



**LOTTE**  
INDIA

# ANNUAL REPORT 2020 - 2021

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## CORPORATE INFORMATION

### Board of Directors

**KYUNGWOON CHO**

Chairman cum ED (from 08.03.2021)

**YUN KANG JUNG**

Chairman (till 27.02.2021)

**MILAN WAHI**

Managing Director

**IN CHUL YEO**

Whole Time Director & CFO

**MYEONGRIM CHOI**

Director (from 07.08.2020)

**MANG KO NOH**

Director (till 07.08.2020))

**D.G.RAJAN**

Independent Director

**HYE LIM JEON**

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

HDFC Bank Ltd

## TEN YEARS AT A GLANCE

	2012	2013	2014	2016 (15 months Jan 2015-March 2016)	2016-17	2017-18	2017-18*	2018-19*	2019-20*	2020-21
<b>OPERATING RESULTS:</b>										
GROSS INCOME	31,932	35,866	37,448	48,132	40,245	42,576	42,621	45,490	44,070	41,682
PROFIT/(LOSS) BEF DEPN.,INTEREST & TAX	2,389	2,419	2,061	2,815	3,395	4,087	4,029	5,814	3,316	6,223
PROFIT/(LOSS) BEF INTEREST & TAX	842	661	319	(919)	(845)	(7)	(65)	1,779	(915)	2,083
PROFIT/(LOSS) BEFORE TAX (PBT)	837	649	272	(2,351)	(2,675)	(1,534)	(1,662)	389	(1,763)	1,229
PROFIT/(LOSS) AFTER TAX (PAT)	666	512	131	(2,251)	(2,675)	(1,534)	(1,662)	306	(1,763)	1,004
DIVIDENDS	-	-	-	-	-	-	-	-	-	-
DIVIDEND TAX	-	-	-	-	-	-	-	-	-	-
ADJUSTMENTS FOR OTHER COMPREHENSIVE INCOME	-	-	-	-	-	-	31.42	(4.57)	(39.55)	44.76
RETAINED PROFITS	666	512	131	(2,251)	(2,675)	(1,534)	(1,631)	302	(1,802)	1,049
<b>SOURCES AND APPLICATION OF FUNDS:</b>										
<b>SOURCES OF FUNDS:</b>										
SHARE CAPITAL	956	956	956	1,086	1,086	1,086	1,086	1,086	1,086	1,086
RESERVES AND SURPLUS	44,238	44,750	44,881	49,106	46,431	44,897	44,797	45,099	43,297	44,346
TOTAL SHAREHOLDERS'FUNDS	45,194	45,706	45,837	50,192	47,517	45,983	45,884	46,185	44,383	45,432
BORROWINGS	-	-	12,666	30,945	25,935	20,380	20,380	12,451	16,265	9,531
DEFERRED TAX LIABILITY	-	5	111	-	-	-	-	-	-	-
FUNDS EMPLOYED	45,194	45,711	58,614	81,137	73,452	66,363	66,264	58,636	60,649	54,963
CASH CREDIT	-	-	-	-	-	-	-	-	-	-
<b>APPLICATION OF FUNDS:</b>										
GROSS FIXED ASSETS (includes Investment Property)	48,138	55,166	55,388	93,863	92,950	93,096	72,224	72,432	73,137	73,245
DEPRECIATION	10,616	12,255	13,998	17,717	20,866	24,932	4,080	8,109	12,324	16,446
NET FIXED ASSETS	37,522	42,911	41,390	76,146	72,084	68,164	68,163	64,336	60,814	56,799
CAPITAL WORK-IN-PROGRESS	3,203	141	7,425	151	6	2	2	2	604	1,391
INVESTMENTS	-	0.26	0.26	0.26	0.26	0.26	0.26	0.26	5.00	5.00
DEFERRED TAX ASSET (NET)	-	-	-	-	-	-	-	-	-	-
DEFERRED TAX LIABILITY (NET)	-	-	-	-	-	-	-	-	-	-
GROSS CURRENT AND NON-CURRENT ASSETS	10,120	7,849	15,580	18,022	16,000	13,778	13,299	13,480	13,447	12,832
CURRENT LIABILITIES & PROVISIONS	5,651	5,190	5,781	13,181	14,638	15,580	15,201	19,183	14,221	16,064
NET CURRENT ASSETS	4,469	2,659	9,799	4,841	1,362	(1,802)	(1,902)	(5,703)	(774)	(3,232)
DEFERRED REVENUE EXPENDITURE	-	-	-	-	-	-	-	-	-	-
DEBIT BALANCE IN P & L	-	-	-	-	-	-	-	-	-	-
NET ASSETS EMPLOYED	45,194	45,711	58,614	81,137	73,452	66,364	66,264	58,636	60,649	54,963
<b>RATIOS:</b>										
ROCE (%)	1.88	1.47	0.61	(1.31)	(1.09)	(0.01)	(0.10)	2.85	(1.53)	3.60
PBDIT TO GROSS INCOME(%)	7.48	6.75	5.50	5.85	8.44	9.60	9.45	12.78	7.50	14.93
PAT ON SHAREHOLDERS'FUNDS(%)	1.47	1.12	0.29	(4.48)	(5.63)	(3.33)	3.62	0.66	(3.97)	2.21
EARNINGS PER EQUITY SHARE(Rs)	6.97	5.35	1.37	(20.72)	(24.62)	(14.12)	(15.30)	2.82	(16.22)	9.25
DIVIDEND PER EQUITY SHARE(Rs)	-	-	-	-	-	-	-	-	-	-
NET WORTH PER EQUITY SHARE(Rs)	472.74	478.09	479.47	462.01	437.39	423.27	422.35	425.13	408.54	418.20
DEBT: EQUITY RATIO	-	-	0.28	0.62	0.55	0.44	0.44	0.27	0.37	0.21

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

\*Company has switched over from Erstwhile IGAAP to IndAs from F.Y 2018-19. Accordingly Figures have been arrived after considering the effect of Ind As for the F.Y 2018-19. Further to enhance comparability F.Y 2017-18 Figures have been restated with Ind As adjustments.

## 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 OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 66th Annual General Meeting of the Company (AGM) will be held on Thursday, the 30th September, 2021 at 10.30 A.M. [Indian Standard Time (IST)] through Video Conferencing / Other Audio Visual Means to transact the following businesses:

#### ORDINARY BUSINESS

1. To consider and adopt the Audited financial statements of the Company for the financial year ended 31st March, 2021 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Milan Wahi (DIN: 05242884), who retires by rotation and is eligible for reappointment.
3. To consider the appointment of M/s.Price Waterhouse Chartered Accountants LLP, Chennai as Statutory Auditors of the Company to hold office from the conclusion of 66th Annual General Meeting till the conclusion of 71st Annual General Meeting and fix their remuneration.

#### SPECIAL BUSINESS

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

**RESOLVED THAT** Mr. Kyungwoon Cho (DIN. 09048060) who was appointed as an Additional Director of the Company on 8th March, 2021, 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 his candidature for the office of Director be and is hereby appointed as Director of the Company whose period of office is liable to retire by rotation.

By Order of the Board  
For Lotte India Corporation Limited

Chennai  
30.08.2021

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 is annexed.
2. Since this AGM is through video conferencing, appointment of Proxy is not applicable and hence proxy form and attendance slip are not attached to this Annual Report.
3. Members, who are having shares in physical form are requested to intimate change in their addresses, if any, immediately to the Company at its Head Office / RTA quoting their folio number, certificate number.
4. Members, who are having shares in Demat form are requested to intimate change in their addresses, if any, immediately to their Depository Participants with whom they are maintaining their Demat Account.
5. **Book closure:** The Register of Members and Share Transfer books of the Company shall remain closed from 24th September, 2021 to 30th September, 2021 (both days inclusive).
6. 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.
7. Since dematerialization of shares is mandatory for transfer of their holdings, Members who are holding shares in physical form are advised to dematerialise their holdings at the earliest.
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.

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**NOTICE TO SHAREHOLDERS (Contd.)**

9. The Company has appointed Ms.R.Sucharithra, 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 remote e-voting during the e-voting period shall be allowed to cast their vote thru e-voting at the 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).

**Instructions for e-Voting and attending AGM through video conferencing / other audio visual means.**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.lotteindia.com](http://www.lotteindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars No. 14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020, No. 20/2020 dated May 05, 2020 and No.02/21 dated January 13, 2021.

**THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL AGM ARE AS UNDER:**

- (i) The **e-voting period** begins on 27.09.2021, 9.00 AM (IST) and ends on 29.09.2021, 5.00 PM (IST). 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 23.09.2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on “Shareholders” module.
- (v) Now enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first-time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank details (or) Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (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 or company, please enter the member id / folio number in the Dividend Bank details field.

- (ix) After entering these details appropriately, click on “SUBMIT” tab.

## Notes (Contd.)

(xviii) If a 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.

(xix) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the RTA and to the Company at the email address viz; [murali@cameoindia.com](mailto:murali@cameoindia.com), [compsecy@lotteindia.com](mailto:compsecy@lotteindia.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be

displayed after successful login as per the instructions mentioned above for e-voting.

3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number to [compsecy@lotteindia.com](mailto:compsecy@lotteindia.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [compsecy@lotteindia.com](mailto:compsecy@lotteindia.com). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.



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**Notes (Contd.)****PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company compsecy@lotteindia.com / RTA murali@cameoindia.com
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)

3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

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**ANNEXURE TO THE NOTICE****Profile of Directors seeking Appointment / Reappointment**

**Mr. Milan Wahi** (DIN.05242884) is a post graduate in Science with PG Diploma and has about 30 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, JK Dairy and Kenstar etc. He is a member of CSR Committee and Stakeholders relationship Committee.

**Mr. Kyungwoon Cho** (DIN.09048060) is a Post graduate (MBA) in International Business from Korea University. He joined in Lotte Group in 2001 and served in various capacities at its Headquarters and as well as at Lotte Guylian, Belgium. Before his proposed appointment as Director of Lotte India, Mr.Kyungwoon Cho was working with Lotte HQ as Vice President of Global Strategic Division. He is the chairman of Havmor Ice Cream Pvt. Ltd.

**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 the 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 4:**

The Board of Directors, based on the recommendation of Remuneration and Nomination Committee, at its meeting

held on 8th March, 2021, appointed Mr. Kyungwoon Cho (DIN. 09048060) as an Additional Director on the Board. Further, at the said meeting, Mr.Kyungwoon Cho was also appointed as Chairman cum Executive Director for 3 years from 8th March, 2021 subject to the approval of Shareholders and Central Government. On 31st May, 2021, the Shareholders approved the appointment of Mr.Kyungwoon Cho as Chairman cum Executive Director vide postal ballot process. The Company had applied to Central Government on 4th June, 2021 and approval is awaited.

Mr. Kyungwoon Cho (DIN.09048060) is a Post graduate (MBA) in International Business from Korea University. He joined in Lotte Group in 2001 and served in various capacities at its Headquarters and as well as at Lotte Guylian, Belgium. Before his proposed appointment as Director of Lotte India, Mr.Kyungwoon Cho was working with Lotte HQ as Vice President of Global Strategic Division. He is the chairman of Havmor Ice Cream Pvt. Ltd.

Mr.Kyungwoon Cho has given his consent to act as Director of the Company. He does not hold any shares in the Company. His association with the Company will help us to improve the performance of the Company. The details of meetings attended by him in the financial year ended 31st March, 2021: Nil.

None of the Directors ( other than Mr.Kyungwoon Cho), 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.

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors have pleasure in presenting the 66th Annual Report of your company together with the audited financial statements for the year ended 31st March, 2021.

### Financial Results

Rs. In lakhs

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Gross Sales	41,865.43	44202.02
Less : Discounts & Schemes	3,070.10	3468.02
Net Sales	38,795.33	40734.00
Add : Other Income	953.58	378.83
<b>Total Income</b>	<b>39,748.91</b>	<b>41112.83</b>
<b>Total Expenditure</b>	<b>33,525.45</b>	<b>37796.47</b>
Profit before depreciation, interest & finance charges	6,223.46	3316.36
Less : Depreciation, Interest & finance charges	4,994.07	5078.98
<b>Profit / (Loss) before tax</b>	<b>1,229.39</b>	<b>(1762.62)</b>
Less : Provision for Taxes :		
– Current	225.00	--
– Deferred		--
<b>Profit / (Loss) after tax</b>	<b>1,004.39</b>	<b>(1762.62)</b>
Add : Balance brought forward from previous year	(6,970.84)	(5168.67)
Profit/(Loss) for the year	1,004.39	(1762.62)
Other comprehensive income	44.77	(39.55)
<b>Balance Loss transferred to Balance Sheet</b>	<b>(5,921.69)</b>	<b>(6970.84)</b>

The Board of Directors has decided not to recommend any dividend for the year period ended 31st March, 2021.

### Performance Highlights

For the year ended 31st March, 2021, the Company has achieved a gross sales of Rs. 41,865.43 lakhs as against Rs. 44,202.02 Lakhs for the year ended 31st March, 2020. The decline in sales was mainly due to lock down announced across India in the months of April 2020 and June 2020 to combat the Covid-19.

During the year under review, the Company has earned a Profit after tax of Rs. 1,004.39 lakhs as against a Loss of Rs.1,762.62 lakhs for the year ended 31st March, 2020.

During the year under review, prices of vanaspati, skimmed milk powder and chocomass have gone up significantly when compared to last year. However, due to the various cost reduction measures adopted by the Company including product mix change, the company was able to reduce the impact and manage the working capital, tranche of loan repayment and regular investments with internal accruals.

During the year under review, the Company had additional cost restructuring and cost saving initiatives to negate the impact of losses during the Covid-19 impacted months (April – June 2020).

### Industry Trends

With Schools and major IT offices remaining closed through the year, it led to lower sales of Confectionary on a whole.

Additionally partial retail store closures negatively impacted sales, for both Pie & Confectionary category.

During the uncertainty created by the pandemic, consumers have been gravitating towards names and products they trust.

Whilst independent small grocers will remain the dominant channel for distribution, the pandemic has shifted some share to other channels, with e-commerce being the main beneficiary. Home seclusion has led consumers spending more time on their devices at home and spending more time on shopping online. Small but noteworthy shift towards e-commerce seen in both our categories.

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

With consumers increasingly demanding healthier and more nutritious snacking options, sugar confectionery faces strong competition from a rapidly expanding range of health orientated products from other categories.

Brands adapted to this trend and changed their portfolios to add fruit juice and fortify their products with Vitamin C. As such, it can be expected fortified and healthier variants will become more popular in the coming years.

**Outlook**

Hampered mobility of consumers will continue to contribute to the restricted growth of the category in the coming year. With home seclusion remaining prevalent in 2021 and the country bracing against the likelihood of a third wave, consumers are increasingly relying on e-commerce for essential as well as discretionary purchases.

With the trend of consumers shifting purchase online, company has started getting aggressive on this channel. We are listed on all major Grocery Ecom Sites and in coming year we expect to see the upswing in its contribution to the total sales.

With consumers spending more time online – we started our social presence with our brand pages on Instagram and Facebook. Focus of brand communication and engagement has moved more towards social. This will remain important tool for marketing in the coming year.

Company is looking at continuing its focus on its power brands Choco Pie and Coffy Bite. With snacking as a category expected to grow in 2021, we are planning a variant launch under cake category. With this our consumer will have more options to enjoy under the Lotte Chocopie brand.

**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.

**Extract of Annual Return**

As per the requirements of the Companies Act, 2013, copy of Annual Return is posted on Company's website and the same can be accessed at <https://www.lotteindia.com/investor-centre.html>.

**Board Meetings**

During the year under review, four Board Meetings were held. 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;
- (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.

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**DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)****Declaration from Independent Directors**

Mr. D.G.Rajan and 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 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: 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 Wholetime director (including revisions & alterations) shall be in accordance with Companies Act, 2013 and Rules framed hereunder 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 of 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. The Remuneration and Nomination policy approved by the Board of Directors is posted on the website of the Company viz., <https://www.lotteindia.com/pdf/REMUNERATION-AND-NOMINATION-POLICY.pdf>

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

**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.

**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) Utilised wind power partially at Nemam & Nellikuppam factories and Head office.
- b) In view of the above, your Company was able to conserve energy cost and saved around Rs. 75.77 lakhs during the year 2020-21.

**(ii) The steps taken by the Company for utilising alternate sources of energy :**

- a) Your Company had already installed solar power plant ( 125 kw) at Rohtak factory. Further, your Company is studying the feasibility of using Roof top solar power at Nemam factory.
- b) Generated 1.38 Lakhs units of Solar power at Rohtak factory, which resulted in cost saving of around Rs. 9.99lakhs.
- c) Optimized the energy efficiency level of cooling tower at Rohtak by using the variable frequency drive and reducing the number of cooling tower operation according to the load. Units saved 40080 units, which resulted in cost saving of around Rs. 2.89 lakhs/annum).

d) Installed the time intervals for the stirrer motor for Chocolate tank at Rohtak. Units saved 103680 Units, which resulted in cost saving of Rs. 7.49 lakhs.

e) Installed interlocking dust collector motors with flour blower operation & stoppage of ETP gas holding chamber at Rohtak Units saved 10866 units, which resulted in cost saving of Rs.0.87lakhs.

**(iii) the capital investment on energy conservation equipment's:** Nil.

**(B) Technology absorption**

(i) the efforts made towards technology absorption;

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

(iv) the expenditure incurred on Research and development: Rs.21.05 lakhs

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

(Rs.in lakhs)

Earnings	1065.72
Outgo	1541.40

**Business Risk Management**

The Company has developed and implemented the Risk Management Policy. The policy envisages identification of risk and procedures for assessment and minimisation of risk thereof. The Risk Management Policy of the Company is available at the Company's website <http://www.lotteindia.com>.

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

Your Company has constituted a CSR committee of Board of Directors and has adopted a CSR Policy. The same is posted on the Company's website <https://www.lotteindia.com/pdf/CSR-POLICY.pdf>. The policy aims mainly for promotion of education, development of vocational skills among children women, health, rural developments etc.

The obligation to spend towards CSR does not arise to your Company for the year as the average net profit for the past 3 years is negative. A report in prescribed format is attached herewith as **Annexure 1**.

**Directors**

During the period under review, Mr. Yun Kang Jung resigned from the post of Chairman cum Whole Time Director on 16.12.2020 and from the Directorship of the Company with effect from 27.02.2021. In his place, Mr.Kyungwoon Cho was appointed as Chairman cum Executive Director at the Board Meeting held on 8th March, 2021.

Your Directors wish to place on record their deep appreciation of the valuable contribution made by Mr.Yun Kang Jung. Mr. Milan Wahi, Director will retire by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

**Key Managerial Personnel**

The Company designated Mr.Kyungwoon Cho, Chairman cum Executive Director, Mr. Milan Wahi, Managing Director, Mr.Inchul Yeo, Chief Financial Officer 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 15th December, 2016 for a period of 5 years to hold office from the conclusion of 61st AGM till the conclusion of 66th AGM. The Company recommends the re-appointment of M/s. Price Waterhouse Chartered Accountants LLP for the second term of 5 years to hold office from the conclusion of 66th AGM till the conclusion of 71st AGM.

**Internal Auditors**

The term of office of M/s.Ernst & Young, independent Internal auditors was expired on 31st March, 2021. In their place, M/s. Grant Thornton, Chartered Accountants was appointed for conducting internal audit of operations of your Company for the year 2021-22.

**Secretarial Audit**

The Secretarial Audit Report for the Year ended 31st March, 2021 given by Mrs R.Sucharithra, Company Secretary in Practice, is annexed to this report as **Annexure 2**.

Your Company has appointed Ms.R.Sucharithra, Company Secretary in Practice, to do Secretarial Audit for the year 2021-22 and provide the report thereon.

**Other disclosures:**

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Maintenance of cost records as specified by Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to your Company.

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**Acknowledgement**

The Board wishes to place on record, its sincere appreciation for the co-operation and support received from the Customers, 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

**Kyungwoon Cho**

Chairman cum ED

**In Chul Yeo**

WTD & CFO

Chennai

30.08.2021

**Milan Wahi**

Managing Director

**D.G.Rajan**

Independent Director

**ANNEXURE 1 TO DIRECTORS' REPORT**  
**Annual Report on Corporate Social Responsibility (CSR) activities**

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 <https://www.lotteindia.com/pdf/CSR-POLICY.pdf>

The CSR Committee consists of the following directors viz., Mr.D.G.Rajan, Chairman, Mr.Kyungwoon Cho, Member and Mr.Milan Wahi, Member.

Average net profit / (loss) of the Company for the last three financial years: (Rs 64.50 Lakhs)

In view of the above, CSR obligation did not apply to your Company for the year 2020-21 and as such, no CSR activity was done. Therefore, reporting of CSR spent does not arise.

On behalf of the Board

Chennai  
30.08.2021

**Kyungwoon Cho**  
Chairman cum ED

**Milan Wahi**  
Managing Director

**In Chul Yeo**  
Whole Time Director & CFO

**D.G.Rajan**  
Independent Director

**ANNEXURE 2 TO DIRECTORS' REPORT**

**SECRETARIAL AUDIT REPORT**

To  
The Members  
LOTTE INDIA CORPORATION LIMITED  
CIN: U15419TN1954PLC001987  
No.4/111, Mount Poonamallee Road  
Manapakkam, Chennai- 600 089

My Secretarial Audit Report of even date, for the financial year 2020-2021 is to be read along with this letter.

**MANAGEMENT'S RESPONSIBILITY:**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**AUDITOR'S RESPONSIBILITY:**

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

**DISCLAIMER:**

5. 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.
6. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
7. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records from the online mechanisms, as applicable. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis of our opinion.

Place : Chennai  
Date : 30.08.2021

S/d-  
Name of Company Secretary in practice : **R Sucharithra**  
FCS No: 9734  
C P No: 6284



**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2021

*[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

CIN: U15419TN1954PLC001987

No.4/111, Mount Poonamallee Road

Manapakkam, Chennai- 600 089

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 31.03.2021 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 31.03.2021 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 Meetings and General Meetings.

I further report that, the Board of Directors of the Company is 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 properly carried out.

I observed that, in respect of appointment of Mr. In Chul Yeo as whole-time director, application was filed in Form MR-2 for which approval is awaited.

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:**

The records, documents and licenses for compliances under various Acts pertaining to Factories at Nellikuppam, Nemam and Rohtak were verified.

The records pertaining to Safety, Health and Welfare measures followed by the Company and the laws applicable and the compliances were also verified.

I further report that, the Company has not carried out:

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

Place : Chennai

Date : 30.08.2021

S/d-

Name of Company Secretary in practice : **R Sucharithra**

FCS No: 9734

C P No: 6284

UDIN: F009734C000856877

## REPORT ON CORPORATE GOVERNANCE

### (Voluntary Disclosures)

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

Lotte India Corporation Limited (LIICL) is committed to the highest standards of corporate governance in all its activities and processes. Corporate Governance refers to the manner in which a Company is directed, and laws and customs affecting that direction. It includes the manner in which a Company operates under the laws governing Companies, the bylaws established by the Company itself, and the structure of the Company. The corporate governance structure specifies the relationship, and the distribution of rights and responsibilities, among primarily three groups of participants viz. the Board of directors, managers and shareholders. It spells out the rules and procedures for making decisions on corporate affairs; it also provides the structure through which the Company objectives are set, as well as the means of attaining and monitoring the performance of those objectives. The fundamental concern of corporate governance is to ensure conditions whereby a Company's directors and managers act in the interests of the Company and its various stakeholders. The following is a report on the status and progress on major aspects of Corporate Governance.

#### 2. BOARD OF DIRECTORS

(a) Composition of the Board and Directorship held as on 31st March 2021:

Name of Directors	Position	Category	No.of Directorship held in other companies	No.of Board Committee memberships held in other companies	No.of shares held in Other Companies
Mr.Kyungwoon Cho (*)	Chairman Cum ED	Executive Director	1	--	Nil
Mr.Milan Wahi (@)	Managing Director	Executive Director	--	--	Nil
Mr.In Chul Yeo	Whole Time Director	Executive Director	Nil	Nil	Nil
Mr.Myeongrim Choi (#)	Director	Non Executive	8	--	Nil
Mr. D.G.Rajan	Independent Director	Non Executive	9	10	12090
Ms.Hye Lim Jeon	Independent Director	Non Executive	1	Nil	25

(\*) Mr.Kyungwoon Cho appointed as Chairman cum ED on 08.03.2021

(@) Mr.Milan Wahi is a designated partner of Lotte Data Communication R&D Center India LLP, which under liquidation.

(#) Mr.Myeongrim Choi appointed as Director on 07.08.2020

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

During the year ended 31st March, 2021, four Board Meetings were held on the following dates :

7th August, 2020, 31st August, 2020, 28th December, 2020 and 8th March, 2021

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

Name of Directors	No.of Board Meetings attended	Attended the last AGM held on 30th September 2020 ( Y /N)
Mr.Yun Kang Jung @	2	Yes
Mr.Kyungwoon Cho *	(*)	NA
Mr.Milan Wahi	4	Yes
Mr.In Chul Yeo	4	Yes
Mr.Myeongrim Choi	3	No
Mr. D.G.Rajan	4	Yes
Ms.Hye Lim Jeon	1	No

(\*) Mr.Kyungwoon Cho appointed as Chairman cum ED on 08.03.2021

(@) Mr.Yun Kang Jung resigned from Board on 27.02.2021

**3. AUDIT COMMITTEE**

a) Constitution : Composition of the Audit Committee as on 31st March 2021:

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

Mr.Kyungwoon Cho – Chairman cum ED – Member

Ms.Hye Lim Jeon – Non Executive Independent Director – Member

(b) Audit Committee - Meetings and Attendance During the year period ended 31st March, 2021. Two meetings were held on 31st August, 2020 and 8th March, 2021. 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	2
Mr.Yun Kang Jung (#)	Member	1
Mr.Kyungwoon Cho (*)	Member	--
Ms.Hye Lim Jeon	Member	1

(#) Mr.Yun Kang Jung resigned from Board on 27.02.2021.

(\*) Mr.Kyungwoon Cho appointed as Chairman cum ED on 08.03.2021

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 2021:

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

Mr.Kyungwoon Cho, Chairman cum ED - Member

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

Mr.Myeongrim Choi, Non Executive Director - Member

Ms.Hye Lim Jeon, Non Executive Independent Director – Member

During the year period ended 31st March, 2021, Three meetings were held on 7th August, 2020, 31st August, 2020 and 8th March, 2021.

The attendance of each member of the Committee is given below:

Name of Director	Position	Attended the Remuneration & Nomination Committee Meeting (Yes /No)
Mr. D.G.Rajan	Independent Director	3
Mr.Yun Kang Jung	Chairman cum WTD	2
Mr.Kyungwoon Cho	Chairman cum ED	--
Mr.Myeongrim Choi	Director	2
Ms.Hye Lim Jeon	Independent Director	1

The details of sitting fee paid to Non-Executive Directors for the year 2020-21.

Name of the Director	Sitting fees (Rs)	Commission
Mr.D.G.Rajan	5,50,000	Nil
Ms.Hye Lim Jeon	2,00,000	Nil

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Committee was mainly established to monitor investors' grievances such as complaints on transfer of shares, nonreceipt 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.Myeongrim Choi 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 had formed a Committee by name Corporate Social Responsibility Committee. The Committee consists of Mr.D.G.Rajan, Independent Director as Chairman, Mr.Milan Wahi and Mr. Kyungwoon Cho as members.

During the year ended 31st March, 2021, One meeting was held on 8th March, 2021

The obligation to spend amount towards CSR did not arise as the past three years average net profit is negative.

7. Independent Directors ( Mr.D.G.Rajan and Ms.Hye Lim Jeon) had a Meeting on 8th March, 2021 without the presence of other directors and evaluated the performance of Board, Directors and Chairman.

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

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

Date of Meeting	Time of Meeting	Venue of the Meeting
30th September, 2020	11.30 AM	Video Conferencing

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

30th December, 2019	10.15 AM	M.A.Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai- 600 108.
25th September, 2018	10.30 AM	
18th December, 2017	10.30 AM	
15th December, 2016	10.00 AM	

**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.
- 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).
- v) Disclosure under Section II of Part – II (iv) of Schedule V of Companies Act, 2013.

Name of Director	Mr.Yun Kang Jung	Mr.Kyungwoon Cho	Mr. Milan Wahi	Mr.In Chul Yeo
DoB	24.11.1964	13.10.1974	30.01.1964	30.05.1969
Qualification	Graduate in English & Literature.	Post Graduate in International Business	Post Graduate in Science with PG Diploma	Graduate in Economics
Experience	25 years of experience in Sales & Marketing	20 years of experience in Sales & Marketing	30 years of experience in Sales & Marketing	22 years of experience in Audit, Finance & Accounts
Salary last drawn				
All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc.,	Rs.72.60 lakhs	Rs.9.42 lakhs	Rs.117.40 lakhs	Rs.62.38 lakhs
Details of fixed component and <b>performance linked incentives</b> along with the performance criteria;	Nil	Nil	Rs.5.23 lakhs (Based on Business Performance parameters)	Nil
Service contracts,	Nil	Nil	Nil	Nil
Notice period,	Three months	Three months	Three months	Three months
Severance fees;	Nil	Nil	Nil	Nil
Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	Nil	Nil	Nil	Nil

On behalf of the Board

Chennai  
30.08.2021

**Kyungwoon Cho**  
Chairman cum ED

**Milan Wahi**  
Managing Director

**In Chul Yeo**  
Whole Time Director & CFO

**D.G.Rajan**  
Independent Director

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## CHIEF FINANCIAL OFFICER CERTIFICATION

To

**The Members of Lotte India Corporation Limited**

**In relation to the Audited Financial Statements of the Company for the Year ended 31st March, 2021, we hereby certify that**

1. We have reviewed the financial statements and the cash flow statement for the Year ended 31st March 2021 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  
30.08.2021

For Lotte India Corporation Limited  
In Chul Yeo  
Whole Time Director & CFO

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## CONFIRMATION

To

**The Members of Lotte India Corporation Limited**

We hereby confirm that, for the Year ended 31st March, 2021

- (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  
30.08.2021

For Lotte India Corporation Limited  
In Chul Yeo  
Whole Time Director & CFO

## GENERAL SHAREHOLDER INFORMATION

1. **Registered Office** : No. 4/111, Mount Poonamallee Road, Manapakkam, Chennai -600 089
2. **Date of the forthcoming Annual General Meeting by VC / OAVM** : 30<sup>th</sup> September, 2021 at 10.30 A.M.
3. **Book Closure Dates** : 24<sup>th</sup> September, 2021 to 30<sup>th</sup> September, 2021 (both days inclusive)
4. **EVSN** : 210907056
5. **E-voting Cut off Date** : 23<sup>rd</sup> September, 2021
6. **E-voting period** : From 9 A.M (IST) on 27<sup>th</sup> September 2021 to 5 p.m (IST) 29<sup>th</sup> September 2021 (both days inclusive). Procedures for e-voting are given in Notice calling Annual General Meeting.
7. **Plant Location** :
  1. Nellikuppam (Cuddalore Dist.) Tamil Nadu
  2. Nemam, Chennai, Tamil Nadu
  3. Rohtak, Haryana
8. **Share Capital** : 10863768 equity shares of Rs.10 each. Out of this, 10787808 equity shares of Rs.10/- each (99.30%) equity shares have been dematerialized as on 31<sup>st</sup> March, 2021
9. **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.
10. **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
11. **Depositories Connectivity**  
 National Securities Depository Ltd. (NSDL)  
 Central Depository Services (India) Ltd. (CDSL)  
 ISIN: INE185A01011
12. **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 31<sup>st</sup> March, 2021, 10787808 equity shares constituting 99.30 % of the total paid up capital of the Company have been dematerialized.
13. **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 audit of the Indian Accounting Standards (Ind AS) Financial Statements

##### Opinion

1. We have audited the accompanying Ind AS financial statements of Lotte India Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss ((including Other Comprehensive Income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("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, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

##### Basis for opinion

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

##### Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises

the information included in the Director's report, but does not include the financial statements and our auditors' report thereon.

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

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

We have nothing to report in this regard.

##### Responsibilities of management and those charged with governance for the Ind AS financial statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern,

## INDEPENDENT AUDITORS' REPORT (Contd.)

disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditors' responsibilities for the audit of the Ind AS financial statements

7. Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on other legal and regulatory requirements

11. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. 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

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

- it appears from our examination of those books. However, the back-up of the books of accounts 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 (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 12(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 with reference to Ind AS financial statements 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 information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 38 to the Ind AS financial statements.
  - ii. The Company has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2021;
  - 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, 2021.
13. Except for managerial remuneration aggregating to INR 38.79 lakhs, the managerial remuneration paid / provided for by the Company is in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V to the Act. As stated in Note 35 to the Ind AS financial statements, the Company obtained approval for the managerial remuneration paid / provided in excess of the limits from shareholders through Postal Ballot for which the resolution was passed on June 1, 2021.

Place: Chennai  
Date: August 30, 2021

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

**Suresh S**  
Partner

Membership Number: 200928  
UDIN: 21200928AAAABD7831

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## Annexure A to Independent Auditors' Report

Referred to in paragraph 13(g) of the Independent Auditors' Report of even date to the members of Lotte India Corporation Limited on the Ind AS financial statements as of and for the year ended March 31, 2021

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

1. We have audited the internal financial controls with reference to financial statements of Lotte India Corporation Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS 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 with reference to Ind AS financial statements 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 with reference to Ind AS financial statements 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 with reference to Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 with reference to Ind AS financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting

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

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls

with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2021, 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

**Suresh S**

Partner

Membership Number: 200928

UDIN: 21200928AAAABD7831

Place: Chennai

Date: August 30, 2021

## Annexure B to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Lotte India Corporation Limited on the Ind AS financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets (Property, plant and equipment and intangible assets).
- (b) The property, plant and equipment 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 property, plant and equipment 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 3 on Property, Plant and Equipment to the Ind AS financial statements, are held in the name of the Company, except for the following:

Type of property	Gross block as at March 31, 2021 (in Lakhs)	Net block as at March 31, 2021 (in Lakhs)	Remark
Land measuring 56,628 sq. ft. at Maraimalai Nagar, Chennai	585.00	585.00	Title deeds are in the name of the erstwhile Company – Parys Confectionary Limited.
Building measuring 945.2 sq. ft. at Ahmedabad	10.50	2.08	Title deeds are in the name of the erstwhile Company – Parys Confectionary Limited.

- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- 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 said 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 Section 185 and 186. 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 products of 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 the undisputed statutory dues in respect of provident fund, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 38 to the Ind AS financial statements regarding management's assessment on certain matters relating to provident fund.
- (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, service-tax, duty of custom which have not been deposited on account of any dispute. The particulars of dues of service tax, value added tax and excise duty as at March 31, 2021 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	352.90	November 2004 to January 2005, May 2003 to July 2003 and January 2010 to February 2013	CESTAT, Chennai
CENVAT CREDIT RULES, 2004	Service Tax	402.18	January 2009 to January 2013, March 2013 and April 2013 to March 2014	CESTAT, Chennai
		3.19	April 2015 to December 2015	Assistant Commissioner of Central Excise, Palakkad
Kerala Value Added Tax, 2003	VAT	194.44	April 2008 to March 2009	Commissioner ( Appeals) Palakkad

\*Excludes amount paid as deposit against dispute amounting to Rs. 24.50 lakhs.

- viii. According to the records of the Company examined by us and the information and explanation 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. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, 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. As more fully discussed in Note 35 to the Ind AS Financial Statements, the Managerial remuneration aggregating to INR 38.79 lakhs has been paid in excess of the limits prescribed under Section 197 read with Schedule V. The Company has obtained approval from the shareholder through postal ballot on June 1, 2021 in compliance with the requirements of Section 197 read with Schedule V to the Act.  
Also refer paragraph 13 of our main audit report.
- 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 Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- 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

**Suresh S**

Partner

Membership Number: 200928

UDIN: 21200928AAAABD7831

Place: Chennai  
Date: August 30, 2021

**Balance Sheet as at March 31, 2021**

(All amounts are in INR lakhs, unless otherwise stated)

	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3(a)	47,632.55	51,362.41
Right of use Assets	3(b)	182.64	401.29
Capital work-in-progress		1,390.95	603.99
Investment properties	3(c)	8,975.34	9,040.85
Intangible assets	4	8.48	9.15
Financial assets			
(i) Investments	5(a)	5.00	5.00
(ii) Loans	5(b)	57.86	68.43
(iii) Other financial assets	5(c)	534.30	377.35
Deferred tax assets (net)	6	-	-
Other non-current assets	7	297.40	565.54
<b>Total non-current assets</b>		<b>59,084.52</b>	<b>62,434.01</b>
<b>Current assets</b>			
Inventories	8	4,258.78	5,990.64
Financial assets			
(i) Trade receivables	9	1,245.61	1,898.31
(ii) Cash and cash equivalents	10	1,137.53	1,694.31
(iii) Bank balances other than (ii) above	11	3,998.98	1,609.02
(iv) Loans	5(b)	313.65	241.54
(v) Other financial assets	5(c)	310.40	66.19
Other current assets	12	677.63	935.63
<b>Total current assets</b>		<b>11,942.58</b>	<b>12,435.64</b>
<b>TOTAL ASSETS</b>		<b>71,027.10</b>	<b>74,869.65</b>



	Note	As at March 31, 2021	As at March 31, 2020
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	13(a)	1,086.38	1,086.38
<b>OTHER EQUITY</b>			
Reserves and surplus	13(b)	44,345.96	43,296.81
<b>Total equity</b>		<b>45,432.34</b>	<b>44,383.19</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	14	9,530.78	16,265.39
(ii) Lease Liabilities	15	83.47	228.45
(iii) Other financial liabilities	16	-	196.28
Provisions	17	162.63	138.65
<b>Total non-current liabilities</b>		<b>9,776.88</b>	<b>16,828.77</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	14	27.40	-
(ii) Lease Liabilities	15	124.71	192.32
(iii) Trade payables			
Total outstanding dues of micro and small enterprises		65.13	-
Total outstanding dues of creditors other than micro and small enterprises	18	5,610.79	6,816.75
(iv) Other financial liabilities	16	9,334.48	6,028.92
Provisions	17	237.06	240.35
Current tax liabilities (net)	19	5.00	-
Other current liabilities	20	413.31	379.35
<b>Total current liabilities</b>		<b>15,817.88</b>	<b>13,657.69</b>
<b>Total liabilities</b>		<b>25,594.76</b>	<b>30,486.46</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>71,027.10</b>	<b>74,869.65</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

This is the Balance Sheet referred in our report of 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**

**Suresh S**  
 Partner  
 Membership No. 200928

**Kyungwoon Cho**  
 Chairman cum ED  
 DIN : 09048060

**Milan Wahi**  
 Managing Director  
 DIN : 05242884

**Inchul Yeo**  
 Whole Time Director &  
 Chief Financial Officer  
 DIN : 08688249

Place : Chennai  
 Date : August 30, 2021

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

**T.G. Karthikeyan**  
 Company Secretary

## Statement of Profit and Loss for the year ended March 31, 2021

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

	Note	Year ended March 31, 2021	Year ended March 31, 2020
<b>REVENUE</b>			
Revenue from operations	21	38,795.33	40,734.00
Other income	22	953.58	378.83
<b>Total income</b>		<b>39,748.91</b>	<b>41,112.83</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	17,411.11	20,327.93
Purchases of stock-in-trade		487.80	221.59
Changes in inventories of work-in-progress, stock-in-trade and finished goods	24	742.72	(1,058.37)
Employee benefits expense	25	4,075.36	4,116.05
Finance costs	26	853.60	847.24
Depreciation and amortisation expense	27	4,140.47	4,231.74
Other expenses	28	10,808.46	14,189.27
<b>Total expenses</b>		<b>38,519.52</b>	<b>42,875.45</b>
<b>Profit / (loss) before exceptional items and tax</b>		<b>1,229.39</b>	<b>(1,762.62)</b>
Exceptional Items	29	-	-
<b>Profit / (loss) before tax</b>		<b>1,229.39</b>	<b>(1,762.62)</b>
Income tax expense	30		
Current tax		225.00	-
Deferred tax		-	-
<b>Total tax expense</b>		<b>225.00</b>	<b>-</b>
<b>Profit / (loss) for the year</b>		<b>1,004.39</b>	<b>(1,762.62)</b>
<b>Other comprehensive income/ (loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations (net of tax)		44.76	(39.55)
<b>Other comprehensive income/ (loss) for the year</b>		<b>44.76</b>	<b>(39.55)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>1,049.15</b>	<b>(1,802.17)</b>
Basic earnings per share (in INR)	39	9.25	(16.22)

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

This is the Statement of Profit and Loss referred to our report of 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**

**Suresh S**  
Partner  
Membership No. 200928

**Kyungwoon Cho**  
Chairman cum ED  
DIN : 09048060

**Milan Wahi**  
Managing Director  
DIN : 05242884

**Inchul Yeo**  
Whole Time Director &  
Chief Financial Officer  
DIN : 08688249

Place : Chennai  
Date : August 30, 2021

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

**T.G. Karthikeyan**  
Company Secretary

## Statement of Changes in Equity for the year ended March 31, 2021

(All amounts are in INR lakhs, unless otherwise stated )

### A Equity share capital

	Notes	Amounts
As at April 1, 2019	13(a)	1,086.38
Changes in equity share capital during the period		-
<b>Balance as at March 31, 2020</b>		<b>1,086.38</b>
Changes in equity share capital during the period		-
<b>Balance as at March 31, 2021</b>		<b>1,086.38</b>

### B Other equity

	Notes	Reserves and surplus				Total
		Capital reserve	Securities premium	General reserve	Retained earnings	
<b>Balance as at April 1, 2019</b>		<b>464.47</b>	<b>7,445.79</b>	<b>42,357.39</b>	<b>(5,168.67)</b>	<b>45,098.98</b>
Loss for the year	13(b)	-	-	-	(1,762.62)	(1,762.62)
Other comprehensive loss	13(b)	-	-	-	(39.55)	(39.55)
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,802.17)</b>	<b>(1,802.17)</b>
<b>Balance as at March 31, 2020</b>		<b>464.47</b>	<b>7,445.79</b>	<b>42,357.39</b>	<b>(6,970.84)</b>	<b>43,296.81</b>
Income for the year	13(b)	-	-	-	1,004.39	1,004.39
Other comprehensive Income	13(b)	-	-	-	44.76	44.76
<b>Total comprehensive Income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,049.15</b>	<b>1,049.15</b>
<b>Balance as at March 31, 2021</b>		<b>464.47</b>	<b>7,445.79</b>	<b>42,357.39</b>	<b>(5,921.69)</b>	<b>44,345.96</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

This is the Statement of changes in Equity referred in our report of even date.

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

**Suresh S**  
Partner  
Membership No. 200928

Place : Chennai  
Date : August 30, 2021

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

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

**T.G. Karthikeyan**  
Company Secretary

**Statement of Cash Flows for the year ended March 31, 2021**

(All amounts are in INR lakhs, unless otherwise stated )

	Year ended March 31, 2021	Year ended March 31, 2020
<b>A Cash flow from operating activities</b>		
<b>Profit/(Loss) before tax</b>	<b>1,229.39</b>	<b>(1,762.62)</b>
Adjustments for :		
Finance costs	853.60	847.24
Unwinding of interest on security deposit	(2.53)	(4.31)
Depreciation and amortisation expense	4,140.47	4,231.74
Net (gain)/losses on derivative contracts	133.34	162.88
(Gain)/Loss on sale of property, plant and equipment (net)	(0.19)	1.59
Interest on bank deposits	(239.07)	(113.09)
Impairment of Capital Work in Progress	(450.16)	-
Liability no longer required written back relating to above asset	450.16	-
Net gain/(loss) on foreign currency transaction and translation exchange differences	(457.06)	1,786.03
Lease rentals	(175.62)	(198.51)
<b>Sub-total (1)</b>	<b>5,482.33</b>	<b>4,950.95</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase)/Decrease in loans	(59.01)	1.18
(Increase)/Decrease in other financial assets	(327.73)	(128.12)
(Increase)/Decrease in other current and non-current assets	277.21	(97.79)
(Increase)/Decrease in trade receivables	652.70	555.86
(Increase)/Decrease in inventories	1,731.86	(1,432.58)
Increase/(Decrease) in trade payables	(1,140.83)	1,502.98
Increase/(Decrease) in other financial liabilities	(390.55)	(153.61)
Increase/(Decrease) other current and non-current liabilities	33.96	26.09
Increase/(Decrease) in provisions	65.45	52.05
<b>Sub-total (2)</b>	<b>843.06</b>	<b>326.06</b>
<b>Cash generated from operations (1) + (2) = (3)</b>	<b>6,325.39</b>	<b>5,277.01</b>
Income taxes paid (net of refunds)	(249.36)	(25.96)
<b>Net cash inflow from operating activities (A)</b>	<b>6,076.03</b>	<b>5,251.05</b>
<b>B Cash flow from investing activities</b>		
Investment in property, plant and equipment and intangible assets (including capital work-in-progress)	(984.02)	(652.43)
Proceeds for sale of property, plant and equipment	6.96	0.62
Investment in deposits with banks with original maturity of more than 3 months	(2,389.96)	(1,185.14)
Interest received from bank deposits	165.64	145.19
Payments for purchase of investments	-	(4.74)
Income from investment property	175.62	198.51
<b>Net cash outflow from investing activities (B)</b>	<b>(3,025.76)</b>	<b>(1,497.99)</b>

	Year ended March 31, 2021	Year ended March 31, 2020
<b>C Cash flow from financing activities</b>		
Repayment of borrowing	(2,542.54)	(19,316.85)
Proceeds from borrowing	27.40	14,704.65
Proceeds from cancellation of derivative contracts relating to long term borrowings	-	300.73
Principal payments related to lease liabilities	(212.59)	(192.32)
Interest payments related to lease liabilities	(42.08)	(61.31)
Interest paid	(837.24)	(919.61)
<b>Net cash outflow from financing activities (C)</b>	<b>(3,607.05)</b>	<b>(5,484.71)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)</b>	<b>(556.78)</b>	<b>(1,731.65)</b>
Cash and cash equivalents as at the beginning of the period	1,694.31	3,425.96
<b>Cash and cash equivalents as at the end of the period</b>	<b>1,137.53</b>	<b>1,694.31</b>
<b>Reconciliation of cash and cash equivalents as per the Statement of Cash Flows</b>		
<b>Cash and cash equivalents as per above comprises of the following:</b>		
Balances with banks		
- In current accounts	562.99	134.51
- In cash credit account	202.34	424.44
- In EEFC accounts	60.39	1,113.10
Cash on hand	0.49	0.46
Cheques on hand	111.32	21.80
Deposits with original maturity less than 3 months	200.00	-
<b>Balances per Statement of Cash Flows</b>	<b>1,137.53</b>	<b>1,694.31</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.  
This is the Statement of Cash Flows referred in our report of even date.

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

**Suresh S**  
Partner  
Membership No. 200928

Place : Chennai  
Date : August 30, 2021

For and on behalf of the Board of Directors  
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Independent Director  
DIN : 00303060

**T.G. Karthikeyan**  
Company Secretary

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## Notes forming part of the Financial Statements

### 1 Corporate Information

#### 1.1 Brief description of the Company

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 including Chocopie, Coffy Bite, Lacto King, Caramilk, Coconut Punch and Spout Gums.

### 2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2 Basis of preparation

##### (i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

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

##### (ii) New and amended Standard adopted by the Company

**Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards which are applicable from April 1, 2020:**

- Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Error: Refined definition of term 'material'
- Ind AS 116, Leases: Practical expedient which permits lessees not to account for COVID-19 related rent concessions as a lease modification. However, with respect to Ind AS 116, in case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after 1 April 2019.
- Ind AS 109, Financial Instruments and Ind AS 107, Financial Instruments disclosure: Modification to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the interest rate benchmark (IBOR) reform.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect in the current or future periods.

Schedule III Amendment applicable from April 1, 2021: On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification amended Schedule III of Companies Act, 2013. The company will implement the amendments which are applicable from April 1, 2021 pertaining to revision in Division I, II and III of Schedule III.

##### (iii) Critical estimates and judgements

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

## Notes forming part of the Financial Statements (Contd.)

of balance sheet. The estimates and the assumptions used in the accompanying financial statements are based upon the management's evaluation.

The areas involving critical estimates and judgements:

- (i) Measurement of deferred taxes (refer note 6)
- (ii) Valuation of derivatives and forward contracts (refer note 16)
- (iii) Estimation of defined benefit obligation (refer note 31)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

### **(iv) Historical cost convention**

The financial statements have been prepared under historical cost convention except for certain assets and liabilities as stated in the respective policies, which have been measured at fair value.

## **2.01 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The board of directors of Lotte India Corporation Limited assesses the financial performance and position of the Company, and makes strategic decisions. The board of directors have been identified as being the CODM. Refer note 35 for segment information presented.

## **2.02 Foreign currency translation**

### **Functional and presentation currency:**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency), i.e., Indian Rupee (INR), which is the Company's functional and presentation currency.

### **Initial Recognition**

Foreign currency transactions are recorded in functional currency using the exchange rates prevailing on the date of 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 prevailing at the date of the transaction. All monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rates. Exchange differences arising out of actual payment/realization and from the year end restatement are recognised in the Statement of Profit and Loss.

## **2.03 Property, plant and equipment**

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

## Notes forming part of the Financial Statements (Contd.)

### Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Asset	Useful life	As per Schedule II
Building	28 years	30, 60 years
Plant and machinery	5-13 years	15 years
Office equipments	5-10 years	5 years
Furnitures and fittings	5 - 10 years	10 years
Computers and other peripherals	3 - 5 years	3 years
Vehicles	5 years	8 years
Leasehold improvements	5 years or balance useful life, whichever is less	

The useful lives have been determined based on technical evaluation done by the Management's expert, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets individually costing INR 5,000 and below are fully depreciated in the year of addition.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/(expenses).

### 2.04 Intangible assets

*Computer software including internally developed software*

Computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

### 2.05 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives (refer note 2.03). The useful life has been determined based on technical evaluation performed by the management's expert.



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## Notes forming part of the Financial Statements (Contd.)

### 2.06 Impairment of assets

Assets (Property, plant and equipment, Investment property & Intangible assets) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.07 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 and share of production overheads. 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.

### 2.08 Revenue recognition

#### Sale of products

Revenue from sale of products comprises sale of goods after deduction of discounts, taxes and estimated returns. Revenue is recognised when control of the product is transferred to the customer and there are no unfulfilled performance obligations. Depending on the incoterm, control is transferred at the point of shipment or at the point of delivery. Payment for the sale is received as per agreed credit terms, which is short term in nature. Discounts are given in various forms, including, but not limited to rebates, price reductions and incentives. Accumulated experience is used to estimate the provision for discounts, using the most likely method. An estimate of the goods that will be returned is made, and a corresponding liability has been recognised for this amount.

#### Service income

Income from services pertain to shipping and handling services identified and accounted as a separate performance obligation. Income is recognised once the fulfillment (shipping) obligations have been completed.

#### Interest Income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset.

### 2.09 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are recorded at a nominal amount and are presented by deducting the grant from the carrying amount of the assets.

### 2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term deposits with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts

Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

## Notes forming part of the Financial Statements (Contd.)

### 2.11 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at the fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method, less loss allowance.

### 2.12 Leases

#### As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in substance fixed payments), less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease tenure so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases of property, plant and office equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### As a lessor

The Company has given on lease certain property, plant and equipment and investment property 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. The respective leased assets are included in the Balance Sheet based on their nature.

### 2.13 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised

## Notes forming part of the Financial Statements (Contd.)

if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid 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 period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as a deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### 2.14 Investments and other financial assets

#### *Classification*

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### *Recognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sale the financial asset.

#### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

## Notes forming part of the Financial Statements (Contd.)

- a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the profit or loss and presented in other income/(expenses). Impairment losses are presented as separate line item in the statement of profit and loss.
- b) Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/(expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(expenses) and impairment expenses are presented as separate line item in statement of profit or loss.
- c) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other income/(expenses) in the period in which it arises. Interest income from these financial assets is included in other income.

### *Equity instruments*

The Company subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/(expenses) in the statement of profit and loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

### *Impairment of financial assets*

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32 details how the Company determines whether there has been significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### *Derecognition of financial assets*

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## **2.15 Derivatives and hedging activities**

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at FVPL. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months

## Notes forming part of the Financial Statements (Contd.)

after the end of the reporting period. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income/(expenses).

### 2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the period agreed with the vendors. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

### 2.17 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### 2.18 Provisions and contingent liabilities

Provisions: Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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.

### 2.19 Employee benefits

Short-term obligations: Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Other long-term employee benefit obligations: The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the

## Notes forming part of the Financial Statements (Contd.)

end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

### *Bonus plans:*

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### *Post-employment obligations:*

- i) Defined contribution plans

#### *Provident Fund*

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### *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 plans

#### *Gratuity*

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The Company's gratuity plan is funded and is administered by Life Insurance Corporation of India (LIC).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

## **2.20 Borrowings**

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

## Notes forming part of the Financial Statements (Contd.)

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income/(expenses).

### 2.21 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

### 2.22 Earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, equity shares issued during the year

Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### 2.23 Exceptional Items

The company considers factors including materiality, the nature of the items of income and expenses in determining exceptional items.

### 2.24 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated. The numbers presented throughout the financial statements may not add up precisely to the totals and absolute figures.

## Notes forming part of the Financial Statements (Contd.)

(All amounts are in INR lakhs, unless otherwise stated )

### 3(a) Property, plant and equipment

Description	Gross carrying amount				Depreciation				Net carrying amount
	As at April 1, 2020	Additions	Deletions	As at March 31, 2021	As at April 1, 2020	For the year	Deletions	As at March 31, 2021	As at March 31, 2021
Land (Note i)	9,031.67	-	-	9,031.67	-	-	-	-	9,031.67
Buildings	29,508.17	12.52	-	29,520.69	3,479.35	1,160.17	-	4,639.52	24,881.17
Plant and Machinery									
- Owned	23,962.81	86.54	4.86	24,044.49	7,983.97	2,642.57	4.12	10,622.42	13,422.07
- Leased*	178.89	-	-	178.89	101.80	-	-	101.80	77.09
Office Equipment									
- Owned	87.26	-	-	87.26	26.59	-	-	26.59	60.67
- Leased*	25.96	-	-	25.96	7.13	-	-	7.13	18.83
Furniture and Fixtures									
- Owned	274.02	27.75	3.85	297.92	167.73	38.23	3.66	202.30	95.62
- Leased*	107.88	-	-	107.88	82.01	-	-	82.01	25.87
Leasehold improvements	7.33	-	-	7.33	0.40	-	-	0.40	6.93
Vehicles	62.52	-	16.14	46.38	35.12	8.93	10.30	33.75	12.63
<b>Total</b>	<b>63,246.51</b>	<b>126.81</b>	<b>24.85</b>	<b>63,348.47</b>	<b>11,884.10</b>	<b>3,849.90</b>	<b>18.08</b>	<b>15,715.92</b>	<b>47,632.55</b>

\*Represents assets given on lease where the Company is a lessor

#### Note (i) Title deeds

(a) Immovable properties acquired (now merged) from the erstwhile Parry Confectionery Limited (PCL) are not in the name of the Company.

Particulars	Property address	Area (sq.ft)	Net carrying amount	Title deeds in the name of
Land	Maraimalai Nagar	56,628	585.00	Title deeds are in the name of erstwhile company Parris Confectionery Limited.
Building	Ahmedabad	945	2.08	Title deeds are in the name of erstwhile company Parris Confectionery Limited.

#### Note (ii) Assets pledged and hypothecated

(a) 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
- First charge on plant and machineries in Rohtak factory
- Letter of hypothecation of plant and machineries in Nemam factory
- Deed of hypothecation creating first charge on fixed plant and machinery, spares equipment, appliances, furniture, vehicles, whether or not installed and related movables
- Letter of hypothecation of stock in trade and book debts

#### Note (iii) Contractual obligations

Refer to note 37 for disclosure of contractual commitments for the acquisition of property, plant and equipment.



**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

**4. Intangible assets**

Particulars	Gross carrying amount				Amortisation				Net carrying amount
	As at April 1, 2020	Additions	Deletions	As at March 31, 2021	As at April 1, 2020	For the period	Deletions	As at March 31, 2021	As at March 31, 2021
Computer software	29.12	5.74	-	34.86	19.97	6.41	-	26.38	8.48
<b>Total</b>	<b>29.12</b>	<b>5.74</b>	<b>-</b>	<b>34.86</b>	<b>19.97</b>	<b>6.41</b>	<b>-</b>	<b>26.38</b>	<b>8.48</b>

**3(a) Property, plant and equipment**

Particulars	Gross carrying amount				Depreciation				Net carrying amount
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	For the year	Deletions	As at March 31, 2020	As at March 31, 2020
Land (Note i)	9,031.67	-	-	9,031.67	-	-	-	-	9,031.67
Buildings	29,497.87	10.30	-	29,508.17	2,319.18	1,160.17	-	3,479.35	26,028.82
Plant and Machinery									
- Owned	23,971.10	24.44	32.73	23,962.81	5,355.58	2,658.91	30.52	7,983.97	15,978.84
- Leased*	178.89	-	-	178.89	79.38	22.42	-	101.80	77.09
Office Equipment									
- Owned	67.98	19.28	-	87.26	15.35	11.24	-	26.59	60.67
- Leased*	25.96	-	-	25.96	4.13	3.00	-	7.13	18.83
Furniture and Fixtures									
- Owned	258.14	15.88	-	274.02	123.32	44.41	-	167.73	106.29
- Leased*	107.88	-	-	107.88	58.05	23.96	-	82.01	25.87
Leasehold improvements	7.33	-	-	7.33	0.38	0.02	-	0.40	6.93
Vehicles	47.92	14.60	-	62.52	23.06	12.06	-	35.12	27.40
<b>Total</b>	<b>63,194.74</b>	<b>84.50</b>	<b>32.73</b>	<b>63,246.51</b>	<b>7,978.43</b>	<b>3,936.19</b>	<b>30.52</b>	<b>11,884.10</b>	<b>51,362.41</b>

\*Represents assets given on lease where the Company is a lessor

**Note (i) Title deeds not in the name of the Company**

(a) Immovable properties acquired (now merged) from the erstwhile Parry Confectionery Limited (PCL) and are not in the name of the Company

Particulars	Property address	Area (sq.ft)	Net carrying amount	Title deeds in the name of
Land	Maraimalai Nagar	56,628	585.00	Title deeds are in the name of erstwhile company Parrys Confectionery Limited.
Building	Ahmedabad	945	2.26	Title deeds are in the name of erstwhile company Parrys Confectionery Limited.

**Note (ii) Assets pledged and hypothecated**

(a) 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

## Notes forming part of the Financial Statements (Contd.)

(All amounts are in INR lakhs, unless otherwise stated )

- First charge on plant and machineries in Rohtak factory
- Letter of hypothecation of plant and machineries in Nemam factory
- Deed of hypothecation creating first charge on fixed plant and machinery, spares equipment, appliances, furniture, vehicles, whether or not installed and related movables
- Letter of hypothecation of stock in trade and book debts

### Note (iii) Contractual obligations

Refer to note 37 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

### 4. Intangible assets

Particulars	Gross carrying amount				Amortisation				Net carrying amount
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	For the year	Deletions	As at March 31, 2020	As at March 31, 2020
Computer software	26.92	2.20	-	29.12	12.92	7.05	-	19.97	9.15
<b>Total</b>	<b>26.92</b>	<b>2.20</b>	<b>-</b>	<b>29.12</b>	<b>12.92</b>	<b>7.05</b>	<b>-</b>	<b>19.97</b>	<b>9.15</b>

### 3(b) Right of Use Assets

	As at March 31, 2021	As at March 31, 2020
<b>Present Value of Lease Payments (IndAS 116)</b>		
Opening Lease Assets (Buildings)	624.28	624.28
Less: Accumulated Depreciation of Right of Use Assets	(441.64)	(222.99)
<b>Net Carrying amount</b>	<b>182.64</b>	<b>401.29</b>

1. Addition to the right-of-use assets during the year: INR Nil
2. The total cash outflow for leases for the year: INR 254.67 lakhs (March 31, 2020: INR 253.63 lakhs)
3. Extension and termination options:  
Extension and termination options are included in the above leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.
4. The Company has not incurred any expenses relating to low-value assets during the current year. There are no expenses relating to variable lease payments
5. The lease period ranges from 2 to 7 years over which the right to use asset is depreciated on a straight line basis.

Amount recognised in the statement of profit and loss	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of Right of use Assets	218.65	222.99
Interest expense (included in finance cost)	42.08	61.31
Expenses relating to short term leases	92.10	88.44

#### 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.

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

	As at March 31, 2021	As at March 31, 2020
<b>3(c) Investment Property</b>		
<b>Cost</b>		
Land	7,770.53	7,770.53
Building	1,466.85	1,466.85
<b>Gross carrying amount (a)</b>	<b>9,237.38</b>	<b>9,237.38</b>
<b>Depreciation</b>		
Opening accumulated depreciation	196.53	131.02
Add: Depreciation	65.51	65.51
<b>Closing accumulated depreciation (b)</b>	<b>262.04</b>	<b>196.53</b>
<b>Net carrying amount (a)-(b)</b>	<b>8,975.34</b>	<b>9,040.85</b>
Amounts recognised in profit and loss for investment properties		
Rental income	175.62	198.51
Direct operating expenses from property that generated rental income	26.82	29.82
Direct operating expenses from property that did not generate rental income	6.38	7.14
Fair value of investment properties	15,246.09	15,664.68
Estimation of fair value		
Fair value of Investment properties are based on valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of investment properties being valued.		
<b>5 (a) Non-current investments</b>		
<b>Investments in equity instruments - unquoted carried at FVTPL</b>		
50,000 (March 31, 2020 : 50,000) equity shares of Aadhav Green Power Private Ltd., of INR 10 each, fully paid up	5.00	5.00
<b>Total non-current investments</b>	<b>5.00</b>	<b>5.00</b>
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	5.00	5.00
Aggregate amount of impairment in the value of investments	-	-
<b>5(b) Loans</b>		
<b>Loans receivables considered good - Unsecured</b>		
<b>Non-current</b>		
Security deposits	57.86	68.43
<b>Total loans - non-current</b>	<b>57.86</b>	<b>68.43</b>
<b>Current</b>		
Security deposits	313.65	241.54
<b>Total loans - current</b>	<b>313.65</b>	<b>241.54</b>
<b>5(c) Other financial assets</b>		
<b>Non-current</b>		
Bank deposits with maturity of more than 12 months (includes earmarked balance of INR 33.25)	35.56	35.56
Other receivables	498.74	341.79
<b>Total other financial assets - non-current</b>	<b>534.30</b>	<b>377.35</b>
<b>Current</b>		
Interest accrued on deposits with banks	96.63	23.20
Advances to employees	34.03	42.99
Other receivables from related parties*	179.74	-
<b>Total other financial assets - current</b>	<b>310.40</b>	<b>66.19</b>

\* Refer to Note 35

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

	As at March 31, 2021	As at March 31, 2020
<b>6 Deferred tax assets (Net)</b>		
<b>(i) Deferred tax assets*</b>		
Provision for doubtful debts and advances	45.42	45.42
Other timing differences (expenses disallowed u/s 43B of the Income tax Act, 1961	329.85	310.31
MTM losses and other derivative adjustments	110.03	65.52
Lease liability	69.50	140.47
Carry forward losses / Unabsorbed Depreciation	4,737.50	4,791.08
<b>(ii) Deferred tax liabilities*</b>		
MTM losses and other derivative adjustments	-	-
Right-of-use assets	(60.97)	(133.97)
Difference between book and tax written down value of depreciable fixed assets	(5,231.33)	(5,218.83)
<b>Deferred tax assets (Net)</b>	<b>-</b>	<b>-</b>
<p>Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the absence of future taxable profit of the Company. In view of absence of reasonable certainty of realisation of deferred tax asset on unabsorbed depreciation and other timing differences, deferred tax asset has been recognised to the extent of deferred tax liability by the Company.</p>		
<b>7 Other non-current assets</b>		
Capital advances	98.19	376.47
<i>Advances other than capital advances:</i>		
- Advance income tax and tax deducted at source (net of provision for income tax) INR 1,438.89 lakhs (March 31, 2020: INR 1,213.89 lakhs)	152.64	123.28
- Sales tax paid under protest	24.49	45.95
- Prepaid expenses	22.08	19.84
<b>Total other non-current assets</b>	<b>297.40</b>	<b>565.54</b>
<b>8 Inventories</b>		
Raw materials	1,747.29	2,749.75
Work-in-progress	64.92	148.79
Finished goods	2,123.04	2,856.85
Stock-in-trade	125.75	50.79
Stores and spares	197.78	184.46
<b>Total inventories</b>	<b>4,258.78</b>	<b>5,990.64</b>
Provision of inventory	98.23	157.77
Cost of inventories (including cost of stock-in-trade purchased and write down of inventories) recognised as an expense	18,765.54	19,658.11
<b>Goods-in-transit</b>		
Raw materials	0.04	5.17
Finished goods	28.97	3.56

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

	As at March 31, 2021	As at March 31, 2020
<b>9 Trade receivables</b>		
Trade receivables considered good - Unsecured		
- Related Parties	123.06	169.93
- Others	1,122.55	1,728.38
	<b>1,245.61</b>	<b>1,898.31</b>
Trade receivables – credit impaired		
- Others	136.07	136.07
	<b>136.07</b>	<b>136.07</b>
Less: Loss allowance for credit impaired		
- Others	(136.07)	(136.07)
	<b>(136.07)</b>	<b>(136.07)</b>
<b>Total trade receivables</b>	<b>1,245.61</b>	<b>1,898.31</b>
The trade receivables of the Company do not contain a significant financing component and accordingly, the Company has adopted the simplified approach under Ind AS 109 for recognition of impairment of losses on trade receivables.		
<b>10 Cash and cash equivalents</b>		
Balances with banks		
- In current accounts	562.99	134.51
- In cash credit account	202.34	424.44
- In EEFC accounts	60.39	1,113.10
Cash on hand	0.49	0.46
Cheques on hand	111.32	21.80
Deposits with original maturity less than 3 months	200.00	-
<b>Total cash and cash equivalents</b>	<b>1,137.53</b>	<b>1,694.31</b>
<b>11 Other bank balances</b>		
Deposits with maturity of more than 3 months and less than 12 months (Includes earmarked balance of INR 10.75 lakhs (March 31, 2020: INR 10.75 lakhs))	3,998.98	1,609.02
<b>Total other bank balances</b>	<b>3,998.98</b>	<b>1,609.02</b>
<b>12 Other current assets</b>		
Advances to suppliers	271.86	384.17
Balances with government authorities	370.10	302.54
Prepaid expenses	35.67	248.92
<b>Total other current assets</b>	<b>677.63</b>	<b>935.63</b>

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

**13(a) Equity share capital**

	March 31, 2021		March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Equity shares of INR 10 each	3700,00,000	37,000.00	3700,00,000	37,000.00
<b>Issued, subscribed and fully paid up</b>				
Equity shares of INR 10 each	108,63,768	1,086.38	108,63,768	1,086.38
<b>(i) Reconciliation of equity share capital</b>				
Balance as at the beginning of the year	108,63,768	1,086.38	108,63,768	1,086.38
Add: Shares issued during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>108,63,768</b>	<b>1,086.38</b>	<b>108,63,768</b>	<b>1,086.38</b>

**(ii) Movements in issued, subscribed and paid-up equity share capital**

	Number of shares	Equity share capital (par value)
As at April 1, 2019	108,63,768	1,086.38
Increase during the year	-	-
As at March 31, 2020	108,63,768	1,086.38
Increase during the period	-	-
As at March 31, 2021	108,63,768	1,086.38

**(iii) Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of INR 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.

**(iv) Shares of the Company held by holding company**

	March 31, 2021	March 31, 2020
Lotte Confectionary Company Limited, South Korea	107,08,440	107,08,440

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

	March 31, 2021		March 31, 2020	
	Number of shares	% of holding	Number of shares	% of holding
Lotte Confectionary Company Limited, South Korea	107,08,440	98.57%	107,08,440	98.57%

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

**13(b) Reserves and surplus**

	As at March 31, 2021	As at March 31, 2020
Securities premium	7,445.79	7,445.79
General reserve	42,357.39	42,357.39
Retained earnings	(5,921.69)	(6,970.84)
Capital reserve	464.47	464.47
<b>Total reserves and surplus</b>	<b>44,345.96</b>	<b>43,296.81</b>
<b>Reserves and surplus</b>		
<b>i) Securities premium</b>		
Balance as at the beginning of the year	7,445.79	7,445.79
<b>Balance as at the end of the year</b>	<b>7,445.79</b>	<b>7,445.79</b>
<b>ii) General reserve</b>		
Balance as at the beginning of the year (refer note below)	42,357.39	42,357.39
<b>Balance as at the end of the year</b>	<b>42,357.39</b>	<b>42,357.39</b>
<b>(iii) Retained earnings (Surplus in Statement of Profit and Loss)</b>		
Balance as at the beginning of the year	(6,970.84)	(5,168.67)
Net profit/(loss) for the year	1,004.39	(1,762.62)
Items of other comprehensive income directly recognised in retained earnings		
Remeasurements of post-employment benefit obligations (net of tax)	44.76	(39.55)
<b>Balance as at the end of the year</b>	<b>(5,921.69)</b>	<b>(6,970.84)</b>
<b>iv) Capital reserve</b>		
Balance as at the beginning of the year	464.47	464.47
<b>Balance as at the end of the year</b>	<b>464.47</b>	<b>464.47</b>

**Nature and purpose of reserves:**
**Securities premium**

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

**Retained earnings/General reserves**

Company's cumulative earnings since its formation minus dividends. These are available for distribution. Balance in general reserve includes INR 39,817.73 arising from merger of Lotte Foods India Private Limited with the Company in the year 2010.

**Capital reserve**

A gain arising on account of merger has been credited to capital reserve.

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

	As at March 31, 2021	As at March 31, 2020
<b>14 Borrowings</b>		
<b>Non-current</b>		
Unsecured loan	15,869.74	18,895.06
Less: Current maturities	(6,317.12)	(2,582.11)
Less: Accrued interest on borrowings (refer note 16)	(21.84)	(47.56)
<b>Total non-current borrowings</b>	<b>9,530.78</b>	<b>16,265.39</b>
<b>Terms of repayment:</b>		
i) USD 100 lakhs taken from Korean Exchange Bank in November 2015 is repayable in 4 unequal half yearly instalments starting from November 2019. USD 10 lakhs was repaid in November 2019 and USD 45 lakhs payable which were due on April 2020 and November 2020 was prepaid in February 2020. Balance outstanding as at March 31, 2021 is USD 45 lakhs and the equivalent is INR 3,305.47 lakhs (March 31, 2020: USD 45 lakhs and the equivalent is INR 3,392.55 Lakhs).		
ii) USD 205 lakhs availed from Woori Bank in February 2020 is repayable in 20 unequal quarterly instalments starting from May 2020. Balance outstanding as at March 31, 2021 is USD 170.75 lakhs and the equivalent is INR 12,542.42 lakhs (March 31, 2020: USD 205 Lakhs and the equivalent is INR 15,454.95 Lakhs).		
iii) The aforesaid loans are guaranteed by the holding company, Lotte Confectionary Company Limited, South Korea.		
iv) Rate of interest is linked to Libor + agreed spread p.a. The interest rate range to 2.58% to 2.9%.		
<b>Current</b>		
Secured		
Packing Credit Facility	27.40	-
<b>Total current borrowings</b>	<b>27.40</b>	<b>-</b>
<b>Terms of repayment:</b>		
i) Rate of interest is linked to Libor + agreed spread p.a. The interest rate is in the range of 0.8% to 1.0%.		
ii) The aforesaid loans are received against the export bills and thus secured by the same and repayable in USD and within 60 days from date of loan.		
<b>Net debt reconciliation</b>		
<b>Borrowings - Non-current</b>		
Opening balance	18,895.06	21,854.91
Cash flows relating to principal amounts	(2,542.54)	(4,612.20)
Adjustments for foreign currency translation	(457.06)	1,885.47
Interest paid	(837.22)	(919.58)
Interest expense	811.50	686.46
<b>Balance as at the end of the year</b>	<b>15,869.74</b>	<b>18,895.06</b>
<b>Borrowings - Current</b>		
Opening balance	-	-
Cash flows relating to principal amounts	27.40	-
Interest paid	(0.02)	(0.03)
Interest expense	0.02	0.03
<b>Balance as at the end of the year</b>	<b>27.40</b>	<b>-</b>
<b>Lease Liabilities</b>		
Opening balance	420.77	613.09
Cash flows relating to lease payments	(254.67)	(253.63)
Interest expense	42.08	61.31
<b>Balance as at the end of the year</b>	<b>208.18</b>	<b>420.77</b>



**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

	As at March 31, 2021	As at March 31, 2020
<b>15 Lease Liabilities</b>		
Current	124.71	192.32
Non Current	83.47	228.45
	<b>208.18</b>	<b>420.77</b>
<b>16 Other financial liabilities</b>		
<b>Non current</b>		
Derivative/Forward contract payables carried at FVTPL	-	196.28
<b>Total other financial liabilities - Non-current</b>	<b>-</b>	<b>196.28</b>
<b>Current</b>		
Current maturities of long-term debt	6,317.12	2,582.11
Interest accrued but not due on borrowings/security deposits	21.84	47.56
Derivative/Forward contract payables carried at FVTPL	329.61	-
Security deposits	171.50	175.50
Amount payable to customers	1,647.33	1,997.67
Employee benefits payable	717.79	707.81
Capital creditors	129.15	471.94
Book overdraft	0.14	46.33
<b>Total other financial liabilities - Current</b>	<b>9,334.48</b>	<b>6,028.92</b>
<b>17 Provisions</b>		
<b>Non-current</b>		
Provision for employee benefits:		
Provision for gratuity (refer note 31)	162.63	138.65
<b>Total provisions - Non-current</b>	<b>162.63</b>	<b>138.65</b>
<b>Current</b>		
Provision for employee benefits:		
Provision for compensated absences	237.06	240.35
<b>Total provisions - Current</b>	<b>237.06</b>	<b>240.35</b>
<b>18 Trade payables</b>		
Total outstanding dues of creditors of micro and small enterprises (refer note below)	65.13	-
Total outstanding dues of creditors other than micro and small enterprises	5,610.79	6,816.75
<b>Total trade payables</b>	<b>5,675.92</b>	<b>6,816.75</b>

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

The amount of principal and interest outstanding under Medium Enterprises Development Act, 2006 is given below:

	As at March 31, 2021	As at March 31, 2020
i) Principal amount paid after appointed date during the year		
ii) Amount of interest due and payable for the delayed payment of principal amount	-	-
iii) Principal amount remaining unpaid as at year end (over due)	-	-
iv) Principal amount remaining unpaid as at year end (not due)	65.13	-
v) Interest due and payable on principal amount unpaid as at the year end	-	-
vi) Total amount of interest accrued and unpaid as at year end	-	-
vii) Further interest remaining due and payable for earlier years	-	-
<b>19 Current tax liabilities (Net)</b>		
Opening balance	-	37.00
Add: Provided during the year	225.00	-
Less: Taxes paid	(220.00)	(37.00)
<b>Total current tax liabilities (net)</b>	<b>5.00</b>	<b>-</b>
<b>20 Other current liabilities</b>		
Advances from customers	149.56	179.19
Statutory dues	263.75	200.16
<b>Total other current liabilities</b>	<b>413.31</b>	<b>379.35</b>
	Year ended March 31, 2021	Year ended March 31, 2020
<b>21 Revenue from operations</b>		
<b>Sale of products</b>		
Toffees and others	36,898.56	39,080.91
Traded goods	673.59	427.70
<b>Other operating revenue</b>		
Service income	1,150.90	1,179.95
Scrap sales	72.28	45.44
<b>Total revenue from operations</b>	<b>38,795.33</b>	<b>40,734.00</b>
<b>21.1 Reconciliation of revenue with contract price</b>		
Contract price	41,865.43	44,202.02
Adjustments :		
Discounts given	2,886.77	3,336.20
Damaged goods (Returns)	183.33	131.82
<b>Revenue from operations as per Statement of Profit and Loss</b>	<b>38,795.33</b>	<b>40,734.00</b>

## Notes forming part of the Financial Statements (Contd.)

(All amounts are in INR lakhs, unless otherwise stated )

### 21.2 Contract liabilities

Payments received in advance from customers (i.e, before transferring control of goods) is recognised as a contract liability. As and when the performance obligation is met, the same is recognized as revenue. Contract liabilities are represented by "Advance from customers" (refer note 20). The entire amount of contract liability in the beginning (i.e, the closing balance of previous period) was recognised as revenue in the current period. As the entity has applied the practical expedient under Para 121 of Ind AS 115 (i.e, the remaining performance obligations are part of contracts that have expected duration of less than a year), reconciliation of contract liabilities which represent unsatisfied performance obligations is not given.

	Year ended March 31, 2021	Year ended March 31, 2020
<b>22 Other income</b>		
Interest income from financial assets at amortised cost		
- Interest income on deposits with banks	239.07	113.09
- on others	-	0.01
Unwinding of discount on security deposits	2.53	4.31
Insurance claims	3.00	5.11
Net gain on foreign currency transaction and translation exchange differences	493.14	-
Lease rentals	175.62	198.51
Miscellaneous income	40.22	57.80
<b>Total other income</b>	<b>953.58</b>	<b>378.83</b>
<b>23 Cost of materials consumed</b>		
Opening inventory	2,749.75	2,357.13
Add: Purchases	16,408.65	20,720.55
Less: Raw material at the end of the year	1,747.29	2,749.75
<b>Total cost of materials consumed</b>	<b>17,411.11</b>	<b>20,327.93</b>
<b>24 Changes in inventories of work-in-progress, stock-in-trade and finished goods</b>		
<b>Stock at the end of the year</b>		
Finished goods	2,123.04	2,856.85
Work-in-progress	64.92	148.79
Stock-in-trade (traded goods)	125.75	50.79
<b>Stock at the beginning of the year</b>		
Finished goods	2,856.85	1,894.66
Work-in-progress	148.79	63.84
Stock-in-trade (traded goods)	50.79	39.56
<b>Total change in inventories</b>	<b>742.72</b>	<b>(1,058.37)</b>

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

	Year ended March 31, 2021	Year ended March 31, 2020
<b>25 Employee benefits expense</b>		
Salaries, wages and bonus	3,499.33	3,407.39
Contribution to provident and other funds (Refer note 31(ii))	230.80	234.30
Gratuity (Refer note 31(iii))	68.74	49.07
Staff welfare expenses	276.49	425.29
<b>Total employee benefits expense</b>	<b>4,075.36</b>	<b>4,116.05</b>
<b>26 Finance costs</b>		
Interest expense		
- on borrowings*	721.93	686.49
- on others	2.96	3.07
- on Lease Liabilities	42.08	61.31
Guarantee commission	86.63	96.37
<b>Total finance costs</b>	<b>853.60</b>	<b>847.24</b>
* includes interest expense (income) incurred towards swap arrangements.	3.27	(41.67)
<b>27 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment (Refer note 3a)	3,849.90	3,936.19
Depreciation of Right of Use Assets (Refer note 3b)	218.65	222.99
Depreciation of investment property (Refer note 3c)	65.51	65.51
Amortisation of intangible assets (Refer note 4)	6.41	7.05
<b>Total depreciation and amortisation expense</b>	<b>4,140.47</b>	<b>4,231.74</b>
<b>28 Other expenses</b>		
Raw material conversion charges	669.33	1,123.29
Consumption of stores and spare parts	123.91	166.96
Royalty	454.99	498.32
Packing, dispatching and freight	3,146.59	3,331.91
Clearing forwarding and other charges (Net of Reimbursement of INR 51.09 lakhs (March 31, 2020: Nil))	122.20	276.79
Power and fuel	1,361.33	1,582.34
Rent	92.10	88.44
Security charges	125.28	122.20
Rates and taxes	191.89	178.19
Bank charges	6.30	13.34
Repairs and maintenance		
- Buildings	61.79	132.61
- Plant and machinery	779.00	598.23
- Others	158.17	240.25

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

	Year ended March 31, 2021	Year ended March 31, 2020
Travelling and conveyance	471.07	660.89
Payment to auditors	30.50	23.51
Communication expenses	34.43	46.67
Director fees	7.50	9.19
Loss on sale of property, plant and equipment (net)	-	1.59
Legal and professional fees	87.81	191.01
Insurance	171.08	81.19
Advertisement expenses	367.93	1,394.97
Sales promotion	1,890.82	1,489.32
Net loss on foreign currency transaction and translation exchange differences	-	1,436.35
Net loss on derivative contracts*	133.34	162.88
Miscellaneous expenses	321.10	338.83
<b>Total other expenses</b>	<b>10,808.46</b>	<b>14,189.27</b>

\*net of realised gain - NIL (March 31, 2020 : INR 300.73) relating to cancellation of derivative contracts on long term borrowings

**28(a) Details of payments to auditors**
**Payment to auditors**
**As auditor**

Audit fee	10.00	10.00
Tax audit and other services	20.00	11.00
Reimbursement of expenses	0.50	2.51
<b>Total payments to auditors</b>	<b>30.50</b>	<b>23.51</b>

**29 Exceptional Items**

Impairment of Capital work in progress	450.16	-
Liability no longer required written back relating to the above asset	(450.16)	-
	-	-

**30 Income tax expense**
**(a) Income tax expense**
**Current tax**

Current tax on profits for the period/year	225.00	-
<b>Total current tax expense</b>	<b>225.00</b>	<b>-</b>

**Deferred tax**

Decrease/(increase) in deferred tax assets	60.49	506.83
(Decrease)/increase in deferred tax liabilities	(60.49)	(506.83)

<b>Total deferred tax expense</b>	<b>-</b>	<b>-</b>
<b>Total income tax expense</b>	<b>225.00</b>	<b>-</b>

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

	Year ended March 31, 2021	Year ended March 31, 2020
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit/(Loss) before tax for the year	1,229.39	(1,762.62)
<b>Tax at the rate of 33.384% (March 31, 2020: 33.384%)</b>	<b>410.42</b>	<b>(588.43)</b>
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Utilisation of unrecognised tax credit	(410.42)	(201.60)
Tax paid under MAT for which deferred taxes is not created	225.00	-
Deferred taxes not created on tax losses and temporary timing differences (refer note 6)	-	790.03
<b>Income tax expense</b>	<b>225.00</b>	<b>-</b>
<b>(c) Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	964.29	2,077.56
Potential tax benefit @ 33.384% (March 31, 2020: 33.384%)		
Unrecognised deferred tax assets relates to unabsorbed depreciation which can be carried forward without any restrictions		

**31 Employee benefit obligations**
**(i) Other long-term employee benefit obligations - Compensated absences**

The leave obligations cover the Company's liability for earned leave. The entire amount is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment for such leave within the next 12 months.

	March 31, 2021	March 31, 2020
Leave obligations not expected to be settled within the next 12 months	216.30	220.79

**(ii) Post employment obligations - Defined contribution plans**
**Provident fund**

The Company has defined contribution plan - provident fund. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards provident fund contribution plan is INR 189.25 (March 31, 2020: INR 180.94)

**Superannuation fund**

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. The expense recognised during the period towards superannuation fund is INR 41.55 (March 31, 2020: INR 53.36)

## Notes forming part of the Financial Statements (Contd.)

(All amounts are in INR lakhs, unless otherwise stated )

### (iii) Post employment obligations - Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation of India (LIC).

#### Post employment benefits - Defined benefit plan - Gratuity

	Present value of obligation	Fair value of plan assets	Net amount
<b>Opening balance as at April 1, 2019</b>	<b>345.26</b>	<b>(239.48)</b>	<b>105.78</b>
Current service cost	43.22	-	43.22
Interest expense/(income)	25.20	(19.35)	5.85
<b>Total amount recognised in profit or loss</b>	<b>68.42</b>	<b>(19.35)</b>	<b>49.07</b>
<b>Remeasurements</b>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.64)	(0.64)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	27.52	-	27.52
Experience (gains)/losses	12.67		12.67
<b>Total amount recognised in other comprehensive income</b>	<b>40.19</b>	<b>(0.64)</b>	<b>39.55</b>
Employer contributions		(55.75)	(55.75)
Benefit payments	(18.67)	18.67	-
<b>Balances as at March 31, 2020</b>	<b>435.20</b>	<b>(296.55)</b>	<b>138.65</b>
<b>Opening balance as at April 1, 2020</b>	<b>435.20</b>	<b>(296.55)</b>	<b>138.65</b>
Current service cost	59.45	-	59.45
Interest expense/(income)	26.94	(17.65)	9.29
<b>Total amount recognised in profit or loss</b>	<b>86.39</b>	<b>(17.65)</b>	<b>68.74</b>
<b>Remeasurements</b>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(4.18)	(4.18)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	3.51	-	3.51
Experience (gains)/losses	(44.09)		(44.09)
<b>Total amount recognised in other comprehensive income</b>	<b>(40.58)</b>	<b>(4.18)</b>	<b>(44.76)</b>
Employer contributions		-	-
Benefit payments	(66.34)	66.34	-
<b>Balances as at March 31, 2021</b>	<b>414.67</b>	<b>(252.04)</b>	<b>162.63</b>

The net liability disclosed above relates to funded plan is as follows:

	March 31, 2021	March 31, 2020
Present value of funded obligations	414.67	435.20
Fair value of plan assets	(252.04)	(296.55)
<b>Deficit of funded plan</b>	<b>162.63</b>	<b>138.65</b>

## Notes forming part of the Financial Statements (Contd.)

(All amounts are in INR lakhs, unless otherwise stated )

### (iv) Post-employment benefits

Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

	March 31, 2021	March 31, 2020
Discount rate	6.60%	6.70%
Salary growth rate	7.00%	7.00%
Attrition rate	1.5% to 3%	1.5% to 3%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. The estimates of future salary increases, considered in actuarial valuation, take in to account, inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.

### (v) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Impact on defined benefit obligation			
	Change in assumption March 31, 2021	Increase in assumption March 31, 2021	Decrease in assumption March 31, 2021
Discount rate	1.00%	(32.80)	38.35
Salary growth rate	1.00%	37.25	(32.99)
Impact on defined benefit obligation			
	Change in assumption March 31, 2020	Increase in assumption March 31, 2020	Decrease in assumption March 31, 2020
Discount rate	1.00%	(33.89)	39.60
Salary growth rate	1.00%	38.60	(34.12)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

### (vi) Plan assets

The Company has plan assets by way of investment of funds in Life Insurance Corporation of India (LIC) for funding the Company's gratuity liability. The fair value of the plan assets is as follows:

	March 31, 2021	March 31, 2020
Schemes of insurance - conventional products managed by LIC - Unquoted	(252.04)	(296.55)
<b>Total</b>	<b>(252.04)</b>	<b>(296.55)</b>



## Notes forming part of the Financial Statements (Contd.)

(All amounts are in INR lakhs, unless otherwise stated )

### (vii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit.

**Changes in bond yield:** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

### (viii) Defined benefit liability

The weighted average duration of the defined benefit obligation is 9 years (31 March, 2020 - 9 years)

The expected maturity analysis of undiscounted gratuity is as follows:

	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
March 31, 2021	81.95	109.77	278.12	469.84
March 31, 2020	76.49	120.95	298.57	496.02

The expected contribution to post employment benefit plan for the year ending March 31, 2022 are INR 31.35 lakhs (March 31, 2021: INR 26.43 lakhs)

## 32 Fair value measurements

### Financial instruments measured at Amortised cost

	Note	Hierarchy	March 31, 2021	March 31, 2020
<b>Financial assets</b>				
Security deposits	5(b)	3	371.51	309.97
Advances to employees	5(c)	3	34.03	42.99
Interest accrued on deposits with banks	5(c)	3	96.63	23.20
Other receivables	5(c)	3	678.48	341.79
Trade receivables	9	3	1,245.61	1,898.31
Cash and cash equivalents	10		1,137.53	1,694.31
Bank balances other than cash and cash equivalents	5(c), 11		4,034.54	1,644.58
<b>Total financial assets</b>			<b>7,598.33</b>	<b>5,955.15</b>
<b>Financial liabilities</b>				
Short and Long term Borrowings	14	3	15,897.14	18,895.06
Security deposits	16	3	171.50	175.50
Amount payable to customers	16		1,647.33	1,997.67
Employee benefits payable	16	3	717.79	707.81
Capital creditors	16	3	129.15	471.94
Book overdraft	16		0.14	46.33
Lease Liabilities	15	3	208.18	420.77
Trade payables	18	3	5,675.92	6,816.75
<b>Total financial liabilities</b>			<b>24,447.15</b>	<b>29,531.83</b>

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

<b>Financial instruments measured at FVPL</b>				
	<b>Note</b>	<b>Hierarchy</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Financial assets</b>				
Derivatives	5(c)	2	-	-
Investment in equity shares	5(a)	3	5.00	5.00
<b>Total financial assets</b>			<b>5.00</b>	<b>5.00</b>
<b>Financial liabilities</b>				
Forward contract / Derivative payables	16	2	329.61	196.28
<b>Total financial liabilities</b>			<b>329.61</b>	<b>196.28</b>

**Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is as follows:

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between levels 1 and 2 during the year.

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

There has been no significant change between the discounting rate used on the date of transaction and as at the end of the period for assets and liabilities measured at amortised cost. Hence, the carrying value is taken as fair value.

## Notes forming part of the Financial Statements (Contd.)

(All amounts are in INR lakhs, unless otherwise stated )

### 33 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Risk	Exposure arising from	Measurement
Credit risk (Refer Note A)	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis Credit ratings
Liquidity risk (Refer Note B)	Borrowings and other liabilities	Rolling cash flow forecasts
Market risk - foreign exchange (Refer Note C)	Future commercial transactions, recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis

#### A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers including outstanding receivables and financial assets measured at amortised cost.

##### Credit risk management

- Credit risk on deposits is mitigated by depositing the funds in reputed private sector banks.
- Credit risk on unsecured deposits is managed based on Company's established policy, procedures and controls. Outstanding deposits are regularly monitored and assessed for their recoverability.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Company periodically monitors the recoverability and credit risks of its other financials assets including security deposits and other receivables.

##### *Expected credit loss for financial assets other than trade receivables*

There has been no significant increase in credit risk for financial assets other than trade receivables. Thus, no expected credit losses have been recognised.

##### *Expected credit loss trade receivables - simplified approach*

Customer credit risk is managed by the Company based on established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on prior experience. Outstanding customer receivables are regularly monitored and assessed for its recoverability. Default is said to occur when the amount remains outstanding beyond the agreed credit period. An impairment analysis is performed at each reporting date on an individual basis for major clients. This is done by taking into account the financial position, past experience and other industry-wide factors. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Of the trade receivable balance, INR 382.94 (March 31, 2020: 984.24) is due from a single customer.

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

Ageing	As at March 31,2021			As at March 31,2020		
	Gross	Allowance	Net	Gross	Allowance	Net
Not Due	1,137.13	-	1,137.13	984.12	-	984.12
Due less than 6 months	47.86	-	47.86	796.67	-	796.67
Due greater than 6 months	196.69	136.07	60.62	253.59	136.07	117.52
<b>Total</b>	<b>1,381.68</b>	<b>136.07</b>	<b>1,245.61</b>	<b>2,034.38</b>	<b>136.07</b>	<b>1,898.31</b>

**Reconciliation of loss allowance provision - Trade receivables**

<b>Loss allowance on March 31, 2019</b>	<b>136.07</b>
Changes in loss allowance	
- Provision made during the year	-
- Written off	-
<b>Loss allowance on March 31, 2020</b>	<b>136.07</b>
Changes in loss allowance	
- Provision made during the year	-
- Written off	-
<b>Loss allowance on March 31, 2021</b>	<b>136.07</b>

**B. Liquidity risk**

The Company manages its liquidity risk in a manner so as to meet its normal financial obligations without any significant delay or stress. Management monitors the Company's liquidity requirements on the basis of monthly and yearly projections. The Company's principal source of liquidity are cash flows that are generated from operations and surplus cash is deposited in the banks which are liquidated based on working capital requirements. The amounts disclosed in the table are the maturity profile of contractual undiscounted cash flows of the Company's financial liabilities:

Particulars	Less than 1 year	More than 1 year	Total
<b>As at March 31, 2021</b>			
Forward contract payables	329.61	-	<b>329.61</b>
Employee benefits payable	717.79	-	<b>717.79</b>
Borrowings	6,664.59	9,938.81	<b>16,603.40</b>
Security deposits	171.50	-	<b>171.50</b>
Capital creditors	129.15	-	<b>129.15</b>
Book overdraft	0.14	-	<b>0.14</b>
Trade payables	5,675.92	-	<b>5,675.92</b>
Amount payable to Customers	1,647.33	-	<b>1,647.33</b>
Lease liabilities	124.71	83.47	<b>208.18</b>
<b>Total</b>	<b>15,460.74</b>	<b>10,022.28</b>	<b>25,483.02</b>

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

Particulars	Less than 1 year	More than 1 year	Total
<b>As at March 31, 2019</b>			
Forward contract payables	-	196.28	<b>196.28</b>
Employee benefits payable	707.81	-	<b>707.81</b>
Borrowings	3,060.44	16,989.35	<b>20,049.79</b>
Security deposits	175.50	-	<b>175.50</b>
Capital creditors	471.94	-	<b>471.94</b>
Book overdraft	46.33	-	<b>46.33</b>
Trade payables	6,816.75	-	<b>6,816.75</b>
Amount payable to Customers	1,997.67	-	<b>1,997.67</b>
Lease liabilities	254.66	241.74	<b>496.40</b>
<b>Total</b>	<b>13,531.10</b>	<b>17,427.37</b>	<b>30,958.47</b>

**C. Market risk - foreign currency risk**

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, BDT, KES, ARW and AUD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

The Company has taken interest rate swaps for 50% of the USD 45 lakhs loan. With respect to balance loan, trade receivables and trade payables in foreign currency, the Company manages its risk through constant monitoring of foreign exchange rate fluctuations and natural hedge of payable and receivable.

	Borrowings	Trade payables	Trade receivables	Forward contracts payable	Net exposure to foreign currency risk
<b>As at March 31, 2021</b>					
US Dollars	15,897.14	515.80	(111.35)	329.61	16,631.20
KRW	-	118.35	-	-	118.35
BDT	-	-	-	-	-
KES	-	0.93	-	-	0.93
AUD	-	-	-	-	-
<b>As at March 31, 2020</b>					
US Dollars	18,895.06	881.84	(187.59)	196.28	19,785.59
KRW	-	23.01	(0.94)	-	22.07
BDT	-	-	(5.06)	-	(5.06)
KES	-	0.96	-	-	0.96
AUD	-	-	-	-	-

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

*Sensitivity analysis*

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

	Impact on profit before tax	
	March 31, 2020	March 31, 2019
<b>USD sensitivity</b>		
USD appreciates by 5% vs INR	(815.08)	(979.47)
USD depreciates by 5% vs INR	815.08	979.47
<b>KRW Sensitivity</b>		
KRW appreciates by 5% vs INR	(5.92)	(1.10)
KRW depreciates by 5% vs INR	5.92	1.10
<b>BDT Sensitivity</b>		
BDT appreciates by 5% vs INR	-	0.25
BDT depreciates by 5% vs INR	-	(0.25)
<b>KES Sensitivity</b>		
KES appreciates by 5% vs INR	(0.05)	(0.05)
KES depreciates by 5% vs INR	0.05	0.05
<b>AUD Sensitivity</b>		
AUD appreciates by 5% vs INR	-	-
AUD depreciates by 5% vs INR	-	-

\*Holding all other variables constant

**D. Market Risk - Interest Rate**

The Company's interest rate risk arises from its long-term and short-term borrowings with variable rates, which expose the company to cash flow interest rate risk. Variable rate borrowings of USD 45 lakhs are maintained at fixed rate using floating-to-fixed swap contracts.

*(a) Interest rate risk exposure*

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings (incl. current maturities)	15,875.30	18,847.50

*(b) Sensitivity*

	Impact on Profit after tax	
	March 31, 2021	March 31, 2020
Interest rates - Increase by 100 base points *	(158.75)	(188.48)
Interest rates - Decrease by 100 base points *	158.75	188.48

\*Holding all other variables constant

## Notes forming part of the Financial Statements (Contd.)

(All amounts are in INR lakhs, unless otherwise stated )

### 34 Capital management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves attributable to the equity shareholders of the Company. Net debt includes all long and short-term borrowings (including current maturities of long-term borrowings and interest accrued) as reduced by cash and cash equivalents.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Net debt</b>		
Debt*	16,105.32	19,315.83
Cash and cash equivalents	1,137.53	1,694.31
	14,967.79	17,621.52
<b>Equity</b>	<b>45,432.34</b>	<b>44,383.19</b>
<b>Net debt - equity ratio (percentage)</b>	<b>33%</b>	<b>40%</b>

\* The debt for the current year is including lease liabilities.

### 35 Related party transactions

#### a) Names of related parties and nature of relationship :

##### (i) Where control exists

Ultimate Holding company	Lotte Corporation Limited, South Korea
Holding Company	Lotte Confectionary Company Limited, South Korea

##### (ii) Other Related Parties with whom transactions have taken place during the year:

Fellow subsidiaries	Lotte Data Communication R&D India LLP Lotte Engineering Construction India Private Limited Havmor Icecream Private Limited Lotte Fine Chemicals Co Limited, South Korea Lotte Chemicals India Private Limited
Key management personnel	Mr. Milan Wahi, Managing Director Mr. Yun Kang Jung, Chairman and Whole Time Director (resigned Dec 2020) Mr. Inchul Yeo, Whole Time Director and Chief Financial Officer Mr. Kyungwoon Cho, Chairman and Executive Director (wef 08.03.2021) Ms. Hye Lim Jeon, Independent Director Mr. D.G.Rajan, Independent Director
Post-employment benefit plans	Lotte India Corporation Limited Employees Gratuity Trust Lotte India Corporation Limited Superannuation Trust

**Notes forming part of the Financial Statements (Contd.)**

(All amounts are in INR lakhs, unless otherwise stated )

**(iii) Transactions with related parties**

The following transactions occurred with related parties:

Description	Year ended March 31, 2021			Year ended March 31, 2020		
	Holding company	Fellow Subsidiaries	Entities where significant influence exist	Holding company	Fellow Subsidiaries	Entities where significant influence exist
<b>Transactions during the period</b>						
<b>Purchases of goods</b>						
Lotte Confectionary Company Limited, South Korea	-	-	-	19.44	-	-
Lotte Fine Chemicals Co Limited, South Korea	-	72.99	-	-	-	-
<b>Sales</b>						
Lotte Confectionary Company Limited, South Korea	888.25	-	-	1,941.06	-	-
Lotte Chemicals India Private Limited	-	0.53	-	-	-	-
<b>Receiving of Services</b>						
Lotte Confectionary Company Limited, South Korea	-	-	-	26.30	-	-
Rental income from Havmore Icecream Private Ltd	-	-	-	-	2.03	-
Rental income from Lotte Data Communication R&D LLP	-	-	-	-	0.95	-
<b>Royalty expenses</b>						
Lotte Confectionary Company Limited, South Korea	454.99	-	-	498.32	-	-
<b>Software usage fee</b>						
Lotte Confectionary Company Limited, South Korea	103.50	-	-	96.78	-	-
<b>Guarantee commission</b>						
Lotte Confectionary Company Limited, South Korea	86.63	-	-	96.37	-	-
<b>Employee benefits</b>						
Lotte India Corporation Limited Employees Gratuity Trust	-	-	-	-	-	55.73
Lotte India Corporation Limited Superannuation Trust	-	-	41.55	-	-	53.36
<b>Clearing, Forwarding and Other Charges</b>						
Lotte Confectionary Company Limited, South Korea	(51.09)	-	-	-	-	-



## Notes forming part of the Financial Statements (Contd.)

(All amounts are in INR lakhs, unless otherwise stated )

Remuneration to KMP	Year ended	Year ended
	March 31, 2021	March 31, 2020
- Mr. Yun Kang Jung	72.60	83.99
- Mr. Milan Wahi	122.64	117.96
- Mr. Kyungwoon Cho	9.42	-
- Mr. Inchul Yeo	62.38	30.56
- Mr. Kyunghun Kim	-	14.87

Managerial remuneration above does not include gratuity and leave encashment benefit, since the same is computed actuarially for all the employee and the amount attributable to the managerial person cannot be ascertained separately.

Sitting Fees paid to Mr. D.G. Rajan and Ms. Hye Lim Jeon, Independent Directors in aggregate amounts to INR 7.50 lakhs (March 31, 2020: INR 9.19 lakhs)

During the year, Mr. Kyungwoon Cho was appointed as Chairman and Executive Director on March 8, 2021 in the board meeting held on March 8, 2021 subject to approval from Shareholders. Further, remuneration paid to the key managerial person as disclosed above, is in excess of the limits specified in Schedule V to the Companies Act, 2013 by INR 38.79 lakhs. However the Company, has obtained approval from shareholders through postal ballot for both the appointment and remuneration paid in excess of schedule V subsequent to year end on June 1, 2021 in compliance with the requirements of Section 197 read with Schedule V to the Act.

Description	As at March 31, 2020		As at March 31, 2019	
	Holding company	Fellow subsidiaries	Holding company	Fellow subsidiaries
<b>Balances outstanding at the period/year end</b>				
<b>Trade payables</b>				
Lotte Confectionary Company Limited, South Korea	1,129.79		928.93	-
Lotte Corporation Limited, South Korea	358.25		-	-
<b>Trade receivables</b>				
Lotte Confectionary Company Limited, South Korea	122.43		169.93	-
Lotte Chemicals India Private Limited	-	0.63	-	-
<b>Capital creditors</b>				
Lotte Engineering Construction India Private Limited	-	-	-	68.19
Lotte Confectionary Company Limited, South Korea	-	-	470.92	-
<b>Other receivables</b>				
Lotte Confectionary Company Limited, South Korea	179.74	-	-	-

\*(Refer note 31 for transactions with post-employment benefit plans)

### 36 Segment reporting

#### (a) Description of segments

The board of directors as chief operating decision maker (CODM) of the Company for the purpose of resource allocation and segment performance focuses on single business segment of manufacture and trading of confectionery and related products and hence, there is only one reportable business segment in terms of Ind AS 108: Operating Segment.

## Notes forming part of the Financial Statements (Contd.)

(All amounts are in INR lakhs, unless otherwise stated )

### (b) Segment revenue

The Company is domiciled in India.

#### Information about revenue from major geographies

	March 31, 2021	March 31, 2020
India	36,264.83	37,274.53
Others	2,530.50	3,459.47
	<b>38,795.33</b>	<b>40,734.00</b>

#### Information about revenue from major customers

During the year, there is no revenue from a single customer which is more than 10% of the Company's total revenue.

(c) All non-current assets of the Company are located in India.

## 37 Commitments

### (a) Capital Commitments

	March 31, 2021	March 31, 2020
Estimated value of contracts in capital account remaining to be executed	105.16	760.79

### (b) Export obligations

In respect of capital goods imported at concessional rate of duties and under Export Promotion Capital Goods scheme, as at the balance sheet date, the Company has outstanding export obligation of INR 2,147.32 (March 31, 2020 : INR 2,147.32). During the previous year, certain licenses expired and the export obligation were not fulfilled by the Company and has paid a deposit of INR 192 (March 31, 2021: Nil). The Company has filed for extension and expects to meet the export obligation in due course.

## 38 Contingent liabilities

### Claims against the company not acknowledged as debts

	March 31, 2021	March 31, 2020
Disputes relating to Service tax/ Excise duty/ VAT/ Income tax	766.27	766.27

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. The Company does not expect any reimbursements in respect of the above contingent liabilities. 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.

The Company evaluated the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C I/1(33)2019/ Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the Management the aforesaid matter is not likely to have a significant impact.

## Notes forming part of the Financial Statements (Contd.)

(All amounts are in INR lakhs, unless otherwise stated )

### 39 Earnings per share

Basic earnings per share	March 31, 2021	March 31, 2020
Profit / (loss) after tax (A)	1,004.39	(1,762.62)
Number of equity shares of INR 10 each at the end of the period/year	10,863,768	10,863,768
Weighted average number of equity shares of INR 10 each outstanding during the year (B)	10,863,768	10,863,768
Basic earnings per share - (in INR) (A/B)	9.25	(16.22)

There is no dilution to the basic earnings per share as there are no dilutive potential equity shares.

### 40 Transfer pricing

The independent review for assessing compliance with Transfer Pricing Rules issued by the Central Board of Direct Taxes under the provisions of the Income Tax Act, 1961 for the year ended March 31, 2021 is in progress. However, on the basis of self assessment of the operations during the year, the Management does not expect any significant deviation from the requirements of the aforesaid Transfer Pricing Rules.

### 41 Impact of COVID-19

The Company is in the business of manufacturing and sale of confectionery products and has made a detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising of property, plant and equipment, intangible assets, trade receivables and inventories as at the balance sheet date and has concluded that no material adjustments are required in the financial statements. Though the impact assessment of COVID19 is a continuing process given the uncertainties associated with its nature and duration, the Company does not expect any material changes in future economic conditions.

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

**Suresh S**  
*Partner*  
 Membership No. 200928

Place : Chennai  
 Date : August 30, 2021

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

**Kyungwoon Cho**  
*Chairman cum ED*  
 DIN : 09048060

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

**Inchul Yeo**  
*Whole Time Director &  
 Chief Financial Officer*  
 DIN : 08688249

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

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





**LOTTE**  
INDIA

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