

LOTTE INDIA CORPORATION LIMITED

Regd Office : 4/111, Mount Poonamallee Road, Manapakkam, Chennai – 600 089
Phone No.044-45458888; Fax:044-45458800; email: compsecy@lotteindia.com
Corporate Identity Number: U15419TN1954PLC001987; website: www.lotteindia.com

NOTICE OF POSTAL BALLOT TO THE SHAREHOLDERS (UNDER SECTION 110 OF THE COMPANIES ACT, 2013)

Notice is hereby given pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013, (the “Act”), read with the Companies (Management and Administration) Rules, 2014, including any statutory modification or re-enactment thereof for the time being in force, that the resolutions appended are proposed to be passed as special resolutions by way of postal ballot. The explanatory statement pertaining to the aforesaid resolutions setting out the material facts concerning each item and the reasons thereof is annexed hereto along with a postal ballot form (the “Form”) for your consideration. The Board of Directors of the Company (the “Board”) has appointed Mr.K.Mohan, Partner – J.K.M Associates, Practicing Company Secretaries as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner. You are requested to carefully read the instructions printed on the Form, record your assent (for) or dissent (against) therein by filling necessary details and affixing your signature at the designated place in the Form and return the same in original duly completed in the enclosed self-addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer not later than the close of working hours i.e. 5.30 p.m. on 5th day of December 2015. The assent or dissent received thereafter shall be treated as if reply from the member has not been received. Upon completion of the scrutiny of the Forms, the Scrutinizer will submit his report to the Chairman/Director. The result of the postal ballot would be announced by a Director or the Company Secretary of the Company on 9th day of December 2015 at 11.00 a.m. at the registered office of the Company. The aforesaid result would be displayed at the registered office of the Company, published in the newspapers and displayed along with the Scrutinizer’s report on the Company’s website viz. www.lotteindia.com

SPECIAL BUSINESS

Item No.1: Appointment of Mr.Suresh Seshadri Iyer as Managing Director for 3 years.

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

RESOLVED THAT pursuant to the provisions of Section 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modification(s) or re-enactment thereof, Mr.Suresh Seshadri Iyer be and is hereby appointed as Managing Director of the

Company for a period of 3 years with effect from 14th July, 2015 on the following terms and conditions.

	Description	Remuneration per year (Rs.)
Salary	Basic Salary	1920000
	House rent allowance	960000
	Special allowance	2628000
	Leave travel allowance	193284
	Total (A)	5701284
Benefits	Maintenance of car, fuel and driver's salary	396000
	Club entrance fee (for 2 clubs only)	10000
	Club subscription	15000
	Performance incentive	1686300
	Medical reimbursement	100000
	Medical insurance premium & hospitalisation benefits by company	18000
	Personal accident insurance premium	1000
	Telephone - land line & mobile	36000
	Total (B)	1962300
Retiral benefits	Provident Fund	230400
	Gratuity	93696
	Superannuation fund	288000
	Total (C)	612096
	Total Salary (A + B + C)	8575680

RESOLVED FURTHER THAT in the event of no profits or inadequacy of profits, Mr.Suresh Seshadri Iyer shall be entitled to the above remuneration as the minimum remuneration subject to the approvals, if any, required.

RESOLVED FURTHER THAT Mr.Suresh Seshadri Iyer shall be governed by all service conditions of the Company as applicable to Senior Management Staff / Directors.

RESOLVED FURTHER THAT the Board of Directors or the Remuneration and Nomination Committee be and is hereby authorized to alter or vary or increase or revise the component and elements of remuneration payable to Mr.Suresh Seshadri Iyer within the overall limits under the companies Act, 2013 and to do all such acts, deeds and things and execute all such documents and forms as may be required and to give effect to the above resolutions.

Item No.2: Appointment of Mr.Young Tae Moon as Executive Director for 3 years.

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

RESOLVED THAT pursuant to the provisions of Section 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modification(s) or re-enactment thereof and subject to the approval of Central Government, if necessary, Mr.Young Tae Moon, be and is hereby appointed as Executive Director of the Company for a period of 3 years with effect from 14th July, 2015 on the following terms and conditions.

	Description	Remuneration per year (Rs.)
Salary	Basic Salary	720000
	Personal allowance	720000
	Special personal allowance	960000
	Additional personal allowance	2789796
	Grade allowance	96300
	Medical allowance	15000
	Total (A)	5301096
Benefits	Housing (Rent free furnished accommodation)	3150000
	Car running expenses	336000
	Medical reimbursement at actuals	85000
	Medicclaim insurance upto Sum Insured Rs.2 lacs & Company hospitalisation	18000
	Total (B)	3589000
Retiral benefits	Provident Fund	636132
	Gratuity	35136
	Superannuation fund	108000
	Total (C)	779268
	Total Salary (A + B + C)	9669364

RESOLVED FURTHER THAT the Housing expenses payable as above to Mr.Young Tae Moon be increased, if required, subject to a ceiling of 15% per lease term /year.

RESOLVED FURTHER THAT in the event of no profits or inadequacy of profits, Mr.Young Tae Moon shall be entitled to the above remuneration as the minimum remuneration subject to the approvals, if any, required.

RESOLVED FURTHER THAT Mr.Young Tae Moon shall be governed by all service conditions of the Company as applicable to Senior Management Staff / Directors.

RESOLVED FURTHER THAT the Board of Directors or the Remuneration and Nomination Committee be and is hereby authorized to alter or vary or increase or revise the component and elements of remuneration payable to Mr.Young Tae Moon within the overall limits under the companies Act, 2013 and to do all such acts, deeds and things and execute all such documents and forms as may be required and to give effect to the above resolutions.

Item No.3: Payment of revised remuneration to Mr.Moo Sun Song, Whole Time Director

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

RESOLVED THAT pursuant to the provisions of Section 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modification(s) or re-enactment thereof and subject to approval of Shareholders and Central Government, if necessary, the following revised remuneration be paid to Mr.Moo Sun Song, Whole Time Director of the Company with effect from 1st April, 2015:

	Description	Remuneration per year (Rs.)	Remuneration per year from 1st April, 2015 (Rs.)
Salary	Basic Salary	660000	660000
	Personal allowance	174000	174000
	Special personal allowance	970800	1048608
	Additional personal allowance	472800	472800
	Grade allowance	96300	96300
	Medical Allowance	--	15000
	Total (A)	2373900	2466708

	Description	Remuneration per year (Rs.)	Remuneration per year from 1st April, 2015 (Rs.)
Benefits	Housing (Rent free furnished accommodation)	540000	1380000
	Car running expenses	300000	336000
	Medical reimbursement at actuals	15000	85000
	Mediclaim insurance upto Sum Insured Rs.2 lacs & Company hospitalisation	18000	18000
	Total (B)	873000	1819000
Retiral benefits	Provident Fund	284868	296005
	Gratuity	32208	32208
	Superannuation fund	99000	99000
	Total (C)	416076	427213
	Total Salary (A + B + C)	3662976	4712921

RESOLVED FURTHER THAT the Housing expenses payable as above to Mr.Moo Sun Song be increased, if required, subject to a ceiling of 15% per lease term /year.

RESOLVED FURTHER THAT in the event of no profits or inadequacy of profits, Mr.Moo Sun Song shall be entitled to the above remuneration as the minimum remuneration subject to the approvals, if any, required.

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

RESOLVED FURTHER THAT the Board of Directors or the Remuneration and Nomination Committee be and is hereby authorized to alter or vary or increase or revise the component and elements of remuneration payable to Mr.Moo Sun Song within the overall limits under the companies Act, 2013 and to do all such acts, deeds and things and execute all such documents and forms as may be required and to give effect to the above resolutions.

Item No.4: Issue of shares by the Company against the further investment by Lotte Confectionery Co. Ltd., Seoul, Korea.

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

“RESOLVED THAT pursuant to Sections 42 & 62 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification thereto or re-enactment thereof

for the time being in force) and in accordance with the Foreign Exchange Management Act, 1999 (including any amendment, modification, variation or re-enactment thereof, and the provisions of any rules/regulations/guidelines issued/framed by the Central Government, Reserve Bank of India, Foreign Investment Promotion Board thereto), Articles of Association of the Company, and subject to the requisite statutory approvals, the Consent of the Company be and is hereby given to the Board of Directors of the Company to offer, issue and allot Equity shares of Rs.10 each at a premium of Rs.497 per share equivalent to an amount of USD.10 million to Lotte Confectionery Co. Ltd., Seoul, Korea.

“**FURTHER RESOLVED THAT** the Equity Shares to be issued and allotted shall rank pari passu with the existing Equity Shares of the Company in all respects.

“**FURTHER RESOLVED THAT** for the purpose of giving effect to the aforesaid special resolution under Sections 42 & 62 of the Companies Act, 2013, the Board of Directors (which term shall include any duly constituted and authorized committee thereof) of the Company be and is hereby authorized to take such steps and to do all such other acts, deeds, matters and things and accept any alteration(s) or amendment(s) or correction(s) or modification(s) as it may deem fit and appropriate in regard to offer, issue, allotment of the said equity shares.

By Order of the Board
For Lotte India Corporation Limited

Chennai
Date: 28/10/2015

T.G.Karthikeyan
Company Secretary

NOTES

The Explanatory Statement for the proposed Special Resolutions pursuant to Section 102 of the Companies Act, 2013 setting out material facts is annexed to this Notice. The Postal Ballot Notice is being sent to all the Members, whose names appear in the Register of Members/list of Beneficial Owners, received from National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited as on 30/10/2015

Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the Member as on 30/10/2015. Resolutions passed by the members through Postal Ballot shall be deemed to have been passed effectively at a general meeting of the members. The Special Resolution shall be declared as passed if the number of votes cast in favour of the Special Resolution is not less than three times the number of votes cast against the Special Resolution.

ANNEXURE TO THE NOTICE

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

Item No.1:

Consequent to the resignation of Mr. Milan Wahi from the post of Managing Director on 25th November, 2014, the Remuneration and Nomination Committee at its Meeting held on 14th July, 2015 recommended the appointment of Mr.Suresh Seshadri Iyer (Executive Vice President) to the Board.

The Board of Directors at their meeting of even dated appointed Mr.Suresh Seshadri Iyer as an Additional Director who will hold office of Additional Director till the ensuing Annual General Meeting. Further, the Board at the same meeting appointed Mr.Suresh Seshadri Iyer as Managing Director for a period of 3 years with effect from 14th July, 2015 subject to the approval of Shareholders and Central Government, if necessary.

Mr.Suresh Seshadri Iyer is a post graduate in Business Administration from University of Idaho, U.S.A. He has about 35 years of rich experience in the field of sales and marketing. Before his appointment as Managing Director, he was working in your Company as Executive Vice President for a short period. He also held senior positions in various FMCG Companies viz., E.I.D Parry India Ltd, Twinings Pvt. Ltd, Nestle India, Dabur India, Henkel India and Cadbury India.

Further, your company anticipates inadequacy or absence of profits for the year ending 31.12.2015. In the event of inadequacy or absence of profits, payment of remuneration to managerial persons requires the approval of Shareholders as per Schedule V of Companies Act, 2013. This has been already approved by the Remuneration and Nomination Committee and Board of Directors at their meeting held on 14th July, 2015.

None of the Directors (other than Mr.Suresh Seshadri Iyer), key managerial personnel and relatives of them is interested or concerned in the above resolution.

The Board of Directors recommends the passing the above special resolution.

Item No.2:

In view of growing business operations, it was felt necessary by the Company to appoint Mr.Young Tae Moon, Vice President (Sales & Marketing) on the Board.

The Remuneration and Nomination Committee at its Meeting held on 14th July, 2015 recommended the appointment of Mr.Young Tae Moon to the Board.

The Board of Directors at their meeting of even dated appointed Mr.Young Tae Moon as an Additional Director

who will hold office of Additional Director till the ensuing Annual General Meeting. Further, the Board at the same meeting appointed Mr.Young Tae Moon as Executive Director for a period of 3 years with effect from 14th July, 2015 subject to the approval of Shareholders and Central Government, if necessary.

Mr.Young Tae Moon is a post graduate in Business Administration from Chung-Ang University, Korea with specialisation in Business & Marketing. He has about 25 years of rich experience in the field of sales and marketing. Before his appointment in Lotte India as Vice President (Sales & Marketing), he was working with Lotte Confectionery, Korea as Director (Domestic Sales).

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

The Board of Directors recommends the passing the above special resolution.

Item No.3.

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

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

Mr. Moo Sun Song is a Master of Business Administration with specialization in Finance. Prior to his appointment as Whole Time Director, he was working in our Company as Vice President (Supporting Services) & CFO. Before his appointment as VP & C.F.O of the Company, he was working in Lotte Confectionery Co.Ltd, Korea as a Member of Finance & Accounting team since the year 2001. He is a member of Audit Committee, CSR Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Considering the valuable contribution of Mr.Moo Sun Song to the performance of the Company and based on recommendation of Remuneration & Nomination Committee, the Board had increased the remuneration payable to Mr.Moo Sun Song, Whole Time Director with effect from 1st April, 2015 subject to the approval of shareholders.

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

The Board of Directors recommends the passing the above special resolution.

Item No.4

Section 62 of the Act, provides inter alia, that whenever it is proposed to increase the subscribed capital of a company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares of the company in proportion to the capital paid-up on that date and in the manner laid down under Section 62(1) of the Act, unless the members in a general meeting decide otherwise by way of a Special Resolution. Furthermore, as per Section 42 of the Act, read with the Rules framed thereunder, a company offering or making an invitation to subscribe to securities on a private placement basis, is required to obtain the prior approval of the shareholders for each of the offers and invitations.

In accordance with Sections 42 and 62 of the Act read with the Rules framed there under, approval of the Members is sought by way of a Special Resolution for the issue of upto 13,50,000 Equity Shares of the Company for an aggregate value not exceeding USD. 10 Million to Lotte Confectionery Co.Ltd on the terms contained herein.

Given below are the disclosures as required under Rule 13 (2)(d) of the Companies (Share Capital and Debentures) Rules, 2014:

1. The Objects of the issue is to meet the funding requirements and future expansion plans of the Company.
2. The maximum number of equity shares which may be issued will be 13,50,000

3. The Equity Shares of Rs.10 each are proposed to be issued at a premium of Rs.497 per share, based on the Valuation Report dated 09/10/2015 of M/s. Sundaram & Srinivasan, Chartered Accountants. A copy of the aforesaid Valuation Report is annexed to this notice.
4. The Equity Shares are proposed to be offered to Lotte Confectionery Co.Ltd, Seoul, Korea, the promoter of the Company, who intends to subscribe to the offer. Post allotment, the shareholding of Lotte Confectionery Co.Ltd in the Company will be 98.56% of the post issue paid-up Equity Share capital of the Company. The Directors and Key Management Personnel will not be offered any Equity Shares and therefore cannot subscribe to the said offer.
5. Relevant date with the reference to which the price of share has been arrived at: 31/12/2014
6. Upon the issue and offer of the Equity Shares as aforesaid, the allotment shall be completed within a period of sixty days from the date of receipt of application money. Such allotment shall not be later than one year from the date of passing the Special Resolution set out at Item No:4 of the accompanying Notice.
7. During the year, the Company has not made any allotment on preferential basis.
8. The shareholding pattern of the Company, before and after the proposed issue, will be as under:

S.No	Category	Pre Issue		Post Issue	
A	Promoters' Holding				
1.	Indian				
	Individual	Nil	Nil	Nil	Nil
	Bodies Corporate	Nil	Nil	Nil	Nil
	Sub-Total	Nil	Nil	Nil	Nil
2	Foreign Promoters (Lotte Confectionery Co. Ltd)	9404693	98.38	10686693*	98.57
	Sub –Total (A)	9404693	98.38	10686693	98.57
B	Non-Promoters' holding:				
1.	Institutional Investors	Nil	Nil	Nil	Nil
2.	Non-Institution:				
	Private Corporate bodies	4137	0.04	4137	0.04
	Directors and Relatives	Nil	Nil	Nil	Nil
	Indian Public	142755	1.49	142755	1.32
	Others(Including NRIs)	8436	0.09	8436	0.08
	Sub-Total(B)	155328	1.62	155328	1.43
	GRAND TOTAL (A + B)	9560021	100.00	10842021	100.00

* Includes 12,82,000 Equity shares of Rs.10 each proposed to be issued at a premium of Rs.497 per share to Lotte Confectionery Co.Ltd. This number of shares may increase or decrease according to actual realisation of foreign exchange to be brought in by the said Company towards investment.

9. No change in control is intended or expected post issuance of the said Equity Shares.

The Proposed offer is in the interest of the company and your Directors recommend the Special Resolution for approval.

None of the Directors and Key Managerial Personnel of the Company or their relatives is directly or indirectly concerned or interested in this Resolution.

Information under Schedule V to the Companies Act, 2013

Item No.1

The following information pertaining to **Mr.Suresh Seshadri Iyer** is furnished pursuant to the provisions of Schedule V to the Companies Act, 2013:

General Information	Particulars
Nature of Industry	Confectionery
Date or expected date of commencement of commercial production.	The Company is in existence since 1954 (The name of the Company has since been changed from Parrys Confectionery Limited to Lotte India Corporation Limited)
In case of new companies, expected date of commencement of activities as per Project approved by financial institutions appearing in the prospectus	Not applicable
Financial performance based on given indicators.	As per the unaudited (provisional) figures for the 9 months period ended 30 th September, 2015, the sales achieved was Rs.29384 lakhs and loss before tax was Rs. 995 lakhs.
Foreign investments or collaborators, if any.	98.38% of the paid up capital of the Company is held by M/s Lotte Confectionery Co., Ltd., Seoul, Korea, with approvals from FIPB / RBI.
Information about the appointee	Particulars
Background details	Mr.Suresh Seshadri Iyer is a post graduate in Business Administration from University of Idaho, U.S.A. He has about 35 years of rich experience in the field of sales and marketing and held senior positions in various FMCG Companies viz., E.I.D Parry India Ltd, Twinings Pvt. Ltd, Nestle India, Dabur India, Henkel India and Cadbury India.
Past remuneration	Mr. Suresh Seshadri Iyer was previously drawing a remuneration of Rs.85.75 lakhs (Gross / cost to the Company) per annum during his tenure as Executive Vice President in your Company.
Recognition or awards	He has received awards in recognition of his service from his earlier employers.
Job Profile and Suitability	Mr. Suresh Seshadri Iyer is a Post Graduate in Business Administration and has about 35 years of rich experience in Sales & Marketing and served in leading corporates at Senior Management level. His experience and expertise in the field will benefit the Company to achieve its desired goal.
Remuneration proposed	The terms of the remuneration proposed are detailed in the resolution.

Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details should be w.r.t. the country of his origin.	The Confectionery industry perse has few companies which are listed and many comparable companies are in private limited category like Perfetti Van Melle India P. Ltd., Parle Products Pvt.Ltd. etc. and information relating to the remuneration profile of the Managing Director appointed under the Company law is not available.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	There were no pecuniary relationship directly or indirectly with the Company. There are no relationships with the managerial personnel.
Other information	
Reasons of loss or inadequacy of profits	(i) During the year 2015, the Company has constructed a factory at Rohtak in Haryana. The said project was financed partly by Company's own funds and mostly by External Commercial Borrowings obtained from banks. (ii) The interest charges for the above loan and increase in Depreciation cost pertaining to the new plant at Rohtak are expected to affect the profitability of the Company for the year ending 31 st December, 2015 and thereby lead to loss or inadequacy of profits for the said period.
Steps taken or proposed to be taken for improvement.	The Company has decided to increase the capacity utilization of new plant. (i) Effective cost management and effective utilization of common resources. (ii) Increase sales in focus markets. (iii) Focus on increasing the sale of higher price point products and products with higher margin.
Expected increase in productivity and profits in measurable terms	The company is increasing its focus on higher margin products and new export markets. The company is also restructuring end to end cost structures to enhance profitability.

Item No.2

The following information pertaining to **Mr.Young Tae Moon** is furnished pursuant to the provisions of Schedule V to the Companies Act, 2013:

General Information	Particulars
Nature of Industry	Confectionery
Date or expected date of commencement of commercial production.	The Company is in existence since 1954 (The name of the Company has since been changed from Parys Confectionery Limited to Lotte India Corporation Limited)
In case of new companies, expected date of commencement of activities as per Project approved by financial institutions appearing in the prospectus	Not applicable
Financial performance based on given indicators.	As per the unaudited (provisional) figures for the 9 months period ended 30 th September, 2015, the sales achieved was Rs.29384 lakhs and loss before tax was Rs.995 lakhs.

Foreign investments or collaborators, if any.	98.38 % of the paid up capital of the Company is held by M/s Lotte Confectionery Co., Ltd., Seoul, Korea, with approvals from FIPB / RBI.
Information about the appointee	Particulars
Background details	Mr.Young Tae Moon is a post graduate in Business Administration from Chung-Ang University, Korea with specialisation in Business & Marketing. He has about 25 years of rich experience in the field of sales and marketing. Prior to his appointment as Executive Director, he was working as VP (Sale and Marketing) in your Company. Before that, he was working with Lotte Confectionery, Korea as Director (Domestic Sales). He is a Korean National.
Past remuneration	Mr. Young Tae Moon was previously drawing a remuneration of Rs.57.28 lakhs (Gross / cost to the Company) per annum during his tenure as Vice President (Sales & Marketing)
Recognition or awards	He has received many accolades in recognition of his service from his earlier employers.
Job Profile and Suitability	Mr. Young Tae Moon is a Post Graduate in Business Administration and has about 25 years of rich experience in Sales & Marketing. His experience and expertise in the field will benefit the Company to achieve its desired goal.
Remuneration proposed	The terms of the remuneration proposed are detailed in the resolution.
Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details should be w.r.t. the country of his origin.	The Confectionery industry perse has few companies which are listed and many comparable companies are in private limited category like Perfetti Van Melle India P. Ltd., Parle Products Pvt. Ltd. etc. and information relating to the remuneration profile of the Executive Director appointed under the Company law is not available.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	There was no pecuniary relationship directly or indirectly with the Company. There are no relationships with the managerial personnel.
Other information	
Reasons of loss or inadequacy of profits	(i) During the year 2015, the Company has constructed a factory at Rohtak in Haryana. The said project was financed partly by Company's own funds and mostly by External Commercial Borrowings obtained from banks. (ii) The interest charges for the above loan and increase in Depreciation cost pertaining to the new plant at Rohtak are expected to affect the profitability of the Company for the year ending 31 st December, 2015 and thereby lead to loss or inadequacy of profits for the said period.

Steps taken or proposed to be taken for improvement.	The Company has decided to increase the capacity utilization of new plant. (i) Effective cost management and effective utilization of common resources. (ii) Increase sales in focus markets. (iii) Focus on increasing the sale of higher price point products and products with higher margin.
Expected increase in productivity and profits in measurable terms	The company is increasing its focus on higher margin products and new export markets. The company is also restructuring end to end cost structures to enhance profitability.

Item No.3

The following information pertaining to **Mr.Moo Sun Song** is furnished pursuant to the provisions of Schedule V to the Companies Act, 2013:

General Information	Particulars
Nature of Industry	Confectionery
Date or expected date of commencement of commercial production.	The Company is in existence since 1954 (The name of the Company has since been changed from Parrys Confectionery Limited to Lotte India Corporation Limited)
In case of new companies, expected date of commencement of activities as per Project approved by financial institutions appearing in the prospectus	Not applicable
Financial performance based on given indicators.	As per the unaudited (provisional) figures for the 9 months period ended 30 th September, 2015, the sales achieved was Rs.29384 lakhs and loss before tax was Rs.995 lakhs.
Foreign investments or collaborators, if any.	98.38 % of the paid up capital of the Company is held by M/s Lotte Confectionery Co., Ltd., Seoul, Korea, with approvals from FIPB / RBI.
Information about the appointee	Particulars
Background details	Mr. Moo Sun Song is a Master of Business Administration with specialization in Finance. Prior to his appointment as Whole Time Director, he was working in your Company as Vice President (Supporting Services) & CFO. He is a Korean National. Before that, he was working in Lotte Confectionery Co.Ltd, Korea as a Member of Finance & Accounting team since the year 2001.
Past remuneration	Mr. Moo Sun Song was previously drawing a remuneration of Rs.36.63 lakhs (Gross / cost to the Company) per annum.
Recognition or awards	He has received many accolades in recognition of his service from his earlier employers.

Job Profile and Suitability	Mr. Moo Sun Song is a Master of Business Administration in Finance with about 13 years in the field of Finance, Planning, Human Resources Development etc., His experience and expertise in the above fields will benefit the Company to achieve its desired goal.
Remuneration proposed	The terms of the remuneration proposed are detailed in the resolution.
Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details should be w.r.t. the country of his origin.	The Confectionery industry perse has few companies which are listed and many comparable companies are in private limited category like Perfetti Van Melle India P. Ltd., Parle Products Pvt. Ltd. etc. and information relating to the remuneration profile of the Whole Time Director appointed under the Company law is not available.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	There was no pecuniary relationship directly or indirectly with the Company. There are no relationships with the managerial personnel.
Other information	
Reasons of loss or inadequacy of profits	<p>(i) During the year 2015, the Company has constructed a factory at Rohtak in Haryana. The said project was financed partly by Company's own funds and mostly by External Commercial Borrowings obtained from banks.</p> <p>(ii) The interest charges for the above loan and increase in Depreciation cost pertaining to the new plant at Rohtak are expected to affect the profitability of the Company for the year ending 31st December, 2015 and thereby lead to loss or inadequacy of profits for the said period.</p>
Steps taken or proposed to be taken for improvement.	<p>The Company has decided to increase the capacity utilization of new plant.</p> <p>(i) Effective cost management and effective utilization of common resources.</p> <p>(ii) Increase sales in focus markets.</p> <p>(iii) Focus on increasing the sale of higher price point products and products with higher margin.</p>
Expected increase in productivity and profits in measurable terms	The company is increasing its focus on higher margin products and new export markets. The company is also restructuring end to end cost structures to enhance profitability.

SHARE VALUATION REPORT

To
Lotte India Corporation Limited, Chennai.

1. BACKGROUND

LOTTE was founded in 1948. The Lotte group has its presence in Food & Beverages distribution, Tourism and leisure business, Communication & electronics. Lotte has actively been working towards establishment of overseas branches production facilities and has a presence in more than 70 countries. The Lotte confectionery company limited is the Lotte group's flagship company in Food & Beverages category

Lotte India corporation limited, a subsidiary of Lotte confectionery company limited , South Korea is Incorporated in Tamil Nadu in the year 1954. The company's core business includes Manufacturers, dealers and exporters of sweets, chocolates, confectionery and by products of every description. Some of the leading brands are Coffy bite, Lacto king, Caramilk, Spout chewing gum, Booporo bubble gum and Choco pie. Lotte India corporation Limited is one of the leaders of confectionery business in India.

Lotte India corporation limited was initially a listed company and later during July 2009 , shares were delisted from Bombay Stock Exchange, Madras Stock Exchange & National Stock Exchange The Current share holding pattern of the company is under

Shareholding pattern as on 31st December, 2014			
Sl. No.	Category	Total number of Shares held	% share holding
1	Promoters - foreign	9,404,693	98.38
2	Banks/Financial institutions / Insurance Companies	1,567	0.02
3	Private corporate bodies	4,150	0.04
4	Indian public	141,175	1.47
5	NRIs/OCBs	2,616	0.03
6	Any other-		
	Trusts	20	0
	Foreign National	5,800	0.06
	Total	9,560,021	100

2. OBJECTIVE

The objective of this exercise is to arrive at the value of the share for the purpose of share issue to the parent company Lotte confectionery company limited, Korea who have expressed interest to invest in Lotte India to the extent of USD 10 million. At present parent company is holding 94,04,693 Equity shares in Lotte India.

FINANCIAL HIGHLIGHTS	
Parameter	Details
Company	LOTTE INDIA CORP LTD
Industry	FOOD & BEVERAGES
Business	MANUFACTURING
Current Stock Price (Rs)	DE-LISTED
Face Value (Rs)	10
No. of Shares (Subscribed)	9,560,021
Profit after tax (31.12.2014)	13,122,000

Key Financials (Last 10-Years)	
Parameter	Details
Sales Growth (10-Year CAGR)	11.0%
Operating Profit / EBITDA	10.6%
Net Profit Growth (10-Year CAGR)	-0.8%

3. FINANCIAL HIGHLIGHTS

Company's current accounting period is January to December (Calendar Year).

4. SOURCES OF INFORMATION

- Relevant extracts of Memorandum and Articles of Association of Lotte India Incorporation Limited
- Audited accounts for the period ending December 2014
- Projected financials for the four years from January 2015
- Discussion with Lotte India management in connection with future plans and operations as per internal business plans

5. METHOD OF VALUATION

Following valuation methods have been considered

1. Earning Capitalization Method
2. Profit Earning Capitalisation method (Past Profits)
3. Net Asset Value Method
4. Discounted Cash flow Method

5.1. EARNING CAPITALIZATION METHOD

Capitalization earning method seeks to determine the value of the business based on the future maintainable profits. Future maintainable profits are the profits expected to be earned by the business with consideration of due industry fluctuations (macro and micro economic). Any anticipated (as per current expectations) losses or expense of the particular year are adjusted in the respective year.

Non-Recurring income /expenses are eliminated for this exercise as per International Accounting practices and Guidelines.

The discounted net maintainable profits are computed for four or five years from the last published accounting year i.e. period ending December 2014. The potential rate of return is applied on the average discounted net profits to arrive at the capitalized value of the business. The share value is calculated based on the capitalized value and the number of equity shares. The risk free return represents the interest on the money that would be available from an absolutely risk free investment over a period of time.

5.2 PROFIT EARNING CAPITALISATION METHOD (PAST PROFITS)

Profit earnings capitalization method determines the net maintainable profit on the basis of past performances of the company, which is capitalized at the rate equivalent to the risk free rate of return for investment in a business.

The stated method requires the averaging of net profits of the company for the last four years for which audited accounts are available.

5.3. NET ASSET VALUE METHOD

Net asset Value Method (Book value method) involves the valuation of the business which is total asset less value of external liabilities per unit. Asset based approach focuses on the company's net asset value and the relative worth of it.

5.4 DISCOUNTED CASH FLOW METHOD

Discounted cash flow method takes into consideration the future cash flows of the business and the terminal cash flow. The value of the business is equal to the summation of the present value of free cash flows during the forecast period and the terminal value as per this method. The free cash flow to the business is ascertained and the discount rate is applied. Free cash flow to the business is the cash flow available to all investors in the company

after consideration of taxes, capital expenditure and working capital investment. The yearly incremental cash flows are generated for the subsequent years and the net present value of the same is obtained.

6. CONCLUSION

Valuation as per the different methodologies are considered. In our opinion based on our experience and considering the industry business trends and best judgment, the value of each share is Rs.507 (arrived as per Earning Capitalisation Method). This pricing has factored growth in the coming years with the ongoing and upcoming capital expansion plans. Further, the company growth drive is accentuated by aggressive investment model. Considering the robust expansion plans of the management, earning capitalization method which is based on the future years profits is used for valuation. It is an accepted principle the profits of the ensuing years are more appropriate, rather than considering the profits of earlier years for a company in upswing sales mode. Discounted cash flow model is not considered as cost of the debt is less than Compounded growth rate of Free cash flows. Net Asset model reflecting only the book value of the existing assets will not be appropriate for a company on a expanding mode

7. LIMITATION

This report is based on the information provided to us by the management of the company and on a going concern basis. We have relied on the representations (projections & assumptions) along with financial data shared with us by the management .The fact that we have considered the projections in the excise of valuation should not be construed or taken as our being associated with or a party to such projection. Since these projections relate to future period actual performance/results could vary from the projections as certain assumptions are based on historical performance, industry trends and management considerations for adherence to policies and practices in vogue. Recommendations rendered in this report only represent our opinion based upon information and data furnished by the company for this purpose and other sources and shall be considered in the nature of non binding advice.

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration No: 004207S

Place: Chennai
Date: 09/10/2015

Meenakshi Sundaram
Partner – M. No. 217914

LOTTE INDIA CORPORATION LIMITED

Regd Office : 4/111, Mount Poonamallee Road, Manapakkam, Chennai – 600 089
Phone No.044-45458888; Fax:044-45458800; email: compsecy@lotteindia.com
Corporate Identity Number: U15419TN1954PLC001987; website: www.lotteindia.com

Form No. MGT-12

BALLOT PAPER

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of
the Companies (Management and Administration) Rules, 2014]

S.NO	PARTICULARS	DETAILS
1	Name of the First Named Shareholder (In block letters)	
2	Postal address	
3	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4	Class of Share	EQUITY

I hereby exercise my vote in respect of Special Resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

Item No.	Brief Description	No. of shares held by me	(use ✓ mark)	
			I assent to the resolution (APPROVE)	I dissent from the resolution (DISAPPROVE)
1	Appointment of Mr.Suresh Seshadri Iyer as Managing Director for 3 years with effect from 14.07.2015 and also for payment of remuneration in the case of inadequacy or absence of profits.			
2	Appointment of Mr.Young Tae Moon as Executive Director for 3 years with effect from 14.07.2015 and also for payment of remuneration in the case of inadequacy or absence of profits.			
3	Payment of revised remuneration to Mr.Moo Sun Song, Whole Time Director with effect from 01.04.2015 and also for payment of remuneration in the case of inadequacy or absence of profits.			
4	Issue of shares by the Company against further investment by its holding company viz. Lotte Confectionery Co.Ltd., Seoul, Korea.			

Place:

Date:

(Signature of the Shareholder)

Note:

1. Please read the instructions given in the notice and notes appended thereto.
2. The duly filled in and signed Ballot form shall be sent to the Scrutinizer not later than 5:30 p.m. on 5th December, 2015.

If undelivered please return to

LOTTE INDIA CORPORATION LIMITED

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