



**MRVL**

MANDHANA RETAIL VENTURES LTD.

**Annual Report  
2019-2020**

# CONTENTS

	Page Nos.
<b>CORPORATE OVERVIEW</b>	
Corporate Information	01
Chairman's Message	02
<b>STATUTORY REPORTS</b>	
Directors' Report	03
Management Discussion and Analysis	22
Corporate Governance Report	25
<b>FINANCIAL STATEMENTS</b>	
Independent Auditors' Report	41
Balance Sheet	46
Statement of Profit and Loss	47
Statement of Cash Flows	48
Statement of Changes in Equity	50
Notes to the Financial Statements	51

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Mr. Pradip Dubhashi

*Non-executive and Independent Chairman*

### Mr. Ramnath Pradeep

*Non-executive and Independent Director*

### Mr. Kiran Vaidya

*Non-executive and Independent Director  
(ceased to be a director w.e.f. 18<sup>th</sup> May, 2020)*

### Mrs. Sangeeta Mandhana

*Managing Director*

### Mr. Priyavrat Mandhana

*Executive Director*

### Mr. Mitesh Shah

*Non-executive and Independent Director  
(appointed as Additional Director  
w.e.f. 20<sup>th</sup> October, 2020)*

### Mr. M.V.P.H. Rao

*Non-executive and Independent Director  
(appointed as Additional Director  
w.e.f. 20<sup>th</sup> October, 2020)*

## BOARD COMMITTEES

### Audit Committee

#### Mr. Ramnath Pradeep

*(Appointed as Chairman  
w.e.f. 14<sup>th</sup> September, 2020)*

#### Mr. Kiran Vaidya

*Chairman (ceased to be  
Chairman w.e.f. 18<sup>th</sup> May, 2020)*

#### Mr. Pradip Dubhashi

*Member*

#### Mr. Mitesh Shah

*Member  
(appointed as member  
w.e.f. 20<sup>th</sup> October, 2020)*

#### Mr. Priyavrat Mandhana

*Member*

### Nomination & Remuneration Committee

#### Mr. Ramnath Pradeep

*Chairman*

#### Mr. Pradip Dubhashi

*Member*

#### Mr. Kiran Vaidya

*Member (ceased to be member  
w.e.f. 18<sup>th</sup> May, 2020)*

#### Mr. M.V.P.H. Rao

*Member  
(appointed as member  
w.e.f. 20<sup>th</sup> October, 2020)*

### Stakeholders Relationship Committee

#### Mr. Ramnath Pradeep

*Chairman*

#### Mrs. Sangeeta Mandhana

*Member*

#### Mr. Priyavrat Mandhana

*Member*

### Corporate Social Responsibility Committee

#### Mr. Pradip Dubhashi

*Chairman*

#### Mr. Ramnath Pradeep

*Member*

#### Mrs. Sangeeta Mandhana

*Member*

### Risk Management Committee

#### Mr. Pradip Dubhashi

*Chairman*

#### Mr. Ramnath Pradeep

*Member*

#### Mr. Kiran Vaidya

*Member  
(ceased to be a member  
w.e.f. 18<sup>th</sup> May, 2020)*

### Management Committee

#### Mr. Priyavrat Mandhana

*Chairman*

#### Mrs. Sangeeta Mandhana

*Member*

## KEY MANAGERIAL PERSONNEL

#### Mrs. Sangeeta Mandhana

*Managing Director*

#### Mr. Manish Mandhana

*Chief Executive Officer*

#### Mr. Pankaj Gharat

*Chief Financial Officer  
(Appointed w.e.f. 5<sup>th</sup> July, 2019)*

#### Mr. Virendra Varma

*Company Secretary*

## STATUTORY AUDITORS

### M/s. BSR & Co. LLP

*Chartered Accountants*

## SOLICITORS

### M/s Crawford Bayley & Co.

*Advocates & Solicitors*

## INTERNAL AUDITOR

### M/s Aneja Assurance Private Limited

*Chartered Accountants  
(ceased w.e.f. 31<sup>st</sup> March, 2020)*

### M/s. Ram Agarwal & Associates

*Chartered Accountants  
(appointed w.e.f. 1<sup>st</sup> April, 2020)*

## SECRETARIAL AUDITOR

### Mr. Nitin R. Joshi

*Practicing Company Secretary*

## BANKERS

HDFC Bank Limited

Axis Bank Limited

Corporation Bank

State Bank of India

ICICI Bank Limited

## REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Private Limited  
(Unit: The Mandhana Retail Ventures Limited)

C-101, 247 Park, LBS Marg,  
Vikhroli (W), Mumbai 400 083

**Tel:** 91-22-49186000

**Fax:** 91-22-49186060

**E-mail:** [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)

### Registered Office

Plot No. E-132, M.I.D.C,  
Tarapur Industrial Area,  
Boisar, Dist. Palghar - 401 506  
**Tel:** 91- 2525- 605706/272426

### Corporate Office

014, Peninsula Centre,  
Dr. S. S. Rao Road,  
Parel, Mumbai - 400 012

**Tel:** 91-22-4353 9790

**E-mail:** [cs@tmrvl.com](mailto:cs@tmrvl.com)

**Website:** [www.mrvlindia.com](http://www.mrvlindia.com)



# CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

In my decades in business and industry, I and, I am sure, most of you haven't seen as turbulent times as the months since March this year. For your company, the pandemic has in a way aggravated the difficult times that it was facing in the year under review. Your Company's sales in FY 20 declined to INR 151.89 Crs, a decline of nearly 31% from the year earlier. It turned in a loss at the EBITDA level of 0.51% as opposed to a modest 2.91% a year earlier. Your Company suffered major discontinuity in business when the Being Human Foundation decided not to renew the license agreement that had enabled company to build the apparel business over last four years. The dislocation that this separation and associated process caused in the last four months of FY 20 is apparent in the financials as above.

## **Black Swan moment for global apparel**

The apparel industry and its subset the fashion industry was facing slowdown globally in year 2019 but the pandemic has wreaked havoc. McKinsey, a reputed consultancy firm, estimates that the apparel industry would contract by about 30% globally with a marginal growth, if at all, of 1-2% in year 2021. The market capitalisation of global companies in this sector has reportedly fallen by 40% in the first 3 months of this calendar year and 80% of the companies are in financial distress. The 'quarantine of consumption' by the consuming class has led to fall in demand and has disrupted the industry supply chains.

## **License Agreement: A major disruption**

I must admit that your Company was not prepared for the loss of its core asset namely the license agreement for Being Human brand. You may recall that in my letter to you last year I had apprised you about 'strategic asymmetry' between the Company management and the Foundation on operational matters. But the management didn't foresee the possibility of a rupture on this account given the personal bonhomie it enjoyed with the trustees of the Foundation.

The terms of separation provided for transfer of designs, inventories and stores to the entity specified by the Trust (the Licensor). The terms also provided for transfer of personnel. The Company had to let go of its employees who had worked hard to build the business. It was a sad separation but no one lost a job; the Company retained a select team that is working on alternative strategies that would build on industry and consumer knowledge that has been built and now embedded. As you may be aware, the Company inherited the license agreement as it was signed and operational before the Company came into existence. In retrospect, it is obvious that it was perhaps drafted in a hurry and didn't have the benefit of sound commercial and legal advice. The Board realising this repeatedly advised the management to take risk mitigation steps that it has done only lately.

## **Your Management is responding to the situation**

The loss of license and the disruption has changed the business environment of the Company irrevocably. The cathartic experience of sudden discontinuity in the working life caused by the pandemic has changed the consumer everywhere including India. It is now a preference for savings

and cautious consumption for the Indian consumer. As one behaviour expert opined that the consumer will look for 'investment' clothing that is minimalist and would 'last forever'. When economy resurfaces, expect shakeouts; many markets would be vacated. Your management is thinking of white spaces of opportunities emerging out of this economic churn. It has viable ideas in keeping with the strengths that the team possesses and network of relationships that it has built. There will be a step change towards digital including virtual sampling, video signoffs, and virtual showrooms for digital sell-ins and social marketing. All of this in an asset light model. It's a great window of opportunity to reinvent and that is serious work in progress for Manish Mandhana, the CEO and his team.

## **Auditors' concerns**

The Auditors have expressed concern regarding the going concern status of the Company given that the license agreement stands terminated as of March 5, 2020. The management did try to address those concerns but in absence of any other clothing brand in the folio, the Auditors continued to hold their view. As mentioned above, the management and the board is fundamentally reimagining the future and that it will be rolled out when the consumption environment turns conducive. Given that proceeds from the transaction are available and the Company has pared expenses scrupulously and that there is a viable plan for reinventing the business in place, the Board believes the 'going concern' status can be expected to be reasonably assured.

## **Matters of the Board**

In last eighteen months or so your Board has weathered difficult times. My colleagues, especially the Independent Directors, have very often gone beyond the call of normal duty. Mr Kiran Vaidya, Independent Director and Chair Audit Committee, resigned for personal reasons in May this year; his resignation came at an awkward time. The board sincerely thanks him for his services. During these difficult times Mr. Ramnath Pradeep, Independent director and Chair of the Nomination and Remuneration Committee, Audit Committee and Stakeholders Relationship Committee, provided rock like support to me and the Management through his wise and timely counsel. I can't thank him enough. I take this opportunity to welcome Mr. MVPH Rao and Mr. Mitesh Shah on the Board. I also like to record appreciation of Manish Mandhana, the CEO, for the grit shown and composure maintained during trying times.

Our people who stood by the company in turbulent times and worked on new strategy deserve heartfelt thanks. I must particularly mention tireless work done by Mr Pankaj Gharat, the CFO and a very meticulous Company Secretary Mr Virendra Varma during these eighteen months under very difficult personal circumstances.

Best regards,

**Pradip Dubhashi**  
Chairman

# DIRECTORS' REPORT

## Dear Shareholders,

Your Directors have pleasure in presenting the 9<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2020.

### 1. FINANCIAL HIGHLIGHTS

(Rupees in Lakh)

Particulars	2019-2020	2018-2019
Total Turnover	15,189.54	21,987.25
Other Income	883.63	216.87
Profit/(Loss) Before Interest, Depreciation and Taxation	<b>(77.30)</b>	<b>641.85</b>
Less: 1. Interest	715.41	(245.70)
2. Depreciation	1,401.20	(385.70)
<b>Profit/(Loss) Before Taxation</b>	<b>(2,193.91)</b>	<b>10.45</b>
Less: Provision for Taxation		
Current Tax	-	-
Deferred Tax	(911.11)	(44.35)
Net Profit/(Loss) for the Year	(3,105.02)	(33.9)
Less: Income Tax paid for earlier year	-	(25.01)
<b>Profit/(Loss) after Taxation</b>	<b>(3,105.02)</b>	<b>(58.91)</b>
Add: Other Comprehensive Income for the Year	22.52	0.73
<b>Total Comprehensive Income/ (Loss) for the year</b>	<b>(3,082.50)</b>	<b>(58.18)</b>
Less: Transfer to General Reserve	0.00	0.00
<b>Balance carried forward</b>	<b>(3,082.50)</b>	<b>(58.18)</b>

Note: Figures in brackets represent negative number.

### 2. COMPANY PERFORMANCE AND BUSINESS OVERVIEW

A detailed discussion of operations for the year ended 31<sup>st</sup> March, 2020 is provided in the Management Discussion and Analysis Report, which is presented in a separate section forming part of this Annual Report.

### 3. DIVIDEND

In view of losses, the Board of Directors of your company does not recommend dividend for the year under review.

### 4. TRANSFER TO RESERVE

The Company does not propose to transfer amounts to the general reserve for the financial year 2019-2020.

### 5. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

Towards the end of the financial year 2019-20, the

world has been facing a dreadful enemy in the form of Coronavirus viz., the global Covid-19 pandemic. The outbreak of Covid-19 pandemic has resulted into many restrictions, including free movement of people, thereby hampering businesses and day to day functioning of companies. Further, post selling and transferring of select inventories and store assets pertaining to the Trademark License Agreement executed between the Company and Being Human - The Salman Khan Foundation to Four Aces Fashion House Private Limited in the month of March 2020, the Company has ceased to carry the operations and business in relation to the said Trademark. Your Company has been continuously exploring various business prospects and in this regard various meetings/visits were planned in the 1<sup>st</sup> quarter of financial year 2020-21. However, with the statutory lockdown and various restrictions imposed by the Central and the State Government from March, 2020 the scheduled meetings/visits have been postponed and consequently the progress on the same has been on standstill.

Considering the fact that the situation is exceptional and is changing dynamically, the Company is not in a position to gauge with certainty, the impact it may have on its future business proposals. However, the Company is confident about adapting to the changing business environment and is quite confident that the situation will pick up progressively.

### 6. CORPORATE GOVERNANCE

Reports on Corporate Governance and Management Discussion and Analysis, in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), along with a certificate from Auditors regarding compliance of the Corporate Governance are given separately in this Annual Report.

All Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the financial year 2019-2020. A declaration to this effect signed by the Chief Executive Officer of the Company is contained in this annual report.

### 7. PUBLIC DEPOSIT

Your Company has not accepted any Public Deposits under Chapter V of the Companies Act, 2013.

### 8. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Priyavrat Mandhana retires by rotation and being eligible, he would offers himself for re-appointment.



## DIRECTORS' REPORT (CONTD.)

Brief details of Mr. Priyavrat Mandhana as required under Regulation 36(3) of the Listing Regulations shall form part of the notice of the ensuing Annual General Meeting.

During the year under review, Mr. Sachin Jaju, Non-Executive Director of the Company passed away on 2<sup>nd</sup> June, 2019. Mr. Jaju was an active Board Member and chose his point of participation very judiciously. The Board places on record its deep sense of gratitude and appreciation for Mr. Jaju's contribution provided to the Company during his tenure.

Mr. Kiran Vaidya, Non-Executive and Independent Director of the Company stepped down from the Board w.e.f. 18<sup>th</sup> May, 2020 as to pursue some of his personal interests. The Board places on record the contributions made by Mr. Vaidya during his tenure with the Company.

Brief details of the Director proposed to be appointed/re-appointed as required under Regulation 36(3) of the Listing Regulations shall form part of the notice of the ensuing Annual General Meeting. Necessary details shall also be annexed to the notice of the meeting in terms of Section 102(1) of the said Act.

The Company has received declarations from all the Independent Directors of the Company, confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, the Independent Directors, fulfill the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations.

Mr. Pankaj Gharat has been appointed as the Chief Financial Officer ('CFO') of the Company w.e.f. 5<sup>th</sup> July, 2019. Subsequent to his appointment, the additional duty/charge pertaining to the office of the CFO which was delegated to Mrs. Sangeeta Mandhana, Managing Director of the Company has been ceased. During the year under review, none of the KMP of the Company resigned from their respective positions.

### 9. BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees, and individual directors pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations. The Company has implemented a system of evaluating performance of the Board of Directors and of its Committees and individual Directors on the basis of a structured questionnaire which comprises evaluation criteria taking into consideration various performance related aspects.

The Company's Independent Directors met on 12<sup>th</sup> February, 2020 without the presence of Executive Directors or Members of the Management. All the Independent Directors attended the Meeting. The Independent Directors opined that the Executive Directors shall contribute more to the deliberations in the Board and Committee Meetings of the Company.

### 10. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year, 7 (Seven) Board Meetings were convened and held. Details of meetings of the Board and its Committees alongwith the attendance of the Directors therein, have been disclosed in the Corporate Governance Report (annexed herewith).

### 11. VIGIL MECHANISM / WHISTLE BLOWER POLICY FOR DIRECTORS AND EMPLOYEES

The Company has established a Vigil Mechanism, which includes a Whistle Blower Policy, for its Directors and Employees, to provide a framework to facilitate responsible and secure reporting of concerns of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct & Ethics.

No Director/employee has been denied access to the Audit Committee of the Board of Directors. The Policy as approved by the Board may be accessed on the Company's website and the web-link to the same is <https://www.mrvlindia.com/codes-of-conduct-policies>

### 12. AUDIT COMMITTEE

As on 31<sup>st</sup> March, 2020, the Audit Committee comprised of four members viz. 3 Independent Directors and 1 Executive Director, given as under:

- |    |                              |
|----|------------------------------|
| 1. | *Mr. Kiran Vaidya – Chairman |
| 2. | Mr. Pradip Dubhashi          |
| 3. | Mr. Ramnath Pradeep          |
| 4. | Mr. Priyavrat Mandhana       |

*\*Mr. Kiran Vaidya resigned w.e.f. 18<sup>th</sup> May, 2020*

Further details on the Audit Committee are provided in the Corporate Governance Report (annexed herewith).

### 13. NOMINATION AND REMUNERATION POLICY

The Board of Directors has formulated a Policy which lays down a framework for selection and appointment of Directors and Senior Management and for determining qualifications, positive attributes and independence of Directors.

The Policy also provides for remuneration of Directors, Members of Senior Management and Key Managerial Personnel.

The salient features of Nomination and Remuneration Policy are given under Annexure - 'A' to this Report and the detailed policy is available on the website of the Company at <https://www.mrvlindia.com/codes-of-conduct-policies>

### 14. RISK MANAGEMENT POLICY

The Company has an elaborate risk policy defining risk management governance model, risk assessment and prioritisation process. The risk management framework provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company. Although the Company is not mandatorily required

**DIRECTORS' REPORT (CONTD.)**

to constitute the Risk Management Committee, but to ensure effective risk management, the Board of Directors constituted the Risk Management Committee to monitor and review the key risks and adopt and implement measures to mitigate it.

The Audit Committee has additional oversight in the area of financial risks and controls.

**15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

No loans, guarantees or Investments covered under section 186 of the Companies Act, 2013, have been given or provided during the year.

**16. RELATED PARTY TRANSACTIONS**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract/arrangement/ transaction with related parties which could be considered material under Regulation 23 of Listing Regulations. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form No. AOC - 2 is not applicable. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the

Board may be accessed through the following link: <https://www.mrvlindia.com/codes-of-conduct-policies>. Your Directors draw attention of the members to Note No. 40 to the financial statements which sets out related party disclosures including Transaction, if any, with person or entity belonging to the promoter/ promoter group which hold(s) 10% or more shareholding in the Company.

Prior omnibus approval is obtained on an annual basis for transactions with related parties which are of a foreseeable and repetitive nature. The transactions entered into pursuant to the omnibus such approval so granted and a statement giving details of all transactions with related parties are placed before the Audit Committee and Board of Directors for their review on periodical basis.

**17. MANAGERIAL REMUNERATION****REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- The percentage increase in remuneration of each Director, Chief Executive Officer and Company Secretary during FY 2019-2020 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2019-2020 are as under:

Sr. No.	Name of Director /KMP and Designation	Remuneration of Director/ KMP for FY 2019-2020 (₹ in Lakh)	% increase in remuneration in FY 2019-2020	Ratio of remuneration of each Whole-Time Director to Median Remuneration of Employees
1	Mrs. Sangeeta Mandhana-Managing Director @	100.15	Nil	18.21
2	Mr. Priyavrat Mandhana - Executive Director	100.15	Nil	18.21
3	Mr. Sachin Jaju - Non-Executive Director ^	NIL	N.A.	N.A.
4	Mr. Pradip Dubhashi - Non-Executive Chairman and Independent Director	5.75**	N.A.	N.A.
5	Mr. Ramnath Pradeep- Non-Executive and Independent Director	8.75**	N.A.	N.A.
6	Mr. Kiran Vaidya - Non-Executive and Independent Director ^	8.25**	N.A.	N.A.
7	Mr. Manish Mandhana - Chief Executive Officer	100.15	Nil	N.A.
8	Mr. Virendra Varma - Company Secretary	15.00	27.54%	N.A.
9	Mr. Pankaj Gharat- Chief Financial Officer #	17.52	N.A.	N.A.

@Subsequent to the appointment of Mr. Pankaj Gharat w.e.f 5<sup>th</sup> July, 2019, the additional duty/charge pertaining to the office of the CFO that was delegated to Mrs. Sangeeta Mandhana, Managing Director of the Company has been ceased.

^Mr. Sachin Jaju ceased to be Non-Executive Director of the Company w.e.f. 2<sup>nd</sup> June, 2019 & Mr. Kiran Vaidya resigned from the position of Non-Executive and Independent Director of the Company w.e.f. 18<sup>th</sup> May, 2020.

#Mr. Pankaj Gharat has been appointed as the Chief Financial Officer of the Company w.e.f. 5<sup>th</sup> July, 2019.

\*\* Exclusive of taxes.

**Notes:**

- Remuneration paid to each Whole-Time Director and KMP includes Salary, allowances, company's contribution to provident fund and monetary value of perquisites, if any. The remuneration paid to Non-Executive and/or Independent Directors comprises of sitting fees only.
- On account of transitioning of the business under the Being Human trademark to Four Aces Fashion House Pvt. Ltd.('FAFH'), a sizable portion of our employees were also transitioned to FAFH, excluding the employees who are the core strength of the Company. Therefore, there has been a drastic change in remuneration details mentioned hereunder. With regard to the employees for which the transitioning to FAFH could not be completed until 31<sup>st</sup> March, 2020, the FAFH is reimbursing the salary paid by the Company to them on behalf of FAFH. Out of total 387 employees (excluding Executive Directors), there are in total 347 such employees for which the salary paid by the Company is reimbursed from FAFH.



## DIRECTORS' REPORT (CONTD.)

- ii. As per calculation sheet, the median remuneration of employees of the Company during FY 2019-2020 was ₹ 5,50,002/- per annum;
- iii. In the financial year under review, there was an increase of 142.29% in the median remuneration of employees. The increase in median remuneration is not comparable with the last Financial Year given the fact that the number of employees for which the median remuneration is calculated as on 31<sup>st</sup> March, 2020 was 40 employees as compared to 537 employees as on 31<sup>st</sup> March, 2019.
- iv. There were 40 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2020 (excluding the Executive Directors, refer note no. 2 to the table above);
- v. Average percentage decrease in the salaries of employees other than the managerial personnel in the last financial year i.e. FY 2019-2020 was 165.56% as compared to FY 2018-2019. As regards comparison of Managerial Remuneration of FY 2019-2020 over FY 2018-2019, details of the same are given in the above table at sr. no. (i) read with note no. 2 thereunder. Such percentage decrease in the salaries of employees is not comparable with the last financial year, given the fact that the number of employees stood as on 31<sup>st</sup> March, 2020 was 40 employees as compared to 537 employees as on 31<sup>st</sup> March, 2019;
- vi. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate statement and forms part of the Annual Report. Further, this report is being sent to the Members excluding the said statement. The said statement is available for inspection of members upto the date of the Annual General Meeting and shall be made available to any shareholder on request made to Company Secretary at [cs@tmrvl.com](mailto:cs@tmrvl.com). The said statement is also available on the website of the Company, the weblink to which is <https://www.mrvlindia.com/services>.

### 18. STATUTORY AUDITORS AND AUDITORS' REPORT

In accordance with Section 139 of the Companies Act, 2013, M/s. BSR & Co., LLP, Chartered Accountants (Firm Registration Number: 101248W/W-100022) were appointed by the shareholders of the Company at the 6<sup>th</sup> Annual General Meeting held on 20<sup>th</sup> September, 2017, as the Statutory Auditors for a period of 5 years to hold office until the conclusion of the 11<sup>th</sup> Annual General Meeting of the Company.

Earlier, proviso to Section 139(1) of the Companies Act, 2013 provided that the appointment of the Statutory Auditors is required to be ratified by the Members at

every Annual General Meeting held during their tenure. However, the said proviso was omitted w.e.f. 7<sup>th</sup> May, 2018 by the Companies Amendment Act, 2017 and thereby the notice for this 9<sup>th</sup> Annual General Meeting does not include the proposal seeking ratification of the appointment of the Statutory Auditors.

The Statutory Auditor has given a disclaimer opinion on the financial statements of the Company for the financial year 2019-2020 for the going concern status of the Company on account of loss of 'Being Human' Trademark and lack of sufficient appropriate evidences about the future business plans and operations of the Company and the materialisation of alternatives that are being considered by the Management.

With regard to the aforesaid opinion of the Statutory Auditor, the Management hereby states that the Management has responded with speed to rework its business strategy to meet the uncertainty arising out of the aforesaid 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 the last quarter of FY 2020-21. 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 of Directors has given serious weightage to the views of the Statutory 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.

The Notes to the financial statements referred in the Auditors Report are self-explanatory and therefore do not call for any comments under Section 134 of the Companies Act, 2013. The Auditors' Report is enclosed with the financial statements in this Annual Report.

During the FY 2019-2020, an embezzlement of cash of ₹ 8,46,498/- was identified at the Store of the Company located at Silver Arc Mall, Ludhiana, for which an FIR has been filed by the Company and the same is under investigation by the concerned Police Station. There is no incident of fraud requiring reporting by the auditors under Section 143(12) of the Companies Act, 2013.

### 19. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, and the Rules made thereunder,



## DIRECTORS' REPORT (CONTD.)

the Company has appointed Mr. Nitin R. Joshi, Practicing Company Secretary (Certificate of Practice No. 1884 and Membership No. FCS- 3137) as the Secretarial Auditor of the Company. The Secretarial Audit Report is annexed as Annexure - 'B' and forms an integral part of this Report. The Company has complied with all the applicable secretarial standards.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The statements referred in the Secretarial Audit Report are self-explanatory and therefore do not call for any comments under Section 134 of the Companies Act, 2013.

### 20. CORPORATE SOCIAL RESPONSIBILITY

The Company is not falling under any of the applicability criteria's of CSR as mentioned under the provisions of Section 135 of the Companies Act, 2013 as amended. Although not mandatorily required, the Company has during the FY 2019-2020, contributed ₹ 1,22,42,000/- towards its CSR activities which represents the opening balance of cumulative unspent CSR amount. A brief outline/salient features of the Company's Corporate Social Responsibility ('CSR') Policy and the Annual Report on CSR activities undertaken by the Company as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided in Annexure - 'C' forming part of this Report.

### 21. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has no subsidiary, Joint Venture and Associate Company as on 31<sup>st</sup> March, 2020.

### 22. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status and the Company's future operations.

### 23. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial controls in place with reference to financial statements. These are continually reviewed by the Company to strengthen the same wherever required. The internal control systems are supplemented by internal audit carried out by an independent firm of Chartered Accountants and periodical review by the Management. The Audit Committee of the Board addresses issues raised by both, the Internal Auditors and the Statutory Auditors.

### 24. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under sub section (3) (c) and (5) of Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts for the

financial year ended 31<sup>st</sup> March, 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for the year under review;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual financial statements on a going concern basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### 25. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per section 134(3)(2) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 for the year ended 31<sup>st</sup> March, 2020 are provided under Annexure - 'D' to this report.

### 26. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92(1) and Section 134(3)(a) of the Companies Act, 2013 ('Act') as amended, the extract of Annual Return in Form MGT-9 is uploaded on the website of the Company and the web link of which is: <https://www.mrvlindia.com/services>

### 27. COST RECORDS AND COST AUDIT

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

### 28. OTHERS

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. The details relating to deposits, covered under Chapter V of the Act, since neither the Company



## DIRECTORS' REPORT (CONTD.)

has accepted deposits during the year under review nor there were any deposits outstanding during the year.

2. Details relating to issue of sweat equity shares, stock options, and shares with differential rights as to dividend, voting or otherwise, since there was no such issue of shares.
3. None of the Whole-Time Directors of the Company received any remuneration or commission from any of its subsidiaries.

Your Directors further state that the company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and during the year under review, there were no cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 29. ACKNOWLEDGEMENT

The Directors take this opportunity to thank the Shareholders, Financial Institutions, Banks, Customers, Suppliers, Regulators, Government Authorities - Central and State Government & Local.

The Directors also place on record their appreciation to the employees at all levels for their hard work, dedication and commitment.

For and on behalf of the Board of Directors  
**The Mandhana Retail Ventures Limited**

**Sangeeta Mandhana**  
Managing Director  
DIN: 06934972

**Priyavrat Mandhana**  
Executive Director  
DIN: 02446722

Place: Mumbai  
Date : 18<sup>th</sup> September, 2020