

# Havmor

ICE CREAM

# ANNUAL REPORT

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#MadeOfMilk



# **HAVMOR ICE CREAM LIMITED**

## **12<sup>th</sup> ANNUAL REPORT**

**FOR THE YEAR ENDING ON 31st MARCH, 2018**

<i>Name</i>	HAVMOR ICE CREAM LIMITED	
<i>Registered Office</i>	2nd Floor, Commerce House -4, Besides Shell Petrol Pump, 100 Fit Road, Prahaladnagar, Ahmedabad- 380 015 Gujarat - India	
<i>Plant</i>	Plot no. 185/A, Phase-1 Nr. State Bank of India, Naroda GIDC, Ahmedabad- 382 330	
<i>Board of Directors</i>	Noh Mang Ko Jung Yun Kang Park Byung Chan Jeon Hye Lim Duraismamy G. Rajan Nam Ikwoo	Chairman Managing Director Whole Time Director Independent Director Independent Director Director
<i>Company Secretary</i>	Sonam Jain	
<i>Auditors</i>	Price Waterhouse Chartered Accountants LLP 1701, 17th Floor, Shapath V, Opp. Karnavati Club, S. G. Highway, Ahmedabad - 380051, Gujarat, India	
<i>Tax Advisors</i>	Ernst & Young LLP 2nd Floor, Shivalik Ishan Near C.N. Vidhyalaya Ambawadi, Ahmedabad - 380 015	
<i>Bankers</i>	HDFC Bank Limited Yes Bank Limited	

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## HAVMOR ICE CREAM LIMITED

### DIRECTORS' REPORT

To,

#### THE MEMBERS

Your directors present the **12<sup>th</sup> ANNUAL REPORT** together with the Audited Financial Statements and Auditors' report there on for the year ended March 31, 2018.

#### CORPORATE OVERVIEW:

Havmor is one of the India's fastest growing ice cream brand. Havmor has established a name for itself in the Ice Cream segment. Havmor has grown into a delicious facet of the daily life of a large part of Western India. It is available through 40000+outlets across Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Punjab, Chandigarh, Goa, Telangana, Delhi, UP, Chattisgarh, Karnataka, Andhra Pradesh, Haryana and Tamil Nadu. Havmor has more than 200 products, possibly the most extensive range in India.

#### STATEMENT OF AFFAIRS/ FINANCIAL RESULTS:

The Financial Results of the Company for the financial year ended March 31, 2018 are as follows: -

The Revenue from operations stood at Rs. 500.84 Crore compared with Rs. 404.29 Crore in the previous year. The Operating profit before tax stood at Rs. 18.04 Crore as against Rs. 14.89 Crore in the previous year. The Net Profit for year stood at Rs. 13.39 Crore against Rs. 13.69 crore reported in the previous year.

#### OPERATIONS & PERFORMANCE:

During the year under review the Company has registered total income of Rs 498.84 Crore as compared to the previous year total income of Rs. 398.25 Crore. The Company has made profit before tax of Rs 18.04 Crore compared to previous year Rs. 14.89 Crore. Company has delivered yet another year of consistent, competitive and profitable growth aided by strong marketing and trade investments. Company with a strong focus on innovation has continued to delight consumers with a wide range of products. The investment in television and digital media was significantly stepped up during the year.

Additionally, Company had embarked on an ambitious cost savings programmed that delivered record savings during the year. These costs saving programmed along with the judicious pricing, without compromising on the competitiveness of brand investments, helped deliver profitable volume led growth for the year once again. The year witnessed strong and consistent in-market performance on launches and relaunches, which are key drivers of growth. Directors are continuously looking for the new avenues for future growth of the Company and expect more growth in future period.

#### DIVIDEND:

In order to conserve the resources, Directors do not recommend any payment of dividend for the year under review.

#### TRANSFER TO RESERVES:

The Company has not transferred any amount to the reserves as required under the provisions of Section 134(3) (j) of the Companies Act, 2013 and relevant rules made there under.

**MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY:**

No material changes or commitments, affecting the financial position of the Company have occurred between the end of the financial year of the company to which the financial statements relate, i.e. March 31, 2018 and the date of the Board's Report.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

It is hereby stated that:

- (a) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) The Directors have 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 of the Company for that period.
- (c) The Directors have 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 have prepared the annual accounts ongoing concern basis.
- (e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**NUMBER OF BOARD MEETINGS OF THE BOARD:**

The Board of Directors, during the year 2017-2018 duly met 7 times on (1) 20<sup>th</sup> April 2017 (2) 12<sup>th</sup> July 2017 (3) 14<sup>th</sup> September 2017 (4) 22<sup>nd</sup> November 2017 (5) 13<sup>th</sup> December 2017 (6) 16<sup>th</sup> December 2017 and (7) 8<sup>th</sup> January 2018 in respect of which meetings, proper notices were given, and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

**REGISTRAR & TRANSFER AGENT:**

ISIN for shares has been activated by the Company in the NSDL system. The ISIN no. INE687Y01016 have been activated with the Bigshare Services Pvt. Ltd., Ahmedabad as the Registrar of the Company having IN200117 as their BP ID.

During the year, all the shares of Company were purchased by M/s. Lotte Confectionery Co. Ltd., South Korea from the promoters. All the related activities like transfers, splits and issue of new share certificates were handled by the Bigshare Services Pvt. Ltd., Ahmedabad by our new RTA.

## CHANGE IN SHARE HOLDING:

The change in share holding pattern has been summarized below:

Name of the Transferor	Name of the Transferee	Number of Share Transferred
Pradeep S. Chona	Lotte Confectionery Co. Ltd.	2,567,770
Rekha P. Chona	Lotte Confectionery Co. Ltd.	5,101,225
Ankit P. Chona	Lotte Confectionery Co. Ltd.	1,921,000
Gayatri Chona	Lotte Confectionery Co. Ltd.	200,002
Master Ranvir Chona	Lotte Confectionery Co. Ltd.	5,001
Ankit P. Chona – HUF	Lotte Confectionery Co. Ltd.	5,001
Havmor Restaurants Private Limited	Lotte Confectionery Co. Ltd.	200,001

Therefore, after such acquisition, the Company has become a subsidiary of M/s. Lotte Confectionery Co. Ltd, South Korea.

For this transaction, the requisite FC-TRS forms were filed with RBI through our authorized dealer HDFC Bank Ltd.

## DIRECTORS

### Appointments & Re-Appointments

After the acquisition of equity shares of the Company by M/s. Lotte Confectionery Co. Ltd. Mr. Nam Ik Woo, Mr. Jung Yun Kang, Mr. D.G. Rajan, Ms. Jeon Hye Lim, Mr. Noh Mang Ko were appointed as new additional directors of the Company in the Board meeting held on 16<sup>th</sup> December 2017.

Thereafter, in the Board Meeting held on 8<sup>th</sup> January 2018 Mr. Park Byung Chan were appointed as additional director and with the approval of members in their Extra Ordinary General Meeting held on the same day ie on 8<sup>th</sup> January 2018 the new Board of Directors were appointed as under:

1. Mr. Jung Yun Kang – Managing Director
2. Mr. Park Byung Chan - Whole Time Director
3. Mr. Mang Ko Noh – Non-Executive Director
4. Mr. Nam Ik Woo – Non-Executive Director
5. Mr. D.G. Rajan – Independent Director
6. Ms. Jeon Hye Lim – Independent Director

All Directors except Mr. D.G. Rajan and Ms. Jeon Hye Lim of the Company shall retire by rotation at this ensuing AGM and being eligible, offer them self for re-appointment.

At this Annual Meeting Mr. Mang Ko Noh, who retire by rotation and is eligible for reappointment.

**Cessations**

Mr. Pradeep S. Chona, Mr. Ankit P. Chona, Mrs. Rekha P. Chona, Mr. Bhaskar Bhenda, Mr. Anshuman Mohapatra (Independent Director) and Mr. Harishkumar Gupta (Independent Director) resigned from the Board and their resignations were accepted at the Board Meeting held on 16<sup>th</sup> December 2017.

**INDEPENDENT DIRECTOR'S DECLARATION**

The Company has received necessary declaration from its Independent Director's under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

**KEY MANAGERIAL PERSONNEL**

During the year there has been a change in the Key Managerial Personnel.

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are – Mr. Jung Yun Kang, Managing Director, Mr. Park Byung Chan, Whole Time Director, Mr. Sanjay Rajmal Patni, Chief Financial Officer and Mrs. Sonam Jain, Company Secretary.

**CHANGE IN MOA & AOA:**

In the Board Meeting held on 8<sup>th</sup> January 2018 the Company has made the following changes in its MOA & AOA:

1. In view of the increased activities and in order to diversify, the main object clause of the Memorandum of Association stands altered as follows:

(1) "1. To carry on the business in India or elsewhere the business to manufacture, produce, process, convert, commercialize, extract, cool, boil, collect, raise, pack, repack, grade, prepare, supply, market, import, export, buy, sell, distribute, store and to act as an agent, broker, concessionaires, consultants, consignors or otherwise in all types of milk, cream, butter, dry fruits etc and its derivatives, products, by products, residues including ice creams, milk creams, condensed milk yogurt, curd, confectioneries, cakes, biscuits, pastries, Ice Cream cones, promotional material and protein food including the Raw Material, packing material, semi-finished goods related to Ice Cream and related products and Deep Freezes, push cart, tricycles incidental to the Ice Cream Business.

To provide franchisees and support services related to Ice Cream Business."

2. The Company is in the process of conversion from Limited Company to Private Limited Company as per the approval of the members at their meeting held on 8th January 2018. Application has been filed with NCLT on 12th April 2018.

**ENTERING B2C SEGMENT :**

Earlier the Company was in B2B (Business to Business) segment but at the Board meeting held on 8<sup>th</sup> January 2018 the directors have approved to operate a new business segment of B2C (business to consumer segment). Accordingly, the company will now open and operate its own ice cream parlors in various states to increase its presence and visibility.

**DEPOSITS:**

The Company has not accepted any deposit within the meaning of Section 73 of the Companies Act, 2013 during the period under review.



**EXTRACTS OF ANNUAL RETURN:**

As required by the provisions of Section 134(3)(a) of the Companies Act, 2013 and relevant rules made thereunder, the extract of the annual return as provided under sub-section (3) of section 92 is attached herewith - Annexure - I

**CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The Company had entered into contracts with Related Parties u/s 188 of Companies Act, 2013 i.e. M/s. Havmor Cones LLP (now known as HRPL Cones LLP), M/s. Havmor Restaurants Private Limited (Now known as HRPL Pvt. Ltd.) on 10<sup>th</sup> December 2015 for the period of three years ending on 31<sup>st</sup> December 2018.

All related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel, or other designated persons which may have a potential conflict of the interest with the Company at large.

However, consequent to change of shareholders with effect from 16<sup>th</sup> December 2017 there are related party transactions in the Company with Lotte India Corporation Limited, Chennai for purchase of Material from them and payment of rent to them.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186:**

The Company has set the limit of Rs. 100 Crore to make loan/ investment/ Guarantee u/s 186 of Companies Act, 2013 as per the resolution passed by the Share Holders of the Company at their meeting held on 10<sup>th</sup> Dec 2015. The Company has made no loans, guarantees or investments u/s 186.

**PARTICULARS OF EMPLOYEES:**

No employee was drawing salary in excess of the limits prescribed by Central Government pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, from time to time except Mr. Pradeep Chona, Managing Director and Mr. Ankit Chona, Whole Time Director (Managerial Personnel) who were drawing in excess of the limits as per Chapter 13 Rule 7 (2) which says that:

The companies other than listed companies and subsidiary of a listed company may without Central Government approval pay remuneration to its managerial personnel, in the event of no profit or inadequate profit beyond ceiling specified in Section II, Part II of Schedule V, subject to complying with the following conditions namely: -

- I. payment of remuneration is approved by a resolution passed by the Board and, in the case of a company covered under sub-section (1) of section 178 also by the Nomination and Remuneration Committee, if any, and while doing so record in writing the clear reason and justification for payment of remuneration beyond the said limit;
- II. the company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon preference shares and dividend on preference shares for a continuous period of thirty days in the preceding financial year before the date of payment to such managerial personnel;
- III. the approval of shareholders by way of a special resolution at a general meeting of the company for payment of remuneration for a period not exceeding three years;
- IV. a statement along-with a notice calling the general meeting referred to clause (iii) of sub-rule (2) above, shall contain the information as per sub clause (iv) of second proviso to clause (B) of section II of part-II of Schedule V of the Act including reasons and justification for payment of remuneration beyond the said limit;

- V. the company has filed Balance Sheet and Annual Return which are due to be filed with the Registrar of Companies.

Therefore, the Company is complying with the above conditions.

Further, after change in the board of directors on 16<sup>th</sup> December 2017, and after cessation of Mr. Pradeep Chona & Mr. Ankit Chona as directors, no employees are drawing salary in excess of the limits.

#### **POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION:**

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2018, the Board consists of 6 Directors, three of them are executive directors, one is a non-executive and two are non-executive independent Directors. The Board periodically evaluates the need for change in its composition and size.

Further, the Board seeks approval from its shareholders for the change or increase in remuneration of its Managing and Whole Time Directors as recommended by the Nomination & Remuneration Committee based on the industry standards.

The Board of Directors considers it desirable to approve the remuneration payable to Managing Director and Whole Time Director for their current tenure of appointment.

#### **BOARD EVALUATION:**

In a separate meeting of the Independent Directors, performance of non-independent Directors, performance of the Board and performance of the Chairman is being evaluated, taking into account the views of executive Directors and non-executive Directors.

The Nomination & Remuneration Committee has also reviewed the performance of the Chairman & Whole Time Director based on their knowledge, level of effective participation at meetings, understanding of their roles, in regard of which the Committee recommended to increase their remuneration.

#### **INSURANCE:**

All Insurable interests of the Company including Buildings, Plant & Machinery, Furniture & Fixtures, Inventories and other insurable interests are adequately insured.

#### **COMMITTEES OF THE BOARD:**

##### **Audit Committee:**

The Company has its Audit Committee as per the provisions of Section 177 of Companies Act, 2013 and due to change in the management, the Company has changed the composition of its audit committee in the Board meeting held on 12<sup>th</sup> April 2018 following are the new Audit Committee members of the Company:

1. Mr. D. G. Rajan
2. Mr. Jung Yun Kang
3. Mr. Jeon Hey Lim

Further, there are no changes in the Audit Committee apart from its reconstitution.

The primary objective of the Committee is to monitor and provide effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting.

The aforesaid committee is authorized to supervise, guide and review the accounting and financial statements, the internal control systems, suggest improvements/changes in financial and accounting policies and practices of the company, ensuring compliance with accounting standards, compliance with legal requirements concerning financial statements as also recommending appointment and removal of external auditor. The Audit Committee reviews the reports submitted by the Internal Auditors in each of its meeting. The Committee met two times during the year on 1<sup>st</sup> July 2017 and 5<sup>th</sup> September 2017.

#### **Nomination and Remuneration Committee:**

As per the provisions of section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and change in the management the Company has reconstituted its "Nomination and Remuneration Committee in the Board Meeting held on 16<sup>th</sup> December 2017 comprising of following members:

1. Mr. D. G. Rajan
2. Mr. Noh Mang Ko
3. Mr. Jung Yun Kang
4. Mr. Jeom Hey Lim

Further, there are no changes in the Committee apart from its reconstitution.

The Committee is authorized to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommended to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The Committee met two times during the year on 1<sup>st</sup> April 2017 and 8<sup>th</sup> January 2018.

#### **Corporate Social Responsibility Committee:**

As per the provisions of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and change in the management Company has reconstituted its Corporate Social Responsibility Committee in the Board Meeting held on 8<sup>th</sup> January 2018 comprising of following members:

1. Mr. Jung Yun Kang
2. Mr. Park Byung Chan
3. Mr. Duraiswamy Gunaseela Rajan

Further, there are no changes in the Committee apart from its reconstitution.

Company has formulated a Corporate Social Responsibility (CSR) policy for endeavoring various CSR activities in different avenues as prescribed in the CSR Rules. In addition to the above members, Mr. Rajesh Shah and Mr. Sanjay Patni were also appointed as Co-opted members of the CSR committee of the Company. The Co-opted members shall participate and interact with CSR Training and Corporate seminars to gain knowledge and will work and may undertake the CSR projects in consultation and under the directions of the CSR Committee. During the year under review also company has given donation to various trusts. The Committee met twice on 1<sup>st</sup> September 2017 and 3<sup>rd</sup> November 2017.

The details about the initiatives taken by the Company on CSR during the year as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been disclosed in Annexure-III to this Report.

## **POLICIES AND FRAMEWORK**

There are the following policies/ process notes:

- a. Anti-fraud policy
- b. Budgetary Process policy
- c. Code of Conduct policy
- d. Delegation of Authority policy
- e. ERM policy
- f. Whistle Blower policy
- g. Policy for prevention of Sexual Harassment

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

As per the provisions of Section 177(9) of the Companies Act, 2013 a Vigil Mechanism / Whistle Blower Policy, was made. Mr. Rajesh Shah was appointed as Vigilance Officer to hear the grievances of the employees with any person in the company and take steps to resolve the issues amicably and report the same to the Managing Director or to the Chairman of the Company. The offences of serious nature may be brought to the attention of the Chairman of the Audit Committee of the Company who shall after hearing the concerned person award appropriate punishment to the offender.

Our Vigil Mechanism provides a formal mechanism for all Directors, employees and vendors to approach the Chairman of the Audit Committee and make protective disclosures about the unethical behavior, actual or suspected fraud or violation of the Havmor Code of Conduct.

### **POLICY FOR PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:**

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, Company has constituted Internal Committees (IC). While maintaining the highest governance norms, the Company has appointed external member from NGO or associations committed to the cause of woman named Ms. Telma Varghese who has worked in this area and has the requisite experience in handling such matters. To build awareness in this area, the Company has been conducting induction / refresher programs in the organization on a continuous basis.

The policy for Prevention of Sexual Harassment was implemented w.e.f. 01.07.2017 for the term of three years, where the presiding officer (contact person) is Mrs. Richa Sharma and the Committee members are Mr. Rajesh Shah (nominated employee of the Company as per policy), Ms. Telma Varghese (member from NGO or associations committed to the cause of woman).

Havmor Internal Complaints Committee (HICC) has been set up to redress the complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaint has been received in this regard.

## **AUDITORS:**

### **I) STATUTORY AUDITORS:**

At the 11th Annual General Meeting held on 14<sup>th</sup> September 2017, M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration Number 012754N/ N500016) were appointed as Statutory Auditor of the Company from the conclusion of the ensuing annual general meeting until the conclusion of the 12<sup>th</sup> annual general meeting of the Company, subject to ratification by the members at every annual general meeting.

M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration Number 012754N/ N500016), Chartered Accountants has submitted resignation since their audit term of 5 years has been finished and the Company wants to appoint new Chartered Accountant firm.

The Company has received a consent letter along with the certificate from the BSR and Co. Chartered Accountants under the provisions of the Companies Act, 2013, to be appointed at this ensuing Annual General Meeting for a period of 5 years, until the conclusion of 17<sup>th</sup> Annual General Meeting (FY 2022-23). Their appointment if made will be within the prescribed limits, and they are not disqualified for appointment and they are independent of management.

In accordance with the Companies Amendment Act, 2017, enforced on 7th May 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

## **II) SECRETARIAL AUDITOR:**

M/S G R Shah & Associates, Practicing Company Secretary was appointed to conduct the secretarial audit of the Company for the financial year 2017-18, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for FY 2017-18 forms part of the Annual Report as Annexure IV to the Board's report.

## **III) COST AUDITOR:**

M/S Ashish Bhavsar & Associates, Practicing Cost Auditor was appointed to conduct the cost records and valuation of the closing stock for the Financial Year 2017-18.

## **IV) INTERNAL AUDITOR:**

M/s. Manubhai & Shah LLP, Chartered Accountants were appointed as internal auditor for conducting the internal audit of the Company for F.Y. 2017-18

## **EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY AUDITORS:**

The auditors' report does not contain any qualification, reservation or adverse remark and is self-explanatory and thus does not require any further clarification/ comments.

## **INTERNAL CONTROL SYSTEM:**

The Company has an Internal Control System which commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is well defined. The framework has been designed to provide reasonable assurance with respect to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with corporate policies.

The controls based on the prevailing business conditions and processes have been tested during the year and no reportable material weakness in the design or effectiveness was observed. The framework on Internal Financial Controls Over Financial Reporting has been reviewed by the internal and external auditors.

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee.

**RISK MANAGEMENT POLICY:**

The Management regularly reviewed the risk and take appropriate steps to mitigate the risk. The company has in place the Risk Management policy. The Company has a robust Business Risk Management (BRM) frame work to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

**INDUSTRIAL RELATIONS:**

The Directors are pleased to report that the relations between the workmen and the management continued to remain cordial during the year under review.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNING AND OUTGO:**

Being concerned about the environment in and around our industrial facilities, your Company has maintained the Cleanliness inside the factory premises.

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 is given in the Annexure – V.

**ACKNOWLEDGMENT:**

Directors would also like to acknowledge the excellent contribution by the Company in providing the latest innovations, technological improvements, and marketing inputs in which it operates. This has enabled the Company to provide higher levels of consumer delight through continuous improvement in existing products and introduction of new products.

Our consistent growth was made possible by their hard work, solidarity, cooperation, and support. The Company looks forward to further strengthening the synergies.

For and on behalf of the Board of Directors

**Place :** Chennai  
**Date :** 2nd August, 2018

Jung Yun Kang  
Managing Director  
DIN 08025252

Park Byung Chan  
Whole Time Director  
DIN 08046421

**Annexure - I**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

**As on Financial Year ended on 31st March, 2018**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

**I REGISTRATION & OTHER DETAILS:**

i	CIN	U15200GJ2006PLC048016
ii	Registration Date	27th March, 2006
iii	Name of the Company	HAVMOR ICE CREAM LIMITED
iv	Category/Sub-category of the Company	Company Limited by shares / India Non Government Company
v	Address of the Registered office & contact details	21, 22/A, 2nd Floor, Commerce House 4, 100Ft.Anandnagar Road, Prahaladnagar, Ahmedabad - 380015
vi	Whether listed company	N.A.
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Bigshare Services Pvt. Ltd. A/802, Samudra complex, Near Klassic Gold, Girish cold drink,C.G Road, Ahmedabad,Gujrat - 380009 Email - bssahd@bigshareonline.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

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total revenue of the Company
1	Sale of Ice Cream	15205	98.2

**III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

Sr. No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Lotte Confectionery Co. Ltd.  10 Yangpyeong RO 21- Cril, Yeongdeungpo - Cru, Seoul	110111-6536781	Holding	99.9999%	

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

i) Category - wise share holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>A. PROMOTERS SHAREHOLDING</b>								
<b>(1) Indian</b>	-	-	-	-	-	-	-	-
a) Individual/HUF	-	9,999,999	9,999,999	99.99999	-	-	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	1	1	0.00001	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (1)</b>	-	<b>10,000,000</b>	<b>10,000,000</b>	<b>100</b>	-	-	-	-
<b>(2) Foreign</b>								
a) NRI- Individuals	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	9,999,994	9,999,994	0.00001
d) Banks/FI	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2)</b>	-	-	-	-	-	<b>9,999,994</b>	<b>9,999,994</b>	<b>0.00001</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	-	<b>10,000,000</b>	<b>10,000,000</b>	<b>100</b>	-	<b>9,999,994</b>	<b>9,999,994</b>	<b>0.00001</b>





(ii) SHARE HOLDING OF PROMOTERS

SI No.	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in share holding during the year
	No of shares	% of total shares of the company	No of shares	% of total shares of the company	
Mrs. Rekha P. Chona	5,511,225	55.11	-	-	-
Mr. Ankit P. Chona	1,921,000	19.21	-	-	-
Mr. Pradeep S. Chona	2,567,770	25.68	-	-	-
Mrs. Gayatri A. Chona	2	0.00002	-	-	-
Master Ranvir Chona	1	0.00001	-	-	-
Havmor Restaurants Pvt Ltd	1	0.00001	-	-	-
Ankit Pradeep Chona – HUF (Karta Mr. Ankit P. Chona)	1	0.00001	-	-	-
M/s. Lotte Confectionery Co. Ltd.	-	-	9,999,994	100	-
<b>Total</b>	<b>10,000,000</b>	<b>100.00</b>	<b>9,999,994</b>	<b>100</b>	<b>-</b>

(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)

Sl. No.	Particulars	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>1 Rekha P. Chona</b>					
	At the beginning of the year	5,511,225	55.11	5,511,225	55.11
	Date wise increase/decrease in Share holding during the year: 22nd November, 2017 Decrease in shares (Transfer of shares)	410,000	4.10	410,000	4.10
	16th December, 2017 Decrease in shares (Transfer of shares)	5,101,225	51.01	5,101,225	51.01
	<b>At the end of the year</b>	-	-	-	-
<b>2 Ankit P. Chona</b>					
	At the beginning of the year	1,921,000	19.21	1,921,000	19.21
	Date wise increase/decrease in Share holding during the year: 16th December, 2017 Decrease in shares (Transfer of shares)	1,921,000	19.21	1,921,000	19.21
	<b>At the end of the year</b>	-	-	-	-
<b>3 Pradeep S. Chona</b>					
	At the beginning of the year	2,567,770	25.68	2,567,770	25.68
	Date wise increase/decrease in Share holding during the year: 16th December, 2017 Decrease in shares (Transfer of shares)	2,567,770	25.68	2,567,770	25.68
	<b>At the end of the year</b>	-	-	-	-
<b>4 Mrs. Gayatri Chona</b>					
	At the beginning of the year	2	0.00002	2	0.00002
	Date wise increase/decrease in Share holding during the year: 22nd November, 2017- increase in shares (Transfer of shares)	200,000	2	200,000	2
	16th December, 2017 Decrease in shares (Transfer of shares)	200,002	2	200,002	2
	<b>At the end of the year</b>	-	-	-	-
<b>5 Master Ranvir Chona</b>					
	At the beginning of the year	1	0.00001	1	0.00001
	Date wise increase/decrease in Share holding during the year: 22nd November, 2017- increase in shares (Transfer of shares)	5,000	0.050000	5,000	0.050000
	16th December, 2017 Decrease in shares (Transfer of shares)	5,001	0.05001	5,001	0.05001
	<b>At the end of the year</b>	-	-	-	-

<b>6 HRPL Private Limited (Formerly known as Havmor Restaurants Private Limited)</b>				
At the beginning of the year	1	0.00001	1	0.00001
Date wise increase/decrease in Share holding during the year: 22nd November, 2017- increase in shares (Transfer of shares)	200,000	2	200,000	2
16th December, 2017 Decrease in shares (Transfer of shares)	200,001	2	200,001	2
<b>At the end of the year</b>	-	-	-	-
<b>7 Ankit Chona - HUF</b>				
At the beginning of the year	1	0.00001	1	0.00001
Date wise increase/decrease in Share holding during the year: 22nd November, 2017- increase in shares (Transfer of shares)	5,000	0.05000	5,000	0.050000
16th December, 2017 Decrease in shares (Transfer of shares)	5,001	0.05001	5,001	0.05001
<b>At the end of the year</b>	-	-	-	-
<b>8 M/s. Lotte Confectionery Co. Ltd.</b>				
At the beginning of the year	-	-	-	-
Date wise increase/decrease in Share holding during the year: 16th December, 2017 Increase in shares (Transfer of shares)	9,999,994	99.99994	9,999,994	99.99994
<b>At the end of the year</b>	<b>9,999,994</b>	<b>100</b>	<b>9,999,994</b>	<b>100</b>

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
<b>1</b>	<b>Lee Jeong Wook</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year: 16th December, 2017 Increase in shares (Transfer of shares)	1	0.00001	1	0.00001
	<b>At the end of the year</b>	<b>1</b>	<b>0.00001</b>	<b>1</b>	<b>0.00001</b>
<b>2</b>	<b>Kim Jun Yeon</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year: 16th December, 2017 Increase in shares (Transfer of shares)	1	0.00001	1	0.00001
	<b>At the end of the year</b>	<b>1</b>	<b>0.00001</b>	<b>1</b>	<b>0.00001</b>
<b>3</b>	<b>Cho Kyung Woon</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year: 16th December, 2017 Increase in shares (Transfer of shares)	1	0.00001	1	0.00001
	<b>At the end of the year</b>	<b>1</b>	<b>0.00001</b>	<b>1</b>	<b>0.00001</b>
<b>4</b>	<b>Jin Young Dong</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year: 16th December, 2017 Increase in shares (Transfer of shares)	1	0.00001	1	0.00001
	<b>At the end of the year</b>	<b>1</b>	<b>0.00001</b>	<b>1</b>	<b>0.00001</b>

(v) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
<b>1 Rekha P. Chona</b>					
	At the beginning of the year	5,511,225	55.11	5,511,225	55.11
	Date wise increase/decrease in Share holding during the year: 22nd November, 2017 Decrease in shares (Transfer of shares)	410,000	4.10	410,000	4.10
	16th December, 2017 Decrease in shares (Transfer of shares)	5,101,225	51.01	5,101,225	51.01
	<b>At the end of the year</b>	-	-	-	-
<b>2 Ankit P. Chona - Whole Time Director</b>					
	At the beginning of the year	1,921,000	19.21	1,921,000	19.21
	Date wise increase/decrease in Share holding during the year: 16th December, 2017 Decrease in shares (Transfer of shares)	1,921,000	19.21	1,921,000	19.21
	<b>At the end of the year</b>	-	-	-	-
<b>3 Pradeep S. Chona - Managing Director</b>					
	At the beginning of the year	2,567,770	25.68	2,567,770	25.68
	Date wise increase/decrease in Share holding during the year: 16th December, 2017 Decrease in shares (Transfer of shares)	2,567,770	25.68	2,567,770	25.68
	<b>At the end of the year</b>	-	-	-	-
<b>4 Yun Kang Jung - Managing Director</b>					
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year: 16th December, 2017 Decrease in shares (Transfer of shares)	1	0.00001	1	0.00001
	<b>At the end of the year</b>	1	0.00001	1	0.00001
<b>5 Park Byung Chan - Whole Time Director</b>					
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Share holding during the year: 16th December, 2017 Decrease in shares (Transfer of shares)	1	0.00001	1	0.00001
	<b>At the end of the year</b>	1	0.00001	1	0.00001

## V INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,025,179,659	-	-	<b>1,025,179,659</b>
ii) Interest due but not paid				
iii) Interest accrued but not due	5,800,428	-	-	<b>5,800,428</b>
<b>Total (i+ii+iii)</b>	<b>1,030,980,087</b>	<b>-</b>	<b>-</b>	<b>1,030,980,087</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	-	-	-	
Reduction	560,594,391	-	-	<b>560,594,391</b>
<b>Net Change</b>	<b>560,594,391</b>	<b>-</b>	<b>-</b>	<b>560,594,391</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	467,703,925	-	-	<b>467,703,925</b>
ii) Interest due but not paid	2,681,771	-	-	<b>2,681,771</b>
iii) Interest accrued but not due	-	-	-	
<b>Total (i+ii+iii)</b>	<b>470,385,696</b>	<b>-</b>	<b>-</b>	<b>470,385,696</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager					Total Amount
		Pradeep S. Chona - MD	Ankit P. Chona - WTD	Bhaskar Bheda - Director	Jung Yun Kang - MD	Park Byung Chan - WTD	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	13,427,952	12,148,829	1,040,735	260,213	103,490	26,981,219
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	Stock option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission Amount as % of profit others (specify)	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	<b>Total (A)</b>	13,427,952	12,148,829	1,040,735	260,213	103,490	26,981,219
	<b>Ceiling as per the Act</b>						

### B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of the Directors			Total Amount
		Harish K. Gupta	Anshuman Mohapatra	D.G. Rajan	
1	Independent Directors				
	(a) Fee for attending board committee meetings	30,000	30,000	40,000	100,000
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	<b>Total (1)</b>	30,000	30,000	40,000	100,000
2	Other Non Executive Directors				
	(a) Fee for attending board committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c) Others, please specify.	-	-	-	-
	<b>Total (2)</b>	-	-	-	-
	<b>Total (B)=(1+2)</b>	<b>30,000</b>	<b>30,000</b>	<b>40,000</b>	<b>100,000</b>
	<b>Total Managerial Remuneration</b>				-
	<b>Overall Ceiling as per the Act.</b>				-



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD /MANAGER / WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Sonam Jain - Company Secretary	Sanjay Patni - CFO	
1				
	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	264,099	3,335,540	3,599,639
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of profit	-	-	-
	others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>264,099</b>	<b>3,335,540</b>	<b>3,599,639</b>

VII

**PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment			NONE		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NONE		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NONE		
Compounding					

For and on behalf of the Board of Directors

**Place :** Chennai  
**Date :** 2nd August, 2018

Jung Yun Kang  
 Managing Director  
 DIN 08025252

Park Byung Chan  
 Whole Time Director  
 DIN 08046421

**Annexure – II**

**FORM NO. AOC - 2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

Details of contracts or arrangements or transactions not at Arm's length basis.

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	N.A.
b)	Nature of contracts/arrangements/transaction	N.A.
c)	Duration of the contracts/arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A.
e)	Justification for entering into such contracts or arrangements or transactions'	N.A.
f)	Date of approval by the Board	N.A.
g)	Amount paid as advances, if any	N.A.
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

Details of contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	As per attachment below
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Date of approval by the Board	
f)	Amount paid as advances, if any	

Name of Related Party	Nature of transaction	Duration of contract	Salient terms	Advance paid Rs.
Havmor Restaurants Private Limited	Sale of Ice Creams and Packing Material	01-01-2016 to 31-12-2018	N.A.	N.A.
	Purchase of Raw Materials	01-01-2016 to 31-12-2018	N.A.	N.A.
M/s Havmor Enterprise*	Sale of Ice Creams	01-01-2016 to 31-03-2017	N.A.	N.A.
M/s S. C. Chona & Co*	Sale of Ice Creams	01-01-2016 to 31-03-2017	N.A.	N.A.
	Purchase of Raw Materials	01-01-2016 to 31-03-2017	N.A.	N.A.
M/s. Havmor Cones LLP	Sale, Purchase or supply of any goods or materials	01-01-2016 to 31-12-2018	N.A.	N.A.

\*The Company has entered into related Party contract with M/s Havmor Enterprise and M/s S. C. Chona & Co. Both the parties had stopped the business operations completely from 1<sup>st</sup> April 2017, therefore there is no transactions of sale/ purchase during the year under review.

Further, after the change of shareholders on 16<sup>th</sup> December 2017 there are contracts with related parties of the Company with Lotte India Corporation Limited. Chennai for purchase of Material from them and payment of rent to them.

For and on behalf of the Board of Directors

**Place :** Chennai  
**Date :** 2nd August, 2018

Jung Yun Kang  
Managing Director  
DIN 08025252

Park Byung Chan  
Whole Time Director  
DIN 08046421

### Annexure III

The Company has its CSR Policy within broad scope laid down in Schedule VII to the Act, as projects / programs / activities, excluding activities in its normal course of business.

Details of the CSR policy is available on website of the company and web link is [www.havmor.com](http://www.havmor.com)

#### Composition of CSR Committee.

The members in the committee include:

1. Mr. Jung Yun Kang
2. Mr. Park Byung Chan
3. Mr. Duraiswamy Gunaseela Rajan

In addition to the above members, Mr. Rajesh Shah and Mr. Sanjay Patni will also be Co-opted members of the CSR committee of the Company. The Co-opted members shall participate and interact with CSR Training and Corporate seminars to gain knowledge and will work and may undertake the CSR projects in consultation and under the directions of the CSR Committee.

#### Average net profit of the Company for the past three years:

The average net profits as detailed below:

Particulars	(Rs.)
Average net profits for last three financial years	Rs. 1,367.49 Lakhs

#### Prescribed CSR expenditure:

Prescribed CSR expenditure is as detailed below:

Particulars	(Rs.)
Prescribed CSR expenditure	Rs. 27.35 Lakhs

#### Details of CSR spent during the financial year 2017-18

Particulars	(Rs. )
(a) Total amount spent during the year	Rs. 12.00 Lakhs
(b) Amount unspent if any	Rs. 15.35 Lakhs

(c) Manner in which the amount is spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs: 1) Local Area or other 2) Specify the state and district where the project or program was undertaken	Amount outlay (Budget) project or programs wise	Amount spent on the projects or programs sub-heads: 1) (Direct Expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
1.	all India Social Education Charitable Trust	Educational charitable trust	Local Area	12.00	12.00	12.00	Direct

Unspent amount of CSR was planned to spend on various CSR activities including Education, Social, Health Sector etc. The balance unspent amount of CSR is under consideration and will be spent appropriately and judiciously.

**A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company:**

Pursuant to the provisions of section 135 of the Companies Act, 2013 read with Companies Rules (Corporate Social Responsibility Policy) Rules, 2014, Mr. Jung Yun Kang, Managing Director and Mr. Park Byung Chan, Whole Time Director CSR Committee, do confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company

**Annexure - IV**

**Form No. MR-3**

**Secretarial Audit Report**

(For the Financial Year Ended on 31<sup>st</sup> March 2018)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**HAVMOR ICE CREAM LIMITED**  
21,22/A,2nd Floor, Commerce House 4,  
100Ft.Anandnagar Road, Prahaladnagar,  
Ahmedabad-380015.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HAVMOR ICE CREAM LIMITED** (CIN: U15200GJ2006PLC048016) (hereinafter called "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 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 ended on 31<sup>st</sup> March 2018, 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 (as per Annexure A) maintained by the Company for the period ended on 31<sup>st</sup> March 2018 according to the provisions of:

- I. The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment, and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**') to the extent applicable to the Company: -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

VI. I further report that having regard to the Compliance System Prevailing in the Company and on examination of the relevant documents and records pursuant to them of the Company has generally comply with the provision of following laws:

- Food Safety and Standards Act, 2006, rules and regulations thereunder;

It has been found that the Company being an unlisted entity was not required to comply with the provision of the laws indicated in Para (III) to (V)

I have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- ii) The Listing Agreements entered into by the Company with BSE Limited pursuant to Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015;

However, the being unlisted entity the Company is not mandated to follow the Listing Agreements. So the clause (ii) is not applicable to Company

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review are 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.

I have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliance under other laws and regulations applicable to the company

Majority decisions were carried out unanimously and where it was not so, the dissenting members' views were captured and recorded as part of 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.



**I further report that** the compliance by the company of the direct and indirect tax laws has not been reviewed during this audit as the same has been subject to review by statutory financial auditor and other designated professionals.

**I further report that** during the audit period the company has been taken over by the M/s. Lotte Confectionery Co. Ltd. All Directors of the Company has resigned from the office and New Management has been appointed in the Company. All Shares of the shareholders of the Havmor Ice Cream Limited ("the Company") has been transferred to the M/s. Lotte Confectionery Co. Ltd. and the Company has become subsidiary of the M/s. Lotte Confectionery Co. Ltd.

**Place :** Ahmedabad  
**Date :** 2nd August, 2018

**For, G R Shah & Associates**  
**Company Secretaries**

**Gaurang Shah**  
**Proprietor**  
**CP No. 14446**

Note: This report is to be read with our letter of even date which is annexed as Annexure B and forms an integral part of this report.

**Annexure A**  
**List of documents verified**

1. Memorandum and Articles of Association of the Company.
2. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Share Transfer Committee, Stakeholders Relationship Committee, CSR Committee and Independent Directors Meeting along with attendance register held during the period under report.
3. Minutes of General Body meetings held during the period under report.
4. Statutory registers | records under the Companies Act, 2013 and Rules made there under namely:
  - Register of the Directors and the Key Managerial Personnel
  - Register of the Directors' shareholding
  - Register of loans, guarantees and security and acquisition made by the Company
  - Register of Members.
5. Declarations received from the Directors of the Company in form MBP-1 pursuant to the provisions of Section 184 of the Companies Act, 2013.
6. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the period under report.
7. Communications /Letters issued to and acknowledgements received from the Independent Directors for their appointment.
8. Various policies framed by the Company from time to time as required under the Companies Act, 2013.

## Annexure B

To,  
The Members  
**HAVMOR ICE CREAM LIMITED**  
21,22/A, 2nd Floor, Commerce House 4,  
100Ft. Anandnagar Road, Prahaladnagar,  
Ahmedabad-380015.

Our Secretarial Audit Report of even date is to be read along with this letter.

### **Management's Responsibility**

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**

My responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on my audit.

Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

### **Disclaimer**

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.

**Place :** Ahmedabad  
**Date :** 2nd August, 2018

**For, G R Shah & Associates**  
**Company Secretaries**

**Gaurang Shah**  
**Proprietor**  
**C P No. 14446**

**Annexure - V**

**Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo:**

<b>Conservation of energy</b>		
(i)	the steps taken or impact on conservation of energy;	a) ETP Expansion done to Improve discharge quality of water & also due to this expansion getting additional more than 40 % Bio Gas which is used for Boiler & canteen. b) IBT expansion done which has reduced power consumption by more than 5 % in Refrigeration system.
(ii)	the steps taken by the company for utilizing alternate sources of energy;	Company is generating the Bio Gas from ETP plant and using the same in the boiler.
(iii)	the capital investment on energy conservation equipment's	a) Rs. 160 Lacs b) Rs.8.5 lacs
<b>Technology absorption</b>		
(i)	the efforts made towards technology absorption;	NIL
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	a) Developed Almond Cutting M/C which has improved productivity & quality, b) Developed Chocolate topping Nozzle without pneumatic cylinder which has reduced maintenance Cost and downtime in cone machine.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year: -	NIL
	(a) the details of technology imported;	
	(b) the year of import	
	(c) whether the technology been fully absorbed	
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	
(iv)	the expenditure incurred on Research and Development	Company is doing continuous in-house R&D activities, but the expenditure spent on such activities is insignificant.
<b>Foreign Exchange Earning and Outgo</b>		
(i)	Foreign Exchange Earning	NIL
(ii)	Foreign Exchange Outgo	675,457

For and on behalf of the Board of Directors

**Place:** Chennai  
**Date:** 2nd August, 2018

Jung Yun Kang  
Managing Director  
DIN: 08025252

Park Byung Chan  
Whole Time Director  
DIN: 08046421

## INDEPENDENT AUDITORS' REPORT

To the Members of Havmor Ice Cream Limited

Report on the Financial Statements

Page 1 of 3

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF HAVMOR ICE CREAM LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Havmor Ice Cream Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

**INDEPENDENT AUDITORS' REPORT**

To the Members of Havmor Ice Cream Limited

Report on the Financial Statements

Page 2 of 3

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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, 2018, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - g) 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 knowledge and belief and according to the information and explanations given to us:

INDEPENDENT AUDITORS' REPORT  
To the Members of Havmor Ice Cream Limited  
Report on the Financial Statements  
Page 3 of 3

- (i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its financial statements – Refer Note 29;
- (ii) The Company did not have any long-term contracts including derivative contracts as at March 31, 2018.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
- (iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

**Place :** Mumbai  
**Date :** 2nd August, 2018

Priyanshu Gundana  
Partner  
Membership Number: 109553

**Annexure A to Independent Auditors' Report**

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of Havmor Ice Cream Limited on the financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls with reference to financial statement under clause (I) of sub - section 3 of section 143 of the Act.

1. We have audited the internal financial controls with reference to financial statements of Havmor Ice Cream Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the 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 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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



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

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of Havmor Ice Cream Limited on the financial statements for the year ended March 31, 2018

authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Place :** Mumbai  
**Date :** 2nd August, 2018

Priyanshu Gundana  
Partner  
Membership Number: 109553

## Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Havmor Ice Cream Limited on the financial statements as of and for the year ended March 31, 2018.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets of the Company have not been physically verified by the Management during the year. Accordingly, the discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether the discrepancies, if any have been properly dealt with in the books of account.
  - (c) The title deeds of immovable properties, as disclosed in Note 13 on fixed assets to the financial statements, are held in the name of the Company.
- 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. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, sales tax, income tax, service tax, duty of customs, value added tax, goods and service tax with effect from July 1, 2017 though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including, duty of excise 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 sales-tax, service-tax, duty of customs, duty of excise, which have not been deposited on account of any dispute. The particulars of dues of income tax and value added taxes at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Rajasthan VAT Act, 2003	Demand in respect of reversal of input tax credit	400,000 300,000 2,800,000 900,000	Year 2009-10 Year 2010-11 Year 2011-12 Year 2012-13	Dy. Commissioner Appeals, Jaipur
Income Tax	Demand in respect of Dividend Distribution tax	36,362	AY 2004-05	Assessing officer

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Havmor Ice Cream Limited on the financial statements as of and for the year ended March 31, 2018.

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. 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 financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 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

**Place :** Mumbai  
**Date :** 2nd August, 2018

Priyanshu Gundana  
Partner  
Membership Number: 109553

**HAVMOR ICE CREAM LIMITED**  
**Balance Sheet as at 31st March, 2018**

	Note	As at 31st March, 2018	(Amount in Rs.) As at 31st March, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	3	100,000,000	100,000,000
Reserves And Surplus	4	768,592,486	634,652,483
<b>Non-current liabilities</b>			
Long-Term Borrowings	5	116,693,980	345,502,311
Deferred Tax Liabilities (Net)	6	69,336,734	84,413,560
Other Long-Term Liabilities	7	291,597,215	214,329,674
Long-Term Provisions	8	5,004,139	-
<b>Current liabilities</b>			
Short-Term Borrowings	9	290,000,000	580,000,000
Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises and	10	19,745,554	17,886,564
- Total outstanding dues of creditors other than micro enterprises and small enterprises	10	260,014,471	253,372,184
Other Current Liabilities	11	311,306,751	306,936,771
Short-Term Provisions	12	19,002,577	12,714,385
		<b>2,251,293,907</b>	<b>2,549,807,932</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets			
Tangible Assets	13	1,177,778,367	1,173,157,909
Intangible Assets	13	16,443,798	22,909,453
Capital Work-In-Progress		14,988,039	3,388,985
Long-Term Loans and Advances	14	50,542,852	58,232,851
Other Non-Current Assets	15	840,000	103,708,398
<b>Current assets</b>			
Inventories	16	685,908,461	909,555,001
Trade Receivables	17	107,680,798	151,262,007
Cash and Bank balances	18	130,078,227	111,776,551
Short-Term Loans and Advances	19	66,944,054	13,951,845
Other Current Assets	20	89,311	1,864,932
		<b>2,251,293,907</b>	<b>2,549,807,932</b>
<b>Summary of significant accounting policies</b>	2		

The notes 1 to 46 are an integral part of these financial statements

This is the Balance Sheet referred to 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

Priyanshu Gundana  
 Partner  
 Membership Number - 109553

Jung Yun Kang  
 Managing Director

Park Byung Chan  
 Whole Time Director

Sanjay R. Patni  
 Chief Financial Officer

Sonam Jain  
 Company Secretary

**Place :** Mumbai  
**Date :** 2nd August, 2018

**Place :** Chennai  
**Date :** 2nd August, 2018

**HAVMOR ICE CREAM LIMITED**
**Statement of Profit and Loss for the year ended 31st March, 2018**

		(Amount in Rs.)	
	Note	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Income</b>			
Revenue from operations	21	5,008,441,042	4,042,894,525
Less: Excise Duty		33,845,615	84,055,668
Net Revenue from Operations		<b>4,974,595,427</b>	<b>3,958,838,857</b>
Other income	22	13,777,765	23,668,665
<b>Total revenue</b>		<b>4,988,373,192</b>	<b>3,982,507,522</b>
<b>Expenses</b>			
Cost of materials consumed	23	2,561,217,217	1,987,456,455
Purchases of stock-in-trade	24	58,123,502	72,564,082
Changes in inventories of Finished goods, Semi finished and Stock in Trade	25	(13,846,007)	(34,342,887)
Employee benefits expense	26	589,976,798	476,284,644
Finance costs	27	52,642,674	73,463,007
Depreciation and amortisation expense	13	261,320,409	159,899,674
Other expenses	28	1,298,575,505	1,098,313,966
<b>Total expenses</b>		<b>4,808,010,098</b>	<b>3,833,638,941</b>
<b>Profit before tax</b>		<b>180,363,094</b>	<b>148,868,581</b>
<b>Tax expense:</b>			
Current tax		59,500,000	32,000,000
Short provision of tax relating to earlier years		1,999,917	(32,030,633)
MAT Credit Entitlement		-	(10,344,565)
Deferred tax		(15,076,826)	22,339,020
		<b>46,423,091</b>	<b>11,963,822</b>
<b>Profit for the year</b>		<b>133,940,003</b>	<b>136,904,759</b>
<b>Earnings per equity share (Refer Note 34)</b>			
Basic and diluted earning per shares ( In Rs.)		13.39	13.69
Nominal value per equity share ( In Rs.)		10.00	10.00

**Summary of significant accounting policies**

2

The notes 1 to 46 are an integral part of these financial statements

This is the Balance Sheet referred to 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

 Priyanshu Gundana  
 Partner  
 Membership Number - 109553

 Jung Yun Kang  
 Managing Director

 Park Byung Chan  
 Whole Time Director

 Sanjay R. Patni  
 Chief Financial Officer

 Sonam Jain  
 Company Secretary

Place : Mumbai

Date : 2nd August, 2018

Place : Chennai

Date : 2nd August, 2018

**HAVMOR ICE CREAM LIMITED**
**Cash flow statement for the year ended 31st March, 2018**

	(Amount in Rs.)	
	For the year ended 31st March 2018	For the year ended 31st March 2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax as per Statement of Profit and Loss	180,363,094	148,868,581
Adjustments for :		
Depreciation and amortisation	261,320,409	159,899,674
Finance Costs	52,642,674	73,463,007
Interest income	(4,859,166)	(17,345,213)
Profit On Sale Of Fixed Assets (Net)	(4,373,360)	(1,720,433)
Provision for Contingency	3,157,348	40,532
Provision for doubtful debts	4,445,314	727,365
Cash generated from operating activity before working capital changes	<b>492,696,313</b>	<b>363,933,513</b>
<b>Changes in Working Capital</b>		
Increase in Trade payables	8,501,277	5,093,316
Increase in Other current liabilities	18,709,484	3,372,345
Increase in Other long-term liabilities	77,267,541	74,815,749
Increase in Long-term provisions	5,004,139	-
Increase in Short-term provisions	(1,754,775)	1,304,499
(Increase) in Trade receivables	39,135,895	(54,167,319)
(Increase) / Decrease in Inventories	223,646,540	(327,572,283)
(Increase) in Short-term loans and advances	(52,992,209)	73,213,090
(Increase) / Decrease in Long-term loans and advances	(6,710,423)	(2,697,925)
Cash generated from operations	<b>803,503,782</b>	<b>137,294,985</b>
Taxes paid (Net)	(40,543,724)	(22,070,120)
<b>Net Cash from Operating Activities</b>	<b>(A) 762,960,058</b>	<b>115,224,865</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(280,647,504)	(294,916,295)
Proceeds from Sale of fixed assets	39,723,002	6,585,990
Fixed deposits with bank (net)	192,851,948	1,494,100
Interest income	6,634,787	17,413,976
<b>Net Cash Used in Investing Activities</b>	<b>(B) (41,437,767)</b>	<b>(269,422,229)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	-	109,107,603
Repayment of long term borrowings	(267,475,734)	(93,258,692)
Increase in Working Capital Borrowings (net)	(290,000,000)	224,855,998
Finance cost	(55,761,331)	(72,623,581)
<b>Net cash from financing activities</b>	<b>(C) (613,237,065)</b>	<b>168,081,328</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A+B+C) 108,285,226</b>	<b>13,883,964</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>17,376,551</b>	<b>3,492,587</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>125,661,777</b>	<b>17,376,551</b>

**HAVMOR ICE CREAM LIMITED**
**Cash flow statement for the year ended 31st March, 2018**

	(Amount in Rs.)	
	As at 31st March, 2018	As at 31st March, 2017
<b>Cash and cash equivalents include:</b>		
Cash on Hand	1,719,837	464,690
Balances with banks:		
In current accounts	73,941,940	15,328,637
Demand Deposit (Less than 3 months maturity)	50,000,000	1,583,224
	<b>125,661,777</b>	<b>17,376,551</b>

**Notes :**

1. The above Cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 - "Cash Flow Statements".
2. Cash and cash equivalents represent cash and bank balances only.
3. Cash flows in brackets indicate cash out go.

This is the Cash Flow statement referred to 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

Priyanshu Gundana  
Partner  
Membership Number - 109553

Jung Yun Kang  
Managing Director

Park Byung Chan  
Whole Time Director

**Place :** Mumbai  
**Date :** 2nd August, 2018

Sanjay R. Patni  
Chief Financial Officer  
**Place :** Chennai  
**Date :** 2nd August, 2018

Sonam Jain  
Company Secretary

**HAVMOR ICE CREAM LIMITED**
**Notes to financial statements for the year ended 31st March, 2018**
**1 General Information**

Havmor Ice Cream Limited is a closely held limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013 (earlier Act of 1956). The Company manufactures various flavours of ice creams sold in different forms of consumer packs like bulk packs, party packs, family packs, sundaes, cups, cones, candies, bars, roll cut slices, etc.

**2 Summary of significant accounting policies**
**a) Basis of preparation of financial statements**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7(1) of the Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

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

**b) Tangible Assets**

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro rata basis on the straight line method over the useful life of the assets based on technical evaluation done by management's expert which are different than those prescribed by Schedule II of the Companies Act, 2013, in order to reflect the actual usage of assets. The depreciation charge for each period is recognised in the Statement of Profit and Loss, unless it is included in the carrying amount of any other asset. The useful life, residual value and the depreciation method are reviewed atleast at each financial year end. If the expectation differs from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

The estimates of useful lives of tangible assets are as follows :

Description of the Asset	Estimated Useful Life (Years)
Office Buildings	50
Factory Buildings	30
Plant and Machineries	10
Deep Freezers	5
Furniture and Fixtures	4
Electectical Installation	10
Computers	3
Cars	4
Vehicles	5

The useful life of following class of fixed assets have been reassessed based on internal technical reassessment from 1st January,2018 :

Description of the Asset	New Estimated Life	Old Estimated Life
Office building	50	60
Furniture	4	10
Plant & Machinery	10	15
Cars	4	8

As a result, depreciation charge for the current year is higher by Rs. 4,56,59,711.

Leasehold land is amortised over the period of lease.

All directly attributable expenditure during the project construction period are accumulated and shown as capital work-in-progress until the assets are ready for use.



**c) Intangible Assets**

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Intangible assets are amortised over their estimated useful life as follows:

Description of the Asset	Estimated Useful Life (Years)
Goodwill	5
Trademark	10
Computer Software	5

The useful life of computer software have been reassessed from 1st January,2018 as 5 years from 10 years. As a result, amortisation charge for the current year is higher by Rs. 64,75,031.

**d) Borrowing Cost**

Borrowing costs include interest, other costs incurred in connection with borrowing. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

**e) Impairment of assets**

Assessment is done at each balance sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

**f) Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

**g) Inventories**

Inventories are stated at lower of cost and net realisable value and includes all applicable costs incurred in bringing goods to their present location and condition. The basis for determining cost for various categories of inventories is as follows:

Raw Materials and Packing Materials	- Weighted average
Stores and Spares	- Weighted average
Semi Finished goods and Finished goods	- Material cost plus appropriate share of labour, manufacturing and other overheads.

**h) Foreign currency transactions**

**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

#### i) Revenue Recognition

Sale of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax, value added tax and goods and service tax.

Income from services is recognised, net of service tax / goods and services tax when services are rendered.

#### j) Other income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Rental Income is accounted on accrual basis to the extent it is possible to ascertain the income with reasonable accuracy.

#### k) Employee Benefits

##### (i) Short Term Employee Benefits:

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment which are expected to be availed or encashed within twelve months from the end of the year are treated as short term employee benefits. The obligation towards the same is based on an actuarial valuation carried out by an independent actuary as at the year end.

##### (ii) Long Term Employee Benefits:

##### Defined Contribution Plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund. Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company's contributions to the above funds are charged to revenue every year.

##### Defined Benefit Plans

The Company has a Defined Benefit Plan namely Gratuity and Leave Encashment for all its employees. The Company has taken a Group Gratuity Policy and Group Leave Encashment policy with Life Insurance Corporation of India (LIC) and is funded. Long term leave encashment is provision for leave which is expected to be encashed / utilised after twelve months from the Balance Sheet date.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by an independent actuary for measuring the liability is the Projected Unit Credit Method.

(iii) Termination benefits are recognised as an expense as and when incurred.

(iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

(v) Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss over the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the current value, using the market yield on government bonds, as on the date of balance sheet.

**l) Current and deferred tax**

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) credit 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 specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**m) Provisions and Contingent Liabilities**

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

**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.

**n) Leases**

**(a) Operating Lease**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

**(b) Finance Lease**

The Company leases certain tangible assets and such leases where the Company 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 asset and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in other current liabilities. The finance charge is charged to the Statement of Profit and 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.

**HAVMOR ICE CREAM LIMITED**
**Notes to financial statements for the year ended 31st March, 2018**

(Amount in Rs.)  
As at 31st March,  
2018                      As at 31st March,  
2017

<b>3 SHARE CAPITAL</b>		
Authorised		
1,00,00,000 Equity Shares of Rs. 10 each		
(As at 31st March, 2017: 1,00,00,000 Equity Shares)	100,000,000	100,000,000
Issued, Subscribed and Paid up		
1,00,00,000 Equity Shares of Rs. 10 each fully paid		
(As at 31st March, 2017: 1,00,00,000 Equity Shares)	100,000,000	100,000,000

**i) Reconciliation of number of shares**

Equity shares

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	10,000,000	100,000,000	10,000,000	100,000,000
Issued during the year	-	-	-	-
Balance as at the end of the year	<b>10,000,000</b>	<b>100,000,000</b>	<b>10,000,000</b>	<b>100,000,000</b>

**ii) Rights, preferences and restrictions attached to shares**

The company has only one class of equity shares having a par value of Re.10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**iii) Details of shares held by Holding Company:**

	As at March 31, 2018		As at March 31, 2017	
	% holding in the class	Amount	% holding in the class	Amount
99,99,994 shares (31st March, 2017 : Nil ) held by Lotte Confectionery Co. Ltd., Korea the holding company	99.99994%	99,999,940	0%	-

**iv) Details of Share Holders holding more than 5% of Shares in the Company**

Name of Share Holder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Lotte Confectionery Co. Ltd., Korea	9,999,994	99.99994%	-	0%
Pradeep S. Chona	-	0%	2,567,770	26%
Rekha P. Chona	-	0%	5,511,225	55%
Ankit P. Chona	-	0%	1,921,000	19%

v) There are no shares allotted either as fully paid up by way of bonus shares or under any contract without payment received in cash during 5 years immediately preceding March 31, 2018.

**4 RESERVES AND SURPLUS**

<b>i) General Reserve</b>		7,346,982	7,346,982
<b>ii) Surplus in the Statement of Profit and Loss</b>			
Balance at the beginning of the year		627,305,501	490,400,742
Add: Profit for the year		<u>133,940,003</u>	<u>136,904,759</u>
Balance at the end of the year		761,245,504	627,305,501
		<b><u>768,592,486</u></b>	<b><u>634,652,483</u></b>

**HAVMOR ICE CREAM LIMITED**
**Notes to financial statements for the year ended 31st March, 2018**

	As at 31st March, 2018	(Amount in Rs.) As at 31st March, 2017
<b>5 LONG TERM BORROWINGS</b>		
<b>Secured Borrowings</b>		
Term Loans from Banks (Refer (i) (a) and (ii) (a), (b), (c), (d), (e), (f), (g), (h), (i) and (j))	116,693,980	177,703,925
Overdraft facility from bank (Refer (i) (b) and (ii) (k))	-	167,798,386
	<u>116,693,980</u>	<u>345,502,311</u>
<b>i) Security Details</b>		
a) Term Loans from banks aggregating to Rs 177,703,925 (As at 31.03.2017 Rs. 276,467,751) are secured by Hypothecation by way of First and exclusive charges on Plant and machinery, factory land & buildings, office premises and all present and future current assets inclusive of all stock and book debts. The loans were further secured by personal guarantees of directors of the company up to 27th December, 2017.		
b) Overdraft facility is secured by fixed deposits of Rs. Nil (As at 31.03.2017 Rs. 199,691,622)		
<b>ii) Repayment Details</b>		
a) Secured Term Loan of Rs. Nil (as at 31.03.2017 Rs 13,567,556) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 21 quarterly instalments of Rs 4,542,000 started from 31st October, 2012.		
b) Secured Term Loan of Rs. Nil (as at 31.03.2017 Rs 11,160,636) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 21 quarterly instalments of Rs 3,750,000 started from 31st October, 2012.		
c) Secured Term Loan of Rs. Nil (as at 31.03.2017 Rs 8,541,762) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 20 quarterly instalments of Rs 2,500,000 starting from 30th June, 2013.		
d) Secured Term Loan of Rs. Nil (as at 31.03.2017 Rs 9,662,500) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 16 quarterly instalments of Rs 2,415,625 starting from 30th June, 2014.		
e) Secured Term Loan of Rs. 21,634,500 (as at 31.03.2017 Rs 30,288,300) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 20 quarterly instalments of Rs 2,163,450 starting from 31st December, 2015.		
f) Secured Term Loan of Rs. 14,999,996 (as at 31.03.2017 Rs 20,999,998) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 20 quarterly instalments of Rs 1,500,000 starting from 31st December, 2015.		
g) Secured Term Loan of Rs. 19,998,000 (as at 31.03.2017 Rs 29,997,000) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 20 quarterly instalments of Rs 2,499,750 starting from 30th April, 2015.		
h) Secured Term Loan of Rs. 30,000,000 (as at 31.03.2017 Rs 40,000,000) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 20 quarterly instalments of Rs 2,500,000 starting from 11th May, 2016.		
i) Secured Term Loan of Rs. 60,000,000 (as at 31.03.2017 Rs 76,000,000) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 20 quarterly instalments of Rs 40,00,000 starting from 30th March, 2017.		
j) Secured Term Loan of Rs. 31,071,429 (as at 31.03.2017 Rs 36,250,000) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 14 quarterly instalments of Rs 2,589,286 starting from 31st October, 2017.		
k) Overdraft facility carries a floating monthly rate of interest. Repayment of the same is to be done out of maturity proceeds of the fixed term deposits, on security of which, the amount has been borrowed.		
<b>6 DEFERRED TAX LIABILITIES ( NET)</b>		
<b>Deferred Tax Liability</b>		
Depreciation	76,924,931	88,185,893
<b>Deferred Tax Assets:</b>		
Expenses allowable for tax purpose on payment basis	4,755,305	1,294,368
Provision for doubtful debts	2,832,892	2,477,965
	<u>7,588,197</u>	<u>3,772,333</u>
	<u>69,336,734</u>	<u>84,413,560</u>
<b>7 OTHER LONG TERM LIABILITIES</b>		
Deposits from Customers	291,597,215	214,329,674
	<u>291,597,215</u>	<u>214,329,674</u>
<b>8 LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits ( Refer note 36)</b>		
Provision for Leave entitlement	5,004,139	-
	<u>5,004,139</u>	<u>-</u>

**HAVMOR ICE CREAM LIMITED**  
**Notes to financial statements for the year ended 31st March, 2018**

	As at 31st March, 2018	(Amount in Rs.) As at 31st March, 2017
<b>9 SHORT TERM BORROWINGS</b>		
<b>Secured Borrowings ( Refer note (i) )</b>		
Working Capital Demand Loan	290,000,000	580,000,000
	<u>290,000,000</u>	<u>580,000,000</u>
<b>Security Details</b>		
i) Short term secured borrowings from banks are secured by first charges on hypothecation of stocks, book debts, fixed deposits, and all other moveables, both present and future and further secured by first charge by way of mortgage on all immovable properties. These charges are ranking <i>pari passu</i> among working capital lenders.		
<b>10 TRADE PAYABLES</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer note 32) and	19,745,554	17,886,564
Total outstanding dues of creditors other than micro enterprises and small enterprises	260,014,471	253,372,184
	<u>279,760,025</u>	<u>271,258,748</u>
<b>11 OTHER CURRENT LIABILITIES</b>		
Current Maturity of Long term Secured Borrowings ( Refer note 1 below)		
Term Loans from Banks	61,009,945	98,763,827
Vehicle Loan from financial Institution	-	913,521
Interest Accrued but not due on borrowings	2,681,771	5,800,428
Payable towards Statutory Liabilities	23,142,658	45,015,620
Advance Received From Customers	3,602,724	3,725,725
Security Deposit from Vendors	1,843,160	2,675,000
Payable Towards Capital Goods	102,991,681	75,545,125
Employee Benefits payable	57,014,715	40,356,474
Discounts Payable	59,020,097	34,141,051
	<u>311,306,751</u>	<u>306,936,771</u>
Note :		
1. For details of Security and Repayment of Current Maturities of Long Term Borrowings, refer in note 5 "Long Term Borrowings".		
<b>12 SHORT TERM PROVISIONS</b>		
<b>Provision for Employee Benefits ( Refer note 36)</b>		
Provision for Leave entitlement	9,858,089	11,612,864
<b>Other Provisions</b>		
Provision for Taxation (Net of advance tax)	4,885,619	-
Provision for Contingency (Refer Note 40)	4,258,869	1,101,521
	<u>19,002,577</u>	<u>12,714,385</u>



**HAVMOR ICE CREAM LIMITED**

Notes to financial statements for the year ended 31st March, 2017

**13 TANGIBLE AND INTANGIBLE ASSETS**

Particulars	GROSS BLOCK (at Cost)				DEPRECIATION AND AMORTISATION				(Amount in Rs.)	
	As at 31st March, 2016	Additions	Deductions/ Adjustments	As at 31st March, 2017	Up to 31st March, 2016	For the Year	Deductions/ Adjustments	Upto 31st March, 2017	As at 31st March, 2017	NET BLOCK
<b>TANGIBLE ASSETS</b>										
Leasehold Land	15,077,700			15,077,700	1,915,357	140,025		2,055,382	13,022,318	
Building	190,913,501	3,236,002		194,149,503	27,302,792	6,008,260		33,311,052	160,838,451	
Plant and Machinery (Refer note (ii) below)	999,106,010	291,529,706	6,948,626	1,283,687,090	300,795,424	124,992,466	2,418,703	423,369,187	860,317,903	
Office Equipments	30,561,383	9,300,038	62,500	39,798,921	15,690,023	5,656,689	21,233	21,325,479	18,473,442	
Furniture and Fixtures	36,611,509	7,342,105		43,953,614	7,868,321	4,196,575		12,064,896	31,888,718	
Vehicles (Refer note (i) below)	46,432,990	55,718,530	1,407,673	100,743,847	17,720,735	8,740,173	1,113,306	25,347,602	75,396,245	
Computers	34,836,159	6,773,602		41,609,761	21,921,500	6,467,429		28,388,929	13,220,832	
<b>TOTAL TANGIBLE ASSETS</b>	<b>1,353,539,252</b>	<b>373,899,983</b>	<b>8,418,799</b>	<b>1,719,020,436</b>	<b>393,214,152</b>	<b>156,201,617</b>	<b>3,553,242</b>	<b>545,862,527</b>	<b>1,173,157,909</b>	
<b>INTANGIBLE ASSETS</b>										
Goodwill	7,347,086			7,347,086	7,347,086			7,347,086	-	
Patent's and Trademark	10,259,423			10,259,423	9,365,234	322,160		9,687,394	572,029	
Software	30,354,812	7,947,195		38,302,007	12,588,686	3,375,897		15,964,583	22,337,424	
<b>TOTAL INTANGIBLE ASSETS</b>	<b>47,961,321</b>	<b>7,947,195</b>	<b>-</b>	<b>55,908,516</b>	<b>29,301,006</b>	<b>3,698,057</b>	<b>-</b>	<b>32,999,063</b>	<b>22,909,453</b>	
<b>TOTAL FIXED ASSETS</b>	<b>1,401,500,573</b>	<b>381,847,178</b>	<b>8,418,799</b>	<b>1,774,928,952</b>	<b>422,515,158</b>	<b>159,899,674</b>	<b>3,553,242</b>	<b>578,861,590</b>	<b>1,196,067,362</b>	

**Notes:**

(i) Vehicles includes 3 Motor Cars which are registered in name of erstwhile Directors having aggregate gross value of Rs. 18,012,722 and net value of Rs. 7,988,074.



**HAVMOR ICE CREAM LIMITED**
**Notes to financial statements for the year ended 31st March, 2018**

	As at 31st March, 2018	(Amount in Rs.) As at 31st March, 2017
<b>14 LONG TERM LOANS &amp; ADVANCES</b> (Unsecured, Considered Good)		
Capital Advances	2,077,108	406,956
Loans to Employees	748,836	490,817
Advance Tax (Net of Provision)	-	18,290
MAT Credit Entitlement	26,322,914	42,375,198
Security Deposits to Vendors	21,393,994	14,941,590
	<b>50,542,852</b>	<b>58,232,851</b>
<b>15 OTHER NON CURRENT ASSETS</b> (Unsecured - considered good)		
Fixed Deposits with bank with maturity period more than 12 months (Pledged with bank as security against cash credit facility ,overdraft and Bank Guarantees)	840,000	103,708,398
	<b>840,000</b>	<b>103,708,398</b>
<b>16 INVENTORIES</b> (valued at lower of cost and net realisable value)		
Raw Material (Includes Goods in Transit of Rs. Nil (As at 31.03.2017 Rs. 8,613,506)	476,316,458	702,184,812
Packing Material (Includes Goods in Transit of Rs. Nil (As at 31.03.2017 Rs. 1,421,043)	48,528,558	61,728,374
Semi Finished Goods	31,698,215	29,243,275
Finished Goods	88,356,706	73,450,461
Stock in Trade (Includes Goods in Transit of Rs. Nil (As at 31.03.2017 Rs. 1,505,509)	10,586,984	14,102,162
Stores and Spares (Includes Goods in Transit of Rs. Nil (As at 31.03.2017 Rs. 569,956)	30,421,540	28,845,917
	<b>685,908,461</b>	<b>909,555,001</b>
<b>17 TRADE RECEIVABLES</b> (Unsecured, Considered good)		
Outstanding for a period exceeding Six months from the date they were due for payment		
- Considered Good	1,948,543	5,644,885
- Considered doubtful	6,967,999	3,739,868
	8,916,542	9,384,753
Other Debts		
- Considered Good	105,732,255	145,617,122
- Considered doubtful	1,217,183	-
	106,949,438	145,617,122
Total Trade Receivables	115,865,980	155,001,875
Less: Provision for Doubtful Debts	8,185,182	3,739,868
	<b>107,680,798</b>	<b>151,262,007</b>

**HAVMOR ICE CREAM LIMITED**
**Notes to financial statements for the year ended 31st March, 2018**

	As at 31st March, 2018	(Amount in Rs.) As at 31st March, 2017
<b>18 CASH AND BANK BALANCE</b>		
<b>Cash and Cash equivalent</b>		
Cash on Hand	1,719,837	464,690
Balance with Banks:		
a) In Current Accounts	73,941,940	15,328,637
b) Demand Deposit (Less than 3 months maturity)	50,000,000	1,583,224
<b>Other bank balance</b>		
- Fixed Deposits with Maturity More Than 3 Months but Less Than 12 Months (Pledged with bank as security against overdraft and Bank Guarantees)	4,416,450	94,400,000
	<b><u>130,078,227</u></b>	<b><u>111,776,551</u></b>
<b>19 SHORT TERM LOANS AND ADVANCES</b> (Unsecured - considered good)		
Loans to Employees	4,037,182	5,247,153
Advance to Suppliers	59,247,790	5,004,478
Prepaid Expense	3,659,082	3,700,214
	<b><u>66,944,054</u></b>	<b><u>13,951,845</u></b>
<b>20 OTHER CURRENT ASSETS</b> (Unsecured - considered good)		
Interest Accrued But Not Due	89,311	1,864,932
	<b><u>89,311</u></b>	<b><u>1,864,932</u></b>

**HAVMOR ICE CREAM LIMITED**
**Notes to financial statements for the year ended 31st March, 2018**

	For the year ended 31st March, 2018	(Amount in Rs.) For the year ended 31st March, 2017
<b>21 REVENUE FROM OPERATIONS</b>		
<b>Sale of Products</b>		
Sale of Finished goods	4,932,900,655	3,952,896,261
Sale of Traded goods	57,326,182	73,674,688
Sale of Services	13,462,654	15,625,774
Other Operating revenue	4,751,551	697,802
	<b>5,008,441,042</b>	<b>4,042,894,525</b>
Less: Excise Duty	33,845,615	84,055,668
Net Revenue from Operations	<b>4,974,595,427</b>	<b>3,958,838,857</b>
<b>Details of Sale of Products</b>		
i) Sale of Goods Comprises of :		
Sale of Ice Creams	4,915,838,658	3,908,859,958
Sale of Deep Freezers	36,590,969	48,064,860
Sale of Packing Materials	10,572,175	12,024,119
Sale of Raw Materials	4,955,695	11,284,939
Sale of Other Materials	5,207,343	2,300,770
	<b>4,973,164,840</b>	<b>3,982,534,646</b>
<b>Details of Sale of Services</b>		
ii) Sale of Services Comprises of :		
Franchise Income	3,236,697	3,385,198
Other Service Income	10,225,957	12,240,576
	<b>13,462,654</b>	<b>15,625,774</b>
<b>22 OTHER INCOME</b>		
Interest income		
From Bank Deposits	4,176,697	16,623,170
From Employee Loans	682,469	722,043
Rent income	3,306,936	3,598,508
Profit on sale of Fixed Assets (Net)	4,373,360	1,720,433
Net gain on foreign currency transaction and translation	750,119	649,816
Sundry Balances Written Off	433,234	354,694
Insurance Claim	54,950	-
	<b>13,777,765</b>	<b>23,668,664</b>
<b>23 COST OF MATERIALS CONSUMED</b>		
Raw Material Consumed	2,186,111,771	1,676,960,681
Packing Material Consumed	375,105,445	310,495,774
	<b>2,561,217,217</b>	<b>1,987,456,455</b>
<b>Details of Raw Material consumed</b>		
Skimmed Milk Powder	312,187,259	277,867,029
Cream	287,064,526	290,938,607
White Butter	347,854,851	253,783,917
Milk	80,837,861	35,760,573
Sugar	139,524,383	126,815,561
Cones	287,867,065	123,428,972
Others	730,775,827	568,366,022
	<b>2,186,111,771</b>	<b>1,676,960,681</b>

HAVMOR ICE CREAM LIMITED  
Notes to financial statements for the year ended 31st March, 2018

	(Amount in Rs.)	
	As at 31st March, 2018	As at 31st March, 2017
<b>24 PURCHASES OF STOCK IN TRADE</b>		
Purchases of Deep Freezers	33,951,935	45,371,425
Purchases of Raw Material & Other Material	13,388,827	13,037,229
Purchase of Packing Material	10,782,740	14,155,428
	<b>58,123,502</b>	<b>72,564,082</b>
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI FINISHED GOODS AND STOCK IN TRADE</b>		
<b>Opening Stock</b>		
Finished Goods	73,450,461	56,822,818
Semi Finished Goods	29,243,275	14,204,310
Stock In Trade	14,102,162	11,425,883
	<b>116,795,898</b>	<b>82,453,011</b>
<b>Closing Stock</b>		
Finished Goods	88,356,706	73,450,461
Semi Finished Goods	31,698,215	29,243,275
Stock In Trade	10,586,984	14,102,162
	<b>130,641,905</b>	<b>116,795,898</b>
<b>Increase / (Decrease) in Stocks</b>	<b>(13,846,007)</b>	<b>(34,342,887)</b>
<b>26 EMPLOYEE BENEFIT EXPENSE</b>		
Salary, Wages and Bonus	542,345,735	439,513,148
Contribution to Provident Fund and Other Funds	37,570,497	26,892,018
Staff Welfare Expense	10,060,566	9,879,478
	<b>589,976,798</b>	<b>476,284,644</b>
<b>27 FINANCE COSTS</b>		
Interest on long term borrowing	23,722,178	30,014,139
Other Borrowing Costs	28,920,496	43,448,868
	<b>52,642,674</b>	<b>73,463,007</b>
<b>28 OTHER EXPENSES</b>		
Stores and Spares Consumed	20,478,299	17,094,395
Power and Fuel	125,465,425	109,986,567
Rent Expenses	28,521,458	31,206,038
Repairs - Buildings	1,648,977	1,820,658
- Plant & Machinery	14,928,427	18,930,440
- Others	42,922,864	27,657,620
Rates and taxes	1,474,132	1,601,562
Insurance Expense	8,710,845	6,735,291
Travelling Expense	61,477,904	45,055,594
Transportation and Octroi Expenses	265,743,841	212,303,844
Advertisement Expenses	269,217,729	268,700,663
Discount to Customers	155,506,418	99,503,674
Donation Expenses	125,000	786,723
Legal and professional fees	43,692,659	27,812,733
Business Process Reengineering Expenses (Refer note 45)	10,500,000	43,398,200
Auditors remuneration ( refer note 37)	3,525,000	815,000
Provision for doubtful debts	4,445,314	727,365
Service Tax, Vat and CST Expenses	23,716,397	45,391,452
Provision For Contingency (Refer note 40)	3,157,348	40,532
Miscellaneous Expenses	203,228,297	130,010,524
Expenditure towards Corporate Social Responsibility (Refer note 42)	1,200,000	1,500,000
Washing and Cleaning Expenses	8,889,171	7,235,091
	<b>1,298,575,505</b>	<b>1,098,313,966</b>

**HAVMOR ICE CREAM LIMITED**
**Notes to financial statements for the year ended 31st March, 2018**
**29 CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

(Amount in Rs.)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>(a) Contingent Liabilities</b>		
(i) Claims against the Company not acknowledged as debts:		
- Provision not made for Income tax matters in dispute	905,332	905,332
- Provision not made for Labour Law matters in dispute	861,322	1,285,214
- Disputed demand of Rajasthan Commercial Tax Department (VAT)	4,400,000	4,400,000
<b>(b) Capital Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for ( net of advance of Rs 10,23,000 previous year Rs 30,000)	1,309,068	974,940

30 The company operates in a single segment of manufacturing and sales of Ice Cream and and related products. Considering the nature of company's business and operations, there is /are no reportable segments (Business and /or Geographical) in accordance with the requirements of Accounting Standard 17 - "Segment Reporting".

31 The Company is in the process of conversion from Limited Company to Private Limited Company as per the approval of the members at their meeting held on 8th January, 2018. Application has been filed with NCLT on 12th April, 2018.

32 The information below in Trade Payables with respect to Micro, Small and Medium Enterprises, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
(a) Principal Amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	18,310,819	17,021,247
(b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	1,434,735	865,317
(c) Principal Amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year.	118,502,828	53,762,039
(d) Interest paid, other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-
(e) Interest paid, under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-
(f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	569,418	36,651
(g) Further interest remaining due and payable for earlier years.	865,317	828,666

**33 Leases**
**Operating lease:**

The Company has entered into various cancellable leasing arrangements for offices and godowns towards which rent amount of Rs. 2,85,21,458 (Previous year Rs. 3,12,06,038) has been recognised in the Statement of Profit and Loss.

**34 Earnings per share :**

Earning per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculated basic and diluted earnings are stated below:

Particulars		For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Profit for the year	Rs.	133,940,003	136,904,759
Weighted average number of equity shares outstanding during the year	No	10,000,000	10,000,000
Nominal Value of equity share	Rs.	10	10
Earning per share (Basic and Diluted )	Rs.	13.39	13.69

**HAVMOR ICE CREAM LIMITED**
**Notes to financial statements for the year ended 31st March, 2018**
**36 The company has classified the various benefits provided to employees are as under :**
**I. Defined Cotribution plans :**

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss:

**(Amount in Rs.)**

Particulars	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Employer's Contribution to Provident Fund and Pension Scheme	12,939,735	10,610,290
Employer's Contribution to Employees State Insurance Scheme	6,751,709	4,038,589

**II. Defined Benefits plan :**
**(A) Gratuity**

The Company has defined benefit plans for Gratuity to eligible employees. Valuation in respect of gratuity has been carried out by an independent actuary, as at Balance sheet date. The Plan Assets are administered by Life Insurance Corporation of India ("LIC") as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority regulations.

**(Amount in Rs.)**

Particulars	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
<b>Status of the Gratuity as required under AS 15 (Revised):</b>		
<b>i. Reconciliation of Opening and Closing Balances of defined benefit obligation</b>		
Liability at the beginning of the Year	28,389,439	23,656,787
Current Service Cost	4,645,497	3,529,625
Past Service Cost	934,111	-
Interest Cost	2,134,886	1,909,103
Benefit paid	(2,898,688)	(1,980,438)
Net Actuarial loss / (gain) Recognised	128,904	1,274,362
<b>Liability at the end of the Year</b>	<b>33,334,149</b>	<b>28,389,439</b>
<b>ii. Reconciliation of Opening and Closing Balances of the Fair value of Plan assets</b>		
Plan assets at the beginning of the Year, at Fair value	30,658,512	25,398,455
Expected return on plan assets	2,320,849	2,049,655
Contributions	8,636,786	5,512,514
Benefit paid	(2,898,688)	(1,980,438)
Actuarial gain/(loss) on plan assets	(336,382)	(321,674)
<b>Plan assets at the end of the Year</b>	<b>38,381,077</b>	<b>30,658,512</b>
<b>iii. Reconciliation of the Present value of defined benefit obligation and Fair value of plan assets</b>		
Obligations at the end of the Year	33,334,149	28,389,439
Plan assets at the end of the Year, at Fair value	38,381,077	30,658,512
<b>Asset / (Liability) recognised in balance sheet</b>	<b>Refer Note below</b>	<b>Refer Note below</b>
The Company contributes to an irrevocable trust due to which contributions once made cannot be refunded to the Company inspite of excess of fair value of plan asset over present value of defined benefit obligation. Hence gratuity asset of Rs. 5,046,928 (Previous year Rs. 2,269,073) is not recognised in the books.		
<b>iv. Expense recognised in Statement of Profit and Loss</b>		
Current service cost	4,645,497	3,529,625
Past Service Cost	934,111	-
Interest cost	2,134,886	1,909,103
Expected return on plan assets	(2,320,849)	(2,049,655)
Actuarial Gain / (Loss)	465,286	1,596,036
<b>Total Expense recognised in Statement of Profit and Loss</b>	<b>Refer Note below</b>	<b>Refer Note below</b>
The Company contributes to an irrevocable trust due to which contributions once made cannot be refunded to the Company. Hence no gratuity income is recognised in the books.		

Particulars	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>v. Experience adjustments on planned assets and obligations:</b>				
Defined Benefit Obligation	33,334,149	28,389,439	23,656,787	18,779,794
Plan Asset	38,381,077	30,658,512	25,398,455	17,197,310
Surplus / (Deficit)	<b>5,046,928</b>	<b>2,269,073</b>	<b>1,741,668</b>	<b>(1,582,484)</b>
Experience adjustments in plan liabilities (gain)/ loss	487,178	(375,293)	3,537,293	(1,127,233)
Experience adjustments in plan assets gain / (loss)	(336,382)	(321,674)	248,787	(36,615)

**HAVMOR ICE CREAM LIMITED**
**Notes to financial statements for the year ended 31st March, 2018**

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand and the employment market.		
<b>vi. Actuarial Assumptions</b>		
Discount Rate (per annum)	7.85%	7.52%
Expected rate of return on plan assets	7.85%	7.57%
Attrition Rate	2.00%	2.00%
Expected average remaining working lives of employees (years)	23.00	23.00
Annual Increase in Salary Cost	7.00%	7.00%

**(B) Leave encashment**

The Company has defined benefit plans for leave encashment and compensated absences to eligible employees. Valuation in respect of leave encashment and compensated absences have been carried out by an independent actuary, as at Balance sheet date. The Plan Assets are administered by Life Insurance Corporation of India ("LIC") as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority regulations.

Particulars	(Amount in Rs.)	
	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
<b>Status of the Leave Encashment as required under AS 15 (Revised):</b>		
<b>i. Changes in Defined Benefit Obligations (DBO) during the year</b>		
Opening Present Value of Obligation	12,140,509	10,904,524
Current Service Cost	2,758,096	2,009,760
Interest Cost	912,966	879,995
Actuarial (Gain) / Loss	3,509,136	2,656,696
Benefit Paid	(5,084,891)	(4,310,466)
<b>Present Value of Obligation at the year end</b>	<b>14,235,816</b>	<b>12,140,509</b>
<b>ii. Reconciliation of Opening and Closing Balances of the Fair value of Plan assets</b>		
Plan assets at the beginning of the Year, at Fair value	4,988,263	4,508,082
Expected return on plan assets	375,117	363,802
Contributions	5,113,950	4,321,125
Benefit paid	(5,084,891)	(4,310,466)
Actuarial gain/(loss) on plan assets	117,757	105,720
<b>Plan assets at the end of the Year</b>	<b>5,510,196</b>	<b>4,988,263</b>
<b>iii. Reconciliation of the Present value of defined benefit obligation and Fair value of plan assets</b>		
Obligations at the end of the Year	14,235,816	12,140,509
Plan assets at the end of the Year, at Fair value	5,510,196	4,988,263
<b>Asset / (Liability) recognized in balance sheet</b>	<b>(8,725,620)</b>	<b>(7,152,246)</b>
<b>iv. Expenses recognised in Statement of Profit and Loss</b>		
Current Service Cost	2,758,096	2,009,760
Interest Cost	912,966	879,995
Expected Return on Plan Assets	(375,117)	(363,802)
Net Actuarial Loss / (Gain) recognised in the year	3,391,379	2,550,976
<b>Total Expense recognised in Statement of Profit and Loss</b>	<b>6,687,324</b>	<b>5,076,929</b>

Particulars	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
	<b>v. Experience adjustments on planned assets and obligations:</b>			
Defined Benefit Obligation	14,235,816	12,140,509	10,904,524	8,278,483
Plan Asset	5,510,196	4,988,263	4,508,082	3,383,761
Surplus / Deficit	<b>(8,725,620)</b>	<b>(7,152,246)</b>	<b>(6,396,442)</b>	<b>(4,894,722)</b>
Experience adjustments in plan liabilities (gain)/ loss	4,058,932	1,909,999	4,539,932	681,499
Experience adjustments in plan assets gain / (loss)	117,757	105,720	177,839	(184,394)

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand and the employment market.		
<b>vi. Actuarial Assumptions</b>		
Discount Rate (per annum)	7.85%	7.52%
Expected rate of return on plan assets	7.85%	7.52%
Attrition Rate	2.00%	2.00%
Expected average remaining working lives of employees (years)	23.00	23.00
Annual Increase in Salary Cost	7.00%	7.00%

The liability for sick leave at the end of the year is Rs. 6,136,608 (Previous year Rs. 4,460,618)

**HAVMOR ICE CREAM LIMITED**
**Notes to financial statements for the year ended 31st March, 2018**
**37 Payment to Statutory Auditors**
**(Amount in Rs.)**

Particulars	For the Year ended 31st March, 2018		For the Year ended 31st March, 2017	
	Value	%	Value	%
Statutory Audit Fees	2,750,000		750,000	
Tax Audit Fees	150,000		50,000	
Others	600,000		-	
Out of pocket expense	25,000		15,000	
	<b>3,525,000</b>		<b>815,000</b>	

**38 Value of Raw Materials, Packing Materials and stores & Spares consumed :**

Particulars	For the Year ended 31st March, 2018		For the Year ended 31st March, 2017	
	Value (Amount in Rs.)	%	Value (Amount in Rs.)	%
<b>Raw Material</b>				
Indigenous	2,186,111,771	100%	1,676,960,681	100%
Imported	-	0%	-	0%
	<b>2,186,111,771</b>	<b>100%</b>	<b>1,676,960,681</b>	<b>100%</b>
<b>Packing Material</b>				
Indigenous	358,515,038	96%	279,563,490	90%
Imported	16,590,407	4%	30,932,284	10%
	<b>375,105,445</b>	<b>100%</b>	<b>310,495,774</b>	<b>100%</b>
<b>Stores and Spares Parts</b>				
Indigenous	20,478,299	100%	16,570,212	97%
Imported	-	0%	524,183	3%
	<b>20,478,299</b>	<b>100%</b>	<b>17,094,395</b>	<b>100%</b>

**39 Foreign Currency Transactions**
**(Amount in Rs.)**

Particulars	For the Year ended 31st March, 2018		For the Year ended 31st March, 2017	
	Value	%	Value	%
<b>(a) C.I.F. Value of imports</b>				
Capital goods	128,600		6,288,428	
Packing Material	16,448,562		23,522,352	
Machinery Spares	-		524,183	
<b>(b) Expenditure in foreign currency</b>				
Membership Subscription	226,493		220,770	
Travelling Expenses	448,964		205,403	

**40 Provision for Contingency**
**(Amount in Rs.)**

Particulars	For the Year ended 31st March, 2018		For the Year ended 31st March, 2017	
	Value	%	Value	%
Opening Balance	1,101,521		1,060,989	
Additions during the Year	4,258,869		1,101,521	
Provision written back during the Year	1,101,521		1,060,989	
Provision utilised during the Year	-		-	
Closing Balance	4,258,869		1,101,521	

Provision for contingency represents estimates made for probable liabilities arising out of pending disputes / litigations with various regulatory authorities. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the Company under relevant laws and hence the company is not able to reasonably ascertain the timing of the outflow.

**41 Disclosures relating to Specified Bank Notes\* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016**
**(Amount in Rs.)**

Particulars	For the Year ended 31st March, 2018		
	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	4,657,000	128,150	4,785,150
(+) Permitted receipts	-	17,281,197	17,281,197
(-) Permitted payments	-	7,495,934	7,495,934
(-) Amount deposited in Banks	4,657,000	9,363,100	14,020,100
Closing cash in hand as on 30 December 2016	-	550,313	550,313

\* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.



**HAVMOR ICE CREAM LIMITED**
**Notes to financial statements for the year ended 31st March, 2018**
**42 Expenditure towards Corporate Social Responsibility (CSR) activities**

Particulars	(Amount in Rs.)	
	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
(a) Gross amount required to be spent by the company :	2,734,988	2,685,095
(b) Amount spent :		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	1,200,000	1,500,000

**43 Derivative Instruments and Unhedged Foreign Currency Exposures**
**Particulars of Unhedged Foreign Currency Exposures**

Particulars	Foreign Currency Denomination	Foreign Currency Amount
Trade Payables	USD	- (20,125)

Note: Figures in brackets represent figures for the previous year.

- 44** During the year Company has purchased total 13,369 (Previous year 12,135) deep freezes (including cycles) out of which 11,541 (Previous year 9,759) deep freezes (including cycles) has been capitalised.
- 45** The Company has engaged the services of management consultants for a period of 36 months to provide the services for strategic planning, budgeting process, manufacturing excellence, procurement excellence, supply chain planning etc. An amount of Rs. 10,500,000 (Previous year Rs. 43,398,200) towards fees has been charged to the Statement of profit and loss.
- 46** Previous year figures' has been regrouped/ reclassified to conform this year's classification.

The notes 1 to 46 are an integral part of these financial statements

As per our report of even date attached.

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

Priyanshu Gundana  
Partner  
Membership Number - 109553

**Place :** Mumbai  
**Date :** 2nd August, 2018

For and on behalf of the Board of Directors

Jung Yun Kang  
Managing Director

Sanjay R. Patni  
Chief Financial Officer

**Place :** Chennai  
**Date :** 2nd August, 2018

Park Byung Chan  
Whole Time Director

Sonam Jain  
Company Secretary

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