

## CORPORATE INFORMATION

**Board of Directors**

**MANG KO NOH**

Chairman

**MILAN WAHI** (from 10.10.2016)

Managing Director

**SURESH SESHADRI IYER** (till 30.09.2016)

Managing Director

**YOUNG TAE MOON**

Executive Director

**MOO SUN SONG**

Whole Time Director & CFO

**D.G.RAJAN**

Independent Director

**YOUNG MI LEE** (till 21.04.2017)

Independent Director

**HYE LIM JEON** (from 06.07.2017)

Independent Director

**Company Secretary**

**T.G.KARTHIKEYAN**

**Registered office**

No.4/111, Mount Poonamallee Road  
Manapakkam, Chennai – 600 089.

**Head office**

No.4/169, Rajiv Gandhi Salai (OMR)  
Kandanchavadi, Chennai – 600 096.

**Factories**

Nellikuppam (Cuddalore Dist), Tamil Nadu  
Nemam, Chennai, Tamil Nadu  
Rohtak, Haryana

**Auditors**

Price Waterhouse Chartered Accountants LLP  
Chennai

**Bankers**

Standard Chartered Bank  
HDFC Bank Ltd

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**TEN YEARS AT A GLANCE**

	2007-08	2008-09	2009-10	2010 (9 Months Apr-Dec) @	2011	2012	2013	2014	2016 (15 months Jan 2015- Mar 2016)	2016-17
<b>OPERATING RESULTS:</b>										
GROSS INCOME	16,815	18,342	19,703	17,386	28,874	31,932	35,866	37,448	48,132	40,245
PROFIT/(LOSS) BEF DEPN., INTEREST & TAX	83	612	983	1,020	2,337	2,389	2,419	2,061	2,815	3,395
PROFIT/(LOSS) BEF INTEREST & TAX	(446)	81	519	68	623	842	661	319	(919)	(845)
PROFIT/(LOSS) BEFORE TAX (PBT)	(770)	(272)	501	56	615	837	649	272	(2,351)	(2,675)
PROFIT/(LOSS) AFTER TAX (PAT)	(579)	(214)	254	(618)	485	666	512	131	(2,251)	(2,675)
DIVIDENDS	-	-	-	-	-	-	-	-	-	-
DIVIDEND TAX	-	-	-	-	-	-	-	-	-	-
RETAINED PROFITS	(579)	(214)	254	(618)	485	666	512	131	(2,251)	(2,675)
<b>SOURCES AND APPLICATION OF FUNDS:</b>										
<b>SOURCES OF FUNDS:</b>										
SHARE CAPITAL	377	377	377	956	956	956	956	956	1,086	1,086
RESERVES AND SURPLUS	3,848	3,633	3,888	43,087	43,572	44,238	44,750	44,881	49,106	46,431
TOTAL SHAREHOLDERS' FUNDS	4,225	4,010	4,265	44,043	44,528	45,194	45,706	45,837	50,192	47,517
BORROWINGS	3,543	34	-	-	-	-	-	12,666	30,945	25,935
DEFERRED TAX LIABILITY	-	-	-	-	-	-	5	111	-	-
FUNDS EMPLOYED	7,768	4,044	4,265	44,043	44,528	45,194	45,711	58,614	81,137	73,452
<b>APPLICATION OF FUNDS:</b>										
GROSS FIXED ASSETS (includes Investment Property)	12,616	12,746	12,767	48,390	47,943	48,138	55,166	55,388	93,863	92,950
DEPRECIATION	6,473	6,968	7,315	8,265	9,069	10,616	12,255	13,998	17,717	20,866
NET FIXED ASSETS	6,143	5,778	5,452	40,125	38,874	37,522	42,911	41,390	76,146	72,084
CAPITAL WORK-IN-PROGRESS	85	77	1	26	842	3,203	141	7,425	151	6
INVESTMENTS	-	-	-	-	-	-	0.26	0.26	0.26	0.26
DEFERRED TAX ASSET (NET)	739	823	663	-	-	-	-	-	-	-
DEFERRED TAX LIABILITY (NET)	-	-	-	-	-	-	-	-	-	-
GROSS CURRENT AND NON-CURRENT ASSETS	3,319	3,501	4,469	7,827	9,614	10,120	7,849	15,580	18,022	16,000
CURRENT LIABILITIES & PROVISIONS	2,518	6,135	6,320	3,935	4,802	5,651	5,190	5,781	13,182	14,638
NET CURRENT ASSETS	801	(2,634)	(1,851)	3,892	4,812	4,469	2,659	9,799	4,840	1,362
DEFERRED REVENUE EXPENDITURE	-	-	-	-	-	-	-	-	-	-
DEBIT BALANCE IN P & L	-	-	-	-	-	-	-	-	-	-
NET ASSETS EMPLOYED	7,768	4,044	4,265	44,043	44,528	45,194	45,711	58,614	81,137	73,452
<b>RATIOS:</b>										
ROCE (%)	(5.72)	1.38	12.49	0.28	1.41	1.88	1.47	0.61	(1.31)	(1.09)
PBDIT TO GROSS INCOME(%)	0.50	3.33	4.99	5.87	8.09	7.48	6.75	5.50	5.85	8.44
PAT ON SHAREHOLDERS' FUNDS(%)	(13.71)	(5.34)	5.96	(1.40)	1.09	1.47	1.12	0.29	(4.48)	(5.63)
EARNINGS PER EQUITY SHARE(Rs)	(15.36)	(5.68)	6.74	(6.95)	5.07	6.97	5.35	1.37	(20.72)	(24.62)
DIVIDEND PER EQUITY SHARE(Rs)	-	-	-	-	-	-	-	-	-	-
NET WORTH PER EQUITY SHARE(Rs)	112.02	106.34	113.08	495.76	465.77	472.74	478.09	479.47	462.01	437.39
DEBT: EQUITY RATIO	0.84	0.01	-	-	-	-	-	0.28	0.62	0.55

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

## LOTTE INDIA CORPORATION LIMITED

Regd Office : No.4/111, Mount Poonamallee Road, Manapakkam, Chennai 600 089.  
Phone No. 044-4545 8888; FAX: 044-4545 8800; e-mail: compsecy@lotteindia.com  
Corporate Identity Number: U15419TN1954PLC001987; Website: www.lotteindia.com

### NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Sixty second Annual General Meeting of the Company will be held on Monday, the 18<sup>th</sup> December, 2017 at 10.30 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

1. To receive, consider and adopt the Directors' Report and the audited Statement of Profit and Loss for the year ended 31st March, 2017 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Mr. Milan Wahi, who retires by rotation and is eligible for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. Price Waterhouse Chartered Accountants LLP ( Firm Registration No.012754N/N500016), as the Statutory Auditors of the Company to hold office from the conclusion of 62nd Annual General Meeting till the conclusion of 63rd Annual General Meeting on such remuneration as may be determined by the Board of Directors.

#### SPECIAL BUSINESS

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

**RESOLVED THAT** Ms.Hye Lim Jeon (DIN : 07785866), who was appointed as an Additional Director in the capacity of Independent Director of the Company on 6th July, 2017, 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 160 of the Companies Act, 2013 in writing, proposing her candidature for the office of Director be and is hereby appointed as Independent Director of the Company to hold office for a term of 5 years from 6th July, 2017 to 5th July, 2022.

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

**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the rules made thereunder including any statutory modification(s) or re-enactment thereof, Mr.Moo Sun Song (DIN: 06891507), Director be and is hereby re-appointed as Whole Time Director of the Company for a period of 3 years with effect from 6th July, 2017, on the following terms and conditions, whose period of office shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** Mr.Moo Sun Song be paid the following remuneration with retrospective effect from 1st April, 2017.

#### (a) Salary

- i. Rs.55,000 per month as basic salary
- ii. Rs.2,07,912 per month towards allowances such as personal allowance and grade allowance.

#### (b) Benefits

- i. Rent free furnished accommodation expenses subject to a maximum of Rs.1,21,800 per month and if required with an increase upto 15% p.a.
- ii. Rs.28,000 per month towards maintenance of car, fuel, driver's salary.
- iii. Medical insurance premium and medical reimbursements subject to a maximum of Rs.118,000 in aggregate per annum and company's policy.
- iv. Rs.2,00,000 per annum in aggregate towards club membership / subscription fee.
- v. Reimbursement of cost of repairs, maintenance and utilities (eg. gas, electricity and water charges), and repairs for the said housing accommodation on actual.

**NOTICE TO SHAREHOLDERS (Contd.)**

- vi. Leave travel concession expenses on actual for one trip from India to Korea and return for him and his family subject to a maximum of Rs. 3,50,000 in aggregate per annum.
- (c) Gratuity and Contribution to Provident fund shall be payable as per applicable Acts. Superannuation fund payment shall be in accordance with Company's policy in force.

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

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to alter or vary the terms and conditions of the said appointment in such manner as the Board may deem fit subject to complying applicable provisions of law at that point of time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts, deeds and things and execute all such documents and writings as may be required to give effect to the aforesaid resolution.

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

**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modification(s) or re-enactment thereof, the remuneration payable to Mr.Young Tae Moon (DIN: 07235966), Executive Director be and is hereby revised as follows with retrospective effect from 1st April, 2017.

**(a) Salary**

- i. Rs.60,000 per month as basic salary
- ii. Rs.4,44,403 per month towards allowances such as personal allowance and grade allowance.

**(b) Benefits**

- i) Rent free furnished accommodation expenses subject to a maximum of Rs.2,62,500 per month and if required with an increase upto 15% p.a.

- ii) Rs.46,000 per month towards maintenance of car, fuel and driver's salary.
- iii) Medical insurance premium and medical reimbursements subject to a maximum of Rs.118,000 in aggregate per annum and company's policy.
- iv) Rs.2,00,000 per annum in aggregate towards club membership / subscription fee.
- v) Reimbursement of cost of repairs, maintenance and utilities (eg. gas, electricity and water charges), and repairs for the said housing accommodation on actual.
- vi) Leave travel concession expenses on actual for one trip from India to Korea and return for him and his family subject to a maximum of Rs. 7.00 lacs in aggregate per annum.
- (c) Gratuity and Contribution to Provident fund shall be payable as per applicable Acts. Superannuation fund payment shall be in accordance with Company's policy in force.

**RESOLVED FURTHER THAT** Mr. Young Tae Moon shall be governed by all service conditions of the Company as applicable to Senior Management personnel and directors.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to alter or vary the terms and conditions of the said appointment in such manner as the Board may deem fit subject to complying applicable provisions of law at that point of time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts, deeds and things and execute all such documents and writings as may be required to give effect to the aforesaid resolution.

By Order of the Board  
For Lotte India Corporation Limited

Chennai  
2<sup>nd</sup> November, 2017

T.G. Karthikeyan  
Company Secretary

**Notes:**

1. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of item Nos.4 to 6 and statement pursuant to the provisions of Part-II of Section –II (iv) of Schedule V of the Companies Act, 2013 are annexed.
2. A member entitled to attend and vote at the above meeting may appoint one or more Proxies to attend and vote on poll instead of him / her. The Proxy need not be a Member of the Company.
3. Proxy to be valid, shall be deposited with the Company's Registered office not later than forty eight hours before the time for holding the meeting. The person shall not be appointed as proxy on behalf of more than fifty members. A Proxy Form is attached herewith.
4. 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.
5. 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.
6. **Book closure:** The Register of Members and Share Transfer books of the Company shall remain closed from 12th December, 2017 to 18th December, 2017 (both days inclusive).
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.
8. In compliance with provisions of the Companies Act, 2013 the Company is pleased to offer e-voting facility, for all the Shareholders of the Company. For this purpose, the Company had entered into an agreement with CDSL for facilitating e-voting to enable the Shareholders to cast their votes electronically.
9. The Company has appointed Mr. K.Mohan, Company Secretary in Practice, as Scrutinizer for conducting the e-voting process in a transparent manner.
10. Members who did not cast their vote through e-voting during the e-voting period shall be allowed to cast their vote at the AGM through ballot paper. Members who have voted through e-voting cannot vote again through ballot paper at AGM.

11. The Scrutinizer shall, immediately after the conclusion of voting at the Annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than 48 hours of conclusion of the meeting, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him who shall countersign the same. The Chairman or a person authorised by him shall declare the result of the voting forthwith. The results declared along with the Scrutiniser's report shall be placed on the Company's website [www.lotteindia.com](http://www.lotteindia.com).

**Details regarding e-voting facility:**

- i) In compliance with Section 108 of the Companies Act, 2013 and the relevant Rules made there under, the Company is also required to conduct the voting process electronically. The business to be transacted at this general meeting may be transacted through electronic voting system and the Company is providing the facility for voting by electronic means through CDSL
- ii) The instructions for shareholders voting electronically are as under: i) **The evoting period** begins on Friday, the 15th December, 2017 at 9 A.M and ends on Sunday, the 17th December, 2017 at 5 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **Cut off date** (record date) of 11th December, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- iii) Click on Shareholders.
- iv) Now Enter your User ID
  - (a) For CDSL: 16 digits beneficiary ID,
  - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

**Notes (Contd.)**

If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field</li> </ul>
Dividend Bank details(or) Date of Birth (DOB)	Enter the dividend bank details (or) DOB (in dd/mm/yyyy) format as recorded in your demat account (or) in the company records in order to login. If both the details are not recorded with the depository /company, please enter the member id/folio number in the dividend bank details field as mentioned in the instruction (iv)

After entering these details appropriately, click on "SUBMIT" tab

Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

Click on the EVSN for LOTTE INDIA CORPORATION LIMITED on which you choose to vote.

On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote. You can also take out print of the voting done by you

by clicking on "Click here to print" option on the Voting page. If Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system. Note for Non – Individual Shareholders and Custodians Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). Shareholders who have already voted prior to AGM through e-voting, would not be entitled to vote again at AGM.

**ANNEXURE TO THE NOTICE****A) PROFILE OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT**

Mr.Milan Wahi is a post graduate in Science with PG Diploma and has about 26 years of rich experience in the fields of Marketing and sales and worked as senior management personnel in various reputed Companies such as Cavin Kare, VST Industries, Whirlpool India, Lotte India Corporation Ltd, JK Dairy and Kenstar etc. He is a member of CSR Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Ms. Hye Lim Jeon is a graduate in Accounting and Certified Public Accountant. She has been working in ANSE Accounting Corporation, Korea since 2016. She has good experience & knowledge in the field of finance, taxation and stock consultancy. She is a Korean National.

Mr. Moo Sun Song is a Master of Business Administration with specialization in Finance. Prior to his appointment as Whole Time Director, he was working in your Company as Vice President (Supporting Services) & CFO. He is a Korean National. Before that, he was working in Lotte Confectionery Co.Ltd, Korea as a Member of Finance & Accounting team since the year 2001.

**B) EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

The documents mentioned in Explanatory Statement are available for inspection at the Head office of Company at 4/169, Rajiv Gandhi Salai, Kandanchavadi, Chennai – 600096 from Monday to Friday (except on holidays) from 10.30 A.M to 4.30 P.M till the previous day before the AGM.

**Item No.4:**

Ms.Young Mi Lee, ceased to be a director on 21.04.2017. In her place, the Board of Directors, based on the recommendation of Remuneration and Nomination Committee, at its meeting held on 6th July, 2017 appointed Ms.Hye Lim Jeon, (DIN: 07785866) as an Additional Director, who will hold office of Additional Director till the ensuing Annual General Meeting.

Further the Board at the same meeting appointed her as an Independent Director for a term of five consecutive years from 6th July, 2017 to 5th July, 2022 subject to the approval of shareholders. The Appointment letter containing the terms and conditions of appointment is available on Company's website: [www.lotteindia.com](http://www.lotteindia.com). Ms.Hye Lim Jeon, aged 33 years is a Certified Public Accountant practicing in Korea and having about 3 years experience in the field of finance and accounts. Currently, she is working in ANSE Accounting Corporation, Korea. Ms. Hye Lim Jeon fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. She does not hold any shares in the Company. She is a member of Audit Committee and Remuneration & Nomination Committee. Ms. Hye Lim Jeon has given her consent to act as independent director of the Company. Her association with the company will help in bringing an independent judgement on issues relating to strategy, risk management, performance of the company.

None of the Directors (other than Ms. Hye Lim Jeon), key managerial personnel and relatives of them is interested or concerned in the above resolution. The Board of Directors recommends the passing the above special resolution.

**Item No.5 :**

Mr.Moo Sun Song was appointed as Whole Time Director of the Company on 19th August, 2014 for a period of 3 years. The shareholders have approved the appointment & remuneration of Mr.Moo Sun Song as Whole Time Director vide Special Resolution passed through postal ballot process on 28th November, 2014.

The Ministry of Corporate Affairs, Government of India, vide its letter dated 27th April, 2015 granted its approval for the said appointment.

Considering the valuable contribution of Mr.Moo Sun Song to the Company and based on recommendation of Remuneration & Nomination Committee, the Board had increased the remuneration payable to Mr.Moo Sun Song, Whole Time Director with effect from 1st April, 2017 and

**ANNEXURE TO THE NOTICE (Contd.)**

reappointed for a period of 3 years from 6th July, 2017 subject to the approval of shareholders. Before revision as aforesaid, his remuneration was Rs.48.12 lacs p.a.

Your company incurred a loss for the Year period ended 31st March, 2017. In the event of inadequacy or absence of profits, payment of remuneration to managerial persons requires the approval of Shareholders as per Schedule V of Companies Act, 2013. This has been already approved by the Remuneration and Nomination Committee and Board of Directors at their meeting held on 6th July, 2017.

Mr.Moo Sun Song, aged 41 years, is a Master of Business Administration with specialization in Finance. Prior to his appointment as Whole Time Director, he was working in your Company as Vice President (Supporting Services) & CFO. He is a Korean National.

He is a member of Audit Committee, Remuneration & Nomination Committee, CSR Committee and Stakeholders Relationship Committee of the Board of Directors of the Company. He does not hold any shares in the Company. The details of meetings attended are available in the Corporate Governance disclosures.

None of the Directors (other than Mr.Moo Sun Song), key managerial personnel and relatives of them is interested or concerned in the above resolution. The Board of Directors recommends the passing the above special resolution.

**Item No.6:**

Mr.Young Tae Moon was appointed as Executive Director of the Company on 14th July, 2015 for a period of 3 years. The shareholders have approved the appointment & remuneration of Mr.Young Tae Moon as Executive

Director vide Special Resolution passed through postal ballot process held on 5th December, 2015. The Ministry of Corporate Affairs, Government of India, vide its letter dated 24th August, 2016 granted its approval for the said appointment.

Considering the valuable contribution of Mr.Young Tae Moon to the Company and based on recommendation of Remuneration & Nomination Committee, the Board had increased the remuneration payable to Mr.Young Tae Moon, Executive Director with effect from 1st April, 2017 subject to the approval of shareholders. Before revision as aforesaid, his remuneration was Rs.91.38 lacs p.a.

Your company incurred a loss for the Year ended 31st March, 2017. In the event of inadequacy or absence of profits, payment of remuneration to managerial persons requires the approval of Shareholders as per Schedule V of Companies Act, 2013. This has been already approved by the Remuneration and Nomination Committee and Board of Directors at their meeting held on 2nd November, 2017.

Mr.Young Tae Moon, aged 52 years is a post graduate in Business Administration from Chung-Ang University, Korea with specialisation in Business & Marketing. He has about 27 years of rich experience in the field of sales and marketing. Before his appointment as Executive Director, he had worked in your Company as Vice President (Sales & Marketing). He does not have any shares in the Company.

None of the Directors (other than Mr.Young Tae Moon), key managerial personnel and relatives of them is interested or concerned in the above resolution. The Board of Directors recommends the passing the above special resolution.

**ANNEXURE TO THE NOTICE (Contd.)**

**The following information pertaining to Mr. Moo Sun Song is furnished pursuant to the provisions of Part-II of Section –II (iv) of Schedule V of the Companies Act, 2013**

General Information	Particulars
Nature of Industry	Confectionery
Date or expected date of commencement of commercial production.	The Company is in existence since 1954 (The name of the Company has since been changed from Parrys Confectionery Limited to Lotte India Corporation Limited)
In case of new companies, expected date of commencement of activities as per Project approved by financial institutions appearing in the prospectus	Not applicable
Financial performance based on given indicators.	As per the Audited Profit & Loss account for the year ended 31 <sup>st</sup> March, 2017, the Sales achieved was Rs.40245.41 lakhs and loss after tax was Rs.2675.12 lakhs.
Foreign investments or collaborators, if any.	98.57 % of the paid up capital of the Company is held by M/s Lotte Confectionery Co., Ltd. Republic of Korea with approvals from FIPB / RBI.

Information about the appointee	Particulars
Background details	Mr.Moo Sun Song is a post graduate in Business Administration with specialization in Finance. Before his appointment as WTD of the Company, he was working in your Company as a Vice president (Supporting Services) & CFO.
Past remuneration	Mr. Moo Sun Song was previously drawing a remuneration of Rs.48.12 lakhs per annum
Recognition or awards	He has received awards in recognition of his service from his earlier employers.
Job Profile and Suitability	Mr.Moo Sun Song is a post graduate in Business Administration with specialization in Finance. Before his appointment as WTD of the Company, he was working in your Company as a Vice president (Supporting Services) & CFO.  His experience and expertise in the field will benefit the Company to achieve its desired goal.
Remuneration proposed	The terms of the remuneration proposed are detailed in the resolution.

**ANNEXURE TO THE NOTICE (Contd.)**

<p>Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details should be w.r.t. the country of his origin.</p>	<p>The Confectionery industry perse has few companies which are listed and many comparable companies are in private limited category like Perfetti Van Melle India P. Ltd., Parle Products Pvt. Ltd. etc. and information relating to the remuneration profile of the Managing Director appointed under the Company law is not available.</p>
<p>Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.</p>	<p>There were no pecuniary relationship directly or indirectly with the Company. There are no relationships with the managerial personnel.</p>

<p><b>Other information</b></p>	
<p>Reasons of loss or inadequacy of profits</p>	<ul style="list-style-type: none"> <li>(i) Due to inflation and market conditions, the cost of raw materials and other inputs has been increased. The company is unable to pass on the above increase fully to the customers as the company deals mostly with MRP based product categories linked with coinage.</li> <li>(ii) The impact of interest on ECB loan obtained for investment in new plant at Rohtak.</li> <li>(iii) The impact of depreciation cost associated with Rohtak factory, which is just started and operating below the break-even level.</li> <li>(iv) The Company continues to invest on promotional activities to counter the impact of increasing competition in the market.</li> </ul>
<p>Steps taken or proposed to be taken for improvement.</p>	<ul style="list-style-type: none"> <li>(i) Effective cost management and effective utilization of common resources.</li> <li>(ii) Introduction of new products for utilisation of new plant capacity.</li> <li>(iii) Increase sales in Exports / focus markets.</li> <li>(iv) Focus on increasing the sale of higher price point products and products with higher margin.</li> <li>(v) Introduction of new product variants in the existing brands from Rohtak plant to take advantage of the brand awareness..</li> </ul>
<p>Expected increase in productivity and profits in measurable terms</p>	<p>The company is increasing its focus on higher margin products and new export markets in Africa. The company is also restructuring end to end cost structures to enhance profitability. Effective cost spends is the focus to enhance better profitability.</p>

**ANNEXURE TO THE NOTICE (Contd.)**

The following information pertaining to Mr. Young Tae Moon is furnished pursuant to the provisions of Part-II of Section –II (iv) of Schedule V of the Companies Act, 2013

General Information	Particulars
Nature of Industry	Confectionery
Date or expected date of commencement of commercial production.	The Company is in existence since 1954 (The name of the Company has since been changed from Parrys Confectionery Limited to Lotte India Corporation Limited)
In case of new companies, expected date of commencement of activities as per Project approved by financial institutions appearing in the prospectus	Not applicable
Financial performance based on given indicators.	As per the Audited Profit & Loss account for the year ended 31 <sup>st</sup> March, 2017, the Sales achieved was Rs.40245.41 lakhs and loss after tax was Rs.2675.12 lakhs.
Foreign investments or collaborators, if any.	98.57 % of the paid up capital of the Company is held by M/s Lotte Confectionery Co., Ltd. Republic of Korea with approvals from FIPB / RBI.

Information about the appointee	Particulars
Background details	Mr.Young Tae Moon is a post graduate in Business Administration from Chung-Ang University, Korea with specialisation in Business & Marketing. He has about 27 years of rich experience in the field of sales and marketing. Before his appointment as Executive Director, he had worked in your Company as Vice President (Sales & Marketing).
Past remuneration	Mr. Young Tae Moon was previously drawing a remuneration of Rs.91.38 lakhs per annum
Recognition or awards	He has received awards in recognition of his service from his earlier employers.
Job Profile and Suitability	Mr.Young Tae Moon is a post graduate in Business Administration from Chung-Ang University, Korea with specialisation in Business & Marketing. He has about 27 years of rich experience in the field of sales and marketing. Before his appointment as Executive Director, he had worked in your Company as Vice President (Sales & Marketing).  His experience and expertise in the field will benefit the Company to achieve its desired goal.
Remuneration proposed	The terms of the remuneration proposed are detailed in the resolution.

**ANNEXURE TO THE NOTICE (Contd.)**

<p>Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details should be w.r.t. the country of his origin.</p>	<p>The Confectionery industry perse has few companies which are listed and many comparable companies are in private limited category like Perfetti Van Melle India P. Ltd., Parle Products Pvt. Ltd. etc. and information relating to the remuneration profile of the Executive Director appointed under the Company law is not available.</p>
<p>Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.</p>	<p>There were no pecuniary relationship directly or indirectly with the Company. There are no relationships with the managerial personnel.</p>

<p><b>Other information</b></p>	
<p>Reasons of loss or inadequacy of profits</p>	<ul style="list-style-type: none"> <li>(i) Due to inflation and market conditions, the cost of raw materials and other inputs has been increased. The company is unable to pass on the above increase fully to the customers as the company deals mostly with MRP based product categories linked with coinage.</li> <li>(ii) The impact of interest on ECB loan obtained for investment in new plant at Rohtak.</li> <li>(iii) The impact of depreciation cost associated with Rohtak factory, which is just started and operating below the break-even level.</li> <li>(iv) The Company continues to invest on promotional activities to counter the impact of increasing competition in the market.</li> </ul>
<p>Steps taken or proposed to be taken for improvement.</p>	<ul style="list-style-type: none"> <li>(i) Effective cost management and effective utilization of common resources.</li> <li>(ii) Introduction of new products for utilisation of new plant capacity.</li> <li>(iii) Increase sales in Exports / focus markets.</li> <li>(iv) Focus on increasing the sale of higher price point products and products with higher margin.</li> <li>(v) Introduction of new product variants in the existing brands from Rohtak plant to take advantage of the brand awareness.</li> </ul>
<p>Expected increase in productivity and profits in measurable terms</p>	<p>The company is increasing its focus on higher margin products and new export markets in Africa. The company is also restructuring end to end cost structures to enhance profitability. Effective cost spends is the focus to enhance better profitability.</p>

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors have pleasure in presenting the 62<sup>nd</sup> Annual Report of your company together with the audited financial statements for the year ended 31st March, 2017.

### Financial Results

Rs. In lakhs

Particulars	For the year ended March 31, 2017 (12 months)	For the period ended March 31, 2016 (15 months)
Sales	40,245.41	48,131.68
Less : Excise duty	2,369.66	2,923.06
Less : Discount	2,893.84	2,870.03
Net Sales	34,981.91	42,338.59
Add : Other Income	1502.87	664.91
Total Income	36,484.78	43,003.50
Profit before depreciation, interest & finance charges	3,395.03	2,814.62
Less : Depreciation, Interest & finance charges	6,070.15	5,165.40
Profit / (Loss) before tax	(2,675.12 )	(2,350.78)
Less : Provision for Taxes :		
– Current	-	11.53
– Deferred	-	(111.26)
Profit / (Loss) after tax	(2,675.12 )	(2,251.05 )
Add : Balance brought forward from previous year	(1,161.82)	1,089.23
Balance profit / Loss transferred to Balance Sheet	(3,836.94)	(1,161.82)

The Board of Directors has decided not to recommend any dividend for the year ended 31st March, 2017.

### Performance Highlights

For the year ended 31st March, 2017, the Company achieved a gross sales of Rs.40245.41 lakhs (12 months) as against Rs. 48131.68 Lakhs for the (15 months) period ended 31<sup>st</sup> March, 2016. During the year under review, the Company has incurred a loss after tax of Rs.2675.12 lakhs (12 months) as against the loss after tax of Rs.2251.05 lakhs for the (15 months) ended 31<sup>st</sup> March, 2016.

During the year under review, the prices of raw / base materials like Sugar, Vegetable fat, Chocomass, Milk and Milk products and other packing materials etc., have gone up. However, due to the various cost reduction measures and material substitution strategies adopted by the Company, the company was able to mitigate the loss to some extent and manage the working capital and regular investments with internal accruals.

Further, interest on External commercial borrowings obtained for the establishment of new plant at Rohtak and depreciation on this project, temporary effect on currency demonetisation had an impact on Company's financial statement.

### Industry trends

The confectionery market grew by 10%, primarily driven by HBC (Hard Boiled Candies). Large organized players have practically vacated 50p price points with the exception of a few. Demonetization in November 2016 caused significant disruptions in wholesale & rural business – the effect of which continued to be felt towards March 2017.

Product innovations were limited in 2016-17. Growing success of Pulse Candy saw a lot of unorganized players enter the powdered centerfill HBC space – with a lot of imitations (both product & packaging). On the organized front, we see players continue to drive consumption with easy-to-carry packaging at attractive price points.

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**DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)****Outlook**

In its confectionery business, the company will launch new products at higher price points only, particularly in the HBC space.

The company launched a premium 'Pie' variant ('Rich Cocoa Pie') in Aug 2016, which was well received in the marketplace. While penetration will continue to be key for driving Lotte Chocopie's growths, the premium version is aimed at upgrading the existing consumer.

The company is also looking at entering the cookies space, which is seeing a lot of action in the marketplace.

**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.

**Extracts of Annual Return**

As per the requirements of the Companies Act, 2013, the extract of Annual Return in the prescribed Form MGT 9 is annexed hereto as **Annexure 1** forming part of the report.

**Board Meetings**

Details of number of meetings of Board of Directors and its committees thereof and attendance of the Directors in such meetings are provided under the Corporate Governance Report.

**Directors' Responsibility Statement**

Pursuant to sub-section (5) of Section 134 of the Companies Act, 2013, your Directors, based on representations from the Operating Management, confirm that:

(a) in the preparation of the annual accounts, the applicable

accounting standards had been followed along with proper explanation relating to material departures;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Declaration from Independent Directors**

Mr. D.G.Rajan and Ms.Young Mi Lee, Ms. Hye Lim Jeon Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act.

**Nomination & Remuneration Policy:**

The Policy provides for appointment, remuneration and removal of Directors, KMP & Senior Management Personnel and criteria for the same.

1. Appointment of Director, KMP and Senior Management Personnel: The Nomination and Remuneration Committee (NRC) shall identify and ascertain the qualification, expertise and experience of the persons being considered for appointment as a Director, KMP and Senior Management level and recommend the appointment to the Board. At the time of appointment of an Independent Director, the NRC shall ensure that the appointee shall meet with the requirements of the

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

Companies Act, 2013 and conditions stipulated in the Policy from time to time, for determining independence of a director. Further, the continuity of such Independent Director shall be on the basis of a yearly review process. While appointing, the company will have regard to diversity, qualification, skill, integrity, industry experience, expertise and other distinctions. In case of appointment of members of the Board, the term of appointment shall be in accordance with Companies Act, 2013 and rules made thereunder. The Managing Director and Whole Time Director are authorised to identify and appoint suitable persons for the post of KMP and Senior Management personnel (other than members of board) for administrative convenience and if need be after consulting the NRC / Board for guidance.

2. Evaluation: Once a year, the Board shall conduct a self evaluation. Further, the Independent Directors shall carry out evaluation of performance of every Director including independent director. The evaluation process / criteria for the Board and the Independent Directors shall be broadly based on Knowledge to perform the role, time and level of participation, Performance of duties and Professional conduct and independence. The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman. The evaluation of KMP and Senior Management personnel shall be in accordance with HR policies of the Company in force.
3. Remuneration of Directors, KMP and Senior Management Personnel:
  - a) Non-Executive Directors (Including Independent Directors): The sitting fee / remuneration payable to directors shall be in accordance with Companies Act, 2013, and the Rules made thereunder for the time being in force. Review of remuneration of non executive directors shall be made by NRC and shall be recommended to the Board for approval, if required. An Independent Director shall not be entitled to any stock option of the Company.
  - b. Managing Director, Executive Director and Whole-time director (including revisions & alterations) shall be in accordance with Companies Act, 2013 and Rules framed thereunder as well as the HR Policy of the Company. The remuneration is on the basis

of the Company's overall performance, individual's contribution towards Company's performance and trends in the industry in general and comprises a fixed salary, allowances, reimbursements, perquisites and performance incentive.

- c. Key Managerial Personnel and Senior Management Personnel:

Remuneration comprises of fixed salary, allowances, reimbursements, perquisites, performance incentive as per HR policy of the Company and is also subject to NRC / Board approval wherever required statutorily. The remuneration is related to the desired skill set, experience, expertise and long term relationships.

4. Removal: Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations or amendments thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management personnel.

**Loans/Guarantee/Investments**

The Company has no Inter-Corporate Loans/ Guarantees. Investments of the Company in the shares of other companies are provided under notes to Balance Sheet appearing elsewhere in this Annual Report.

**Related Party Transactions:**

All the transactions of the Company with related parties are at arm's length and have taken place in the ordinary course of business. There were no material contracts or arrangements or transactions. Therefore disclosure in form AOC-2 is not required.

**Deposits**

The company has not accepted any deposits and as such, no amount towards principal or interest on same has been outstanding as on date

**Material Changes**

There is no material change or commitments after closure of the accounting year till the date of this report.

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

Conservation of energy, technology absorption and foreign exchange earnings and outgo

**(A) Conservation of energy**

- (i) The steps taken or impact on Conservation of Energy:
  - a) Solar Power Generation plant (124 KW) was installed in 2015-16 at Rohtak factory.
  - b) Timer for tank agitators and less capacity compressor were installed.
  - c) Utilised Windmill power partially at HO, Nemam and Nellikuppam factories.
  - d) Restructured the process of manufacturing wherever possible.
- (ii) The steps taken by the Company for utilising alternate sources of energy.  
 Already, the company has been utilising wind power partially from the year 2013 for its factories at Chennai and Nellikuppam Factory.
- (iii) The capital investment on energy conservation equipments: Nil.

**(B) Technology absorption**

- (i) the efforts made towards technology absorption;
  - 1. Continued efforts of quality control/ quality assurance procedures to enhance and maintain quality.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;  
 The above resulted in enhancement of quality and reduction in cost of manufacture.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-  
 Your Company has the advantage of availing advanced technology and constant upgradation of the same from its holding company viz., Lotte Confectionery Co.Ltd, Seoul, Korea.

Details of technology imported : Technology required for manufacturing basic raw materials

- a) Year of import : 2015
- b) Whether the technology been fully absorbed : Yes, fully absorbed
- c) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof : Not applicable

**(C) Foreign exchange earnings and Outgo:**

(Rs.in lakhs)

Earnings	3,114.37
Outgo	1,540.73

**Business Risk Management**

Your Company has adequate Business Risk Management system in place 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 from time to time.

Apart from above, your Company has independent internal audit function, which helps the Company to improve the areas where risk management system needs to be improved. The Audit Committee of the Board regularly reviews the findings of internal audit and provides guidance on internal controls and ensures implementation of internal audit recommendations.

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 segment dependence, price point sensitivity, volatile raw material prices and stiff competition from other organized players.

The Company has been taking measures to broad base its product portfolio 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.

**Corporate Social Responsibility**

Your Company has constituted a CSR committee of Board of Directors and has adopted a CSR Policy. The same is posted in the Company's website www.lotteindia.com. The allocation and spending of CSR amount does not apply to

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

your Company for the year 2016-17 as the average net profit for the past 3 years is negative.

A report in prescribed format is attached herewith as **Annexure 2**.

### Directors

During the period under review, Mr.Suresh Seshadri Iyer resigned from office on 30<sup>th</sup> September, 2016. Ms.Young Mi Lee, ceased to be a Director from 21<sup>st</sup> April, 2017. Your Directors wish to place on record their deep appreciation of the valuable contribution made by them.

Mr. Milan Wahi was appointed as Director on 12<sup>th</sup> September, 2016 and as Managing Director from 10<sup>th</sup> October, 2016 for 3 years. Ms.Hye Lim Jeon was appointed as Independent Director from 6<sup>th</sup> July, 2017.

Mr.Milan Wahi, Managing Director will retire by rotation at this annual general meeting and being eligible offers himself for reappointment.

Mr.Moo Sun Song was reappointed as Whole Time Director on 6<sup>th</sup> July, 2017 for 3 years subject to the approval of Shareholders at this AGM.

### Key Managerial Personnel

The Company designated Mr. Milan Wahi, Managing Director, Mr.Young Tae Moon, Executive Director, Mr.Moo Sun Song, Whole Time Director and Mr.T.G.Karthikeyan, Company Secretary as Key Managerial Personnel.

### Statutory Auditors

M/s. Price Waterhouse Chartered Accountants LLP, was appointed as Statutory auditors of the Company at the AGM held on 15<sup>th</sup> December, 2016 for a period of 5 years to hold office from the conclusion of 61<sup>st</sup> AGM till the conclusion of 66<sup>th</sup> AGM subject to ratification as per the provisions of the Companies Act, 2013.

### Internal Auditors

M/s.PKF Sridhar and Santhanam, Independent internal auditors are conducting internal audit of operations of your

Company. Your Company has re-appointed them as internal auditors to conduct internal audit and report.

### Secretarial Audit

The Secretarial Audit Report for the Year ended 31<sup>st</sup> March, 2017 given by Mr.K.Mohan, Company Secretary in Practice, is annexed to this report as **Annexure 3**.

Your Company has appointed Mr.K.Mohan, Company Secretary in Practice, to do Secretarial Audit for the year 2017-18 and provide the report thereon.

### Acknowledgement

The Board wishes to place on record, its sincere 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

Milan Wahi	Moo Sun Song	D.G.Rajan
Managing Director	Whole Time Director	Independent Director

Chennai  
2<sup>nd</sup> November, 2017

**ANNEXURE 1 TO DIRECTORS' REPORT**

**Extracts of Annual Return  
Form MGT-9**

As on 31st March, 2017

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

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	UI5419TN1954PLC001987
2	Registration Date	26th March, 1954
3	Name of the Company	LOTTE INDIA CORPORATION LIMITED
4	Category/Sub-category of the Company	Company limited by Shares / Indian - non Government Company
5	Address of the Registered office & contact details	4/111, Mount Poonamallee Road, Manapakkam, Chennai - 600 089. Phone: 044-22494444/55, Fax: 445458800, email: compsecy@ lotteindia.com
6	Whether listed company Yes/ No	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s.Cameo Corporate Services Limited, 1, Club House Road (Off.Anna Salai), Chennai - 600 002, Phone:044-28460390, Fax: 28460129, email: murali@cameoindia.com, cameo@cameoindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Sugar Boiled Confectionery	10733	54
2	Cakes and Biscuits	10712	46

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S.No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate
1	Lotte Confectionery Co.Ltd, 10, Yangpeong – RO, 21-Gil, Yeoungdeungpo-gu, Seoul, Korea	Business Registration No : 107-81-34848	Holding Company (holds 98.57% of shares)
2	Lotte Engineering & Construction India Pvt. Ltd, 819, International Trade Tower, Nehru Place, New Delhi	U74200DL2007PTC168981	Associate Company (holds Nil shares)
3	Lotte Engineering Construction Company 50-2, Jamwon-Dong, Seocho-Gu, Seoul, Korea	Business Registration No : 114-81-16377	Associate Company (holds Nil shares)

The Company does not have any subsidiary companies

**IV. I SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
(Category wise Shareholding)

Category Code	Category of Shareholder	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% Change during the year	
		Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>A.</b>	<b>SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>								
1.	<b>INDIAN</b>								
	INDIVIDUAL SHINDU UNDIVIDED FAMILY, GOVERNMENT/BODIES CORPORATES/ FINANCIAL INSTITUTIONS/ BANKS ETC	0	0	0	0	0	0	0	0
	<b>SUB - TOTAL (A) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2.	<b>FOREIGN</b>								
a.	INDIVIDUALS (NON- RESIDENT INDIVIDUALS/ FOREIGN INDIVIDUALS)/ INSTITUTIONS/ QUALIFIED FOREIGN INVESTORS ETC	0	0	0	0	0	0	0	0
b.	BODIES CORPORATE	9404693	1303747	10708440	98.57	9404693	1303747	10708440	98.57
	<b>SUB - TOTAL (A) (2)</b>	<b>9404693</b>	<b>1303747</b>	<b>10708440</b>	<b>98.57</b>	<b>9404693</b>	<b>1303747</b>	<b>10708440</b>	<b>98.57</b>
	<b>TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A)(1)+(A)(2)</b>	<b>9404693</b>	<b>1303747</b>	<b>10708440</b>	<b>98.57</b>	<b>9404693</b>	<b>1303747</b>	<b>10708440</b>	<b>98.57</b>
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>								
1.	<b>INSTITUTIONS</b>								
a.	MUTUAL FUNDS/UTI / GOVERNMENTS/ VENTURE CAPITAL FUNDS/ INSURANCE COMPANIES / FI/ FOREIGN VENTURE FUNDS / QUALIFIED FOREIGN INVESTOR ETC	0	0	0	0.00	0	0	0	0
b.	FINANCIAL INSTITUTIONS/ BANKS	350	1217	1567	0.01	350	1217	1567	0.01
	<b>SUB - TOTAL (B)(1)</b>	<b>350</b>	<b>1217</b>	<b>1567</b>	<b>0.01</b>	<b>350</b>	<b>1217</b>	<b>1567</b>	<b>0.01</b>
2.	<b>NON-INSTITUTIONS</b>								
a.	BODIES CORPORATE	1968	2254	4222	0.04	1788	2254	4042	0.04
b.	INDIVIDUALS -								
	I INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH	72488	69169	141657	1.30	72770	69061	141831	1.31
	II INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH	0	0	0	0.00	0	0	0	0.00
c.	OTHERS				0.00				
	FOREIGN NATIONALS	0	5800	5800	0.05	0	5800	5800	0.05
	HINDU UNDIVIDED FAMILIES	496	0	496	0.00	488	0	488	0.00
	NON RESIDENT INDIANS	678	888	1566	0.01	692	888	1580	0.01
	TRUSTS	20	0	20	0.00	20	0	20	0.00
		1194	6688	7882	0.07	1200	6688	7888	0.07
	<b>SUB - TOTAL (B)(2)</b>	<b>75650</b>	<b>78111</b>	<b>153761</b>	<b>1.42</b>	<b>75758</b>	<b>78003</b>	<b>153761</b>	<b>1.42</b>
	<b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2)</b>	<b>76000</b>	<b>79328</b>	<b>155328</b>	<b>1.43</b>	<b>76108</b>	<b>79220</b>	<b>155328</b>	<b>1.43</b>
	<b>TOTAL (A)+(B)</b>	<b>9480693</b>	<b>1383075</b>	<b>10863768</b>	<b>100</b>	<b>9480801</b>	<b>1382967</b>	<b>10863768</b>	<b>100</b>
<b>C.</b>	<b>SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED</b>	0	0	0	0.00	0	0	0	0
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>9480693</b>	<b>1383075</b>	<b>10863768</b>	<b>100.</b>	<b>9480801</b>	<b>1382967</b>	<b>10863768</b>	<b>100</b>

**IV. (ii) Shareholding of promoters**

SI No	Promoter Name	Shareholding at the beginning of the period			Shareholding at the end of the period			% change in shareholding during the period
		No of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Lotte Confectionery	10708440	98.57	--	10708440	98.57	--	0.00

**IV. (iii) Change in Promoters' Shareholding**

SI No	Name of the Share holder	Shareholding at the beginning of the period		Cumulative Shareholding during the period	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Lotte Confectionery Co Ltd				
	At the beginning of the period 1 <sup>st</sup> April, 2016	10708440	98.57		
	At the end of the period 31-Mar-2017			10708440	98.57

**IV. (iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

SI.No	Name of the Share holder	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No of shares	% of total shares of company	No of shares	% of total shares of company
1	C KANNAMMAI	3112	0.029	3112	0.029
2	HAUDER TRADING CO	1800	0.017	1800	0.017
3	ANJUL	1798	0.017	1798	0.017
4	GRACIE BORGES	1742	0.016	1742	0.016
5	ARMSTRONG H F	1609	0.015	1609	0.015
6	G VAIRAVAN	1461	0.013	1461	0.013
7	S. RAMASWAMI .	1440	0.013	1440	0.013
8	S. RAMASWAMI ,JT 1: UMA RAMASWAMI	1440	0.013	1440	0.013
9	MEYYAMMAI VENKATACHALAM	1380	0.013	1380	0.013
10	AJAY KUMAR	1645	0.015	1645	0.015

**IV. (v) Shareholding of Directors and Key Managerial Personnel : Nil**

Directors and Key Managerial Personnel do not hold any shares in the Company

**V. INDEBTEDNESS**

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

Rs.in lakhs

	Secured Loans	Unsecured Loans	Total indebtedness
Indebtedness at the beginning of the period			
(i) Principal Amount	--	33,166.45	33166.45
(ii) Interest accrued but not due	--	393.43	393.43
Total (i+ii)	--	33,559.88	33559.88
Change in indebtedness during the period			
(i) Addition	--		--
(ii) Reduction	--	2,955.74	2955.74
Net change	--		--
Indebtedness at the end of the period			
(i) Principal Amount	--	30,258.01	30258.01
(ii) Interest accrued but not due	--	346.13	346.13
Total (i+ii)	--	30,604.14	30604.14

**VI. REMUNERATION OF DIRECTOS AND KEY MANAGERIAL PERSONNEL**
**A. REMUNERATION TO MD, ED AND WTD**

Rs.in lakhs

Sl. No	Particulars of remuneration	Mr. Suresh Seshadri lyear	Mr.Young Tae Moon	Mr.Moo Sun Song	Mr.Milan Wahi	Total
		Apr 2016 to Sept 2016	2016-17	2016-17	Oct 2016 to Mar 2017	
1	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of Income	44.73	56 .05	26.28	31.77	158.83
	(b) Value of perquisites u/s.17(2) of Income Tax Act, 1961	1 .14	26.91	17.38	1.16	46.60
2	Stock option	-	-	-	-	-
3	Sweat equity	-	-	-	-	-
4	Commission - as % of profit	-	-	-	-	-
5	Others	3.06	8 .42	4.46	5.22	21.16
	Total	48.93	91.38	48.12	38.15	226.59
	Ceiling as per the Act					360.00

**B. REMUNERATION TO OTHER DIRECTORS**

Rs.in lakhs

SL.No	Particulars of remuneration	Mr.D.G.Rajan	Mr.Young Mi Lee	Total
	Independent Directors			
	Sitting fees	3.60	0.00	3.60
	Commission	--	--	--
	TOTAL (B)	3.60	0.00	3.60
	Ceiling as per the Act			N.A

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD, ED, WTD ) :**

Rs.in lakhs

SL.NO	Particulars of remuneration for the year 2016-17	Mr.Karthikeyan Company Secretary
1	Gross salary	11.70
	(a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961	--
	(b) Value of perquisites u/s.17(2) of Income Tax Act,1961	--
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	--
2	Stock option	--
3	Sweat equity	--
4	Commission - as % of profit	--
	- Others, specify	--
5	Others	--
	TOTAL	11.70

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

Chennai  
2<sup>nd</sup> November, 2017

Milan Wahi  
Managing Director

Moo Sun Song  
Whole Time Director

D.G.Rajan  
Independent Director

**ANNEXURE 2 TO DIRECTORS' REPORT**  
**Annual Report on Corporate Social Responsibility (CSR) activities**

- 1 The Company has adopted the CSR Policy approved by the Board of Directors at their Meeting held on 19th August, 2014. The same is available on Company's website. [www.lotteindia.com](http://www.lotteindia.com)
- 2 The CSR Committee consist of the following directors:  
Mr. D.G.Rajan, Chairman  
Mr. Milan Wahi, Member  
Mr. Moo Sun Song, Member
- 3 Average net profit of the Company for last three years : Rs. -477 Lakhs

In view of this, allocation and spending of CSR amount for the year 2016-17 does not arise. In respect of 2015-16, an amount of Rs.6.88 lacs is yet to be spent as on date. The Company is studying the proposals received and will spend this amount in the months to come.

Chennai  
2<sup>nd</sup> November, 2017

Milan Wahi  
Managing Director

Moo Sun Song  
Whole Time Director

D.G.Rajan  
Independent Director

**ANNEXURE 3 TO DIRECTORS' REPORT**

**SECRETARIAL AUDIT REPORT**

To

The Members of LOTTE INDIA CORPORATION LIMITED

Chennai

Our report of even date is to be read along with this letter.

Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on the secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis of our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

Wherever required, we have obtained the management representation about the Compliance of laws, rules, regulations and happening of events etc.,

The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

The secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Chennai

S/d-

Date : 2<sup>nd</sup> November, 2017

Name of Company Secretary in practice : **K Mohan**

FCS N : 3385

C P No: 3656

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED 31.03.2017

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
LOTTE INDIA CORPORATION LIMITED.,  
Chennai.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **LOTTE INDIA CORPORATION LIMITED** (hereinafter called the company).

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31.03.2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Lotte India Corporation Limited** ("the Company") for the financial year ended on **31.03.2017** according to the provisions of

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iii) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable since the company is not a Listed Company.
- (iv) Since the Company is not a listed Company, the Listing Agreement is also not applicable.

I have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India for Board and General Meetings.

**I further report that** The Board of Directors of the Company is duly constituted with proper balance of Executive Directors,

Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried out and recorded in the minutes.

**I further report that**, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**OBSERVATION:**

Visited the Factories at Nellikuppam, Cuddalore, Nemam , and Haryana and verified the the records and documents and the licences under various Acts.

Also verified the records pertaining to Safety, Health and welfare measures followed by the Company and also verified the laws applicable and the compliances.

**I Further report that**, the Company has not carried out:

- (i) Public / Right / Preferential issue of shares / debentures / sweat equity / employee stock option scheme etc.
- (ii) Redemption / buy-back of securities
- (iii) Merger / amalgamation / reconstruction, etc.
- (iv) Foreign technical collaborations

Place : Chennai

Date : 2<sup>nd</sup> November, 2017

S/d-

Name of Company Secretary in practice : **K Mohan**

FCS N : 3385

C P No: 3656

## REPORT ON CORPORATE GOVERNANCE

### (Voluntary Disclosures)

#### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Lotte India Corporation Limited (LICL) 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

Composition of the Board and Directorship held as on 31st March 2017:

Name of Directors	Category	No.of Directorship held in other companies	No.of Board Committee memberships held in other companies	No.of shares held
Mr.Mang Ko Noh, Chairman	Non Executive Director	Nil	Nil	Nil
Mr.Milan Wahi - MD	Executive Director	Nil	Nil	Nil
Mr.Young Tae Moon, ED	Executive Director	Nil	Nil	Nil
Mr.Moo Sun Song, WTD	Executive Director	Nil	Nil	Nil
Mr.D.G.Rajan, Director	Non Executive	8	5	Nil
	Independent Director			
Ms.Young Mi Lee, Director #	Non Executive	Nil	Nil	Nil
	Independent Director			
# Ms.Young Mi Lee ceased to be Director on 21.04.2017				

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

During the year ended 31st March, 2017, five Board Meetings were held on the following dates :

22<sup>nd</sup> April, 2016, 20<sup>th</sup> July, 2016, 12<sup>th</sup> September, 2016, 11<sup>th</sup> November, 2016 and 10<sup>th</sup> March, 2017.

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

Name of Directors	No.of Board Meetings attended	Attended the last AGM held on 15th Dec 2016 ( Y /N)
Mr.Mang Ko Noh, Chairman	2	N
Mr.Milan Wahi, MD #	2	Y
Mr.Young Tae Moon, ED	5	Y
Mr.Moo Sun Song, WTD	5	Y
Mr.D.G.Rajan, Ind.Director	5	Y
Ms.Young Mi Lee, Ind.Director @	0	N
# : Mr.Milan Wahi was appointed as Addl.Director on 12.09.2016 and as MD from 10.10.2016		
@ Ms.Young Mi Lee ceased to be Director on 21.04.2017		

**3. AUDIT COMMITTEE**

**a) Constitution :**

Composition of the Audit Committee as on 31st March 2017:

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

Mr. Moo Sung Song - Executive Director – Member

Mr. Young Mi Lee – Non Executive Independent Director – Member

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

During the year period ended 31st March, 2017, two meetings were held on 20th July, 2016 and 12th September, 2016. The attendance of each member of the Committee is given below:

Name of Directors	Position	Attended the Audit committee meeting (Yes/No)
Mr.D.G.Rajan	Chairman	Yes
Mr.Moo Sun Song	Member	Yes
Mr.Young Mi Lee	Member	No

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 finance and accounts.

**4 REMUNERATION TO DIRECTORS**

The Remuneration policy details are available in the Nomination and Remuneration policy mentioned in the Directors' Report.

**Constitution:**

Composition of the Remuneration & Nomination (R & N) Committee as on 31st March 2017:

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

During the year period ended 31st March, 2017, two meetings were held on 20th July, 2016 and 12th September, 2016. The attendance of each member of the Committee is given below:

Name of Directors	Position	No.of meetings attended
Mr.D.G.Rajan	Chairman	2
Mr.Mang Ko Noh	Member	1
Mr.Moo Sun Song	Member	2
Mr.Young Mi Lee	Member	0

Details of the remuneration paid to the Executive Directors for the year ended 31st March, 2017

Period of service covered in Accounting yr. ->	Apr 2016 to Sept 2016	2016-17	2016-17	Oct 2016 to March 2017	TOTAL
Particulars	Mr. Suresh Seshadri Iyer	Mr. Young Tae Moon	Mr. Moo Sun Song	Mr Milan Wahi	
Salary	4,473,223	5,604,945	2,628,132	3,176,641	15,882,941
Contribution to PF & Other funds	306,048	841,776	446,580	521,804	2,116,208
Perquisites & Other allowances	114,076	2,691,263	1,738,118	116,199	4,659,655
<b>Total</b>	<b>4,893,347</b>	<b>9,137,984</b>	<b>4,812,830</b>	<b>3,814,644</b>	<b>22,658,804</b>

Note: Mr.Suresh Seshadri Iyer resigned on 30<sup>th</sup> September, 2016

The details of sitting fees paid to Non Executive Directors for the Year ended 31st March, 2017

Name of the Director	Sitting fees (Rs)	Commission
Mr. D G Rajan	3,60,000	Nil

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Committee was mainly established to 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 Board has delegated its powers, to approve transfer, issue and sign new share certificates in case of new issue / split / consolidation / lost / mutilated / rematerialisation etc, to Directors / Company Secretary.

No complaints of material nature were received during the year under review.

The Committee consists of Mr. D.G.Rajan as Chairman, Mr. Milan Wahi, as Member, Mr. Moo Sun Song as Member. Mr. T G Karthikeyan, Company Secretary is the Compliance Officer.

The Company has created separate e-mail id compsecy@lotteindia.com for grievance redressal.

**6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Pursuant to Section 135 of the Companies Act, 2013, Board of Directors has formed a Committee by name Corporate Social Responsibility Committee comprising of the following members.

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

Mr.D.G.Rajan, Independent Director as Chairman, Mr.Milan Wahi and Mr.Moo Sun Song as members.

No meeting was held during the year 2016-17.

**7. ANNUAL GENERAL MEETINGS (AGM) / EXTRAORDINARY GENERAL MEETINGS (EGM)**

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

<b>Date of Meeting</b>	<b>Time of Meeting</b>	<b>Venue of the Meeting</b>
15 <sup>th</sup> December, 2016 (AGM)	10.30 A.M	M.A.Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai- 600 108.
22 <sup>nd</sup> June, 2015 (AGM)	10.00 A.M	M.A.Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai – 600 108
12 <sup>th</sup> June, 2014 (AGM)	10.30 A.M	M.A.Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai – 600 108
27 <sup>th</sup> December, 2013 (EGM)	10.00 A.M.	M.A.Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai – 600 108
14 <sup>th</sup> June, 2013 (58th AGM)	11.00 A.M.	M.A.Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai – 600 108
27 <sup>th</sup> December, 2012 (EGM)	11.00 A.M.	M.A.Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai – 600 108

**8 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.  
Transactions with the Related Parties are disclosed in Note no 39 in Notes to the accounts in the Annual Report.
- 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.
- iv) The Company has Vigil Mechanism Policy and we affirm that no personnel have been denied access to the Audit Committee (in respect of matters involving misconduct, if any).

On behalf of the Board

Chennai  
2<sup>nd</sup> November, 2017

Milan Wahi  
Managing Director

Moo Sun Song  
Whole Time Director

D.G.Rajan  
Independent Director

## CHIEF FINANCIAL OFFICER CERTIFICATION

To

**The Members of Lotte India Corporation Limited**

**In relation to the Audited Financial Accounts of the Company for the Year ended 31st March, 2017, we hereby certify that**

1. We have reviewed the financial statements and the cash flow statement for the Year ended 31 March 2017 and that to the best of our knowledge and belief,
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading, and
  - these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. We have informed the auditors and the audit committee that there are
  - Significant changes in internal control during the year, if any.
  - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any and
  - Instances of significant fraud of which we have become aware of and which involve management or an employee having a significant role in the Company's Internal Control System over financial reporting. However, there was no such instance.

Chennai  
2<sup>nd</sup> November, 2017

For Lotte India Corporation Limited  
Moo Sun Song  
CFO & Whole Time Director

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## CONFIRMATION

To

**The Members of Lotte India Corporation Limited**

We hereby confirm that, for the Year ended 31st March, 2017

- (i) All the Board Members and the Senior Management Personnel have affirmed compliance with the code of conduct framed by the Company.
- (ii) No instance of sexual harassment of women was reported to the Internal Complaints Committee constituted under the Sexual harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013.

Chennai  
2<sup>nd</sup> November, 2017

For Lotte India Corporation Limited  
Moo Sun Song  
CFO & Whole Time 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** : 18<sup>th</sup> December, 2017 at 10.30 A.M.  
at M.A.Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai – 600 108
  3. **Book Closure Dates** : 12<sup>th</sup> December, 2017 to 18<sup>th</sup> December, 2017 (both days inclusive)
  4. **E-voting Cut off Date** : 11<sup>th</sup> December, 2017
  5. **E-voting period** : From 9 A.M on 15<sup>th</sup> December, 2017 to 5 p.m on 17<sup>th</sup> December, 2017 (both days inclusive). Procedures for e-voting are given in Notice calling Annual General Meeting.
  6. **Plant Location** :
    1. Nellikuppam (Cuddalore Dist.) Tamil Nadu
    2. Nemam, Chennai, Tamil Nadu
    3. Rohtak, Haryana
  7. **Share Capital** : 10863768 equity shares of Rs.10 each 9480801 equity shares of Rs.10/- each (87.27%) equity shares have been dematerialized as on 31st March, 2017
  8. **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.
  9. **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: 91-44-2846 0129  
e-mail: murali@cameoindia.com
    - ii) To the Company : T G Karthikeyan, Company Secretary  
Lotte India Corporation Limited  
4/169, Rajiv Gandhi Salai (OMR), Kandanchavadi, Chennai – 600096.  
Tel: 91-44-4545 8888; Fax: 91-44-4545 8800
    - iii) The designated Company's 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
  10. **Depositories Connectivity**

National Securities Depository Ltd. (NSDL)  
Central Depository Services (India) Ltd. (CDSL)  
ISIN: INE185A01011
  11. **Dematerialization 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 31st March, 2017, 9480801 equity shares constituting 87.27 % of the total paid up capital of the Company have been dematerialized.
  12. **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.
-

## **INDEPENDENT AUDITORS' REPORT**

### **To The Members of Lotte India Corporation Limited**

#### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of **Lotte India Corporation Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative

pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

**INDEPENDENT AUDITORS' REPORT (Contd.)**

10. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books. However, the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in paragraph 10(b) above that the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the

Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its financial statements - Refer Notes 23 to the financial statements.
  - ii. The Company has made provision as at March 31, 2017 as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the Management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 42 to the financial statements.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Chartered Accountants

**Baskar Pannerselvam**

Partner

Membership Number: 213126

Place: Chennai

Date: November 02, 2017

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## Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the Members of Lotte India Corporation Limited on the financial statements as of and for the year ended March 31, 2017

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Lotte India Corporation Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established

and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: Chennai  
Date: November 02, 2017

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Chartered Accountants

**Baskar Pannerselvam**

Partner

Membership Number: 213126

## Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the Members of Lotte India Corporation Limited on the financial statements as of and for the year ended March 31, 2017

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 12 and Note 14 on Tangible Fixed asset and Investment property to the financial statements, are held in the name of the Company, except for the following:

Type of property	Gross block as at March 31, 2017 (in Lakhs)	Net block as at March 31, 2017 (in Lakhs)	Remark*
Land measuring 56,628 sq. ft at Maraimalai Nagar, Chennai	585.00	585.00	Title deeds are in the name of erstwhile company Parrys Confectionery Limited.
Land measuring 18,295.2 sq. ft at Mannapakkam, Chennai	379.15	379.15	Title deeds are in the name of erstwhile company Cocoa Products and Beverages Private Limited.
Building - Flat measuring 945 sq.ft at Ashram Road, Ahmedabad	10.5	3.51	Title deeds are in the name of erstwhile company Parrys confectionery Limited.
* Refer note Number 14 to the financial statements.			

- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income tax, sales tax, duty of customs, value added tax which have not been deposited on account of any dispute. The particulars of dues of service tax and Excise Duty as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount* (in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
CENVAT CREDIT RULES, 2004	Excise Duty	366.40	November 2004 to January 2005 and January 2010 to February 2013	CESTAT, Chennai
		16.38	August 2010 to July 2013 and April 2014 to November 2015	Commissioner of Central Excise and Service Tax (Appeals), Chennai
CENVAT CREDIT RULES, 2004	Service tax	600.12	October 2007 to March 2008, January 2009 to January 2013, May 2014 to November 2014 and March 2015	CESTAT, Chennai
		46.66	October 2010 to July 2013	High Court, Madras
		3.19	April 2015 to December 2015	Assistant commissioner of Central excise, Palakkad
Finance Act, 1994	Service tax	38.85	April 2008 to December 2008	CESTAT, Chennai
Kerala Value Added Tax, 2003	VAT	194.44	April 2008 to March 2009	Commissioner (Appeals), Palakkad
*Excludes amount paid as deposits against disputes amounting to Rs.24.89.				

- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments), and accordingly, to this extent, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Chartered Accountants

**Baskar Panner selvam**

Partner

Membership Number: 213126

Place: Chennai

Date: November 02, 2017

**Balance sheet as at March 31, 2017**

(All amounts are in Rs. lakhs, unless otherwise stated )

	Notes	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,086.38	1,086.38
Reserves and surplus	4	46,430.71	49,105.83
		<b>47,517.09</b>	<b>50,192.21</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	25,935.44	30,945.24
Other long-term liabilities	6	1,216.85	1,096.30
Long-term provisions	7	207.21	788.51
		<b>27,359.50</b>	<b>32,830.05</b>
<b>Current liabilities</b>			
Short-term borrowings	8	108.87	0.02
Trade payables	9	6,113.93	5,277.23
Other current liabilities	10	6,978.29	5,970.69
Short-term provisions	11	13.22	22.27
		<b>13,214.31</b>	<b>11,270.21</b>
		<b>88,090.90</b>	<b>94,292.47</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	12	63,231.46	67,235.75
- Intangible assets	13	21.84	30.08
- Capital work-in-progress		6.37	151.07
Investment property	14	8,830.27	8,879.75
Non current investments	15	0.26	0.26
Long-term loans and advances	16	1,021.10	775.81
Other non-current assets	17	1,241.59	2,012.75
		<b>74,352.89</b>	<b>79,085.47</b>
<b>Current assets</b>			
Inventories	18	4,929.95	4,912.84
Trade receivables	19	1,939.89	1,910.56
Cash and bank balances	20	4,337.31	5,429.45
Short-term loans and advances	21	2,302.64	2,583.31
Other current assets	22	228.22	370.84
		<b>13,738.01</b>	<b>15,207.00</b>
		<b>88,090.90</b>	<b>94,292.47</b>
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report even date

 For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number : 012754N/N500016

Chartered Accountants

For and on behalf of the Board of Directors

**Lotte India Corporation Limited**
**Baskar Pannerselvam**
*Partner*

Membership No. 213126

Place : Chennai

Date : November 2, 2017

**Milan Wahi**
*Managing Director*

DIN : 05242884

**D.G. Rajan**
*Independent Director*

DIN : 00303060

**Moo Sun Song**
*Whole-time Director & CFO*

DIN : 06891507

**T.G. Karthikeyan**
*Company Secretary*

**Statement of profit and loss for the year ended March 31, 2017**

(All amounts are in Rs. lakhs, unless otherwise stated )

	Notes	For the year ended March 31, 2017	For the period ended March 31, 2016
<b>REVENUE</b>			
<b>Revenue from operations (gross)</b>	25	40,245.41	48,131.68
Less: Excise duty		(2,369.66)	(2,923.06)
Less: Schemes and discounts		(2,893.84)	(2,870.03)
<b>Revenue from operations (net)</b>		<b>34,981.91</b>	<b>42,338.59</b>
Other operating revenues	25	41.35	30.65
Other income	26	1,461.52	634.26
<b>Total revenue</b>		<b>36,484.78</b>	<b>43,003.50</b>
<b>EXPENSES</b>			
Cost of materials consumed	27	18,200.01	21,783.86
Purchase of stock-in-trade		402.57	449.02
Changes in inventories of finished goods and work-in-progress	28	136.54	72.34
Employee benefits expense	29	3,424.41	3,729.06
Finance costs	30	1,829.90	1,431.92
Depreciation and amortization	31	4,240.25	3,733.48
Other expenses	32	10,926.22	14,154.60
<b>Total expenses</b>		<b>39,159.90</b>	<b>45,354.28</b>
<b>Loss before tax</b>		<b>(2,675.12)</b>	<b>(2,350.78)</b>
<b>Tax expense:</b>			
- Current tax		-	-
- Minimum alternate tax		-	11.53
- Deferred tax		-	(111.26)
<b>Total tax expense</b>		<b>-</b>	<b>(99.73)</b>
<b>Loss after tax</b>		<b>(2,675.12)</b>	<b>(2,251.05)</b>
Earnings per share:			
Basic and diluted	37	(24.62)	(22.85)
<b>Significant accounting policies</b>	2		

The accompanying notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report even date

 For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number : 012754N/N500016

Chartered Accountants

For and on behalf of the Board of Directors

Lotte India Corporation Limited

**Baskar Pannerselvam**
*Partner*

Membership No. 213126

**Milan Wahi**
*Managing Director*

DIN : 05242884

**Moo Sun Song**
*Whole-time Director & CFO*

DIN : 06891507

**D.G. Rajan**
*Independent Director*

DIN : 00303060

**T.G. Karthikeyan**
*Company Secretary*

Place : Chennai

Date : November 2, 2017

## Cash Flow Statement for the year ended March 31, 2017

(All amounts are in Rs. lakhs, unless otherwise stated )

	Year ended March 31, 2017	Period ended March 31, 2016
<b>A Cash flow from operating activities:</b>		
<b>Loss before taxation</b>	<b>(2,675.12)</b>	<b>(2,350.78)</b>
Adjustments for :		
Depreciation and Amortisation	4,240.25	3,733.48
Mark to market loss on derivative contracts	(1,065.80)	573.71
Amortisation of premium on forward exchange contract	197.34	80.56
Interest income	(172.62)	(274.78)
Finance costs	1,829.90	1,431.92
Loss on sale of fixed assets (Net)	32.21	(0.57)
Rental income	(173.63)	(196.80)
Unrealised foreign exchange loss/(gain)	999.33	808.00
<b>Operating profit before working capital changes</b>	<b>3,211.86</b>	<b>3,804.74</b>
<b>Changes in working capital :</b>		
Increase / (Decrease) in trade payables	855.55	946.23
Increase / (Decrease) in provisions	(590.35)	76.06
Increase / (Decrease) in other current liabilities	369.21	87.36
Increase / (Decrease) in other long term liabilities	120.55	1.90
Decrease / (Increase) in Trade receivables	(37.04)	(867.93)
Decrease / (Increase) in Inventories	(17.11)	(1,082.15)
(Increase) / Decrease in loans and advances	10.59	(2,098.20)
(Increase) / Decrease in Other current assets	112.92	(112.92)
<b>Cash generated from operations</b>	<b>4,043.18</b>	<b>755.09</b>
Taxes paid (net of refunds)	(16.44)	(48.53)
<b>Net cash generated from operating activities (A)</b>	<b>4,019.74</b>	<b>706.56</b>
<b>B Cash flow from investing activities:</b>		
Purchase of tangible / intangible assets	(1,507.06)	(21,944.21)
Proceeds from sale of tangible assets	33.52	1.49
Proceeds from bank deposits (more than 3 months)	1,147.56	(1,296.97)
Rent received	206.97	173.92
Interest received	202.32	315.06
<b>Net cash used in investing activities (B)</b>	<b>83.31</b>	<b>(22,750.71)</b>

	Year ended March 31, 2017	Period ended March 31, 2016
<b>C Cash flow from financing activities:</b>		
Interest and other finance cost paid	(1,877.20)	(2,718.77)
Proceeds from issue of equity shares	-	6,609.99
Repayment of long-term borrowings	(2,278.83)	-
Proceeds from long-term borrowings	-	18,910.00
Proceeds from short-term borrowings (net)	108.85	0.02
<b>Net cash used in financing activities (C)</b>	<b>(4,047.18)</b>	<b>22,801.24</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>55.86</b>	<b>757.09</b>
Cash and cash equivalents at the beginning of the year/ period	2,629.45	1,872.36
<b>Cash and cash equivalents at the end of the year</b>	<b>2,685.31</b>	<b>2,629.45</b>
	<b>As at</b>	<b>As at</b>
<b>Cash and Cash equivalents comprises of :</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Cash on hand	0.99	1.04
Balance with banks:		
- Current accounts	2,386.20	1,073.41
- Demand deposits	298.12	1,555.00
<b>Total</b>	<b>2,685.31</b>	<b>2,629.45</b>

This is the Cash Flow Statement referred to in our report even date

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number : 012754N/N500016  
Chartered Accountants

**Baskar Pannerselvam**  
*Partner*  
Membership No. 213126

Place : Chennai  
Date : November 2, 2017

**For and on behalf of the Board of Directors**  
**Lotte India Corporation Limited**

**Milan Wahi**  
*Managing Director*  
DIN : 05242884

**D.G. Rajan**  
*Independent Director*  
DIN : 00303060

**Moo Sun Song**  
*Whole-time Director & CFO*  
DIN : 06891507

**T.G. Karthikeyan**  
*Company Secretary*

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**Notes to financial statements for the year ended March 31, 2017**

(All amounts are in Rs. lakhs, unless otherwise stated )

**1 General Information**

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

**2 Summary of significant accounting policies****2.1 Basis of preparation of financial statements**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7(1) of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III (Division I) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

**2.2 Changes in accounting policy**

Derivatives : In May 2015, the ICAI issued the Guidance Note on Accounting for Derivative Contracts, which has become applicable for accounting periods beginning on or after 1 April 2016, in accordance with which, all derivatives other than those which are accounted for under AS 11 are initially recognised at fair value on date a derivative contract is entered into and are subsequently re-measured to their fair value with changes being recognised in the Statement of Profit and Loss at the end of each reporting period.

During the previous year, in accordance with the announcement of "Accounting for Derivatives" made by the Institute of Chartered Accountants of India on March 29, 2008, derivatives were marked to market and the changes in the value of such derivatives, to the extent they reflect a loss, are recognised in the Statement of Profit and Loss.

Had the Company continued to follow the earlier accounting policy, the net foreign exchange gain recognised in the Statement of Profit and Loss would have been lower by Rs. 156.38 and derivatives receivable under other non current assets would have been lower by Rs. 156.38.

**2.3 Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the balance sheet date and reported amount of revenue and expenses for the year and disclosure of contingent liabilities as of the date of balance sheet. The estimates and the assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual amounts could differ from these estimates.

## Notes to financial statements for the year ended March 31, 2017 (Contd.)

(All amounts are in Rs. lakhs, unless otherwise stated )

### 2.4 Tangible Assets

Tangible Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management. Subsequent costs related to an item of Property, Plant and Equipment are recognised in the carrying amount of the item if the recognition criteria are met.

Elements of cost also include the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, referred to as 'decommissioning, restoration and similar liabilities', the obligation for which an enterprise incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Items of Property, Plant and Equipment that have been retired from active use and are held for disposal are stated at the lower of their net carrying amount and net realisable value and are shown separately in the financial statements under the head 'Other current assets'. Any write-down in this regard is recognised immediately in the Statement of Profit and Loss.

An item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets based on technical evaluation done by management's expert, in order to reflect the actual usage of the assets. The depreciation charge for each period is recognised in the Statement of Profit and Loss. The useful life, residual value and the depreciation method are reviewed at least at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

The estimates of useful lives of tangible assets are as follows :

Asset	Useful life followed by the company (Years)
Building	28
Plant and machinery	5 - 13
Office equipments	3 - 10
Furnitures and fixtures	5 - 10
Vehicles	5

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

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

### 2.5 Intangible Assets

#### (a) Acquired Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

The estimated useful lives of intangible assets are as follows :

Asset	Useful life (Years)
Software	5

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**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

**(b) Research and development cost**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- There is an intention to complete the asset
- There is an ability to use or sell the asset
- The asset will generate future economic benefits
- Adequate resources are available to complete the development and to use or sell the asset
- The expenditure attributable to the intangible asset during development can be measured reliably.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use and it is amortised on straight line basis over the estimated useful life.

**2.6 Borrowing Costs**

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

**2.7 Impairment of Assets**

Assessment is done at each balance sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount.

Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

**2.8 Investments**

Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments, such reduction being determined and made for each investment individually.

Investment property: Investments in buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment properties. Investment properties are carried at cost

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**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

less accumulated depreciation and accumulated impairment losses, if any. Refer note 2.4 for depreciation rates used for buildings.

**2.9 Inventories**

Inventories are stated 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 and excise duty. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**2.10 Foreign currency translations****Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition**

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rates. Exchange differences on actual payment/realisation and from the period end restatement of all monetary items are recognised in the Statement of Profit and Loss.

**Derivatives and hedging activities**

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing liability/asset, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period. The Company does not use the foreign exchange forward contracts for trading or speculation purposes.

Derivatives other than those which are accounted for under AS 11 are initially recognised at fair value on date a derivative contract is entered into and are subsequently re-measured to their fair value with changes being recognised in the Statement of Profit and Loss at the end of each reporting period.

**2.11 Revenue recognition**

Sale of goods: Sales are recognised on dispatch of goods which corresponds with the transfer of significant risks and rewards of ownership in the goods and are recognised net of trade discounts, rebates, sales taxes and excise duties.

**2.12 Other Income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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

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**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

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

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Plans as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Superannuation: Contribution towards superannuation fund administered by the trustees and managed by Life Insurance Corporation ("LIC") is made in accordance with the terms of employment contracts for eligible employees, where the Company has no further obligations. Such benefits are classified as Defined Contribution Plans as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

**ii) Defined benefit plan**

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

**2.14 Current and deferred tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax

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**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**2.15 Provisions and contingent liabilities**

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value except in case of decommissioning, restoration and similar liabilities that are recognised as cost of Property, Plant and Equipment. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Periodic unwinding of discount is recognised in the Statement of Profit and Loss.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**2.16 Leases****(a) Operating leases**

As a lessee: Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

As a lessor: The Company has given on lease certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

**2.17 Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**2.18 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year attributable to equity shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

	As at March 31, 2017	As at March 31, 2016
<b>3 Share Capital</b>		
Authorised:		
370,000,000 (March 31, 2016: 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>
Issued, Subscribed and paid up		
10,863,768 (March 31, 2016: 10,863,768) equity shares of INR 10 each fully paid up	1,086.38	1,086.38
	<b>1,086.38</b>	<b>1,086.38</b>

a) Reconciliation of number of equity shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	10,863,768	1,086.38	9,560,021	956.00
Add: Shares issued/redeemed during the year	-	-	1,303,747	130.38
<b>Balance as at the end of the year</b>	<b>10,863,768</b>	<b>1,086.38</b>	<b>10,863,768</b>	<b>1,086.38</b>

**b) Rights, preferences and restrictions attached to equity shares**

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**c) Shares held by holding company**

10,708,440 equity shares (March 31, 2016: 10,708,440 equity shares) held by Lotte Confectionery Company Limited, South Korea,	1,070.84	1,070.84
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**d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	%	No. of Shares	%
Equity Shares held by Lotte Confectionery Company Limited, South Korea, the holding company	10,708,440	98.57%	10,708,440	98.57%

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

**4 Reserves And Surplus**

	As at March 31, 2017	As at March 31, 2016
<b>Capital reserve</b>		
Balance as at the beginning of the year	464.47	464.47
Balance as at the end of the year	<b>464.47</b>	<b>464.47</b>
<b>Securities premium account</b>		
Balance as at the beginning of the year	7,445.79	966.18
Add: Additions during the year	-	6,479.61
Balance as at the end of the year	<b>7,445.79</b>	<b>7,445.79</b>
<b>General reserve</b>		
Balance as at the beginning of the year	42,357.39	42,357.39
Balance as at the end of the year	<b>42,357.39</b>	<b>42,357.39</b>
Balance in general reserve includes INR 39,817.73 arising from merger of Lotte Foods India P.Ltd with the Company in the year 2010.		
<b>Surplus/ (deficit) in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(1,161.82)	1,093.09
Add: Loss for the year	(2,675.12)	(2,251.05)
Less: Transitional adjustments as per Schedule II to the Companies Act, 2013		(3.86)
Net surplus/ (deficit) in the Statement of Profit and Loss	<b>(3,836.94)</b>	<b>(1,161.82)</b>
	<b>46,430.71</b>	<b>49,105.83</b>

**5 Long-Term Borrowings**

Unsecured		
External commercial borrowing (Refer note below)	25,935.44	30,945.24
	<b>25,935.44</b>	<b>30,945.24</b>

- a) External commercial borrowings of USD 20,000,000 taken from Korean Exchange Bank in June 2014 is repayable in 6 equal half yearly instalments of USD 3,333,333 from December 2016. Balance outstanding as at March 31, 2017 is USD 16,666,667.
- b) External commercial borrowings of USD 20,000,000 taken from Shinsei Bank in March 2015 is repayable in 4 unequal half yearly instalments starting from February 2019
- c) External commercial borrowings of USD 10,000,000 taken from Korean Exchange Bank in November 2015 is repayable in 4 unequal half yearly instalments starting from November 2019
- d) The aforesaid loans are guaranteed by the holding company, Lotte Confectionary Company Limited, South Korea

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

	As at March 31, 2017	As at March 31, 2016
<b>6 Other Long-Term Liabilities</b>		
Security deposits	183.58	137.74
Forward contract payable (net)	1,033.27	958.56
	<b>1,216.85</b>	<b>1,096.30</b>
<b>7 Long-Term Provisions</b>		
Provision for employee benefits:		
Gratuity (also refer note 29)	68.47	77.89
Compensated absences	138.74	126.73
Other provisions:		
Provision for mark to market loss on derivative contracts	-	583.89
	<b>207.21</b>	<b>788.51</b>
<b>8 Short-Term Borrowings</b>		
Unsecured:		
Bank overdraft	108.87	0.02
	<b>108.87</b>	<b>0.02</b>
<b>9 Trade Payables</b>		
Total outstanding dues to micro enterprises and small enterprises (Refer note below)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,113.93	5,277.23
	<b>6,113.93</b>	<b>5,277.23</b>
<b><u>Dues to micro, small and medium enterprises :</u></b>		
There are no outstanding dues to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. This information has been determined to the extent such parties have been identified on the basis of the information available with the Company.		
<b>10 Other Current Liabilities</b>		
Current maturities of long-term debt (refer note 5)	4,322.57	2,221.21
Interest accrued but not due on borrowings	346.13	393.43
Creditors for capital goods	784.85	2,200.52
Advance from customers	97.66	74.29
Employee benefits payable	722.26	515.74
Statutory dues including provident fund and tax deducted at source	489.87	531.80
Bank overdraft	214.95	33.70
	<b>6,978.29</b>	<b>5,970.69</b>
<b>11 Short-Term Provisions</b>		
<b>Provision for employee benefits:</b>		
Compensated absences	13.22	22.27
	<b>13.22</b>	<b>22.27</b>

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

**12 Tangible assets**

Description	Gross Block			Depreciation			Net Block As at March 31, 2017		
	As at March 31, 2016	Additions	Deletions	As at March 31, 2017	Upto March 31, 2016	For the year		On Deletions	Upto March 31, 2017
Land	8,878.42	-	-	8,878.42	-	-	-	-	8,878.42
Buildings	34,636.06	5.66	-	34,641.72	3,586.31	1,175.12	-	4,761.43	29,880.29
Plant and machinery									
- Owned	38,777.75	182.76	1,157.40	37,803.11	12,172.23	2,808.97	1,091.67	13,889.53	23,913.58
- Leased	735.31	0.48	-	735.79	516.89	40.01	-	556.90	178.89
	<b>39,513.06</b>	<b>183.24</b>	<b>1,157.40</b>	<b>38,538.90</b>	<b>12,689.12</b>	<b>2,848.98</b>	<b>1,091.67</b>	<b>14,446.43</b>	<b>24,092.47</b>
Office equipments									
- Owned	278.83	1.77	-	280.60	241.84	8.77	-	250.61	29.99
- Leased	19.89	-	-	19.89	12.85	3.21	-	16.06	3.83
	<b>298.72</b>	<b>1.77</b>	<b>-</b>	<b>300.49</b>	<b>254.69</b>	<b>11.98</b>	<b>-</b>	<b>266.67</b>	<b>33.82</b>
Furniture and fixtures									
- Owned	604.53	39.53	-	644.06	325.39	88.48	-	413.87	230.19
- Leased	185.05	-	-	185.05	97.74	37.99	-	135.74	49.32
	<b>789.58</b>	<b>39.53</b>	<b>-</b>	<b>829.11</b>	<b>423.13</b>	<b>126.47</b>	<b>-</b>	<b>549.60</b>	<b>279.51</b>
Leasehold improvements	143.42	-	-	143.42	135.73	0.36	-	136.09	7.33
Vehicles	131.41	10.40	-	141.81	65.94	16.25	-	82.19	59.62
<b>Total</b>	<b>84,390.67</b>	<b>240.60</b>	<b>1,157.40</b>	<b>83,473.87</b>	<b>17,154.92</b>	<b>4,179.16</b>	<b>1,091.67</b>	<b>20,242.41</b>	<b>63,231.46</b>

**(a) Title Deeds**

Type of property	Property address	Area	Remarks
Land	Maraimalai Nagar	56,628 sq. ft	Title deeds are in the name of erstwhile company Parrys confectionery Limited.
	Manapakkam	18,295 sq. ft	Title deeds are in the name of erstwhile company Cocoa Products and Beverages Private Limited
Building	Ahmedabad	945 sq. ft	Title deeds are in the name of erstwhile company Parrys confectionery Limited.

(b) Working capital facility and hedging of ECB loan have been secured by way of a charge on the following immovable and movable fixed assets of the Company

- First charge on the land and building pertaining to the corporate office
- Letter of hypothecation of stock in trade and book debts
- Letter of hypothecation of Plant and Machinery in Nemam factory
- First charge on plant and machineries in Rothak factory
- Deed of Hypothecation creating first charge on movable fixed plant and machinery, spares equipment, appliances, furniture, vehicles, whether or not installed and related movables

**13 Intangible assets**

Description	Gross Block			Amortisation			Net Block As at March 31, 2017		
	As at March 31, 2016	Additions	Deletions	As at March 31, 2017	Upto March 31, 2016	For the year		On Deletions	Upto March 31, 2017
Computer software	220.61	3.38	-	223.99	190.53	11.62	-	202.15	21.84
<b>Total</b>	<b>220.61</b>	<b>3.38</b>	<b>-</b>	<b>223.99</b>	<b>190.53</b>	<b>11.62</b>	<b>-</b>	<b>202.15</b>	<b>21.84</b>

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

**12 Tangible assets**

Description	As at			Gross Block			Depreciation			Net Block	
	Dec 31, 2014	Additions	Deletions	As at March 31, 2016	Upto Dec 31, 2014	For the period	On Deletions	Upto March 31, 2016	As at March 31, 2016	Net Block As at March 31, 2016	
<b>Land</b>	8,878.42	-	-	8,878.42	-	-	-	-	8,878.42		
<b>Buildings</b>	17,439.93	17,196.13	-	34,636.06	2,506.08	1,080.23	-	3,586.31	31,049.75		
- Owned	17,649.88	21,127.87	-	38,777.75	9,821.22	2,351.01	-	12,172.23	26,605.52		
- Leased	735.31	-	-	735.31	464.09	52.80	-	516.89	218.42		
<b>Office equipments</b>	18,385.19	21,127.87	-	39,513.06	10,285.31	2,403.81	-	12,689.12	26,823.94		
- Owned	272.38	6.45	-	278.83	229.14	12.70	-	241.84	36.99		
- Leased	19.89	-	-	19.89	8.80	4.05	-	12.85	7.04		
	<b>292.27</b>	<b>6.45</b>	<b>-</b>	<b>298.72</b>	<b>237.94</b>	<b>16.75</b>	<b>-</b>	<b>254.69</b>	<b>44.03</b>		
<b>Furniture and fixtures</b>	520.12	88.14	3.73	604.53	227.89	101.05	3.55	325.39	279.14		
- Owned	185.05	-	-	185.05	60.75	36.99	-	97.74	87.31		
- Leased	705.17	88.14	3.73	789.58	288.64	138.04	3.55	423.13	366.45		
<b>Leasehold improvements</b>	143.42	-	-	143.42	134.78	0.95	-	135.73	7.69		
<b>Vehicles</b>	96.42	49.53	14.54	131.41	63.37	16.38	13.81	65.94	65.47		
<b>Total</b>	<b>45,940.82</b>	<b>38,468.12</b>	<b>18.27</b>	<b>84,390.67</b>	<b>13,516.12</b>	<b>3,656.16</b>	<b>17.36</b>	<b>17,154.92</b>	<b>67,235.75</b>		

**(a) Title Deeds**

Type of property	Property address	Area	Remarks
Land	Maraimalai Nagar	56,628 sq. ft	Title deeds are in the name of erstwhile company Parrys confectionery Limited.
	Manapakkam	18,295 sq. ft	Title deeds are in the name of erstwhile company Cocoa Products and Beverages Private Limited
Building	Ahmedabad	945 sq. ft	Title deeds are in the name of erstwhile company Parrys confectionery Limited.

- (b) Working capital facility and hedging of ECB loan have been secured by way of a charge on the following immovable and movable fixed assets of the Company
- First charge on the land and building pertaining to the corporate office
  - Letter of hypothecation of Plant and Machinery in Nemam factory
  - Deed of Hypothecation creating first charge on movable fixed plant and machinery, spares equipment and machinery, whose useful life was already over as at the transitioning date, the Company opted to account the transitional provision amounting to INR 1,919.00 (December 31, 2014 : Nil)
  - Letter of hypothecation of stock in trade and book debts
  - First charge on plant and machineries in Rothak factory
- (c) Additions during the period includes interest cost capitalised INR 1,919.00 (December 31, 2014 : Nil)
- (d) Pursuant to the requirements of Companies Act, 2013, the Company has revisited the useful life of its fixed assets so as to align them with the estimated life as specified in Schedule II of the Act. As a result, the Company has revised the useful life of Computers to 3 years from 5 years. In respect of assets, whose useful life was already over as at the transitioning date, the Company opted to account the transitional provision amounting to INR 3.86 in Surplus in the Statement of Profit and Loss. In respect of all other assets (excluding additions made during the period), the depreciation has been accounted on a prospective basis over the remaining useful life of the relevant assets. Consequently, the depreciation charge for the current period is higher by INR 0.81 with a corresponding impact in fixed assets.

**13 Intangible assets**

Description	Gross Block			Amortisation			Net Block	
	As at Dec 31, 2014	Additions	Deletions	As at March 31, 2016	Upto Dec 31, 2014	For the year	Upto March 31, 2016	Net Block As at March 31, 2016
Computer software	195.18	25.43	-	220.61	171.20	19.33	190.53	30.08
<b>Total</b>	<b>195.18</b>	<b>25.43</b>	<b>-</b>	<b>220.61</b>	<b>171.20</b>	<b>19.33</b>	<b>190.53</b>	<b>30.08</b>

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

	As at March 31, 2017	As at March 31, 2016
<b>14 Investment Property</b>		
<b>Investment in property (at cost less accumulated depreciation)</b>		
Cost of land	7,770.53	7,770.53
Cost of building given on operating lease	1,481.28	1,481.28
Less: Accumulated depreciation	(421.54)	(372.06)
<b>Net block</b>	<b>8,830.27</b>	<b>8,879.75</b>
<b>15 Non Current Investments</b>		
<b>Investment in equity instruments - Unquoted</b>		
2,600 (March 31, 2016: 2,600) equity shares of Aadhav Green Power P Ltd., of INR 10 each, fully paid up	0.26	0.26
	<b>0.26</b>	<b>0.26</b>
Aggregate amount of unquoted investments	0.26	0.26
Aggregate provision for diminution of investments	-	-
<b>16 Long-Term Loans And Advances</b>		
<i>Unsecured, considered good</i>		
Capital advances	9.39	17.28
Security deposits	276.95	262.27
Other loans and advances :		
- Prepaid expenses	138.85	137.72
- Advance income taxes [Net of provision of INR 1,213.89 (March 31, 2016: INR 1,213.89)]	149.35	132.91
- Others	446.56	225.63
	<b>1,021.10</b>	<b>775.81</b>
<b>17 Other Non Current Assets</b>		
Deposits with maturity more than 12 months*	233.71	233.27
Derivatives receivable	481.91	1,056.17
Unamortised expenses : Premium on forward contract	525.97	723.31
	<b>1,241.59</b>	<b>2,012.75</b>
* Represents deposits under lien with government authorities.		
<b>18 Inventories</b>		
Stores and spares	182.29	124.20
Raw material and packing material (includes in transit: INR 113.50)	2,787.13	2,673.34
Work-in-progress	134.50	78.37
Finished goods	1,770.01	1,968.82
Stock-in-trade	56.02	68.11
	<b>4,929.95</b>	<b>4,912.84</b>

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

	As at March 31, 2017	As at March 31, 2016
<b>Details of Inventory</b>		
<u>Raw material and packing material</u>		
Sugar	564.89	633.89
Chocomass	89.46	76.03
Glucose	80.22	75.86
Wrapping materials	245.74	263.53
Packing materials	461.92	513.85
Others	1,344.90	1,110.18
	<b>2,787.13</b>	<b>2,673.34</b>
<u>Finished goods</u>		
Toffees	825.85	1,149.46
Others	944.16	819.36
	<b>1,770.01</b>	<b>1,968.82</b>
<b>19 Trade Receivables</b>		
<i>Unsecured, considered good</i>		
Outstanding for a period exceeding 6 months from the date they are due for payment	321.95	266.89
Others	1,617.94	1,643.67
<i>Unsecured, considered doubtful</i>		
Outstanding for a period exceeding six months from the date they became due for payment	119.59	119.59
Less: Provision for doubtful debts	(119.59)	(119.59)
	<b>1,939.89</b>	<b>1,910.56</b>
Trade receivables include INR 330.28 (March 31, 2016: INR 200.31) receivable from parent company Lotte Confectionary Company Limited, South Korea, on account of our export sales.		
<b>20 Cash And Bank Balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	0.99	1.04
Cheques on hand	288.92	291.41
Bank balances		
In current accounts	2,097.28	782.00
Demand deposits (less than 3 months maturity)	298.12	1,555.00
	<b>2,685.31</b>	<b>2,629.45</b>
<b>Other bank balances</b>		
Deposits with maturity more than three months but less than 12 months	1,652.00	2,800.00
	<b>4,337.31</b>	<b>5,429.45</b>

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

	As at March 31, 2017	As at March 31, 2016
<b>21 Short-Term Loans And Advances</b>		
<i>Unsecured - Considered good</i>		
Advance to suppliers	158.27	92.58
Advance to employees	46.17	39.14
Balance with government authorities (includes amount paid as deposits against disputes of INR 62.25 (March 31, 2016: INR 52.51)	2,098.20	2,451.59
	<b>2,302.64</b>	<b>2,583.31</b>
<b>22 Other Current Assets</b>		
<i>Unsecured, considered good</i>		
Interest accrued on deposits with banks	30.88	60.58
Unamortised expenses : Premium on forward contract	197.34	197.34
Insurance claim receivable	-	112.92
	<b>228.22</b>	<b>370.84</b>
<b>23 Contingent Liabilities</b>		
Claims against the company not acknowledged as debt		
Disputed sales tax / service tax / excise duty	889.91	637.18
(a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.		
(b) The Company does not expect any reimbursements in respect of the above contingent liabilities.		
(c) There are employee and trade mark related litigations that are pending with various authorities. The financial impact of such matters will depend upon the outcome of the matter. The management does not expect any material liability in this regard.		
<b>24 Capital And Other Commitments</b>		
<b>(a) Capital Commitments</b>		
Estimated value of contracts in capital account remaining to be executed	5.57	21.45
<b>(b) Other Commitments</b>		
Commitments in respect of bank guarantees and letters of credit issued by Company's bankers	225.09	224.04
<b>Export obligations</b>		
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 INR 4219.84 (Previous year - INR 7,178.67). The aforesaid export obligation has to be met by February 2018. The Company is confident of obtaining extensions, if necessary.		

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

	For the year ended March 31, 2017	For the period ended March 31, 2016
<b>25 Revenue From Operations</b>		
Sale of goods (gross)	40,245.41	48,131.68
Less: Excise duty	(2,369.66)	(2,923.06)
Less: Schemes and discounts	(2,893.84)	(2,870.03)
<b>Sale of goods (net)</b>	<b>3,4981.91</b>	<b>4,2338.59</b>
<b>Other operating revenue</b>		
Scrap Sales	41.35	30.65
	<b>41.35</b>	<b>30.65</b>
<b>Details of Sales</b>		
Toffees	18,172.42	24,177.81
Others	22,072.99	23,953.87
<b>Total</b>	<b>40,245.41</b>	<b>48,131.68</b>
<b>26 Other Income</b>		
Interest income		
On bank deposits	172.61	338.84
On others	0.01	0.04
Less: Interest income capitalised	-	(64.10)
	<b>172.62</b>	<b>274.78</b>
Gain on derivative contracts	1,065.80	-
Profit on sale of tangible assets (net)	-	0.57
Insurance claims	27.38	134.30
Lease rentals (Refer note 40)	173.63	196.80
Miscellaneous income	22.09	27.81
	<b>1,461.52</b>	<b>634.26</b>
<b>27 Cost Of Materials Consumed</b>		
Raw materials and Packing materials consumed		
Opening inventory	2,673.34	1,561.53
Add: Purchases (net)	18,313.80	22,895.67
Less: Inventory at the end of the year	(2,787.13)	(2,673.34)
<b>Cost of raw materials and packing materials consumed during the year</b>	<b>18,200.01</b>	<b>21,783.86</b>

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

	For the year ended March 31, 2017	For the period ended March 31, 2016
<b>28 Changes in Inventories of Finished Goods and Work in Progress</b>		
<b>(Increase)/ decrease in stocks</b>		
<b>Stock at the beginning of the year :</b>		
- Finished goods	1,968.82	1,960.19
- Work-in-progress	78.37	149.38
- Stock-in-trade	68.11	54.73
	<b>2,115.30</b>	<b>2,164.30</b>
<b>Less : Stock at the end of the year :</b>		
- Finished goods	1,770.01	1,968.82
- Work-in-progress	134.50	78.37
- Stock-in-trade	56.02	68.11
	<b>1,960.53</b>	<b>2,115.30</b>
Movement in excise duty	(18.23)	23.34
	<b>136.54</b>	<b>72.34</b>
<b>29 Employee Benefits Expense</b>		
Salaries, Wages and Bonus	2,821.43	3,133.20
Contribution to Provident and Other funds [Refer note (a) below]	174.50	192.78
Gratuity [Refer note (b) below]	32.01	29.26
Staff welfare expenses	396.47	373.82
	<b>3,424.41</b>	<b>3,729.06</b>
<b>(a) Defined Contribution Plans</b>		
Amount recognised in the Statement of Profit and Loss		
(i) Provident fund	119.30	129.25
(ii) Superannuation fund	55.20	63.53
	<b>174.50</b>	<b>192.78</b>

**b) Defined benefit plan - Gratuity**

The Company operates a gratuity plan through the "Lotte India Corporation Limited Employees Gratuity Trust" which is being managed by Life Insurance Corporation of India. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

<b>i) Present value of Defined Benefit Obligation</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Balance at the beginning of the year	363.75	326.80
Current service cost	33.20	37.52
Interest cost	27.14	31.17
Benefits paid	(31.76)	(30.30)
Actuarial Gains/ (losses)	(16.83)	(1.44)
<b>Balance at the end of the year</b>	<b>375.50</b>	<b>363.75</b>
<b>ii) Fair value of Plan Assets</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Balance at the beginning of the year	285.86	245.52
Expected return on plan assets	25.44	26.98
Contributions by the Company	41.43	32.65
Benefits paid	(31.76)	(30.30)
Actuarial Gains/ (losses)	(13.94)	11.01
<b>Balance at the end of the year</b>	<b>307.03</b>	<b>285.86</b>
Actual return on plan assets	11.49	37.99
<b>iii) Assets and liabilities recognised in the Balance Sheet</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Present value of defined benefit obligation	375.49	363.75
Less : Fair value of plan assets	307.02	285.86
<b>Net liability/(asset) recognised in the Balance Sheet</b>	<b>68.47</b>	<b>77.89</b>
Recognised under short term provisions (Note 11)	-	-
Recognised under long term provisions ( Note 7)	68.47	77.89
<b>iv) Expense recognised in the Statement of Profit and Loss</b>	<b>Period ended March 31, 2017</b>	<b>Period ended March 31, 2016</b>
Current service cost	33.20	37.52
Interest cost	27.14	31.17
Expected return on plan assets	(25.44)	(26.98)
Actuarial Gains/ (losses)	(2.89)	(12.45)
<b>Total expense</b>	<b>32.01</b>	<b>29.26</b>
<b>v) Major category of Plan Assets as a % of total Plan Assets</b>	<b>Period ended March 31, 2017</b>	<b>Period ended March 31, 2016</b>
Insurer managed funds - Life Insurance Corporation of India (LIC)	100%	100%

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

vi) Actuarial Assumptions	As at March 31, 2017	As at March 31, 2016
Discount rate	7.10%	7.80%
Salary growth rate	7.00%	7.00%
Expected return on plan assets	8.75%	8.75%
Attrition rate	1.5-3%	1.5-3%

The estimates of future salary increases, considered in actuarial valuation, take into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market. The expected rate of return on plan assets is based on the composition of plan assets held through LIC.

**Amounts recognised in current year and previous four years**

vii) Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Present value of Defined Benefit Obligation	375.49	363.75	326.81	301.08	225.22
Fair value of Plan Assets	307.02	285.86	245.52	239.29	205.16
Surplus / (Deficit)	(68.47)	(77.89)	(81.29)	(61.79)	(20.06)
Experience adjustments in plan liabilities - gain / (loss)	16.83	1.44	11.23	(45.82)	(21.01)
Experience adjustments in plan assets - gain / (loss)	(13.94)	11.01	(30.57)	2.27	4.59

viii) Expected contribution to the Fund in the next year	As at March 31, 2017	As at March 31, 2016
	25.88	41.43

30 Finance Costs	For the period ended March 31, 2017	For the period ended March 31, 2016
Interest expense	1,666.31	1,832.20
Guarantee commission	163.59	186.63
Applicable net loss on foreign currency transactions and translation	-	1,004.80
Less: Borrowing costs capitalized during the period	-	(1,591.71)
	<b>1,829.90</b>	<b>1,431.92</b>

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

	For the year ended March 31, 2017	For the period ended March 31, 2016
<b>31 Depreciation And Amortisation Expense</b>		
Depreciation on tangible assets (refer note 12)	4,179.15	3,652.27
Amortisation of intangible assets (refer note 13)	11.62	19.34
Depreciation on investment property (refer note 14)	49.48	61.87
	<b>4,240.25</b>	<b>3,733.48</b>
<b>32 Other Expenses</b>		
Raw material conversion charges	1,487.35	2,091.17
Consumption of stores and spare parts	154.45	166.99
Power and fuel	1,357.61	1,575.78
Rent	305.01	316.73
Repairs and maintenance :		
- Buildings	11.01	15.33
- Plant and machinery	376.14	350.24
- Others	255.72	250.52
Insurance	81.43	68.15
Rates and taxes	277.41	335.63
Travelling expenses	617.65	659.95
Director's fees	4.14	5.62
Payment to Auditors :		
- Statutory audit	10.00	10.00
- Tax audit and other services	12.00	25.72
- Reimbursement of expenses	0.33	0.51
Professional and legal charges	136.67	111.10
Communication expenses	83.76	96.19
Advertisement	331.00	1,398.97
Sales promotion and development expenditure	871.19	1,021.17
Royalty	282.35	318.85
Amoritisation of premium on forward contracts	200.58	80.56
Net loss on foreign currency transaction and translation	354.17	368.97
Provision for mark to market loss on derivative contracts	-	573.71
Packing, dispatching and freight	3,046.95	3,719.96
Clearing forwarding and other charges	208.76	236.02
Loss on sale of tangible assets (net)	32.21	-
Miscellaneous expenses	428.33	356.76
	<b>10,926.22</b>	<b>14,154.60</b>

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

	For the year ended March 31, 2017	For the period ended March 31, 2016		
<b>33 C.I.F Value Of Imports</b>				
Raw materials and Packing materials	636.00	847.08		
Stores and spare parts	18.49	40.70		
Traded Goods	197.38	-		
Capital goods	119.60	11,080.52		
	<b>971.47</b>	<b>11,968.30</b>		
<b>34 Expenditure In Foreign Currency</b>				
Royalty	262.70	297.68		
Guarantee commission	163.59	186.63		
Software usage fee	94.53	109.09		
Travel	48.44	34.73		
	<b>569.26</b>	<b>628.13</b>		
<b>35 Details Of Consumption And Purchases</b>				
<b>(a) Details of Raw Materials/Packing materials consumed</b>				
Sugar	2,755.52	2,880.30		
Chocomass	2,343.01	2,537.18		
Glucose	1,711.16	2,506.57		
Wrapping materials	2,167.72	2,860.35		
Packing materials	3,337.82	3,959.47		
Others	5,884.78	7,039.99		
	<b>18,200.01</b>	<b>21,783.86</b>		
<b>(b) Value of imported and indigenous materials consumed</b>				
	<b>For the year ended March 31, 2017</b>	<b>For the period ended March 31, 2016</b>		
	Amount	Percentage	Amount	Percentage
<b>Raw materials and packing materials</b>				
Imported	597.50	3.28%	504.79	2.32%
Indigenous	17,602.51	96.72%	21,279.07	97.68%
	<b>18,200.01</b>	<b>100.00%</b>	<b>21,783.86</b>	<b>100.00%</b>
<b>Stores and spare parts</b>				
Imported	8.51	5.51%	38.93	23.31%
Indigenous	145.94	94.49%	128.06	76.69%
	<b>154.45</b>	<b>100.00%</b>	<b>166.99</b>	<b>100.00%</b>
<b>(c) Purchase of Traded Goods</b>				
	<b>For the year ended March 31, 2017</b>	<b>For the period ended March 31, 2016</b>		
Toffee	-	158.15		
Others	402.57	290.87		
	<b>402.57</b>	<b>449.02</b>		



**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

	Holding company		Associates		KMP	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
<b>Sales</b>						
Lotte Confectionary Company Limited, South Korea	2,974.61	1,724.39	-	-	-	-
<b>Purchase of fixed assets and services provided in relation to construction of fixed assets</b>						
Lotte Engineering Construction Company	-	-	-	2,400.84	-	-
<b>Receiving of Services</b>						
Lotte Engineering Construction India Private Ltd.	-	-	-	21,732.75	-	-
<b>Remuneration</b>						
- Mr. Suresh Iyer	-	-	-	-	48.93	45.68
- Mr. Moo Sun Song	-	-	-	-	48.12	54.78
- Mr. Young Tae Moon	-	-	-	-	91.38	54.98
- Mr. Milan Wahi	-	-	-	-	38.15	-
<b>Royalty expenses</b>						
Lotte Confectionary Company Limited, South Korea	262.70	297.68	-	-	-	-
<b>Software usage fee</b>						
Lotte Confectionary Company Limited, South Korea	94.53	109.09	-	-	-	-
<b>Guarantee commission</b>						
Lotte Confectionary Company Limited, South Korea	163.59	186.63	-	-	-	-
<b>ii) Balances as at Year end</b>						
<b>Trade payables</b>						
Lotte Confectionary Company Limited, South Korea	505.93	220.20	-	-	-	-
<b>Capital Creditors</b>						
Lotte Engineering Construction India Private Ltd.	-	-	784.85	1,871.49	-	-
Lotte Engineering Construction Company	-	-	12.20	253.15	-	-
<b>Trade receivable</b>						
Lotte Confectionary Company Limited, South Korea	330.28	200.31	-	-	-	-

**40 Operating Leases**
**As a lessee:**

The Company has taken certain premises under cancellable operating leases. Leases are renewable for further period on mutually agreeable terms and also include escalation clauses. Lease rentals in respect of assets taken on these operating leases are charged to the Statement of Profit and Loss on a straight line basis over the lease term

**With respect to all operating leases :**

Lease payments recognised in the Statement of Profit and Loss during the year

	For the year ended March 31, 2017	For the period ended March 31, 2016
	305.01	316.73

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

	For the year ended March 31, 2017	For the period ended March 31, 2016
<b>With respect to non-cancellable operating leases, the future minimum lease payments are as follows :</b>		
Not later than one year	-	37.05
Later than one year and not later than five years	-	-
Later than five years	-	-

**As a lessor:**

The Company has given certain assets – building and plant and machinery on operating leases. These lease arrangements range for a period between 5 and 7 years and include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

**With respect to non-cancellable operating leases, the future minimum lease payments are as follows:**

Not later than one year	181.64	149.02
Later than one year and not later than five years	208.26	147.67
Later than five years	-	-

**41 Derivative Instruments And Unhedged Foreign Currency Exposure**
**a) Derivatives outstanding as at the reporting date**

Particulars	Purpose	US Dollar	INR	US Dollar	INR
		(in Lakhs)	Equivalent	(in Lakhs)	Equivalent
Cross currency swap	Hedge of external commercial borrowing	166.67	10,806.43	200.00	13,266.58
Interest rate swap	Hedge of external commercial borrowing	466.67	30,258.01	500.00	33,166.45
Forward contracts to buy USD	Hedge of external commercial borrowing	50.00	3,241.93	50.00	3,316.65

**b) Particulars of Unhedged foreign currency exposures as at the reporting date**

Particulars	Foreign Currency	INR	Foreign Currency	INR
	(in Lakhs)	Equivalent	(in Lakhs)	Equivalent
<b>Trade Receivables</b>				
USD	5.77	374.12	3.55	235.22
BDT	23.72	19.18	38.47	32.50
<b>Payables (Trade &amp; Other)</b>				
USD	4.18	271.03	8.77	581.75
<b>Loans</b>				
USD	233.33	15,129.01	250.00	16,583.23

**Notes to financial statements for the year ended March 31, 2017 (Contd.)**

(All amounts are in Rs. lakhs, unless otherwise stated )

**42 Disclosures relating to Specified Bank Notes\* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016**

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	60,000	70,576	130,576
(+) Permitted receipts	-	736,674	736,674
(-) Permitted payments	-	684,744	684,744
(-) Amount deposited in Banks	60,000	-	60,000
Closing cash in hand as on December 30, 2016	-	122,506	122,506

\* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

**43 Transfer pricing**

The Company has international transactions with related parties for the year ended March 31, 2017. The 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.

**44** The financial statements for the previous year ended March 31, 2016 are for the period from January 1, 2015 to March 31, 2016 (15 months period) and hence are not strictly comparable. Previous year figures have been reclassified to conform to this year's classification.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number : 012754N/N500016  
Chartered Accountants

**Baskar Pannerselvam**  
Partner  
Membership No. 213126

Place : Chennai  
Date : November 2, 2017

For and on behalf of the Board of Directors  
**Lotte India Corporation Limited**

**Milan Wahi**  
Managing Director  
DIN : 05242884

**D.G. Rajan**  
Independent Director  
DIN : 00303060

**Moo Sun Song**  
Whole-time Director & CFO  
DIN : 06891507

**T.G. Karthikeyan**  
Company Secretary





## LOTTE INDIA CORPORATION LIMITED

Regd Office : No.4/111, Mount Poonamallee Road, Manapakkam, Chennai 600 089.  
Phone No.044-4545 8888 ; FAX : 044-4545 8800; e-mail : [compsecy@lotteindia.com](mailto:compsecy@lotteindia.com)  
Corporate Identity Number : U15419TN1954PLC001987; Website: [www.lotteindia.com](http://www.lotteindia.com)

### ATTENDANCE SLIP

Name and Address of the shareholder(s) :  
(including Joint holders)

Registered Folio No./DPID No/CLID No. :

Number of shares held :

E-mail ID :

### ELECTRONIC VOTING PARTICULARS (\*)

EVSN (e-voting sequence number)	User ID	Password / PIN
171123002	Please enter your DPID / CLID or Folio No.	Use your existing password or enter your PAN with Bank A/c No. / Date of Birth

(\*) Please read the e-voting instructions given in the Annual Report before exercising your e-vote.

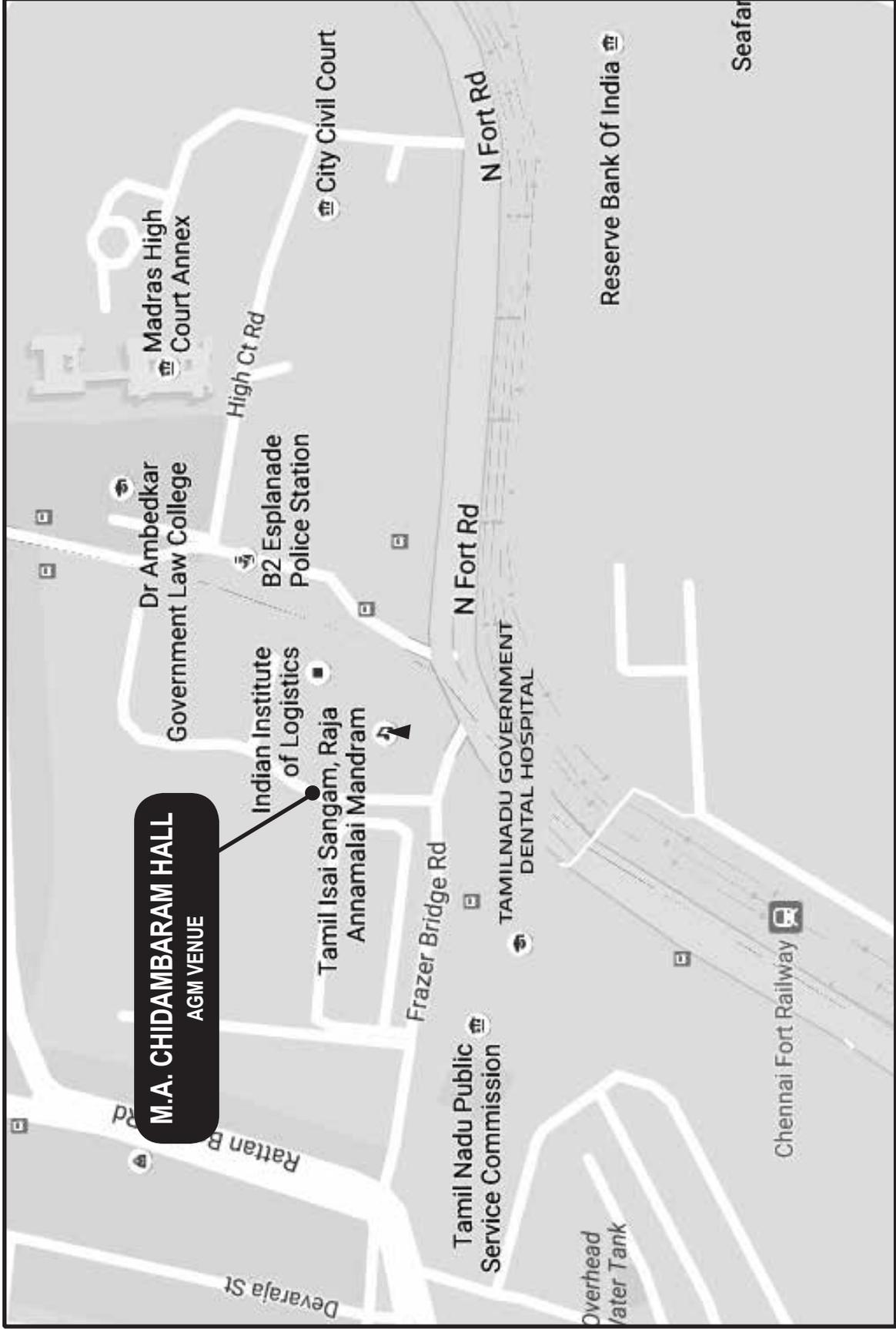
**E-voting period** : From 9 A.M on 15<sup>th</sup> December, 2017 to 5 p.m on 17<sup>th</sup> December, 2017 (both days inclusive)

I/we hereby certify that I/We/am/are registered Member/Proxy for the registered Member of the Company and hereby record my/our presence at the 62nd Annual General Meeting of the Company held on Monday, the 18th December, 2017 at 10.30 A.M at the M.A.Chidambaram Hall, Southern India Chamber of commerce and Industry, Esplanade, Chennai – 600108 or at any adjournment thereof in respect of such resolutions as mentioned in the Notice.

Name of Shareholder/ Proxy in Block letters	Singature of Shareholder / Proxy

- Note :
- 1) Members/Proxies to Members are requested to sign and handover this slip at the entrance of the venue of the Meeting.
  - 2) Authorized Representatives of Corporate Members shall produce proper authorization issued in their favour.
- 

**ROUTE MAP TO AGM VENUE**



Form No. MGT-11

### Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : U15419TN1954PLC001987  
 Name of the company : LOTTE INDIA CORPORATION LIMITED  
 Registered office : NO.: 4/111, MOUNT POONAMALLEE ROAD  
 MANAPAKKAM, CHENNAI 600089, TAMILNADU, INDIA  
 Name of the member(s) :  
 Registered address :  
 E-mail Id :  
 Folio No/ Client Id :  
 DP ID :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name :  
 Address :  
 E-mail Id : Signature:....., or failing him
2. Name :  
 Address :  
 E-mail Id : Signature:....., or failing him
3. Name :  
 Address :  
 E-mail Id : Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 62nd Annual general meeting of the company, to be held on Monday, the 18th December, 2017 at 10.30 a.m. at M.A. Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai 600 108 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- |        |        |
|--------|--------|
| 1..... | 4..... |
| 2..... | 5..... |
| 3..... | 6..... |

Signed this ..... day of ..... 2017.

Signature of shareholder :

Signature of Proxyholder(s) :

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.**