricity		
(a) Purchases		
Units	4,101,276	5,993,980
Total Amount (Rs.Lakh)	340.25	407.32
Rate/unit (Rs.)	8.30	6.80
(b) Own Generation:		
Through Diesel Generator Units	2,614,822	1,733,095
Total Amount (Rs.Lakh)	366.21	231.04
Units per Litre of Diesel Oil	3.23	3.06
Cost/Unit (Rs.)	14.01	13.33
2. (a) Furnace Oil Quantity (K.Litre)	123	728
Total Amount (Rs.Lakh)	50.24	243.20
Average Rate Per K.Litre (Rs.)	-	-
	40,887	33,392
(b) Fire wood in Ton	3,149	1,333
Total Amount (Rs.Lakh)	94.77	39.33
Average Rate Per Ton (Rs.)	3,009	2,950

(c) LPG

In Ton

175

166

Total Amount (Rs.Lakh)

104.85

90.84

Average Rate Per Ton (Rs.)

59,928

54,756

(II) CONSUMPTION OF ELECTRICITY PER QUINTAL OF PRODUCTION

(Units)

64.80

67.59

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

(i) The Company’s R&D activity is directed towards development of new formulations & flavours, material substitution and indigenous machineries. These activities have resulted in improved quality, cost reduction, improved hygiene and new products.

(ii) Recognition has been accorded for Company’s R&D unit by Dept. of Scientific & Industrial Research, New Delhi.

**C. FOREIGN EXCHANGE**

Earning : Rs.472.35 lakhs

Outgo : Rs.194.97 lakhs

On behalf of the Board

Chennai  
May 7, 2013

Milan Wahi  
Managing Director

D.G.Rajan  
Director

## ANNEXURE 'B' TO DIRECTORS' REPORT

Information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report - Details of remuneration paid for the year ended December 31, 2012.

[A] EMPLOYED THROUGHOUT THE PERIOD AND WERE IN RECEIPT OF REMUNERATION AGGREGATING NOT LESS THAN Rs.60,00,000 FOR THE YEAR ENDED DECEMBER 31, 2012

NAME (AGE)	DESIGNATION/ NATURE OF DUTIES	REMUNERATION Rs.	QUALIFICATION/ EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	PREVIOUS EMPLOYMENT
— NIL —					

[B] EMPLOYED FOR PART OF THE YEAR AND WERE IN RECEIPT OF REMUNERATION AGGREGATING NOT LESS THAN Rs.5,00,000 p.m.

NAME (AGE)	DESIGNATION/ NATURE OF DUTIES	REMUNERATION Rs.	QUALIFICATION/ EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	PREVIOUS EMPLOYMENT
Milan Wahi (48 years)	Managing Director*	51,52,084	Post Graduate in Science with Post Graduate Diploma and 20 years experience in Sales & Marketing	02.04.2012	Cavin Kare Pvt.Ltd

- Note: 1. The nature of employment of the employee mentioned above is contractual.
2. Remuneration as shown above includes salary, allowances, leave travel assistance, Company's contribution to Provident Fund, Superannuation Fund and Gratuity Fund, Medical facilities and perquisites valued in terms of actual expenditure incurred by the company in providing the benefits to the employee excepting in cases of certain expenses where the actual amount of expenditure cannot be ascertained with reasonable accuracy and in such cases, notional amount as per the Income-Tax Rules has been adopted.
3. The employee is not related to any Director of the Company.
- \* Appointed as Deputy Managing Director w.e.f. April 2, 2012 and elevated to Managing Director w.e.f. July 12, 2012.

On behalf of the Board

Chennai  
May 7, 2013

Milan Wahi  
Managing Director

D G Rajan  
Director

**REPORT ON CORPORATE GOVERNANCE  
(voluntary disclosures)**

**1. COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE**

Lotte India Corporation Limited (LIICL) is committed to the highest standards of corporate governance in all its activities and processes.

Corporate Governance refers to the manner in which a Company is directed, and laws and customs affecting that direction. It includes the manner in which a Company operates under the laws governing Companies, the bylaws established by the Company itself, and the structure of the Company. The corporate governance structure specifies the relationship, and the distribution of rights and responsibilities, among primarily three groups of participants viz. the Board of Directors, managers and shareholders. It spells out the rules and procedures for making decisions on corporate affairs; it also provides the structure through which the Company objectives are set, as well as the means of attaining and monitoring the performance of those objectives.

The fundamental concern of corporate governance is to ensure conditions whereby a Company’s directors and managers act in the interests of the Company and its various stakeholders.

The following is a report on the status and progress on major aspects of Corporate Governance.

**2 BOARD OF DIRECTORS**

**(a) Composition**

The present strength of the Board is five Directors of which two Directors are Executive Directors. The remaining three Directors are Non-Executive Directors of which one is an Independent Director.

Name of the Directors	Category	No. of Directorships held in other Indian Companies#	Number of Board Committees membership held in other companies	No. of shares held
Mr. Mang Ko Noh* Chairman	Non Executive Director	Nil	Nil	Nil

Name of the Directors	Category	No. of Directorships held in other Indian Companies#	Number of Board Committees membership held in other companies	No. of shares held
Mr. Milan Wahi** Managing Director	Executive Director	Nil	Nil	Nil
Mr. Kyo Hee Kim*** Whole Time Director	Executive Director	Nil	Nil	Nil
Mr. Myung Ki Min**** Director	Non Executive Director	Nil	Nil	Nil
Mr. D G Rajan Director	Non Executive - Independent Director	9	5	Nil

# Directorships held by Directors as mentioned above, include Alternative Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

\* Mr. Mang Ko Noh - Appointed as an Additional Director and Chairman w.e.f. March 28, 2013 in place of Mr. Jung Woo Lee who resigned on March 22, 2013.

\*\* Mr. Milan Wahi was appointed as Deputy Managing Director w.e.f. April 2, 2012 & elevated to Managing Director w.e.f. July 12, 2012

\*\*\* Mr. Kyo Hee Kim – Appointed as Whole Time Director w.e.f. July 12, 2012.

\*\*\*\* Mr. Myung Ki Min - Resigned from the post of Managing Director and is continuing as Director w.e.f. July 12, 2012

**(b) Attendance of each director at the Board Meetings and the last AGM**

During the financial year ended December 31, 2012, four Board Meetings were held on the following dates :

March 30, 2012, May 29, 2012, July 12, 2012 and November 30, 2012.

## REPORT ON CORPORATE GOVERNANCE (contd.)

Name of the Directors	No. of Board Meetings attended	Attendance at last AGM held on May 29, 2012
Mr. Milan Wahi	3	Attended
Mr. Kyo Hee Kim	1	—
Mr. Myung Ki Min	3	Attended
Mr. D G Rajan	4	Attended
Mr. Yong Su Kim	—	—
Mr. Jung Woo Lee	—	—

### 3 AUDIT COMMITTEE

**(a) Constitution :** The present Audit Committee comprises of following Directors :

Mr. D G Rajan - Non Executive - Independent Director - Chairman

Mr. Mang Ko Noh - Non Executive Director – Member (from March 28, 2013)

Mr. Kyo Hee Kim – Executive Director (from July 12, 2012) – Member

#### **(b) Audit Committee - Meetings and Attendance**

There were two meetings held (on 30.03.2012 & 30.11.2012) during the year ended December 31, 2012. The attendance of each member of the Committee is given below :

Name of the Directors	Position	No. of meetings attended
Mr. D.G.Rajan	Chairman	2
Mr. Kyo Hee Kim	Member	1
Mr. Myung Ki Min	Member	1
Mr. Yong Su Kim	Member	—
Mr. Jung Woo Lee	Member	—

Non-Executive Chairman, Managing Director, Whole Time Director, Senior Management Personnel, Statutory Auditors and Internal Auditors are regularly invited to the meeting. Mr. T G Karthikeyan, Company Secretary acts as Secretary to the Committee.

Mr. D G Rajan, Director is a Fellow of the Institute of Chartered Accountants in England and Wales and Fellow of the Institute of Chartered Accountants of India. He has vast exposure in financial activities.

### 4 REMUNERATION TO DIRECTORS

#### **(a) Policy**

##### - Executive Directors

The compensation of the Executive Directors comprises of a fixed component and a performance incentive. The compensation is determined taking into account the industry trend and level of responsibility, financial position of the Company and other related factors. Performance incentive is based on certain pre-agreed parameters. The Executive Directors are not paid any sitting fees for any board / committee meetings attended by them.

##### - Non-Executive Directors

Non-Executive Directors are entitled to a sitting fees for every Board / Committee Meetings attended by them within the statutory limits and also commission not exceeding 1% of net profit of the company.

##### - The Company currently does not have any stock option scheme.

**(b) Constitution :** The present remuneration & Nomination Committee comprises of following Directors :

Name of the Director	Position	No. of Meetings attended
Mr. D G Rajan	Chairman	1
Mr. Milan Wahi	Member	1
Mr. Kyo Hee Kim	Member	1



**REPORT ON CORPORATE GOVERNANCE (contd.)**

Details of the remuneration paid to the Executive Director for the financial year ended December 31, 2012 :

Name	Salary & Allowances and Performance incentive	Contribution to retiral benefits	Value of perks	Total
	Rs.	Rs.	Rs.	Rs.
Mr. Myung Ki Min	19,44,500	1,52,380	9,40,938	30,37,817
Mr. Milan Wahi	45,47,657	4,30,380	1,74,047	51,52,084
Mr. Kyo Hee Kim	12,81,290	1,05,204	82,201	14,68,695

The details of sitting fees paid to Non Executive Directors for the financial year ended December 31, 2012.

Name of the Director	Sitting fees	Commission
Mr. D G Rajan	Rs.1,40,000/-	Nil

**5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

The Committee oversees share transfers and monitor investors' grievances such as complaints on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. and redressal thereof. The Committee also look in to the matters of issue of duplicate share certificates, re-materialization, subdivision, consolidation, transposition and thereupon issue of share certificates to the shareholders etc. No complaints of material nature were received during the year under review.

The Committee comprises of Mr. D G Rajan as Chairman and Mr. Milan Wahi and Mr. Kyo Hee Kim as members. Mr. T G Karthikeyan, Company Secretary is the Compliance Officer.

The Company has created separate e-mail id for grievance redressal.

**6 ANNUAL GENERAL MEETINGS (AGM) / EXTRAORDINARY GENERAL MEETINGS (EGM)**

Details of the last four AGMs / EGM held are given below :

Date of Meeting	Time of Meeting	Venue of the Meeting
December 27, 2012 (EGM)	11.00 A.M.	M.A.Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai – 600 108
May 29, 2012 (57 <sup>th</sup> AGM)	11.00 A.M.	Murugesan Complex, Second Floor, No. 84, Greams Road, Thousand Lights, Chennai 600 006
June 15, 2011 (56 <sup>th</sup> AGM)	11.00 A.M.	Murugesan Complex, Second Floor, No. 84, Greams Road, Thousand Lights, Chennai 600 006
August 10, 2010 (Court convened Meeting)	03.00 P.M.	Murugesan Complex, Second Floor, No. 84, Greams Road, Thousand Lights, Chennai 600 006
August 10, 2010 (55 <sup>th</sup> AGM)	11.00 A.M.	Murugesan Complex, Second Floor, No. 84, Greams Road, Thousand Lights, Chennai 600 006
September 18, 2009 (54 <sup>th</sup> AGM)	11.00 A.M.	Murugesan Complex, Second Floor, No. 84, Greams Road, Thousand Lights, Chennai 600 006

**7 DISCLOSURES**

- (i) **Related Party Transactions:** There were no materially significant related party transactions with Directors/promoters/management which had potential conflict with the interest of the Company at large.

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**REPORT ON CORPORATE GOVERNANCE (contd.)**

Transactions with the Related Parties are disclosed in 37(b) in Notes to Accounts in the Annual Report.

We affirm that no personnel have been denied access to the Audit Committee (in respect of matters involving misconduct, if any).

(ii) **Risk Management:** The Board of Directors were presented the risk assessment and minimization of the same which is subject to periodical review.

(iii) **Code of Conduct:** Code of Conduct for the Board members and Senior Management personnel has been adopted by the Board.

Chennai  
May 7, 2013

On behalf of the Board  
Milan Wahi     D G Rajan  
Managing Director     Director

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**GENERAL SHAREHOLDER INFORMATION**

- 1 **Registered Office** : No. 4/111, Mount Poonamallee Road,  
Manapakkam, Chennai 600 089
- 2 **Date and venue of the forthcoming Annual General Meeting** : June 14, 2013  
Friday at 11 a.m. at  
M.A. Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai – 600 108
- 3 **Book Closure Dates** : June 10, 2013 to June 14, 2013 (both days inclusive).
- 4 **Plant Location** : 1. Nellikuppam  
(Cuddalore Dist.) Tamil Nadu  
2. Nemam, Chennai, Tamil Nadu
- 5 **Share Capital** : - 95,60,021 equity shares of Rs.10/- each  
- 94,78,581 (99.15%) equity shares have been dematerialized as on December 31, 2012.

6 **Share Transfer System**

The Company has appointed Cameo Corporate Services Ltd., as the Registrar and Transfer Agent (R&TA) of the Company for all aspects of investor servicing relating to shares.

The Board has delegated the power to approve the transfer to a committee of Directors and also to the Senior Executives of the Company, with limits.

Share transfers are completed within a period of 15 days from the date of receipt of the documents, if the documents are in order in all respects.

No investor complaint is pending.

7 **Address for Correspondence :**

- i) To contact R&TA for all matters relating to shares : P Muralidharan, Asst.Manager (Shares)  
Cameo Corporate Services Limited  
'Subramanian Building'  
No.1, Club House Road, Chennai-600 002  
Tel : 91-44-2846 0718;  
Fax:91-44-28460129  
E-mail: investor@cameoindia.com

**GENERAL SHAREHOLDER INFORMATION (contd.)**

- ii) To the Company : T G Karthikeyan, Company Secretary  
Lotte India Corporation Limited  
4/169, Rajiv Gandhi Salai (OMR), Kandanchavadi Bus Stop  
Opp.Lanson Toyota Service Centre, Chennai – 600096.  
Tel: 91-44-45458872  
Fax: 91-44-044-45458800
- iii) The Company’s designated  
E-mail Id for Investor  
Complaints is : compsecy@lotteindia.com
- iv) Compliance Officer : T G Karthikeyan, Company Secretary
- v) Company’s Website : www.lotteindia.com

**8. Depositories Connectivity**

National Securities Depository Ltd. (NSDL)  
Central Depository Services (India) Ltd. (CDSL)  
ISIN: INE185A01011

**9. Dematerialisation of shares**

The Company has signed agreements with both National Securities Depository Limited (NSDL) and with Central Depository Services (India) Limited (CDSL) to provide the facility of holding equity shares in dematerialized form. As on December 31, 2012, 94,78,581 equity shares constituting 99.15% of the total paid up capital of the Company have been dematerialized.

**10 Outstanding GDRs/ ADRs etc.**

The Company has not issued any GDR, ADR or any convertible instruments pending conversion or any other instrument likely to impact the equity share capital of the Company.

**11. Shareholding pattern as on December 31, 2012**

Sl. No.	Category	Total no. of Shares held	% to total Shareholding
1	Promoters - foreign	9404693	98.37
2	Mutual Funds and UTI	—	—
3	Banks/ Financial Institutions/ Insurance Companies	1567	0.02
4	Foreign Institutional Investors	—	—
5	Private Corporate Bodies	4276	0.04
6	Indian Public	141054	1.48
7	NRIs / OCBs	2616	0.02
8	Any other		
	- Trusts	15	0.01
	- Foreign Nationals	5800	0.06
	<b>TOTAL</b>	<b>9560021</b>	<b>100.00</b>

## AUDITORS' REPORT to the Members of Lotte India Corporation Limited

1. We have audited the attached balance sheet of Lotte India Corporation Limited ("the Company") as at December 31, 2012, the Statement of Profit and Loss and the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (e) on the basis of written representations received from the Directors, as on December 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
  - (f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2012; and
    - (ii) in the case of the profit and loss account, of the profit for the year ended December 31, 2012.
    - (iii) in the case of the cash flow statement, of the cash flows for the year December 31, 2012.

*for* B S R & Company  
Chartered Accountants  
Firm Registration No.128032W

Vikas R Kasat  
Partner  
Membership No. 105317

Place : Chennai  
Date : May 7, 2013

## **Annexure to Auditors' Report**

(Referred to in our report of even date)

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and as explained to us, no material discrepancies were noticed on such verification.
- c. Fixed assets disposed off during the period were not substantial, and therefore, do not affect the going concern assumption.
- (ii) a. The inventory, except for stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- b. The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit. The activities of the Company does not involve rendering of services.
- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) 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, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at December 31, 2012 for a period of more than six months from the date they became payable.

**Annexure to Auditors' Report (contd.)**

(Referred to in our report of even date)

- c. According to the information and explanations given to us, the following dues in respect to Excise duty, Service Tax, Sales Tax & Income Tax have not been deposited on account of disputes.

Name of the statute	Nature of the dues	Amount (Rs. in lakhs) (Net of payment under protest)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty	11.04	2007	Pending before various forums
Central Excise Act, 1944	Excise duty	115.62	2008	Pending before various forums
Central Excise Act, 1944	Excise duty	77.75	2005	Pending before various forums
Central Excise Act, 1944	Excise duty	0.55	2009	Commissioner of Central Excise (Appeals), Kochi
Central Excise Act, 1944	Excise duty	12.19	2006	Pending before various forums
Sales Tax Act	Sales Tax	17.37	1999-2008	Pending before various State Tax Authorities
Income Tax Act	Income Tax	217.24	2005-2006	Commissioner of Income Tax (Appeals)

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company did not have any outstanding debentures or any outstanding loans from any financial institution or bank during the period.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Hence, the provisions of clause 4(xiii) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the period.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the period.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

for B S R & Company  
Chartered Accountants  
Firm Registration No.128032W

Vikas R Kasat  
Partner  
Membership No. 105317

Place : Chennai  
Date : May 7, 2013



**BALANCE SHEET AS AT DECEMBER 31, 2012**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

	Note	As at December 31, 2012	As at December 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	956.00	956.00
Reserves and surplus	4	44,238.34	43,571.99
		<b>45,194.34</b>	<b>44,527.99</b>
<b>Non-current liabilities</b>			
Other long-term liabilities	5	59.42	21.25
Long-term provisions	6	-	-
		<b>59.42</b>	<b>21.25</b>
<b>Current liabilities</b>			
Trade payables	7	3,849.05	3,260.26
Other current liabilities	8	1,662.10	1,475.02
Short-term provisions	6	1,104.22	916.03
		<b>6,615.37</b>	<b>5,651.31</b>
		<b>51,869.13</b>	<b>50,200.55</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible fixed assets	9	37,458.22	38,783.27
Intangible fixed assets	10	64.08	90.30
Capital work-in-progress		3,202.65	810.42
Non-current investments	11	-	-
Long-term loans and advances	12	1,305.78	1,106.36
Other non-current assets	13	224.65	230.30
		<b>42,255.38</b>	<b>41,020.65</b>
<b>Current assets</b>			
Inventories	14	3,330.38	3,868.98
Trade receivables	15	1,007.43	751.24
Cash and bank balances	16	4,325.02	3,515.21
Short-term loans and advances	12	928.39	1,038.36
Other current assets	17	22.53	6.11
		<b>9,613.75</b>	<b>9,179.90</b>
		<b>51,869.13</b>	<b>50,200.55</b>
<b>Significant accounting policies</b>	2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

for B S R & Company  
Chartered Accountants  
Firm Registration No. 128032W

Vikas R Kasat  
Partner  
Membership No. 105317

Place: Chennai  
Date: May 7, 2013

For and on behalf of the Board of Directors

Milan Wahi  
Managing Director

Kyo Hee Kim  
Whole Time Director

D.G. Rajan  
Director

T.G.Karthikeyan  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2012**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

	Note	Year ended December 31, 2012	Year ended December 31, 2011
<b>Revenue from operations</b>			
Sale of products, gross	18	31,931.62	28,873.79
Less: Excise duty		1,967.14	1,603.50
Less: Schemes and discounts		1,749.75	1,567.98
<b>Sale of products, net</b>		<b>28,214.73</b>	<b>25,702.31</b>
Other operating revenues		21.88	12.77
<b>Total</b>		<b>28,236.61</b>	<b>25,715.08</b>
Other income	19	307.52	308.19
<b>Total revenue</b>		<b>28,544.13</b>	<b>26,023.27</b>
<b>Expenses</b>			
Cost of materials consumed	20	16,090.24	15,770.14
Purchase of stock-in-trade	21	-	69.37
Changes in inventories of finished goods and work-in-progress	22	399.20	(681.10)
Employee benefits expense	23	2,079.59	1,875.30
Other expenses	24	7,586.02	6,657.64
Depreciation and amortisation	25	1,547.28	1,714.31
Finance costs	26	4.58	2.58
<b>Total expenses</b>		<b>27,706.91</b>	<b>25,408.24</b>
<b>Profit before tax</b>		<b>837.22</b>	<b>615.03</b>
<b>Tax expense:</b>			
- Current tax		170.87	130.50
- Deferred tax charge / (credit)		-	-
<b>Total tax expense</b>		<b>170.87</b>	<b>130.50</b>
<b>Profit for the period</b>		<b>666.35</b>	<b>484.53</b>
<b>Earnings per share:</b>			
Basic and diluted (Rs.)		6.97	5.07
Weighted average number of equity shares outstanding during the year		9,560,021	9,560,021
Nominal value of equity shares (Rs.)		10	10

**Significant accounting policies** 2

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

for B S R & Company  
Chartered Accountants  
Firm Registration No. 128032W

Vikas R Kasat  
Partner  
Membership No. 105317  
Place: Chennai  
Date: May 7, 2013

For and on behalf of the Board of Directors

Milan Wahi  
Managing Director

Kyo Hee Kim  
Whole Time Director

D.G. Rajan  
Director

T.G.Karthikeyan  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

	Note	Year ended December 31, 2012	Year ended December 31, 2011
<b>Cash flow from Operating activities</b>			
Profit before tax		837.22	615.03
<i>Adjustments for:</i>			
Depreciation and amortisation		1,547.28	1,714.31
(Profit)/loss on sale of fixed assets		4.04	(36.99)
Provision for doubtful debts		-	2.76
Interest income		(250.83)	(232.93)
Interest expense		4.58	2.58
Unrealised foreign exchange gain		(2.85)	-
		<b>1,302.22</b>	<b>1,449.73</b>
<b>Operating profit before working capital changes</b>		<b>2,139.44</b>	<b>2,064.76</b>
<i>Adjustments for:</i>			
(Increase) / decrease in inventories		538.60	(978.84)
Increase in trade receivables		(253.34)	(270.89)
(Increase) / decrease in loans and advances and other assets		121.37	(130.71)
Increase in other current liabilities and provisions		831.36	866.69
<b>Cash generated from operations</b>		<b>3,377.43</b>	<b>1,551.01</b>
Taxes paid		(205.17)	(83.96)
<b>Net cash (used in) / from operating activities ( A )</b>		<b>3,172.26</b>	<b>1,467.05</b>
<b>Cash flow from Investing activities</b>			
Purchase of fixed assets		(2,596.35)	(1,323.77)
Sale of fixed assets		4.07	82.35
Interest income received		234.41	234.06
<b>Net cash (used in) / from investing activities ( B )</b>		<b>(2,357.87)</b>	<b>(1,007.36)</b>
<b>Cash flow from Financing activities</b>			
Interest Expense		(4.58)	(2.58)
<b>Net cash (used in) / from investing activities ( C )</b>		<b>(4.58)</b>	<b>(2.58)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>809.81</b>	<b>457.11</b>
Cash and cash equivalents at the beginning of the year		3,515.21	3,058.10
<b>Cash and cash equivalents at the end of the year</b>	16	<b>4,325.02</b>	<b>3,515.21</b>

**Significant accounting policies**

2

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

for B S R & Company  
Chartered Accountants  
Firm Registration No. 128032W

Vikas R Kasat  
Partner  
Membership No. 105317

Place: Chennai  
Date: May 7, 2013

For and on behalf of the Board of Directors

Milan Wahi  
Managing Director

Kyo Hee Kim  
Whole Time Director

D.G. Rajan  
Director

T.G.Karthikeyan  
Company Secretary

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**1 Background**

Lotte India Corporation Limited is engaged in the business of manufacturing and marketing of confectionery products. The Company has a wide range of confectionery products like Coffy Bite, Lacto King, Eclairs, Caramilk, Coconut Punch and Chocopie. The parent company is Lotte Confectionery Company Limited, South Korea, which is one of the leading manufacturers of confectionery products.

**2 Significant Accounting Policies****a Basis of preparation of financial statements**

- i) The financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under historical cost convention on accrual basis. GAAP comprises of accounting standards notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India and the provision of Companies Act, 1956, to the extent applicable. The accounting policies have been uniformly applied by the Company and are consistent with those used in the previous year.
- ii) During the year ended December 31, 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

**b Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period reported. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**c Revenue recognition**

Revenue from sale of goods is recognized on dispatch of goods which corresponds with transfer of all significant risks and rewards of ownership to the buyer. The amount recognized as sale is exclusive of sales tax and value added tax (VAT), and is net of returns, trade and quantity discounts.

Interest income on deposits is recognized on the time proportionate method.

Insurance claims and rental income are recognized when the amount thereof can be measured reliably and there is a reasonable certainty of its ultimate collection.

**d Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation. The cost of tangible fixed assets includes freight, duties and taxes and other incidental expenses related to acquisition, but exclude duties and taxes that are recoverable subsequently from revenue authorities. Borrowing cost directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

to get ready for their intended use are capitalised. Other borrowing costs are accounted as expense in the statement of profit and loss.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Depreciation is provided on the straight line method at the rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956. If the management's estimate of the useful life of a tangible fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid Schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life. Pursuant to this policy, based on the estimated useful life of the assets, depreciation is provided in respect of certain assets at the rates which are higher than the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956. The estimated useful life of various tangible fixed assets are as under:

Description	Estimated useful life (in years)
Building	28
Plant and machinery	5 - 13
Computer and accessories	5
Furnitures and fixtures	5 - 10
Office equipments	5 - 10
Vehicles	5

All tangible fixed assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase.

Leasehold improvements are amortised on a straight line basis over the useful / remaining useful life of the asset or the lease period whichever is lower.

**e Intangible fixed assets and amortisation**

Intangible fixed assets are amortized over their economic useful lives. Management's estimate of useful life of intangible fixed assets is as under:

Description	Estimated useful life (in years)
Software	5

**f Leases**

Assets taken on lease where the Company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of the minimum lease rental and other incidental expenses during the lease term or the asset's fair value.

The rental obligations, net of interest charges, are reflected in secured loan. Leases that do not transfer substantially all of the risks and rewards of ownership are classified as operating leases and recorded as expenses as and when payments are made over the lease term.

**g Impairment**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

realizable value and value in use) of the asset. If such recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**h Investments**

Investments that are readily realisable and intended to be held for not more than 12 months from the date of its acquisition are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value. Long term investments are carried at cost less any other than temporary diminution in value determined separately for each individual investment.

**i Inventories**

Inventories are valued at lower of cost and net realisable value. Cost of raw materials and stock-in-trade is ascertained using the moving weighted average method and includes purchase cost, taxes and duties and all expenses incurred in bringing the inventory to its present location and condition, but excludes duties and taxes that are subsequently recoverable from revenue authorities. Cost of work-in-progress includes material cost and share of production overheads. The valuation of finished goods includes material cost, share of production overheads, freight and excise duty.

**j Employee benefits****i) Defined contribution plan**

**Provident Fund:** Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. Contributions to provident fund are charged to the statement of profit and loss on accrual basis.

**Superannuation:** Contribution to superannuation is made in accordance with the terms of employment contracts for eligible employees and is charged to the statement of profit and loss. The Company makes monthly contributions to the superannuation fund administered by the trustees and managed by Life Insurance Corporation ("LIC"). The Company has no further obligations beyond its monthly contributions.

**ii) Defined benefit plan**

**Gratuity:** The Company provides gratuity, a defined benefit retirement plan covering eligible employees. The Company provides the gratuity benefit through annual contribution to a fund managed by Life Insurance Corporation ("LIC"). Liabilities related to the gratuity plan are determined by actuarial valuation using projected unit credit method carried out by an independent actuary as at balance sheet date. Actuarial gain or loss is recognized in the statement of profit and loss.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**Compensated absences:** Short-term compensated absences are provided for based on estimates. Long-term compensated absences are provided for based on actuarial valuation using projected unit credit method carried out at by an independent actuary as at the balance sheet date.

**k Foreign currency transactions**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign currency transactions settled during the period are recognised in the statement of profit and loss for the year, except that exchange differences arising on a long term foreign currency monetary liability related to acquisition of depreciable capital assets are adjusted in the carrying amount of the related fixed assets in accordance with the option exercised by the Company as per amendment to Companies (Accounting Standard) Rules, 2006 through notification of Ministry of Corporate Affairs dated March 31, 2009.

**l Taxation**

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of the timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

**m Research and development**

All research and development cost, excluding capital expenditure, is charged off in the year in which it is incurred.

**n Provisions, contingent liabilities and contingent assets**

Provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

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. When there is possible obligation or a

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

**o Earnings per share**

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed after adjusting the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

**p Cash flow statements**

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 flow from regular revenue generating, investing and financing activities of the Company is segregated.

**3 Share capital**

**a The details of authorised, issued, subscribed and paid up share capital is as under:**

Particulars	As at December 31, 2012	As at December 31, 2011
<b>Authorised</b>		
370,000,000 (December 31, 2011: 370,000,000) equity shares of Rs.10 each	37,000.00	37,000.00
	<b>37,000.00</b>	<b>37,000.00</b>
<b>Issued, Subscribed and Paid up</b>		
9,560,021 (December 31, 2011: 9,560,021) equity shares of Rs.10 each fully paid up	956.00	956.00
	<b>956.00</b>	<b>956.00</b>

**b Reconciliation of shares outstanding at the beginning and at the end of the year is as under:**

Particulars	As at December 31, 2012		As at December 31, 2011	
	No. of shares	Amount	No. of shares	Amount
<b>Equity shares of Rs. 10 each fully paid up</b>				
At the beginning of the year	9,560,021	956.00	9,560,021	956.00
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
At the end of the year	<b>9,560,021</b>	<b>956.00</b>	<b>9,560,021</b>	<b>956.00</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**c Rights, preferences and restrictions attached to equity shares**

- i) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share.
- ii) The Company declares dividend in Indian Rupees and pays dividend to shareholders outside India in foreign currency based on the rates prevailing on the date of such remittances, with respect to other shareholders, dividend is paid in Indian Rupees. During the year ended December 31, 2012, the Company has not declared any dividend.
- iii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**d Shares held by holding company and / or their subsidiaries / associates**

Particulars	As at December 31, 2012	As at December 31, 2011
<b>Holding company</b>		
9,404,693 equity shares (December 31, 2011: 9,404,693 shares) held by Lotte Confectionery Company Limited, South Korea, the holding company	940.47	940.47

**e Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Particulars	As at December 31, 2012		As at December 31, 2011	
	No. of shares	Percentage	No. of shares	Percentage
<b>Equity shares of Rs. 10 each fully paid up</b>				
Lotte Confectionery Company Limited, South Korea, the holding company	9,404,693	98.38%	9,404,693	98.38%

**f Shares allotted as fully paid up pursuant to contracts without payment being received in cash**

Particulars	As at December 31, 2012	As at December 31, 2011
	No of shares	No of shares
Equity shares allotted as fully paid up pursuant to contract without payment being received in cash	5,808,732	5,808,732

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**4 Reserves and surplus**

Particulars	As at December 31, 2012	As at December 31, 2011
<b>Capital reserve</b>		
At the commencement and at the end of the year	464.47	464.47
<b>Securities premium account</b>		
At the commencement and at the end of the year	966.18	966.18
<b>General reserve*</b>		
At the commencement and at the end of the year	42,357.39	42,357.39
<b>Surplus</b>		
At the commencement and at the end of the year	(216.05)	(700.58)
Profit for the year	666.35	484.53
<b>Net surplus in the statement of profit and loss</b>	450.30	(216.05)
	<u><b>44,238.34</b></u>	<u><b>43,571.99</b></u>

\* Balance in General Reserve includes an amount of Rs. 39,817.73 lakhs arising from merger of Lotte Foods India Pvt. Ltd. with the Company in the year 2010.

**5 Other long term liabilities**

Particulars	As at December 31, 2012	As at December 31, 2011
Security deposits	59.42	21.25
	<u><b>59.42</b></u>	<u><b>21.25</b></u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**6 Provisions**

Particulars	Non-current		Current	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
<b>Provision for employee benefits</b>				
Gratuity (Also refer note 36)	-	-	20.06	3.00
Compensated absences	-	-	47.97	47.71
	-	-	<b>68.03</b>	<b>50.71</b>
<b>Other provisions</b>				
Provision for current tax	-	-	1,036.19	865.32
	-	-	<b>1,036.19</b>	<b>865.32</b>
	-	-	<b>1,104.22</b>	<b>916.03</b>

**7 Trade payables**

Particulars	As at December 31, 2012	As at December 31, 2011
Dues to micro and small enterprises (see note below)	-	-
Dues to others	3,849.05	3,260.26
	<b>3,849.05</b>	<b>3,260.26</b>

**Dues to micro, small and medium enterprises :**

Based on the information received and available, the management believes that there are no enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable, if any to such enterprises as at December 31, 2012 has been made in the financial statements based on information received and available with the Company, to the extent identified by the management and relied upon by the auditors.

**8 Other current liabilities**

Particulars	As at December 31, 2012	As at December 31, 2011
Employee benefits payable	365.80	272.61
Advance from customers	112.03	159.38
Dues to related parties	347.50	348.12
Capital creditors	208.74	107.58
Statutory dues payable	608.03	560.87
Others	20.00	26.46
	<b>1,662.10</b>	<b>1,475.02</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**9 Tangible fixed assets**

Particulars	Freehold land	Buildings on leasehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture / fittings and office equipments	Vehicles	Total
<b>Gross block</b>								
Balance as at January 1, 2011	13,059.60	143.42	16,373.49	45.00	18,000.60	511.08	65.38	48,198.57
Additions	-	-	272.51	-	151.97	10.13	10.35	444.96
Deletions / write off	-	-	-	-	779.54	113.08	3.00	895.62
<b>Balance as at December 31, 2011</b>	<b>13,059.60</b>	<b>143.42</b>	<b>16,646.00</b>	<b>45.00</b>	<b>17,373.03</b>	<b>408.13</b>	<b>72.73</b>	<b>47,747.91</b>
Additions	-	-	-	-	180.31	13.47	6.30	200.08
Deletions / write off	-	-	-	-	-	4.75	-	4.75
<b>Balance as at December 31, 2012</b>	<b>13,059.60</b>	<b>143.42</b>	<b>16,646.00</b>	<b>45.00</b>	<b>17,553.34</b>	<b>416.85</b>	<b>79.03</b>	<b>47,943.24</b>
<b>Accumulated depreciation</b>								
Balance as at January 1, 2011	-	96.43	422.60	42.75	7,104.11	414.68	42.65	8,123.22
Additions	-	19.58	555.72	-	1,092.11	12.25	12.02	1,691.68
Deletions / write off	-	-	-	-	734.65	112.85	2.76	850.26
<b>Balance as at December 31, 2011</b>	<b>-</b>	<b>116.01</b>	<b>978.32</b>	<b>42.75</b>	<b>7,461.57</b>	<b>314.08</b>	<b>51.91</b>	<b>8,964.64</b>
Additions	-	15.48	564.36	-	902.10	31.15	7.97	1,521.06
Deletions / write off	-	-	-	-	-	0.68	-	0.68
<b>Balance as at December 31, 2012</b>	<b>-</b>	<b>131.49</b>	<b>1,542.68</b>	<b>42.75</b>	<b>8,363.67</b>	<b>344.55</b>	<b>59.88</b>	<b>10,485.02</b>
<b>Net block</b>								
As at December 31, 2011	13,059.60	27.41	15,667.68	2.25	9,911.46	94.05	20.82	38,783.27
As at December 31, 2012	13,059.60	11.93	15,103.32	2.25	9,189.67	72.30	19.15	37,458.22

The Company has leased out some of its plant and machinery under operating leases. The gross and net carrying amount of such assets is as follows:

Particulars	As at December 31, 2012			As at December 31, 2011		
	Gross block	Accumulated depreciation	Net block	Gross block	Accumulated depreciation	Net block
Plant & Machinery	561.37	335.87	225.50	429.81	301.67	128.14
	<b>561.37</b>	<b>335.87</b>	<b>225.50</b>	<b>429.81</b>	<b>301.67</b>	<b>128.14</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**Capital Work-in-progress**

<b>Particulars</b>	<b>Total</b>
<b>Balance as at January 01, 2011</b>	<b>26.67</b>
Additions	798.79
Assets capitalised during the year	(15.04)
Balance as at December 31, 2011	810.42
<b>Balance as at January 01, 2012</b>	<b>810.42</b>
Additions	2,392.23
Assets capitalised during the year	-
<b>Balance as at December 31, 2012</b>	<b>3,202.65</b>

**10 Intangible fixed assets**

<b>Particulars</b>	<b>Computer software</b>	<b>Total</b>
<b>Gross block</b>		
<b>Balance as at January 1, 2011</b>	<b>191.64</b>	<b>191.64</b>
Additions	63.45	63.45
Deletions / write off	59.91	59.91
<b>Balance as at December 31, 2011</b>	<b>195.18</b>	<b>195.18</b>
Additions	-	-
Deletions / write off	-	-
<b>Balance as at December 31, 2012</b>	<b>195.18</b>	<b>195.18</b>
<b>Accumulated amortisation</b>		
<b>Balance as at January 1, 2011</b>	<b>142.16</b>	<b>142.16</b>
Additions	22.63	22.63
Deletions / write off	59.91	59.91
<b>Balance as at December 31, 2011</b>	<b>104.88</b>	<b>104.88</b>
Additions	26.22	26.22
Deletions / write off	-	-
<b>Balance as at December 31, 2012</b>	<b>131.10</b>	<b>131.10</b>
<b>Net block</b>		
<b>As at December 31, 2011</b>	<b>90.30</b>	<b>90.30</b>
<b>As at December 31, 2012</b>	<b>64.08</b>	<b>64.08</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**11 Non - current investments**

Particulars	As at December 31, 2012	As at December 31, 2011
<b>Non trade - Long term (unquoted, at cost)</b>		
5 (December 31, 2011: 5) equity shares of Padmavathi Co-operative Housing Society Limited, of Rs 50 each, fully paid up	-	-
	-	-
	-	-

**12 Loans and advances**

Particulars	Non-current		Current	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
<b>To other than related parties</b>				
<b>I. Capital advances</b>				
Unsecured - Considered good	35.95	51.63	-	-
	<b>35.95</b>	<b>51.63</b>	-	-
<b>II. Security deposits</b>				
Unsecured - Considered good				
Rental deposits	70.42	72.83	21.38	24.27
Other deposits	67.67	71.15	8.17	-
	<b>138.09</b>	<b>143.98</b>	<b>29.55</b>	<b>24.27</b>
<b>III. Advance recoverable in cash or in kind</b>				
Unsecured - Considered good				
Advance to suppliers	-	-	97.92	54.83
Advance to employees	-	-	36.34	35.49
Others	14.21	10.65	69.26	96.60
	<b>14.21</b>	<b>10.65</b>	<b>203.52</b>	<b>186.92</b>
<b>IV. Other loans and advances</b>				
Unsecured - Considered good				
Prepaid expenses	12.26	-	55.73	54.11
Advance income taxes	1,105.27	900.10	-	-
Balance with government authorities	-	-	639.59	773.06
	<b>1,117.53</b>	<b>900.10</b>	<b>695.32</b>	<b>827.17</b>
	<b>1,305.78</b>	<b>1,106.36</b>	<b>928.39</b>	<b>1,038.36</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**13 Other non-current assets**

Particulars	As at December 31, 2012	As at December 31, 2011
Bank deposits due to mature after 12 months from the reporting date (Also refer note 16)*	224.65	230.30
	<u>224.65</u>	<u>230.30</u>
* includes deposits under lien with government authorities.		

**14 Inventories**

Particulars	As at December 31, 2012	As at December 31, 2011
Raw material and components	1,311.81	1,472.77
Work in progress	117.78	91.67
Stock in trade	-	13.80
Finished goods	1,824.21	2,196.78
Stores and consumables	76.58	93.96
	<u>3,330.38</u>	<u>3,868.98</u>

**15 Trade Receivables**

Particulars	As at December 31, 2012	As at December 31, 2011
<i>Unsecured:</i>		
Debts outstanding for a period exceeding six months from the date they became due for payment		
- considered good	150.52	32.25
- considered doubtful	145.80	145.80
	<u>296.32</u>	<u>178.05</u>
Other debts		
- considered good	856.91	718.99
- considered doubtful	-	-
	<u>856.91</u>	<u>718.99</u>
<b>Gross Trade Receivables</b>	<b>1,153.23</b>	<b>897.04</b>
Less: Provision for doubtful debts	145.80	145.80
	<u>1,007.43</u>	<u>751.24</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**16 Cash and bank balances**

Particulars	As at December 31, 2012	As at December 31, 2011
Cash and cash equivalents:		
Cash on hand	0.49	1.00
Cheques on hand	195.24	77.37
Balance with banks		
- on current accounts	938.61	1,006.30
- on deposit accounts	1,547.72	1,705.63
	<u>2,682.06</u>	<u>2,790.30</u>
Other bank balances	1,642.96	724.91
	<u>4,325.02</u>	<u>3,515.21</u>

**Details of bank balances / deposits**

Particulars	As at December 31, 2012	As at December 31, 2011
Bank balances available on deposits with original maturity of 3 months or less included under "Cash and cash equivalents"	1,547.72	1,705.63
Bank deposits due to mature within 12 months of the reporting date included under "Other bank balances"	1,642.96	724.91
Bank deposits due to mature after 12 months of the reporting date included under "Other non-current assets" (refer note 13)	224.65	230.30
	<u>3,415.33</u>	<u>2,660.84</u>

**17 Other current assets**

Particulars	As at December 31, 2012	As at December 31, 2011
Interest accrued on fixed deposits with banks	22.53	6.11
	<u>22.53</u>	<u>6.11</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**18 Revenue from operations**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
<b>Sale of products</b>		
Sale of goods	31,931.62	28,873.79
Less: Excise duty	1,967.14	1,603.50
Less: Discounts	1,749.75	1,567.98
	<u>28,214.73</u>	<u>25,702.31</u>
<b>Other operating revenues</b>		
Scrap sales	21.88	12.77
	<u>21.88</u>	<u>12.77</u>
<b>Total revenue from operations</b>	<u>28,236.61</u>	<u>25,715.08</u>

**19 Other income**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Interest income on fixed deposits	250.83	232.93
Insurance claim received	5.27	6.44
Rental income	13.20	13.99
Profit on sale of assets	-	36.99
Foreign exchange gain, net	24.42	13.52
Miscellaneous income	13.80	4.32
	<u>307.52</u>	<u>308.19</u>

**20 Cost of materials consumed**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Opening stock of raw materials and packing materials	1,472.77	1,191.98
Add: Purchases	15,929.28	16,050.93
	<u>17,402.05</u>	<u>17,242.91</u>
Less: Closing stock of raw materials and packing materials	1,311.81	1,472.77
<b>Cost of raw materials consumed</b>	<u>16,090.24</u>	<u>15,770.14</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**21 Purchase of stock-in-trade**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Purchase of stock-in-trade	-	69.37
	<u>-</u>	<u>69.37</u>

**22 Changes in inventories of finished goods and work-in-progress**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
<b>Opening stock</b>		
- Work-in-progress	91.67	47.49
- Finished goods	2,196.78	1,564.67
- Stock in trade	13.80	-
	<u>2,302.25</u>	<u>1,612.16</u>
<b>Less: Closing stock</b>		
- Work-in-progress	117.78	91.67
- Finished goods	1,824.21	2,196.78
- Stock in trade	-	13.80
	<u>1,941.99</u>	<u>2,302.25</u>
<b>Add: Movement in excise duty</b>	38.94	8.99
	<u>399.20</u>	<u>(681.10)</u>

**23 Employee benefits expense**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Salaries, wages and bonus	1,707.48	1,550.70
Contribution to provident and other funds	134.77	124.81
Staff welfare expenses	237.34	199.79
	<u>2,079.59</u>	<u>1,875.30</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**24 Other expenses**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Raw material conversion charges	1,477.84	1,231.05
Consumption of stores and spare parts	44.76	63.96
Rent	251.49	214.29
Rates and taxes	226.36	202.83
Power and fuel	998.44	1,044.29
Repairs and maintenance:		
- Buildings	1.58	2.32
- Plant and machinery	186.27	122.54
- Others	87.08	104.04
Packing, despatching and freight	2,223.78	1,974.06
Clearing and forwarding	144.93	154.35
Insurance	36.57	33.56
Travelling and conveyance	402.77	377.30
Communication expenses	62.86	57.89
Professional and legal charges (refer note 28)	68.10	34.09
Director's sitting fees	1.40	1.80
Advertisement	242.43	147.64
Sales promotion and development expenditure	668.90	544.02
Bank charges	3.47	4.95
Provision for doubtful debts	-	2.76
Miscellaneous expenses	456.99	339.89
	<b>7,586.02</b>	<b>6,657.64</b>

**25 Depreciation and amortisation expense**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Depreciation of tangible fixed assets (refer note 9)	1,521.06	1,691.68
Amortisation of intangible fixed assets (refer note 10)	26.22	22.63
	<b>1,547.28</b>	<b>1,714.31</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**26 Finance costs**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Interest expense	4.58	2.58
	<u>4.58</u>	<u>2.58</u>

**27 Capital commitments and contingent liabilities**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
(i) Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	185.91	2,238.53
(ii) Commitments in respect of bank guarantees and letters of credit issued by Company's bankers	247.78	225.88
(iii) Disputed sales tax / income tax / service tax / excise duty		
(a) Stay granted in favour of Company	93.35	95.39
(b) Other cases	264.00	33.84

**Export obligations**

In respect of capital goods imported at concessional rate of duties and under Export Promotion Capital Goods scheme, as at the balance sheet date, the Company has outstanding export obligation of Rs. 10,306.28 (Previous year - Rs. 10,778.63). The aforesaid export obligation has to be met over eight years. The Company is confident of meeting its revenue commitments within the stipulated time or obtain necessary extensions.

**28 Payment to auditors (excluding service tax)**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Statutory audit	12.50	12.50
Tax audit and other services	8.00	8.00
Reimbursement of expenses	0.55	0.31
	<u>21.05</u>	<u>20.81</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**29 Consumption of raw materials and packing materials**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Sugar	2,536.65	2,322.89
Glucose	2,207.34	2,098.10
Processed milk	2,032.74	1,693.51
Vanaspathi	927.77	882.26
Wrapping materials	2,028.63	2,050.24
Packing materials	2,846.05	2,662.89
Others	3,511.06	4,060.25
	<b>16,090.24</b>	<b>15,770.14</b>

**30 Consumption of imported and indigenous raw materials, packing materials and stores and spares**

Particulars	Year ended December 31, 2012		Year ended December 31, 2011	
	Amount	Percentage	Amount	Percentage
<b>A. Raw materials and packing materials</b>				
Imported	115.28	0.72%	198.44	1.26%
Indigenous	15,974.96	99.28%	15,571.70	98.74%
	<b>16,090.24</b>	<b>100.00%</b>	<b>15,770.14</b>	<b>100.00%</b>
<b>B. Components and spare parts</b>				
Imported	-	-	-	-
Indigenous	44.76	100.00%	63.96	100.00%
	<b>44.76</b>	<b>100.00%</b>	<b>63.96</b>	<b>100.00%</b>

**31 C.I.F value of imports**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Raw material and stores and spares	79.33	263.12
	<b>79.33</b>	<b>263.12</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**32 Expenditure in foreign currency (on accrual basis)**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Travel	27.98	23.94
Software usage fee	13.30	16.75
Royalty	153.69	121.51
	<u>194.97</u>	<u>162.20</u>

**33 Earnings in foreign currency (on accrual basis)**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
FOB value of exports	472.35	360.87
	<u>472.35</u>	<u>360.87</u>

**34 Segment reporting**

The Company is engaged into only one business namely manufacture and trading of confectionery and related products. Accordingly there are no separate reportable segments according to AS 17 'Segment Reporting' issued under the Companies (Accounting Standards) Rules, 2006.

**35 Deferred taxes**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
<b>Deferred tax liability</b>		
Excess of depreciation / amortisation on fixed assets under income tax law over depreciation / amortisation provided in accounts	(1,925.45)	(1,621.33)
	<u>(1,925.45)</u>	<u>(1,621.33)</u>
<b>Deferred tax assets</b>		
Provision for doubtful debts/ advances	54.30	54.30
Expenditure covered by section 43B of the Income-Tax Act, 1961	166.97	104.00
Disallowance u/s 40a(ia)	34.56	11.51
Unabsorbed depreciation (restricted upto deferred tax liability) (See note below)	1,669.62	1,451.52
	<u>1,925.45</u>	<u>1,621.33</u>
<b>Deferred tax assets, net</b>	<u>-</u>	<u>-</u>

Pursuant to AS - 22 'Accounting for taxes on income', where there is an unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Accordingly, deferred tax asset arising out of unabsorbed depreciation as at December 31, 2012 has been restricted to the net deferred tax liabilities of Rs. 1,669.62 as at that date. (previous year Rs. 1,451.52)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**36 Employee benefits**

**Gratuity plan**

The following table sets out the status of the gratuity plan as required under AS 15 (Revised 2005) and reconciliation of opening and closing balances of the present value of the defined benefit obligation.

<b>Particulars</b>	<b>Year ended December 31, 2012</b>	<b>Year ended December 31, 2011</b>
<b>Change in projected benefit obligation</b>		
Projected benefit obligations at the beginning of the year	189.44	179.93
Current Service cost	17.30	16.88
Interest cost	15.52	14.05
Benefits paid	(18.05)	(21.33)
Actuarial (gain) / loss	21.01	(0.09)
<b>Projected benefit obligations at the end of the year</b>	<b>225.22</b>	<b>189.44</b>

<b>Particulars</b>	<b>Year ended December 31, 2012</b>	<b>Year ended December 31, 2011</b>
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning of the year	186.44	154.93
Expected return on plan assets	14.89	12.30
Employer contributions	17.30	19.10
Benefits paid	(18.05)	(21.33)
Actuarial gain / (loss)	4.59	21.44
<b>Fair value of plan assets at the end of the year</b>	<b>205.16</b>	<b>186.44</b>

**Reconciliation of present value of obligation on the fair value of plan assets**

<b>Particulars</b>	<b>Year ended December 31, 2012</b>	<b>Year ended December 31, 2011</b>
Present value of projected benefits at the end of the year	225.22	189.44
Funded status of the plan	205.16	186.44
<b>Funded status amount of liability recognized in the balance sheet</b>	<b>20.06</b>	<b>3.00</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**The components of net gratuity costs are reflected below:**

<b>Particulars</b>	<b>Year ended December 31, 2012</b>	<b>Year ended December 31, 2011</b>
Current Service cost	17.30	16.88
Interest cost	15.52	14.05
Expected returns on plan assets	(14.89)	(12.30)
Recognized net actuarial (gain) / loss	16.42	(21.53)
<b>Net gratuity costs</b>	<b>34.35</b>	<b>(2.90)</b>

**Financial assumptions at balance sheet date:**

<b>Particulars</b>	<b>Year ended December 31, 2012</b>	<b>Year ended December 31, 2011</b>
Discount rate	8.30%	8.60%
Long term rate of compensation increase	5.00%	5.00%
Estimated rate of return on plan assets	8.00%	8.00%
Attrition rate	0.5-2%	0.5-2%

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

**Note:**

- (i) Plan assets comprise of contribution to Group Gratuity Scheme of Life Insurance Corporation of India.
- (ii) The gratuity expenses have been recognised in 'Contribution to provident and other funds' under note 23 of the financial statements.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**37 Related party transactions**
**a) Names of related parties and nature of relationship are as follows:**

Nature of relationship	Name of the related party
Holding Company	Lotte Confectionery Co Limited, South Korea (Lotte Korea)
Associates	Lotte Samkang Co., Ltd. Lotte Engineering Construction India Private Ltd. (LEC India Pvt. Ltd.) Lotte Engineering and Construction Company, South Korea (LECC, Korea) Lotte JTB, South Korea
Key management personnel	Mr. Myung Ki Min (upto July 12, 2012) Mr. Milan Wahi (from April 2, 2012) Mr. Kyo Hee Kim (from July 12, 2012)

**b) Details of related party transactions.**

Particulars	Holding company		Associates		Key management personnel	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
<b>Nature of transaction</b>						
Purchases of goods						
- Lotte Samkang Co., Ltd.	-	-	-	4.27	-	-
Purchases of capital goods						
- LEC India Pvt. Ltd.	-	-	-	207.74	-	-
Sales						
- Lotte Korea	359.17	298.08	-	-	-	-
Remuneration	-	-	-	-	96.59	55.55
Reimbursement of expenses						
- Lotte JTB, South Korea	-	-	-	4.74	-	-
Royalty expenses						
- Lotte Korea	153.69	121.51	-	-	-	-
Software usage fee						
- Lotte Korea	13.30	16.75	-	-	-	-
<b>Year end balances</b>						
Payable						
- Lotte Korea	145.60	120.04	-	-	-	-
- LEC India Pvt. Ltd.	-	-	201.90	228.08	-	-
Receivable						
- Lotte Korea	40.25	94.40	-	-	-	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (contd.)**

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

**38 Foreign currency forward contracts**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	December 31, 2012		December 31, 2011	
	Foreign Currency (in lakhs)	INR Equivalent (in lakhs)	Foreign Currency (in lakhs)	INR Equivalent (in lakhs)
Amount receivable in USD	1.52	83.26	2.35	125.05
	<b>1.52</b>	<b>83.26</b>	<b>2.35</b>	<b>125.05</b>

The above disclosures have been made consequent to the announcement by the Institute of Chartered Accountants of India.

**39 Transfer pricing:**

The Company has international transactions with related parties for the year ended December 31, 2012. For the financial year 2011-12, the Company has obtained the Accountant's report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 and has filed the same with tax authorities. For the current period, management confirms that it maintains documents as prescribed by the Income-tax Act, 1961 to prove that these international transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

for B S R & Company  
Chartered Accountants  
Firm Registration No. 128032W  
Vikas R Kasat  
Partner  
Membership No. 105317  
Place: Chennai  
Date: May 7, 2013

For and on behalf of the Board of Directors

Milan Wahi  
Managing Director

D.G. Rajan  
Director

Kyo Hee Kim  
Whole Time Director

T.G. Karthikeyan  
Company Secretary



**TEN YEARS AT A GLANCE**

Rs. Lakh

	2003-04 *	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010 (9 Months Apr-Dec) @	2011	2012
<b>OPERATING RESULTS:</b>										
GROSS INCOME	10138.13	12070.14	14607.59	16217.48	16815.48	18341.68	19703.19	17386.01	28873.79	31931.62
PROFIT/(LOSS) BEF DEPN., INTEREST & TAX	800.97	773.91	831.71	867.55	83.25	611.55	982.75	1020.33	2336.87	2389.08
PROFIT/(LOSS) BEF INTEREST & TAX	297.13	278.12	300.01	351.54	(445.68)	81.44	518.87	67.58	622.56	841.80
PROFIT/(LOSS) BEFORE TAX (PBT)	219.40	270.81	306.93	281.48	(769.62)	(272.19)	501.21	56.29	615.03	837.22
PROFIT/(LOSS) AFTER TAX (PAT)	77.99	116.94	140.98	120.55	(579.33)	(214.13)	254.21	(617.79)	484.53	666.35
DIVIDENDS	-	-	-	-	-	-	-	-	-	-
DIVIDEND TAX	-	-	-	-	-	-	-	-	-	-
RETAINED PROFITS	77.99	116.94	140.98	120.55	(579.33)	(214.13)	254.21	(617.79)	484.53	666.35
<b>SOURCES AND APPLICATION OF FUNDS:</b>										
<b>SOURCES OF FUNDS:</b>										
SHARE CAPITAL	377.13	377.13	377.13	377.13	377.13	377.13	377.13	956.00	956.00	956.00
RESERVES AND SURPLUS	4048.30	4165.24	4306.22	4426.77	3847.44	3633.31	3887.52	43087.46	43571.99	44238.34
TOTAL SHAREHOLDERS' FUNDS	4425.43	4542.37	4683.35	4803.90	4224.57	4010.44	4264.65	44043.46	44527.99	45194.34
BORROWINGS	517.98	224.52	38.53	3000.00	3543.07	34.10	-	-	-	-
DEFERRED TAX LIABILITY	-	-	-	-	-	-	-	-	-	-
FUNDS EMPLOYED	4943.41	4766.89	4721.88	7803.90	7767.64	4044.54	4264.65	44043.46	44527.99	45194.34
<b>APPLICATION OF FUNDS:</b>										
GROSS FIXED ASSETS	8684.89	9000.63	9103.34	9233.27	12615.94	12746.43	12766.84	48390.21	47943.09	48138.42
DEPRECIATION	4694.04	5156.84	5674.88	6092.48	6473.24	6968.48	7314.69	8265.38	9069.52	10616.12
NET FIXED ASSETS	3990.85	3843.79	3428.46	3140.79	6142.71	5777.95	5452.15	40124.83	38873.57	37522.30
CAPITAL WORK-IN-PROGRESS	4.27	4.27	4.30	3098.82	85.09	77.03	0.50	26.67	810.42	3202.65
INVESTMENTS	5.80	-	-	-	-	-	-	-	-	-
DEFERRED TAX ASSET	848.44	716.07	616.02	520.59	738.52	823.58	662.58	-	-	-
GROSS CURRENT ASSETS	1402.01	2013.22	2533.08	3367.23	3319.12	3501.39	4469.67	7826.96	10516.56	11144.18
CURRENT LIABILITIES & PROVISIONS	1307.56	1810.46	1859.98	2323.53	2517.80	6135.41	6320.25	3935.00	5672.56	6674.79
NET CURRENT ASSETS	94.45	202.76	673.10	1043.70	801.32	(2634.02)	(1850.58)	3891.96	4844.00	4469.39
DEFERRED REVENUE EXPENDITURE	0.00	0.00	-	-	-	-	-	-	-	-
DEBIT BALANCE IN P & L	-	-	-	-	-	-	-	-	-	-
<b>NET ASSETS EMPLOYED</b>	<b>4943.81</b>	<b>4766.89</b>	<b>4721.88</b>	<b>7803.90</b>	<b>7767.64</b>	<b>4044.54</b>	<b>4264.65</b>	<b>44043.46</b>	<b>44527.99</b>	<b>45194.34</b>
<b>RATIOS:</b>										
ROCE (%)	5.66	5.73	6.32	5.61	-5.72	1.38	12.49	0.28	1.41	1.88
PBDIT TO GROSS INCOME(%)	7.90	6.41	5.69	5.35	0.50	3.33	4.99	5.87	8.09	7.48
PAT ON SHAREHOLDERS' FUNDS(%)	1.76	2.57	3.01	2.51	-13.71	-5.34	5.96	-1.40	1.09	1.47
EARNINGS PER EQUITY SHARE(Rs)	2.07	3.10	3.74	3.20	-15.36	-5.68	6.74	-6.95	5.07	6.97
DIVIDEND PER EQUITY SHARE(Rs)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET WORTH PER EQUITY SHARE(Rs)	117.35	120.45	124.18	127.38	112.02	106.34	113.08	495.76	465.77	472.74
DEBT: EQUITY RATIO	0.12	0.05	0.01	0.62	0.84	0.01	0.00	0.00	0.00	0.00

\* Includes merger of Confectionery Specialities Ltd. (100 % Subsidiary)

@ Includes merger of Lotte foods India Private Ltd (Subsidiary of Lotte confectionery Co. Ltd, Korea)

Note : 2010 year figures were only for 9 months (Apr-Dec) consequent to change in financial year. Hence figures are not comparable.



# LOTTE INDIA CORPORATION LIMITED

Attendance Slip

Registered Office : 4/111, Mount Poonamallee Road,  
Manapakkam, Chennai-600 089, INDIA.

SI. NO.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL, ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

R.F. No./Client ID :  
NAME AND ADDRESS

I hereby record my presence at the 58<sup>th</sup> ANNUAL GENERAL MEETING held at M.A. Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai 600 108, at 11.00 a.m. on Friday, the June 14, 2013.

NAME OF PROXY IN BLOCK LETTERS

SIGNATURE OF THE SHAREHOLDERS / PROXY\*

\* Strike out whichever is not applicable



# LOTTE INDIA CORPORATION LIMITED

Proxy

Registered Office : 4/111, Mount Poonamallee Road,  
Manapakkam, Chennai-600 089, INDIA.

I / We ..... of .....  
being a Member / Members of LOTTE INDIA CORPORATION LIMITED hereby appoint .....  
..... of ..... failing him  
..... of ..... failing him  
..... of ..... as my/our proxy  
to attend and vote for me/us in the manner indicated below\* and or my/our behalf at the 58th Annual General Meeting of the Company to be held on Friday, June 14, 2013, at 11.00 a.m. and any adjournment thereof.

- \* 'For' Items Nos. : .....
- \* 'Against' Item Nos. : .....

Dated this ..... day of ..... 2013

Signed by the said .....

Affix  
Re. 1/-  
Revenue  
Stamp

1. In the case of a Corporation, this Proxy shall be either given under the authority of a Board resolution or signed on its behalf by an Attorney or Officer of the Corporation.
2. Proxies to be valid must be deposited at the Registered Office of the Company at 4/111, Mount Poonamallee Road, Manapakkam, Chennai-600 089, not later than 48 hours before the time for the meeting.
- \*3. This is only optional. Please fill up the item Nos., as appearing in the notice of the AGM. If you leave the Item Nos. blank, your proxy will be entitled to vote in the manner as he/she thinks appropriate.





# LOTTE

Lotte India Corporation Ltd.,  
4/169, Rajiv Gandhi Salai (OMR),  
Kandanchavadi Bus Stop,  
Perungudi Taluk, Chennai - 600096.