



# ANNUAL REPORT

## 2018 - 2019

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## CORPORATE INFORMATION

### Board of Directors

**YUN KANG JUNG**

Whole Time Director cum Chairman

**MILAN WAHI**

Managing Director

**MANG KO NOH**

Director

**MOO SUN SONG**

Whole Time Director & CFO (till 12.03.2019)

**D.G.RAJAN**

Independent Director

**HYE LIM JEON**

Independent Director

### Chief Financial Officer

**INCHUL YEO**

### Company Secretary

**T.G.KARTHIKEYAN**

### Registered office

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

### Head office

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

### Factories

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

### Auditors

Price Waterhouse Chartered Accountants LLP  
Chennai

### Bankers

Standard Chartered Bank  
HDFC Bank Ltd

## TEN YEARS AT A GLANCE

	2009-10	2010 (9 Months Apr-Dec) @	2011	2012	2013	2014	2016 (15 months Jan 2015- Mar 2016)	2016-17	2017-18	2017-18*	2018-19*
<b>OPERATING RESULTS:</b>											
GROSS INCOME	19,703	17,386	28,874	31,932	35,866	37,448	48,132	40,245	42,576	42,621	45,490
PROFIT/(LOSS) BEF DEPN., INTEREST & TAX	983	1,020	2,337	2,389	2,419	2,061	2,815	3,395	4,087	4,029	5,814
PROFIT/(LOSS) BEF INTEREST & TAX	519	68	623	842	661	319	(919)	(845)	(7)	(65)	1,779
PROFIT/(LOSS) BEFORE TAX (PBT)	501	56	615	837	649	272	(2,351)	(2,675)	(1,534)	(1,662)	389
PROFIT/(LOSS) AFTER TAX (PAT)	254	(618)	485	666	512	131	(2,251)	(2,675)	(1,534)	(1,662)	306
DIVIDENDS	-	-	-	-	-	-	-	-	-	-	-
DIVIDEND TAX	-	-	-	-	-	-	-	-	-	-	-
ADJUSTMENTS FOR OTHER COMPREHENSIVE INCOME	-	-	-	-	-	-	-	-	-	31.42	(4.57)
RETAINED PROFITS	254	(618)	485	666	512	131	(2,251)	(2,675)	(1,534)	(1,631)	302
<b>SOURCES AND APPLICATION OF FUNDS:</b>											
<b>SOURCES OF FUNDS:</b>											
SHARE CAPITAL	377	956	956	956	956	956	1,086	1,086	1,086	1,086	1,086
RESERVES AND SURPLUS	3,888	43,087	43,572	44,238	44,750	44,881	49,106	46,431	44,897	44,797	45,099
TOTAL SHAREHOLDERS' FUNDS	4,265	44,043	44,528	45,194	45,706	45,837	50,192	47,517	45,983	45,884	46,185
BORROWINGS	-	-	-	-	-	12,666	30,945	25,935	20,380	20,380	12,451
DEFERRED TAX LIABILITY	-	-	-	-	5	111	-	-	-	-	-
FUNDS EMPLOYED	4,265	44,043	44,528	45,194	45,711	58,614	81,137	73,452	66,363	66,264	58,636
CASH CREDIT	-	-	-	-	-	-	-	-	-	-	-
<b>APPLICATION OF FUNDS:</b>											
GROSS FIXED ASSETS (includes Investment Property)	12,767	48,390	47,943	48,138	55,166	55,388	93,863	92,950	93,096	72,224	72,432
DEPRECIATION	7,315	8,265	9,069	10,616	12,255	13,998	17,717	20,866	24,932	4,080	8,109
NET FIXED ASSETS	5,452	40,125	38,874	37,522	42,911	41,390	76,146	72,084	68,164	68,163	64,336
CAPITAL WORK-IN-PROGRESS	1	26	842	3,203	141	7,425	151	6	2	2	2
INVESTMENTS	-	-	-	-	0.26	0.26	0.26	0.26	0.26	0.26	0.26
DEFERRED TAX ASSET (NET)	663	-	-	-	-	-	-	-	-	-	-
DEFERRED TAX LIABILITY (NET)	-	-	-	-	-	-	-	-	-	-	-
GROSS CURRENT AND NON-CURRENT ASSETS	4,469	7,827	9,614	10,120	7,849	15,580	18,022	16,000	13,778	13,299	13,480
CURRENT LIABILITIES & PROVISIONS	6,320	3,935	4,802	5,651	5,190	5,781	13,181	14,638	15,580	15,201	19,183
NET CURRENT ASSETS	(1,851)	3,892	4,812	4,469	2,659	9,799	4,841	1,362	(1,802)	(1,902)	(5,703)
DEFERRED REVENUE EXPENDITURE	-	-	-	-	-	-	-	-	-	-	-
DEBIT BALANCE IN P & L	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS EMPLOYED	4,265	44,043	44,528	45,194	45,711	58,614	81,137	73,452	66,364	66,264	58,636
<b>RATIOS:</b>											
ROCE (%)	12.49	0.28	1.41	1.88	1.47	0.61	(1.31)	(1.09)	(0.01)	(0.10)	2.85
PBDIT TO GROSS INCOME(%)	4.99	5.87	8.09	7.48	6.75	5.50	5.85	8.44	9.60	9.45	12.78
PAT ON SHAREHOLDERS' FUNDS(%)	5.96	(1.40)	1.09	1.47	1.12	0.29	(4.48)	(5.63)	(3.33)	(3.62)	0.66
EARNINGS PER EQUITY SHARE(Rs)	6.74	(6.95)	5.07	6.97	5.35	1.37	(20.72)	(24.62)	(14.12)	(15.30)	2.82
DIVIDEND PER EQUITY SHARE(Rs)	-	-	-	-	-	-	-	-	-	-	-
NET WORTH PER EQUITY SHARE(Rs)	113.08	495.76	465.77	472.74	478.09	479.47	462.01	437.39	423.27	422.35	425.13
DEBT: EQUITY RATIO	-	-	-	-	-	0.28	0.62	0.55	0.44	0.44	0.27

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

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

## LOTTE INDIA CORPORATION LIMITED

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

### NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Sixty fourth Annual General Meeting of the Company will be held on Monday , the 30th December, 2019 at 10.15 A.M. at M.A. Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai -600 108, to transact the following business:

#### ORDINARY BUSINESS

1. To consider and adopt the Audited financial statements of the Company for the year financial ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Milan Wahi (DIN:05242884), who retires by rotation and is eligible for reappointment:

#### SPECIAL BUSINESS

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

**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modification(s) or re-enactment thereof and subject to approval of Central Government, if necessary, Mr.Yun Kang Jung (DIN.08025252), Director, be and is hereby appointed as Whole Time Director cum Chairman of the Company for a period of 3 years with effect from 1st July, 2019 to 30th June, 2022 on the following terms and conditions whose period of office shall be liable to retire by rotation.

##### (a) Salary

- i. Rs. 55,000 per month as basic salary
- ii. Rs. 7,02,245 per month towards allowances such as personal allowance.

##### (b) Benefits

- i. Rent free furnished accommodation expenses subject to a maximum of Rs.1,93,066 per month and if required with an increase upto 15% p.a.

- ii. Rs.28,000 per month towards maintenance of car, fuel and driver's salary.
  - iii. Medical reimbursements subject to a maximum of Rs.1,00,000 in aggregate per annum and Medical Insurance premium as per company's policy.
  - iv. Rs.2,00,000 per annum in aggregate towards club membership / subscription fee.
  - v. Reimbursement of cost of repairs, maintenance and utilities (eg. gas, electricity and water charges), and repairs for the said housing accommodation on actual.
  - vi. Leave travel concession expenses on actual for one trip from India to Korea and return for him and his family subject to a maximum of Rs. 7,00,000 in aggregate per annum.
- (c) Gratuity and Contribution to Provident fund shall be payable as per applicable Acts.

**RESOLVED FURTHER THAT** Mr.Yun Kang Jung 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 inadequacy of profits, Mr.Yun Kang Jung shall be entitled to the above remuneration as the minimum remuneration subject to the approvals, if any, required.

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

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

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

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the

**NOTICE TO SHAREHOLDERS (Contd.)**

Companies Act, 2013 and the rules made thereunder including any statutory modification(s) or re-enactment thereof read with Schedule IV to the Companies Act, 2013, Mr. D.G.Rajan (DIN: 00303060), be and is hereby re-appointed as an Independent Director of the Company to hold office for five consecutive years from 19th August, 2019 to 18th August, 2024.

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

**RESOLVED THAT** the Special bonus amount of Rs. 8,04,803 paid to Mr.Milan Wahi, Managing Director for the period from January 2018 to December 2018, over and above the remuneration approved by the Shareholders at their Annual General Meeting held on 25th September, 2018, be and is hereby approved.

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

**RESOLVED THAT** pursuant to the provisions of Section 196 and 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, Mr.Milan Wahi, be and is hereby reappointed as Managing Director of the Company for a period of 3 years with effect from 10th October, 2019 to 9th October, 2022 based on the same terms and conditions as approved by Shareholders at their Annual General Meeting held on 25th September, 2018 and whose directorship is liable to retirement by rotation.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modification(s) or re-enactment thereof, the existing remuneration payable to Mr. MilanWahi (DIN: 05242884), Managing Director be and is hereby revised as follows with effect from 1st January, 2019 to 9th October, 2022.

**(a) Salary**

- i) Rs.3,50,000 per month as basic salary.  
ii) Rs.3,77,500 per month towards allowances such as

House rent allowance, special allowance and leave travel allowance.

**(b) Benefits**

- iii) Rs.39,667 per month towards Maintenance of car, fuel, driver's salary, telephone and mobile charges.  
iv) Performance incentive subject to a maximum of Rs.10,47,000 per annum as per Company' policy  
v) 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  
vi) Rs.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** the Board of Directors of the Company be and are hereby authorised to alter or vary the terms and conditions of the said appointment in such manner as the Board may deem fit subject to complying with applicable provisions of law at that point of time.

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

By Order of the Board  
For Lotte India Corporation Limited

Chennai  
27.11.2019

T.G. Karthikeyan  
Company Secretary

**Notes:**

1. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of item Nos.3 to 6 and statement pursuant to the provisions of Part-II of Section –II (iv) of Schedule V of the Companies Act, 2013 are annexed.
2. A member entitled to attend and vote at the above meeting may appoint one or more Proxies to attend and vote on poll instead of him / her. The Proxy need not be a Member of the Company.
3. Proxy to be valid, shall be deposited with the Company's Registered office not later than forty eight hours before the time for holding the meeting. A person shall not be appointed as proxy on behalf of more than fifty members. The Proxy Form is attached herewith.
4. Members, who are having shares in physical form are requested to intimate change in their addresses, if any, immediately to the Company at its Head Office quoting their folio number, certificate number.
5. Members, who are having shares in Demat form are requested to intimate change in their addresses, if any, immediately to their Depository Participants with whom they are maintaining their Demat Account.
6. Book closure: The Register of Members and ShareTransfer books of the Company shall remain closed from 24th December, 2019 to 30th December, 2019 (both days inclusive).
7. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company by sending an email to "compsecy@lotteindia.com", in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.
8. Since dematerialization of shares is mandatory for transfer of their holdings, Members who are holding shares in physical form are advised to dematerialise their holdings at the earliest.
9. In compliance with provisions of the Companies Act, 2013 the Company is pleased to offer e-voting facility, for all the Shareholders of the Company. For this purpose, the Company had entered into an agreement with CDSL for facilitating e-voting to enable the Shareholders to cast their votes electronically.
10. The Company has appointed Ms.R.Sucharithra, Company Secretary in Practice, as Scrutinizer for conducting the e-voting process in a transparent manner.
11. Members who did not cast their vote through e-voting during the e-voting period shall be allowed to cast their vote at the AGM through ballot paper. Members who have voted through e-voting cannot vote again through ballot paper at AGM.
12. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than 48 hours of conclusion of the meeting, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him who shall countersign the same. The Chairman or a person authorised by him shall declare the result of the voting forthwith. The results declared along with the Scrutiniser's report shall be placed on the Company's website [www.lotteindia.com](http://www.lotteindia.com).

**Details regarding e-voting facility:**

- i) In compliance with Section 108 of the Companies Act, 2013 and the relevant Rules made there under, the Company is also required to conduct the voting process electronically. The business to be transacted at this general meeting may be transacted through electronic voting system and the Company is providing the facility for voting by electronic means through CDSL
- ii) The instructions for shareholders voting electronically are as under: The evoting period begins on 27th December, 2019 at 9 A.M and ends on 29th December, 2019 at 5 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date (record date) of 23rd December, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com). Click on Shareholders.
- iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

## Notes (Contd.)

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

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

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

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

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

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

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

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

After dispatch of the notice, any person who acquires shares of the Company and becomes member of the Company as



## ANNEXURE TO THE NOTICE

on the cut-off date i.e. 23rd December, 2019 may obtain the login ID and password by sending an email to investor@cameoindia.com or helpdesk.evoting@cdslindia.com by mentioning their Folio No./DP ID and Client ID No. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote

### A) PROFILE OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT

Mr.Yun Kang Jung (DIN.08025252) is a graduate in English & Literature and has about 23 years of rich experience in Sales & Marketing. He has been working in Lotte Group since 1996 under various capacities and also worked as Head of Marketing & Sales in your Company between 2006 to 2011. Currently, he is a Director of Havmor Ice Cream Limited, Ahmedabad and Member of Board of Lotte Taiwan Co.,Ltd. He is a member of Remuneration Nomination Committee of the Board of Directors of the Company, CSR Committee and stakeholders committee.

Mr.D.G.Rajan (DIN.00303060) is a fellow member of Institute of Chartered Accountants in England and Wales and Institute of Chartered Accountants of India. He was a Sr.Partner of M/s.Lovelock & Lewes, Chartered Accountants. He is holding Directorships in various reputed companies and has rich experience and expertise in the field of finance, accounts, taxation, Corporate Governance and Board Procedures etc. He is Chairman of Audit Committee, Remuneration & Nomination Committee, CSR Committee and Stakeholders committee.

Mr.Milan Wahi (DIN. 05242884) is a post graduate in Science with PG Diploma and has about 28 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 committee.

### B) Explanatory statement pursuant to section 102 of the Companies Act, 2013.

The documents mentioned in Explanatory Statement are available for inspection at the Head office of Company

at 4/169, Rajiv Gandhi Salai, Kandanchavadi, Chennai – 600096 from Monday to Friday (except on holidays) from 10.30 A.M to 4.30 P.M till the previous day before the AGM.

#### Item 3:

The Board of Directors, based on the recommendation of Remuneration and Nomination Committee, at its meeting held on 18th June, 2019 appointed Mr.Yun Kang Jung (DIN.08025252), Director as Whole Time Director cum Chairman of the Company subject to the approval of Shareholders at this Annual General Meeting. Mr.Yun Kang Jung is a graduate in English & Literature and has about 23 years of rich experience in Sales & Marketing. He has been working in Lotte Group since 1996 under various capacities and also worked as Head of Marketing & Sales in our Company between 2006 to 2011. Currently, he is a Director of Havmor Ice Cream Limited, Ahmedabad and Member of Board of Lotte Taiwan Co.,Ltd. He does not hold any shares in the Company.

Mr.Yun Kang Jung has given his consent to act as Director of the Company. His association with the company will help us to improve the performance of the company. The details of meetings attended are available in the Corporate Governance disclosures

None of the Directors (other than Mr.Yun Kang Jung), 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 4:

The Shareholders vide Postal ballot Resolution passed on 24th November, 2014, appointed Mr. D.G.Rajan, (DIN. 00303060), as an Independent Director of the Company for a five consecutive years from 19th August, 2014 to 18th August, 2019.

Mr.D.G.Rajan is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 25th January, 2007. Mr.D.G. Rajan is the Chairman of Audit Committee, Remuneration & Nomination Committee, CSR Committee and Stakeholders committee of the Board of Directors of the Company.

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

Mr.D.G.Rajan is a fellow member of Institute of Chartered Accountants in England and Wales and Institute of Chartered Accountants of India. He was a Sr.Partner of M/s.Lovelock & Lewes, Chartered Accountants. He is holding Directorships in various reputed companies and has rich experience and expertise in the field of finance, accounts, taxation, Corporate Governance and Board Procedures etc. Presently, he is the Advisor and Management Consultant to many domestic and international groups.

Considering his vast experience in the field of Accounts, Management and Finance & Taxation, the Board of Directors re-appointed him as an Independent Director for a second term of 5 consecutive years from 19th August, 2019 to 18th August, 2024 subject to the approval of Shareholders. His association with the company will help us to improve the performance of the company.

Mr.D.G.Rajan has given his consent to act as Director / Independent Director of the Company. In the opinion of the Board, Mr. D.G. Rajan fulfills the conditions specified from the appointment of Independent Director. The details of meetings attended are available in the Corporate Governance disclosures

None of the Directors (other than Mr.D.G.Rajan), 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 5 & 6:**

Mr. Milan Wahi (DIN 05242884) appointed as Managing Director of the Company for a period of 3 years from 10th October, 2016 to 9th October, 2019.

Mr.Milan Wahi is a post graduate in Science with PG Diploma and has about 28 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 committee.

Considering his experience and expertise in the field of Sales and Marketing and also the contribution to the growth of the Company and based on the recommendation of Remuneration & Nomination Committee and subject to the approval of shareholders:

- i) The Board of Directors at their Meeting held on 18th January, 2019 approved the payment of Special bonus amount of Rs.8,04,803 payable to Mr.Milan Wahi, Managing Director for the period from January 2018 to December 2018, over and above the remuneration approved by the Shareholders on 25.09.2018.
- ii) The Board of Directors at their meeting held on 6th August, 2019 appointed Mr.Milan Wahi for a further period of 3 years from 10th October, 2019 to 9th October, 2022 based on the same terms and conditions as approved by the Shareholders at their Annual General Meeting held on 25th September, 2018.
- iii) The Board of Directors at their meeting held on 27th November, 2019 had increased the remuneration payable to Mr.Milan Wahi, Managing Director with effect from 1st January, 2019. Before revision as aforesaid, his CTC was Rs 1.08 crores p.a.

Mr.Milan Wahi has given his consent to act as director / Managing Director of the Company. His association with the company will help us to improve the performance of the company. He does not hold any shares in the Company. The details of meetings attended are available in the Corporate Governance disclosures.

None of the Directors (other than Mr.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 resolution.

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

General Information	Particulars
Nature of Industry	Confectionery
Date or expected date of commencement of commercial production.	The Company is in existence since 1954 (The name of the Company has since been changed from Parrys Confectionery Limited to Lotte India Corporation Limited)
In case of new companies, expected date of commencement of activities as per Project approved by financial institutions appearing in the prospectus	Not applicable
Financial performance based on given indicators.	As per the Audited Profit & Loss account for the year ended 31st March, 2019, the Sales achieved was Rs.45490.46 lakhs and Profit after tax was Rs.306.34 lacs.
Foreign investments or collaborators, if any.	98.57 % of the paid up capital of the Company is held by M/s Lotte Confectionery Co., Ltd. Republic of Korea (Lotte) with approvals from FIPB / RBI.

Information about the appointee	Particulars
Background details	Mr.Yun Kang Jung (DIN.08025252) is a graduate in English & Literature and has about 23 years of rich experience in Sales & Marketing. He has been working in Lotte Group since 1996 under various capacities and also worked as Head of Marketing & Sales in your Company between 2006 to 2011. Currently, he is a Director of Havmor Ice Cream Limited and Member of Board of Lotte Taiwan Co.,Ltd.
Past remuneration	Not applicable since he was appointed on 18th June, 2019
Recognition or awards	He has received awards in recognition of his service from his earlier employers.
Job Profile and Suitability	Mr.Yun Kang Jung has rich experience of about 23 years in the areas of sales and marketing and worked in your Company as Vice President (Sales & marketing) between 2006 to 2011. His association with the Company will help to improve the performance of the Company and achieve its desired goal.
Remuneration proposed	The terms of the remuneration proposed are detailed in the Special 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.
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<b>Other Information</b>	
Reasons of loss or inadequacy of profits	<ul style="list-style-type: none"> <li>(i) Due to inflation and market conditions, the cost of certain raw materials and other inputs has been increased. The company is unable to pass on the above increase fully to the customers as the company deals mostly with MRP based product categories linked with coinage.</li> <li>(ii) There is an impact of interest on ECB loan obtained for investment at Rohtak, even though we started repayment of loans.</li> <li>(iii) The impact of depreciation cost associated with Rohtak factory, which is operating near the break-even level.</li> <li>(iv) The Company continues to invest in brand building by focusing on promotional activities to counter the impact of increasing competition in the market.</li> </ul>
Steps taken or proposed to be taken for improvement.	<ul style="list-style-type: none"> <li>(i) Effective cost management and effective utilization of common resources.</li> <li>(ii) Increase sales in Exports / focus markets.</li> <li>(iii) Focus on increasing the sale of higher price point products and products with higher margin.</li> <li>(iv) Increase in sale of new product variants in the existing brands to take advantage of the brand awareness.</li> </ul>
Expected increase in productivity and profits in measurable terms	The company is increasing its focus on higher margin products in Asia. The company is also restructuring end to end cost structures to enhance profitability. Effective cost spends is the focus to enhance better profitability.

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

General Information	Particulars
Nature of Industry	Confectionery
Date or expected date of commencement of commercial production.	The Company is in existence since 1954 (The name of the Company has since been changed from Parrys Confectionery Limited to Lotte India Corporation Limited)
In case of new companies, expected date of commencement of activities as per Project approved by financial institutions appearing in the prospectus	Not applicable
Financial performance based on given indicators.	As per the Audited Profit & Loss account for the year ended 31st March, 2019, the Sales achieved was Rs.45490.46 lakhs and Profit after tax was Rs.306.34 lacs.
Foreign investments or collaborators, if any.	98.57 % of the paid up capital of the Company is held by M/s Lotte Confectionery Co., Ltd. Republic of Korea (Lotte) with approvals from FIPB / RBI.

Information about the appointee	Particulars
Background details	Mr.Milan Wahi (DIN. 05242884) is a post graduate in Science with PG Diploma and has about 26 years of rich experience in the fields of Marketing and sales and worked as senior management personnel in various reputed Companies such as Cavin Kare, VST Industries, Whirlpool India, Lotte India Corporation Ltd, JK Dairy and Kenstar etc.
Past remuneration	Mr. Milan Wahi was previously drawing a remuneration of Rs.1077 lakhs as CTC per annum.
Recognition or awards	He has received awards in recognition of his service from his earlier employers.
Job Profile and Suitability	Mr.Milan Wahi is a post graduate in Science with PG Diploma and has about 26 years of rich experience in the fields of Marketing and sales and worked as senior management personnel in various reputed Companies such as Cavin Kare, VST Industries, Whirlpool India, Lotte India Corporation Ltd, JK Dairy and Kenstar etc.
Remuneration proposed	The terms of the remuneration proposed are detailed in the Special resolution.

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

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

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors have pleasure in presenting the 64th Annual Report of your company together with the audited financial statements for the year ended 31st March, 2019.

### Financial Results

Rs. In lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Gross Sales	45,490.46	42,621.62
Less : Discounts & Schemes	3,421.81	3,015.81
Net Sales	42,068.65	39,605.80
Add : Other Income	750.03	351.60
<b>Total Income</b>	<b>42,818.68</b>	<b>39,957.40</b>
<b>Total Expenditure</b>	<b>37,004.43</b>	<b>35,927.41</b>
Profit before depreciation, interest & finance charges	5,814.25	4,029.99
Less : Depreciation, Interest & finance charges	5,424.91	5692.04
<b>Profit / (Loss) before tax</b>	<b>389.34</b>	<b>(1,662.05)</b>
Less : Provision for Taxes :		
– Current	83.00	-
– Deferred	-	-
<b>Profit / (Loss) after tax</b>	<b>306.34</b>	<b>(1,662.05)</b>
Add : Balance brought forward from previous year	(5,470.44)	(3,839.81)
Profit for the year	306.34	(1,662.05)
Other comprehensive income	(4.57)	31.42
<b>Balance Loss transferred to Balance Sheet</b>	<b>(5,168.67)</b>	<b>(5,470.44)</b>

The Company has voluntarily adopted Indian Accounting Standards (Ind-AS) from the financial year 2018-19. Hence figures pertaining to the year 2017-18 have been restated.

The Board of Directors has decided not to recommend any dividend for the year period ended 31st March, 2019.

### Performance Highlights

For the year ended 31st March, 2019, the Company has achieved a gross sales of Rs. 45,490.46 lakhs as against Rs. 42,621.62 Lakhs for the year ended 31st March, 2018. During the year under review, the Company has incurred a net profit after tax of Rs.306.34 lakhs as against the loss after tax of Rs.1662.05 lakhs for the year ended 31st March, 2018.

During the year under review, while the prices of raw materials like Sugar and Chocomass have come down marginally and the prices of Wheat Flour, Vegetable fat, Desiccated coconut and other materials have gone up marginally. However, due to the various cost reduction measures adopted by the Company, the company was able to reduce the impact and

manage the working capital, tranche of loan repayment and regular investments with internal accruals.

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

### Industry trends

Competition in the confectionery market continues to intensify, with more and more local & unorganized players offering high channel margins. These players, who are not constrained by scale issues, flood the market with novel flavors across product formats.

We see new launches/innovations in Mints/Gums @ higher price points, where unorganized play is comparatively lower.

### Outlook

The company has identified few products at Rs. 5, Rs. 10 price points, which will be launched in 2019-20.

A comprehensive study was done by the company in December 2018 to right size the confectionery portfolio.

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

The company has contemporized its packaging and product appeal, results of which will be visible in the near future.

The company will invest in its 2 power brands – Coffy Bite & Lotte Chocopie to drive business growths and market shares.

**Internal Control System**

Your Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of internal policies. The Company has a well-defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down to ensure adequacy of the control system, adherence to the management instructions and legal compliances.

**Extract of Annual Return**

As per the requirements of the Companies Act, 2013 and rules made thereon, the extract of Annual Return in the prescribed Form MGT 9 is annexed hereto this report as **Annexure 1**.

**Board Meetings**

During the year under review, five Board Meetings were held. Details of number of meetings of Board of Directors and its committees thereof and attendance of the Directors in such meetings are provided under the Corporate Governance Report.

**Directors' Responsibility Statement**

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give

a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Declaration from Independent Directors**

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

**Nomination & Remuneration Policy:**

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

1. Appointment of Director, KMP and Senior Management Personnel: The Nomination and Remuneration Committee (NRC) shall identify and ascertain the qualification, expertise and experience of the persons being considered for appointment as a Director, KMP and Senior Management level and recommend the appointment to the Board. At the time of appointment of an Independent Director, the NRC shall ensure that the appointee shall meet with the requirements of the Companies Act, 2013 and conditions stipulated in the Policy from time to time, for determining independence of a director. Further, the continuity of such Independent Director shall be on the basis of a yearly review process. While appointing, the company will have regard to diversity, qualification, skill, integrity, industry experience, expertise and other distinctions. In case



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

of appointment of members of the Board, the term of appointment shall be in accordance with Companies Act, 2013 and rules made thereunder. The Managing Director and Whole Time Director are authorised to identify and appoint suitable persons for the post of KMP and Senior Management personnel (other than members of board) for administrative convenience and if need be after consulting the NRC / Board for guidance.

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

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

4. Removal: Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations or amendments thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management personnel. The Remuneration and Nomination policy approved by the Board of Directors is posted on the website of the Company viz., [www.lotteindia.com](http://www.lotteindia.com).

**Loans/Guarantee/Investments**

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

**Related Party Transactions:**

All the transactions of the Company with related parties are at arm's length and have taken place in the ordinary course of business. There were no material contracts / arrangements / transactions during the year 2018-19. Therefore, disclosure in Form No. AOC - 2 is not required.

**Deposits**

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

**Material Changes**

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

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

**(A) Conservation of energy**

- (i) The steps taken or impact on Conservation of Energy:

- a) Utilised wind power partially at Nemam & Nellikuppam factories and Head office.

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

- b) In view of the above, your Company was able to conserve energy cost and saved around Rs.43 lakhs during the year 2018-19.
- (ii) The steps taken by the Company for utilising alternate sources of energy :
- Your Company had already installed solar power plant ( 125 kw) at Rohtak factory. Further, your Company is studying the feasibility of using Roof top solar power at Nemam factory.
  - Generated 1,37,550 lakhs units of Solar power at Rohtak factory, which resulted in cost saving of around Rs. 9.67 lakhs.
  - Optimized the energy efficiency level of cooling tower by using the variable frequency drive and reducing the number of cooling tower operation according to the load. Units saved 57,600, which resulted in cost saving of around Rs. 4.03 lakhs/annum.
  - Installed the time intervals for the stirrer motor for Chocolate tank. Units saved 1,72,800 , which resulted in cost saving of Rs.8.16 lakhs.
  - Installed interlocking dust collector motors with flour blower operation. Units saved 18427 units, which resulted in cost saving of Rs.1.29 lakhs.
- (iii) the capital investment on energy conservation equipments: Nil.

**(B) Technology absorption**

- (i) the efforts made towards technology absorption;  
 Continued efforts of quality control/ quality assurance procedures to enhance and maintain quality.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;  
 The above resulted in enhancement of quality and reduction in cost of manufacture.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

Your Company has the advantage of availing advanced technology and constant upgradation of the same from its holding company viz., Lotte Confectionery Co.Ltd, Seoul, Korea.

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

- Year of import : 2015
- Whether the technology been fully absorbed : Yes, fully absorbed
- If not fully absorbed, areas where absorption has not taken place, and the reasons thereof : Not applicable
- the expenditure incurred on Research and development: Rs.21.05 lakhs

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

(Rs.in lakhs)

Earnings	1281.39
Outgo	3093.33

**Business Risk Management**

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

**Corporate Social Responsibility**

Your Company has constituted a CSR committee of Board of Directors and has adopted a CSR Policy. The same is posted in the Company's website [www.lotteindia.com](http://www.lotteindia.com). The CSR provision did not apply to your Company for the year 2018-19 as the average net profit for the past 3 years is negative. A report in prescribed format is attached herewith as **Annexure 2**. Regardless of the above, during the month of October, 2019, the Company had entered into a MoU with Child Rights and You (CRY) for establishing Child Resource Centre in the name of Lotte India in A.N.Mangalam in Salem District of Tamilnadu. The estimated project cost for this activity is about Rs. 6.05 lacs. The Resource centre will have sports kit, art material, desktop, furnitures and will have a teacher to teach and train the school dropped / under privileged students for their overall development.

**Directors**

During the period under review, Mr.Moo Sun Song, resigned from the post of Whole Time Director as well as from the Directorship of the Company with effect from 12th March, 2019. In his place, Mr.Kyunghun Kim was appointed as

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

Whole Time Director at the Board Meeting held on 12th March, 2019 and the same was approved by shareholders vide postal ballot on 6th June, 2019. Mr.Kyunghun Kim, Whole Time Director resigned from the post of Whole Time Director as well as from the Directorship of the Company with effect from 29th June, 2019.

Your Directors wish to place on record their deep appreciation of the valuable contribution made by Mr.Moo Sung Song and Mr.Kyunghun Kim.

Mr.Yun Kang Jung, Director, was appointed as Whole Time Director cum Chairman of the Company on 18th June, 2019. Mr. Milan Wahi, Director will retire by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

The Board of Directors seeks the approval of shareholders for the reappointment of Mr.D.G.Rajan, as an Independent Director for the period of 5 years from 19th August, 2019 to 18th August, 2022 and Mr.Milan Wahi, as Managing Director for the period of 3 years from 10th October, 2019 to 9th October, 2022.

**Key Managerial Personnel**

The Company designated Mr.Yun Kang Jung, Whole Time Director cum Chairman, Mr. Milan Wahi, Managing Director, Mr.Inchul Yeo, Chief Financial Officer and Mr.T.G.Karthikeyan, Company Secretary as Key Managerial Personnel. Mr. Moo Sun Song and Mr.Kyunghun Kim, Key Managerial Personnel resigned.

**Statutory Auditors**

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

**Internal Auditors**

M/s.PKF Sridhar and Santhanam, independent internal auditors are conducting internal audit of operations of our Company. Your Company has re-appointed them as internal auditors to conduct internal audit and report.

**Secretarial Audit**

The Secretarial Audit Report for the Year ended 31st March, 2019 given by Mr.K.Mohan, Company Secretary in Practice,

is annexed to this report as **Annexure 3**.

Your Company has appointed Mr.K.Mohan, Company Secretary in Practice, to do Secretarial Audit for the year 2019-20 and provide the report thereon.

**Other disclosures:**

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

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

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

**Acknowledgement**

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

**Cautionary Statement**

Statement in the Directors' report and Management Discussion & Analysis describing the objectives, expectations may be forward looking. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

On behalf of the Board

Yun Kang Jung	Milan Wahi	D.G.Rajan
WTD cum Chairman	Managing Director	Independent Director

Chennai  
27.11.2019

## ANNEXURE 1 TO DIRECTORS' REPORT

### Extracts of Annual Return Form MGT-9

As on 31st March, 2019

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

#### I. REGISTRATION & OTHER DETAILS:

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

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

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Sugar Boiled Confectionery	10733	42
2	Cakes and Biscuits	10712	58

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

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

The Company does not have any subsidiary companies

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

Category code	Category of Shareholder	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% Change during the year
		Demat	Physical	Total	Demat	Physical	Total	
<b>A.</b>	<b>SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>							
1.	INDIAN							
a.	INDIVIDUALS/HINDU UNDIVIDED FAMILY	0	0	0	0	0	0	0.0000
b.	CENTRAL GOVERNMENT/STATE GOVERNMENT(S)	0	0	0	0	0	0	0.0000
c.	BODIES CORPORATE	0	0	0	0	0	0	0.0000
d.	FINANCIAL INSTITUTIONS/ BANKS	0	0	0	0	0	0	0.0000
e.	ANY OTHER	0	0	0	0	0	0	0.0000
	<b>SUB - TOTAL (A)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>
2.	FOREIGN							
a.	INDIVIDUALS (NON- RESIDENT INDIVIDUALS/ FOREIGN INDIVIDUALS)	0	0	0	0	0	0	0.0000
b.	BODIES CORPORATE	9404693	1303747	10708440	9404693	1303747	10708440	98.5702
c.	INSTITUTIONS	0	0	0	0	0	0	0.0000
d.	QUALIFIED FOREIGN INVESTOR	0	0	0	0	0	0	0.0000
e.	ANY OTHER	0	0	0	0	0	0	0.0000
	<b>SUB - TOTAL (A)(2)</b>	<b>9404693</b>	<b>1303747</b>	<b>10708440</b>	<b>9404693</b>	<b>1303747</b>	<b>10708440</b>	<b>98.5702</b>
	<b>TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A)(1)+(A)(2)</b>	<b>9404693</b>	<b>1303747</b>	<b>10708440</b>	<b>9404693</b>	<b>1303747</b>	<b>10708440</b>	<b>98.5702</b>
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>							
1.	INSTITUTIONS							
a.	MUTUAL FUNDS/UTI	0	0	0	0	0	0	0.0000
b.	FINANCIAL INSTITUTIONS/ BANKS*	350	1217	1567	350	1217	1567	0.0144
c.	CENTRAL GOVERNMENT/ STATE GOVERNMENT(S)	0	0	0	0	0	0	0.0000
d.	INSURANCE COMPANIES	0	0	0	0	0	0	0.0000
e.	FOREIGN INSTITUTIONAL INVESTORS	0	0	0	0	0	0	0.0000
f.	FOREIGN VENTURE CAPITAL INVESTORS	0	0	0	0	0	0	0.0000
g.	QUALIFIED FOREIGN INVESTOR	0	0	0	0	0	0	0.0000
h.	ANY OTHER	0	0	0	0	0	0	0.0000
	<b>SUB - TOTAL (B)(1)</b>	<b>350</b>	<b>1217</b>	<b>1567</b>	<b>350</b>	<b>1217</b>	<b>1567</b>	<b>0.0144</b>
2.	NON-INSTITUTIONS							
a.	BODIES CORPORATE	3572	2254	5826	3544	2254	5798	0.0533
b.	INDIVIDUALS -							
c.	QUALIFIED FOREIGN INVESTOR	0	0	0	0	0	0	0.0000
d.	ANY OTHER							
	<b>SUB - TOTAL (B)(2)</b>	<b>3572</b>	<b>2254</b>	<b>5826</b>	<b>3544</b>	<b>2254</b>	<b>5798</b>	<b>0.0533</b>
	<b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2)</b>	<b>7122</b>	<b>3471</b>	<b>10653</b>	<b>7088</b>	<b>3471</b>	<b>10637</b>	<b>0.0677</b>
	<b>TOTAL (A)+(B)</b>	<b>16565</b>	<b>16517</b>	<b>21393</b>	<b>16451</b>	<b>16517</b>	<b>21377</b>	<b>0.0000</b>
C.	SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED							
	Promoter and Promoter Group	0	0	0	0	0	0	0.0000
	Public	0	0	0	0	0	0	0.0000
	<b>TOTAL CUSTODIAN (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>16565</b>	<b>16517</b>	<b>21393</b>	<b>16451</b>	<b>16517</b>	<b>21377</b>	<b>0.0000</b>

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

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

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

SI No	Name of the Share holder	Shareholding at the beginning of the period		Cumulative Shareholding during the period	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Lotte Confectionery Co Ltd				
	At the beginning of the period 1 <sup>st</sup> April, 2018	10708440	98.57		
	At the end of the period 31-Mar-2019			10708440	98.57

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

SI.No	Name of the Share holder	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No of shares	% of total shares of company	No of shares	% of total shares of company
1	Ajay Kumar	4890	0.045	4890	0.045
2	C Kannammai	3112	0.029	3112	0.029
3	Hauder Trading Co	1800	0.017	1800	0.017
4	Anjul	1798	0.017	1798	0.017
5	ZARIR SORABJI KATPITIA	1766	0.0162	1766	0.0162
6	Gracie Borges	1742	0.016	1742	0.016
7	Armstrong HF	1609	0.015	1609	0.015
8	G Vairavan	1461	0.013	1461	0.013
9	Meyyammai Venktachalam	1380	0.013	1380	0.013
10	3A Financial services	1029	0.009	1029	0.009

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

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

**V. INDEBTEDNESS**

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

Rs.in lakhs

	Secured Loans	Unsecured Loans	Total indebtedness
Indebtedness at the beginning of the period			
(i) Principal Amount	--	26,017.64	26,017.64
(ii) Interest accrued but not due	--	262.42	262.42
Total (i+ii)	--	26,280.06	26,280.06
Change in indebtedness during the period			
(i) Addition	--	--	--
(ii) Reduction	--	4,425.15	4,425.15
Net Change	--	--	--
Indebtedness at the end of the period			
(i) Principal Amount	-	21,673.67	21,673.67
(ii) Interest accrued but not due	-	181.24	181.24
Total (i+ii)	-	21,854.91	21,854.91

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

Rs.in lakhs

Sl. No	Particulars of remuneration	Milan Wahi MD	Moon Sun Song WTD	Kyunghun Kim WTD	Total
		2018-19	2018-19	12-03-2019 to 31-03-2019	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961	104.43	31.15	1.68	137
	(b) Value of perquisites u/s.17(2) of Income Tax Act, 1961	3.50	16.13	2.23	22
2	Stock option	-	-	-	-
3	Sweat equity	-	-	-	-
4	Commission - as % of profit	-	-	-	-
5	Others	0.90	1.33	-	2
	Total	108.82	48.60	3.91	161
	Ceiling as per the Act				480

**B. REMUNERATION TO OTHER DIRECTORS**

Rs.in lakhs

SL.No	Particulars of remuneration	D.G Rajan	Hye Lim Jeon	Total
	Independent Directors			
	Sitting fees	4.80	2.40	7.20
	Commission	--	--	--
	TOTAL (B)	4.80	2.40	7.20
	Ceiling as per the Act			N.A

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD AND WTD :**

Rs.in lakhs

SL.NO	Particulars of remuneration for the year 2016-17	Mr.Karthikeyan Company Secretary
1	Gross salary	14.25
	(a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961	--
	(b) Value of perquisites u/s.17(2) of Income Tax Act,1961	--
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	--
2	Stock option	--
3	Sweat equity	--
4	Commission - as % of profit	--
	- Others, specify	--
5	Others	--
	TOTAL	14.25

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

 Yun Kang Jung  
 WTD cum Chairman

 Milan Wahi  
 Managing Director

 D.G.Rajan  
 Independent Director

 Chennai  
 27.11.2019



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

- 1 The Company has adopted the CSR Policy approved by the Board of Directors at their Meeting held on 19th August, 2014. The same is available on Company's website. [www.lotteindia.com](http://www.lotteindia.com)
- 2 The CSR Committee consist of the following directors:
  - (a) Mr. D.G.Rajan, Chairman
  - (b) Mr.Yun Kang Jung,
  - (c) Milan Wahi, Member
- 3 Average net profit / (Loss) of the Company for last three years: (30.15) lacs  
In view of the above, CSR provisions did not apply to your company for the year 2018-19 and as such, no CSR activity was done. Therefore reporting of CSR spent does not arise.

Yun Kang Jung  
WTD cum Chairman

Milan Wahi  
Managing Director

D.G.Rajan  
Independent Director

Chennai  
27.11.2019

**ANNEXURE 3 TO DIRECTORS' REPORT**

**SECRETARIAL AUDIT REPORT**

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

My Secretarial Audit Report of even date, for the financial year 2018-19 is to be read along with this letter.

**MANAGEMENT'S RESPONSIBILITY:**

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

**AUDITOR'S RESPONSIBILITY:**

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

**DISCLAIMER:**

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
7. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis of our opinion.

Place : Chennai  
Date : 22.11.2019

S/d-  
Name of Company Secretary in practice : **K Mohan**  
FCS No: 3385  
C P No: 3656

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2019

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

To,

The Members

LOTTE INDIA CORPORATION LIMITED

No.4/111, Mount Poonamallee Road

Manapakka, Chennai- 600 089

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Lotte India Corporation Limited ("the Company") for the financial year ended on 31.03.2019 according to the provisions of:

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

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried out and recorded in the minutes.

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

**OBSERVATION:**

Visited the Factories at Nellikuppam, Nemam and Rohtak and verified the records, documents and licenses for compliances under various Acts.

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

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

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

Place : Chennai  
Date : 22.11.2019

S/d-  
Name of Company Secretary in practice : **K Mohan**

UDIN : F003385A000289121

FCS No: 3385  
C P No: 3656

## REPORT ON CORPORATE GOVERNANCE

### (Voluntary Disclosures)

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

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

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

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

#### 2. BOARD OF DIRECTORS

##### (a) Composition

Composition of the Board and Directorship held as on 31st March 2019:

Name of Directors	Category	No.of Directorship held in other companies	No.of Board Committee memberships held in other companies	No.of shares held
Mr.Yun Kang Jung, Director	Non- Executive Director	1	Nil	Nil
Mr.Milan Wahi, Managing Director	Executive Director	Nil	Nil	Nil
Mr.Mang Ko Noh, Director	Non-Executive Director	Nil	Nil	Nil
Mr.Kyunghun Kim, Whole Time Director	Executive Director	Nil	Nil	Nil
Mr.D.G.Rajan, Director	Non Executive	7	7	Nil
	Independent Director			
Ms.Hye Lim Jeon, Director	Non Executive	Nil	Nil	Nil
	Independent Director			

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

During the year ended 31st March, 2019, five Board Meetings were held on the following dates : 3rd May, 2018, 2nd August, 2018, 28th August, 2018, 18th January, 2019 and 12th March, 2019.

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

Name of Directors	No.of Board Meetings attended	Attended the last AGM held on 25th September 2018 ( Y /N)
Mr.Yun Kang Jung, Director	1	N
Mr.Milan Wahi, Managing Director	5	Y
Mr.Mang Ko Noh, Director	5	N
Mr.Kyunghun Kim, Whole Time Director	0	N
Mr.D.G.Rajan, Director	5	Y
Ms.Hye Lim Jeon, Director	3	N

**3. AUDIT COMMITTEE**
**a) Constitution :**

Composition of the Audit Committee as on 31st March 2019:

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

Mr. Moo Sung Song - Executive Director – Member

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

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

During the year period ended 31st March, 2019, three meetings were held on 3rd May, 2018, 2nd August, 2018 and 13th March, 2019. The attendance of each member of the Committee is given below:

Name of Directors	Position	Attended the Audit committee meeting (Yes/No)
Mr.D.G.Rajan	Chairman	3
Mr.Moo Sun Song	Member	2
Mr. Kyunghun Kim	Member	1
Ms.Hye Lim Jeon	Member	2

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

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

**4 REMUNERATION TO DIRECTORS**

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

**Constitution:**

Composition of the Remuneration & Nomination (R & N) Committee as on 31st March 2019:

## REPORT ON CORPORATE GOVERNANCE (Contd.)

During the year period ended 31st March, 2019, three meetings were held on 2nd August, 2018, 18th January, 2019 and 12th March, 2019. The attendance of each member of the Committee is given below:

Name of Directors	Position	No.of meetings attended
Mr.D.G.Rajan	Chairman	3
Mr.Mang Ko Noh	Member	3
Mr.Moo Sun Song	Member	2
Ms.Hye Lim Jeon	Member	1

The details of sitting fees paid to Non- Executive Directors for the Year ended 31st March, 2019

Name of the Director	Sitting fees (Rs)	Commission
Mr.D.G.Rajan	480000	Nil
Ms.Hye Lim Jeon	240000	Nil

### 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee was mainly established to monitor investors' grievances such as complaints on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. and redressal thereof. The Board has delegated its powers, to approve transfer, issue and sign new share certificates in case of new issue / split / consolidation / lost / mutilated / rematerialisation etc, to Directors / Company Secretary.

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

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

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

### 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

The provisions of Section 135 did not apply for the year 2018-19 as the past three years average net profit is negative

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

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

Date of Meeting	Time of Meeting	Venue of the Meeting
September 25, 2018	10.30 A.M	M.A.Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai- 600 108.
December 18, 2017	10.30 A.M	
December 15, 2016	10.00 A.M	
June 22, 2015 (AGM)	10.00 A.M.	
June 12, 2014 (AGM)	10.30 A.M	
December 27, 2013 (EGM)	10.00 A.M.	

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

- i) Related Party Transactions: There were no materially significant related party transactions with Directors/promoters/management which had potential conflict with the interest of the Company at large.
- ii) Risk Management: The Board of Directors were presented the risk assessment and minimization of the same which is subject to periodical review.
- iii) Code of Conduct: Code of Conduct for the Board members and Senior Management personnel has been adopted by the Board.
- iv) The Company has Vigil Mechanism Policy and we affirm that no personnel have been denied access to the Audit Committee (in respect of matters involving misconduct, if any).
- v) Disclosure under Section II of Part – II of Schedule V of Companies Act, 2013.

Name of the Director	Mr.Yun Kang Jung Whole Time Director cum Chairman	Mr.Milan Wahi Managing Director
DoB	24.11.1964	30.01.1964
Qualification	Graduate in English &Literature	Post Graduate in Science with PG diploma
Experience	23 years of experience in Sales & Marketing.	28 years of experience in Sales & Marketing.
Salary last drawn	N.A (since he was appointed on 18th June, 2019)	Rs.1077 lacs as CTC per annum
All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;	Please refer the special resolutions given in the AGM notice	
Details of fixed component. and performance linked incentives along with the performance criteria;		
Service contracts,	Nil	Nil
Notice period,	Three months	Three months
Severance fees;	Nil	Nil
Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	Nil	Nil

On behalf of the Board

Chennai  
27.11.2019

Yun Kang Jung  
WTD cum Chairman

Milan Wahi  
Managing Director

D.G.Rajan  
Independent Director



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## CHIEF FINANCIAL OFFICER CERTIFICATION

To

**The Members of Lotte India Corporation Limited**

**In relation to the Audited Financial Statements of the Company for the Year ended 31st March, 2019, we hereby certify that**

1. We have reviewed the financial statements and the cash flow statement for the Year ended 31st March 2019 and that to the best of our knowledge and belief,
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading, and
  - these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. We have informed the auditors and the audit committee that there are
  - Significant changes in internal control during the year, if any.
  - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any and
  - Instances of significant fraud of which we have become aware of and which involve management or an employee having a significant role in the Company's Internal Control System over financial reporting. However, there was no such instance.

Chennai  
27.11.2019

For Lotte India Corporation Limited  
Inchul Yeo  
CFO

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## CONFIRMATION

To

**The Members of Lotte India Corporation Limited**

We hereby confirm that, for the Year ended 31st March, 2019

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

Chennai  
27.11.2019

For Lotte India Corporation Limited  
Inchul Yeo  
CFO

## GENERAL SHAREHOLDER INFORMATION

1. **Registered Office** : No. 4/111, Mount Poonamallee Road, Manapakkam, Chennai -600 089
2. **Date and venue of the forthcoming Annual General Meeting** : 30<sup>th</sup> December, 2019 at 10.15 A.M.  
at M.A.Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai – 600 108
3. **Book Closure Dates** : 24<sup>th</sup> December, 2019 to 30<sup>th</sup> December, 2019 (both days inclusive)
4. **E-voting Cut off Date** : 23<sup>rd</sup> December, 2019
5. **E-voting period** : From 9 A.M on 27<sup>th</sup> December, 2019 to 5 p.m on 29<sup>th</sup> December, 2019 (both days inclusive). Procedures for e-voting are given in Notice calling Annual General Meeting.
6. **Plant Location** : 1. Nellikuppam (Cuddalore Dist.) Tamil Nadu  
2. Nemam, Chennai, Tamil Nadu  
3. Rohtak, Haryana
7. **Share Capital** : 10863768 equity shares of Rs.10 each 9483527 equity shares of Rs.10/- each (87.30%) equity shares have been dematerialized as on 31st March, 2019
8. **Share Transfer System**  
The Company has appointed Cameo Corporate Services Ltd., as the Registrar and Transfer Agent (R&TA) of the Company for all aspects of investor servicing relating to shares.  
The Board has delegated the power to approve the transfer to a committee of Directors and also to the Senior Executives of the Company, with limits.  
Share transfers are completed within a period of 15 days from the date of receipt of the documents, if the documents are in order in all respects.  
No investor complaint is pending.
9. **Address for Correspondence :**
  - i) To contact R&TA for all matters relating to shares : P Muralidharan, Asst.Manager (Shares)  
Cameo Corporate Services Limited  
'Subramanian Building', No.1, Club House Road, Chennai-600 002  
Tel : 91-44-2846 0718; Fax: 91-44-2846 0129  
e-mail: murali@cameoindia.com
  - ii) To the Company : T G Karthikeyan, Company Secretary  
Lotte India Corporation Limited  
4/169, Rajiv Gandhi Salai (OMR), Kandanchavadi, Chennai – 600096.  
Tel: 91-44-4545 8888; Fax: 91-44-4545 8800
  - iii) The designated Company's E-mail Id for Investor Complaints is : compsecy@lotteindia.com
  - iv) Compliance Officer : T G Karthikeyan, Company Secretary
  - v) Company's Website : www.lotteindia.com
10. **Depositories Connectivity**  
National Securities Depository Ltd. (NSDL)  
Central Depository Services (India) Ltd. (CDSL)  
ISIN: INE185A01011
11. **Dematerialization of shares**  
The Company has signed agreements with both National Securities Depository Limited (NSDL) and with Central Depository Services (India) Limited (CDSL) to provide the facility of holding equity shares in dematerialized form. As on 31st March, 2019, 94835827 equity shares constituting 87.30 % of the total paid up capital of the Company have been dematerialized.
12. **Outstanding GDRs/ ADRs etc.**  
The Company has not issued any GDR, ADR or any convertible instruments pending conversion or any other instrument likely to impact the equity share capital of the Company.

## INDEPENDENT AUDITORS' REPORT

### To The Members of Lotte India Corporation Limited

#### Report on the audit of the Indian Accounting Standards (Ind AS) Financial Statements

##### Opinion

1. We have audited the accompanying Ind AS financial statements of Lotte India Corporation Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

##### Basis for opinion

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

##### Other Information

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

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

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

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

We have nothing to report in this regard.

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

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern,

## INDEPENDENT AUDITORS' REPORT (Contd.)

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

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

7. Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Other Matters

11. The financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 1, 2017 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2018 and March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated August 2, 2018 and November 2, 2017 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

## INDEPENDENT AUDITORS' REPORT (Contd.)

12. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
13. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books. However, the back-up of the books of accounts other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 13(b) above that the back-up of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (g) With respect to the adequacy of the internal financial controls with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer note 35 to the Ind AS financial statements.
  - ii. The Company has made provision as at March 31, 2019 as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.
14. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

**Suresh S**  
Partner

Membership Number: 213126  
UDIN:19200928AAAAAN6681

Place: Chennai  
Date: November 27, 2019

## **Annexure A to Independent Auditors' Report**

Referred to in paragraph 13(g) of the Independent Auditors' Report of even date to the members of Lotte India Corporation Limited on the Ind AS financial statements as of and for the year ended March 31, 2019

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

1. We have audited the internal financial controls with reference to Ind AS financial statements of Lotte India Corporation Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require

that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Ind AS financial statements.

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

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

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

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

7. Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls with reference to Ind AS financial statements to future periods are subject to the

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

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

Place: Chennai  
Date: November 27, 2019

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016  
Chartered Accountants

**Suresh S**  
Partner

Membership Number: 213126  
UDIN:19200928AAAAAN6681

## Annexure B to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Lotte India Corporation Limited on the Ind AS financial statements as of and for the year ended March 31, 2019

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

Type of property	Gross block as at March 31, 2019 (in Lakhs)	Net block as at March 31, 2019 (in Lakhs)	Remark
Land measuring 56,628 sq. ft at Maraimalai Nagar, Chennai	585.00	585.00	Title deeds are in the name of the erstwhile Company – Parys Confectionary Limited.
Land measuring 18,295.2 sq. ft at Mannapakkam, Chennai	379.15	379.15	Title deeds are in the name of erstwhile company Cocoa Products and Beverages Private Limited.
Building - Flat measuring 945 sq.ft at Ashram Road, Ahmedabad	10.5	2.62	Title deeds are in the name of the erstwhile Company – Parys Confectionary Limited.

- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. Company has not granted any loans or made any investments, or provided any guarantees or Security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of custom which have not been deposited on account of any dispute. The particulars of dues of service tax, value added tax and excise duty as at March 31, 2019 which have not been deposited on account of dispute, are as follows



Name of the statute	Nature of dues	Amount* (in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
CENVAT CREDIT RULES, 2004	Excise Duty	366.40	November 2004 to January 2005 and January 2010 to February 2013	CESTAT, Chennai
		16.38	August 2010 to July 2013 and April 2014 to November 2015	Commissioner of Central Excise and Service Tax (Appeals), Chennai
		29.57	January 2000 to February 2002	CESTAT, Bangalore
		39.57	January 2000 to February 2002	CESTAT, Pune
CENVAT CREDIT RULES, 2004	Service tax	509.2	October 2007 to March 2008, January 2013, May 2014 to November 2014 and March 2015	CESTAT, Chennai
		46.66	October 2010 to July 2013	High Court, Madras
		3.19	April 2015 to December 2015	Assistant commissioner of Central excise, Palakkad
Finance Act, 1994	Service tax	38.85	April 2008 to December 2008	CESTAT, Chennai
Kerala Value Added Tax, 2003	VAT	194.44	April 2008 to March 2009	Commissioner (Appeals), Palakkad
*Excludes amount paid as deposits against disputes amounting to Rs 42.01.				

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly Convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Chartered Accountants

**Suresh S**

Partner

Membership Number: 213126

UDIN:19200928AAAAAN6681

Place: Chennai

Date: November 27, 2019

**Balance sheet as at March 31, 2019**

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

	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	55,216.31	58,971.85	62,824.35
Capital work-in-progress		1.79	1.79	6.37
Investment properties	3(a)	9,106.36	9,171.87	9,237.38
Intangible assets	4	14.00	19.97	21.84
Financial assets				
(i) Investments	5(a)	0.26	0.26	0.26
(ii) Loans	5(b)	63.07	49.37	71.38
(iii) Other financial assets	5(c)	939.77	1,342.86	1,163.44
Deferred tax assets (net)	6	-	-	-
Other non-current assets	7	207.30	247.75	221.60
<b>Total non-current assets</b>		<b>65,548.86</b>	<b>69,805.72</b>	<b>73,546.62</b>
<b>Current assets</b>				
Inventories	8	4,558.06	4,521.86	4,929.95
Financial assets				
(i) Trade receivables	9	2,454.17	2,044.92	1,939.89
(ii) Cash and cash equivalents	10	3,425.96	2,528.39	2,685.31
(iii) Bank balances other than (iii) above	11	423.88	511.34	1,652.00
(iv) Loans	5(b)	254.96	230.91	195.75
(v) Other financial assets	5(c)	313.74	52.06	77.05
Other current assets	12	839.84	1,769.59	2,384.05
<b>Total current assets</b>		<b>12,270.61</b>	<b>11,659.07</b>	<b>13,864.00</b>
<b>Total assets</b>		<b>77,819.47</b>	<b>81,464.79</b>	<b>87,410.62</b>

	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	13(a)	1,086.38	1,086.38	1,086.38
Reserves and surplus	13(b)	45,098.98	44,797.21	46,427.84
<b>Total equity</b>		<b>46,185.36</b>	<b>45,883.59</b>	<b>47,514.22</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
(i) Borrowings	14	12,450.83	20,380.49	25,935.44
(ii) Other financial liabilities	15	572.93	729.58	512.60
Provisions	16	105.78	60.13	68.47
<b>Total non-current liabilities</b>		<b>13,129.54</b>	<b>21,170.20</b>	<b>26,516.51</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Borrowings	14	-	36.73	108.87
(ii) Trade payables				
Total outstanding dues of micro and small enterprises		-	-	-
Total outstanding dues of creditors other than micro and small enterprises	17	5,313.77	5,329.18	5,540.91
(iii) Other financial liabilities	15	12,618.92	8,542.63	6,990.62
Provisions	16	181.62	156.39	151.96
Current tax liabilities (net)	18	37.00	-	-
Other current liabilities	19	353.26	346.07	587.53
<b>Total current liabilities</b>		<b>18,504.57</b>	<b>14,411.00</b>	<b>13,379.89</b>
<b>Total liabilities</b>		<b>31,634.11</b>	<b>35,581.20</b>	<b>39,896.40</b>
<b>Total equity and liabilities</b>		<b>77,819.47</b>	<b>81,464.79</b>	<b>87,410.62</b>

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

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

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

**Suresh S**  
Partner  
Membership No. 200928

**Yun Kang Jung**  
Chairman  
DIN : 08025252

**Milan Wahi**  
Managing Director  
DIN : 05242884

**Inchul Yeo**  
Chief Financial Officer

Place : Chennai  
Date : November 27, 2019

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

**T.G. Karthikeyan**  
Company Secretary

## Statement of Profit and Loss for the year ended March 31, 2019

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

	Notes	For the year ended March 31, 2019	For the period ended March 31, 2018
<b>REVENUE</b>			
Revenue from operations	20	42,068.65	39,605.80
Other income	21	750.03	351.60
<b>Total income</b>		<b>42,818.68</b>	<b>39,957.40</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	20,026.64	20,279.90
Purchases of stock-in-trade		319.09	199.13
Changes in inventories of work-in-progress, stock-in-trade and finished goods	23	(141.44)	(94.07)
Excise duty		-	651.39
Employee benefits expense	24	3,910.64	3,832.31
Finance costs	25	1,389.20	1,597.49
Depreciation and amortisation expense	26	4,035.71	4,094.55
Other expenses	27	12,889.50	11,058.75
<b>Total expenses</b>		<b>42,429.34</b>	<b>41,619.45</b>
<b>Profit before tax</b>		<b>389.34</b>	<b>(1,662.05)</b>
Income tax expense	28		
Current tax		83.00	-
Deferred tax		-	-
<b>Total tax expense</b>		<b>83.00</b>	<b>-</b>
<b>Profit/(loss) for the year</b>		<b>306.34</b>	<b>(1,662.05)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations (net of tax)		(4.57)	31.42
<b>Other comprehensive income for the year</b>		<b>(4.57)</b>	<b>31.42</b>
<b>Total comprehensive income for the year</b>		<b>301.77</b>	<b>(1,630.63)</b>
Basic earnings per share (in INR)	39	2.82	(15.30)

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

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

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

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

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

**Yun Kang Jung**  
*Chairman*  
 DIN : 08025252

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

**Inchul Yeo**  
*Chief Financial Officer*

Place : Chennai  
 Date : November 27, 2019

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

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

## Statement of Changes in Equity for the year ending March 31, 2019

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

### A Equity share capital

	Notes	Amounts
As at April 1, 2017	13(a)	1,086.38
Changes in equity share capital during the period		-
<b>Balance as at March 31, 2018</b>		1,086.38
Changes in equity share capital during the period		-
<b>Balance as at March 31, 2019</b>		<b>1,086.38</b>

### B Other equity

	Notes	Reserves and surplus				Total
		Capital reserve	Securities premium	General reserve	Retained earnings	
<b>Balance as at April 1, 2017</b>		<b>464.47</b>	<b>7,445.79</b>	<b>42,357.39</b>	<b>(3,839.81)</b>	<b>46,427.84</b>
Profit for the year	13(b)	-	-	-	(1,662.05)	(1,662.05)
Other comprehensive income	13(b)	-	-	-	31.42	31.42
<b>Total comprehensive income for the year</b>		-	-	-	<b>(1,630.63)</b>	<b>(1,630.63)</b>
<b>Balance as at March 31, 2018</b>		<b>464.47</b>	<b>7,445.79</b>	<b>42,357.39</b>	<b>(5,470.44)</b>	<b>44,797.21</b>
Profit for the year	13(b)	-	-	-	306.34	306.34
Other comprehensive income	13(b)	-	-	-	(4.57)	(4.57)
<b>Total comprehensive income for the year</b>		-	-	-	<b>301.77</b>	<b>301.77</b>
<b>Balance as at March 31, 2019</b>		<b>464.47</b>	<b>7,445.79</b>	<b>42,357.39</b>	<b>(5,168.67)</b>	<b>45,098.98</b>

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

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

**Suresh S**  
 Partner  
 Membership No. 200928

Place : Chennai  
 Date : November 27, 2019

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

**Yun Kang Jung**  
 Chairman  
 DIN : 08025252

**Milan Wahi**  
 Managing Director  
 DIN : 05242884

**Inchul Yeo**  
 Chief Financial Officer

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

**T.G. Karthikeyan**  
 Company Secretary

## Cash Flow Statement for the year ended March 31, 2019

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

	Year ended March 31, 2019	Year ended March 31, 2018
<b>A Cash flow from operating activities:</b>		
<b>Profit before tax</b>	<b>389.34</b>	<b>(1,662.05)</b>
Adjustments for :		
Finance costs	1,389.20	1,597.49
Unwinding of interest on security deposit	(6.92)	(4.86)
Depreciation and amortisation expense	4,035.71	4,094.55
Provision for bad debts	16.48	-
Net (gain)/losses on derivative contracts	(321.43)	66.67
Loss on sale of property, plant and equipment (net)	-	36.58
Interest on bank deposits	(141.16)	(63.50)
Net gain/(loss) on foreign currency transaction and translation exchange differences	911.84	(220.76)
Lease rentals	(240.24)	(202.15)
<b>Sub-total (1)</b>	<b>6,032.82</b>	<b>3,641.97</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase)/Decrease in loans	(30.83)	(8.29)
(Increase)/Decrease in other financial assets	416.06	(23.85)
(Increase)/Decrease in other current and non-current assets	932.32	610.96
(Increase)/Decrease in trade receivables	(425.73)	(105.03)
(Increase)/Decrease in inventories	(36.20)	408.09
Increase/(Decrease) in trade payables	(15.41)	(211.73)
Increase/(Decrease) in other financial liabilities	1,132.30	250.15
Increase/(Decrease) other current and non-current liabilities	7.19	(241.46)
Increase/(Decrease) in provisions	66.31	27.51
<b>Sub-total (2)</b>	<b>2,046.01</b>	<b>706.35</b>
<b>Cash generated from operations (1) + (2) = (3)</b>	<b>8,078.83</b>	<b>4,348.32</b>
Income taxes paid (net of refunds)	(3.68)	(27.28)
<b>Net cash inflow/(outflow) from operating activities (A)</b>	<b>8,075.15</b>	<b>4,321.04</b>
<b>B Cash flow from investing activities:</b>		
Investment in property, plant and equipment and intangible assets (including capital work-in-progress)	(929.78)	(243.96)
Proceeds for sale of property, plant and equipment	-	41.91
Investment in deposits with banks with original maturity of more than 3 months	87.46	1,140.66
Interest received from bank deposits	97.02	83.24
Income from investment property	240.24	202.15
<b>Net cash inflow/(outflow) from investing activities (B)</b>	<b>(505.06)</b>	<b>1,224.00</b>

	Year ended March 31, 2019	Year ended March 31, 2018
<b>C Cash flow from financing activities</b>		
Repayment of borrowing	(5,292.54)	(4,091.75)
Interest paid	(1,379.98)	(1,610.21)
<b>Net cash outflow from financing activities (C)</b>	<b>(6,672.52)</b>	<b>(5,701.96)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)</b>	<b>897.57</b>	<b>(156.93)</b>
Cash and cash equivalents as at the beginning of the period	2,528.38	2,685.31
<b>Cash and cash equivalents as at the end of the period</b>	<b>3,425.95</b>	<b>2,528.38</b>
<b>Reconciliation of cash and cash equivalents as per the Statement of Cash Flows</b>		
<b>Cash and cash equivalents as per above comprises of the following:</b>		
Balances with banks		
- In current accounts	1,218.25	1,651.73
- In EEFC accounts	207.38	685.42
Cash on hand	1.01	0.90
Cheques on hand	188.57	190.34
Deposits with original maturity less than 3 months	1,810.75	-
<b>Balances per Statement of Cash Flows</b>	<b>3,425.96</b>	<b>2,528.39</b>

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

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

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

Place : Chennai  
 Date : November 27, 2019

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

**Yun Kang Jung**  
*Chairman*  
 DIN : 08025252

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

**Inchul Yeo**  
*Chief Financial Officer*

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

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

## Notes forming part of the Financial Statements

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

### 1 Corporate Information

#### 1.1 Brief description of the Company

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

### 2 Summary of significant accounting policies

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

#### 2.1 Basis of preparation

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

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

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

##### (ii) New standards and interpretations not yet adopted

Certain standards and related amendments to existing standards has been published and is mandatory for the Company's accounting periods beginning after April 1, 2019 or later periods but have not been early adopted by the Company.

##### Ind AS 116, Leases

Ind AS 116 was notified by Ministry of Corporate Affairs on March 30, 2019 and it is applicable for annual reporting periods beginning on or after April 1, 2019. Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on Balance Sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The Company is in the process of assessing the impact of Ind AS 116 on the financial statements of the Company.

##### Other standards and accounting pronouncements issued but not effective

There are no other standards and accounting pronouncements that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods.



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

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

### (iii) Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line items in the financial statements."

The areas involving critical estimates and judgements:

- (i) Measurement of deferred taxes (refer note 6)
- (ii) Valuation of derivatives and forward contracts
- (iii) Estimation of defined benefit obligation (refer note 29)

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

### (iv) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value; and
- defined benefit plans - plan assets measured at fair value.

## 2.01 Segment reporting

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

The board of directors of Lotte India Corporation Limited assesses the financial performance and position of the Company, and makes strategic decisions. The board of directors have been identified as being the CODM. Refer note 34 for segment information presented.

## 2.02 Foreign currency translation

### Functional and presentation currency:

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

### Transactions and balances:

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

## 2.03 Property, plant and equipment

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

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

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

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

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

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

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

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

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

### Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## 2.04 Intangible assets

Computer software including internally developed software

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

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

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

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

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use. They are stated at cost net of accumulated amortisation. The useful life for computer software is estimated to be 5 years.

### Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets

### 2.05 Investment properties

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

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

### Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its Investment properties recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the investment properties.

### 2.06 Impairment of assets

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

### 2.07 Inventories

Inventories are stated at lower of cost and net realisable value. Cost of raw materials and stock-in-trade is ascertained using the moving weighted average method and includes purchase cost, taxes and duties and all expenses incurred in bringing the inventory to its present location and condition, but excludes duties and taxes that are subsequently recoverable from revenue authorities. Cost of work-in-progress includes material cost and share of production overheads. The valuation of finished goods includes material cost, share of production overheads and excise duty. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

### 2.08 Revenue recognition

#### Sale of products

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

#### Service income

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

### 2.09 Government grants

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

### 2.10 Cash and cash equivalents

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

### 2.11 Trade receivables

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

### 2.12 Leases

#### As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are

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

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

charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### As a lessor

The Company has given on lease certain property, plant and equipment and investment property and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred. The respective leased assets are included in the Balance Sheet based on their nature.

### 2.13 Income tax

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

### 2.14 Investments and other financial assets

#### Classification

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

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

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

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

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

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

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

### Recognition

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

### Measurement

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

### Debt instruments

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

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

### Equity instruments

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

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

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

### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 details how the Company determines whether there has been significant increase in credit risk.

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

### Derecognition of financial assets

A financial asset is derecognised only when

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

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

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

### Income recognition

#### Interest income

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest rate method is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### Dividends

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

### 2.15 Derivatives and hedging activities

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

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

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

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

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

### 2.16 Trade and other payables

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

### 2.17 Offsetting financial instruments

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

### 2.18 Provisions and contingent liabilities

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

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

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

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

### 2.19 Employee benefits

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

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



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

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

reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

### **Bonus plans:**

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

Post-employment obligations:

#### i) Defined contribution plans

##### Provident Fund

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

##### Superannuation

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

#### ii) Defined benefit plans

##### Gratuity

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

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

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

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

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

### 2.20 Borrowings

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

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

### 2.21 Borrowing costs

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

### 2.22 Earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share:

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

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

### 2.23 Rounding of amounts

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

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

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

### 3 Property, plant and equipment

Description	Gross carrying amount			Depreciation			Net carrying amount
	As at April 1, 2018	Additions	As at March 31, 2019	As at April 1, 2018	For the period	As at March 31, 2019	As at March 31, 2019
Land (Note i)	9,031.67	-	9,031.67	-	-	-	9,031.67
Buildings	29,473.17	24.70	29,497.87	1,159.24	1,159.94	2,319.18	27,178.69
Plant and Machinery							
- Owned	23,923.46	47.64	23,971.10	2,684.07	2,671.51	5,355.58	18,615.52
- Leased	178.89	-	178.89	40.04	39.34	79.38	99.51
Office Equipment							
- Owned	40.19	27.79	67.98	8.56	6.79	15.35	52.63
- Leased	3.83	22.13	25.96	2.68	1.45	4.13	21.83
Furniture and Fixtures							
- Owned	236.51	21.63	258.14	74.44	48.88	123.32	134.82
- Leased	49.32	58.56	107.88	34.35	23.70	58.05	49.83
Leasehold improvements	7.33	-	7.33	0.36	0.02	0.38	6.95
Vehicles	42.42	5.50	47.92	11.20	11.86	23.06	24.86
<b>Total</b>	<b>62,986.79</b>	<b>207.95</b>	<b>63,194.74</b>	<b>4,014.94</b>	<b>3,963.49</b>	<b>7,978.43</b>	<b>55,216.31</b>

#### Note (i) Title deeds

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

Particulars	Property address	Area (sq.ft)	Net carrying amount	Title deeds in the name of
Land	Maraimalai Nagar	56,628	585.00	Title deeds are in the name of erstwhile company Parris Confectionery Limited.
Land	Manapakkam	18,295	379.15	Title deeds are in the name of erstwhile company Cocoa Products and Beverages Private Limited
Building	Ahmedabad	945	2.62	Title deeds are in the name of erstwhile company Parris Confectionery Limited.

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

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

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

#### Note (iii) Contractual obligations

Refer to note 35 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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

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

### 4. Intangible assets

Description	Gross carrying amount			Amortisation			Net carrying amount
	As at April 1, 2018	Additions	As at March 31, 2019	As at April 1, 2018	For the period	As at March 31, 2019	As at March 31, 2019
Computer software	26.18	0.74	26.92	6.21	6.71	12.92	14.00
<b>Total</b>	<b>26.18</b>	<b>0.74</b>	<b>26.92</b>	<b>6.21</b>	<b>6.71</b>	<b>12.92</b>	<b>14.00</b>

### 3 Property, plant and equipment

Description	Gross carrying amount				Depreciation				Net carrying amount
	Deemed cost as at April 1, 2017	Additions	Deletions	As at March 31, 2018	As at April 1, 2017	For the year	Deletions	As at March 31, 2018	As at March 31, 2018
Land (Note i)	8,878.42	215.16	61.91	9,031.67	-	-	-	-	9,031.67
Buildings	29,473.17	-	-	29,473.17	-	1,159.24	-	1,159.24	28,313.93
Plant and Machinery									
- Owned	23,913.58	9.93	0.05	23,923.46	-	2,684.12	0.05	2,684.07	21,239.39
- Leased	178.89	-	-	178.89	-	40.04	-	40.04	138.85
Office Equipment									
- Owned	29.99	11.07	0.87	40.19	-	9.12	0.56	8.56	31.63
- Leased	3.83	-	-	3.83	-	2.68	-	2.68	1.15
Furniture and Fixtures									
- Owned	230.19	8.67	2.35	236.51	-	76.26	1.82	74.44	162.07
- Leased	49.32	-	-	49.32	-	34.35	-	34.35	14.97
Leasehold improvements	7.33	-	-	7.33	-	0.36	-	0.36	6.97
Vehicles	59.62	4.00	21.20	42.42	-	16.66	5.46	11.20	31.22
<b>Total</b>	<b>62,824.35</b>	<b>248.82</b>	<b>86.38</b>	<b>62,986.79</b>	<b>-</b>	<b>4,022.83</b>	<b>7.89</b>	<b>4,014.93</b>	<b>58,971.85</b>

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

(a) Immovable properties acquired (now merged) from the erstwhile Parry Confectionery Limited and from the erstwhile Cocoa Beverages and Products Limited..

Particulars	Property address	Area (sq.ft)	Net carrying amount	Title deeds in the name of
Land	Maraimalai Nagar	56,628	585.00	Title deeds are in the name of erstwhile company Parrys Confectionery Limited.
Land	Manapakkam	18,295	379.15	Title deeds are in the name of erstwhile company Cocoa Products and Beverages Private Limited
Building	Ahmedabad	945	3.15	Title deeds are in the name of erstwhile company Parrys Confectionery Limited.

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

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

### Note (ii) Assets pledged and hypothecated

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

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

### Note (iii) Contractual obligations

Refer to note 35 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

## 4. Intangible assets

Description	Gross carrying amount				Amortisation				Net carrying amount
	Deemed cost as at April 1, 2017	Additions	Deletions	As at March 31, 2018	As at April 1, 2017	For the year	Deletions	As at March 31, 2018	As at March 31, 2018
Computer software	21.84	4.34	-	26.18	-	6.21	-	6.21	19.97
<b>Total</b>	<b>21.84</b>	<b>4.34</b>	<b>-</b>	<b>26.18</b>	<b>-</b>	<b>6.21</b>	<b>-</b>	<b>6.21</b>	<b>19.97</b>

### 3(a) Investment Property

#### Cost

Land

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Land	7,770.53	7,770.53	7,770.53
Building	1,466.85	1,466.85	1,466.85
<b>Gross carrying amount (a)</b>	<b>9,237.38</b>	<b>9,237.38</b>	<b>9,237.38</b>

Building

**Gross carrying amount (a)**

#### Depreciation

Opening accumulated depreciation

Add: Depreciation

**Closing accumulated depreciation (b)**

**Net carrying amount (a)-(b)**

Amounts recognised in profit and loss for investment properties

Rental income

Direct operating expenses from property that generated rental income

Direct operating expenses from property that did not generate rental income

Fair value of investment properties

Opening accumulated depreciation	65.51	-	-
Add: Depreciation	65.51	65.51	-
<b>Closing accumulated depreciation (b)</b>	<b>131.02</b>	<b>65.51</b>	<b>-</b>
<b>Net carrying amount (a)-(b)</b>	<b>9,106.36</b>	<b>9,171.87</b>	<b>9,237.38</b>
Rental income	240.24	202.15	-
Direct operating expenses from property that generated rental income	33.62	31.94	-
Direct operating expenses from property that did not generate rental income	7.82	7.14	-
Fair value of investment properties	14,778.00	13,434.55	-

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

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

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Estimation of fair value			
Fair value of Investment properties are based on valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of investment properties being valued.			
Title deeds not in the name of the Company			
Immovable properties acquired from the erstwhile Parry Confectionery Limited	<b>379.15</b>	<b>379.15</b>	<b>379.15</b>
Refer note 37 for minimum lease payments receivable under operating leases.			
<b>5 (a) Non-current investments</b>			
<b>Investments in equity instruments - unquoted carried at FVTPL</b>			
2,600 (March 31, 2018 and April 1, 2017: 2,600) equity shares of Aadhav Green Power Private Ltd., of INR 10 each, fully paid up	0.26	0.26	0.26
<b>Total non-current investments</b>	<b>0.26</b>	<b>0.26</b>	<b>0.26</b>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	0.26	0.26	0.26
Aggregate amount of impairment in the value of investments	-	-	-
<b>5(b) Loans</b>			
<b>Loans receivables considered good - Unsecured</b>			
<b>Non-current</b>			-
Security deposits	63.07	49.37	71.38
<b>Total loans - non-current</b>	<b>63.07</b>	<b>49.37</b>	<b>71.38</b>
<b>Current</b>			
Security deposits	254.96	230.91	195.75
<b>Total loans - current</b>	<b>254.96</b>	<b>230.91</b>	<b>195.75</b>
<b>5(c) Other financial assets</b>			
<b>Non-current</b>			
Derivatives not designated as hedges			
Derivatives carried at FVTPL	763.59	675.48	525.18
Bank deposits with maturity of more than 12 months	21.42	224.43	233.71
Other receivables	154.76	442.95	404.55
<b>Total other financial assets - non-current</b>	<b>939.77</b>	<b>1,342.86</b>	<b>1,163.44</b>
<b>Current</b>			
Interest accrued on deposits with banks	55.30	11.16	30.88
Derivatives not designated as hedges			
Derivatives carried at FVTPL	142.40	-	-
Advances to employees	116.04	40.90	46.17
<b>Total other financial assets - current</b>	<b>313.74</b>	<b>52.06</b>	<b>77.05</b>

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

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

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>6 Deferred tax assets (Net)</b>			
<b>(i) Deferred tax assets*</b>			
Provision for doubtful debts and advances	45.42	48.84	48.84
Other timing differences (expenses disallowed u/s 43B of the Income tax Act, 1961	367.71	254.72	230.31
MTM losses and other derivative adjustments	-	154.12	154.12
Carry forward losses	5,446.50	5,111.70	4,960.29
<b>(ii) Deferred tax liabilities*</b>			
MTM losses and other derivative adjustments	(89.25)	-	-
Difference between book and tax written down value of depreciable fixed assets	(5,770.38)	(5,569.38)	(5,393.56)
<b>Deferred tax assets (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<p>Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the absence of future taxable profit of the Company. In view of absence of reasonable certainty of realisation of deferred tax asset on unabsorbed depreciation and other timing differences, deferred tax asset has been recognised to the extent of deferred tax liability by the Company.</p>			
<b>7 Other non-current assets</b>			
Capital advances	9.19	4.76	9.39
<i>Advances other than capital advances:</i>			
Advance income tax and tax deducted at source (net of provision for income tax INR 1,259.89 (March 31, 2018: INR 1,213.89, April 1, 2017 : INR 1,213.89)	134.32	176.63	149.35
Sales tax paid under protest	42.01	42.01	42.01
Prepaid expenses	21.78	24.35	20.85
<b>Total other non-current assets</b>	<b>207.30</b>	<b>247.75</b>	<b>221.60</b>

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

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

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>8 Inventories</b>			
Raw materials	2,357.13	2,489.45	2,787.13
Work-in-progress	63.84	86.67	134.50
Finished goods	1,894.66	1,700.53	1,770.01
Stock-in-trade	39.56	69.42	56.02
Stores and spares	202.87	175.79	182.29
<b>Total inventories</b>	<b>4,558.06</b>	<b>4,521.86</b>	<b>4,929.95</b>
Write-down of inventories (recognised as expense)	335.70	570.27	211.04
<b>Goods-in-transit</b>			
Raw materials	14.30	31.40	113.50
Finished goods	36.92	-	-
<b>9 Trade receivables</b>			
Trade receivables considered good - Unsecured	2,454.17	2,044.92	1,939.89
Trade receivables – credit impaired	136.07	119.59	119.59
Less: Loss allowance for credit impaired	(136.07)	(119.59)	(119.59)
<b>Total trade receivables</b>	<b>2,454.17</b>	<b>2,044.92</b>	<b>1,939.89</b>
<p>The trade receivables of the Company do not contain a significant financing component and accordingly, the Company has adopted the simplified approach under Ind AS 109 for recognition of impairment of losses on trade receivables. Consequently, the disclosure of trade receivables into “Trade receivables which have significant increase in credit risk” has not been given since it is not relevant in the context of the Company.</p>			
<b>10 Cash and cash equivalents</b>			
Balances with banks			
- In current accounts	1,218.25	1,651.73	1,678.06
- In EEFC accounts	207.38	685.42	419.22
Cash on hand	1.01	0.90	0.99
Cheques on hand	188.57	190.34	288.92
Deposits with original maturity less than 3 months	1,810.75	-	298.12
<b>Total cash and cash equivalents</b>	<b>3,425.96</b>	<b>2,528.39</b>	<b>2,685.31</b>
<b>11 Other bank balances</b>			
Deposits with maturity of more than 3 months and less than 12 months	423.88	511.34	1,652.00
<b>Total other bank balances</b>	<b>423.88</b>	<b>511.34</b>	<b>1,652.00</b>
<b>12 Other current assets</b>			
Advances to suppliers	222.08	116.64	158.27
Balances with government authorities	426.93	1,544.74	2,098.20
Prepaid expenses	190.83	108.21	127.58
<b>Total other current assets</b>	<b>839.84</b>	<b>1,769.59</b>	<b>2,384.05</b>



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

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

**13(a) Equity share capital**

	March 31, 2019		March 31, 2018		April 1, 2017	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>						
Equity shares of INR 10 each	3700,00,000	37,000.00	3700,00,000	37,000.00	3700,00,000	37,000.00
<b>Issued, subscribed and fully paid up</b>						
Equity shares of INR 10 each	108,63,768	1,086.38	108,63,768	1,086.38	108,63,768	1,086.38
<b>(i) Reconciliation of equity share capital</b>						
Balance as at the beginning of the year	108,63,768	1,086.38	108,63,768	1,086.38	108,63,768	1,086.38
Add: Shares issued during the year	-	-	-	-	-	-
<b>Balance as at the end of the year</b>	<b>108,63,768</b>	<b>1,086.38</b>	<b>108,63,768</b>	<b>1,086.38</b>	<b>108,63,768</b>	<b>1,086.38</b>

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

	Number of shares	Equity share capital (par value)
As at April 1, 2017	108,63,768	1,086.38
Increase during the year	-	-
As at March 31, 2018	108,63,768	1,086.38
Increase during the period	-	-
As at March 31, 2019	108,63,768	1,086.38

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

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

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

	March 31, 2019	March 31, 2018	April 1, 2017
Lotte Confectionary Company Limited, South Korea	107,08,440	107,08,440	107,08,440

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

	March 31, 2019		March 31, 2018		April 1, 2017	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Lotte Confectionary Company Limited, South Korea	107,08,440	98.57%	107,08,440	98.57%	107,08,440	98.57%

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

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

**13(b) Reserves and surplus**

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Securities premium	7,445.79	7,445.79	7,445.79
General reserve	42,357.39	42,357.39	42,357.39
Retained earnings	(5,168.67)	(5,470.44)	(3,839.81)
Capital reserve	464.47	464.47	464.47
<b>Total reserves and surplus</b>	<b>45,098.98</b>	<b>44,797.21</b>	<b>46,427.84</b>
<b>Reserves and surplus</b>			
<b>i) Securities premium</b>			
Balance as at the beginning of the year	7,445.79	7,445.79	
<b>Balance as at the end of the year</b>	<b>7,445.79</b>	<b>7,445.79</b>	
<b>ii) General reserve</b>			
Balance as at the beginning of the year (refer note below)	42,357.39	42,357.39	
<b>Balance as at the end of the year</b>	<b>42,357.39</b>	<b>42,357.39</b>	
<b>(iii) Retained earnings (Surplus in Statement of Profit and Loss)</b>			
Balance as at the beginning of the year	(5,470.44)	(3,839.81)	
Net profit/(loss) for the year	306.34	(1,662.05)	
Items of other comprehensive income directly recognised in retained earnings			
Remeasurements of post-employment benefit obligations (net of tax)	(4.57)	31.42	
<b>Balance as at the end of the year</b>	<b>(5,168.67)</b>	<b>(5,470.44)</b>	
<b>iv) Capital reserve</b>			
Balance as at the beginning of the year	464.47	464.47	
<b>Balance as at the end of the year</b>	<b>464.47</b>	<b>464.47</b>	

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

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

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

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

### Retained earnings/General reserves

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

### Capital reserve

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

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>14 Borrowings</b>			
<b>Non-current</b>			
Unsecured loan	21,854.91	26,189.85	30,443.34
Less: Current maturities	(9,222.84)	(5,637.15)	(4,322.57)
Less: Accrued interest on borrowings (refer note 15)	(181.24)	(172.21)	(185.33)
<b>Total non-current borrowings</b>	<b>12,450.83</b>	<b>20,380.49</b>	<b>25,935.44</b>

### Terms of repayment:

- The external commercial borrowing of USD 20 Million is repayable in 6 equal half yearly installments, commencing from December 2016.
- External commercial borrowings of USD 20 Million is repayable in 4 unequal half yearly installments, commencing from February 2019.
- External commercial borrowings of USD 10 Million is repayable in 4 unequal half yearly installments, commencing November 2019.
- The aforesaid loans are guaranteed by the holding company, Lotte Confectionary Company Limited, South Korea.
- The rate of interest is 6 month LIBOR + applicable spread, which ranges from 85 bps to 160 bps.

### Current

Unsecured			
Bank overdraft	-	41.19	112.93
Less: Accrued interest on borrowings (refer note 15)	-	(4.46)	(4.06)
<b>Total current borrowings</b>	<b>-</b>	<b>36.73</b>	<b>108.87</b>

### Net debt reconciliation

#### Borrowings - Non-current

Opening balance	26,189.85	30,443.34
Cash outflow relating to principal amounts	(5,255.81)	(4,020.01)
Adjustments for foreign currency translation	1,044.56	(79.94)
Interest paid	(1,379.40)	(1,605.44)
Interest expense	1,255.71	1,451.90
<b>Balance as at the end of the year</b>	<b>21,854.91</b>	<b>26,189.85</b>

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

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

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>Borrowings - Current</b>			
Opening balance	36.73	108.87	
Cash outflow relating to principal amounts	(36.73)	(71.74)	
Interest paid	(0.58)	(4.77)	
Interest expense	0.58	4.37	
<b>Balance as at the end of the year</b>	<b>-</b>	<b>36.73</b>	
<b>15 Other financial liabilities</b>			
<b>Non current</b>			
Forward contracts			
Forward contract payables carried at FVTPL	572.93	729.58	512.60
<b>Total other financial liabilities - Non-current</b>	<b>572.93</b>	<b>729.58</b>	<b>512.60</b>
<b>Current</b>			
Current maturities of long-term debt	9,222.84	5,637.15	4,322.57
Interest accrued but not due on borrowings/security deposits	185.91	176.67	189.39
Forward contracts			
Forward contract payables carried at FVTPL	65.72	-	-
Security deposits	224.13	168.98	183.58
Amount payable to customers	1,769.80	840.58	573.02
Employee benefits payable	896.40	817.50	722.26
Capital creditors	68.19	784.85	784.85
Book overdraft	185.93	116.90	214.95
<b>Total other financial liabilities - Current</b>	<b>12,618.92</b>	<b>8,542.63</b>	<b>6,990.62</b>
<b>16 Provisions</b>			
<b>Non-current</b>			
Provision for employee benefits:			
Provision for gratuity (refer note 29)	105.78	60.13	68.47
<b>Total provisions - Non-current</b>	<b>105.78</b>	<b>60.13</b>	<b>68.47</b>
<b>Current</b>			
Provision for employee benefits:			
Provision for compensated absences	181.62	156.39	151.96
<b>Total provisions - Current</b>	<b>181.62</b>	<b>156.39</b>	<b>151.96</b>

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

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

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>17 Trade payables</b>			
Total outstanding dues of creditors of micro and small enterprises (refer note below)	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	5,313.77	5,329.18	5,540.91
<b>Total trade payables</b>	<b>5,313.77</b>	<b>5,329.18</b>	<b>5,540.91</b>
There is no overdue amount payable to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any micro and small enterprises during the current and the previous years. The list of micro and small enterprises was determined by the Company on the basis of information available with the Company.			
<b>18 Current tax liabilities</b>			
Opening balance	-	-	-
Add: Provided during the year	83.00	-	-
Less: Taxes paid	(46.00)	-	-
<b>Total current tax liabilities</b>	<b>37.00</b>	<b>-</b>	<b>-</b>
<b>19 Other current liabilities</b>			
Advances from customers	122.37	243.99	97.66
Statutory dues	230.89	102.08	489.87
<b>Total other current liabilities</b>	<b>353.26</b>	<b>346.07</b>	<b>587.53</b>
		For the year ended March 31, 2019	For the year ended March 31, 2018
<b>20 Revenue from operations</b>			
<b>Sale of products</b>			
Toffees and others		40,381.47	38,153.88
Traded goods		605.15	270.28
<b>Other operating revenue</b>			
Service income		1,034.49	1,135.74
Scrap sales		47.54	45.90
<b>Total revenue from operations</b>		<b>42,068.65</b>	<b>39,605.80</b>
<b>20.1 Reconciliation of revenue with contract price</b>			
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
Contract price		45,699.50	42,997.34
Adjustments :			
Discounts given		3,421.81	3,015.82
Damaged goods (Returns)		209.04	375.72
<b>Revenue from operations as per Statement of Profit and Loss</b>		<b>42,068.65</b>	<b>39,605.80</b>

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

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

### 20.2 Contract liabilities

Payments received in advance from customers (i.e, before transferring control of goods) is recognised as a contract liability. As and when the performance obligation is met, the same is recognized as revenue. Contract liabilities are represented by "Advance from customers" (refer note 19). The entire amount of contract liability in the beginning (i.e, the closing balance of previous period) was recognised as revenue in the current period. As the entity has applied the practical expedient under Para 121 of Ind AS 115 (i.e, the remaining performance obligations are part of contracts that have expected duration of less than a year), reconciliation of contract liabilities which represent unsatisfied performance obligations is not given.

	Year ended March 31, 2019	Year ended March 31, 2018
<b>21 Other income</b>		
Interest income from financial assets at amortised cost		
- Interest income on deposits with banks	141.16	63.50
- on others	0.01	0.02
Unwinding of discount on security deposits	6.92	4.86
Net gain on derivative contracts	321.43	-
Insurance claims	40.17	1.65
Net gain on foreign currency transaction and translation exchange differences	-	79.42
Lease rentals	240.24	202.15
Miscellaneous income	0.10	-
<b>Total other income</b>	<b>750.03</b>	<b>351.60</b>
<b>22 Cost of materials consumed</b>		
Opening inventory	2,489.45	2,787.13
Add: Purchases	19,894.32	19,982.22
Less: Raw material at the end of the year	2,357.13	2,489.45
<b>Total cost of materials consumed</b>	<b>20,026.64</b>	<b>20,279.90</b>
<b>23 Changes in inventories of work-in-progress, stock-in-trade and finished goods</b>		
<b>Stock at the end of the year</b>		
Finished goods	1,894.66	1,700.53
Work-in-progress	63.84	86.67
Stock-in-trade (traded goods)	39.56	69.42
<b>Stock at the beginning of the year</b>		
Finished goods	1,700.53	1,770.01
Work-in-progress	86.67	134.50
Stock-in-trade (traded goods)	69.42	56.02
Movement in excise duty	-	(197.98)
<b>Total change in inventories</b>	<b>(141.44)</b>	<b>(94.07)</b>

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

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

	Year ended March 31, 2019	Year ended March 31, 2018
<b>24 Employee benefits expense</b>		
Salaries, wages and bonus	3,276.16	3,205.26
Contribution to provident and other funds (Refer note 29)	187.96	193.42
Gratuity (Refer note 29)	42.34	48.96
Staff welfare expenses	404.18	384.67
<b>Total employee benefits expense</b>	<b>3,910.64</b>	<b>3,832.31</b>
<b>25 Finance costs</b>		
Interest expense		
- on borrowings*	1,256.29	1,456.27
- on others	7.07	3.12
Guarantee commission	125.84	138.10
<b>Total finance costs</b>	<b>1,389.20</b>	<b>1,597.49</b>
* includes interest expense incurred towards swap arrangements.	441.7	731.90
<b>26 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment (Refer note 3)	3,963.49	4,022.83
Depreciation of investment property (Refer note 3a)	65.51	65.51
Amortisation of intangible assets (Refer note 4)	6.71	6.21
<b>Total depreciation and amortisation expense</b>	<b>4,035.71</b>	<b>4,094.55</b>
<b>27 Other expenses</b>		
Raw material conversion charges	1,174.73	1,452.08
Consumption of stores and spare parts	165.73	180.03
Royalty	387.38	320.19
Packing, dispatching and freight	3,382.48	3,486.62
Clearing forwarding and other charges	249.13	213.74
Power and fuel	1,567.50	1,451.79
Rent	294.16	327.15
Security charges	114.01	117.01
Rates and taxes	137.10	149.45
Bank charges	9.66	-
Repairs and maintenance		
- Buildings	14.24	6.46
- Plant and machinery	600.33	430.73
- Others	208.85	221.56
Travelling and conveyance	652.55	656.35
Provision for bad and doubtful debts	16.48	-

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

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

	Year ended March 31, 2019	Year ended March 31, 2018
Payment to auditors	45.07	22.03
Communication expenses	50.84	68.21
Director fees	7.20	5.20
Loss on sale of property, plant and equipment (net)	-	36.58
Legal and professional fees	142.10	132.01
Insurance	69.62	82.31
Advertisement expenses	723.03	144.23
Sales promotion	1,321.99	1,172.54
Net loss on foreign currency transaction and translation exchange differences	1,244.72	-
Net loss on derivative contracts	-	66.67
Miscellaneous expenses	310.60	315.81
<b>Total other expenses</b>	<b>12,889.50</b>	<b>11,058.75</b>
<b>Note 27(a): Details of payments to auditors</b>		
<b>Payment to auditors</b>		
<b>As auditor</b>		
Audit fee	20.00	10.00
Tax audit and other services	24.00	12.00
Reimbursement of expenses	1.07	0.03
<b>Total payments to auditors</b>	<b>45.07</b>	<b>22.03</b>
<b>28 Income tax expense</b>		
<b>(a) Income tax expense</b>		
Current tax		
Current tax on profits for the period/year	83.00	-
<b>Total current tax expense</b>	<b>83.00</b>	<b>-</b>
<b>Deferred tax</b>		
Decrease/(increase) in deferred tax assets	(290.25)	(175.82)
(Decrease)/increase in deferred tax liabilities	290.25	175.82
<b>Total deferred tax expense</b>	<b>-</b>	<b>-</b>
<b>Total income tax expense</b>	<b>83.00</b>	<b>-</b>
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit/(Loss) from continuing operations before income tax expense	389.34	(1,662.05)
<b>Tax at the rate of 34.944% (March 31, 2018: 34.608%)</b>	<b>136.05</b>	<b>(575.20)</b>
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Utilisation of unrecognised tax credit	(136.05)	
Tax paid under MAT for which deferred taxes is not created	83.00	
Deferred taxes not created on tax losses and temporary timing differences (refer note 6)	-	575.20
<b>Income tax expense</b>	<b>83.00</b>	<b>-</b>



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

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

	Year ended March 31, 2019	Year ended March 31, 2018
<b>(c) Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	1,723.29	1,354.55
Potential tax benefit @ 34.944% (March 31, 2018 - 34.608%)		
Unrecognised deferred tax assets relates to unabsorbed depreciation which can be carried forward without any restrictions		

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

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

	March 31, 2019	March 31, 2018
Leave obligations not expected to be settled within the next 12 months	160.92	142.16

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

The Company has defined contribution plan - provident fund. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards provident fund contribution plan is INR 127.22 (March 31, 2018: INR 129.95)

**Suprannuation fund**

Contribution towards superannuation fund administered by the trustees and managed by Life Insurance Corporation ("LIC") is made in accordance with the terms of employment contracts for eligible employees, where the Company has no further obligations. Such benefits are classified as Defined Contribution Plans as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. The expense recognised during the period towards superannuation fund is INR 60.74 (March 31, 2018: INR 63.47)

**(iii) Post employment obligations - Gratuity**

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

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

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

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

	Present value of obligation	Fair value of plan assets	Net amount
<b>Opening balance as at April 1, 2017</b>	375.50	(307.03)	68.47
Current service cost	43.15	-	43.15
Past service cost	1.86	-	1.86
Interest expense/(income)	23.48	(19.53)	3.95
<b>Total amount recognised in profit or loss</b>	<b>68.49</b>	<b>(19.53)</b>	<b>48.96</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(7.53)	(7.53)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	(17.29)	-	(17.29)
Experience (gains)/losses	(6.60)	-	(6.60)
<b>Total amount recognised in other comprehensive income</b>	<b>(23.89)</b>	<b>(7.53)</b>	<b>(31.42)</b>
Employer contributions	-	(25.88)	(25.88)
Benefit payments	(89.75)	89.75	-
<b>Balances as at March 31, 2018</b>	<b>330.35</b>	<b>(270.22)</b>	<b>60.13</b>
Opening balance as at April 1, 2018	330.35	(270.22)	60.13
Current service cost	40.38	-	40.38
Interest expense/(income)	23.76	(21.80)	1.96
<b>Total amount recognised in profit or loss</b>	<b>64.14</b>	<b>(21.80)</b>	<b>42.34</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	10.28	10.28
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	5.68	-	5.68
Experience (gains)/losses	(11.39)	-	(11.39)
<b>Total amount recognised in other comprehensive income</b>	<b>(5.71)</b>	<b>10.28</b>	<b>4.57</b>
Employer contributions	-	(1.26)	(1.26)
Benefit payments	(43.52)	43.52	-
<b>Balances as at March 31, 2019</b>	<b>345.26</b>	<b>(239.48)</b>	<b>105.78</b>

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

	March 31, 2019	March 31, 2018
Present value of funded obligations	345.26	330.35
Fair value of plan assets	(239.48)	(270.22)
<b>Deficit of funded plan</b>	<b>105.78</b>	<b>60.13</b>

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

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

### (iv) Post-employment benefits

Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

	March 31, 2019	March 31, 2018
Discount rate	7.50%	7.70%
Salary growth rate	7.00%	7.00%
Attrition rate	1.5% to 3%	1.5% to 3%

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

### (v) Sensitivity analysis

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

Impact on defined benefit obligation			
	Change in assumption March 31, 2019	Increase in assumption March 31, 2019	Decrease in assumption March 31, 2019
Discount rate	1.00%	(26.81)	31.13
Salary growth rate	1.00%	30.99	(27.18)
Impact on defined benefit obligation			
	Change in assumption March 31, 2018	Increase in assumption March 31, 2018	Decrease in assumption March 31, 2018
Discount rate	1.00%	(25.65)	29.79
Salary growth rate	1.00%	29.65	(26.01)

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

### (vi) Plan assets

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

	March 31, 2019	March 31, 2018
Schemes of insurance - conventional products managed by LIC - Unquoted	(239.48)	(270.22)
<b>Total</b>	<b>(239.48)</b>	<b>(270.22)</b>

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

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

### (vii) Risk exposure

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

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

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

### (viii) Defined benefit liability

The expected maturity analysis of undiscounted gratuity is as follows:

	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
March 31, 2019	40.14	131.01	267.33	438.48
March 31, 2018	38.41	125.35	255.79	419.55

## 30 Fair value measurements

### Financial instruments measured at Amortised cost

	Note	Hierarchy	March 31, 2019	March 31, 2018	April 1, 2017
<b>Financial assets</b>					
Security deposits	5(b)	3	318.03	280.28	267.13
Advances to employees	5(c)	3	116.04	40.90	46.17
Interest accrued on deposits with banks	5(c)	3	55.30	11.16	30.88
Other receivables	5(c)	3	154.76	442.95	404.55
Trade receivables	9	3	2,454.17	2,044.92	1,939.89
Cash and cash equivalents	10		3,425.96	2,528.39	2,685.31
Bank balances other than cash and cash equivalents	5(c), 11		445.30	735.77	1,885.71
<b>Total financial assets</b>			<b>6,969.56</b>	<b>6,084.37</b>	<b>7,259.64</b>

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

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

	Note	Hierarchy	March 31, 2019	March 31, 2018	April 1, 2017
<b>Financial liabilities</b>					
Borrowings	14	3	21,854.91	26,189.85	30,443.34
Bank overdraft	14	3	-	41.19	112.93
Security deposits	15	3	224.13	168.98	183.58
Amount payable to customers	15		1,769.80	840.58	573.02
Employee benefits payable	15	3	896.40	817.50	722.26
Interest accrued	15	3	4.67	4.46	4.06
Capital creditors	15	3	68.19	784.85	784.85
Book overdraft	15		185.93	116.90	214.95
Trade payables	17	3	5,313.77	5,329.18	5,540.91
<b>Total financial liabilities</b>			<b>30,317.80</b>	<b>34,293.49</b>	<b>38,579.90</b>

**Financial instruments measured at FVPL**

	Note	Hierarchy	March 31, 2019	March 31, 2018	April 1, 2017
<b>Financial assets</b>					
Derivatives	5(c)	2	905.99	675.48	525.18
Investment in equity shares	5(a)	3	0.26	0.26	0.26
<b>Total financial assets</b>			<b>906.25</b>	<b>675.74</b>	<b>525.44</b>

	Note	Hierarchy	March 31, 2019	March 31, 2018	April 1, 2017
<b>Financial liabilities</b>					
Forward contract payables	15	2	638.65	729.58	512.60
<b>Total financial liabilities</b>			<b>638.65</b>	<b>729.58</b>	<b>512.60</b>

**Fair value hierarchy**

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

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

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

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

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

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

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

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

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

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

## 31 Financial risk management

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

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

### A. Credit risk

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

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

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

### Credit risk management

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

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

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

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

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

Customer credit risk is managed by the Company based on established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on prior experience. Outstanding customer receivables are regularly monitored and assessed for its recoverability. Default is said to occur when the amount remains outstanding beyond the agreed credit period. An impairment analysis is performed at each reporting date on an individual basis for major clients. This is done by taking into account the financial position, past experience and other industry-wide factors. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Of the trade receivable balance, INR 1,341.70 (March 31, 2018: 547.03, March 31, 2017: 810.99) is due from a single customer.

### Reconciliation of loss allowance provision - Trade receivables

<b>Loss allowance on April 1, 2017</b>	<b>119.59</b>
Changes in loss allowance	
- Provision made during the year	-
- Written off	-
<b>Loss allowance on March 31, 2018</b>	<b>119.59</b>
Changes in loss allowance	
- Provision made during the year	16.48
- Written off	-
<b>Loss allowance on March 31, 2019</b>	<b>136.07</b>

### B. Liquidity risk

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

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

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

Particulars	Less than 6 months	More than 1 year	Total
<b>As at March 31, 2019</b>			
Forward contract payables	65.72	572.93	<b>638.65</b>
Employee benefits payable	896.40	-	<b>896.40</b>
Borrowings	10,080.29	12,731.87	<b>22,812.16</b>
Security deposits	224.13	-	<b>224.13</b>
Capital creditors	68.19	-	<b>68.19</b>
Book overdraft	185.93	-	<b>185.93</b>
Trade payables	5,313.77	-	<b>5,313.77</b>
<b>Total</b>	<b>16,834.43</b>	<b>13,304.80</b>	<b>30,139.23</b>
<b>As at March 31, 2018</b>			
Forward contract payables	-	729.58	<b>729.58</b>
Employee benefits payable	817.50	-	<b>817.50</b>
Borrowings	6,519.04	21,225.03	<b>27,744.08</b>
Bank overdraft	36.73	-	<b>36.73</b>
Book overdraft	116.90	-	<b>116.90</b>
Security deposits	168.98	-	<b>168.98</b>
Capital creditors	784.85	-	<b>784.85</b>
Trade payables	5,329.18	-	<b>5,329.18</b>
<b>Total</b>	<b>13,773.18</b>	<b>21,954.61</b>	<b>35,727.80</b>
<b>As at April 1, 2017</b>			
Forward contract payables	-	512.60	<b>512.60</b>
Employee benefits payable	722.26	-	<b>722.26</b>
Borrowings	4,940.66	27,203.33	<b>32,143.99</b>
Bank overdraft	108.87	-	<b>108.87</b>
Book overdraft	214.95	-	<b>214.95</b>
Security deposits	183.58	-	<b>183.58</b>
Capital creditors	784.85	-	<b>784.85</b>
Trade payables	5,540.91	-	<b>5,540.91</b>
<b>Total</b>	<b>12,496.08</b>	<b>27,715.93</b>	<b>40,212.01</b>

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

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, BDT and AUD. Foreign exchange risk arises from future commercial



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

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

transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

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

	<b>Borrowings</b>	<b>Trade payables</b>	<b>Trade receivables</b>	<b>Derivative asset</b>	<b>Forward contracts payable</b>	<b>Net exposure to foreign currency risk</b>
<b>As at March 31, 2019</b>						
US Dollars	21,854.91	494.38	(534.98)	(905.99)	638.65	21,546.97
BDT	-	-	(0.94)	-	-	(0.94)
AUD	-	-	(5.06)	-	-	(5.06)
<b>As at March 31, 2018</b>						
US Dollars	26,189.85	453.02	(687.01)	(675.48)	729.58	26,009.96
BDT	-	-	(18.61)	-	-	(18.61)
AUD	-	-	(0.23)	-	-	(0.23)
<b>As at April 1, 2017</b>						
US Dollars	30,443.34	271.03	(374.12)	(525.18)	512.60	30,327.67
BDT	-	-	(19.18)	-	-	(19.18)

**Sensitivity analysis**

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

	<b>Impact on profit before tax</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
<b>USD sensitivity</b>		
USD appreciates by 5% vs INR	(1,009.96)	(1,285.30)
USD depreciates by 5% vs INR	1,009.96	1,285.30
<b>BDT Sensitivity</b>		
BDT appreciates by 5% vs INR	0.05	0.93
BDT depreciates by 5% vs INR	(0.05)	(0.93)
<b>AUD Sensitivity</b>		
AUD appreciates by 5% vs INR	0.25	0.01
AUD depreciates by 5% vs INR	(0.25)	(0.01)

\*Holding all other variables constant

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

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

### D. Market Risk - Interest Rate

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

#### (a) Interest rate risk exposure

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

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Variable rate borrowings (incl. current maturities)	21,673.67	26,017.64	30,258.01

#### (b) Sensitivity

	Impact on Profit after tax	
	March 31, 2019	March 31, 2018
Interest rates - Increase by 100 base points *	(216.73)	(260.70)
Interest rates - Decrease by 100 base points *	216.73	260.70

\*Holding all other variables constant

## 32 Capital management

The Company's objectives when managing capital are to

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

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

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>Net debt</b>			
Debt	21,854.91	26,231.04	30,556.27
Cash and cash equivalents	3,425.96	2,528.39	2,685.31
	18,428.95	23,702.65	27,870.96
<b>Equity</b>	<b>46,185.36</b>	<b>45,883.59</b>	<b>47,514.22</b>
<b>Net debt - equity ratio (percentage)</b>	<b>40%</b>	<b>52%</b>	<b>59%</b>



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

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

**Remuneration to KMP**

	Year ended March 31, 2019	Year ended March 31, 2018
- Mr. Moo Sun Song	48.60	71.51
- Mr. Young Tae Moon	-	55.26
- Mr. Milan Wahi	108.82	78.91
- Mr. Kyunghun Kim	3.91	-

**(iii) Transactions with related parties (contd..)**

Description	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Holding company	Fellow subsidiaries	Holding company	Fellow subsidiaries	Holding company	Fellow subsidiaries
<b>Balances outstanding at the period/year end</b>						
Trade payables						
Lotte Confectionary Company Limited, South Korea	585.17	-	428.93	-	505.93	-
<b>Trade receivables</b>						
Lotte Confectionary Company Limited, South Korea	503.78	-	671.17	-	330.28	-
<b>Capital creditors</b>						
Lotte Engineering Construction India Private Limited	-	68.19	-	784.85	-	784.85
Lotte Engineering Construction Company	-	-	-	-	-	12.20

**34 Segment reporting**
**(a) Description of segments**

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

**(b) Segment revenue**

The Company is domiciled in India.

Information about revenue from major geographies	March 31, 2019	March 31, 2018
India	37,654.66	35,810.47
Others	4,413.99	3,795.33
	<b>42,068.65</b>	<b>39,605.80</b>

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

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

### Information about revenue from major customers

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

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

### 35 Commitments

#### (a) Capital Commitments

	March 31, 2019	March 31, 2018	April 1, 2017
Estimated value of contracts in capital account remaining to be executed	1.71	1.39	5.57

#### (b) Export obligations

In respect of capital goods imported at concessional rate of duties and under Export Promotion Capital Goods scheme, as at the balance sheet date, the Company has outstanding export obligation of INR 4,277.19 (March 31, 2018 : INR 444.44) (April 1, 2017: INR 4,219.84). Subsequent to the year end, the same was met.

### 36 Contingent liabilities

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Claims against the company not acknowledged as debts</b>			
Disputes relating to Service tax/ Excise duty/ VAT/ Income tax	976.01	976.01	889.91

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities. There are employee and trade mark related litigations that are pending with various authorities. The financial impact of such matters will depend upon the outcome of the matter. The management does not expect any material liability in this regard.

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

### 37 Operating leases

*As a lessee*

The Company has taken certain premises under cancellable operating leases. Leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

Rental expense relating to operating leases]

Information about revenue from major geographies	March 31, 2019	March 31, 2018
Total rental expense relating to operating leases	294.16	327.15

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

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

### *As a lessor*

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

Commitments for minimum lease payments in relation to non-cancellable operating leases

	March 31, 2019	March 31, 2018	April 1, 2017
Within one year	121.66	72.21	181.64
Later than one year but not later than five years	105.92	135.14	208.26
Later than five years	-	-	-
<b>Total</b>	<b>227.58</b>	<b>207.35</b>	<b>389.90</b>

## 38 First-time adoption of Ind AS

### Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS balance sheet at April 1, 2017 (the Company's date of transition).

In preparing its first Ind AS financial statements in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards (Ind AS 101), the Company has applied the relevant mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS. Material optional exemptions applied by the Company and applicable mandatory exceptions for the Company are as follows:

#### **A. Optional exemptions and mandatory exceptions:**

##### **A.1 Ind AS optional exemptions**

##### **A.1.1 Deemed cost of Property Plant and Equipment**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible assets. Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value corrected for errors after making the necessary adjustments now required to be made as required by the Ind AS.

##### **A.1.2. Business combinations**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

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

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

**A.1.3. Leases**

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts / arrangements.

**A.2 Ind AS mandatory exceptions****A.2.1 Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as this was not required under previous GAAP.

**A.2.2 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**B. Notes to first-time adoption****B1.1 Forward contracts**

Under the previous GAAP, the group applied the requirements of Accounting Standard 11 : The effects of changes in foreign exchange rates to account for forward contracts entered for hedging foreign exchange risk related to recognised borrowings. At the inception of the forward, the forward premium was separated and amortised as expense over the tenure of the forward. The underlying borrowing was restated at the closing spot exchange rate. Under Ind AS, forward contracts are fair valued, with resulting changes being recognised in the Statement of profit and loss.

**B1.2 Security deposits**

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

**B1.3 Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised net of tax in other comprehensive income, net of tax instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

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

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

**C. Reconciliations between previous GAAP and Ind AS**
**(i) Reconciliation of total equity as at March 31, 2018 and April 1, 2017**

	Notes to first- time adoption	As at March 31, 2018	As at April 1, 2017
<b>Total equity (shareholder's funds) as per previous GAAP</b>		<b>45,983.54</b>	<b>47,517.09</b>
<b>Ind AS adjustments:</b>			
Fair valuation of forward contracts earlier accounted as per AS 11	B.1.1	(99.37)	(2.63)
Fair valuation of security deposits	B.1.2	(0.58)	(0.24)
Tax effects of adjustments			
<b>Total adjustments</b>		<b>(99.95)</b>	<b>(2.87)</b>
<b>Total equity as per Ind AS</b>		<b>45,883.59</b>	<b>47,514.22</b>

**(ii) Reconciliation of total comprehensive income for the year ended March 31, 2018**

	Notes to first- time adoption	Year ended March 31, 2018
<b>Profit after tax as per previous GAAP</b>		<b>(1,533.57)</b>
<b>Ind AS adjustments:</b>		
Fair valuation of forward contracts earlier accounted as per AS 11	B.1.1	(96.74)
Fair valuation of security deposits	B.1.2	(0.34)
Remeasurement of post employment benefit obligation	B.1.3	(31.42)
<b>Total adjustments</b>		<b>(128.50)</b>
<b>Profit after tax as per Ind AS</b>		<b>(1,662.05)</b>
Other comprehensive income (net of tax)	B.1.3	31.42
<b>Total comprehensive income as per Ind AS</b>		<b>(1,630.63)</b>

**(iii) Impact of Ind AS adoption on the statement of cash flows for the year ended March 31, 2018**

The Company has not presented a reconciliation of transition adjustments as there are no material adjustments to the statement of cash flows.

**39 Earnings per share**

	March 31, 2019	March 31, 2018
<b>Basic earnings per share</b>		
Profit after tax (A)	306.34	(1,662.05)
Number of equity shares of INR 10 each at the end of the period/year	108,63,768	108,63,768
Weighted average number of equity shares of INR 10 each outstanding during the year (B)	108,63,768	108,63,768
Basic earnings per share - (in INR) (A/B)	2.82	(15.30)

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



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

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

**40 Transfer pricing**

The independent review for assessing compliance with Transfer Pricing Rules issued by the Central Board of Direct Taxes under the provisions of the Income Tax Act, 1961 for the year ended March 31, 2019 is in progress. However, on the basis of self assessment of the operations during the year, the Management does not expect any significant deviation from the requirements of the aforesaid Transfer Pricing Rules.

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

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

Place : Chennai  
Date : November 27, 2019

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

**Yun Kang Jung**  
*Chairman*  
DIN : 08025252

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

**Inchul Yeo**  
*Chief Financial Officer*

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

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





## LOTTE INDIA CORPORATION LIMITED

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

### ATTENDANCE SLIP

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

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

Number of shares held :

E-mail ID :

### ELECTRONIC VOTING PARTICULARS (\*)


EVSN (e-voting sequence number)	User ID	Password / PIN
191204002	Please enter your DPID / CLID or Folio No.	Use your existing password or enter your PAN with Bank A/c No. / Date of Birth

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

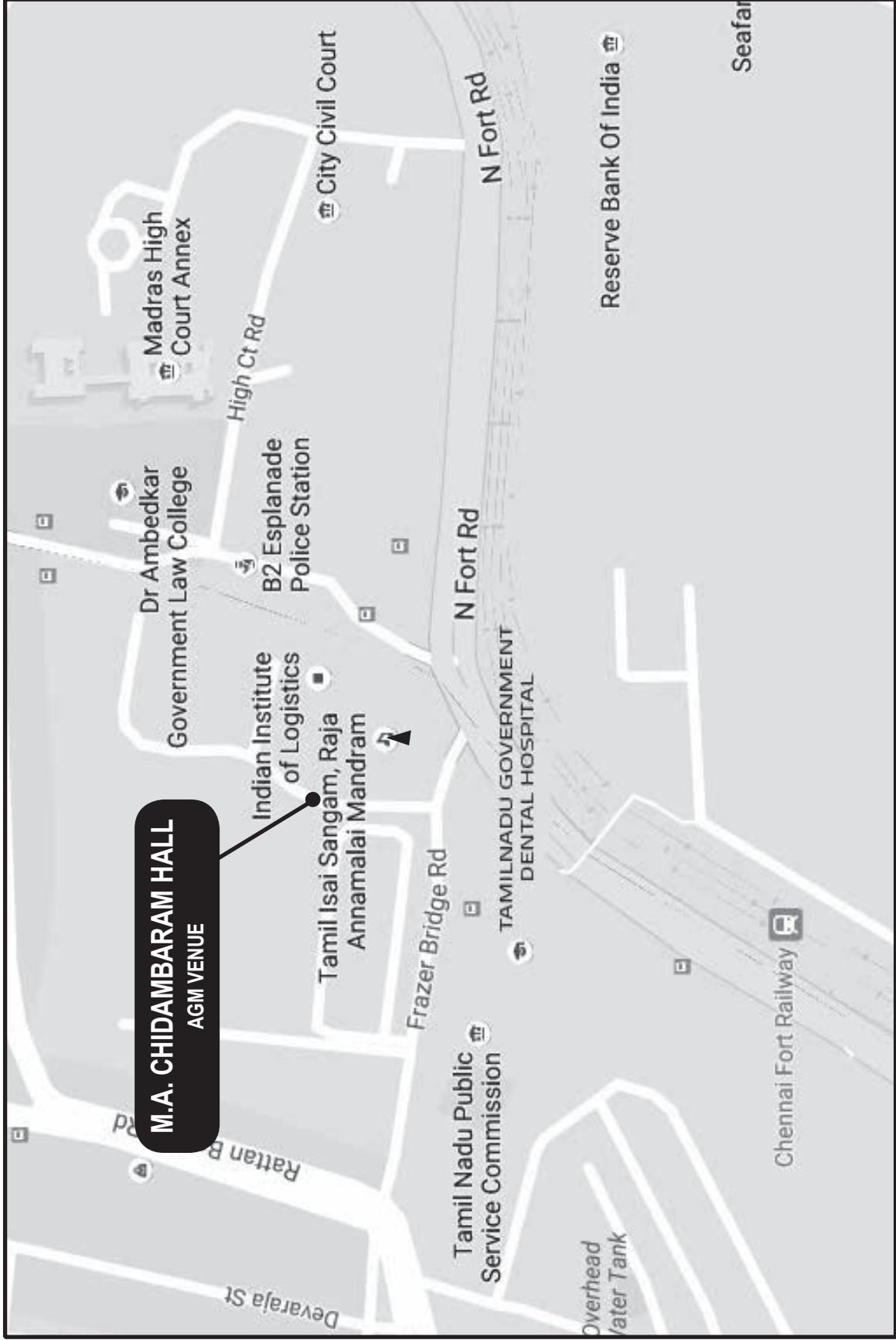
**E-voting period** : From 9 A.M on 27<sup>th</sup> December, 2019 to 5 p.m on 29<sup>th</sup> December, 2019 (both days inclusive)

I/we hereby certify that I/We/am/are registered Member/Proxy for the registered Member of the Company and hereby record my/our presence at the 64<sup>th</sup> Annual General Meeting of the Company held on Monday, the 30<sup>th</sup> December, 2019 at 10.15 A.M at the M.A.Chidambaram Hall, Southern India Chamber of commerce and Industry, Esplanade, Chennai – 600108 or at any adjournment thereof in respect of such resolutions as mentioned in the Notice.

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

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

**ROUTE MAP TO AGM VENUE**



Form No. MGT-11

## Proxy form

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 64th Annual general meeting of the company, to be held on Monday, the 30th December, 2019 at 10.15 a.m. at M.A. Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai 600 108 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

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

Signed this ..... day of ..... 2019.

Signature of shareholder :

Signature of Proxyholder(s) :

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





## **LOTTE INDIA CORPORATION LIMITED**

Head Office  
4/169, Rajiv Gandhi Salai (OMR),  
Kandanchavadi,  
Chennai - 600 096.