



MUKTA ARVIND AND ASSOCIATES

Chartered Accountants

INDEPENDENT AUDITORS REPORT

The Members,
Mahen Distribution Limited.

1. Report on the Financial Statements

We have audited the accompanying Financial Statement of M/s Mahen Distribution Limited which comprise of the Balance Sheet as at 31st March, 2018 and the Statement of Profit and Loss and Cash Flow Statement for the year ended as on that date, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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 Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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; design, implementation and maintenance of adequate internal financial controls, that are 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.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standard on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. 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 auditor's 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 the internal control systems relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures, the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained were sufficient and appropriate to provide a basis for our audit opinion.



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

CA Mukta Aggarwal : Mobile : 9417569013, E-mail : muktaaggarwal30@gmail.com
CA Arvind Singla : Mobile : 9855105302, E-mail : arvindsingla787@yahoo.com

6. Opinion

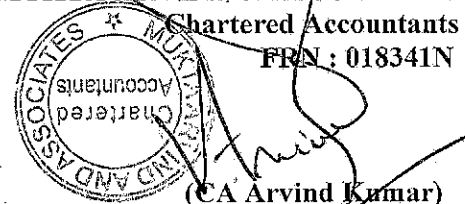
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2018;
- (b) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date.
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 7. 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, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.
- 8. As required by Section 143(3) of the Act, we report that:-
 - (a) We have 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 accounts 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, and Statement of Profit and Loss, and Cash flow Statement dealt with by this Report are in agreement with the books of accounts.
 - (d) in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014
 - (e) on the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure II'.

For MUKTA ARVIND & ASSOCIATES



(CA Arvind Kumar)

Partner

M.Ship No.: 091661

Place: Chandigarh

Dated: 10 May, 2018

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT TO THE MEMBERS OF
MEHAN DISTRIBUTION LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets ;
(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification.

2. Inventories are valued at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurring in acquiring the inventories, and other costs incurred in bringing them to their present location and condition.

3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act 2013.
(b) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has taken unsecured loan from a related party during the year, the details of which are listed in the register maintained under section 189 of the Companies Act, 2013.
(c) In our opinion, the rate of interest and other terms and conditions of loans taken by the company are not prima facie prejudicial to the interest of the company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.

5. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.

6. As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act



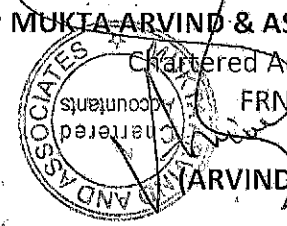
7. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India ;
- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
- (c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise.
8. The Company has accumulated loss for amounting to Rs. 78,67,607/- at the end of financial year and has incurred cash losses in the current year and immediately preceding financial year.
9. According to the records of the company examined by us and as per the information and explanations given to us, the company has not availed of any loans from any financial institution or banks and has not issued debentures.
10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year.
11. In our opinion, and according to the information and explanations given to us, the company has not raised any term loans during the year
12. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
13. According to the information and explanations given to us, the Company is not a Nidhi Company and thus paragraph 3 (xii) of the order is not applicable.
14. According to the information and explanations given to us and on the basis of our examination of records of the company, transactions with the related parties are in accordance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.



15. According to the information and explanations given to us, the company has not entered into any non-cash transactions with the directors or persons connected with him during the year. Accordingly, paragraph 3(xv) of the order is not applicable.
16. According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Chandigarh
Date : 10 May, 2018

For MUKTA ARVIND & ASSOCIATES
Chartered Accountants
FRN: 018341N
(ARVIND KUMAR)
Partner
M.ship No.: 091661



MAHEN DISTRIBUTION LIMITED

Balance Sheet as at 31st March 2018

(Amount in Rupees unless stated otherwise)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non-current assets				
Non-current investments	1	84,003,130	84,003,130	84,003,130
Income Tax Assets	2	188,846	188,846	188,846
Total non-current assets		84,191,976	84,191,976	84,191,976
Current assets				
Inventories	3	34,524,237	-	-
Financial Assets				
-Trade receivables	4	1,032,235	2,430,391	3,427,691
-Cash and cash equivalents	5	3,574,695	1,277,928	2,867,136
Other Current Assets	6	10,801,108	-	-
Total current assets		49,932,275	3,708,319	6,294,827
Total Assets		134,124,251	87,900,295	90,486,803
EQUITY AND LIABILITIES				
EQUITY				
Equity Share capital	7	60,057,000	57,000,000	57,000,000
Other Equity	8	6,887,693	13,740,372	16,028,063
Total Equity		66,944,693	70,740,372	73,028,063
LIABILITIES				
Non-Current liabilities				
Financial Liabilities				
-Borrowings	9	15,000,000	15,000,000	15,000,000
Total non-current liabilities		15,000,000	15,000,000	15,000,000
Current liabilities				
Financial Liabilities				
-Trade payables	10	51,647,001	731,361	2,037,077
-Other financial liabilities	11	476,030	1,379,039	284,000
Other current liabilities	12	56,527	49,523	137,663
Total current liabilities		52,179,558	2,159,923	2,458,740
Total liabilities		67,179,558	17,159,923	17,458,740
Total Equity and Liabilities		134,124,251	87,900,295	90,486,803

Significant accounting policies

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 AND

CHANDIGARH

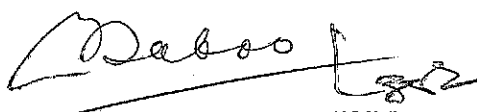
Chartered Accountants

CA Arvind Kumar

Partner

Membership No. 091661

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



Y Saboo
Director
DIN:00012158

V S Mathur
Director
DIN:07910605

Place: Chandigarh

Dated: 10 May, 2018

MAHEN DISTRIBUTION LIMITED
Statement of Profit and Loss for the period ended 31st March, 2018
(Amount in Rupees unless stated otherwise)

Particulars	Note	For the year ended 31st March, 2018	For the year ended 31st March, 2017
CONTINUING OPERATIONS			
Revenue from operations	13	58,936,070	1,684,039
Other income	14	260,219	-
Total Income		59,196,288	1,684,039
EXPENSE			
Purchase of stock-in-trade	15	93,828,929	1,487,242
Changes in inventories of finished goods and stock-in-trade	16	(34,524,237)	-
Employee benefit expense	17	-	-
Finance costs	18	2,518,213	2,407,082
Other expenses	19	1,169,062	77,407
Total expenses		62,991,967	3,971,730
Profit (loss) before tax from continuing operations		(3,795,679)	(2,287,691)
Tax expense:			
Current tax charge		-	-
MAT Credit Entitlement		-	-
Deferred tax charge (credit)		-	-
Profit/(loss) for the year		(3,795,679)	(2,287,691)
Earnings per equity share [Nominal value of Rs.10 (previous year Rs.10)]			
Basic (Rs.)	21	(1.03)	(0.85)
Diluted (Rs.)		(1.03)	(0.85)

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

Place : Chandigarh

Dated: 10 May, 2018

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

Y Saboo
Director
DIN:00012158

V S Mathur
Director
DIN:07910605

Mahen Distribution Limited

Statement of changes in Equity for the year ended 31st March,2018

a. Equity share capital

Total

Balance as at 1st April,2016				57,000,000
Changes in equity share capital during 2016-17				-
Balance as at 31st March,2017				57,000,000
Changes in equity share capital during 2017-18				3,057,000
Balance as at 31st March,2018				60,057,000

b. Other Equity

Particulars	Retained earnings	Compulsory convertible cumulative preference shares	Securities premium	Total Other Equity
Balance as at 1st April,2016	(1,784,137)	17,812,200	-	16,028,063
-Loss for the year	(2,287,691)	-	-	(2,287,691)
As at 31st March,2017	(4,071,828)	17,812,200	-	13,740,372
-Issue of equity shares on account of conversion of compulsory convertible cumulative preference shares	-	(17,812,200)	-	(17,812,200)
-Securities premium on the equity shares issued on conversion of compulsory convertible cumulative preference shares	-	-	14,755,200	14,755,200
-Loss for the year	(3,795,679)	-	-	(3,795,679)
As at 31st March,2018	(7,867,508)	-	14,755,200	6,887,693

Significant accounting policies

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

Partner

Membership No. 09166



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

Y Saboo V S Mathur

Director

Director

DIN:00012158 DIN:07910605

Place : Chandigarh

Dated: 10 May, 2018

MAHEN DISTRIBUTION LIMITED

Cash flow statement for the year ended 31st march, 2018
(Amount in Rupees unless stated otherwise)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
A. Cash flow from operating activities:		
Net profit before tax from continuing operations	(3,795,679)	(2,287,691)
Operating profit before working capital changes		
Adjustments for:		
(Increase) / decrease in trade and other receivables	1,398,156	997,300
(Increase) / decrease in loans and advances	(10,801,108)	-
(Increase) / decrease in inventories	(34,524,237)	-
Increase / (decrease) in trade payables	50,915,640	(767,195)
Increase / (decrease) in other current liabilities	(903,009)	468,378
Short term provisions	-	-
Cash flow from operating activities before taxes	2,289,763	(1,589,208)
Direct taxes paid / (refunds) (net)	(7,004)	-
Net cash flow from operating activities	2,296,767	(1,589,208)
B. Cash flow from investing activities:		
(Increase) / decrease in Investments	-	-
Net cash used in investing activities	-	-
C. Cash flow from financing activities:		
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	-	-
Dividend paid	-	-
Net cash used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	2,296,767	(1,589,208)
Opening cash and cash equivalents	1,277,928	2,867,136
Closing cash and cash equivalents	3,574,695	1,277,928
	3,574,695	1,277,928

Notes:

1 Cash and cash equivalents include:
Balance with banks

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: 10 May, 2018

For and on behalf of the Board of directors

Y Saboo *V S Mathur*

Y Saboo
Director

V S Mathur
Director

DIN: 00012158

DIN: 07910605

MAHEN DISTRIBUTION LIMITED
 Notes forming part of the accounts as on 31st March, 2018
 (Amount in Rupees unless stated otherwise)

7. Share capital	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorised						
Equity shares of Rs. 10 each	7,350,000	73,500,000	7,350,000	73,500,000	7,350,000	73,500,000
12% Cumulative preference shares of Rs. 50 each	230,000	12,480,000	230,000	12,480,000	230,000	12,480,000
12% Cumulative preference shares of Rs. 10 each	100,000	6,000,000	100,000	6,000,000	100,000	6,000,000
	7,680,000	92,000,000	7,680,000	92,000,000	7,680,000	92,000,000
Issued, optionally, subscribed and paid up						
Equity shares of Rs. 10 each fully paid up	6,005,700	60,057,000	6,700,000	67,000,000	6,700,000	67,000,000
12% Cumulative compulsory convertible preference shares of Rs. 50 each fully paid up	6,006,700	60,067,000	6,700,000	67,000,000	6,700,000	67,000,000
12% Cumulative optionally convertible preference shares of Rs. 50 each fully paid up	-	-	228,700	12,837,000	228,700	12,837,000
			77,000	5,055,000	77,000	5,055,000
	6,006,700	60,067,000	6,006,700	74,912,000	6,006,700	74,912,000

(b) Reconciliation of share capital outstanding as at the beginning and at the end of the year
 a) Equity shares of Rs. 10 each fully paid up
 At the beginning of the year 5,700,000 57,000,000
 Add: converted during the year 3,067,700 30,677,000
 At the end of the year 6,005,700 60,057,000

(b) If the Company has only one class of equity share having a par value of Rs. 10 per share, each holder of equity share is entitled to one vote per share except for the members whose shares are in arrears. The Company declares and pays dividends in Indian Rupees. The dividends 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 contribution will be in proportion to the number of equity shares held by the shareholders.

(c) During the quarter ended 30 September, 2017, 77,000 12% Cumulative Optionally Convertible Preference Shares of Rs. 50 each fully paid up are converted into equivalent number of equity shares with effect from 23 September, 2017 at the option of the preference shareholder. During the year ended 31st March, 2018, 228,700 12% Cumulative Compulsory Convertible Preference Shares of Rs. 50 each fully paid up are converted into equivalent number of equity shares with effect from 21st March, 2018 at the option of the preference shareholder. As at 31st March, 2016, nothing remains outstanding in both the classes of preference shares.

(c) Shares held by ultimate holding company/holding company and their subsidiaries/associates	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up KDCIL Limited (holding company / ultimate holding company)	5,828,700	57,000,000	5,700,000	57,000,000	5,700,000	57,000,000

(d) Details of shareholders holding more than 5% shares of the Company	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid up held by KDCIL Limited	5,028,984	96.72	5,896,684	96.95	5,099,984	95.93
12% Cumulative compulsory convertible preference shares of Rs. 50 each fully paid up held by RD Telecom AG	-	-	228,700	100.00	114,350	50.00
KDCIL Limited	-	-	77,000	100.00	77,000	100.00
12% Cumulative optionally convertible preference shares of Rs. 50 each fully paid up held by M. J.P. Mandra	-	-	-	-	-	-

8. Other Equity	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
(a) Contributory Convertible Preference Shares						
Balance at beginning of the year		17,812,200		17,812,200		
Issue of equity shares on account of conversion		(17,812,200)		-		
Balance at the end of the year		-		17,812,200		
(b) Retained Earnings						
Balance at beginning of the year		(4,071,328)		(1,704,137)		
Add: Profit / (Loss) for the year		(5,785,078)		(2,287,621)		
Balance at the end of the year		(7,067,507)		(4,071,828)		
(c) Securities Premium Reserve						
Balance at beginning of the year		-		-		
Add: Issue of equity shares on account of conversion of 12% Cumulative Compulsory Convertible Preference		14,785,200		-		
Balance at the end of the year		14,785,200		-		
Total		6,887,993		13,740,372		

9. Long term borrowing	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
VSL Innovations Private Limited*		15,000,000		15,000,000		15,000,000
		16,000,000		15,000,000		16,000,000

* Unsecured Loan from VSL Innovations Private Limited carry an interest rate 14% (31st March, 2017, 16th April, 2018) per annum and is repayable within 30 months

10. Trade payable	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
Other trade payables						
Total outstanding dues to micro and small enterprises #		51,575,001		-		633,521
To related parties		72,000		731,361		1,168,356
Others		61,847,801		731,361		2,057,577

There are no micro, small and medium enterprises, to whom the Company owes dues, which are outstanding for more than 45 days 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 2018		As at 31st March 2017		As at 1st April 2016	
(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 at the end of the 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 stipulated day during the year		-		-		-
(d) The amount of interest due and payable for the period of delay in making payment (which has been paid late beyond the stipulated day during the year) but without adding the interest specified under the MSMED Act		-		-		-
(e) The amount of interest accrued and remaining unpaid at the end of the year		-		-		-
(f) 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 enterprises, for the purpose of disclosure on a deductible expense under the MSMED Act		-		-		-
11. Other financial liabilities						
Interest due but not paid		465,000		1,077,036		284,003
Expenses payable		10,000		302,000		224,000
		475,000		1,379,036		508,003
12. Other current liabilities						
TDS Payable		56,527		49,523		137,895
		56,527		49,523		137,895



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MAHEN DISTRIBUTION LIMITED
Notes forming part of the accounts as on 31st March, 2018
(Amount in Rupees unless stated otherwise)

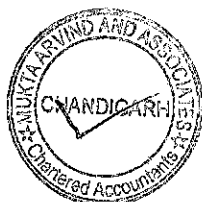
1. Long term Investment			
1,700,000 (previous year 1,700,000) Equity shares of Ethos Limited of Rs. 10 each fully paid up at cost	17,000,000	17,000,000	17,000,000
531,893 Equity shares (Previous year -531993) of Ethos Limited of Rs. 10 each fully paid up at premium of Rs 90 each (pursuant to KRL Rights Issue 2011)	53,190,300	53,190,300	53,190,300
5127 (previous year 5157) Equity shares of Ethos Limited of Rs. 10 each fully paid up at premium of Rs 160 each	979,620	979,620	979,620
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	12,824,000
	<u>84,003,130</u>	<u>84,003,130</u>	<u>84,003,130</u>
2. Income Tax Assets			
MAT credit entitlement AY 2014-15	65,664	65,664	65,664
MAT credit entitlement AY 2015-16	102,182	102,182	102,182
	<u>167,846</u>	<u>167,846</u>	<u>167,846</u>
3. Inventories			
Finished goods for trading	34,824,257	-	-
Add: goods-in-transit	-	-	-
	<u>34,824,257</u>	<u>-</u>	<u>-</u>
4. Trade receivables			
(Measured and considered good, unless otherwise stated)			
-Debit outstanding for a period exceeding 6-months, considered good	-	1,069,596	3,427,661
-from others	1,032,235	461,030	-
-Other debts, considered good	<u>1,032,235</u>	<u>2,438,391</u>	<u>3,427,661</u>
5. Cash and cash equivalents			
Balances with banks in current accounts	2,574,689	1,277,928	2,987,126
	<u>2,574,689</u>	<u>1,277,928</u>	<u>2,987,126</u>
6. Other Current Assets			
GST Receivable	10,781,730	-	-
Prepaid Expense	<u>19,376</u>	<u>-</u>	<u>-</u>
	<u>10,801,106</u>	<u>-</u>	<u>-</u>



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MAHEN DISTRIBUTION LIMITED
Notes forming part of the accounts as on 31st March, 2018
(Amount in Rupees unless stated otherwise)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
13. Revenue from operations		
Sales(net)	58,936,070	1,684,039
	58,936,070	1,684,039
Foot notes:		
(i) Sale of products (net) - Traded goods		
Sales of traded goods (net)		
Watches	58,936,070	1,684,039
Others	-	-
Total	58,936,070	1,684,039
14. Other income		
Exchange Rate Difference	30,118	-
Liabilities no longer payable written back	230,000	-
Rounding Off	101	-
	260,219	-
15. Purchase of stock-in-trade		
Finished goods for trading	93,828,929	1,487,242
	93,828,929	1,487,242
Foot notes:		
(i) Purchase of stock-in-trade		
Watches	101,892,472	1,487,242
Less: Purchase Return	8,063,543	-
Less: Deemed Credit	-	-
Total	93,828,929	1,487,242
16. Changes in inventories of finished goods, work-in-progress and Stock-in-trade		
Opening stock		
Finished goods for trading	-	-
Closing Stock		
Finished goods for trading	34,524,237	-
	(34,524,237)	-
17. Employee benefit expenses		
Salaries	-	-
	-	-
18. Financial costs		
Interest Expenses	2,473,785	2,399,999
Bank charges	44,428	7,083
	2,518,213	2,407,082
19. Other expenses		
Rent	898,608	-
Audit fees	80,000	80,000
Insurance	134,849	-
Exchange loss (net)	-	(4,429)
Rates, Taxes & Fees	12,346	1,836
Business Support Services	43,259	-
	1,169,062	77,407



1. Reporting entity

Mahen Distribution Limited ('MDL' or 'the Company'), a subsidiary of KDDL Limited, is a limited liability company and was incorporated on 28th May, 2009. The Company's business consists of trading of watches, accessories and luxury items.

2. Significant accounting policies

a) Basis of preparation

i) Statement of compliance

These Ind AS financial statements ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements upto and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

As these are Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time adoption of Indian Accounting Standards has been applied. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The financial statements were authorized for issue by the Company's Board of Directors on 10th May 2018.

ii) Functional and presentation currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees.

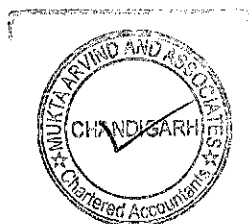
iii) Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value

iv) Use of estimates and judgments

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.



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v) Measurement of fair values

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes

b) Inventories

Inventories which comprises traded goods which are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurring in acquiring the inventories, and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

c) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

d) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.



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Mahen Distribution Limited

Notes to the financial statements for the year ended 31 March 2018

e) Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, exclusive of taxes as applicable such as sales tax, value added taxes (VAT) service tax and goods and service tax, and is net of returns, trade discounts, quantity discounts and cash discounts. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risk and rewards varies depending on the individual terms of sale. For sales of watches, such transfer occurs when the product is handed over to the customer at the retail stores. Generally for such products, the buyer has no right of return.

f) Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to :

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

g) Borrowing Costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

h) Income taxes

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.



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Mahen Distribution Limited

Notes to the financial statements for the year ended 31 March 2018

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefits will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities.

i) Leases

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease based on the substance of the lease arrangement.

Finance leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payment made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payment are structure to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

j) Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

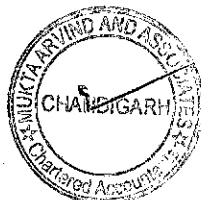
A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost;



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Mahen Distribution Limited

Notes to the financial statements for the year ended 31 March 2018

- fair value through other comprehensive income (FVOCI) – debt investment;
- fair value through other comprehensive income (FVOCI) – equity investment;
- fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
 - the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On the recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on de-recognition is recognised in statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense,



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Mahen Distribution Limited

Notes to the financial statements for the year ended 31 March 2018

are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

iii. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency risk exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liability when the fair value is negative

k) Impairment

i. Impairment of financial asset

The Company recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:



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Mahen Distribution Limited

Notes to the financial statements for the year ended 31 March 2018

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Company in accordance with the contract and the cash flow that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for recovery of amounts due.

ii) *Impairment of non-financial assets*

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.



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Mahen Distribution Limited

Notes to the financial statements for the year ended 31 March 2018

l) Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/settlement of all monetary items are recognised in profit or loss.

m) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

n) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

p) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date



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21. 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 Personnel	VBL Innovations Private Limited
Directors	Mr. Y. Saboo

c. Transactions with related parties

Nature of transactions	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
a) Sales of goods	-	1,165,881	-
- Ethos Limited	-	1,165,881	-
b) Purchase of goods	100,927,645	-	-
- Ethos Limited	100,927,645	-	-
c) Rent Paid	845,000	-	-
- Ethos Limited	845,000	-	-
d) Interest expenses	2,237,264	2,399,999	1,308,495
- VBL Innovations Private Limited	2,237,264	2,399,999	1,308,495
e) Expenses Paid	96,867	323,675	101,305
- Ethos Limited	96,867	323,675	101,305
f) Loan Received	-	-	15,000,000
- VBL Innovations Private Limited	-	-	15,000,000
g) Equity Share Capital issued/ Converted	3,057,000	-	-
- KDDL Limited	2,287,000	-	-
- Mr. Y. Saboo	770,000	-	-
h) Share Premium Received	14,755,200	-	-
- KDDL Limited	10,520,200	-	-
- Mr. Y. Saboo	4,235,000	-	-

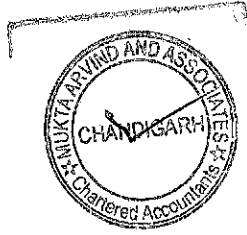
d. Outstanding balances as at year end

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Receivables	-	461,026	-
- Ethos Limited	-	461,026	-
Long Term Borrowing Payables	51,575,003	16,077,039	15,538,521
- Ethos Limited	51,575,003	-	-
- VBL Innovations Private Limited	-	16,077,039	15,538,521
Investments	-	84,003,130	84,003,130
- Ethos Limited	-	84,003,130	84,003,130
12% cumulative compulsory convertible preference share of Rs. 56/- each	-	12,807,200	64,036,000



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- KDDL Limited	-	12,807,200	64,036,000
Equity Share Capital	60,056,950	57,000,000	57,000,000
- KDDL Limited	59,286,940	57,000,000	57,000,000
- Mr. Y.Saboo	770,010	-	-



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Mahen Distribution Limited

Notes to the financial statements for the year ended 31 March 2018
(All amounts in ₹ Lakhs, except for share data and if otherwise stated)

22 Financial instruments - fair values and risk management		Level of hierarchy	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
			FVTPL	FVOCI Amortised cost	FVTPL	FVOCI Amortised cost	FVTPL	FVOCI Amortised cost
I.	Financial instruments by category and fair values	Note						
Financial assets								
	Non-current							
	Investments		-	-	-	-	-	-
	Loans		-	-	-	-	-	-
	Other financial assets		-	-	-	-	-	-
	Current							
	Trade receivables	(a)	-	1,032,235	-	2,430,391	-	3,427,691
	Cash and cash equivalents	(a)	-	3,574,695	-	1,277,928	-	2,867,136
	Total		-	4,606,930	-	3,708,319	-	6,294,827
	Financial liabilities							
	Non-current							
	Borrowings	(b)	-	15,000,000	-	15,000,000	-	15,000,000
	Current							
	Trade payables	(a)	-	51,647,001	-	731,361	-	2,057,077
	Other financial liabilities	(e)	-	476,030	-	1,379,039	-	284,000
	Total		-	67,123,031	-	17,110,400	-	17,321,077

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 instruments.
(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 2018 and 31 March 2017.



Ethos Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts in ₹ lakhs, except for share data and if otherwise stated)

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.

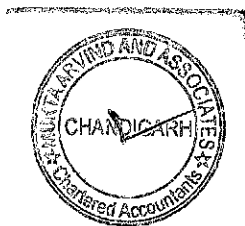
Cash and cash equivalents

The Company holds cash and cash equivalents of Rs. 3,574,695 at 31 March 2018 (31 March 2017: Rs. 1,277,928; 1 April 2016 Rs. 2,867,136). 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.



A handwritten signature or mark, possibly initials, consisting of a stylized 'P' and 'K' followed by a flourish.

Mahen Distribution Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts in ₹ lakhs, except for share data and if otherwise stated)

b) Currency risk

The Company is exposed to currency risk to the extent that there is mismatch between the currencies in which purchases are denominated and the functional currency of the Company. The currencies in which the Company is exposed to risk are CHF, USD, EUR, SGD. The Company evaluates this risk on a regular basis and appropriate risk mitigating steps are taken, including but not limited, entering into forward contracts.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	CHF		
31 March 2018			
Trade payables	-		
Less: Forward contract outstanding			
Net exposure of recognised financial liability			
31 March 2017			
Trade payables	10,795.00		
Less: Forward contract outstanding			
Net exposure of recognised financial liability	10,795.00		
1 April 2016			
Trade payables	21,117.00		
Less: Forward contract outstanding			
Net exposure of recognised financial liability	21,117.00		

Sensitivity analysis

A reasonably possible strengthening (weakening) of CHF against INR (₹) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast purchases.

	Profit / (Loss) (before tax)	
	Strengthening	Weakening
31 March 2018		
CHF (1% movement)		
31 March 2017		
CHF (1% movement)	(7,313.61)	7,313.61
CHF: Swiss Franc		

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 2018	31 March 2017	1 April 2016
Total liabilities	67,179,558	87,900,293	17,458,740
Less: cash and cash equivalents	(3,574,695)	(1,277,928)	(2,867,136)
Adjusted net debt	63,604,863	86,622,367	14,591,604
Total equity	66,944,693	70,740,372	73,028,063
Adjusted net debt to equity ratio	0.95	1.22	0.20

(ii) *Dividends not recognized at the end of reporting period*

Arrears of fixed cumulative dividend on 12% cumulative optionally convertible and 12% cumulative compulsory convertible preference shares including dividend distribution taxes

	31 March 2018	31 March 2017
		18,447,345
Total		18,447,345.00

