

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

Notice is hereby given pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to other applicable laws and regulations, that the resolutions appended below are proposed to be passed by the Members through Postal Ballot/electronic voting (e-voting).

The explanatory statement pursuant to Sections 102 and 110 of the Act pertaining to the aforesaid resolutions setting out the material facts and the reasons thereof is annexed hereto with a Postal Ballot Form for your consideration.

The Board of Directors of the Company has appointed Ms. R. Sucharithra, Practising Company Secretary (C.P.No.6284), as the Scrutinizer for conducting the postal ballot and e-voting process in a fair and transparent manner. Members have the option to vote either by Postal Ballot or through e-voting. Members desiring to exercise their vote by Postal Ballot are requested to carefully read the instructions given in notes and return the same duly completed in the enclosed prepaid self-addressed Business Reply Envelope. Completed Postal Ballot Form, if sent by Members by courier or by registered post or speed post at the expense of the Member(s), will also be accepted.

The duly completed Postal Ballot Form should reach the Scrutinizer not later than by 5.00 p.m on 28th August, 2022 to be eligible for being considered, failing which it will be strictly considered that no reply has been received from the Member.

Members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the instructions in the Notes under the section “Instructions for e-voting”. References to postal ballot(s) in this Postal Ballot Notice include votes received electronically. The Scrutinizer will submit her report to the Chairman of the Company after completion of scrutiny of the postal ballots (including e-voting). The results shall be declared on or before 30th August, 2022. The results will also be displayed on the Company’s website www.lotteindia.com.

Item No.1: To consider and, if thought fit, to pass the following resolution as Special Resolution:

Payment of revised remuneration to Mr.Kyungwoon Cho with retrospective effect from 1st January, 2022

RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modification(s) or re-enactment thereof and subject to the approval of shareholders, the remuneration payable to Mr.Kyungwoon Cho, (holder of Director Identification No. 9048060), Chairman cum Executive Director be and is hereby revised as follows with effect from 1st January, 2022 to 7th March, 2024.

(a) Salary

- i. ₹55,000 per month as basic salary
- ii. ₹6,37,150 per month towards allowances such as personal allowance and medical allowance.

(b) Benefits

- i. Rent free furnished accommodation expenses subject to a maximum of ₹3,33,330 per month and if required with an increase upto 15% p.a.

- ii. ₹28,000 per month towards maintenance of car, fuel and driver's salary.
- iii. Medical reimbursements subject to a maximum of ₹85,000 in aggregate per annum and Medical Insurance premium as per company's policy.
- iv. ₹2,00,000 per annum in aggregate towards club membership / subscription fee.
- v. Reimbursement of school fees on actuals and cost of repairs, maintenance and utilities (eg. gas, electricity and water charges), and repairs for the said housing accommodation on actual.
- vi. Leave travel concession expenses on actual for one trip from India to Korea and return for him and his family subject to a maximum of ₹7,00,000 in aggregate per annum.

(c) Gratuity and Contribution to Provident fund shall be payable as per applicable Acts.

RESOLVED FURTHER THAT Mr.Kyungwoon Cho shall be governed by all service conditions of the Company as applicable to senior management personnel and directors including age of retirement.

RESOLVED FURTHER THAT in the event of no profits or inadequate profits, Mr.Kyungwoon Cho shall be entitled to the above remuneration as the minimum remuneration subject to the approvals, if any, required.

RESOLVED FURTHER THAT Mr.Kyungwoon Cho is entitled to annual increment as may be fixed by the Board from time to time on the recommendation of the Remuneration and Nomination Committee subject to applicable provisions of Companies Act, 2013 and that the terms and conditions of the aforesaid remuneration payable to Mr.Kyungwoon Cho be varied / altered/revised within the said overall limit allowed under Companies Act, 2013, in such manner as may be deemed fit by the Board of Directors during aforesaid period of 3 (three) years.

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

Item No.2: To consider and, if thought fit, to pass the following resolution as Special Resolution:

Payment of revised remuneration to Mr.Milan Wahi, with retrospective effect from 1st January, 2022

RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modification(s) or re-enactment thereof and subject to the approval of shareholders, the remuneration payable to Mr.Milan Wahi (DIN: 05242884), Managing Director be and is hereby revised as follows with effect from 1st January, 2022 to 9th October, 2022.

(a) Salary

- i. ₹4,40,227 per month as basic salary.
- ii. ₹4,86,027 per month towards allowances such as House rent allowance, special allowance and leave travel allowance.

(b) Benefits

- i. ₹39,667 per month towards Maintenance of car, fuel, driver's salary, telephone and mobile charges.
- ii. Performance incentive subject to a maximum of ₹13,16,962 per annum as per Company' policy.
- iii. medical insurance and other benefits as applicable to the senior management personnel of the company, will be provided in accordance with the rules and regulations of the company
- iv. ₹25,000 per annum in aggregate towards Club subscription fee.

(c) Gratuity and Contribution to Provident fund shall be payable as per applicable Acts. Superannuation fund payment shall be in accordance with Company's policy in force.

RESOLVED FURTHER THAT Mr.Milan Wahi shall be governed by all service conditions of the Company as applicable to Senior Management personnel and directors.

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

RESOLVED FURTHER THAT Mr.Milan Wahi is entitled to annual increment as may be fixed by the Board from time to time on the recommendation of the Remuneration and Nomination Committee subject to applicable provisions of Companies Act, 2013 and that the terms and conditions of the aforesaid remuneration payable to Mr.Milan Wahi be varied / altered/revised within the said overall limit allowed under Companies Act, 2013, in such manner as may be deemed fit by the Board of Directors during aforesaid period.

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

Item No.3: To consider and, if thought fit, to pass the following resolution as Special Resolution:

Issue of Shares to Lotte Confectionery Co.Ltd on preferential basis.

RESOLVED THAT pursuant to Sections 42 & 62 (1) (C) 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 shareholders be and is hereby given to the Board of Directors of the Company to offer, issue and allot not exceeding 35,00,000 Equity shares of ₹10 each at a premium of ₹531 per share equivalent to converted INR value of USD.22 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 (1) (C) 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.

Chennai
Date: 12th July, 2022

By Order of the Board
For Lotte India Corporation Limited
T.G. Karthikeyan
Company Secretary

NOTES

- a) The Explanatory statement for the proposed Special Resolutions pursuant to Section 102 of the Companies Act, 2013 setting out the material facts is annexed to this Notice.
- b) This Postal Ballot Notice is being sent to the members, whose names appear on the register of members as received from the National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) as on 22nd July, 2022 (Cut-off Date), in electronic form to the email addresses registered with their Depository Participants (in case of electronic shareholding)/the Company's Registrar and Share Transfer Agents (in case of physical shareholding). For Members whose email IDs are not registered, physical copies of the Postal Ballot Notice are being sent by permitted mode along with a postage prepaid self-addressed Business Reply Envelope. The Postal Ballot Notice will also be available on the Company's website www.lotteindia.com.
- c) A person who is not a member as on the cut-off date should treat this Postal Ballot Notice for information purposes only.
- d) Resolutions passed by the Members through postal ballot/e-voting are deemed to have been passed as if they have been passed at a General Meeting of the Members.
- e) The Members can opt for only one mode of voting, i.e., either by physical ballot or e-voting. In case Members cast their votes through both the modes, votes cast through e-voting shall be treated as valid and votes cast through physical Postal Ballot Form will be treated as invalid.
- f) In case a Member is desirous of obtaining a printed Postal Ballot Form or a duplicate, he or she may send an e-mail to investor@cameoindia.com. The Registrar and Transfer Agent/Company shall forward the same along with postage-prepaid self-addressed Business Reply Envelope to the Member. Alternatively, the postal ballot form can be downloaded from Company's website viz., www.lotteindia.com
- g) The Company has engaged the services of Central Depository Services (India) Limited [CDSL] to provide e-voting facility to the Members of the Company. Accordingly, the Company is also providing e-voting facility as an alternate, which would enable Members to cast votes electronically, instead of returning Postal Ballot Form. Please read and follow the instructions on e-voting enumerated in the Notes.
- h) E-voting period shall commence on 29th July, 2022 at 09.00 a.m. (IST) and ends on 28th August, 2022 at 05.00 p.m. (IST).
- i) The Scrutinizer will submit her report to the Chairman upon completion of scrutiny of postal ballots/e-voting in a fair and transparent manner and the result of the postal ballot/e-voting will be announced by the Chairman or any other Director or official of the Company duly authorised on (or) before 30th August, 2022 at 4.00 p.m. at the Registered Office of the Company at 4/111, Mount Poonamallee Road, Manapakkam, Chennai – 600089. The result of the postal ballot/e-voting will also be uploaded on the Company's website www.lotteindia.com as well as on the website of CDSL <https://www.cdslindia.com/>. The resolutions, if passed by the requisite majority, shall be deemed to have been passed on 28th August, 2022 i.e. the last date specified for receipt of duly completed Postal Ballot Forms or e-voting.
- j) Voting by Postal Ballot, in the physical form or e-voting, can be exercised only by the member or his/her duly constituted attorney or in case of bodies corporate, the duly authorised person. A member cannot exercise his vote by proxy on postal ballot.

INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

The voting period begins on 29th July, 2022 at 9.00 a.m. and ends on 28th August, 2022 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form as on 22nd July, 2022 (the cut-off / record date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

(OR) Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• 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. <ul style="list-style-type: none">• 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.

- (i) After entering these details appropriately, click on "SUBMIT" tab.
- (ii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (iii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (iv) Click on the EVSN for the relevant for LOTTE INDIA CORPORATION LIMITED on which you choose to vote.

- (v) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (vi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (vii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (viii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (ix) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (x) 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.
- (xi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xii) **Additional Facility for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to 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.
 - 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 will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, 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 mandatory 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 Scrutinizer and to the Company at the email address viz; 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.

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 murali@cameoindia.com
2. For 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 e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

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 Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call at toll free no. 1800 22 55 33

ANNEXURE TO THE NOTICE

Profile of Mr.Kyungwoon Cho, Chairman cum Executive Director

Mr. Kyungwoon Cho (DIN.9048060) is a Post graduate (MBA) in International Business from Korea University and having about 20 years of rich experience in Sales, Marketing and Finance. He joined in Lotte Group in 2001 and served in various capacities at its Headquarters at Korea and as well as at Lotte Guylian, Belgium. Before his appointment in Lotte India, he was working with Lotte HQ as Vice President of Global Strategic Division. He is the Chairman of Havmor Ice Cream P.Ltd. He is a member of Audit Committee, CSR Committee and Remuneration & Nomination Committee.

Profile of Mr.Milan Wahi, Managing Director

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, Lotte India Corporation Ltd, JK Dairy and Kenstar etc. He is a member of CSR Committee and Stakeholders Relationship Committee.

Explanatory statement pursuant to Section 102 of the Companies Act, 2013

The documents mentioned in Explanatory Statement are available for inspection at the Head office of Company at 4/169, Rajiv Gandhi Salai, Kandanchavadi, Chennai – 600096 from Monday to Friday (except on holidays) from 10.30 A.M to 4.30 P.M till 26th August, 2022.

Item No.1

Considering the performance of Mr. Kyungwoon Cho (holder of Director Identification No. 9048060), Chairman cum Executive Director and based on the recommendation of Remuneration and Nomination Committee, at its meeting held on 29th March, 2022, the Board of Directors at their meeting held on same date, revised the remuneration of Mr. Kyungwoon Cho with retrospective effect from 01.01.2022 subject to the approval of shareholders.

Mr. Kyungwoon Cho (DIN.9048060) is a Post graduate (MBA) in International Business from Korea University and having about 20 years of rich experience in Sales, Marketing and Finance. He joined in Lotte Group in 2001 and served in various capacities at its Headquarters at Korea and as well as at Lotte Guylian, Belgium. Before his appointment in Lotte India, he was working with Lotte HQ as Vice President of Global Strategic Division. He is a member of Audit Committee, CSR Committee and Remuneration & Nomination Committee. He is the Chairman of Havmor Ice Cream P.Ltd.

His rich experience in the areas of sales, marketing and finance will help us to improve the overall performance of the Company. He does not hold any shares in the Company.

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 resolutions

Item No.2

Considering the performance of Mr. Milan Wahi, Managing Director and based on the recommendation of Remuneration and Nomination Committee, at its meeting held on 12th July, 2022, the Board of Directors at their meeting held on same date, revised the remuneration of Mr.Milan Wahi with retrospective effect from 01.01.2022 subject to the approval of shareholders.

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, Lotte India Corporation Ltd, JK Dairy and Kenstar etc. He is a member of CSR Committee and Stakeholders Relationship Committee.

His vast experience will help us to improve the overall performance of the Company. He does not hold any shares in the Company.

None of the Directors (other than Mr.Milan Wahi), 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 resolutions.

Item No.3

Issue of Shares to Lotte Confectionery Co.Ltd

According to Section 62 (1) (c) of Companies Act, 2013 read with Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014, approval of members by special resolution is required to issue shares to persons (whether or not those persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit or to employees under a scheme of employees' stock option,), either by cash or for consideration other than cash, if the price of such shares is determined by the valuation report. Further, the above issue shall be subject to compliances as stipulated under Section 42 of Companies Act read with Rule 14 of Companies (Share capital and Debentures) Rules, 2014.

In accordance with the above provisions, approval of the Members is sought by way of special resolution to offer, issue and allot not exceeding 35,00,000 Equity shares of ₹10 each at a premium of ₹531 per share equivalent to converted INR value of USD.22 million to Lotte Confectionery Co. Ltd., Seoul, Korea on the 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:

The object of the issue is to meet the substantial portion of project cost (Total project cost is about ₹190 crores) for setting up of additional manufacturing facility at Company's factory at Nemam.

2. Number of shares to be issued:

The maximum number of equity shares which will be issued will be 35,00,000

3. Price of shares to be issued:

The Equity Shares of ₹10 each are proposed to be issued at a premium of ₹531 per share.

4. Basis on which the price has been arrived at along with report of the registered valuer:

The price is based on the Valuation Report dated 1st July, 2022 issued by Mr.Sandeep Kothari, Chartered Accountant. A copy of the aforesaid Valuation Report is annexed to this notice.

5. Relevant date:

The Relevant date with the reference to which the price of share has been arrived at is 31st March, 2022.

6. The class of persons to whom allotment is proposed to be made:

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 98.92% of the post issue paid-up Equity Share capital of the Company.

7. Intention of the promoters, directors or key managerial personnel to subscribe to the offer:

The promoter of the Company intends to subscribe to the offer.

The Directors and Key Management Personnel will not be offered any Equity Shares and therefore cannot subscribe to the said offer.

8. Proposed time within which allotment shall be completed:

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.

9. Name of the proposed allottee and percentage of post preferential offer capital:

Lotte Confectionery Co.Ltd - 98.92% of the post issue paid-up Equity Share capital of the Company

10. Change in control in the company consequent to preferential allotment:

There would not be any change in control consequent to the preferential issue.

11. Number of persons to whom allotment on preferential basis made during the year:

During the year, the Company has not made any allotment on preferential basis.

12. Justification for the allotment proposed to be made for consideration other than cash:

Not applicable

13. The shareholding pattern of the Company, before and after the proposed issue, will be as under:

S.No	Category	Pre Issue		Post Issue	
		No. of shares	% of shareholding	No. of shares	% of shareholding
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	10708440	98.57	14208440*	98.92
	Sub -Total (A)	10708440	98.57	14208440	98.92
B	Non-Promoters' holding:				
1	Institutional Investors	NIL	NIL	NIL	NIL
2	Non- Institution:				
	Private Corporate bodies	9505	0.09	9505	0.07
	Directors and Relatives	NIL	NIL	NIL	
	Indian Public	136895	1.26	136895	0.95
	Others(Including NRIs)	8928	0.08	8928	0.06
	Sub-Total(B)	155328	1.43	155328	1.08
	Grand total (A+B)	10863768	100.00	14363768	100.00

* Includes about 35,00,000 Equity shares of ₹10 each proposed to be issued at a premium of ₹531 per share to Lotte Confectionery Co.Ltd. Actual number of shares to be issued shall vary according to actual realisation of foreign exchange to be brought in by Lotte Confectionery Co.Ltd towards investment.

The proposed offer is in the interest of the Company and your Directors recommend the Special resolutions for approval.

None of the Directors, 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 resolutions.

July 1, 2022

The Board of Directors,
Lotte India Corporation Limited,
No.4/111, Mount Poonamallee Road,
Manapakkam, Chennai, Tamil Nadu – 600089

Re: Share Valuation of Lotte India Corporation Limited

Dear Sir,

At the outset, I would like to thank you for providing us with this opportunity.

As presented in the attached share valuation report, our mandate was to estimate the Fair Value of Equity Shares (Share) of **Lotte India Corporation Limited** (“Company”), as of March 31, 2022. The purpose of valuation of shares of the Company is in connection with the issuance/transfer of Shares.

We have considered Discounted Cash Flow (DCF) valuation method in compliance with the requirements of the Companies Act, 2013.

Based on the results of the valuation approach and considering other relevant data, we arrive at the fair value of INR 541 per Share of Lotte India Corporation Limited, as at March 31, 2022. You may please note that this estimate is subject to the assumptions and limiting conditions as set forth in the attached Valuation Report.

We wish to draw your attention that in carrying out our work, we have relied on the integrity of the information provided to us for the purpose and other than reviewing the consistency of such information, we have not sought to carry out an independent verification thereof. The future free cash flows are based on the projections of the Management of the Company. Accordingly, we cannot provide any assurance about the achievability of the financial projections.

Respectfully submitted,

Sandeep Kothari

Registered Valuer SFA
Registration No. IBBI/RV/03/2020/13609
COP No. ICSI RVO/COP/SFA0620/180
UDIN: 22221647AMBTVP8538

1. Engagement Overview

1.1 Introduction

Lotte India Corporation Limited (“Company”) is a company incorporated under the Indian Companies Act on March 26, 1954, bearing Company Identification Number U15419TN1954PLC001987 and having its registered office at No.4/111, Mount Poonamallee Road, Manapakkam, Chennai - 600089, Tamil Nadu, India. The Company 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.

1.2 Engagement Objective

The existing equity share capital of the Company is as follows:

Particulars	No. of Shares
Authorised Equity Shares of INR 10 each	370,000,000
Issued, subscribed and fully paid up Equity Shares of INR 10 each	10,863,768

The Company has a proposal for issuance of shares of the Company in accordance with the requirements of Companies Act, 2013.

Based on discussion with the management, we understand that the Company wants us to evaluate the fair value of Shares on a fully diluted basis as required under section 247 and section 62 of the Companies Act 2013 read with Rule 13(1) of the Companies (Shares & Debentures) Rules, 2014, the applicable rules there under for issuing the Shares to incoming investors (resident and/or non-resident).

We have been appointed as independent valuers by the management of the Company (vide engagement letter dated March 28, 2022) to determine the fair value of Shares of the Company as on March 31, 2022 (“Valuation Date”) for the above stated purpose.

1.3 Identity of the Valuer and any other experts

Sandeep Kothari (the Valuer) is an IBBI Registered Valuer in the asset class “Securities or Financial Assets”. Sandeep has over 10 years of experience in business valuation, gained during his tenure with CRISIL Limited and Barclays Global Service Centre Private Limited. He possesses the necessary experience of providing valuation services across all categories of Debt and Equity.

Qualifications: CA | CFA (US) | CS | Insolvency Professional | Diploma in IFRS (UK) | B. Com [Loyola College, Chennai]

1.4 Disclosure of Valuer Interest and Conflict, if any

We neither have any present or planned future interest in Lotte India Corporation Limited nor any personal interest with respect to the Promoters and Board of Directors of Lotte India Corporation Limited. Our professional fee for this valuation is not contingent upon the value of shares reported herein.

1.5 Key Dates

Date of Appointment: We have been appointed by the management vide Board Resolution dated March 29, 2022.

Valuation Date: The value of Shares of the Company should be considered as on March 31, 2022.

Report Date: July 1, 2022.

1.6 Standard/Premise of Value

Valuation base applied is “Fair Value” and premise is “Going concern”.

ICAI Valuation Standard 101 defines “Fair Value” as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

“Orderly Transaction” is a transaction that assumes exposure to the market for a period before valuation date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities and that is not a forced transaction. The length of exposure time will vary according to the type of asset and market conditions.

“Market Participants” would mean buyers and sellers in the principal or most advantageous market for the asset/liability who are independent of each other, knowledgeable, able and willing to enter into the transaction for the concerned asset/liability and are not forced or otherwise compelled to do so.

We have determined the fair value of the Shares of the Company relying upon the Company’s ability and intention to operate as going concern, i.e., the Company is an ongoing operating entity and reliable estimates, to this extent, were provided by the management.

Hence, fair value of the Shares of the Company is derived by referring to the total value that the Company can accumulate over the period by operating as going concern.

1.7 Sources of Information

The following sources of information have been utilized to determine the value.

Company Specific Information – All company specific information, including but not limited to financial statements including the projected financial statements, future profitability, terminal value estimates and cash flow projections and other qualitative information on the Company, were sourced from the management of the Company, either in written form, or through a series of discussions with the Management.

We have reviewed the projected financial statements provided by the Company and have assessed the reasonableness of the same based on our discussions with the Company’s management concerning its prospects. In the course of the study, we have used financial and other information provided by the Company or obtained from private and reliable public sources. Our conclusions are dependent on such information being complete and accurate in all material respects. However, we have not validated such information and, accordingly, do not express an opinion or any other form of assurance thereon.

The following sources were utilized by the Registered Valuer:

- Background documents and information of the company,
- Brief received from the management of the Company,
- Details of state of affairs as represented by the management as on the valuation date,
- Provisional Financial Statements for period ended March 31, 2022,
- Projected Financial Statements for period ended March 31, 2022 to March 31, 2026,
- Management Representation Letter dated June 30, 2022,
- Website of BSE India,

- Website of Stern University,
- Various other secondary sources.

2. Industry Overview

The Confectionery Store Market in India is expected to increase by USD 4.32 billion from 2021 to 2026, and the market's growth momentum will accelerate at a CAGR of 13.59%.

Type	Chocolate Confectionery	Dark Chocolate
		White and Milk Chocolate
	Sugar Chocolate	Boiled Sweets
		Toffees, Caramels and Nougat
		Pastilles, Gums, Jellies and Chews
		Mints
		Others
	Snack Bar	Cereal Bars
		Energy Bars
		Other Snack Bars

Rising disposable incomes are leading Indians to consume more chocolates than sugar confectionery. Premium and healthy chocolates are becoming increasingly popular, which is the major trend for the growth of the confectionery store market in India. People in India prefer to indulge themselves with bite-sized chocolates to control their confectionery intake; As a result, the premium chocolate business is highly popular. It fits with the country's 'clean eating' trend. Sugar confectionery and Gums are also equally in demand as snacks between meals. Although, in the gum sector, the most visible trends were functional, herbal and sugar-free gums.

The confectionery store market share growth in India by the offline segment will be significant for revenue generation. Rapid urbanization and the consequent changes in lifestyles, with consumers looking for more on-the-go products and shorter queuing times at shop counters, are increasing the preference for convenience stores in India. Thus, the overall sales of health and nutrition confectionery products such as gluten-free food products are increasing at a high rate in convenience stores.

Source:

<https://www.mordorintelligence.com/industry-reports/asia-pacific-confectionery-market>

<https://www.prnewswire.com/news-releases/confectionery-store-market-in-india-to-record-12-54-y-o-y-growth-rate-in-2022-offline-segment-to-be-significant-for-revenue-generation-ltd-17000-technavio-reports-301495857.html>

3. Restrictions on Usage of Report

The information contained in this report is of a confidential nature and has been prepared for the internal and exclusive use of the Management of the Company and shall not be disclosed or transmitted, in whole or in part, to any third party or used for any purpose whatsoever other than those indicated in the Engagement letter or in this Report, provided that the Report may be transmitted to the experts appointed for compliance with any law or statute applicable to the Company or to any of the statutory or regulatory authorities.

Content of this Report may be disclosed to public where required by regulations of any relevant statute. Any other use, in whole or in part, of the Report will have to be previously agreed and authorised in writing by the Valuer.

The conclusion contained in this report is based on valuation assumptions and methodology stated herein and therefore no part of this report may be used apart from the document in its entirety.

The fair value of Shares arrived at in this report is exclusively for the purpose mentioned herein and has no relevance for any other purpose.

4. Limiting Conditions and Disclaimers

The valuation arrived at by us of the Shares of the Company and this valuation report is subject to the following limiting conditions:

For the preparation of this report, we have relied upon the accuracy and completeness of the financial and other information provided by the Company. We have relied upon all specific information as received and decline any responsibility should the results presented be affected by the lack of completeness or truthfulness.

Publicly available information, from sources which are generally considered to be reliable, deemed relevant for the purpose of the analysis contained in this Report has also been used for the purpose of valuation. However, we make no representation as to accuracy or completeness of such information.

We have performed our analyses based on the information provided by the management and obtained from public domain and methodologies illustrated herein, reaching the conclusion contained in this Report. The conclusion arrived at is subjective and dependent on exercise of individual judgement.

Fair value of Shares of the Company arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained, except as may be required to achieve the business and financial plan of the Company.

We have not compiled or validated the prospective financial information of the Company or any related assumptions and therefore, we do not express an audit opinion or any such assurance on the same. There may be material differences between such prospective financial information and actual results, due to change in events and circumstances or otherwise.

This Report and the conclusion are necessarily based on economic, market and other conditions as of the date hereof, and the written and oral information made available to us until June 30, 2022. It is to be understood that subsequent developments may affect the conclusion of the Report and we have no obligation to update, revise, or reaffirm our opinion for the same. Further, we are expressing no opinion as to the price at which any securities of the Company may trade at any time.

Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of us or any of our employees unless previous arrangements have been made in writing.

5. Approaches to Valuation

5.1 Income Approach

Income approach is the valuation technique that converts future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Income approach includes different models of valuation, out of which Discounted Cash Flow model (“DCF”) is the most commonly used methodology for various assets such as shares, businesses, real estate projects, debt instruments, etc.

The DCF method values the asset by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of indefinite life assets. Terminal value is the value of the asset at the end of the explicit forecast period.

5.2 Market Approach

Market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business. Most commonly used methods under market approach are Market price method, Comparable companies multiple (CCM) or Comparable transactions multiple (CTM) method.

Market approach includes different models of valuation, out of which Comparable Companies Multiple Method is the most commonly used methodology.

Comparable Companies Multiple Method, also known as Guideline Public Company Method, involves valuing an asset based on market multiples derived from prices of market comparable traded on active market.

5.3 Cost Approach

Cost approach is a valuation technique that reflects the amount that would be required to replace the current service capacity of net assets of the Company or the value that net assets of the Company can derive. Cost approach may be most appropriate for valuation in following specific circumstances:

- An asset can be quickly recreated with substantially the same utility as the asset to be valued and without regulatory or legal restrictions;
- In case of liquidation; or
- In cases where income approach and/or market approach cannot be used, such as:
 - ♦ Where there is paucity of information about future profitability or uncertainty about future cash flows;
 - ♦ Where there are violent fluctuations or disruptions in future cashflows;
- Where it is required by specific provisions of any tax or other statutes;

6. Selection of Approach & Method

We have considered various approaches and methods available for determining the value of Shares of the Company, the relative emphasis of each was considered based on:

- Nature and stage of business of the company;
- Nature of industry to which the company belongs;
- Quality and extent of availability of prospective financial information of the Company such as cash flow forecasts; growth in cash flows to perpetuity etc.;
- Extent of availability of industry and comparable information;

The goal in selecting valuation approaches and methods for an asset is to find the most appropriate method under the particular circumstances. Keeping in mind the purpose of the report and availability of information we have applied Income Approach – Discounted Cash Flow methodology on projected financial statements of the Company. In our view the methodologies adopted, as explained herein, derive best estimate value of Shares of the Company as on the valuation date.

We have not applied the cost approach, as it does not assign any value to the expected future growth and the excess returns that flow from that growth.

We have not applied the market approach, due to lack of availability of information on comparable company or comparable transaction. We could not identify any directly comparable peer company. The listed companies that operate in FMCG sector are quite diversified and confectionery products is just one insignificant vertical. Hence, they cannot be deemed comparable with the Subject Company.

7. Valuation Calculations

7.1 DCF Assumptions

We have utilized the following assumptions for the valuation of the Company

- **Cash Flow Projections for the explicit period** - based on the business plan provided by the management of the Company. The free cash flows have been arrived as follows:

Profit After Tax
Add/Less: Post Tax Non-Operating Expenses/Incomes
Add: Depreciation & Amortization
Add/Less: Increase/Decrease in Debt
Add/Less: Adjustments on account of Working Capital
Less: Adjustments on account of Capital Expenditure
Free Cash Flows to Equity

- **Terminal Value** - The terminal value has been estimated using sustainable growth rate of 2%, which according to the management reflects basis of long term expected average growth of the company.
- **Cost of Equity** – The Cost of Equity has been arrived at on the basis of Capital Asset Pricing Model (CAPM), based on the following formula Cost of Equity = Risk Free Rate + (β x Market Risk Premium)
 - ♦ Risk Free Rate has been taken as 6.84%, based on the weighted average yield of 10-year government bonds.
 - ♦ Market Risk Premium is assumed to be 5.56%. We have determined the market rate of return to be 11.46% basing upon the average of S&P BSE FMCG Index. Dividend Yield of 0.94% is considered.
 - ♦ Beta has been taken at 1.01. This is based on the Beta of Food Processing industry as per www.stern.nyu.edu, adjusted for leverage.
 - ♦ Discount rate is arrived at using CAPM, which is based on statistics of the overall market and fails to capture company specific risks and the investment risks associated with small sized companies. To offset such risks, we have considered total additional risk premium of 3%.

On the above basis the cost of equity is arrived at 15.46%

- **Discount for lack of Marketability** - Market for shares of a closely held or private company is limited. We have applied discount for lack of marketability of 15% to accommodate loss in value due to limited marketability and liquidity of shares of the Company.
- **Discount for lack of Control** - We have not applied discount for lack of control based on the management representation that the proposed issuance of shares would be to the parent company that already holds a majority stake.

7.2 Valuations as per DCF Method

As per the Discounted Cash Flow method, the valuation of the Company (in brief) is as under:

Particulars	Value
Present Value of Cash Flows to Equity (A)	INR 5,877 mn
Number of shares (B)	10,863,768
Fair Value of Share (C) = (A)/(B)	INR 541

Accordingly, the price per share arrives at INR 541 as per the DCF approach.

8. Conclusion

The valuation was conducted as per the stated methodology. No difficulties or other obstacles have arisen in subject valuation.

Based on our analysis, as described in the valuation report, and subject to the assumptions presented therein, in our opinion, the estimated Fair Value of Share of Lotte India Corporation Limited as on March 31, 2022 is INR 541 (Rupees Five Hundred and Forty-One).

We have no obligation to update this report or our conclusion for information that comes to our attention after the date of report.

Date: July 1, 2022

Place: Chennai

Sandeep Kothari

Registered Valuer SFA

Registration No. IBBI/RV/03/2020/13609

COP No. ICSI RVO/COP/SFA0620/180

UDIN: 22221647AMBTVP8538

THIS PAGE IS INTENTIONALLY LEFT BLANK

POSTAL BALLOT FORM

LOTTE INDIA CORPORATION LIMITED

Regd Office : 4/111, Mount Poonamallee Road, Manapakkam, Chennai – 600089
Phone No.044-45458888; Fax:044-45458800; email: compsecy@lotteindia.com
Corporate Identity Number: U15419TN1954PLC001987; website: www.lotteindia.com

Particulars	Details
Name of the First Named Shareholder (In block letters)	
Postal address	
Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
Class of Share	Equity

I/We hereby exercise my/our vote in respect of the Special Resolutions to be passed through Postal Ballot as stated in the Postal Ballot Notice of the Company dated 12th July ,2022, by sending my/our Assent (approve) or Dissent (disapprove) to the said Resolutions by placing a tick (✓) mark at the appropriate box below

Item No	Brief Description of Special Resolution	No. of shares held by me	I assent to the resolution (APPROVE)	I dissent from the resolution (DISAPPROVE)
1.	Revision of remuneration of Mr.Kyungwoon Cho w.r.e.f 1 st January, 2022.			
2.	Revision of remuneration of Mr.Milan Wahi w.r.e.f 1 st January, 2022.			
3.	Issue of shares to Lotte Confectionery Co.Ltd			

Place:

Date:

(Signature of the Shareholder)

EVSN (e-voting sequence number)	User ID	Password / PIN
220726009	Please enter your DPID/CLID or Folio No.	Use your existing password or enter your PAN / Bank account number / Date of birth.

E-voting period : From 9 a.m. on 29th July, 2022 to 5 p.m. on 28th August, 2022 (both days inclusive). Last date for receipt of Postal Ballot Form by Scrutinizer is 28th August, 2022 on or before 5 P.M (IST). Please read the instructions carefully before exercising your vote.

THIS PAGE IS INTENTIONALLY LEFT BLANK