



**INDEPENDENT AUDITORS' REPORT**

**To the Members of Mahen Distribution Limited**

**Report on the Audit of the Financial Statements**

**1. Opinion**

We have audited the financial statements of Mahen Distribution Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("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 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**2. Basis for Opinion**

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

**3. Information Other than the Financial Statements and Auditors' Report Thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Registered Office : # 302, Sector 38 A, Chandigarh – 160014



#### **4. Management's Responsibility for the Financial Statements**

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

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### **5. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 6. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (ii) 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 (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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, As per the Board of Directors of the company, in view of the MCA Notification No. G.S.R. 583(E) dated 13 June 2017, the company is exempt from the requirements of clause (i) of section 143(3) and therefore the report on adequacy and operating effectiveness of internal financial controls is not being made.



- 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 information and according to the explanations given to us:
- i. The Company has no pending litigations as at 31 March 2020.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
- (iii) With respect to the matter to be included in the Auditors' Report under section 197(16):

The Company is a private limited company and accordingly the requirements as stipulated by the provisions of section 197(16) of the Act are not applicable to the Company.

Place: Chandigarh  
Date: 25 June, 2020

For Mukta Arvind & Associates  
Chartered Accountants  
Firm's Registration No. 018341N

  
Arvind Kumar  
Partner  
Membership No. 91661

**MAHEN DISTRIBUTION LIMITED**  
**(CIN - U93000CH2009PLC031625)**  
**Balance Sheet as at 31st March 2020**  
**(Amount in Rupees unless stated otherwise)**

Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Non-current investments	1	84,003,130	84,003,130
Income Tax Assets	2	188,846	188,846
<b>Total non-current assets</b>		<b>84,191,976</b>	<b>84,191,976</b>
<b>Current assets</b>			
Inventories	3	10,319,971	22,125,552
Financial Assets			
-Trade receivables	4	478,511	824,000
-Cash and cash equivalents	5	2,935,302	1,665,236
Other Current Assets	6	7,476,564	10,023,777
<b>Total current assets</b>		<b>21,210,348</b>	<b>34,638,564</b>
<b>Total Assets</b>		<b>105,402,324</b>	<b>118,830,540</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	7	60,057,000	60,057,000
Other Equity	8	(3,720,550)	(3,638,751)
<b>Total Equity</b>		<b>56,336,450</b>	<b>56,418,249</b>
<b>LIABILITIES</b>			
<b>Non-Current liabilities</b>			
Financial Liabilities			
-Borrowings		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Current liabilities</b>			
Financial Liabilities			
-Borrowings	9	15,000,000	15,000,000
-Trade payables	10	33,015,104	41,849,147
-Other financial liabilities	11	976,072	466,027
Other current liabilities	12	74,698	5,097,117
<b>Total current liabilities</b>		<b>49,065,874</b>	<b>62,412,291</b>
<b>Total liabilities</b>		<b>49,065,874</b>	<b>62,412,291</b>
<b>Total Equity and Liabilities</b>		<b>105,402,324</b>	<b>118,830,540</b>


The notes referred to above form an integral part of the Ind AS financial statements.

As per our report attached for the balance sheet

For Mukta Arvind and Associates  
Chartered Accountants  
Firm Registration No: 018341N  
  
CA Arvind Kumar  
Partner  
Membership No. 091661

For and on behalf of the Board of directors  
Mahen Distribution Limited

  
C Raja Sekhar  
Director  
DIN:08690770

  
V S Mathur  
Director  
DIN:07910605

Place: Chandigarh  
Dated: 25.06.2020



**MAHEN DISTRIBUTION LIMITED**  
(CIN - U93000CH2009PLC031625)

**Statement of Profit and Loss for the period ended 31st March 2020**  
(Amount in Rupees unless stated otherwise)

	Note	For the year ended 31st March 2020	For the year ended 31st March, 2019
<b>Particulars</b>			
<b>CONTINUING OPERATIONS</b>			
Revenue from operations	13	15,765,777	5,762,942
Other income	14	6,500	-
<b>Total Income</b>		<b>15,772,277</b>	<b>5,762,942</b>
<b>EXPENSE</b>			
Purchase of stock-in-trade	15	-	-
Changes in inventories of finished goods and stock-in-trade	16	11,805,581	12,398,685
Employee benefit expense	17	-	-
Finance costs	18	2,309,286	2,165,658
Other expenses	19	1,739,209	1,725,042
<b>Total expenses</b>		<b>15,854,076</b>	<b>16,289,385</b>
<b>Profit (loss) before tax from continuing operations</b>		<b>(81,799)</b>	<b>(10,526,443)</b>
<b>Tax expense:</b>			
Current tax charge		-	-
MAT Credit Entitlement		-	-
Deferred tax charge (credit)		-	-
<b>Profit/(loss) for the year</b>		<b>(81,799)</b>	<b>(10,526,443)</b>
<b>Earnings per equity share [Nominal value of Rs.10 (previous year Rs.10)]</b>			
Basic (Rs.)		(0.01)	(1.75)
Diluted (Rs.)		(0.01)	(1.75)

Significant accounting policies

The notes referred to above form an integral part of the Ind AS financial statements.

As per our report attached to the balance sheet

For Mukta Arvind and Associates  
Chartered Accountants  
Firm Registration No: 018341N



CA Arvind Kumar  
Partner  
Membership No. 091661

For and on behalf of the Board of directors  
Mahen Distribution Limited

C Raja Sekhar  
Director  
DIN:08690770

V S Mathur  
Director  
DIN:07910605

Place : Chandigarh

Dated: 25.06.2020

**MAHEN DISTRIBUTION LIMITED**  
(CIN - U93000CH2009PLC031625)  
Cash flow statement for the year ended 31st March 2020  
(Amount in Rupees unless stated otherwise)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>A. Cash flow from operating activities:</b>		
Net profit before tax from continuing operations	(81,799)	(10,526,443)
Adjustments for:		
Depreciation	-	-
Deferred Tax	-	-
Loss on sale of fixed assets	-	-
Provision of doubtful debts	-	-
Bad debts written off	-	-
Dividend Income	-	-
Interest expense	2,285,654	2,127,824
Interest income	-	-
Less: Tax paid	-	-
<b>Operating profit before working capital changes</b>		
Adjustments for:		
(Increase) / decrease in trade and other receivables	345,489	208,235
(Increase) / decrease in loans and advances	2,547,213	777,331
(Increase) / decrease in inventories	11,805,581	12,398,685
Increase / (decrease) in trade payables	(8,834,043)	(9,797,854)
Increase / (decrease) in other current liabilities	510,045	(10,003)
Short term provisions	-	-
<b>Cash flow from operating activities before taxes</b>	<b>8,578,140</b>	<b>(4,822,225)</b>
Direct taxes paid / (refunds) (net)	<b>5,022,419</b>	<b>(5,040,590)</b>
<b>Net cash flow from operating activities</b>	<b>3,555,721</b>	<b>218,365</b>
<b>B. Cash flow from investing activities:</b>		
(Increase) / decrease in Investments	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from issue of capital	-	-
Proceeds of long term borrowings (net of repayment)	-	-
Repayment of Demand Loan	-	-
Increase/(decrease) in short term borrowings	-	-
Increase/(decrease) in unsecured loans	-	-
Interest paid	(2,285,654)	(2,127,824)
Dividend paid	-	-
<b>Net cash used in financing activities</b>	<b>(2,285,654)</b>	<b>(2,127,824)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,270,067</b>	<b>(1,909,459)</b>
<b>Opening cash and cash equivalents</b>	<b>1,665,236</b>	<b>3,574,695</b>
<b>Closing cash and cash equivalents</b>	<b>2,935,303</b>	<b>1,665,236</b>
<b>Notes:</b>		
1 Cash and cash equivalents include:		
Balance with banks	<b>2,935,302</b>	<b>1,665,236</b>
2 The cash flow statement has been prepared in accordance with "Indirect Method" as set out in Indian Accounting Standard-7 on "Statement on Cash Flows"		
3 Refer note no.1 for significant accounting policies.		

For Mukta Arvind and Associates  
Chartered Accountants  
Firm Registration No: 018341N

CA Arvind Kumar  
Partner  
Membership No. 091661

Place : Chandigarh  
Dated: 25.06.2020

For and on behalf of the Board of directors  
Mahen Distribution Limited

C Raja Sekhar  
Director  
DIN:08690770

V S Mathur  
Director  
DIN:07910605

Mahen Distribution Limited  
(CIN - U93000CH2009PLC031625)  
Statement of changes in Equity for the year ended 31st March 2020

a. Equity share capital

Total

Balance as at 1st April, 2018				60,057,000
Changes in equity share capital during 2018-19				-
Balance as at 31st March, 2019				60,057,000
Changes in equity share capital during 2019-20				-
Balance as at 31st March, 2020				60,057,000

b. Other Equity

Particulars	Retained earnings	Compulsory convertible cumulative preference shares	Securities premium	Total Other Equity
Balance as at 1st April, 2018	(7,867,508)	-	14,755,200	6,887,692
-Loss for the year	(10,526,443)	-	-	(10,526,443)
-Issue of equity shares on account of conversion of compulsory convertible cumulative preference shares	-	-	-	-
-Securities premium on the equity shares issued on conversion of compulsory convertible cumulative preference shares	-	-	-	-
As at 31st December, 2019	(18,393,951)	-	14,755,200	(3,638,751)
-Issue of equity shares on account of conversion of compulsory convertible cumulative preference shares	-	-	-	-
-Securities premium on the equity shares issued on conversion of compulsory convertible cumulative preference shares	-	-	-	-
-Loss for the year	(81,799)	-	-	(81,799)
As at 31st March, 2020	(18,475,750)	-	14,755,200	(3,720,550)

The notes referred to above form an integral part of the financial statements.

As per our report attached to the balance sheet

For Mukta Arvind and Associates

Chartered Accountants

Firm Registration No: 018341N

CA Arvind Kumar

Partnered Accountant

Membership No. 091661

For and on behalf of the Board of directors  
Mahen Distribution Limited

C Raja Sekhar

Director

DIN:08690770

V S Mathur

Director

DIN:07910605

Place : Chandigarh

Dated: 25.06.2020



MAHEN DISTRIBUTION LIMITED  
(CIN - U93000CH2009PLC031625)

Notes forming part of the accounts as on 31st March, 2020  
(Amount in Rupees unless stated otherwise)

	As at 31st March 2020	As at 31st March, 2019
<b>1. Non - current investments</b>		
1,700,000 (previous year 1,700,000) Equity shares of Ethos Limited of Rs. 10 each fully paid up at cost	17,000,000	17,000,000
531,993 Equity shares (Previous year -531,993) of Ethos Limited of Rs. 10 each fully paid up at premium of Rs 90 each (pursuant to KRL Rights Issue 2011)	53,199,300	53,199,300
5157 (previous year 5157) Equity shares of Ethos Limited of Rs. 10 each fully paid up at premium of Rs 180 each	979,830	979,830
56000 Equity shares of Ethos Limited of Rs. 10 each fully paid up at premium of Rs 219 each	12,824,000	12,824,000
	<b>84,003,130</b>	<b>84,003,130</b>
<b>2. Income Tax Assets</b>		
MAT credit entitlement AY 2014-15	86,664	86,664
MAT credit entitlement AY 2015-16	102,182	102,182
	<b>188,846</b>	<b>188,846</b>
<b>3. Inventories</b>		
Finished goods for trading	10,319,971	22,125,552
Add: goods-in transit	-	-
	<b>10,319,971</b>	<b>22,125,552</b>
<b>4. Trade receivables</b> (Unsecured and considered good, unless otherwise stated)		
-Debts outstanding for a period exceeding six months, considered good	-	-
-from others	478,511	824,000
-Other debts, considered good	478,511	824,000
	<b>478,511</b>	<b>824,000</b>
<b>5. Cash and cash equivalents</b>		
Balances with banks in current accounts	2,935,302	1,665,236
	<b>2,935,302</b>	<b>1,665,236</b>
<b>6. Other Current Assets</b>		
GST Recoverable	7,469,189	10,013,967
Prepaid Expenses	7,375	9,810
	<b>7,476,564</b>	<b>10,023,777</b>



	As at 31st March 2020		As at 31st March, 2019	
	Number of shares	Amount	Number of shares	Amount
<b>7. Share capital</b>				
<u>Authorised</u>				
Equity shares of Rs. 10 each	7,350,000	73,500,000	7,350,000	73,500,000
12 % Cumulative preference shares of Rs. 56 each	230,000	12,880,000	230,000	12,880,000
12% Cumulative preference shares of Rs. 65 each	100,000	6,500,000	100,000	6,500,000
	<b>7,680,000</b>	<b>92,880,000</b>	<b>7,680,000</b>	<b>92,880,000</b>
<u>Issued, optionally, subscribed and paid up</u>				
Equity shares of Rs.10 each fully paid up	6,005,700	60,057,000	6,005,700	60,057,000
	<b>6,005,700</b>	<b>60,057,000</b>	<b>6,005,700</b>	<b>60,057,000</b>
(a) <u>Reconciliation of share capital outstanding as at the beginning and at the end of the year</u>				
a) Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	6,005,700	60,057,000	6,005,700	60,057,000
Add: converted during the year	-	-	-	-
At the end of the year	<b>6,005,700</b>	<b>60,057,000</b>	<b>6,005,700</b>	<b>60,057,000</b>
(b) The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share except for the members whose calls are in arrears. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors (except for interim dividend) is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the 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.				
(c) <u>Shares held by ultimate holding company/ holding company and their subsidiaries/ associates</u>				
	As at 31st March 2020		As at 31st March, 2019	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up	5,928,700	59,287,000	5,928,700	59,287,000
KDDL Limited (holding company / ultimate holding company)				
(d) <u>Details of shareholders holding more than 5% shares of the Company</u>				
	As at 31st March 2020		As at 31st March, 2019	
	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid up held by KDDL Limited	5,928,694	98.72	5,928,694	98.72
<b>8. Other Equity</b>				
	As at 31st March 2020		As at 31st March, 2019	
(i) <u>Compulsory Convertible Cumulative Preference Shares</u>				
Balance at beginning of the year	-	-	-	-
Issue of equity shares on account of conversion	-	-	-	-
Balance at the end of the year	-	-	-	-
(ii) <u>Retained Earnings</u>				
Balance at beginning of the year	(18,393,951)	(7,867,507)	(18,393,951)	(7,867,507)
Add: Profit / (loss) for the year	(81,799)	(10,526,443)	(81,799)	(10,526,443)
Balance at the end of the year	<b>(18,475,750)</b>	<b>(18,393,951)</b>	<b>(18,475,750)</b>	<b>(18,393,951)</b>
(iii) <u>Securities Premium Reserve</u>				
Balance at beginning of the year	14,755,200	14,755,200	14,755,200	14,755,200
Add: Issue of equity shares on account of conversion of 12% Cumulative Compulsory Convertible Preference	-	-	-	-
Balance at the end of the year	<b>14,755,200</b>	<b>14,755,200</b>	<b>14,755,200</b>	<b>14,755,200</b>
<b>Total</b>	<b>(3,720,550)</b>	<b>(3,638,751)</b>	<b>(3,720,550)</b>	<b>(3,638,751)</b>
	Current		Non Current	
	As at 31st March 2020	As at 31st March, 2019	As at 31st March 2019	As at 31st March, 2019
<b>9. Borrowing</b>				
VBL Innovations Private Limited*	15,000,000	-	-	15,000,000
	<b>15,000,000</b>	<b>-</b>	<b>-</b>	<b>15,000,000</b>

\* Unsecured Loan from VBL Innovations Private Limited carry an interest rate of 14% (31st March 2019 - 14%) per annum and is repayable within 6 months





	As at 31st March 2020	As at 31st March, 2019
<b>10. Trade payable</b>		
Other trade payables		
- Total outstanding dues to micro and small enterprises #	-	-
- To related parties	32,943,104	41,777,147
- Others	72,000	72,000
	<u>33,015,104</u>	<u>41,849,147</u>

# There are no micro, small and medium enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the end of the year. The information as required to be disclosed in relation 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 31st March 2020	As at 31st March, 2019
(a) The principal amount remaining unpaid to any supplier at the end of the year	-	-
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	-	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ( "MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-
(f) The amount of interest accrued and remaining unpaid at the end of year	-	-
(g) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act	-	-

	As at 31st March 2020	As at 31st March, 2019
<b>11. Other financial liabilities</b>		
Interest due but not paid	972,572	466,027
Expenses payable	3,500	-
	<u>976,072</u>	<u>466,027</u>

	As at 31st March 2020	As at 31st March, 2019
<b>12. Other current liabilities</b>		
TDS Payable	74,698	66,317
Advances from customers	-	5,030,800
	<u>74,698</u>	<u>5,097,117</u>



MAHEN DISTRIBUTION LIMITED  
(CIN - U93000CH2009PLC031625)  
Notes forming part of the accounts as on 31st March 2020  
(Amount in Rupees unless stated otherwise)

Particulars	For the year ended 31st March 2020	For the year ended 31st March, 2019
<b>13. Revenue from operations</b>		
Sales(net)	15,765,777	5,762,942
	<b>15,765,777</b>	<b>5,762,942</b>
<b>Foot notes:</b>		
(i) <b>Sale of products (net) - Traded goods</b>		
Sales of traded goods (net)		
Watches	15,765,777	5,762,942
Others	-	-
Total	<b>15,765,777</b>	<b>5,762,942</b>
<b>14. Other income</b>		
Exchange Rate Difference	-	-
Liabilities no longer payable written back	6,500	-
Rounding Off	-	-
	<b>6,500</b>	<b>-</b>
<b>15. Purchase of stock-in-trade</b>		
Finished goods for trading	-	-
	<b>-</b>	<b>-</b>
<b>Foot notes:</b>		
(i) <b>Purchase of stock-in-trade</b>		
Watches	-	-
Less: Purchase Return	-	-
Less: Deemed Credit	-	-
Total	<b>-</b>	<b>-</b>
<b>16. Changes in inventories of finished goods,work-in-progress and Stock-in-trade</b>		
Opening stock		
Finished goods for trading	<b>22,125,552</b>	<b>34,524,237</b>
	<b>22,125,552</b>	<b>34,524,237</b>
Closing Stock		
Finished goods for trading	10,319,971	22,125,552
	<b>11,805,581</b>	<b>12,398,685</b>
* During the year inventory has been written off to the extent of Rs. 67,61,788/- to bring them at par with their net realisable value		
<b>17. Employee benefit expenses</b>		
Salaries	-	-
	<b>-</b>	<b>-</b>
<b>18. Financial costs</b>		
Interest Expenses	2,285,654	2,127,824
Bank charges	23,632	37,834
	<b>2,309,286</b>	<b>2,165,658</b>
<b>19. Other expenses</b>		
Rent	900,000	1,500,000
Audit fees	130,000	105,000
Insurance	31,286	53,181
Rates, Taxes & Fees	14,382	9,232
General charges	8,499	-
Business Support Services	655,042	57,629
Total	<b>1,739,209</b>	<b>1,725,042</b>





## 20 Related Parties

### a. Related parties and nature of related party relationship, where control exists:

Description of Relationship	Name of the Party
Holding / Ultimate Holding Company	KDDL Limited

### b. Other related parties with whom transactions have taken place:

Description of Relationship	Name of the Party
Fellow Subsidiaries	Ethos Limited
Entities over which significant influence is exercised by the Key Management	VBL Innovations Private Limited
Directors	Mr. Yashovardhan Saboo

### c. Transactions with related parties

Nature of transactions	As at 31 March 2020	As at 31 March 2019
<b>a) Rent Paid</b>	<b>900,000</b>	<b>1,500,000</b>
- Ethos Limited	865,000	1,500,000
- KDDL Limited	35,000	-
<b>b) Interest expenses</b>	<b>2,038,832</b>	<b>2,237,264</b>
- VBL Innovations Private Limited	2,038,832	2,237,264
<b>c) Business Support Expense</b>	<b>655,042</b>	<b>57,629</b>
- Ethos Limited	655,042	57,629

### d. Outstanding balances as at year end

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Borrowing/ Payables</b>	<b>47,943,102</b>	<b>56,777,147</b>
- Ethos Limited	32,901,802	41,777,147
- VBL Innovations Private Limited	15,000,000	15,000,000
- KDDL Limited	41,300	-
<b>Investments</b>	<b>84,003,130</b>	<b>84,003,130</b>
- Ethos Limited	84,003,130	84,003,130
<b>Equity Share Capital</b>	<b>60,056,950</b>	<b>60,056,950</b>
- KDDL Limited	59,286,940	59,286,940
- Mr. Yashovardhan Saboo	770,010	770,010



## 21 Earnings Per Share

**Computation of Basic and diluted Earning per Share**

Particulars	2019-20	2018-19
Net profit / (loss) as per Profit and Loss account	(81,799)	(10,526,443)
Less: Cumulative Preference Dividend		
Net profit / (loss) attributable to Equity Share holders	(81,799)	(10,526,443)
Adjusted net profit/ (loss) for the year for diluted EPS	(81,799)	(10,526,443)
Weighted average Equity Shares outstanding	6,005,700	6,005,700
<b>Basic EPS</b>	<b>(0.01)</b>	<b>(1.75)</b>
Weighted average Equity Shares outstanding (diluted)	6,005,700	6,005,700
<b>Diluted EPS</b>	<b>(0.01)</b>	<b>(1.75)</b>

Diluted EPS subject to minimum of basic or diluted





**Mahen Distribution Limited**
**Notes to the financial statements for the year ended 31 March 2020**
**22 Financial instruments - fair values and risk management**

Financial instruments - fair values and risk management									
I.	Financial instruments by category and fair values	Note	Level of hierarchy	As at 31 March 2020			As at 31 March 2019		
				FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI
Financial assets									
Non-current									
	Investments		3	-	-	-	-	-	
	Loans		3	-	-	-	-	-	
	Other financial assets		3	-	-	-	-	-	
Current									
	Trade receivables	(a)	3	-	478,511	-	-	824,000	
	Cash and cash equivalents	(a)	3	-	2,935,302	-	-	1,665,236	
Total				-	3,413,812	-	-	2,489,235	
Financial liabilities									
Non-current									
	Borrowings	(b)	3	-	-	-	-	-	
Current									
	Borrowings	(a)	3	-	15,000,000	-	-	15,000,000	
	Trade payables	(a)	3	-	33,015,104	-	-	41,849,147	
	Other financial liabilities	(a)	3	-	976,072	-	-	466,027	
Total				-	48,991,176	-	-	57,315,174	

**Note:**

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these
- (b) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2020 and 31 March 2019.



## **II. Financial risk management**

### **(i) Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Company's activities.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii));
- Liquidity risk (see (iii)); and
- Market risk (see (iv))

### **(ii) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Company's receivable from customers and loans.

#### *Trade receivables*

The Company's retail business is pre-dominantly on cash and carry basis which is largely through credit-card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Company by credit worthiness checks.

The Company's experience of delinquencies and customer disputes have been minimal. Further, Trade and other receivables consist of a large number of customers, across geographies within India, hence, the Company is not exposed to concentration risks.

#### *Cash and cash equivalents*

The Company holds cash and cash equivalents of Rs. 2,935,302 at 31 March 2020 (31 March 2019: Rs. 1,665,236). The cash and cash equivalents are held with scheduled banks.

### **(iii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents.





**Mahen Distribution Limited**
**Notes to the financial statements for the year ended 31 March 2020**
**23 Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include

**31 March 2020**

	Carrying amount	Total	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
-Borrowings(including current maturities)	-	-	-	-	-
-Trade payables	33,015,104	33,015,104	33,015,104	-	-
-Interest due but not paid	972,572	972,572	972,572	-	-
-Expenses payable	3,500	3,500	3,500	-	-
	<b>33,991,176</b>	<b>33,991,176</b>	<b>33,991,176</b>	<b>-</b>	<b>-</b>

**31 March 2019**

	Carrying amount	Total	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
-Borrowings(including current maturities)	-	-	-	-	-
-Trade payables	41,849,147	41,849,147	41,849,147	-	-
-Interest due but not paid	466,027	466,027	466,027	-	-
-Expenses payable	-	-	-	-	-
	<b>42,315,174</b>	<b>42,315,174</b>	<b>42,315,174</b>	<b>-</b>	<b>-</b>

**23 Market Risk**
**Product price risk**

In a potentially inflationary economy, the Company expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. Since the Company operates in luxury category, the demand is reasonably inelastic to changes in price. However, the Company continually monitor and compares prices of its products in other developed markets as its customers tend to compare prices across markets. In the event that prices deviate significantly unfavorably from the markets, the Company negotiates with its principals for change of prices. The Company also manages the risk by offering judicious product discounts to retail customers to sustain volumes. The Company negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Company protect itself from significant product margin losses.



b) Currency risk

There is no financial liability designated in foreign currency.

**Capital Management**

(i) *Risk management*

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total borrowings net of cash and cash equivalents and other bank balances. Equity comprises all components of equity (as shown in the Balance Sheet).

The Company's adjusted net debt to equity ratio was as follows.

	31 March 2020	31 March 2019
Total liabilities	49,065,874	62,412,291
Less: cash and cash equivalents	(2,935,302)	(1,665,236)
<b>Adjusted net debt</b>	<b>46,130,572</b>	<b>60,747,055</b>
Total equity	56,336,450	56,418,249
<b>Adjusted net debt to equity ratio</b>	<b>0.82</b>	<b>1.08</b>

For Mukta Arvind and Associates  
Chartered Accountants  
Firm Registration No: 018341N

CA Arvind Kumar  
Partner  
Membership No. 091661

Place : Chandigarh  
Dated: 25.06.2020

For and on behalf of the Board of directors  
Mahen Distribution Limited

C Raja Sekhar  
Director  
DIN - 08690770

V S Mathur  
Director  
DIN - 07910605