

# B S R & Co. LLP

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF

### THE MANDHANA RETAIL VENTURES LIMITED

#### Report on the audit of the Annual Financial Results

#### Disclaimer of Opinion

We were engaged to audit the accompanying annual financial results of The Mandhana Retail Ventures Limited (hereinafter referred to as the "Company") for the year ended 31 March 2020, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

We do not express an opinion on the accompanying annual financial results of the Company. In view of the significance of the matter described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence regarding whether the use of going concern assumption is appropriate or not. Therefore, we are unable to conclude as to whether the aforesaid annual financial results are presented in accordance with the applicable accounting standards and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, as amended, including the manner in which is to be disclosed or that it contains any material misstatement.

#### Basis for Disclaimer of Opinion

We draw attention to Note 3 of the annual financial results regarding preparation of the annual financial results on going concern basis. So far the revenue generating operations of the Company have been arising solely from retailing of men's and women's wear under a well-known trademark under a license agreement. The aforesaid license has been foreclosed by the trademark owner before the year end. Management has stated that the Company is exploring new alternatives including identifying new contracts for retailing in India and is taking steps to address the situation. However, at present, none of the alternatives have materialised and there are no firm business plans post 31 March 2020. The Company has also lost key employees and is taking steps to liquidate its inventories and transfer its retail outlets. Therefore, there is a material uncertainty regarding the future prospects of the business that cast significant doubt on the Company's ability to continue as a going concern. However, the Company has cash surplus and positive net worth. The Management and the Board of Directors have prepared the annual financial results on a going concern basis since they have a reasonable expectation that the Company will be able to meet all its contractual obligations and liabilities as they fall due in near future and that the Company will be able to procure new contracts for carrying on its operations. However, we were unable to obtain sufficient appropriate evidences about the future business plans and operations of the Company post 31 March 2020 and materialisation of alternatives that are being considered by the Management. Accordingly, we are unable to conclude whether the Company will be able to continue as a going concern and the consequential implications arising therefrom on the annual financial results of the Company.

B S R & Co (a partnership firm with  
Registration No. BA61223) converted into  
B S R & Co. LLP (a Limited Liability, Partnership  
with LLP Registration No. AAB-8181)  
with effect from October 14, 2013

Registered Office:  
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Mumbai - 400 011, India

## **INDEPENDENT AUDITORS' REPORT**

### **Management's and Board of Directors' Responsibilities for the Annual Financial Results**

These annual financial results have been prepared on the basis of the annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these annual financial results that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the

Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Annual Financial Results**

Our responsibility is to conduct an audit of the Company's annual financial results in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these annual financial results.

We are independent of the Company in accordance with the Code of Ethics and provisions of the Act that are relevant to our audit of the annual financial results in India under the Act, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the requirements under the Act..

BSR & Co. LLP

**Other Matter**

The annual financial results include the results for the quarter ended 31 March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **BSR & Co. LLP**

*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022

**RISHABH  
KUMAR**

Digitally signed by

RISHABH KUMAR

Date: 2020.09.18

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**Rishabh Kumar**

*Partner*

Place: Mumbai

Date: 18 September 2020

Membership Number: 402877

UDIN: 20402877AAAACU9572



THE MANDHANA RETAIL VENTURES LIMITED

CIN: L52390MH2011PLC213349

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STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

(Rupees in Lakhs)

Sr. No	Particulars	For the Quarter Ended			For the Year Ended	
		Audited	Unaudited	Audited	Audited	Audited
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	<b>Income</b>					
1	Revenue from operations	1,307.62	5,754.96	4,935.49	15,189.54	21,987.25
2	Other income	733.42	6.04	155.95	883.63	216.87
3	<b>Total income (1+2)</b>	<b>2,041.04</b>	<b>5,761.00</b>	<b>5,091.44</b>	<b>16,073.17</b>	<b>22,204.12</b>
4	<b>Expenses</b>					
	(a) Purchase of stock-in-trade	(9.57)	1,471.90	1,953.15	4,503.76	8,151.18
	(b) Changes in inventories of stock-in-trade	1,181.68	1,085.95	417.80	2,717.81	1,462.00
	(c) Employee benefits expense	326.52	581.56	591.27	2,065.66	2,469.77
	(d) Finance costs	168.35	162.40	129.54	715.41	245.70
	(e) Depreciation and amortisation expense	156.56	426.70	92.99	1,401.20	385.70
	(f) Other expenses	1,852.06	1,968.82	2,037.96	6,863.24	9,479.32
	<b>Total expenses</b>	<b>3,675.60</b>	<b>5,697.33</b>	<b>5,222.71</b>	<b>18,267.08</b>	<b>22,193.67</b>
5	<b>Profit/(Loss) before exceptional items &amp; tax (3-4)</b>	<b>(1,634.56)</b>	<b>63.67</b>	<b>(131.27)</b>	<b>(2,193.91)</b>	<b>10.45</b>
6	Exceptional items	-	-	-	-	-
7	<b>Profit/(Loss) before tax (5-6)</b>	<b>(1,634.56)</b>	<b>63.67</b>	<b>(131.27)</b>	<b>(2,193.91)</b>	<b>10.45</b>
8	<b>Tax expenses :</b>					
	Current tax	-	-	-	-	-
	Deferred tax charge/(credit) (net)	930.03	(36.29)	(2.98)	911.11	44.35
	Prior year tax	-	-	12.19	-	25.01
	<b>Total tax expenses</b>	<b>930.03</b>	<b>(36.29)</b>	<b>9.21</b>	<b>911.11</b>	<b>69.36</b>
9	<b>Net profit /(loss) (7-8)</b>	<b>(2,564.59)</b>	<b>99.96</b>	<b>(140.48)</b>	<b>(3,105.02)</b>	<b>(58.91)</b>
10	<b>Other comprehensive Income</b>					
	Items that will not be reclassified subsequently to Profit and Loss					
	- Remeasurements of the net defined benefits plans	22.52	4.15	0.36	22.52	1.12
	- Income tax relating to items that will not be reclassified subsequently to profit and loss	-	(1.45)	(0.13)	-	(0.39)
	<b>Total other comprehensive income</b>	<b>22.52</b>	<b>2.70</b>	<b>0.23</b>	<b>22.52</b>	<b>0.73</b>
11	<b>Total comprehensive income /(loss) (9+10)</b>	<b>(2,542.07)</b>	<b>102.66</b>	<b>(140.25)</b>	<b>(3,082.50)</b>	<b>(58.18)</b>
12	Paid up equity share capital (Face value of Rs. 10/- each)	2,208.26	2,208.26	2,208.26	2,208.26	2,208.26
13	Other equity	-	-	-	1,393.10	4,475.59
14	Earnings per Share (Rs. 10/- each) (not annualised)					
	Basic (Rs.)	(11.61)	0.45	(0.64)	(14.06)	(0.27)
	Diluted (Rs.)	(11.61)	0.45	(0.64)	(14.06)	(0.27)







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BALANCE SHEET

(Rupees in Lakhs)

Sr. No	Particulars	As at	
		Audited	Audited
		31.03.2020	31.03.2019
1	<b>ASSETS</b>		
	Non-current assets		
	a) Property, Plant and Equipment	169.62	2,230.96
	b) Capital Work-In-Progress	-	0.51
	c) Intangible Assets	-	26.81
	d) Right of use asset	-	-
	e) Financial Assets :		
	i) Loans	-	191.89
	ii) Other Financial Assets	8.31	8.31
	f) Deferred Tax Assets (net)	-	911.11
	g) Income tax assets (net)	0.41	0.31
	h) Other Non-Current Assets	-	87.29
	<b>Sub total : Non-current assets</b>	<b>178.34</b>	<b>3,457.19</b>
2	Current Assets		
	a) Inventories	15.75	4,022.68
	b) Financial Assets :		
	i) Trade Receivables	630.56	2,209.00
	ii) Cash and cash equivalents	544.81	40.87
	iii) Loans	1,718.66	1,975.56
	iv) Other Financial Assets	2,269.45	42.32
	c) Other Current Assets	390.60	304.28
	<b>Sub total : Current assets</b>	<b>5,569.83</b>	<b>8,594.71</b>
	<b>TOTAL : ASSETS</b>	<b>5,748.17</b>	<b>12,051.90</b>
1	<b>EQUITY AND LIABILITIES</b>		
	Equity		
	a) Equity Share capital	2,208.26	2,208.26
	b) Other Equity	1,393.10	4,475.59
	<b>Sub total : Equity</b>	<b>3,601.36</b>	<b>6,683.85</b>
2	Liabilities		
	Non-Current Liabilities		
	a) Financial Liabilities :		
	i) Lease Liability	-	-
	ii) Other Financial Liabilities	-	111.17
	b) Provisions	37.66	68.95
	c) Other Non- Current Liabilities	-	13.85
	<b>Sub total : Non-current liabilities</b>	<b>37.66</b>	<b>193.97</b>
3	Current Liabilities		
	a) Financial Liabilities		
	i) Lease Liability	-	-
	ii) Borrowings	228.84	845.89
	iii) Trade Payables :		
	- Total outstanding dues of micro enterprises and small enterprises	341.57	1,015.40
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	902.98	2,670.50
	iv) Other Financial Liabilities	519.86	422.27
	b) Other Current Liabilities	70.84	195.48
	c) Provisions	35.61	15.08
	d) Current tax Liabilities (net)	9.45	9.45
	<b>Sub total : Current liabilities</b>	<b>2,109.15</b>	<b>5,174.07</b>
	<b>TOTAL : EQUITY AND LIABILITIES</b>	<b>5,748.17</b>	<b>12,051.89</b>





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**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

(Rupees In Lakhs)

Particulars	31 March 2020	31 March 2019
	Audited	Audited
<b>Cash flows from operating activities</b>		
Net (loss)/profit before tax	(2,193.91)	10.45
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,401.20	385.70
Sundry balances written back	(75.84)	(138.99)
Interest income on security deposits carried at fair value	(123.11)	(72.90)
Unrealised gain/loss on foreign currency translation (net)	(2.08)	6.44
Interest income on fixed deposits with banks	(0.76)	(2.70)
Finance costs	715.41	245.70
Allowance for expected credit loss	41.47	169.81
Loss on transfer of business	1,242.50	-
Loss/write off of property, plant and equipment	33.97	120.07
<b>Operating cash flows before working capital changes</b>	<b>1,038.85</b>	<b>723.58</b>
<b>Working capital adjustments :</b>		
Decrease in other financial liabilities	(4.61)	(601.62)
(Decrease)/Increase in other liabilities	(99.92)	17.45
(Decrease)/Increase in provisions	11.73	14.14
Decrease in trade payables	(2,365.53)	(539.74)
Decrease/(Increase) in loans	533.33	(417.73)
(Increase)/Decrease in other non-current assets	(65.00)	51.03
Decrease in inventories	4,006.93	1,462.00
Decrease/(Increase) in trade receivables	1,539.05	(386.57)
(Increase)/Decrease in other current financial assets	(2,226.42)	23.44
<b>Cash generated from operating activities</b>	<b>2,368.41</b>	<b>345.98</b>
Income tax paid	(0.10)	(143.13)
<b>Net cash flows from operating activities</b>	<b>2,368.31</b>	<b>202.85</b>
<b>Cash flows from investing activities</b>		
Purchase for property, plant and equipment including capital work in progress and capital advances	(531.98)	(158.84)
Proceeds from sale of property, plant and equipment	-	0.15
Interest received	0.07	1.97
<b>Net cash used in investing activities</b>	<b>(531.91)</b>	<b>(156.72)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank borrowings	(417.05)	(104.57)
Proceeds of loan from corporate bodies	150.00	1,100.00
Repayment of loan to corporate bodies	(350.00)	(900.00)
Finance charges paid	(715.41)	(245.70)
<b>Net cash used in financing activities</b>	<b>(1,332.46)</b>	<b>(150.27)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>503.94</b>	<b>(104.14)</b>
Cash and cash equivalents at the beginning of the year	40.87	145.01
<b>Cash and cash equivalents at the end of the year</b>	<b>544.81</b>	<b>40.87</b>
<b>Reconciliation of cash and cash equivalents with the balance sheet</b>		
Cash and Cash equivalents as per Balance Sheet	544.81	40.87
<b>Cash and Cash equivalents as at the year end</b>	<b>544.81</b>	<b>40.87</b>





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**SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED**

(Rupees In Lakhs)

Sr No.	Particulars	For the Quarter Ended			For the Year Ended	
		Audited	Unaudited	Audited	Audited	Audited
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
1	<b>Segment Revenue</b>					
	[a] Domestic	2,020.82	4,979.07	3,976.13	14,225.34	19,790.28
	[b] Export	20.22	781.93	1,115.31	1,847.83	2,413.84
	[c] Unallocated			-		
	<b>Total</b>	<b>2,041.04</b>	<b>5,761.00</b>	<b>5,091.44</b>	<b>16,073.17</b>	<b>22,204.12</b>
	Less: Inter-segment Revenue	-	-	-	-	-
	<b>Total Revenue</b>	<b>2,041.04</b>	<b>5,761.00</b>	<b>5,091.44</b>	<b>16,073.17</b>	<b>22,204.12</b>
2	<b>Segment Profit/ (Loss) Before Tax &amp; Interest</b>					
	[a] Domestic	(1,281.79)	168.68	(127.93)	(1,367.99)	(23.06)
	[b] Export	(184.42)	57.39	126.20	(110.51)	279.21
	[c] Unallocated	-				
	<b>Total</b>	<b>(1,466.21)</b>	<b>226.07</b>	<b>(1.73)</b>	<b>(1,478.50)</b>	<b>256.15</b>
	Less: Interest	168.35	162.40	129.54	715.41	245.70
		(1,634.56)	63.67	(131.27)	(2,193.91)	10.45
	<b>Add: Unallocable Income/ (Loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Profit Before Tax</b>	<b>(1,634.56)</b>	<b>63.67</b>	<b>(131.27)</b>	<b>(2,193.91)</b>	<b>10.45</b>
3	<b>Capital Employed</b>					
	<b>Segment assets</b>					
	[a] Domestic	1,429.22	11,715.20	8,482.00	1,429.22	8,482.00
	[b] Export	86.65	297.20	827.94	86.65	827.94
	[c] Unallocated	4,232.30	2,720.07	2,741.96	4,232.30	2,741.96
	<b>Total</b>	<b>5,748.17</b>	<b>14,732.47</b>	<b>12,051.90</b>	<b>5,748.17</b>	<b>12,051.90</b>
	<b>Segment liabilities</b>					
	[a] Domestic	369.04	4,995.23	496.67	369.04	496.67
	[b] Export	-			-	
	[c] Unallocated	1,777.80	3,592.15	4,871.37	1,777.80	4,871.37
	<b>Total</b>	<b>2,146.84</b>	<b>8,587.38</b>	<b>5,368.04</b>	<b>2,146.84</b>	<b>5,368.04</b>
	<b>Capital Employed (Segment assets - Segment liabilities)</b>					
	[a] Domestic	1,060.18	6,719.97	7,985.33	1,060.18	7,985.33
	[b] Export	86.65	297.20	827.94	86.65	827.94
	[c] Unallocated	2,454.50	(872.08)	(2,129.41)	2,454.50	(2,129.41)
	<b>Total</b>	<b>3,601.33</b>	<b>6,145.09</b>	<b>6,683.86</b>	<b>3,601.33</b>	<b>6,683.86</b>





**Notes :**

- 1 The above financial results have been reviewed by the Audit Committee on 18 September 2020 and approved by the Board of Directors at their meeting held on that date.
- 2 Financial results for all the periods presented have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with rules there under.
- 3 The Company's license arrangement with Being Human - The Salman Khan Foundation ('the Foundation'), which was the core asset of the Company, has been terminated on 5th March 2020, with effect from 31 January 2020. Further, the Foundation appointed another entity as the licensee to run the business of the Being Human brand with effect from 1 February 2020. The Foundation agreed that till the expiry of the Trademark License Agreement (i.e. 31 March 2020), the Company shall operate as a limited non-exclusive licensee of the Foundation to use the trademark in trust for the new licensee, until the completion of the transition of intellectual property including designs, inventories, leases of EBOs and arrangements with channel partners, etc. The Company agreed that till the time of execution of the new agreements of these channel partners with new licensee, the Company shall continue the operations with the channel partners, in trust for new licensee. Till such time the operations with the channel partners are run in trust by the Company, the arrangement shall be on a no profit no loss basis and the entire expenses and cash requirements for running the business in trust by the Company, shall be borne by the new licensee. Consequently, on the same date, the Company entered into an agreement with the new licensee to transition the business to them in line with the above understanding. Further, as part of the agreement, the new licensee entity agreed to buy out the store assets (both at exclusive brand outlets and at shop-in-shops), the current inventory of upto spring-summer18 collection as at 31 January 2020, the cost of the design and intellectual property pertaining to the range of products and to pay for the efforts to be incurred by the Company towards effecting the said transition. The total consideration that was agreed between the Company and the new licensee entity for the above arrangement was Rs 2,713 Lacs. Further, the Foundation waived off the last six months royalty as part of the above closure arrangement.  
  
Non-renewal of the license agreement with the Being Human Foundation was an unexpected development. The Company has worked to address the uncertainty caused to the extant business model by revisiting its business strategy. Its revised business plan is based on its proven skills in building a profitable brand in 'consumer discretionary segment' from ground up. However, the sudden discontinuation of the license agreement with the Foundation has coincided with the Covid 19 pandemic that has disrupted the economy in general and retail business in particular. The Company has decided to withhold the roll out of its revised business plan till the current disruption reasonably abates. However, the material uncertainty caused by the endogenous development on the 'license' and exogenous global disruption due pandemic has cast significant doubt on the Company's ability to continue as a 'going concern'. The Management, however, is reasonably confident of reviving Company's fortunes given its reworked strategy supported by the core team that is in place and liquidity at hand.  
  
The Company has initiated plans to address the uncertainty in business arising out of the above development. The Company is exploring various alternatives, including initiating the process of determining new partners and tie-ups with a new trademark owner or creating a homegrown brand with reduced dependability on a third party. The Company is ready with all the internal strategy and the way ahead to start such a new venture. The Company has the relevant resources to be able to enter a new venture right away, however, the Company is currently assessing the impact of the pandemic situation on the retail industry and therefore moving cautiously with its plans. However, the Management of the Company does not have any intention to liquidate the Company and is confident that the alternatives being evaluated by the Company will materialise soon. With continued efforts, the Company expects to address the material uncertainty in near future. Accordingly, the financial results continue to be prepared on going concern basis.  
  
Management's view on 'Going Concern' status: The Auditors have expressed serious concern on the going concern status due to the discontinuation of the 'license' vide agreement with the Foundation dated March 5, 2020. The Management, however, has responded with speed to rework its business strategy to meet the uncertainty arising out of this event. The Management believes its business plan is amply supported by the core team that it has nurtured over the years and liquidity, inter alia, arising out of the transaction with the Foundation and its new licensee. The Management has held back the roll out of the plan given the disruption caused in the economy and its target markets by the pandemic. Given the current indication, it would be reasonable to expect helpful conditions for roll out by Q4FY'21. The Management, therefore, is of the opinion that there are reasonable grounds to believe that there is no material impact due to the aforesaid disclaimer on 'going concern' status by the Auditors.  
  
The Board while approving the accounts has given serious weightage to the views of the Auditors. It has also received the views of the Management on its strategy to meet the extenuating developments in its business model and the uncertainty in the economy caused by the pandemic. On balance, the Board is of the view, given the uncertainty and disruption caused by the pandemic, it is advisable to tread with caution and feels reasonably confident that the Management will be able to operationalise the business plan as presented to the Board and the Company' status as a 'going concern' can reasonably be assured thereby.
- 4 The figures for the quarter ended 31 March 2020 and 31 March 2019 are balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the end of third quarter of the relevant financial year.
- 5 The Company has adopted modified retrospective approach as per para C8 (c)(ii) of IND AS 116 - "Leases" to its leases effective from annual reporting period beginning 1 April, 2019. However, considering the business transfer agreement signed by the Company before year end (refer Note 4 above), it has been agreed to transfer the leased stores to the new franchisee in due course. Consequently, RoU assets and lease liabilities recognised by the Company up till 31 January 2020, have been derecognised in the books as at 31 March 2020.
- 6 The Government of India on 20 September 2019 vide the Taxation Laws (Amendment) Ordinance 2019 inserted a new Section 115BAB in the Income Tax Act, 1961 which provides an option to the Company for paying Income Tax at reduced rates as per the provisions/conditions defined in the said section. The Company would continue with the existing tax rate applicable to it and will not opt for the reduced tax rate.
- 7 Previous period's figures have been regrouped/reclassified, wherever necessary, to confirm to current period's presentation.

**RISHABH  
KUMAR**

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RISHABH KUMAR  
Date: 2020.09.18  
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Mumbai, 18 September 2020

For The Mandhana Retail Ventures Limited

*Priyavrat Mandhana*  
Priyavrat Mandhana  
Executive Director



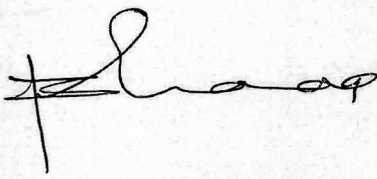

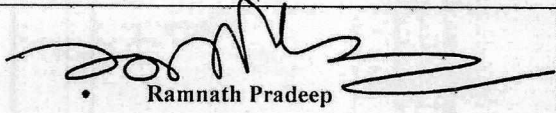





Annexure- 1

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)  
submitted along-with Annual Audited Financial Results**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended 31<sup>st</sup> March, 2020</b> [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in Lacs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in Lacs)
	1.	Turnover / Total income	16073.17	16073.17
	2.	Total Expenditure	18267.08	18267.08
	3.	Net Profit/(Loss)	(3,105.02)	(3,105.02)
	4.	Earnings Per Share	(14.06)	(14.06)
	5.	Total Assets	5748.17	5748.17
	6.	Total Liabilities	2146.79	2146.79
	7.	Net Worth	3601.38	3601.38
	8.	Any other financial item(s) (as felt appropriate by the management)		
II.	<b><u>Audit Qualification (each audit qualification separately):</u></b>			
	a.	<b>Details of Audit Qualification:</b> We draw attention to Note 3 of the annual financial results regarding preparation of the annual financial results on going concern basis. So far the revenue generating operations of the Company have been arising solely from retailing of men's and women's wear under a well-known trademark under a license agreement. The aforesaid license has been foreclosed by the trademark owner before the year end. Management has stated that the Company is exploring new alternatives including identifying new contracts for retailing in India and is taking steps to address the situation. However, at present, none of the alternatives have materialised and there are no firm business plans post 31 March 2020. The Company has also lost key employees and is taking steps to liquidate its inventories and transfer its retail outlets. Therefore, there is a material uncertainty regarding the future prospects of the business that cast significant doubt on the Company's ability to continue as a going concern. However, the Company has cash surplus and positive net worth. The Management and the Board of Directors have prepared the annual financial results on a going concern basis since they have a reasonable expectation that the Company will be able to meet all its contractual obligations and liabilities as they fall due in near future and that the Company will be able to procure new contracts for carrying on its operations. However, we were unable to obtain sufficient appropriate evidences about the future business plans and operations of the Company post 31 March 2020 and materialisation of alternatives that are being considered by the Management. Accordingly, we are unable to conclude whether the Company will be able to continue as a going concern and the consequential implications arising therefrom on the annual financial results of the Company.		
	b.	<b>Type of Audit Qualification :</b> <del>Qualified Opinion</del> / Disclaimer of Opinion / <del>Adverse Opinion</del>		
	c.	<b>Frequency of qualification:</b> <del>Whether appeared first time / repetitive / since how long continuing</del> We have reported Disclaimer of Opinion during our Limited Review of the financial results for the quarter and period ended 31 December 2019.		

	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA</b>
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	<p><b>(i) Management's estimation on the impact of audit qualification:</b></p> <p>Non-renewal of the license agreement with the Being Human Foundation was an unexpected development. The Company has worked to address the uncertainty caused to the extant business model by revisiting its business strategy. Its revised business plan is based on its proven skills in building a profitable brand in 'consumer discretionary segment' from ground up. However, the sudden discontinuation of the license agreement with the Foundation has coincided with the Covid 19 pandemic that has disrupted the economy in general and retail business in particular. The Company has decided to withhold the roll out of its revised business plan till the current disruption reasonably abates. However, the material uncertainty caused by the endogenous development on the 'license' and exogenous global disruption due pandemic has cast significant doubt on the Company's ability to continue as a 'going concern'. The Management, however, is reasonably confident of reviving Company's fortunes given its reworked strategy supported by the core team that is in place and liquidity at hand.</p> <p>Management's view on 'Going Concern' status: The auditors have expressed serious concern on the going concern status due to the discontinuation of the 'license' vide agreement with the Foundation dated March 5, 2020. The Management, however, has responded with speed to rework its business strategy to meet the uncertainty arising out of this event. The Management believes its business plan is amply supported by the core team that it has nurtured over the years and liquidity, inter alia, arising out of the transaction with the Foundation and its new licensee. The Management has held back the roll out of the plan given the disruption caused in the economy and its target markets by the pandemic. Given the current indication, it would be reasonable to expect helpful conditions for roll out by Q4FY'21. The Management, therefore, is of the opinion that there are reasonable grounds to believe that there is no material impact due to the aforesaid disclaimer on 'going concern' status by the Auditors.</p> <p>The Board while approving the accounts has given serious weightage to the views of the Auditors. It has also received the views of the Management on its strategy to meet the extenuating developments in its business model and the uncertainty in the economy caused by the pandemic. On balance, the Board is of the view, given the uncertainty and disruption caused by the pandemic, it is advisable to tread with caution and feels reasonably confident that the Management will be able to operationalize the business plan as presented to the Board and the Company's status as a 'going concern' can reasonably be assured thereby.</p>
	<b>(ii) If management is unable to estimate the impact, reasons for the same: NA</b>
	<b>(iii) Auditors' Comments on (i) or (ii) above: None</b>

III.	<b>Signatories:</b>	     
	• Manish Mandhana (Chief Executive Officer)	
	• Pankaj Gharat (Chief Financial Officer)	
	• Ramnath Pradeep (Audit Committee Chairman)	
	• Rishabh Kumar Partner M/s. B S R & Co. LLP Chartered Accountants Statutory Auditor  UDIN : 20402877AAAACU9572	
Place: Mumbai		<b>RISHABH KUMAR</b> Digitally signed by RISHABH KUMAR Date: 2020.09.18 19:19:16 +05'30'
Date: 18 <sup>th</sup> September, 2020		