



# 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 31<sup>st</sup> March, 2016 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.



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Chandigarh – 160014  
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## 6. Opinion

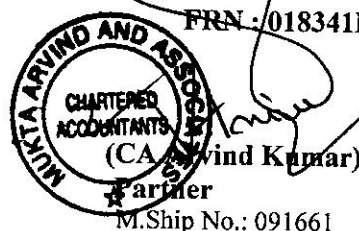
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March, 2016;
- (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  
Chartered Accountants  
FRN : 018341N



Place: Chandigarh  
Dated: 25 May, 2016

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 2016

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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. The Company does not have any inventory during the year; therefore this para is not applicable.
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 granted 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 not taken any unsecured loans during the year.  
(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

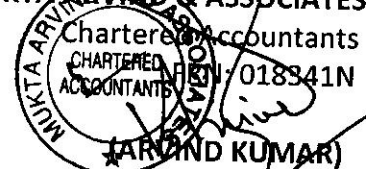


transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise.

8. The Company has accumulated loss for amounting to Rs. 1784137/- at the end of financial year and has not 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 : 25 May, 2016

For MUKTA ARVIND & ASSOCIATES



(ARVIND KUMAR)

Partner

M.ship No.: 091661

## **Annexure II**

### **Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')**

1. In conjunction with our audit of the financial statements of Mahen Distribution Ltd. as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

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

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

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing ('Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

#### **Meaning of Internal Financial Controls over Financial Reporting**

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



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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

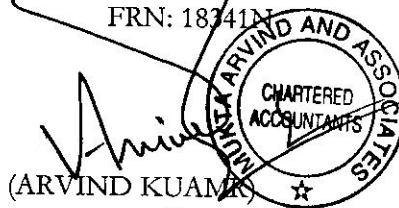
#### **Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI.

For MUKTA ARVIND & ASSOCIATES

Chartered Accountants

FRN: 18741N



(ARVIND KUAMR)

Partner

Membership No.:091661

Place: Chandigarh

Date: 25 May, 2016

**MAHEN DISTRIBUTION LIMITED**

Audited Balance Sheet as at 31st March 2016

(Amount in Rupees unless stated otherwise)

Particulars	Notes no.	Audited As at 31st March 2016	Audited as at 31st March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	1	74,812,200	74,812,200
Reserves & surplus	2	(1,784,137)	(468,787)
<b>Non-Current liabilities</b>			
Long term Borrowings	3	15,000,000	-
<b>Current liabilities</b>			
Short -Term Borrowings			
Trade payables	4	2,037,077	8,760,626
Other Current Liabilities	5	421,663	272,500
Short-Term Provisions	6	-	102,182
		<b>90,486,803</b>	<b>83,478,722</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Non-current investments	7	84,003,130	71,179,130
<b>Current assets</b>			
Inventory	8	-	-
Trade receivables	9	3,427,691	5,206,696
Cash and cash equivalents	10	2,867,136	6,892,484
Short-term loans and advances	11	188,846	200,412
		<b>90,486,803</b>	<b>83,478,722</b>

**Selected explanatory notes - Refer to Annexure I**

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

As per our report attached for the balance sheet

For Mukta Arvind and Associates

Chartered Accountants

Firm Registration No: 018341N

CA Arvind K

Partner

Membership No. 14061



Place: Chandigarh

Dated: 25 May, 2016

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

Y Saboo  
Director

D Agrawal  
Director



**MAHEN DISTRIBUTION LIMITED****Audited Statement of Profit and Loss for the period ended 31st March, 2016***(Amount in Rupees unless stated otherwise)*

Particulars	Notes No.	Audited For the period ended 31st March 2016	Audited for the period ended 31st March 2015
<b>REVENUE</b>			
Revenue from operations	12	2,547,986	17,224,787
Other income	13	-	1,666,208
<b>Total revenue</b>		<b>2,547,986</b>	<b>18,890,995</b>
<b>EXPENSE</b>			
Purchase of stock-in-trade	14	1,964,018	11,799,173
Changes in inventories of finished goods and stock-in-trade	15	-	767,282
Employee benefit expense	16	-	3,938,166
Other expenses	17	551,984	1,819,070
Financial costs	18	1,347,334	31,057
		<b>3,863,336</b>	<b>18,354,748</b>
<b>Profit before tax</b>		<b>(1,315,350)</b>	<b>536,247</b>
<b>Tax expense:</b>			
Prov for tax		-	102,182
MAT Credit Entitlement		-	(102,182)
Deferred tax		-	-
<b>Profit/(loss) for the year</b>		<b>(1,315,350)</b>	<b>536,247</b>

**Earning per Equity Share**

Basic (Rs.) (face value Rs. 10)

(0.68)

(0.36)

Diluted (Rs.) (face value Rs. 10)

(0.68)

(0.36)

**Selected explanatory notes - Refer to Annexure I**

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

As per our report attached to the balance sheet

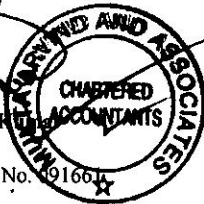
**For Mukta Arvind and Associates***Chartered Accountants*

Firm Registration No: 018341N

CA Arvind K. Arora

Partner

Membership No. 491664

**For and on behalf of the Board of directors****Mahen Distribution Limited**
  
Y Saboo
   
Director


  
D Agrawal
   
Director

Place : Chandigarh

Dated: 25 May, 2016



**MAHEN DISTRIBUTION LIMITED****Audited Cash flow statement for the year ended 31st March, 2016***(Amount in Rupees unless stated otherwise)*

Particulars	Audited For the period ended 31st March 2016	Audited for the period ended 31st March 2015
<b>A. Cash flow from operating activities:</b>		
Net profit before tax	(1,315,350)	536,247
<b>Operating profit before working capital changes</b>		
Adjustments for:		
(Increase) / decrease in trade and other receivables	1,779,005	4,350,623
(Increase) / decrease in loans and advances	11,566	(11,566)
(Increase) / decrease in inventories	-	767,282
Increase / (decrease) in trade payables	(6,723,549)	97,859
Increase / (decrease) in other current liabilities	46,981	261,948
Short term provisions	-	-
<b>Cash flow from operating activities before taxes</b>	<b>(6,201,348)</b>	<b>6,002,394</b>
Direct taxes paid / (refunds) (net)	-	92,774
<b>Net cash flow from operating activities</b>	<b>(6,201,348)</b>	<b>5,909,620</b>
<b>B. Cash flow from investing activities:</b>		
(Increase) / decrease in Investments	(12,824,000)	921,870
<b>Net cash used in investing activities</b>	<b>(12,824,000)</b>	<b>921,870</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from issue of capital	-	-
Proceeds of long term borrowings (net of repayment)	15,000,000	-
Repayment of Demand Loan	-	-
Increase/(decrease) in short term borrowings	-	-
Increase/(decrease) in unsecured loans	-	-
Interest paid	-	-
Dividend paid	-	-
<b>Net cash used in financing activities</b>	<b>15,000,000</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4,025,348)</b>	<b>6,831,490</b>
<b>Opening cash and cash equivalents</b>	<b>6,892,484</b>	<b>60,994</b>
<b>Closing cash and cash equivalents</b>	<b>2,867,136</b>	<b>6,892,484</b>
<b>Notes:</b>		
Cash and cash equivalents include:		
Balance with banks	2,867,136	6,892,484

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

CA Arvind K. Arvind  
Partner  
Membership No. 091661

Place : Chandigarh

Dated: 25 May, 2016

For and on behalf of the Board of directors

Y Saboo  
Director

D Agrawal  
Director

## **MAHEN DISTRIBUTION LIMITED**

Notes forming part of the accounts as on 31 March 2016

### **1 Significant accounting policies**

#### **i. Basis of preparation**

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013, pronouncements of the Institute of Chartered Accountants of India and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees.

#### **ii. Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include employee retirement benefit plans, estimated useful life of fixed assets, etc. Differences between actual results and estimates are recognised prospectively in the year in which the actual results are known or materialise. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standards. All assets and liabilities have been classified as current and non current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III to the Companies Act 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle being a period within 12 months for the purposes of classification of assets and liabilities as current and non-current.

#### **iii. Revenue recognition**

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. Net sales exclude sales tax and trade discounts.

#### **iv. Earnings per share**

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

#### **v. Taxes on Income**

Income tax expense comprises current tax (that is amount of tax for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liability or deferred tax asset is recognised using the tax rates that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation. Such assets are reviewed at each balance sheet date to reassess realisation. However, where there are carried forward losses or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.



**MAHEN DISTRIBUTION LIMITED**  
Notes forming part of the accounts as on 31st March, 2016  
(Amount in Rupees unless stated otherwise)

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
<b>1. Share capital</b>				
<b>Authorised</b>				
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>
<b>Issued, optionally, subscribed and paid up</b>				
Equity shares of Rs.10 each fully paid up	5,700,000	57,000,000	5,700,000	57,000,000
	5,700,000	57,000,000	5,700,000	57,000,000
12% Cumulative compulsory convertible preference shares of Rs. 56 each fully paid up	228,700	12,807,200	228,700	12,807,200
12% Cumulative optionally convertible preference shares of Rs. 65 each fully paid up	77,000	5,005,000	77,000	5,005,000
	<b>6,005,700</b>	<b>74,812,200</b>	<b>6,005,700</b>	<b>74,812,200</b>
<b>1(a) Reconciliation of share capital outstanding as at the beginning and at the end of the year</b>				
a) Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	5,700,000	57,000,000	5,700,000	57,000,000
Add: issued during the year	-	-	-	-
At the end of the year	<b>5,700,000</b>	<b>57,000,000</b>	<b>5,700,000</b>	<b>57,000,000</b>

b) During the current period and in the previous year, there has been no movement in the number of preference shares outstanding.

- 1(b) i) The Company has only one class of equity shares having a 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.

ii) The Company has only two classes of preference shares having a par value of Rs. 56 per share and Rs. 65 per share respectively. Preference shareholders do not hold any voting rights.  
The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.  
In the event of liquidation of the Company, the holders of preference shares will be entitled to receive the amount of their preference capital contribution before distribution of the remaining assets to the equity shareholders.  
Maturity period for redemption of 228,700 preference shares of Rs. 56 each is five years from the date of allotment, i.e. 22 March 2010, that has to be compulsory convert in equal number of equity shares of face value of Rs. 10 each at a premium of Rs.46 (and any cumulative dividend remaining unpaid), at the end of five years.  
Maturity period for redemption of 77,000 preference shares of Rs. 65 each is five years from the date of allotment, i.e. 24 September 2009, with an option to the shareholders to convert in equal number of equity shares of face value of Rs. 10 each at a premium of Rs.55 (and any cumulative dividend remaining unpaid), at the end of five years.

iii) Pursuant to the provisions of Section 106 of the Companies Act, 1956 (relevant provisions under Companies Act, 2013 yet to be notified), the term of the above classes of Preference shares have been varied to extend for a further period of 3 years. Maturity period for redemption of 228,700 preference shares of Rs. 56 each now extended to further period of three years from the date of maturity, i.e. 22 March 2015, that has to be compulsory convert in equal number of equity shares of face value of Rs. 10 each at a premium of Rs.46 (and any cumulative dividend remaining unpaid), at the end of further three years.  
Maturity period for redemption of 77,000 preference shares of Rs. 65 each now extended to further period of three years from the date of maturity, i.e. 24 September 2014, with an option to the shareholders to convert in equal number of equity shares of face value of Rs. 10 each at a premium of Rs.55 (and any cumulative dividend remaining unpaid), at the end of further three years.

**1(c) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates**

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up KDDL Limited (holding company / ultimate holding company)	5,700,000	5,700,000	5,700,000	5,700,000

**1(d) Details of shareholders holding more than 5% shares of the Company**

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid up held by KDDL Limited	5,699,994	99.99	5,699,994	99.99
12% Cumulative compulsory convertible preference shares of Rs. 56 each fully paid up held by RC Tritex AG	114,350	50.00	228,700	100.00
KDDL Limited	114,350	50.00	-	-
12% Cumulative optionally convertible preference shares of Rs. 65 each fully paid up held by Mr. J.P. Mundra	77,000	100.00	77,000	100.00



	As at 31st March, 2016	As at 31st March, 2015
<b>3. Reserves and surplus</b>		
<b>(Deficit) / surplus in Statement of Profit and Loss</b>		
Opening balance	(468,787)	(1,005,034)
Add: Profit / (loss) for the year	(1,315,350)	536,247
Net Profit in the Statement of Profit and Loss	<b>(1,784,137)</b>	<b>(468,787)</b>
<b>4. Long term borrowing</b>		
VBL Innovations Pvt. Ltd	15,000,000	-
	<b>15,000,000</b>	<b>-</b>
<b>5. Trade payable</b>		
<b>Other trade payables</b>		
- Total outstanding dues to micro and small enterprises	-	-
- To related parties	538,521	-
- Others	1,498,556	8,760,626
	<b>2,037,077</b>	<b>8,760,626</b>
<b>6. Other current liabilities</b>		
Income Tax Deducted at Source	137,663	
Expenses payable	284,000	272,500
	<b>421,663</b>	<b>272,500</b>
<b>7. Short term provisions</b>		
Provision for tax - Income Tax	-	102,182
	<b>-</b>	<b>102,182</b>
<b>8. Long term investment</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 -531993) of Ethos Limited of Rs. 10 each fully paid up at premium of Rs 90 each	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	
	<b>84,003,130</b>	<b>71,179,130</b>
<b>9. Inventories</b>		
Finished goods for trading		
Add: goods-in transit		
<b>10. Trade receivables</b>		
<i>(Unsecured and considered good, unless otherwise stated)</i>		
Debts outstanding for a period exceeding six months, considered good from others	3,427,691	5,206,696
Other debts, considered good	-	-
	<b>3,427,691</b>	<b>5,206,696</b>
<b>11. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks in current accounts	2,867,136	6,892,484
	<b>2,867,136</b>	<b>6,892,484</b>
<b>12. Short term loans and advances</b>		
<i>(Unsecured and considered good, unless otherwise stated)</i>		
Advances recoverable in cash or in kind or for value to be received	-	11,566
Loan to Ethos	-	-
Interest accrued but not due	-	-
MAT credit entitlement	188,846	188,846
	<b>188,846</b>	<b>200,412</b>



**MAHEN DISTRIBUTION LIMITED**  
**Notes forming part of the accounts as on 31st March, 2016**  
*(Amount in Rupees unless stated otherwise)*

	For the period ended 31st March 2016	For the year ended 31st March 2015
<b>13. Revenue from operations</b>		
Sales(net)	2,547,986	17,224,787
	<b>2,547,986</b>	<b>17,224,787</b>
<b>Foot notes:</b>		
<b>(i) Sale of products (net) - Traded goods</b>		
Sales of traded goods (net)		
Watches	2,547,986	17,224,787
Others	-	-
Total	<b>2,547,986</b>	<b>17,224,787</b>
<b>14. Other income</b>		
Profit on Sale of Investments	-	578,930
Interest from others	-	115,643
Exchange rate Gain	-	944,379
Miscellaneous Income	-	27,256
	<b>-</b>	<b>1,666,208</b>
<b>15. Purchase of stock-in-trade</b>		
Finished goods for trading	1,964,018	11,799,173
	<b>1,964,018</b>	<b>11,799,173</b>
<b>Foot notes:</b>		
<b>(i) Purchase of stock-in-trade</b>		
Watches	1,964,018	11,799,173
Others	-	-
Total	<b>1,964,018</b>	<b>11,799,173</b>
<b>16. Changes in inventories of finished goods,work-in-progress and Stock-in-trade</b>		
Opening stock		
Finished goods for trading	-	767,282
	-	<b>767,282</b>
Closing Stock		
Finished goods for trading	-	-
Finished goods in Transit	-	-
	<b>-</b>	<b>767,282</b>
<b>17. Employee benefit expenses</b>		
Salaries	-	3,938,166
	<b>-</b>	<b>3,938,166</b>
<b>18. Other expenses</b>		
Travelling and conveyance	-	967,335
Power	-	70,000
Rent	-	250,000
Audit fees	60,000	27,500
Legal and professional	40,000	15,000
Insurance	2,864	23,035
Exchange loss (net)	415,841	-
Rates, Taxes & Fees	33,260	21,405
Selling & Distribution	-	307,840
Staff and labour welfare	-	7,643
Postage and Telegram	-	1,020
Miscellaneous expenses	19	128,292
	<b>551,984</b>	<b>1,819,070</b>
<b>19. Financial costs</b>		
Interest Expenses	1,318,500	
Bank charges	28,834	31,057
	<b>1,347,334</b>	<b>31,057</b>



**20. Contingent liability not provided for**

Particulars	For the period ended 31st March 2016	For the year ended 31st March 2015
Arrears of fixed cumulative dividend on 12% cumulative optionally convertible and 12% cumulative compulsory convertible preference shares including dividend distribution taxes	18,447,345	12,980,951
	<b>18,447,345</b>	<b>12,980,951</b>

**21. Related parties**

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

Description of Relationship	Name of the Party
Holding Company	KDDL Limited (KDDL)

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

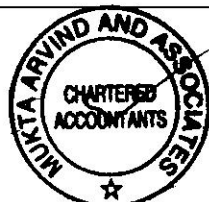
Description of Relationship	Name of the Party
Fellow Subsidiaries	ETHOS LIMITED
Entities with Significant Influence	VBL INNOVATION PVT. LTD.

**c. Transactions with related parties**

Nature of transactions	For the period ended 31st March 2016	For the year ended 31st March 2015
a) Sales	-	5,240,685
- ETHOS LIMITED		5,240,685
b) Salary expenses paid	-	3,938,166
- ETHOS LIMITED		3,938,166
c) Expenses paid	101,305	1,530,133
- ETHOS LIMITED	101,305	1,530,133
c) Interest Expense	1,308,495	-
- VBL INNOVATION PVT. LTD.	1,308,495	-
d) Interest income	-	115,643
- ETHOS LIMITED	-	115,643
e) Loan given	-	6,500,000
- ETHOS LIMITED	-	6,500,000
f) Loan received	15,000,000	6,500,000
- ETHOS LIMITED	-	6,500,000
- VBL INNOVATION PVT. LTD.	15,000,000	-

**d. Outstanding balances as at year end**

Particulars	For the period ended 31st March 2016	For the year ended 31st March 2015
<b>Payables</b>	15,538,521	1,316,980
- ETHOS LIMITED	-	1,316,980
- VBL INNOVATION PVT. LTD.	15,538,521	-
<b>Receivables</b>	-	-
- ETHOS LIMITED	-	-
<b>Investments</b>	84,003,130	71,179,130
- ETHOS LIMITED	84,003,130	71,179,130
<b>Equity share capital</b>	57,000,000	57,000,000
- KDDL Limited	57,000,000	57,000,000



**MAHEN DISTRIBUTION LIMITED**

Notes forming part of financial statements for the year ended 31st March 2016

Notes to the financial statements (Contd.)	Period ended 31-Mar-16	Year ended 31-Mar-15
<b>22. Earnings per equity share</b>		
The computation of basic / diluted earnings per share is set out below:-		
Profit after taxes as per Statement of Profit and Loss	(1,315,350)	536,247
Less: arrears of dividend on preference shares and tax thereon	2,572,609	2,564,935
Net profit/ (loss) attributable to equity shareholders	(3,887,959)	(2,028,688)
Calculation of Basic / Diluted EPS		
Number of equity shares at the beginning of the year	5,700,000	5,700,000
Shares issued during the year	-	-
Total equity shares outstanding at the end of the year	5,700,000	5,700,000
Number of weighted average equity shares for		
Basic	5,700,000	5,700,000
Diluted	6,005,700	6,005,700
Nominal value of equity share ( Rs )	10	10
Basic earnings / (loss) per share	(0.68)	(0.36)
Diluted earnings / (loss) per share	(0.68)	(0.36)

\* The effect of 12% cumulative optionally convertible and 12% cumulative compulsorily convertible preference shares being anti-dilutive in nature, dilutive EPS had not been computed

23. The management has ascertained that there is no impairment of fixed assets as on the balance sheet date

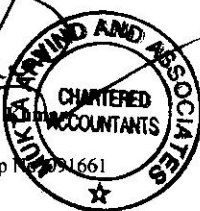
24. Segment reporting is not required to be disclosed since, by applying the definitions of business segment and geographical segment contained in AS 17, there is neither more than one business segment nor more than one geographical segment.

25. Based on the information presently available with the management, there are no dues outstanding to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31st Mar, 2016 (Previous year Rs. Nil).

26. Figures for previous year have been regrouped / reclassified, wherever necessary to conform to the current year's classification.

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

CA Arvind Kumar  
Partner  
Membership No: 1091661



Place : Chandigarh

Dated: 25 May, 2016

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

*Y Saboo*  
Y Saboo  
Director

*D Agrawal*  
D Agrawal  
Director