

LOTTE
INDIA CORPORATION LIMITED



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CORPORATE INFORMATION

Board of Directors

YONG TACK KIM
Chairman

MYUNG KI MIN
Managing Director

JEA YEL KIM
Wholetime Director

DONG BIN SHIN

SANG HOO KIM

SANG MAN SHIM

K.R.GANAPATHY

D.G.RAJAN

Head – Finance

V. KALYANA SUNDARAM

Company Secretary

S. MURALI KRISHNA

Registered Office

NO. 4/111, MOUNT POONAMALLEE ROAD
MANAPAKKAM, CHENNAI 600 089

Head Office

NO.84, MURUGESAN COMPLEX
SOUTHERN BLOCK, SECOND FLOOR
GREAMS ROAD
CHENNAI 600 006

Factory

NELLIKUPPAM, TAMIL NADU

Auditors

LOVELOCK & LEWES
CHARTERED ACCOUNTANTS
CHENNAI

Bankers

STATE BANK OF INDIA
HDFC BANK LTD.
MIZUHO CORPORATE BANK LTD.
SHINHAN BANK



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Fifty-Third Annual General Meeting of the Company will be held on Tuesday, 22nd July, 2008 at 4.00 p.m. at Kasturi Srinivasan Hall (Mini Hall) Music Academy, 168 TTK Road, Royapettah, Chennai – 600 014 to transact the following:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the audited Profit and Loss Account for the financial year ended 31st March, 2008 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Mr Sang Hoo Kim who retires by rotation and is eligible for reappointment.
3. To appoint a Director in the place of Mr Sang Man Shim who retires by rotation and is eligible for reappointment.
4. To appoint a Director in the place of Mr D G Rajan who retires by rotation and is eligible for reappointment.
5. To consider the re-appointment of M/s Lovelock & Lewes, Chartered Accountants, Chennai, as auditors of the Company to hold office from the conclusion of the 53rd Annual General Meeting till the conclusion of the 54th Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED to recommend the appointment of Mr. Myung Ki Min as Managing Director of the Company for a period of five years with effect from 22nd April, 2008.

FURTHER RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of shareholders and Central Government, Mr. Myung Ki Min, Managing Director, be paid the following remuneration by way of salary, allowances and other perquisites with effect from 22nd April, 2008, subject to tax deduction as applicable.

(In Rs.)

Description		Remuneration Per year
Salary	Basic Salary	900,000
	Total (A)	900,000
Benefits / Medical facilities	Housing	1,200,000
	Car Running & Maintenance Expenses	240,000
	Club Entrance Fee	165,000
	Medical / Domiciliary	100,000
	Medical Insurance Premium	10,000
	Hospitalisation not covered by insurance	60,000
	Personal Accident Insurance Premium	10,000
	Telephone - Land Line, Cell & Credit Card	76,356
	Total (B)	1,861,356
Retirement Benefits	Provident Fund (12%)	108,000
	Gratuity (4.81%)	43,290
	Superannuation Fund (15%)	135,000
	Total (C)	286,290
Total Salary, (A+B+C)		3,047,646

FURTHER RESOLVED THAT Mr. Myung Ki Min will not be entitled to any sitting fee for attending the meeting of the Board or any Committee thereof.

FURTHER RESOLVED THAT in the event of inadequacy or absence of profits, Mr. Myung Ki Min shall be entitled to the above remuneration as the minimum remuneration, subject to the approval of the Central Government.



FURTHER RESOLVED THAT Mr. Myung Ki Min will be governed by all service conditions of the Company as applicable to the Senior Management Staff including retirement age.

FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to make an application to the Central Government and do such other acts, deeds and things as may be required from time to time in giving effect to this resolution.

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

RESOLVED THAT in accordance with the provisions of Sections 198, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "The Act") and subject to such approvals as may be required from time to time, the Directors (other than the Directors not resident in India but including alternate Directors, who are resident in India) who are neither in the whole-time employment of the Company nor the Managing Director of the Company be paid with effect from 1st April, 2008 in respect of each financial year of the Company for a period of five financial years ending 31st March, 2013, remuneration by way of commission not exceeding an amount equal to 1% of the net profits of the Company as computed under Section 349 and 350 of the Companies Act, 1956.

FURTHER RESOLVED THAT the quantum and manner of distribution of the aforesaid commission amount be decided by the Board of Directors from time to time.

FURTHER RESOLVED THAT the aforesaid commission shall be exclusive of fees payable to such Directors for attending the meetings of the Board and committees thereof.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, desirable or expedient to give effect to this resolution.

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

RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time all such sums of money for the purpose of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose, provided that the maximum amount of moneys so borrowed by the Board of Directors and outstanding shall not at any time exceed the sum of Rs.60 Crores (Rupees Sixty Crores only).

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

RESOLVED THAT in accordance with and subject to the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as "Delisting Guidelines") and all applicable laws, rules, regulations, notifications, clarifications and guidelines and subject to such other statutory and/or contractual approvals, permissions, consents and sanctions as may be necessary and subject to such



conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions by any relevant authority including FIPB, RBI, the Stock Exchanges where the Equity Shares of the Company are listed and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any person to whom the board may delegate authority to exercise its powers, including the powers conferred by this resolution), the consent of the members of the Company be and is hereby accorded to the Board to seek voluntary delisting of its Equity Shares from the National Stock Exchange of India Limited, Mumbai, the Madras Stock Exchange Limited, Chennai and Bombay Stock Exchange Limited, Mumbai (under permitted category) after providing an exit opportunity to the existing shareholders (other than promoters) upon the payment of price as may be determined by "Reverse Book Building process" in terms of the Delisting Guidelines;

RESOLVED FURTHER THAT acquisition of shares by the promoters from Non-Residents Shareholders, Shareholders of foreign nationality and/or bodies corporate etc. shall be subject to such approvals as may be required:

RESOLVED FURTHER THAT the Board including any Committee of the Board thereof be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary expedient, usual or appropriate in the best interest of the company including signing of all necessary agreements, to settle all such questions, query, doubt or difficulty which may arise with regard to Voluntary delisting of the Equity Shares of the Company as may be necessary or required for giving effect to this resolution.

By Order of the Board
for Lotte India Corporation Limited

Chennai
June 21, 2008

S MURALI KRISHNA
Company Secretary



NOTES

1. The relevant explanatory statement pursuant to Sec.173 of the Companies Act, 1956 ("The Act") in respect of Item No. 6 to 9 are annexed.
2. A member entitled to attend and vote at the above meeting may appoint one or more Proxies to attend and vote instead of himself / herself. The Proxy need not be a Member of the Company. Proxy to be valid, shall be deposited with the Company not later than forty eight hours before the time for holding the meeting.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 17th July, 2008 to 22nd July, 2008 (both days inclusive).
4. Members are requested to intimate change in their addresses, if any, immediately to the Company at its Head Office quoting their folio number / Client ID number.

ANNEXURE TO THE NOTICE

A. Details of Directors seeking appointment /re-appointment pursuant to Clause 40 of the Listing Agreement with Stock Exchanges

PROFILE OF MR. SANG HOO KIM

Mr. Sang Hoo Kim is a Graduate in Agricultural Chemistry from Korean University. He has experience of over three decades. He has held various positions in Lotte Confectionery Co., Ltd, Korea before being appointed as the Chief Executive Officer.

PROFILE OF MR. SANG MAN SHIM

Mr. Sang Man Shim is a graduate in Newspaper and Broadcasting and has considerable industry experience. He has been the Managing Director of M/s. Inkor Autotech India Private Limited since 1997. He is also the Chairman of the Korean Association, Chennai.

PROFILE OF MR. D G RAJAN

Mr. D. G. Rajan is a Fellow of the Institute of Chartered Accountants in England and Wales and Fellow of the Institute of Chartered Accountants of India. He was a partner in M/s. Lovelock and Lewes, Chartered

Accountants, from 1967 to 1990 and a Senior Partner from 1984 to 1990. He is a member of Audit Committee and Remuneration & Nomination Committee of the Company. He is holding directorships / Committee membership in other Indian Companies.

B. Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 6

Mr. Myung Ki Min was appointed as Managing Director for a period of five years w.e.f. 22nd April, 2008 with remuneration at the Board meeting held on 22nd April, 2008 in place of Mr. K V Ramachandra who has prematurely retired on 4th April 2008.

Mr. Myung Ki Min is a Bachelor of Commerce and also holds a Masters degree in Marketing from Korea University. He possesses rich experience spanning more than two decades in Sales in Lotte Confectionery Co., Ltd. where he served as General Manager for twenty one years before being promoted as Director of Global Business Division.

He is a member of the Shareholders / Investors Grievance Committee of the Company.

The Remuneration and Nomination Committee at their meeting held on 22nd April, 2008 fixed the above remuneration. Considering the experience and the benefits that may accrue to the Company, the remuneration recommended by the Remuneration and Nomination Committee of the Board is reasonable. The remuneration is subject to the approval of the Shareholders and Government of India.

Pending approval of the Central Government, due to inadequacy of profits, Mr. Myung Ki Min will be paid remuneration, as may be determined by the Board or a Committee thereof, within the limits the Company is entitled to pay as per Schedule XIII of the Companies Act, 1956. Accordingly the Special Resolution set out under Item No. 6 of the Notice is submitted to the meeting for the approval of the members.

Your Company has entered into a contract with Mr. Myung Ki Min, Managing Director on the terms and conditions of his employment. The details of the



remuneration may be taken as an abstract as required under Section 302 of the Companies Act, 1956. The contract is available for inspection by the members at the head office of the company on all working days.

None of the directors other than Mr. Myung Ki Min is interested in the resolution.

Item No. 7

Approval of shareholders is sought for payment of commission to Non Wholetime directors (other than the directors not resident in India but including alternate directors, who are resident in India), who are neither in the whole time employment of the Company nor the Managing Director of the Company for an amount not exceeding 1% of the net profits of the Company computed under Section 349 and 350 of the Companies Act, 1956.

The shareholders had earlier authorized payment of commission for a period of five years which expired in the financial year ending 31st March 2008.

In view of the aforesaid reasons, the resolution is again brought for shareholders approval.

All directors except Mr. Myung Ki Min and Mr. Jea Yel Kim are interested in the resolution.

Item No. 8

In view of the increase in borrowings that might be necessitated to meet the needs of the constantly expanding business of the Company and its capacity to utilize the funds profitably, it is considered necessary to fix the borrowing powers of the Board of Directors to a sum not exceeding Rs.60 Crores (Rupees Sixty Crores) over and above the aggregate of the paid up capital of the Company and its free reserves at any time.

The directors recommend the resolution at Item No.8 of the Notice for approval of the members of the Company.

None of the directors is concerned or interested in the said resolution.

Item No. 9

Under the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, a Company is permitted to delist its securities from all the Stock

Exchanges where its securities are listed, provided that the securities of the company have been listed for a minimum period of three years on any stock exchange and if an exit opportunity has been given to the investors for the purpose of which an exit price shall be determined in accordance with the "Reverse Book Building process" described in the said guidelines.

Presently, the Company's securities are listed on the following three Stock Exchanges in India:-

1. The National Stock Exchange of India Limited, Mumbai
2. Madras Stock Exchange Limited, Chennai
3. Bombay Stock Exchange Limited, Mumbai (under permitted category)

As per Clause 40A of the Listing Agreement, minimum requirement of public holding in your Company is 25% of the issued and paid up equity capital of the Company. Since the public shareholding in your Company is only 19.61%, the promoter has decided to opt for voluntary delisting of the Company's securities from the National Stock Exchange of India Limited, the Madras Stock Exchange Limited (Regional Stock Exchange) and Bombay Stock Exchange Limited, Mumbai (under permitted category), by giving an exit option to all the shareholders through Reverse Book Building process as per SEBI (Delisting of Securities) Guidelines, 2003.

In line with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, members' approval is being sought by a Special Resolution for enabling voluntary delisting of its securities from the said Stock Exchanges subject to necessary approvals. Your Directors recommend the Special Resolution for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By Order of the Board
for Lotte India Corporation Limited

Chennai
June 21, 2008

S MURALI KRISHNA
Company Secretary



DIRECTORS' REPORT

Your Directors present the 53rd Annual Report of your Company together with the audited financial statements for the year ended 31st March 2008.

Financial Results

	2007-2008 (Rs.in Lakh)	2006-2007 (Rs.in Lakh)
Sales	16815.48	16217.48
Profit before depreciation and interest & finance charges	83.25	877.38
Less : Depreciation and Interest & finance charges	852.87	595.90
Profit / (Loss) before tax	(769.62)	281.48
Less : Provision for Income Tax :		
Current	—	33.00
Deferred	(217.93)	95.43
Fringe Benefit	27.64	32.50
Profit / (Loss) after tax	(579.33)	120.55
Add : Balance brought forward	456.46	335.92
Balance Profit transferred to Balance Sheet	(122.87)	456.47

As a result of unexpected losses and with a view to conserve the funds for the on going expansion plans, the Board of Directors have decided not to recommend any dividend for the year ended 31st March, 2008.

Review of operations

For the year ended 31st March, 2008 the Company achieved 3.68 % growth in gross sales at Rs. 16815.48 Lakh as against Rs. 16217.48 Lakh in the previous year.

During the year, the Company's profitability suffered a major setback. The Company had to face steep increase in the cost of critical raw materials like Liquid Glucose,

Vanaspatti, milk etc. Further the Company had to spend very aggressively on schemes to sustain the sales momentum, which was affected due to various factors. During the year, the Company also incurred interest to the extent of Rs.295.18 Lakh on Term Loans borrowed for investments made during 2006-07. The funding of the new project got delayed due to the withdrawal of Rights Issue considering highly volatile stock markets in India. The Company has incurred an amount of Rs.62.55 Lakh towards the Rights Issue expenses, which has been charged off to Profit And Loss Account for the year.

A detailed analysis of performance and outlook is given in the Management Discussion and Analysis Report attached herewith.

Long Term Wage Settlement

During the previous year, the Company successfully concluded an overdue Long Term Settlement with the Nellikuppam factory workers union, which has resulted in a one-time lump sum payment of Rs.25 lakh as ex-gratia.

Investor Education and Protection Fund

Pursuant to the provisions of Section 205C of the Companies Act, 1956, your Company has transferred unpaid matured debenture instalments and interest thereon amounting to Rs.8,279.29 to the Investor Education and Protection Fund.

Further, your Company has transferred unclaimed matured fixed deposit amounting to Rs.12,000/- to the Investor Education and Protection Fund.

Directors

Mr. Sang Hoo Kim, Mr. Sang Man Shim and Mr. D.G.Rajan are retiring by rotation in the ensuing Annual General Meeting and offer themselves for re-appointment.



Mr. Myung Ki Min has been appointed as Managing Director with effect from 22nd April, 2008 for a period of five years in the place of Mr K V Ramachandra consequent to his premature retirement as Managing Director of the Company at the end of business hours on 4th April, 2008. The Company has received a notice from a member proposing Mr. Myung Ki Min's name for Directorship.

Application has been made to the Ministry of Corporate Affairs, Government of India for the appointment and remuneration paid / payable to Mr. Myung Ki Min, Managing Director and the approval of Shareholders for the same is being sought at this Annual General Meeting.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, Directors' Responsibility Statement is given in Annexure 'C' to this Report.

Auditors

M/s. Lovelock & Lewes, Chartered Accountants, Chennai, Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting and being eligible have expressed their willingness to be reappointed.

Rights Issue

The Company's proposed Rights Issue amounting to Rs. 200 Crores had to be withdrawn in view of the high volatility of Indian stock markets during January – February 2008. The Company is looking at alternate options for funding the new project.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a report on compliance of Corporate Governance as on 31st March, 2008 duly certified by the Practicing Company Secretary is annexed.

Disclosures

A statement concerning particulars of employees as required under Section 217(2A) of the Companies Act, 1956 is given in Annexure 'B' to this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

During the year 2007-08, the Company had initiated a number of measures for Conservation of Energy and Water at its manufacturing facility at Nellikuppam. Through these measures, the Company has achieved significant reduction in Consumption of power and usage of water, and is expected to reap the resultant benefits in the coming years.

As required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, wherever applicable, are given in Annexure 'A' to this Report.

Acknowledgement

The Board wishes to place on record, its appreciation for the cooperation and support received from the Bankers, suppliers, converters and the Shareholders. The Board also wishes to place on record the whole hearted cooperation given by employees, at all levels, during the year.

On behalf of the Board

Chennai
May 27, 2008

JEA YEL KIM
Wholtime Director

MYUNG KI MIN
Managing Director