

KDDL Limited

Kamla Centre, SCO 88-89, Sector 8-C, Chandigarh - 160 009, INDIA. Tel: +91 172 2548223/24, 2544378/79
Fax: +91 172 2548302, Website:www.kddl.com CIN-L33302HP1981PLC008123



Ref : KDDL/CS/2021-22/52

Date : 6th September, 2021

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra,
Mumbai - 400 051

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001

Trading Symbol : KDDL

Scrip Code : 532054

Subject: Annual Report for the financial year 2020-21 and Notice convening 41st Annual General Meeting (AGM) of the Company

Dear Sir/ Madam,

Pursuant to regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, please find enclosed copy of Annual Report for the financial year 2020-21 and Notice convening 41st Annual General Meeting (AGM) of the Company.

Please take the above information on record.

Thanking you,

Yours truly

For KDDL Limited



Brahm Prakash Kumar
Company Secretary



KDDL Limited

ANNUAL REPORT

2020 - 2021

KDDL Limited

BOARD OF DIRECTORS

Mr. Yashovardhan Saboo	- Chairman & Managing Director
Mr. Sanjeev Kumar Masown	- Whole time Director and Chief Financial Officer
Mr. Anil Khanna	- Independent Director
Mrs. Ranjana Agarwal	- Independent Director
Mr. Sanjiv Sachar	- Independent Director
Mr. Praveen Gupta	- Independent Director
Mr. Vishal Satinder Sood	- Nominee Director
Mr. Jai Vardhan Saboo	- Non-Executive Director

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Brahm Prakash Kumar

BANKERS

Bank of India
IDBI Bank Limited
Punjab National Bank
Yes Bank

AUDITORS

M/s S.R. Batliboi & Co. LLP
Chartered Accountants

CORPORATE OFFICE

Kamla Centre, S.C.O. 88-89, Sector 8-C,
Madhya Marg, Chandigarh – 160 009

REGISTERED OFFICE & DIALS UNIT – I

Plot No. 3, Sector III, Parwanoo – 173 220 (H.P.)

UNIT – II

Haibatpur Road, Saddomajra,
Derabassi – 140 507 (Punjab)

HANDS UNIT

UNIT – I

Plot No. 296-297,5th Main,
Phase IV, Peenya Industrial Area,
Bangalore – 560 058 (Karnataka)

UNIT – II

408, 4th Main, 11th Cross,
4th Phase, Peenya Industrial Area,
Bangalore – 560 058 (Karnataka)

ASSEMBLY UNIT

Village Dhana, Bagbania, P.O. Manpura,
Tehsil Baddi, Distt. Solan – 173 205 (H.P.)

PACKAGING UNIT

Plot No. 9, Sector V, Parwanoo – 173 220 (H.P.)

EIGEN Unit

No. 55-A, Hunachur Village,
Jala Hobli, Yelahanka Taluk, Bangalore
North, Near Kiadb Aerospace Park,
Bangalore, Karnataka-562 149

Company CIN – L33302HP1981PLC008123

CONTACT DETAILS

Telephone : +91 172 2548223/24
Fax No. : +91 172 2548302
mail : investor.complaints@kddl.com
Website : www.kddl.com

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KDDL Limited

(CIN - L33302HP1981PLC008123)

Registered Office: Plot No 3, Sector-III, Parwanoo, Distt. Solan, (H. P) -173220

Email: investor.complaints@kddl.com; Website: www.kddl.com

Phone: 0172-2548223/24 &27, Fax: 0172-2548302

NOTICE

NOTICE is hereby given that 41st Annual General Meeting (AGM) of KDDL Limited will be held on Tuesday 28th September 2021 at 10:30 a.m (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

The proceedings of the Annual General Meeting ("AGM") shall be deemed to be conducted at the Registered Office of the company at Plot No 3 , Sector-III , Parwanoo, District Solan ,(H.P)-173220 which shall be deemed to be the venue of the AGM.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company (Standalone as well as consolidated) for the financial year ended 31st March, 2021, the reports of the Board of Directors and Auditors thereon.
2. To declare final dividend on equity shares for the financial year ended 31st March, 2021.
3. To re- appoint Mr. Sanjeev Kumar Masown (DIN: 03542390) who retires by rotation at this Annual General Meeting and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. **Authorization for borrowings by way of unsecured fixed deposits from the shareholders of the Company.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT in accordance with the provisions of section 73 and other applicable provisions, if any, of the Companies Act, 2013 ("the act") and the rules made there under (including any statutory modification (s) thereof for the time being in force), approval of the shareholders of the Company, be and is hereby accorded to the Board of Directors of the Company to invite and accept from its members by way of unsecured Fixed Deposits subject to compliance of all the conditions and maximum limits as stated under section 73 of the act or any other applicable provisions of the act read with rules made thereunder."

"RESOLVED FURTHER THAT the Deposits accepted by the Company, may be cumulative or non-cumulative as per the scheme framed by the Company and carrying rates of interest for periods varying from one year to three years specified in the Circular to be specifically approved by the Board of Directors of the Company."

"RESOLVED FURTHER THAT the Board of Directors, be and is hereby, specifically authorized to do all such acts, deeds and things as may be necessary to give effect to the above resolution and to settle any question, difficulty or doubt that may arise in this regard."

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5 Re-appointment of Mr. Sanjeev Kumar Masown (DIN: 03542390) as Whole time Director (Key Managerial Personnel with functional designation of Chief Financial Officer)

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder read with Schedule V of the Companies Act, 2013 ("the act"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Articles of Association of the Company, and subject to all necessary statutory approvals/permissions, if any, and subject to such conditions and modifications as may be prescribed by the approving / consenting authority(ies) while granting such approvals/permissions, the consent of the shareholders of the Company be and is hereby accorded for the appointment of Mr. Sanjeev Kumar Masown (DIN-03542390) as Whole time Director (Key Managerial Personnel with functional designation as Chief Financial Officer) of the Company for a period of 3 (three) years w.e.f. 31st May, 2021 upon the terms and conditions and remuneration as set out in the explanatory statement, which may be altered, modified or varied by the Board of Directors or any committee thereof in accordance with all applicable provisions of laws."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of the appointment, the Whole Time Director shall be paid salary, perquisites and other allowances as set out in Explanatory Statement, as the minimum remuneration, subject to ceiling as specified in Schedule V of the Act from time to time and subject to the approval of the Central Government, if so required, in accordance with the provisions of the Act."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to settle any question, difficulty or doubt that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. Approval of Material Related Party Transactions.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to provisions of regulation 23(4) and any other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 and any other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 as applicable thereunder (including any statutory modification(s) or re-enactment(s) thereof for the me being in force), and any amendments thereto and subject to such other approvals and sanctions of any authorities as may be necessary, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors (which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred), to enter into contract(s)/arrangement(s)/transaction(s) including sale/ purchase of Goods and Services, Reimbursement of Expenses, Rent, Salary payment, providing corporate guarantees (including guarantee commission) and investment in equity or preference share capital (in the ordinary course of business and on arm's length price) the value of which either singly or all taken together will not exceed Rs. 150 Crore (Rupees one hundred fifty Crore Only) per financial year with its subsidiary company i.e. Ethos Limited, a material subsidiary as defined in the regulations, and a related party, on such terms and conditions as may be mutually agreed upon."

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“RESOLVED FURTHER THAT the Board of Directors of the Company and/or a Committee thereof, be and is hereby authorized to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution in the best interests of the Company”.

7. Ratification of Remuneration to Cost Auditor for the financial year 2021-22

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) the remuneration payable to M/s Khushwinder Kumar & Co., Cost Accountants (FRN: 100123) appointed by the Board of Directors of the Company to conduct the audit of cost records pertaining to electricals or electronic products and tools of the Company for the financial year 2021-22 up to Rs. 50,000 (Rs. Fifty thousands only) plus GST & out of pocket expenses incurred in connection with the audit, be and is hereby ratified and confirmed”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to settle any question, difficulty or doubt that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. Approval for the payment of remuneration payable to Mr. Anil Khanna – Independent Director & Non-Executive Director of the Company.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), read with rules made there, applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company and based on the recommendation of Nomination and Remuneration Committee and the Board of Directors, the consent of the members of the Company be and is hereby accorded to pay remuneration by way of Commission up to Rs. 24 lacs to Mr. Anil Khanna, Independent Director of the Company for the financial year 2021-22, with an authority to the Board of Directors to determine the manner and proportion in which the amount be paid and the said remuneration is in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board of Directors or Committees thereof.”

“RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary of the Company, be and is/are hereby authorized, singly and/or jointly to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution.”

Date : 19th June, 2021

Place : Chandigarh

For and on behalf of the Board of Directors

Brahm Prakash Kumar
Company Secretary

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NOTES:

1. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, setting out the details pertaining to Special Business at the Annual General Meeting (the “AGM”), is annexed hereto.
2. Pursuant to the General Circular nos. 14/2020, 17/2020, 20/2020, 02/2021 issued by the Ministry of Corporate Affairs (MCA) and Circular no. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 issued by the SEBI (hereinafter collectively referred to as “the Circulars”), the companies are allowed to hold AGM through Video Conference (VC) or Other Audio Visual Means (OAVM), without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM. The deemed venue for the AGM shall be Registered office of the Company.
3. Since the AGM is being held pursuant to the Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. In compliance with the aforesaid Circulars, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company or CDSL / NSDL (“Depositories”). Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.kddl.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL www.evoting.nsdl.com.
5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. In accordance with Secretarial Standard -2 on General Meetings issued by Institute of Company Secretaries of India (“ICSI”) read with Clarification/Guidance on applicability of Secretarial Standard-1 and 2 dated 15th April, 2020 issued by the ICSI ,the proceeding of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be deemed venue of the AGM. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
6. The Shareholders of the Company at 39th Annual General Meeting appointed S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No 301003E/E300005), as Statutory Auditors of the Company, for a term of five years to hold office from the conclusion of the 39th Annual General Meeting of the Company till the conclusion of the 44th Annual General Meeting. The requirement to place the matter relating to appointment of auditors for ratification by members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from 7th May, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing AGM.
7. The Register of Member and the Share Transfer books of the Company will remain closed from 21st September, 2021 - 28th September, 2021 (both days inclusive)for the purpose of 41st Annual General Meeting(AGM) of the Company.
8. Members holding shares in electronic form are hereby informed that bank particulars registered with their respective depository will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change in bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and are desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company/RTA.

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9. In accordance with the provisions of Regulation 40 (1) of the Securities and Exchange Board of India (Listing Obligation and disclosure Requirements) Regulation, 2015, effective from April 1, 2019, transfer of securities of the company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in corporate actions.
10. In accordance with the provisions of Section 124 of the Companies Act, 2013 and rules made under it, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. In terms of the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amount lying with the Company on its website.
11. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ RTA.
13. As required under regulations 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant details of Director retiring by rotation and/or seeking re-appointment at the ensuing AGM are furnished as annexure A to this notice of AGM.
14. The Shareholders who have not registered their e-mail address are requested to update their e-mail addresses in the following manner:

Physical Holding :	Send an e-mail to the Registrar and transfer Agents of the Company, MAS Services Limited at info@masserv.com providing Folio number, Name of the shareholder, PAN (Self attested scanned copy of PAN Card), AADHAR (Self attested scanned copy of Aadhar Card) for registering email address.
Demat Holding :	Please contact your Depository Participant (DP) and register your email address as per the process advised by DP.

15. Members may also note that the Notice of 41st Annual General Meeting and the Annual Report for 2020-21 will also be available on the Company's website www.kddl.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on all working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor.complaints@kddl.com.
16. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
17. Corporate Members intending to send their authorized representatives to attend the Meeting through VC/OAVM on their behalf can cast their vote through remote e-voting or at the AGM pursuant to Section 113 of

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the Companies Act, 2013 are requested to send to the company a certified copy of the Board Resolution or governing body resolution authorizing their representative to attend and vote at AGM. The said resolution / authorization shall be sent to the scrutinizer by e-mail at ajaykcs@gmail.com with a copy to evoting@nsdl.co.in

18. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

19. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in.

20. **Voting through electronic means :** In compliance with the provisions of regulation 44 of the Listing Regulations and pursuant to the provisions of section 108 of the Companies Act, 2023 read with rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering e-voting facility to its members. Detailed procedure is given is below :

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE ASUNDER:-

The remote e-voting period begins on Friday, 24th September, 2021 at 10:00 A.M. and ends on Monday, 27th September, 2021 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Tuesday, 21st September, 2021 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday, 21st September, 2021.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. If you are already registered for NSDL IDeAS facility , please visit the e-Services website of NSDL. Open web browser by typing the following URL:

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Type of shareholders	Login Method
	<p>https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <ol style="list-style-type: none"> 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Existing users who have opted for Easi/Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cDSLindia.com/myeasi/home/login or www.cDSLindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cDSLindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cDSLindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication,

Type of shareholders	Login Method
	user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Help desk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL help desk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL help desk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

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Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical)	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

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9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to ajaykcs@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to info@masserve.com
2. In case shares are held in demat mode, please update your e-mail ID with your depository participant. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investor.complaints@kddl.com. The same will be replied by the company suitably.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.4

Section 73(2) of the Companies Act, 2013 ("the Act") makes it mandatory for the Company to obtain approval of General Meeting before accepting any borrowing from the shareholder by way of Fixed Deposits. As the conditions and maximum limits for accepting deposits from the Shareholders have been laid down in the Companies (Acceptance of Deposits) Rules, 2014 ("the rules") so approval of the shareholders is required for accepting deposits after complying with all the conditions stated in Section 73(2) of the Act and within the limits prescribed under the rules.

In view of above, it is therefore necessary for the shareholders to pass an ordinary resolution required under section 73(2) and other applicable provisions of the act as set out at Item No.4 of the notice.

No Director, Key Managerial Personnel and their relatives is in any way, concerned or interested in the resolution, set out at item no. 4 of the notice.

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The Board recommends the ordinary resolution as set out at item no.4 in the notice for approval by the members

ITEM NO.5

The present term of Mr. Sanjeev Kumar Maswon has ended on 30th May, 2021 and pursuant to the recommendations of Nomination and Remuneration Committee Meeting, the Board of Directors, at its meeting held on 29th May, 2021 has re-appointed, subject to the approval of Shareholders, Mr. Sanjeev Kumar Masown as Whole time Director (Key Managerial Personnel with functional designation as Chief Financial Officer) of the Company for a period of 3 (three) years w.e.f. 31st May, 2021. He is liable to retire by rotation at this AGM and being eligible, has offered himself for reappointment. He is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director in terms of section 152 of the Act. The details as required under schedule V of the act are given in Annexure-I. Brief resume of Mr. Sanjeev Kumar Masown, nature of his expertise in specific functional area and names of companies in which he hold directorships and memberships/ chairmanships of Board Committees, are provided in this Notice as Annexure-II.

The terms and conditions relating to remuneration of Mr. Sanjeev Kumar Masown as approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee, are given below:

Particulars	2021-22	2022-23	2023-24			
Basic Salary (Per Month)	Rs. 3,60,000	Rs. 4,00,000	Rs. 4,40,000			
Other Benefits						
Perquisites / Allowances to be considered in the computation of ceilings of remuneration in Section IV of Part II of Schedule V of the Companies Act, 2013						
House Rent Allowance (Per month)	Rs.1,44,000	Rs.1,60,000	Rs.1,76,000			
Special / Floating Allowance (Per month)	Rs. 1,80,000	Rs. 2,00,000	Rs. 2,20,000			
Medical Re -imbursement	:Not applicable					
Ex-gratia payment as per the policy and criteria of the company.						
Club Fees: Annual fees for maximum of Rs. 25000 per annum for two clubs.						
Group Insurance, Personal Accident Insurance and Mediclaim Insurance for self and family as per the policy of the company.						
Performance Bonus						
He shall be entitled to performance (Financial and Functional) related Bonus, or any other allowance / Perquisites as may be approved by the Board of Directors and remuneration committee as per policy and criteria of the company.	Rs. 40,00,000	Rs. 45,00,000	Rs. 50,00,000			
Term Incentive: He shall be entitled to term incentive on the expiry of this contract period. Flexibility to avail the term incentive in any year at the discretion of management.	Rs. 36,00,000					
Following Perquisites / allowances shall not be considered in the computation of ceilings of the remuneration specified in Section IV of Part II of Schedule V of the Companies Act, 2013. Further they are subject to applicable provisions under Income Tax Act. All these benefits are subject to the rules of the company.						
a. Contribution to Provident fund						
b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.						
c. Earned leave encashment for three months at the gross monthly salary.						
d. Children education allowance up to Rs. 12000 p.m. per child for two children.						
e. Leave Travel Concession for self and family subject to a ceiling of 40% of the basic salary for every year over a period of three years.						
Provision of car with driver for use on Company's business and telephone(s) or mobile(s) at residence will not be considered as perquisites.						

The above remuneration and perquisites shall be subject to the limits allowed under schedule-V of the Companies Act, 2013 or any modification(s) or amendment(s) in force from time to time and the same shall also be considered as minimum remuneration in the event of absence or inadequacy of profits. The approval of the members is being sought to the terms, conditions for the re-appointment of Mr. Sanjeev Kumar Masown as Whole time Director (Key Managerial Personnel with functional designation as Chief Financial Officer) of the Company and the remuneration payable to him. None of the Directors or their relatives and Key Managerial Personnel or their relatives except Mr. Sanjeev Kumar Masown is concerned or interested in the resolution. The Board recommends the special resolution as set out at item no. 5 in the notice for approval by the members.

ITEM NO.6

Pursuant to Section 188 of the Companies Act, 2013 ("the Act"), read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and regulation 23(4) of SEBI LODR, 2015 the Company is required to obtain prior approval of the members by a resolution in case, Related Party Transactions exceed such sum as is specified in the rules/regulations.

However, pursuant to regulation 23(4) of SEBI LODR, 2015, approval of the shareholders through resolution is required for all 'material' related party transactions (RPT) even if they are entered into in the ordinary course of business on an arm's length basis. For this purpose, a RPT will be considered 'material' if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

The transactions (in the ordinary course of business and at arm's length price) to be entered into by the Company, together with transactions already entered into by the Company with Ethos Limited, a material subsidiary and a related party are estimated to exceed 10% of the annual consolidated turnover of the Company as per the Audited Financial statements of the Company for the year ended 31st March, 2021.

The other related information as envisaged under Companies (Meeting of Board and its Powers) Rules, 2014 and any amendments there to are given herein below:

1.	Name of the related party and nature of relationship;	Ethos Limited a material subsidiary
2.	Name of the director or key managerial personnel interested in any contract or arrangement, if any;	Mr. Yashovardhan Saboo Mr. Anil Khanna
3.	Nature of relationship;	Directors in both companies.
4.	The nature, duration of the contract and particulars of the contract or arrangement, material terms of contract or value;	Nature : Sale/ Purchase of Goods and Services, Reimbursement of Expenses, Rent, Salary payment, providing corporate guarantees (including guarantee commission) and investment in equity or preference share capital Value : Rs. 150 Crores per financial year Material Terms : As agreed between parties from time to time
5.	Any advance paid or received for the contract or arrangement, if any;	NA
6.	Any other information relevant or important for the members to take a decision on the proposed resolution;	NA

Hence, owing to the materiality of the contract(s)/ arrangement(s)/transaction(s) with Ethos Limited, a material subsidiary, the approval of the members is being sought through this resolution.

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None of the Directors of the Company or key managerial personnel or their relatives except Mr. Yashovardhan Saboo and Mr. Anil Khanna are concerned and interested in the Resolution as set out at Item no. 6 of the Notice. The Board recommends the ordinary resolution set out at Item No. 6 of the Notice for approval by the Shareholders.

ITEM NO. 7

The Board of Directors at its meeting held on 14th June, 2021 upon the recommendation of the Audit Committee, had approved the appointment of M/s Khushwinder Kumar & Co., Cost Accountants (Registration No.100123) as the Cost Auditor of the Company to conduct the audit of cost records of the Company pertaining to Electricals or electronic products and tools for financial year commencing from 1st April, 2021 to 31st March, 2022 at a remuneration up to Rs. 50,000/- (Rs. Fifty thousand only) plus GST & out-of-pocket expenses on actual basis.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (as amended from time to time) the remuneration as mentioned above, payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2022, as set out in the Ordinary Resolution for the aforesaid services to be rendered by them.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the said Resolution.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the Members.

ITEM No.8

In view of the extensive time and engagement that Mr. Anil Khanna has devoted to playing an effective role as an Independent Director, the Board of Directors on recommendations of Nomination & Remuneration Committee, at its meeting held on 14th June, 2021 proposed to pay remuneration by way of profit related Commission up to Rs. 24 lacs for the financial year 2021-22.

As per the provision of Section 197 of the Companies Act, 2013 (Act), except with the approval of the Company in general meeting by a special resolution, the payment of remuneration to Non-Executive Directors shall not exceed 1% of the net profits of the Company, in case the Company has a managing or whole-time director.

The Ministry of Corporate Affairs had on March 18, 2021, notified certain amendments to the provisions of Companies Act, 2013 which allows payment of remuneration to the Non-Executive Directors, including Independent Directors (referred as "NEDs") in the event of no profits or inadequate profits in any financial year. The said remuneration can be in addition to the sitting fees paid to NEDs for attending the meetings of the Board or Committees or reimbursement of expenses, if any. Schedule V has also been amended suitably to include enabling provisions and limits for allowing payment of remuneration to the NEDs in the event of no profit or inadequate profit. Prior to this amendment, a company making losses or inadequate profits could not remunerate the NEDs.

It is proposed to obtain the shareholders' approval by way of a special resolution as set out at Item No. 8 of the Notice for payment of remuneration for the financial year 2020-21 to Mr. Anil Khanna, Non-Executive and Independent Director.

The details as required under schedule-V of the act are given in annexure-I.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives expect Mr. Anil Khanna, are in any way concerned or interested, financially or otherwise, in the said Resolution.

Your Directors recommend the resolution set out at Item No. 8 of the accompanying Notice for the approval of the Members by way of a special resolution.

Date : 19th June, 2021

Place : Chandigarh

For and on behalf of the Board of Directors

**Brahm Prakash Kumar
Company Secretary**

STATEMENT OF INFORMATION REQUIRED TO BE DISCLOSED UNDER SCHEDULE V (PART II) (SECTION II) OF THE COMPANIES ACT, 2013 IS AS FOLLOWS:**I. GENERAL INFORMATION:****1) Nature of Industry:**

The Company is in the business of manufacturing of watch components (watch dials and watch hands), precision engineering components and press tools.

2) Date or expected date of commencement of commercial production:

6th February, 1981

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

4. Financial performance based on given indicators: (Rs. in lacs)

Particulars	F.Y. 20-21	F.Y. 19-20	F.Y. 18-19
	Standalone	Standalone	Standalone
Total Income	14,941.23	18,586.20	17,906.83
Profit/ (Loss) before tax	515.41	1,388.17	2,229.50
Profit/(Loss) after tax	339.09	912.34	1,574.58

5) Foreign investments or Collaborators, if any

Details of Foreign Investment are given in the shareholding structure forming part of the corporate governance report. The Company does not have any foreign collaborations as on the date of this Notice.

As on 31st March, 2021 the Company has investments in the following overseas subsidiaries as detailed below:

Sr. No.	Name of the Company	Amount (Rs. in lacs)
1	Pylania SA, Switzerland	281.24
2	Kamla International Holdings SA, Switzerland	1097.66
3	Estima AG (Step-down subsidiary)	279.32

II. INFORMATION ABOUT THE DIRECTORS :

Background details	Mr. Sanjeev Kumar Masown	Mr. Anil Khanna
	Mr. Sanjeev Masown is an Executive Director of our company since 2016, in addition to his role as Chief Financial Officer (CFO) since 2011. He is a Qualified CMA and Fellow Member of the Institute of Cost Accountants of India and also a Commerce Post Graduate. He is a certified Six Sigma Green Belt holder. He has 30 years of experience in manufacturing companies listed on the Stock Exchanges.	Mr. Anil Khanna is a Director of our company since 2004. He is a Bachelor of Arts (Economics, Mathematics), Chartered Accountant and FCA DISA. He is in practice and has over 36 years of post - qualification experience. He is a Certified Arbitrator by the Institute of Chartered Accountants of India and is also certified as Business Counsellor by Entrepreneur Development Institute (EDI), Ahmedabad.

Past Remuneration (last 3 financial years)	FY 2020-21: Rs. 97,63,321 FY 2019-20: Rs. 99,03,960 FY 2018-19: Rs. 82,67,694	FY 2020-21: Rs.3,40,000 * FY 2019-20: Rs. 4,90,000 * FY 2018-19: Rs. 3,00,000 * *Sitting Fees
Job Profile	Whole time Director cum Chief Financial Officer	Independent Director
Remuneration proposed	As mentioned in the resolution set out at Item No.5 of the accompanying Notice and Explanatory Statement thereof.	As mentioned in the resolution set out at Item No. 8 of the accompanying Notice and Explanatory Statement thereof.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The proposed remuneration is comparable and commensurate with the nature and size of the business of the Company as well as the responsibilities of the directors.	
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel or other director, if any:	There was no pecuniary relationship or transaction with the Company during the financial year 2020 - 21 except receipt of remuneration from the Company and interest on deposits, received from the Director, if any, the details of which are given in the financial statements. He is not having relationships with the managerial personnel or other directors of the Company.	There was no pecuniary relationship or transaction with the Company during the financial year 20 20-21 except receipt of sitting fees from the Company for attending the meetings of the Board and Committees thereof and interest on deposits, received from the Director, if any, the details of which are given in the financial statements. He is not having relationships with the managerial personnel or other directors of the Company.

III. OTHER INFORMATION

1) Reasons for inadequate

In the financial year ended 31st March, 2021, the Company has reported profits. The provisions of section 197 of the Companies Act, 2013 put a cap for the payment of remuneration to Executive and Non-Executive Directors. The total remuneration payable to Executive and Non-Executive Directors will exceed the limits as mentioned in the section 197 of the Companies Act, 2013. Hence, in accordance with the provisions of Section 197 read with schedule V thereof, approval of the Shareholders is sought by way of the resolution set out in the notice convening 41st AGM of the Company.

2) Steps taken or proposed to be taken for improvement:

The performance during the year was impacted due to covid – 19 pandemic. We are witnessing a healthy recovery of demand from domestic market and expect this trend to gain momentum in the coming months. The Company has initiated various steps for enhancing revenue and market share by better communication, digital marketing and social media. The response and feedback from the customers have been encouraging and we plan to continue these initiatives with high rigor and enthusiasm. The Company continues to focus on improving efficiency, productivity, turn – around time and upgrading the product offering and range by continuous enhancement of employees skills. In addition, the cost optimization initiatives undertaken by us during this

crisis period has benefitted us with the lower cost structure and improved EBIDTA and PBT. This is also evident from the quarterly financial performance of the company. We strongly believe that with the normalization of market conditions, the profitability of the company will be much healthier and stronger.

3) Expected increase in productivity and profits in measurable terms:

The financial performance of the Company continues to be on healthy growth trajectory. The financial position, liquidity and other important parameters of profitability, gearing and growth are satisfactory and better compared to other similar type of manufacturing industries. The steps and initiatives undertaken by the Company for its business stream is likely to result in healthy growth of revenue and profitability in the coming years.

IV. DISCLOSURES

Necessary disclosures have been made in the Annual Report as per the requirements of the Companies Act, 2013.

ANNEXURE- II

The brief profile, specific areas of expertise and other information of directors seeking re-appointment:

Name of the Director	Mr. Sanjeev Kumar Masown
Date of Birth	30 th September, 1969
Date of first appointment on the Board	30 th May, 2016
Date of re-appointment	31 st May, 2021
Expertise in specific functional areas	He has 30 years of experience in manufacturing companies listed in the Stock Exchange.
Qualification	Fellow Member of the Institute of Cost Accountants of India and Commerce Post Graduate. He is a certified Six Sigma Green Belt holder.
No. Board Meetings attended in financial year 2020-21	7
Directorship held in other Public companies (excluding foreign company and section 8 company)	Satva Jewellery & Design Limited Kamla Tesio Dials Limited
Membership/ Chairmanship of Committees of other Public companies (includes only Audit Committee and Stakeholders' Relationship Committee)	NA
Number of shares held in the Company	5137 Equity Shares (as on 31-03-2021)
Relationships with other directors/KMP	NA

BOARD'S REPORT

Dear Members,

Your Directors present this 41st Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March 2021.

OPERATIONS AND PROSPECTS

Financial Results (Standalone and Consolidated)

The summary of operating results for the year 2020-21 is given below:

Particulars	Amount in Rs. millions			
	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Total Income	1,494.1	1858.6	5,672.24	6583.5
Profit before interest, depreciation and exceptional item	263.7	346.7	833.8	820.3
Less: Finance Cost	92.7	88.5	268.3	285.3
Gross Profit	171.1	258.2	565.4	535.0
Less: Depreciation and amortisation	119.5	119.3	460.4	480.6
Profit before Share of Profit / (Loss) of an associate	51.5	138.8	105.0	54.4
Share of Profit / (Loss) of an associate			1.1	-3.3
Profit Before tax	51.5	138.8	106.1	51.1
Less: Tax Expense	17.6	47.6	36.5	70.7
Net Profit / (Loss) for the Year	33.9	91.2	69.7	-19.7
Other Comprehensive Income / (Loss) (OCI)	1.9	-4.9	-1.8	8.3
Total Comprehensive Income / (Loss) for the period	35.8	86.3	67.8	-11.4

PERFORMANCE AND PROJECTIONS

The performance for the financial year 2020-21 was severely affected due to pandemic COVID-19. Major markets, both domestic and exports were under lockdown for long periods, leading to slowdown in economic activity and curtailed manufacturing operations.

During the year, the Company achieved consolidated sales revenue of Rs. 5672 million against Rs. 6584 million in the previous year, registering a decline of 13.08% against the growth of 4.8% achieved in previous year. Profit before tax increased from Rs. 51.1 million to Rs. 106.1 million.

Sales revenue from manufacturing operations on standalone basis declined by 19.6% to Rs. 1494.1 million from Rs. 1858.6 million in the previous year. The company earned net profit after tax of Rs. 33.9 million against Rs. 91.2 million in the previous year.

Manufacturing Business Segments

The largest revenue of the manufacturing business segment is from watch components. The Swiss watch market, the principal destination for our exports, witnessed a decline of 21.8% in 2020 compared to a growth of 2.4% in the previous year. The domestic watch market was also significantly impacted, and market conditions were remained severely suppressed, especially in the first half of the financial year. The primary focus of the management was the safety and health of employees and associates while at the same time keeping a balance between human safety and industrial activity.

All the markets gradually recovered after Quarter 2 and reached near normal level by the end of the year. But the second wave of COVID-19, both in India and Europe has again put breaks on growth.

The revenue of the company from watch components business declined by 18.4% compared to previous year, most significantly due to the domestic market where our company revenue declined by 39.1%. On the other hand, exports revenue of watch component business declined by only 6.8%.

The other major segment of revenue is from the precision stampings and tooling business, wherein the company revenue declined by 17.2% over previous year compared to a growth of 12.3% in previous year. The revenue from domestic market was lower by 24.7% while, the revenue from exports improved by 5.1%. Direct exports improved during the year as many new customers were inducted on the back of encouraging response from overseas customers. The revenue both from domestic and exports was lower than estimates of the company as some important growth segments especially Aerospace and Electrical Components were extraordinarily impacted by the travel restrictions and delayed execution of infrastructure and reality business.

The revenue from ornamental packaging business of the company declined by 45% compared to previous year.

Prospects

The domestic watch market is gradually recovering, and the order position is healthy. We continue to carefully watch the impact and duration for the second wave of COVID-19. In the coming months and quarter, we expect the demand to continue to recover and as the vaccination programs are being undertaken lowering the risk of third covid wave in developed economies. We expect that markets will reach normal levels by the middle of the year.

We are witnessing a healthy recovery of demand from domestic market and expect this trend to gain momentum in the coming months.

The Swiss watch market continues to show steady recovery. The market trend of last few years with declining volumes in low price point watches will continue while the higher price segments watches will continue to grow.

The efforts and initiatives of the company have been re-aligned in line with the new market realities. The company continues to put major thrust on faster turnaround time, launching new innovative products with additional features and latest trends, and focus on digital marketing.

In 2021-22, our major focus is on expanding our market share, both in the domestic and exports market, by introducing new products with additional features and design innovations. We will continue to focus on enhancing revenue by structured marketing efforts including stronger digital presence to show case new products and features. Manufacturing excellence with the goals of world class delivery compliance, quality and turnaround time (TAT) will remain our key operational goals. For the current year, the revenue from the watch components business is expected to improve by 15~20% from the normal financial year 2019-20 after the recovery from pandemic COVID-19 and normalization of the market environment.

Similarly, revenue of the Precision engineering business of the Company is expected to grow by more than 25% as we continue to expand our customer base and reach in new segments and markets. Your company has established

KDDL Limited

its reputation as a quality supplier with the ability to meet sophisticated customer needs. By focusing on the vital levers of operational performance while adding key technical capabilities and show-casing our capabilities at leading international trade exhibitions and with aggressive digital marketing, we are confident of adding new customers and continue growth and improved returns.

Retail Business Segments

ETHOS

The year 2020-21 has been challenging year for ETHOS Limited, our retail subsidiary too due to the COVID pandemic. The impact of the pandemic started in March 2020 and deepened with the nationwide lockdown and the consequent closure of all malls for in ensuing months. Revenues declined sharply during Q1 and Q2. However, the Company witnessed steady recovery from the end of the second quarter and a strong festive season.

The challenges of the pandemic situation were met with agility and nimbleness. The Company implemented significant cost cutting and focused on maintaining liquidity by rationalizing stock and capital expenditure; ten under-performing stores were closed; rentals were re-negotiated with landlords to obtain relief; manpower costs were rationalized; running costs, which account for 30% of the expenses, were tightly controlled; Investment in inventory was reduced from Rs. 219 crores at the beginning of the year to Rs.198 crores at the end of the financial year.

While consumer sentiment and demand improved strongly in the latter half of previous year, the Company leveraged its Ecommerce capabilities to continue catering to consumer demand. Online billings contributed more than 38% of the Company's billings. The focus on exclusive brands also continued and these contributed 26.9% for the topline and 43.4% to the gross margins of the Company.

All the above measures contributed towards the company achieving a very good performance in the face of an extremely challenging year. Revenues grew at 4.5% in the second half of the year compared to the same period in the previous year. This was on the back of a positive same store growth of a commendable 2.7%. On Consolidated basis, and with the adjustments required as per INDAS 116A, the revenue for the year fell from 458 crore in FY20 to 387 crores in FY21, but the consolidated profit before tax improved from a loss of Rs 0.2 crores in FY20 to a profit (before tax) of Rs 6.7 crores in FY21.

The pre-owned watch business is another significant vertical of growth that the Company is investing in. The business is being run through the website Second Time Zone.com. With a strong team of technicians and watch experts, and an excellent after-sales service, the Company is confident to rapidly scale-up this business.

In FY22, while the country is faced with the second wave of the COVID pandemic, the Company believes that the impact will less severe than that experienced in the previous year. Our cities and states are also better prepared to handle a possible third wave with lesser disruption, and we expect consumer confidence to bounce back strongly. The Company is also very comfortably placed in managing the short term and medium-term liquidity.

Estima AG

In January 2019 the company acquired Estima AG, a renowned Swiss watch hands manufacturing company in Grenchen, Switzerland. The underlying strategy is to protect and enhance our market share among the Swiss customers who prefer to purchase Swiss made products to meet the revised SWISS ORIGIN regulations that came into effect from 1st January 2017.

During 2020-21, company reported revenue of CHF 1988 K as compared to a revenue of CHF 1835 K in the 12 months ended period upto Mar-2020 registering a growth of 8%. The operating loss of the company also improved significantly, and the net loss declined from CHF 1416 K in 2019-20 to CHF 107 K. This is a very creditable achievement in the difficult Covid-19 period.

KDDL Limited

The turnaround was possible as the company initiated various efforts to reduce the cost structure and fixed overheads during COVID-19 pandemic. Company had also availed of the exceptional financial support from Swiss government to support small and medium businesses in the COVID-impacted periods.

We remain confident that in the coming period with normalization of market conditions, we will witness healthy growth of revenue and profitability.

Pylania AG

The Company's Swiss subsidiary, Pylania SA in Switzerland continued to improve its profitability from all operational areas. Its financial performance was as per expectation.

Satva Jewellery and Design Ltd

During the financial year, there was no change in business operations or the status of the company.

KDDL board and shareholders have already approved the merger of this company with the parent company to bring synergy in the operations and to utilize its resources for creating value for shareholders. Presently merger activities and procedures are in progress.

DEPOSITS

The details of deposits covered under Chapter V of the Companies Act, 2013 is given hereunder:

1. Deposits Accepted/ renewed during the year : Rs 8,63,24,000
2. Deposits outstanding at the end of the year : Rs. 25,45,44,000
3. Deposits remained unpaid or unclaimed as at the end of the year : Rs. 65,83,000
4. Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved : NIL
5. The details of deposits which are not in compliance with the requirements of Chapter : NIL

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company have been prepared in accordance with Section 129(3) of the act and applicable accounting standards. As per the provisions of Section 136 of the act, the audited financial statements for the financial year ended 31st March, 2021 in respect of each subsidiary are also available on the web site of the Company i.e www.kddl.com. A copy of the said audited accounts shall be provided to share holders upon request. A separate statement containing salient features of the financial statements in prescribed format AOC-1 is annexed as Annexure I to this report. The statement also provides the details of performance and financial positions of each of the subsidiary company.

DIVIDEND

The Board of Directors at its meeting held on 19th June, 2021 has, subject to the approval of shareholders, recommended final dividend of Rs. 1.50 per equity share (15%) of face value of Rs. 10/- each amounting to Rs. 1,91,05,596/- for the financial year 2020-21. The same would be paid within 30 days from the declaration.

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TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves for the year ended 31st March, 2021.

CHANGE IN CAPITAL STRUCTURE

During the year under review, Shareholders at their 40th Annual General Meeting held on 23rd September, 2020 approved the increase in Authorized Share Capital of the Company from Rs. 12,48,00,000/- (Rupees twelve crores and forty eight lakhs only) divided into 1,24,80,000 (One crore twenty four lakhs and eighty thousand only) Equity Shares of Rs. 10 each (Rupees Ten only) to Rs. 25,00,00,000/- (Rupees twenty five crores only) divided into 2,50,00,000 (Two crores fifty lakhs only) Equity Shares of Rs.10/- each (Rupees Ten only)."

The Funds Raising Committee of the Board of Directors at its meeting held on 17th May, 2021 has allotted 10,86,956 fully paid equity shares of Rs. 10 each to the eligible equity shareholders pursuant to the Rights Issue of the Company. Consequent to the said allotment, the paid up equity share capital of the Company's and s increased from Rs. 11,65,01,080 consisting of 1,16,50,108 Equity Shares to Rs. 12,73,70,640/-consistingof 1,27,37,064 equity shares of Rs. 10 each to of Rs. 10 each. Further, the Company has notice issued shares with differential voting rights.

MATERIAL CHANGES & COMMITMENTS

In pursuance to Section134(3)(l) of the act, there have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186

The details of Loans, Guarantees and Securities, and Investments covered under Section 186 of the act are given in financial statements of the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of act for the financial year 2020-21 in the prescribed Form AOC2 has been enclosed with the report as Annexure-II.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 (3) (c) read with 134 (5) of the act, the Board confirm and report that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,2013 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and

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that such systems we read equate and operating effectively.

ICRA Limited has reaffirmed credit rating of the Company as per below details :

CREDIT RATING

ICRA Limited has reaffirmed credit rating of the Company as per below details :	
Instruments	Rating Action
Long Term-cash Credit and Term Loan	[ICRA] BBB+ (Stable)
Short Term - Bank Guarantee, Letter of Credit and working Capital	[ICRA] A2
Fixed Deposits	MA- (Stable)

Fixed Deposits

MA- (Stable)

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors of the Company have given declaration that they meet the criteria of independence as provided under Section 149 (6) of the act and the regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (listing regulations). There has been no change in the circumstances affecting their status as independent director.

BOARD AND COMMITTEE MEETINGS

The details of number of meetings of the Board and Committees held during the financial year 2020-21 forms part of the Report on Corporate Governance in terms of Regulation 34(3) of the listing regulations, read with schedule V there of.

BOARD'S COMMITTEES

The Board of Directors of the Company has constituted the following Committees:

- a) Audit Committee
- b) Nomination & Remuneration Committee
- c) Corporate Social Responsibility (CSR) Committee
- d) Stakeholders Relationship Committee

The Committees composition, charters and meetings held during the year and attendance there at, are given in the Report of Corporate Governance forming part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, the following changes occurred in the composition of the Board of Directors:

- (i) Mr. Yashovardhan Saboo (DIN: 00012158) was reappointed by the share holders of the Company as Chairman & Managing Director for a period of three years w.e.f 1st April, 2021 till 31st March, 2023.
- (ii) Mr. Praveen Gupta (DIN: 01885287) Independent Director of the Company was reappointed by the share holders of the Company for second term of five consecutive years commencing from 24th August, 2020 till 23rd August , 2025.
- (iii) The Board of Directors, subject to the approval of shareholders in ensuing AGM, has reappointed Mr. Sanjeev Kumar Masown (DIN : 03542390), as Whole time Director (Key Managerial Personnel with functional designation of Chief Financial Officer) for a period of three years. w.e.f 31st May, 2021. He is also a Director retiring by rotation. In this regard, relevant resolutions have been set out in the notice convening 41st Annual General Meeting.

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The board is of view that all Independent Directors on the board possess integrity, necessary expertise and experience for performing their functions diligently.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

All Independent Directors are familiarized with the operations and functioning of the Company. The details of the training and familiarization program are available on the website of Company.

MATERIAL ORDERS

In pursuance to Rule 8(5) (vii) of the Companies (Accounts) Rules, 2014, no significant or material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

BOARD EVALUATION

The Board carried out performance valuation of its own performance, its committees and individual Directors including Independent Directors pursuant to the provisions of the act and listing regulations and expressed its satisfaction. For this purpose, a structured procedure was adopted after taking into consideration the various aspects of the Board's functioning, composition of the Board and its various Committees, performance of specific duties, obligations and corporate governance.

In a separate meeting of Independent Directors, performance of non-independent Directors, the Board of Directors as a whole and Chairperson of the Company was evaluated, taking into account the views of Executive Directors and non-executive Directors.

NOMINATION & REMUNERATION COMMITTEE POLICY

The Board of Directors has framed a policy which lays down a frame work in relation to remuneration of Directors, Key Managerial Personnel and Senior Management Personnel of the Company. This policy also lays down criteria for selection and appointment of Board Members. The detail of this policy is explained in the Report on Corporate Governance which forms part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

As required under Section 135 of the Companies Act, 2013, the Board of Directors had constituted a Corporate Social Responsibility (CSR) Committee, the terms of reference of which are provided in Corporate Governance Report. The Company has also formulated a CSR policy which is available on www.kddl.com/wp-content/uploads/PDF/KDDL_CSR_Policy.pdf. The Company has spent two(2%) percent of the average net profits of the Company made during the three preceding financial years towards CSR activities directly and indirectly through KDDL Ethos Foundation. An annual report on CSR Activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as annexure-III and forms part of this report.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for Directors and employees in confirmation with the provisions of section 177(9) of the act and regulation 22 of the listing regulations, to report concerns about unethical behavior. The policy is available on the Company's website at the link: www.kddl.com/wp-content/uploads/PDF/Whistle%20Blower%20Policy.pdf.

During the year, no whistle blower event was reported and mechanism is functioning well. It is affirmed that no person has been denied access to the Audit Committee.

EXTRACT OF ANNUAL RETURN

The extract of annual return in Form MGT-9 for the Financial Year 2020-21 is available on the website of the Company i.e. www.kddl.com.

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REPORTING OF FRAUDS BY AUDITORS

During the year under review, auditors have not reported any instance of fraud committed against the Company by its officers or employees, to the Audit Committee or Board under Section 143(12) of the act, the details of which need to be disclosed in the Board's Report.

RISK MANAGEMENT POLICY

The risk management frame work defines the risk management approach of the Company and includes periodic review of such risks and also documentation, mitigating controls and reporting mechanism of such risks.

The details of risks have been given in Management Discussion and Analysis Report.

PARTICULARS OF EMPLOYEES

The particulars required pursuant to Section 197(12) of the Companies Act, 2013 and under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been given in annexure IV(a) and IV (b) of this report.

STATUTORY AUDITORS

The Share Holders of the Company at 39th Annual General Meeting appointed S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No 301003E/E300005), as Statutory Auditors of the Company, for a term of five years to hold office from the conclusion of the 39th Annual General Meeting of the Company till the conclusion of the 44th Annual General Meeting.

The requirement to place the matter relating to appointment of Auditors for ratification by members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from 7th May, 2018. Accordingly, no solution is being proposed for ratification of appointment of Statutory Auditors at the ensuing AGM. A note in this regard has been included in the notice of this AGM.

The Statutory Auditors of the Company have submitted Auditors' Report on the financial statements (standalone and consolidated) of the Company for the financial year ended 31st March, 2021. The report doesn't contain any reservation, qualification or adverse mark. Information referred in the Auditors' Report are self-explanatory and do not call for any further comments.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the act and rules made there under, the Board had appointed M/s A. Arora & Co., Practicing Company Secretaries (C.P.No.:993) to undertake the Secretarial Audit of the Company for financial year 2020-21. The Secretarial Audit Report in prescribed format MR-3 given by aforesaid Secretarial Auditors is annexed to this Board Report as Annexure V and forms an integral part.

The report submitted by Secretarial Auditor doesn't contain any reservation, qualification or adverse remark. Information referred in the Auditors' Report are self-explanatory and do not call for any further comments.

The Board of Directors, on the recommendations of the Audit Committee, has reappointed M/s A. Arora & Co. (C.P.No.:993) as Secretarial Auditor of the Company to carry out the secretarial audit for the financial year 2021-22.

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COST AUDITOR

During the year, the Company has maintained cost records of its EIGEN unit, pertaining to electricals or electronic products and tools in accordance with the provisions of Section 148 of the act, read with the Companies (Cost Records and Audits) Rules, 2014. M/s Khushwinder Kumar & Co., Cost Accountants (FRN.: 100123) the Cost Auditor of the Company conducted the audit of cost records of Company's EIGEN unit for financial year commencing from 1st April, 2020 to 31st March, 2021.

The Board of Directors of the Company, on there commendations of the Audit Committee has reappointed M/s Khushwinder Kumar & Co. Cost Accountants (FRN:100123) as the Cost Auditor of the committee to conduct the audit of cost records of its EIGEN unit for the financial year 2021-22. The payment of remunerations to Cost Auditor requires the approval /ratification of the members of the Company and necessary resolutions in this regard have been incorporated in the notice convening 41st AGM of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under section 134(3)(m) of the Companies Act, 2013 read with rule 3 of the Companies (Accounts) Rules, 2014 relating to "Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo" is given in the Annexure VI forming an integral part of this Report.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Company is fully committed to uphold and maintain the dignity of women working in the Company. Pursuant to the provisions of Section 21 of the Sexual Harassment of Women at the Work place (Prevention, Prohibition, Redressal) Act, 2013, the Company formulated an Anti-Sexual Harassment policy. All employees (permanent, contractual, temporary and trainees) are covered under this policy. An Internal Complaints Committee(ICC) was setup which is responsible for redressal of complaints related to sexual harassment at the work place. During the year under review, the Company has not received any complaint pertaining to sexual harassment and hence no complaint is outstanding as on 31st March, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Report on Management Discussion and Analysis, pursuant to the listing regulation, is annexed to this report.

CORPORATE GOVERNANCE REPORT

Report on Corporate Governance Report pursuant to SEBI (LODR) Regulations, 2015 is annexed to this report.

CASH FLOW STATEMENT

In accordance with the provisions of regulation 34(2) of the listing regulations, the Cash Flow Statement for the year ended on 31st March, 2021 forms an integral part of the Financial Statements.

LISTING OF SHARES

Your Company's shares are listed at BSE Limited and National Stock Exchange of India Limited and the listing fees for the year 2021-22 has been duly paid.

PERSONNEL

Your directors place on record their appreciation for the significant contribution made by all the employees, whose competence, hard work, and co-operation, has enabled the Company to perform well.

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TRADE RELATIONS

The Board wishes to place on record its appreciation for the support and co-operation that the Company received from its suppliers, and other associates. The Company has always looked upon them as partners in its progress and has happily shared with them rewards of growth. It will be Company's endeavor to build and nurture strong links based on mutuality, respect and co-operation with each other and consistent with customer interest.

ACKNOWLEDGEMENTS

Your directors take this opportunity to thank all the investors, clients, vendors, banks, regulatory and government authorities, for their continued support.

Date : 19th June, 2021

Place : Chandigarh

For and on behalf of the Board of Directors

Yashovardhan Saboo

Chairman & Managing Director

DIN : 00012158

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Annexure-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

(Amount in Lakhs)

Particulars	Pyjania S.A.	Kamla International Holdings AG	Ethos limited	Mahen Distribution Limited	Estima AG	Cognition Digital LLP	Satva Jewellery & Design Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Subsidiary 31/03/2021	Subsidiary 31/03/2021	Subsidiary 31/03/2021	Subsidiary 31/03/2021	Subsidiary 31/03/2021	Subsidiary 31/03/2021	Subsidiary 31/03/2021
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rs Exchange rate : B/s CHF = 77.21 P/L CHF =80.44	Rs Exchange rate : B/s CHF =77.21 P/L CHF =80.44	Rs	Rs	Rs Exchange rate : B/s CHF =77.21 P/L CHF =80.44	Rs	Rs
Share capital	1,050.64	1,097.66	1,821.28	600.57	57.24	42.94	300.00
Reserves & surplus	343.88	86.57	13,872.25	(64.73)	(767.27)	292.81	(390.27)
Total assets	2,094.07	1,184.23	39,353.67	967.23	3,026.97	411.51	79.59
Total Liabilities	699.55	-	23,660.12	431.39	3,737.00	75.76	169.85
Investments	-	138.07	80.07	840.03	-	-	-
Turnover	1,005.29	-	38,657.07	55.32	1,591.59	473.48	-
Profit before taxation	180.16	13.65	672.37	(27.30)	(86.32)	87.16	(13.84)
Provision for taxation	-	-	196.60	-	-	30.28	-
Profit after taxation	180.16	13.65	475.77	(27.30)	(86.32)	56.88	(13.84)
Proposed Dividend	-	-	-	-	-	-	-
% of shareholding	85%	100%	75.24%	98.72%	95.50%	100%	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

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Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies At, 2013 related to Associate Companies and Joint Ventures

(Amount in Lakhs)

Name of Associates	Kamla Tesio Dials Limited	Pasadena Retail Private Limited
1. Latest audited Balance Sheet Date	31-03-2021	31-03-2021
2. Shares of Associate/ Joint Ventures held by the company on the year end		
Number	300,000	10,00,000
Amount of Investment in Associates/ Joint Ventures	30.00	100.00
Extent of Holdings %	30%	50%
3. Description of how there is significant influence	Associate	Joint Venture
4. Reason why the associate/ joint venture is not consolidated	N.A.	N.A.
5. Networth attributable to Shareholding as per latest audited Balance Sheet	25.46	80.07
6. Profit/ Loss for the Year	-8.06	26.99
i. Considered in Consolidation	-2.42	13.49
ii. Not Considered in Consolidation	-5.64	13.49

For and on behalf of the Board of Directors of KDDL Limited

Yashovardhan Saboo
Chairman & Managing Director

DIN: 00012158

Sanjeev Masown
Whole time Director cum
Chief Financial Officer

DIN: 03542390

Brahm Prakash Kumar
Company Secretary

F 7519

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of Contracts and arrangements or transactions not at arm's length basis:NA
2. Details of Contracts or arrangements or transactions at arm's length basis.

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts/arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
1.	Pylyania SA (Subsidiary Company)	Business Transactions	Transactions in the normal course of business during 2020-21	i) Sale of Goods & Services ii) Purchase of Raw Material &Components iii) Purchase of Property, plant and equipment's iv) Job work charges v) Reimbursement of Expenses	697.66 10.41 2.44 13.19 25.30	14-02-2020 NIL
2.	Ethos Limited	Business Transactions	Transactions in the normal course of business during 2020-21	i) Reimbursement of Expenses ii) Rent received iii) Guarantee Income iv) Investments made v) Events and Exhibition	5.47 20.73 28.18 692.50 3.56	23-09-2020 NIL
3.	Satya Jewellery & Design Limited	Business Transactions	Transactions in the normal course of business during 2020-21	i) Rent Paid ii) Interest Received	6.00 11.00	23-09-2020 NIL
4.	Dream Digital Technology Limited	Business Transactions	Transactions in the normal course of business during 2020-21	i) Rent received	0.60	23-09-2020 NIL

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5.	Vardhan Properties and Investment Limited	Business Transactions	Transactions in the normal course of business during 2020-21	i) Interest Paid ii) Deposits repaid	3.09 10.00	14-02-2020	Nil
6.	Mahen Distribution Limited	Business Transactions	Transactions in the normal course of business during 2020-21	i) Rent received	0.60	14-02-2020	Nil
7.	Mr. R.K. Saboo.	Business Transactions	Transactions in the normal course of business during 2020-21	i) Salary paid	30.63	06-11-2019	Nil
8.	Mr. Yashovardhan Saboo	Rent Paid for Property	Transactions in the normal course of business during 2020-21	i) Rent paid ii) Remuneration Paid iii) Interest Paid/ accrued iv) Deposit accepted	10.40 129.04 4.13 110.00	02-03-2020 30-05-2017	Nil
9.	Ms. Anuradha Saboo.	Business Transaction	Transactions in the normal course of business during 2020-21	i) Rent Paid ii) Management Consultancy Fee	17.33 13.25	02-03-2020 24-08-2019	Nil
10.	Ms. Usha Saboo	Business Transactions	Transactions in the normal course of business during 2020-21	i) Interest Paid/ accrued ii) Deposit accepted	0.32 5.00	14-02-2020	Nil
11.	Mr. Sanjeev K Masown	Business Transactions	Transactions in the normal course of business during 2020-21	i) Remuneration paid ii) Interest Paid/ accrued iii) Deposits received iv) Interest received v) Repayment of Loan vi) Deposits repaid	91.02 5.16 36.82 1.74 5.00 20.00	11-06-2018 23-09-2020 23-09-2020	Nil

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12.	Mrs. Neeraj Masown	Business Transactions	Transactions in the normal course of business during 2020-21	i) Interest Paid	3.99	Existing Contract	Nil
13.	Mr. Lal Chand Masown	Business Transactions	Transactions in the normal course of business during 2020-21	i) Interest Paid	1.34	Existing Contract	Nil
14.	Mr. Anil Khanna	Business Transactions	Transactions in the normal course of business during 2020-21	i) Interest Paid ii) Director sitting Fee	8.14 3.40	09-08-2018	Nil
15.	Mrs. Alka Khanna	Business Transactions	Transactions in the normal course of business during 2020-21	i) Interest Paid ii) Deposit accepted iii) Deposit repaid	2.49 2.33 2.28	Existing Contract	Nil
16.	Mrs. Ranjana Agarwal	Business Transactions	Transactions in the normal course of business during 2020-21	i) Interest Paid ii) Director sitting Fee iii) Deposit accepted/renew iv) Deposit repaid	54.61 3.60 239.87 129.95	09-08-2018	Nil
17.	KDDL Ethos Foundation	Business Transactions	Transactions in the normal course of business during 2020-21	CSR contribution made	23.00	14-02-2020	Nil
18.	Mr. Praveen Gupta	Business Transactions	Transactions in the normal course of business during 2020-21	Director sitting Fee	3.20	09-08-2018	Nil
19.	Mr. Sanjiv Sachar	Business Transactions	Transactions in the normal course of business during 2020-21	Director sitting Fee	1.80	09-08-2018	Nil
20.	Mr. Jai Vardhan Saboo	Business Transactions	Transactions in the normal course Of business during	Director sitting Fee	1.50	09-08-2018	Nil

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21.	Estima AG	Business Transactions	Transactions in the normal course of business during 2020-21	i) Purchase of Raw Material & Components ii) Sale of Goods & Services iii) Sale of Property, Plant & equipment iv) Reimbursement of Expenses	13.42 171.82 4.56 1.32	14.02-2020 NIL
22.	VBL Innovations Private Limited	Business Transactions	Transactions in the normal course of business during 2020-21	Purchase of Raw Material & Components	0.33	14.02-2020 NIL
23.	Cognition Digital LLP	Business Transactions	Transactions in the normal course of business during 2020-21	Rent Received	0.90	Exiting contract NIL
24.	Salonee Khanna	Business Transactions	Transactions in the normal course of business during 2020-21	i) Deposit Accepted ii) Interest Paid	4.50 0.34	Exiting contract NIL

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)
ACTIVITIES FOR THE FINANCIAL YEAR 2020-21****Annexure-III**

- 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company undertakes and/or supports various activities/projects as notified by the Ministry of Corporate Affairs from time to time. The Company undertakes CSR Activities directly or indirectly through a registered trust or society or any company established under Section 8 of the Act for CSR objectives. The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web-link of the same is http://www.kddl.com/wp-content/uploads/PDF/KDDL_CSR_Policy.pdf

KDDL contributed directly and indirectly towards CSR through charitable foundation namely KDDL-ETHOS FOUNDATION, which is eligible to conduct permissible CSR activity. KDDL has contributed an amount of Rs. 23.40 lakhs to KDDL ETHOS Foundation during the financial year 2020-21 for carrying out various CSR activities as permissible under section 135 of The Companies Act, 2013 and allied rules.

- 2. The Composition of the CSR Committee consists of the following members:-**

Name	Category	Position
Mr. R.K. Saboo	Chairman Emeritus	Chairman
Mr. Yashovardhan Saboo	Chairman & Managing Director	Member
Mrs. Ranjana Agarwal	Independent Director	Member
Mr. Praveen Gupta	Independent Director	Member

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. <http://www.kddl.com>
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) – Not Applicable
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - Nil
- Average net profit of the company as per section 135(5) :

Sr. No	Particulars	Net Profit (Rs. in Lakhs)
1	For financial year 2019-20	1399.00
2	For financial year 2018-19	2229.49
3	For financial year 2017-18	1834.57
4	Total (1+2+3)	5463.06
5	Average Net Profits (Rs. 5463.06/3)	1821.02

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7. a. Two percent of average net profit of the Company as per Section 135(5): Rs. 36.42 lakhs
- b. Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil
- c. Amount required to be set-off for the financial year, if any: Nil
- d. Total CSR obligation for the financial year (7a+7b-7c): Rs. 36.42 lakhs

7. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (Rs in lakhs.)	Amount Unspent (Rs. in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Name of the Fund	Date of transfer
36.46	NA	NA	NA	NA	NA

8 (b) The details of CSR projects undertaken by KDDL Limited during the financial year 2020-21 is given below:

Sr. No.	Project Name and Purpose	Amt. (Rs. in Lakhs)
1	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund) during F Y 2020 -21	8.00
2	Cauvery Calling for Tree Plantation	5.42
3	Contribution to KDDL Ethos Foundation	23.04
Total (1+2)		36.46

8 (c) The details of CSR projects undertaken by KDDL-ETHOS Foundation during the financial year 2020-21 are given below:

KDDL Limited

Sr. No.	Project Name and Purpose	Amt. (Rs. In Lakhs)
1	M K Saboo P.G College of Commerce – Contribution for Books	0.26
2	Chandigarh Rotary Club Service Trust – Contribution for Saketri Project	0.25
3	Chandigarh Rotary Club Service Trust – Contribution for providing Smart Phones to Children of poor families, studying in Government School	1.00
4	Jyoti Sarup Kanya Asra Society – Girls Education	1.00
5	Promoting Education – Youth Technical Training Society	2.00
6	Chandigarh Rotary Club Service Trust - Contribution for maintenance of construction of Toilets/ Bathrooms at Cremation Ground	1.00
7	Catalysts for Social Action - Support Children in the areas of Health, Basic necessities, Education, Nutrition and Livelihood program	5.00
8	KHUSHII - Education for underprivileged Children	3.00
9	Mohan Foundation - Organ Donation	2.00
10	BandeKodigeHalli Gram Panchayat – Support to Anagwadis for the purpose of KIDS Educational Program (Bangalore)	2.00
11	Pratham - Children Education	2.00
12	Chandigarh Rotary Club Service Trust - SWASTHYASHAALA", designed by Rotary Satellite Club of Chandigarh to meet the basic needs of children and adults residing in KartarAsra (an old age home and orphanage).	1.50
13	Chandigarh Rotary Club - Contribution for Saketri Project	2.03
	Total	23.04

- (d) Amount spent in administrative overheads: Nil
- (e) Amount spent on impact assessment, if applicable: Not applicable
- (f) Total amount spent for the financial year (8b+8c+8d+8e): Rs. 36.46 Lakhs
- (g) Details of excess amount for set-off are as follows:

9. Details of unspent CSR amount for the preceding three financial years: Nil
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – Not Applicable
11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per Section 135(5) – Not Applicable

R.K Saboo
Chairperson of CSR Committee

Place : Chandigarh
Date : 19th June, 2021

Yashovardhan Saboo
Chairman & Managing Director
DIN : 00012158

Particulars of Employees

Annexure-IV(a)

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S.No.	Requirements of Rule 5(1)	Details									
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	<table border="1"> <tr> <td>Mr. Yashovardhan Saboo</td><td>57.7:1</td></tr> <tr> <td>Mr. Sanjeev Masown</td><td>13.3:1</td></tr> </table>	Mr. Yashovardhan Saboo	57.7:1	Mr. Sanjeev Masown	13.3:1					
Mr. Yashovardhan Saboo	57.7:1										
Mr. Sanjeev Masown	13.3:1										
(ii)	The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year;	<table border="1"> <thead> <tr> <th>Name</th><th>As per Payout</th><th>As per Terms</th></tr> </thead> <tbody> <tr> <td>Mr. Yashovardhan Saboo</td><td>Nil %</td><td>41.9%</td></tr> <tr> <td>Mr. Sanjeev Masown</td><td>7.6%</td><td>33.9%</td></tr> </tbody> </table> <p>The difference in Terms of appointment and actual payout is due to variable component, which is linked to performance of individual and company against the agreed parameter.</p>	Name	As per Payout	As per Terms	Mr. Yashovardhan Saboo	Nil %	41.9%	Mr. Sanjeev Masown	7.6%	33.9%
Name	As per Payout	As per Terms									
Mr. Yashovardhan Saboo	Nil %	41.9%									
Mr. Sanjeev Masown	7.6%	33.9%									
(iii)	The percentage increase in the median remuneration of employees in the financial year;	10%									
(iv)	The number of permanent employees on the rolls of company;	1095 employee as on 31 st March, 2021									
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	<p>Average Salary increase of non-managerial employees is 3.6%</p> <p>Average salary increase of managerial employees is 3.6%</p> <p>There are no exceptional circumstances in increase in managerial remuneration.</p>									
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid during the year is as per the Remuneration Policy of the Company.									

Top Ten Employees in terms of remuneration drawn in financial year 2020-21

Amt. in Rs.

Sr.No.	Name of the employee	Designation	Remuneration Received (2020-21) Amount in Rupees (a.)	Nature of employment, whether contractual or otherwise	Qualifications and Experience of the employee	Date of commencement of employment	Age	The last employment held by such employee before joining the company	The percentage of equity share held by the employee in the company	whether any such employee is a relative of any director of the company and if so, name of such director
1	Mr. Yashvardhan Saboo	Chairman & Managing Director	17,123,579	Full time employment	B.A. (Hons.) and MBA from IIM (40 years)	25/03/1981	62 Years	Groz Becker Asia Pvt Ltd (Formerly known as) Groz-Becker Saboo Limited, Chandigarh	15.14	Yes, He is brother of Mr. Lal Bahadur Saboo
2	Mr. Sanjeev Kumar Masoun	Whole time Director cum Chief Financial Officer	9,881,144	Full time employment	M. COM and CIMA (28 years)	01/11/2011	51 Years	Samtel Color Limited, Delhi	0.04	-
3	Mr. Vincent Alberola	Senior Manager	8,673,704	Full time employment	Mechanical Engineering, Marketing Degree & Post Graduation in Project Management (20 years)	04/02/2010	51 Years	Mivado	-	-
4	Mr. B. Satish	Executive Vice President	8,625,671	Full time employment	MBA and Inter CA (34 years)	10/10/1994	50 Years	Hero Reforms Pvt. Ltd, Bangalore	0.04	-
5	Mr. Caifra Appadoo	Senior Manager	8,053,963	Full time employment	B. Engineering in France (22 years)	01/04/2019	41 Years	ISM Ltd, Mauritius	-	-
6	Mr. Venkatachary Srinivasan	Vice President	5,495,323	Full time employment	B.E. Mechanical and Master Degree (35 years)	08/07/2019	55 Years	Tube Investments of India Pvt. Ltd, Chennai	-	-
7	Mr. Jayasimha G	Senior General Manager	4,501,358	Full time employment	Technical Diploma (32 years)	15/05/2003	58 Years	HMT Watches, Bangalore	0.04	-
8	Mr. Jagadeesh Patil	Senior General Manager	3,763,628	Full time employment	MBA (20 years)	10/05/2016	48 Years	UNI-TEL Precision Pvt. Ltd, Bangalore	-	-
9	Mr. M P Prakash Kanika	Senior General Manager	3,406,707	Full time employment	MBA - Finance (26 years)	29/08/2018	48 Years	Gulfrim India Pvt. Ltd, Bangalore	0.00	-
10	Mr. Sanjay Narula	Senior General Manager	2,862,632	Full time employment	B.Sc (36 years)	12/12/1983	58 Years	Started career with KDL Limited	0.02	-

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
KDD Limited
Plot No. III, Sector 3
Parwanoo, Himachal Pradesh

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KDDL LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the KDDL LIMITED'S books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processesand compliance-mechanism in place to the extent, in the mannerand subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by KDDL LIMITED ("the Company") for the financial year ended on March 31, 2021 under the provisions of below mentioned regulations, which were shared with me. It is informed that due to prevailing nationwide lockdown in light of COVID-19, I was not able to carry out physical inspection of the said records:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-lawsframed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the amendments thereof: Not Applicable, as none of the securities of the company were delisted during the audit period.
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014.

KDDL Limited

- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.
- g) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- Not applicable as the company has not bought back any of its securities during the financial year under review.

(vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Payment of Bonus Act, 1965, Industrial Dispute Act, 1947, Employee State Insurance Act, 1948, The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, The Payment of Gratuity Act, 1972.

(vii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.

(viii) The Air (Prevention and Control of Pollution) Act, 1981

(ix) The Water (Prevention and Control of Pollution) Act, 1974

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 being listed on the National Stock Exchange of India Limited and BSE Limited.

During the period under review the Company has complied with the provisions of the act, rules, regulations, guidelines, standards, etc. mentioned above.

Based on my examination and the information received and records maintained, I further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the audit period.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decision is carried through majority while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

Based on the compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers, I am of an opinion that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

- a. Approval of the members was sought in the 40th Annual General Meeting of the company held on 23.09.2020 inter alia, for

KDDL Limited

- i. Borrowing, by way of inviting and accepting unsecured fixed deposits from shareholders of the company, by way of ordinary resolution.
- ii. Increasing the authorised share capital of the company from Rs. 12.48 Crores to Rs. 25.00 Crores.
- b. The company has changed the Registrar and Transfer Agent, appointing MAS Services Limited in place of KFin Technologies Private Limited. The company is in the process of executing the tripartite agreement as per the provisions of Regulation 7 of the SEBI LODR regulations, 2015.
- c. Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the company has transferred aggregate of 8067 equity shares to the Investor Education and Protection Fund due in financial year 2020-21.

Apart from the business stated above, there were no instances of:

- (i) Redemption / buy-back of securities.
- (ii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iii) Foreign technical collaborations.

Date : 14.06.2021

For A. ARORA & CO

Place: Chandigarh

UDIN: F002191C000457140

AJAY K. ARORA
(Proprietor)
FCS No. 2191
C P No.: 993

To,

The Members,
KDDL Limited
Plot No. III, Sector 3
Parwanoo, Himachal Pradesh

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records, based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the extent of verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date :14.06.2021
Place: Chandigarh
UDIN: F002191C000457140

For A. ARORA& CO

AJAY K. ARORA
(Proprietor)
FCS No. 2191
C P No.: 993

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO THE PROVISIONS OF SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014:

A. CONSERVATION OF ENERGY :

- a) **Steps taken for conservation:** The Company continues to give high priority to conservation of energy on an on-going basis. A few significant measures taken are:
 - i) Periodical and preventive maintenance of electric equipments and ensured optimum utilization of electric energy.
 - ii) Phased balancing of heating and lighting load.
 - iii) Increase in power factor by installing capacitor at the individual machines.

- b) **Steps taken for utilizing alternate sources of energy :-**

Cost of power is negligible in total cost of production.

- c) **Capital investment on energy conservation equipments:-**

Further energy conservation is planned through replacement of and modification of inefficient equipments and by providing automatic controls to reduce idle running of equipments.

B. TECHNOLOGY ABSORPTION:

Efforts made for technology absorption

1. Research and Development (R & D):

- a) **Specific areas on which R & D carried on by the Company:** Research and Development has been carried out for quality improvement, new product developments and productivity improvement.
- b) **Benefits derived as a result of the above R & D:** Increase in overall efficiency, productivity and quality of outgoing product and a wider range of watch components along with incremental business from customers.
- c) **Future plan of action:** Further improvement in production processes, to develop new dial finishes, new types of index, development of tools and components and reduction of costs would continue.
- d) **Expenditure on R&D:** No separate account is being maintained by the company for the expenditure incurred on R&D. However, the Company is incurring recurring expenditure towards development activities.

2. Technology Absorption, Adaptation & Innovation :

Efforts, in brief, made towards technology absorption, adaptation and innovation: The Company is constantly engaged in in-house R&D and is in constant touch with the new technologies.

Benefits derived as a result of the above efforts: Due to continuous developmental efforts, the Company has been able to produce much more complicated dials which were being imported until now.

3. i) Technology imported: None after 1995.

ii) Year of Import: N.A.

iii) Has technology been fully absorbed? : Yes.

iv) If not absorbed, area where this has not taken place, reasons thereof and future plans of action: N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rupees in Millions)

2020-21

Foreign Exchange earnings	839.29
Foreign Exchange outgo	178.40

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AN OVERVIEW OF THE ECONOMY AND BUSINESS EVENTS

After an estimated contraction of 3.3 percent in 2020 due to the COVID 19 pandemic, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022 as per IMF. The contraction in 2020 is less than originally projected, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year.

Post US elections, Brexit, China's emergence as a superpower and India's consistent effort to play a significant and balanced role in prevailing global situation, we witness realignments of the different countries considering the political, economic, and demographical compulsions of respective countries. These realignments will lead to changes in the trade and prevalent supply chain patterns.

2020-21 was clearly a very difficult year for India as well. To prevent the spread of the COVID pandemic, nationwide lockdowns were implemented by the Government, bringing the whole economy to the standstill for over 2 months.

To support the economy during distress, the Indian Government unveiled a stimulus package targeted at reviving the economy through a combination of fiscal and monetary support. This included relief to small businesses, taxpayers, shadow banks, power distribution companies, real estate, organized sector employees and contractors working with the government.

One of the most impactful policy directions undertaken during the year was the "Atma Nirbhar Bharat" strategy which promotes the country to be more self-reliant. This will help India to become a manufacturing hub that is globally competitive.

Early signs of economic revival became visible during the second half of the year with easing of lockdown restrictions, recovery of economic activities and discovery of vaccines in India and throughout the world. However, as the much bigger second wave of Covid-19 struck again towards the end of FY21, lockdown restrictions had to be reimposed in almost all parts of the country, leading to another round of disruption.

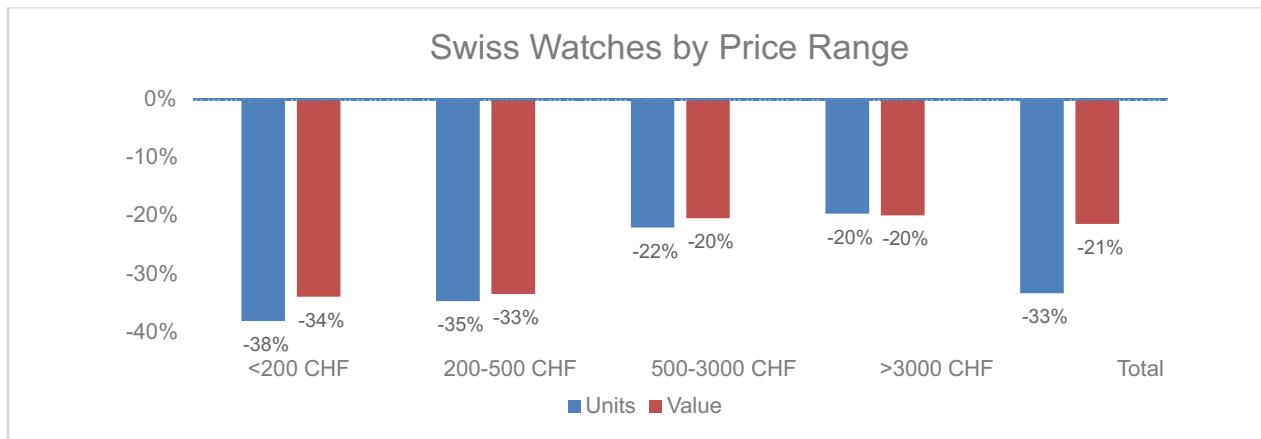
Yet, the speed and collective endeavor with which the world mobilized scientific energies to develop vaccines, and pandemic-related protocols, that have now become a way of life, give the hope and confidence that the economy will go through this renewed second/third surge and will be on the new path of growth for years to come.

Swiss Watch Industry

2020 was an unprecedented year, resulting in a sharp decline in activity for the luxury goods sector as a whole, and for the watch industry in particular. The spring saw a halt in production and a lack of market activity for many weeks, in response to the lockdown that affected a large part of the world. The second wave of the pandemic during the autumn caused further disruption.

The value of Swiss watch exports in this exceptional situation fell to 17 billion francs compared with 21.7 billion a year earlier, a decline of 21.8%. Declines were seen in all price segments and all the main materials used for watches, by both value and number of items. Watches priced at less than 500 francs (export price) saw the sharpest declines, further accentuating the negative trend that has been seen for several years.

Steel watches, which represent over 60% of the total volumes, set the tone in 2020. The value of exports of these watches declined by 20.2%, while the number of items fell by 31.8%. The decline was even more marked in the other materials category, where volumes were cut by 43.3%.



Expensive watches have fallen at a lesser rate than lower priced watches.

At a time when the world is facing a third wave of infections and drastic measures are being taken by many countries, a high level of uncertainty remains over the prospects for a return to normal. Nonetheless, the recovery in watch exports that began in the third quarter, the methods deployed by brands to adapt to the situation and the undoubted appeal of Swiss watches suggest a more positive outlook for 2021. The recovery that is probably expected in the second quarter should result in steady growth for the year as a whole.

Exports of wristwatches were valued at 16.1 billion Swiss francs, a reduction of 21.4% compared with 2019. At the same time, the number of items exported fell by a third. Switzerland therefore shipped 13.8 million watches abroad, 6.9 million fewer (-33.3%) than the previous year.

Indian Watch Market

Over the last decade, wrist watches have gained much popularity as a fashion accessory than a device for telling time. This recognition can be attributed to the high brand consciousness among millennial consumers, celebrity endorsement and aggressive marketing strategies adopted by watch brands. Delhi, Mumbai and Bengaluru are the leading markets for wrist watches in India, in terms of sales volume.

The wristwatch segment accounts for around 80% of the Indian timepiece market. The wristwatch market in India is expected to grow at a rapid pace over the long term. In the past few years, smartwatches and premium watches have witnessed a significant growth in demand and popularity.

Moreover, with the progressing retail landscape and increase in Internet retailing, the sale of wrist watches is anticipated to experience a steady increase in the Indian market. However, the presence of counterfeit products is a challenge for the market. The developing market for fitness bands and activity trackers as substitutes for smartwatches, also impedes the growth of the wristwatch market.

Based on the price range of products, the wristwatch market in India is segmented into mass price, economy price and premium price segments. In India, the mass price segment is operated mostly by the unorganized sector. The customer-base of the economy price segment is the highest and comprises mainly the millennial and working demography of the country. The demand for premium branded watches is predicted to expand at a faster growth rate owing to the increase in average disposable income, steady expansion of retail network by international brands and increase in brand awareness among people. Furthermore, India is a lucrative market for various luxury brands, owing to the growth of HNI in the population.

KDDL Limited

Covid-19 had a severe impact on the luxury watch industry at the start of FY21 as non-essential stores and malls were not allowed to operate. Most of the Luxury watches sales in India used to happen at such retail stores including those in the malls. However, a surprising trend which was witnessed during FY21 was that customers were not shying away from buying luxury watches online. This is a clear sign of market development.

During second half of FY21, as retail stores were allowed to operate, customers again started visiting malls in larger numbers bringing back the momentum for luxury watch stores while the online sales continued to be robust. As soon as the industry was recovering, economy was hit by the second wave of covid-19 during the end of FY21 bringing back the lockdown restrictions. However, as the vaccinations continues to cover the large part of the population, and lockdown restrictions expected to be eased, luxury watch industry is expected to be back on the growth trajectory again.

BUSINESS OVERVIEW

KDDL Limited is the leading company in India in manufacture of watch components and emerging as a strong engineering company for manufacture of high-quality precision stamped components and progressive tools for various non-horological applications. KDDL also manages the largest retail chain luxury Swiss watches in the organized sector through its subsidiary, Ethos Limited.

The Company's revenues are primarily from manufacture of watch components, progressive tools, precision engineering components and sub-assemblies. An overview of the main numbers of the company and of different business segments is given below:

Revenue and Profitability

The turnover of the company was adversely affected due to the COVID crisis market and economic environment and declined by 19.5% compared to a growth of 2.5% during the previous year. The overall turnover of company from domestic market declined by 34.0% compared to growth of 9.3% recorded in previous year. Export's turnover of the company was lower by 6.0% compared to a decline of 3.2% in the previous year.

Almost all the business segments of the company witnessed similar decline in revenue. The turnover of watch component segment of company declined by 18.4% during the year, mainly on account of decline in domestic revenue by 39.1%, while exports net sales declined by just 6.8%. During previous year (2019-20) domestic revenue had improved by 4.2% and exports revenue had declined by 4.3%, but in 2020-21 this trend has reversed. The relatively small impact on export sales establishes the fact that company has strong presence and relationship with the important Swiss customers and gained their confidence to serve with improved capabilities. Company revenue from exports was lower by just 6.8%, whereas the overall Swiss watch market had declined by 21.8%.

EIGEN, the precision engineering business of the company also witnessed a decline of 17.2% in revenue compared to previous year growth of 12.3%. The decline in revenue was mainly due to sluggish domestic market as the manufacturing activity in major segments like aerospace, auto-ancillaries, consumer durables and electrical and electronics segments remained under severe pressure, as the manufacturing activity in the country was curtailed due to COVID-19 restrictions and subdued customer and market sentiments. The revenue from aerospace segment was severely affected as all the global economies were under lockdown and travel restrictions continued to prevail throughout the year. Airline industry is likely to remain under pressure till the overall global environment comes back to normal from COVID-19 and travel restrictions are released.

Despite this challenging environment, our precision engineering business revenue continued to increase on quarterly basis. The order book position is expected to improve gradually with the improvement in economic conditions and consumption increase. Company is working with some of the major industrial players in different market segments which will help in faster recovery and growth of revenue and profitability.

KDDL Limited

Ornamental packaging manufacturing businesses of the company, catering mainly to the domestic market, witnessed a very sharp reduction in demand and revenue declined by 45% compared to a growth of 20.2% recorded in the previous year. There were no orders from the exports market. Company continues to approach and high value premium quality customers, both in domestic and export market.

The Company's overall strategy is to continue focus on increasing exports of watch components and to accelerate the growth of precision engineering business by improving internal efficiencies, reducing turnaround time, adding new capabilities and increasing marketing efforts, both digitally and physically.

The trend of quarterly revenues, EBIDTA and profitability during the financial year 2020-21 and previous year 2019-20 was as under:

FY 2020 -21	Qtr-1	Qtr-2	Qtr-3	Qtr-4	Total (Rs. Cr)
Revenue	21.0	34.6	40.8	50.5	146.9
EBIDTA	(0.5)	6.1	8.7	12.2	26.6
EBIDTA (%)	-2.6%	17.8%	21.4%	24.2%	18.1%
Cash Profit	(3.0)	3.8	6.5	10.0	17.3
PBT	(5.9)	0.7	3.5	6.9	5.2

FY 2019-20	Qtr-1	Qtr-2	Qtr-3	Qtr-4	Total (Rs. Cr)
Revenue	48.2	49.4	42.3	40.7	180.6
EBIDTA	9.1	11.3	7.5	6.8	34.7
EBIDTA (%)	18.8%	22.9%	17.7%	16.7%	19.2%
Cash Profit	7.1	9.0	5.2	4.5	25.8
PBT	4.1	6.1	0.7	1.4	13.9

Prospects

Domestic watch market during the first three quarters of FY2021 was weak but was gradually recovering and showing improving trends and from last quarter onwards it has bounced back with strong recovery and now order position is healthy. We continue to carefully watch the impact and duration for the second wave of COVID-19 and expect that markets will reach normal levels by the middle of the current year.

We are witnessing a healthy recovery of demand from domestic market and expect this trend to gain momentum in the coming months.

Swiss market continues to show a healthy recovery. The comparative data of first 4 months of 2019 (as 2020 is not a relevant period) and 2021 shows almost the same level of watch exports. The Swiss watch exports for the period Jan – April 21 was CHF 6866.1 million as compared to CHF 6891.7 million recorded in 2019, showing a decline of just 0.4%.

The trend of strong growth in the high price market segments is likely to continue whereas the lower end of the pyramid will continue to face volume decline. We are also accordingly preparing and realigning our product portfolio as

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per market trend and gradually moving up the value chain with improved design capabilities, faster response time and higher quality. We plan to add the capacity to meet the increased demand from domestic market segment and enhance capacity for the more complex feature requirements of Swiss customers.

The Company also continues to put major thrust on better communication, innovatively using digital marketing and social media. The response and feedback from the customers have been encouraging and we plan to continue these initiatives with high rigor and enthusiasm.

In the Precision Engineering Business, EIGEN, the major focus of the company is to increase market presence by enhancing the core capabilities, improving value addition and aggressive marketing efforts. We have been enhancing our share of business from high value added and complex parts and components and moving into segments with long gestation period and high entry barriers.

The product portfolio and mix of different segments has undergone significant changes as some of sectors like aerospace and electronics segment continue to remain severely impacted due to COVID-19. We expect that these segments may reach to normal levels over next few quarters.

We are witnessing healthy flow of enquiries and RFQ's from the exports markets especially from Auto and Electrical segments. This trend may be due to "China + One" strategy of major global players. Domestic customers are witnessing relatively slow growth and recovery as their exports to developing countries is severely affected and the investments in infrastructure development industry is low.

We believe that the initiative of Atma Nirbhar Bharat with increased defense allocations and thrust on domestic sourcing will provide additional opportunities for EIGEN in the coming years.

The cost optimization initiatives undertaken by us during this crisis period has benefitted us with the lower cost structure and improved EBIDTA and PBT. This is also evident from the quarterly financial performance of the company. We strongly believe that with the normalization of market conditions, the profitability of the company will be much healthier and stronger.

Key Financial Ratios

During the year, unsurprisingly, the margins of the company were affected as major markets and countries faced the onslaught of COVID-19 pandemic. The priorities of all the economies were to ensure safety and well-being of their people and major economic and manufacturing operations were subdued.

The earnings before interest, depreciation, taxes and appropriations reduced from Rs. 348 million to Rs. 267 million, a decrease of around 23% over the previous year. The operating EBIDTA earning after eliminating the exceptional, abnormal cost and CSR expenditure reduced marginally from 18.8% to 18.1%. The reduction in EBIDTA percentage was due to reduction in revenue and partly also due to change in the revenue mix of the different business segments and withdrawal of the export incentive of MEIS w.e.f. 1st January 2021. Despite a major reduction in the revenue the company was able to broadly maintain the EBIDTA levels, by controlling costs and minimizing loss of revenue.

- **Debtors Turnover and Average Collection Period**

During the year average debtor's turnover ratio came down from 7.7 times to 5.2 times and average collection period also increased from 47 days to 69 days as sales of the company were significantly impacted during the first half year. The debtor's turnover ratio and average collection period for the last quarter of the financial year was 5.9 times and 61 days respectively, which is broadly in line with the ratios of the previous year. The ratio of the company also changes based on the revenue mix from different customer segments as some of the business segments have a higher credit period.

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- Inventory Turnover and average inventory holding period.

During the year inventory turnover reduced marginally from 1.4 times to 1.3 times and the average inventory holding period increased from 8.3 months to 9.3 months. The inventory turnover and average inventory period of the company improved in the last quarter of the year, which is practically the normal situation of the company, to 1.8 times and 6.6 months, which is major improvement over the previous year trends.

The inventory holding requirements is typical for our business due to smaller lot quantities and MOQ requirements of the most suppliers. In addition, due to variety of feature and complexities, different material and inputs are required to be stored for meeting the requirements of the customers.

- Interest Coverage

During the year interest coverage ratio on the normalised profit of the company reduced from 4.5 to 3.1 due to increase in interest costs because of the reduced profitability due to the pandemic. The company liquidity position and servicing of the financial obligations remained very healthy during the year.

- Current Ratio

During the year current ratio of the company reduced marginally from 1.17 to 1.13 times due to restricted sales during the first half of the year and additional utilisation of the working capital borrowings. The current ratio excluding the current maturities of non-current borrowings improved from 1.53 to 1.58 times. The current maturities of the non-current borrowings generally remain around the same levels as debt / deposits are replaced with the alternate borrowings. The current ratio of the company continues to remain healthy as per banking norms as well as industrial trends.

- Debt Equity Ratio

During the year secured debt (including working capital bank borrowings) to Equity ratio of the company reduced from 0.34 to 0.30 and total debt to equity decreased from 0.48 to 0.45 due to restricted borrowings by the company. Debt-equity ratio of the company continues to be very healthy compared to the general industry trends.

- Operating Profit Margin (%)

During the year normalised operating profit margin of company reduced from 14.0% to 10.7% due to major impact on revenue and profitability mainly due to spread of pandemic COVID-19. First half of the financial year was severely affected as the operations remained suspended for a long period due to lock down / curfews, limited availability of manpower and subdued customer sentiments in the market. The situation was on improving trend every quarter till the commencement of second wave from mid-March. The gross margin of company reduced marginally from 73% in previous year to 72%.

The financial performance ratios are on the improving trend is clearly visible from the fact that the operating profit margin and net profit margin of the company for Qtr-4 was 18.4% and 76%, even though the export incentives of MEIS @ 3% of exports was withdrawn by the government w.e.f. 1st January 2021.

- Net Profit Margin (%)

During the year, the normalized net profit before tax after excluding the abnormal and exceptional non-operations items reduced drastically from 8.0% to 3.6%, mainly due to impact of COVID-19 and withdrawal of export incentives by the Government of India w.e.f. 1st January 2021.

Company reported a very healthy net profit margin of 14.1% for quarter 4 of the financial year, when the revenue of the company normalized due to improvement in COVID-19 situation and opening of the major markets and economies.

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- Shareholders' Funds

The company's reserves improved from Rs. 1578 million as on 31st March 2020 to Rs. 1613 million as on 31st March 2021, on account of retained earnings from the profitability of the company.

The Share capital of the company was constant at Rs. 117.37 million.

- Loan Funds and Cost of Debt

The interest cost as a percentage to total revenue increased from 3.2% to 4.8% in 2020-21. The interest cost as a percentage to total revenue increased primarily due to decline in the revenue due to COVID-19. The prevailing interest rates in the market as such was on the reducing trend but the lenders were hesitant to pass on the benefits to the end customers. During the year, company renegotiated the interest rates with all the lenders and were successful in getting the reduction in line with the market trends, but these lower rates were available only for partial period of the year as most of the reduction are during the end of the year. During the year, company also decreased the effective interest rate on deposits from members in line with the reduction in rates by other lenders. The impact of this lower interest rates will be visible from next financial year. The overall level of unsecured debt by way of deposits from members is on the increasing trend and the mix of unsecured debt versus other secured debt impacts overall interest cost of the company.

Company continues to reduce its high costs debts and working capital borrowings by effective utilization of available funds. All new debt borrowings of the company are being negotiated and concluded at lower interest rates. The overall simple average cost of debt remained constant at 9.5% as recorded in the previous year.

The Company continues to focus and explore alternate means of finance for reducing effective cost of borrowing. The company continues its efforts on restricting the overall borrowing of the company for better leverage.

- Fixed Assets

Gross Fixed Assets (Both tangible and intangible) of the company including Capital work in progress during the year increased from Rs. 2043 million to Rs. 2071 million. The value of tangible fixed assets increased from Rs. 1847 million to Rs. 1907 million, whereas the gross intangible assets increased from Rs. 428 million to Rs. 434 million. The value of right to use asset, capital work in progress and investment property reduced from Rs. 1265 million, 220 million and Rs. 45 million to Rs. 1068 million, 112 million and 28 million respectively.

During the year, the capital expenditure of the company was restricted due to uncertain economic and market environment. Some capital expenditure was done on expanding the capacity as per market requirements in our watch components business and other normal capital expenditure in the different units for increasing productivity, new product developments and addition of other assets for quality, safety, Information technology and administrative functions.

SUBSIDIARY COMPANIES AND JOINT VENTURES

Ethos Limited

The financial year FY21 has been a challenging year for ETHOS Limited as the Company grappled with the COVID pandemic situation. The impact of the pandemic was beginning to be felt towards the end of FY20. With the subsequent nationwide lockdown announced in March 2020 and the consequent closure of all malls for in ensuing months, the impact was more severe, and the Company's revenues declined considerably during this period. However, the Company witnessed strong recovery in the second and third quarters, with the easing of restriction and people

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adapting to the new normal. Recovery was also led by a good festive season as people have started coming in stores for better experience.

The Company met the challenges of the pandemic situation with agility and nimbleness. The Company affected significant cost cuttings, both temporary and permanent, and focused on maintaining liquidity by rationalizing investment in inventory and other capital expenditures. Significant measures included:

Store rationalization: The Company closed under-performing stores without impacting ability to address consumer demand. The Company closed 10 stores and opened 3 stores. The total count of stores reduced from 53 to 46.

Cost optimization for expenses such as rent and manpower. Rent and manpower together comprise more than 60% of the expenses of the company. The Company negotiated with landlords to obtain relief on rents ranging from no payment of rent to limited rental payment based on revenue share for the period of lockdown. The Company also rationalized its manpower costs. Running costs, which account for 30% of the expenses, automatically reduced during the lockdown period and the Company continues to control major reductions in various running expenses.

Improvement in Working Capital: The Company brought about significant working capital efficiencies with the reduction of investments in inventory from Rs. 219 crores at the beginning of the year, to Rs.198 crores at the end of the financial year. While a significant part of this was on account of store closures, the reduction was also due to brand ratification at store level and establishing more rigorous inventory control processes.

Consumer sentiment and demand improved strongly in the latter half of previous year. The Company leveraged its Ecommerce capabilities to continue catering to consumer demand. The Company is cognizant of the fact that online sales going forward is going to play a crucial role as many customers have now become comfortable to buy luxury watches online. Online billings contributed more than 38% of the Company's billings. The Company will continue to innovate and spend on marketing through digital mediums to keep the overall engagement high.

Exclusive brands continue to play a pivotal role in the consumer strategy of the Company. During FY21, exclusive brands contribute 43.4% for the topline and 36.9% to the gross margins of the Company.

All the above measures contributed towards the company achieving a very good performance in the face of an extremely challenging year. Revenues grew at 4.5% in the second half of the year compared to the same period in the previous year. This was on the back of a positive same store growth of a commendable 2.7%. EBIDTA grew by 31% in the second half compared to the previous year, and if we ignore the impact of the lease accounting standard AS116, the growth in EBIDTA is 73%.

The pre-owned watch business is another significant vertical of growth that the Company is investing in. The business is being run through the website Second Time Zone.com. The Company believes pre-owned watch business in the long term has good potential to scale up. With a strong team of technicians and watch experts, and an excellent after-sales service, the Company is confident to scale-up this business rapidly.

Regarding the immediate future, while the country is faced with the second wave of the COVID pandemic, the Company believes that the impact will less severe than that experienced in the previous year. Consumer demand continues to remain robust. Not only this, but the Government also seems to have adopted a more cautious approach towards lockdowns and closure of businesses during the second wave, thereby minimizing disruptions in access to physical stores and ecommerce deliveries. The Company is also very comfortably placed in managing the short term and medium-term liquidity with ready access to debt in the form of substantial unutilized working capital limits as well as it has further debt raising ability.

Pylania SA

During the financial year 2020-21, company continued with its existing streams of business revenue related to partial manufacturing of watch components, trading of watch components and accessories, consultancy and advisory services.

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The revenue of the company during the year improved marginally from CHF 1125 K to CHF 1250 K. During the year, company continued to provide consultancy and managerial advisory services to customers also.

The management of Pylania continues to keep a close watch on costs. During the year the company initiated necessary steps for reducing overheads and other fixed costs. These initiatives helped the company in improving its financial position.

The operating profit of the company improved from CHF 81 K during 2019-20 to CHF 209 K in 2020-21.

Estima AG

The recently acquired Estima AG, is a renowned Swiss watch hands manufacturing facility in Grenchen, Switzerland. The primary objective and strategic decision to acquire the competitor in Switzerland was to enhance the market share and value of the company to Swiss customers considering the emerging opportunities after the implementation of the 'Swiss Origin' regulations w.e.f. 1st January 2017.

This acquisition fits into the strategy of KDDL to expand its footprint in Swiss manufacturing and it is in a better position to turn it around with replicating its strengths and capabilities from Indian operations and leveraging the existing strong customer relationships. The Swiss Origin regulations will act as a catalyst for the revival and growth of this business unit.

The major focus of the company is on upgrading the facilities and re-energizing the teams for enhancing the revenue and profitability.

Post-acquisition, company upgraded the facilities by investing in new machines, equipment's and renovation of the facilities. In addition, necessary changes were done in the management and key personnel of the company. Company has also provided necessary financial and technical support for ramping up the capabilities and performance.

Company is well positioned to gain additional business from reputed Swiss customers. Post-acquisition, Company has also added the facility of supplying watch dials in addition to watch hands.

Estima was following calendar year for its accounting and taxation purposes in accordance with normal Swiss practice. However, the company changed its accounting period from calendar year to financial year (Apr-Mar) to align with the accounting year followed by KDDL, the holding company. During 2020-21, company reported revenue of CHF 1988 K as compared to a revenue of CHF 1835 K in the 12 months ended period up to March 2020 registering a growth of 8%. The operating loss of the company also improved significantly, and the net loss declined from CHF 1416 K in 2019-20 to CHF 107 K. This is a very creditable achievement in the difficult Covid-19 period.

The turnaround was possible as company initiated various efforts to reduce the cost structure and fixed overheads during COVID-19 pandemic. Company had also availed of the manpower related financial support from Swiss government to cover the lower engagement of the manpower due to subdued market environment and limited manufacturing operations.

All these financial indicators clearly justify that our strategy and action plan to revive this company and record growth and development are on the right direction and we remain confident that in the coming period with normalization of market conditions, we will witness healthy growth of revenue and profitability.

Satva Jewellery and Design Limited

During the financial year, there was no change in business operations or the status of the company.

The Board of Directors had approved a scheme of Amalgamation of its subsidiary Company namely "Satva Jewellery and Design Limited" with the Company under Section 230 to 233 of the Companies Act, 2013 ("the Act") with proposed appointed date of April 01, 2017.

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The National Company Law Tribunal (NCLT), Chandigarh Bench, had passed an order dated 15th October 2019 directing both the Companies that the scheme should be considered as per the procedure laid down in Section 232 of the Act. Accordingly, the Board of Directors of the Company at its meeting held on 3rd December 2019 and 26th May 2020 respectively approved to file a new scheme of amalgamation under section 232 together with other applicable provisions of the Act and the proposed appointed date has been changed from April 01, 2017 to April 01, 2019.

KDDL board and shareholders have already approved the merger of this company with parent company to bring synergy in the operations and to utilize its resources for creating value for shareholders. During the year, as per the directions of the National Company Law Tribunal (NCLT), Chandigarh Bench, company had organized the meetings of the shareholders, secured and unsecured creditors and all stakeholders have approved with merger scheme with majority vote. Now the NCLT must consider these reports and direct the future course of action for merger with the parent company. We believe that as the situation normalizes, the functioning of the courts will improve, and that during current financial year we expect to get the necessary statutory approvals for the merger with the parent company.

Human Resource Management

The skills and capabilities of our team remain our most valuable asset. KDDL seeks to attract and retain the best talent available. Human Resource Management incorporates a process driven approach that invests regularly in the training and development needs of employees through succession planning, job rotation, on the job training and extensive training workshops and programs. Company has also engaged external consultants and advisors for the various interventions to improve and building the human capital for the emerging business requirements.

The Company's Talent Management process focused on building talent at various levels in the organization. Several professionals in different functions had been hired keeping in mind the company's future needs to build a leadership pipeline. Need based new people are being hired to build capabilities in new areas and to fill any gaps. As such, the Company has focused on developing internal talent through a robust identification process and with a clear development plan designed for each such talent.

During the year, only a few employee engagement programs could be organized but company continues to provide necessary support, guidance and motivation to bolster employee morale inculcate a feeling of teamwork and camaraderie and create a mechanism to recognize individual and team contributions to the organization. Employee recognition and reward programs for individual and team achievements were continued across the Group. The total manpower of the company, both regular and contractual was over 1500 during the year under review.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

A strong internal control culture is an important focus and thrust area in the company. The company has comprehensive internal systems, controls and policies for all the major processes to ensure the reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources.

The formalized systems of control facilitate effective compliance as per Clause 49 of the Listing Agreement. The company also has well documented Standard Operating Procedures (SOPs) for various processes which are periodically reviewed for changes warranted due to business needs.

The Internal Auditor of the company continuously monitors the efficacy of internal controls/ compliance with SOPs with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organization's risk management, control and governance processes.

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The scope and authority of the Internal Audit activity are well defined in the Internal Audit scope and guidelines, approved by the Audit Committee. Internal Auditors develops a risk based annual audit plan with inputs from major stakeholders, and the major focus areas as per previous audit reports.

All significant audit observations are reviewed periodically, and follow-up actions thereon are reported to the Audit Committee. The Audit Committee also meet the company's Statutory Auditors and Internal Auditors to ascertain their views on the financial statements, including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal controls and systems followed by the company.

The top and senior management of the company also assesses opportunities for improvement in business processes, systems and controls, provides recommendations, designed to add value to the organization and follows up on the implementation of corrective actions and improvements in business processes.

The senior management of the company meets periodically to assess the performance of each business segment and key functions of the company and areas for improvement of performance / controls are identified and reviewed on continuous basis.

RISKS, THREATS AND CONCERNs

Risk means uncertainties about events and their outcomes that could have a material impact on the performance and projections of the Company. Since risk is inherent in every business, it is the Company's responsibility to minimize its incidence in order to protect and enhance shareholder value.

Our framework for combating risks recognizes that risks may be divided into two broad categories – risks that are common and relevant for most business in general and risks that are more specifically applicable to your company and business. The Risk Management Policy at KDDL inter-alia provides for Risk identification, assessment, and reporting and mitigation procedure. The Policy is continuously updated and adopted to the changing environment in which the Company operates.

Risks of General Nature

Risks relating to the general macroeconomic environment of the Company include risks associated with political and legal changes, changes in tax structures, and commercial rules & laws. The Company keeps a proactive track to anticipate such changes and mitigate associated risks to the extent possible.

Risks related to man-made and natural disasters such as explosions, earthquakes, storms as well as civil disturbances are handled by following best practices in the design of structures and "safety first" as a guiding principle while designing technical and business processes duly supplemented with requisite insurance coverage.

The third set of general risks relates to risks from market led changes. These include risks associated with sudden fall in GDP and growth rates, overall market condition in India and abroad, or sudden changes in market preferences. The mitigation of these risks is achieved by a cost-effective and flexible working structure which would allow the Company to scale up or scale down working in affected areas in accordance with the changes.

Specific Risks

We have identified the following specific risks that need more detailed attention in the present circumstances and business of the Company.

Risks due to decline in overall demand for watches: While we remain confident of a steady growth in demand of watches in India over the next 8~10 years, we are aware of the decline of the watch as a time keeping instrument. At the same time, we see an evident increase in the watch becoming an important fashion accessory and as an activity monitoring cum communicating instrument. The risk of such decline in the functional value of a watch is mitigated by positioning ourselves to better serve the watch as a fashion and wearable technology. We continue to upgrade our

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internal capabilities and processes to move up the value chain and align with the market expectations.

Risks pertaining to over dependence on few companies: The Company has enjoyed a close and mutually beneficial association with several leaders in the watch business in India and Switzerland. This inevitably has led to a substantial part of the Company's business being related to these groups.

Notwithstanding the strong standing of these brands and companies and our Company's enduring relationship with them, we recognize that broad basing our customer base and brand partner base is a priority to mitigate any inherent risk from over-dependence on any specific partner. As a part of this exercise, company continues to enhance its customer base and increasing its presence in the new fields and segments.

Risks related to over dependence on one business: The company is structurally focusing on increasing the revenue from other manufacturing business streams and strategically enhancing the growth of these segments, which will help in off setting the over dependence on the watch segment. In order to overcome the risks of over dependence on watch components, company is aggressively focusing on the business growth from other business segment of precision engineering components and adding new capabilities for enhancement of revenue stream.

Foreign Exchange Risks: About 60% of the Company's manufacturing turnover comes from exports, denominated in Swiss Francs and US Dollars. The fall and rise in these currencies can seriously impact the working of the Company in the short and medium term. The fall in the value of these currencies will have a significant impact on the export earnings in Rupee terms and thereby on the profitability of the Company. This risk is mitigated with several measures which include:

- Hedging of currencies to the extent reasonably possible, also keeping in mind natural hedge we enjoy by exporting and importing in the same currency.
- Balancing of imports and exports.

Risk related to Personnel: Our business is increasingly dependent on the skills and competencies of our employees and management team. The general war for talent in our growing economy has created a risk related to the retention of key personnel both in manufacturing and retail sector. This risk is mitigated through effective HR policies relating to recruitment and retention and a proactive remuneration and rewards policy that is periodically reviewed at the highest management level.

CAUTIONARY STATEMENT

Certain statements made in the "Management Discussion and Analysis Report" relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could make significant difference to the Company's operations and actual results include among others, Government Regulations, statutes, tax laws, economic developments within India and countries in which the company conducts businesses, litigations and other allied factors.

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence of standards for achieving the objectives of the Company, enhance shareholder value and discharge of social responsibility. The Corporate Governance structure in the Company assigns responsibility and authority to Board of Directors, its committees and executive management, senior management, employees etc.

The Company acknowledges its responsibility to its esteemed stakeholders. Even in a fiercely competitive business environment, the Management and the employees of the Company are committed to uphold the core values of transparency, integrity, honesty and accountability which are fundamental to the Saboo Business Group. The Company believes that Corporate Governance helps to achieve commitment and goals to enhance stakeholder value by focusing towards all stakeholders. Any good corporate governance provides an appropriate framework for the Board, its committees and the executive management to carry out the objectives that are in the interest of the Company and its stakeholders. The Company maintains highest levels of transparency, accountability and good management practices through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal and ethical responsibilities.

II. BOARD OF DIRECTORS

(a) Composition and attendance in meetings

The Board of Directors of the Company has an optimum combination of executive and non-executive directors. The Board of Directors presently comprises of 8 (Eight) members including 2 (two) Whole-Time directors, i.e., the Chairman-cum-Managing Director and the Whole Time Director-cum-Chief Financial Officer. The composition of the Board is in conformity with regulation 17 of Securities & Exchange Board of India(Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations).

During the financial year ended on 31st March 2021, 7 (Seven) Board Meetings were held and the gap between two meetings did not exceed one twenty days. The dates on which the Board Meetings were held are as follows:

26 th May, 2020	27 th June, 2020	25 th August, 2020	23 rd September, 2020
11 th November, 2020	12 th February, 2021	23 rd March, 2021	

The following table gives the composition and category of the Directors, their attendance at the Board meetings held during the year, at the last Annual General meeting and number of equity shares held by non-executive directors :

Name of the Director	Designation	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on 23-09-2020	Number of Shares / Convertible instruments held by non - executive directors
Mr. Yashovardhan Saboo	Chairman & Managing Director	Promoter-Executive	7	Yes	-
Mr. Anil Khanna	Director	Independent- Non Executive	7	Yes	3100

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Name of the Director	Designation	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on 23.9.2020	Number of Shares / Convertible instruments held by non – executive directors
Ms. Ranjana Agarwal	Director	Independent- Non Executive	7	Yes	-
Mr. Praveen Gupta	Director	Independent- Non Executive	6	Yes	-
Mr. Vishal Satinder Sood	Nominee Director	Non- Executive Nominee	6	No	-
Mr. Jai Vardhan Saboo	Director	Promoter- Non Executive	5	No	-
Mr. Sanjiv Sachar	Director	Independent- Non Executive	5	Yes	1400
Mr. Sanjeev Kumar Masown	Whole Time Director-cum- CFO	Executive	7	Yes	-

(b) Directorship and Committee's Membership

Name of the Director	No. of Directorship in other Public Limited Companies	* No. of Committee positions held in other Public Limited Companies		Directorship in other listed Companies and category of directorship
		Chairman	Member	
Mr. Yashovardhan Saboo	4	1	1	-
Mr. Anil Khanna	1	1	1	-
Ms. Ranjana Agarwal	5	1	4	a) ICRA Limited - Non Executive - Independent Director b) Indo Rama Synthetics (India) Limited - Non Executive - Independent Director c) Ugro Capital Limited - Non Executive - Independent Director d) RBL Bank Limited - Non Executive - Independent Director
Mr. Praveen Gupta	-	-	-	-
Mr. Vishal Satinder Sood	1	-	-	-
Mr. Jai Vardhan Saboo	-	-	-	-
Mr. Sanjiv Sachar	1	-	1	HDFC Bank - Non Executive - Independent Director
Mr. Sanjeev Kumar Masown	2	-	-	-

*Committee positions includes only the membership of Audit Committee and Stakeholder's Relationship Committee as per SEBI (LODR) Regulations ,2015)

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Except Mr. Yashovardhan Saboo and Mr. Jai Vardhan Saboo, none among other directors have any inter-se relationships.

c) Skills / Expertise / Competencies of the Board of Directors

The following is the list of core skills / competencies identified by the Board of Director as required in the context of the Company's business and that the said skills are available with the Board Members i.e Mr. Yashovardhan Saboo, Mr. Sanjeev Kumar Masown, Mr. Anil Khanna, Mrs. Ranjana Agarwal, Mr. Sanjiv Sachar, Mr. Praveen Gupta, Mr. Vishal Satinder Sood and Mr. Jai Vardhan Saboo.

Wide management and leadership experience	Strong management and leadership experience including in areas of business development, strategic planning, and risk management, technology, manufacturing, banking, investments and finance, international business. Demonstrated strengths in developing talent, planning succession and driving change and long-term growth.
Diversity	Diversity of thought, experience, knowledge, perspective, gender and culture. Varied mix of strategic perspectives, and geographical focus with knowledge and understanding of key relevant markets and industry.
Functional and managerial experience	Knowledge and skills in accounting and finance, business Judgment, general management practices and processes, industry knowledge, macro-economic perspectives, human resources, labour laws, international markets, sales and marketing, and risk management.
Personal values	Personal characteristics matching the Company's values, such as integrity, accountability, and high performance standards.
Corporate governance	Experience in developing and implementing good corporate governance practices, maintaining board and management accountability, managing stakeholders' interests and Company's responsibilities towards customers, employees, suppliers, regulatory bodies and the communities in which it operates.

d) Details of Familiarisation programme for Independent Directors

Details of Familiarisation programme imparted to Independent Directors are available on the website of the Company i.e. www.kddl.com/familiarization-programme/

e) In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act, 2013 and Listing Regulations..

III. COMMITTEES OF BOARD

Currently, the Board has four committees: Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee.

A. AUDIT COMMITTEE

The scope of activities of the Audit Committee are as set out in Regulation 18 of Listing Regulations read with Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are broadly as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;

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3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Modified opinion(s) in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through and issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the financial year ended on 31st March 2021, 4 (Four) meetings of the Audit Committee were held. The dates on which the meetings of the Audit Committee were held, are as under:

27th June, 2020
12th February, 2021

25th August, 2020

11th November, 2020

The composition of the Audit Committee and the details of meetings attended by the Directors are given below:

Attendance of Members at Meetings of the Audit Committee			
Name of the Director	Category	Designation	Meetings attended
Mr. Anil Khanna	Independent Non - Executive	Chairman	4
Mrs. Ranjana Agarwal	Independent Non - Executive	Member	4
Mr. Praveen Gupta	Independent Non - Executive	Member	4

The Audit Committee invites such Executives as it considers appropriate to be present at its meetings. The Chief Financial Officer and Company Secretary attended all the meetings. The Statutory Auditors are invited to the meetings in which Quarterly/Annual Accounts are considered. The Internal Auditors are also invited to the meetings in which Internal Audit Reports are discussed. The Company Secretary acts as the Secretary of the Committee.

B. NOMINATION AND REMUNERATION COMMITTEE

The role of the Nomination and Remuneration committee as set out in Listing Regulations. Brief description of terms of reference include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. Recommend to the Board, all remuneration in whatever form, payable to Senior Management.

During the financial year ended 31st March, 2021, 2(Two) meetings of the Nomination and Remuneration Committee were held on 27th June, 2020 and 23th September, 2020

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The composition of the Nomination and Remuneration Committee as on 31st March 2021 is as given below:

Attendance of Members at Meetings of the Nomination and Remuneration Committee			
Name of the Director	Category	Designation	Meeting attended
Mr. Sanjiv Sachar	Independent Non - Executive	Chairman	2
Mrs. Ranjana Agarwal	Independent Non - Executive	Member	2
Mr. Praveen Gupta	Independent Non - Executive	Member	2
**Mr. Anil Khanna	Independent Non - Executive	Member	2

Performance evaluation criteria for Independent Directors-

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors which are as under-

- Frequency of meetings attended
- Timeliness of circulating Agenda for meetings and descriptiveness
- Quality, quantity and timeliness of flow of information to the Board
- Promptness with which Minutes of the meetings are drawn and circulated
- Opportunity to discuss matters of critical importance, before decisions are made
- Familiarity with the objects, operations and other functions of the company
- Importance given to Internal Audit Reports, Management responses and steps towards improvement
- Avoidance of conflict of interest
- Exercise of fiscal oversight and monitoring financial performance
- Level of monitoring of Corporate Governance Regulations and compliance
- Adherence to Code of Conduct and Business ethics by directors individually and collectively
- Monitoring of Regulatory compliances and risk assessment
- Review of Internal Control Systems
- Performance of the Chairperson of the company including leadership qualities.
- Performance of the Whole time Director
- Overall performance of the Board/ Committees.

The members of the Board jointly discuss, evaluate and identify the areas for improving the performance and effectiveness of the Board.

Remuneration of Directors

There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the financial year 2020-21 except receipt of sitting fees from the Company for attending the meetings of the Board and Committees thereof and deposits and / or interest thereon, received from the director, if any, the details of which are given in the financial statement.

Criteria of making payments to Non-Executive Directors

The remuneration of Non Executive Directors shall be finalised considering the following:

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- a) They will be entitled to receive remuneration by way of sitting fees for attending meetings of the Board or its Committees subject to the limits, prescribed under the Companies Act, 2013 and rules made thereunder.
- b) Non Executive Directors do not participate in Board discussions which relate to their own remuneration.
- c) They receive reimbursement of reasonable expenses incurred in attending the Board, Committee and other adhoc meetings.
- d) Remuneration is paid subject to deduction of Income Tax at source and GST.

During the year under review, the Non Executive Directors of the Company were paid sitting fees as under (including fees paid for Committee meetings):

Name of the Director	Sitting Fees paid (Gross) (₹)
Mr. Anil Khanna	3,40,000
Mr. Sanjiv Sachar	1,80,000
Mr. Praveen Gupta	3,20,000
Mr. Jai Vardhan Saboo	1,50,000
Mrs. Ranjana Agarwal	3,60,000
Total	13,50,000

Remuneration of the Executive Directors

The Company has framed a Remuneration Policy, the brief terms of which are given hereunder:-

- a) At the time of appointment or re-appointment, the Chairman, Vice Chairman, Managing Director and Whole Time Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the respective Director within the overall limits as prescribed under the Companies Act, 2013 and rules made thereunder.
- b) The remuneration shall be subject to the approval of the Members of the Company in General Meeting and all other statutory approvals, if any.
- c) The remuneration of the above said directors is broadly divided into fixed and variable component whereas the remuneration of Chairman consists of fixed components only.
- d) The remuneration of the directors may also include Employee Stock Option Plans (ESOPs) as per the provisions of applicable laws.
- e) The fixed compensation shall comprise salary, allowances, perquisites, amenities and retirement benefits. The variable component shall comprise of individual and company performance bonus.
- f) In determining the remuneration (including the fixed increment and performance bonus) the Nomination & Remuneration Committee shall consider the following:
 - The relationship of remuneration and performance benchmarks is clear;
 - Balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
 - Responsibility required to be shouldered by the above said Directors and the industry benchmarks and the current trends;

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- The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the Key Responsibility Areas (KRAs) / Key Performance Indicators (KPIs).

g) Executive Directors are not entitled to sitting fees for attending meeting of directors.

The Nomination and Remuneration Committee will consider the performance against measurable parameters and also have subjective assessment of individual while fixation / revisions of remuneration.

The Company has not granted any Stock Options to its Directors or Employees during Financial Year 2020-21.

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The role of Stakeholders Relationship Committee is set out in Listing Regulations, which is given below :

- 1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

During the financial year ended 31st March, 2021, 1 (one) meeting of the Stakeholders' Relationship Committee was held on 12th February, 2021.

The present composition of Stakeholders' Relationship Committee and attendance of the members is as under:

Name	Category	Designation	Meeting Attended
Mr. Anil Khanna	Independent Non Executive Director	Chairman	Yes
Mr. Yashovardhan Saboo	Chairman & Managing Director	Member	Yes
Mr. Sanjeev Masown	Whole time Director cum Chief Financial Officer	Member	Yes

Name and Designation of Compliance Officer :- Mr. Brahm Prakash, Company Secretary.

The Company Secretary acts as Secretary to the Committee.

Shareholders'/Investors' complaints

Complaints pending as on 1 st April, 2020	Nil
During the period from 1 st April, 2020 to 31 st March, 2021	17
Complaints disposed off during the year ended 31 st March, 2021	17
Complaints unresolved to the satisfaction of shareholders as on 31 st March, 2021	Nil

D CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

In order to comply with the provisions of Section 135 of the Companies Act, 2013 read with rules made thereunder, the Board of Directors have constituted a 'Corporate Social Responsibility Committee. w. e. f. 27th May, 2014 with the following directors:

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Name	Designation
Mr. R. K. Saboo	Chairman
Mr. Yashovardhan Saboo	Member
Mrs. Ranjana Agarwal	Member
Mr. Praveen Gupta	Member

During the year under review, three meetings were held on 27th June 2020, 11th November 2020 and 12th February, 2021.

The above said policy is available at the link http://www.kddl.com/wp-content/uploads/PDF/KDDL_CSR_Policy.pdf of the website of the Company.

SUBSIDIARY COMPANIES

The financials of the subsidiary companies viz M/s Ethos Limited, Mahen Distributions Ltd, Pylania S.A, Estima AG, Satva Jewellery and Design Limited & Kamla International Holdings S.A. have been duly reviewed by the audit committee and Board of Directors of the company. The KDDL Board is also periodically reviewing all significant transactions entered into by the subsidiary companies.

The company has formulated a policy for determining the material subsidiaries and the details of such policy is available in the website of the company at web link <http://www.kddl.com/wp-content/uploads/PDF/policies/KDDL-Policy-for-determining Material-Subsidiaries.pdf>

IV. GENERAL BODY MEETINGS

(i) Details of location, date and time where last three Annual General Meetings were held along with the special resolutions passed, are given as below:

Financial year	Details of Location	Date	Time	Special resolutions passed
2019-20	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	23 rd September, 2020	04:00 p.m.	<ul style="list-style-type: none">a) Re-appointment of Mr. Yashovardhan Saboo (DIN :00012158) as Chairman and Managing Director of the Company.b) Re-appointment of Mr. Praveen Gupta (DIN: 01885287) as an Independent Director of the Company.c) Increase in Authorized Share Capital of the Company and consequent alteration in clause V of Memorandum of Association.
2018-19	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	11 th September, 2019	12:30 p.m.	<ul style="list-style-type: none">a) To re-appoint Mrs. Ranjana Agarwal (DIN: 03340032) as an Independent Director of the Companyb) To re-appoint Mr. Anil Khanna (DIN: 00012232) as an Independent Director of the Company.c) To appoint Mr. Jagesh Khaitan (DIN: 00026264) as a Non-Executive Director of the Companyd) To approve the continuation of directorship of Mr. Jagesh Kumar Khaitan (DIN: 00026264) as a Non - Executive Director of the Company.

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Financial year	Details of Location	Date	Time	Special resolutions passed
2017-18	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	14 th July, 2018	12:30 p.m.	A) Increase the aggregate limit for investment by the Foreign Portfolio Investors (FPIs) and Foreign Institutional Investors (FIIs) from 24 % to 49% of the paid up capital of the Company. B) To increase the overall limit of investments / giving loans/guarantees / providing securities in terms of Sec 186 of the Companies Act, 2013. C) Further Issue of Equity Shares. D) Approval for change in Share Capital of Material Subsidiary, Ethos Limited. E) Approval of Material Related Party Transactions. F) Re-appointment of Mr. Sanjeev Kumar Masoun (DIN-03542390) as Whole time Director - cum-Chief Financial Officer of the Company. G) Further Issue of Equity Shares through Preferential Allotment

(ii) Details of location, date and time where General Meetings convened by Hon'ble NCLT were held during the financial year 2020-21 along with the special resolution passed are given below :

Financial year	Details of Location	Date	Meeting Type and Time	Special resolutions passed
2020-21	Video Conferencing ("VC")	19 th December, 2020	(i) Meeting of the Equity Shareholders – 10:00 a.m ii) Meeting of the Secured Creditors – 11:30 a.m iii) Meeting of the Secured Creditors – 12:30 p.m	Approval of Scheme of Amalgamation of "Satva Jewellery and Design Limited" with "KDDL Limited"

(iii) During the financial year under review, no resolution was passed through postal ballot.

There is no any special resolution proposed to be conducted through postal ballot.

V MEANS OF COMMUNICATION

Quarterly Results	Quarterly Results are submitted to the Stock Exchanges and are also displayed on the Company's website i.e www.kddl.com .
Newspapers in which quarterly results are published Any website where results or official news are displayed	Financial Express (English)/Jan Satta (Hindi) Yes, www.kddl.com
Whether it also displays official news releases.	The financial results and other relevant information including news release are displayed on the website of the Company
The presentations made to institutional investors or to the analysts	Yes

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VI. GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting

Date & Time: 28th September, 2021 at 10:30 a.m. (IST) through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)

Deemed Venue : Plot No. 3, Sector III, Parwanoo, Dis. Solan, (H.P.) - 173220

(b) Financial Year

Financial year : 1st April, 2020 to 31st March, 2021

For the financial year ended 31st March, 2021, results were announced on:

- 30th June, 2020 : 14th August, 2019
- 30th September, 2020 : 11th November, 2020
- 31st December, 2020 : 12th February, 2021
- 31st March, 2021 : 14th Jun, 2021

For the year ending 31st March, 2022, the tentative dates for announcement of the results:

- 30th June, 2021 : Within 45 days from the end of quarter
- 30th September, 2021 : Within 45 days from the end of quarter
- 31st December, 2021 : Within 45 days from the end of quarter
- 31st March, 2022 : Within 60 days from the end of quarter / financial year

(c) **Date of Book Closure:** 21st September, 2021 to 28th September, 2021 (both days inclusive)

(d) **Dividend Payment Date :** Within 30 days from the declaration.

(e) **Name of Stock Exchanges at which the securities are listed and Scrip Code :**

- (i) BSE Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001
Scrip Code: 532054
- (ii) National Stock Exchange of India Limited (NSE)
Exchange Plaza, Plot No. C-1, G Block,
Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
Scrip Code: KDDL

(f) **Listing Fees to the Stock Exchanges:** The Company has paid listing fees in respect of financial year 2021- 22 to BSE Limited and National Stock Exchange of India Limited.

(g) **Market Price Data:**

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Month	KDDL Price at BSE (Rs.)		KDDL Price at NSE (Rs.)	
	High	Low	High	Low
Apr-20	132.60	107.60	131.55	105.95
May-20	121.00	103.75	121.70	102.30
Jun-20	185.00	111.10	182.55	110.40
Jul-20	167.50	123.40	167.90	121.50
Aug-20	164.25	118.10	163.65	118.00
Sep-20	197.00	140.50	195.00	143.00
Oct-20	184.00	151.10	184.95	152.00
Nov-20	188.00	146.00	184.90	150.00
Dec-20	248.90	175.95	249.00	175.90
Jan-21	289.00	225.00	284.80	213.40
Feb-21	319.00	234.10	322.00	236.00
Mar-21	320.00	262.00	322.45	259.00

(h) Performance of the Company's share price in comparison to BSE Sensex :



(i) Registrar and Share Transfer Agent (RTA):

MAS Services Limited
 T-34, 2nd Floor, Okhla Industrial Area,
 Phase-II, New Delhi-110220
 Website: www.masserv.com

(j) Share Transfer System:

In accordance with the proviso to Regulation 40(1) of the SEBI (LODR) Regulations, 2015, effective from April 1, 2019, transfers of shares of the Company shall not be processed unless the shares are held in the dematerialized form with a Depository. Accordingly shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in various corporate actions.

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(k) Distribution of shareholding as on 31st March, 2021:

Sr.no.	Category (Amount)	No. of Holders	% to Holders	No. of Shares	Amount (Rs.)	% to Equity
1	1 - 5000	3974	85.24	4,24,089	42,40,890	3.64
2	5001 - 10000	324	6.95	2,48,806	24,88,060	2.14
3	10001 - 20000	159	3.41	2,39,887	23,98,870	2.06
4	20001 - 30000	57	1.22	1,42,572	14,25,720	1.22
5	30001 - 40000	32	0.69	1,09,959	10,99,590	0.95
6	40001 - 50000	19	0.41	89,874	8,98,740	0.77
7	50001 - 100000	43	0.92	3,08,066	30,80,660	2.64
8	100001 and above	54	1.16	1,00,86,855	10,08,68,550	86.58
	TOTAL:	4662	100.00	1,16,50,108	11,65,01,080	100.00

Shareholding Pattern as on 31st March, 2021 :

Category	Number of Shares	% of shareholding
Promoters		
Indian Promoters	49,56,142	42.54
Foreign Promoters	3,24,150	2.78
Sub-total (1)	52,80,292	45.32
Public		
Alternate Investment Funds	3,91,186	3.36
Foreign Portfolio Investors including FIIs	23,18,177	19.90
Overseas Corporate Bodies	7,54,716	6.48
Individuals	23,99,443	20.59
Financial Institutions/ Banks	50	0.00
Non-Resident Indians	90,599	0.78
Clearing Members	3,586	0.03
Non Resident Indian Non Repatriable	31,957	0.27
Bodies Corporate	3,09,124	2.65
IEPF	70,978	0.61
Mutual Funds	0	0.00
Sub-total (2)	63,69,816	54.68
Grand-total (1+2)	116,50,108	100.00

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(I) Dematerialization of shares and liquidity

The Company has set up requisite facilities for dematerialization of its equity shares in accordance with the provisions of Depository Act, 1996 with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both the depositories. International Securities Identification Number (ISIN) for equity shares is INE291D01011. The status of dematerialization as on 31st March, 2021 is as under:

Mode	No. of Shares	% (Percentage)
Physical Form	2,06,890	1.77
Dematerialization Form (CDSL)	8,11,794	6.97
Dematerialization Form (NSDL)	1,06,31,424	91.26
Total	11,650,108	100.00

(m) Credit Rating:

The detail of credit rating obtained by the Company during the year is provided in the Board's Report, which forms a part of the Annual Report.

(n) Unclaimed dividend

Pursuant to the provisions of section 124 of the Companies Act, 2013 and rules made thereunder, the amount of dividend which remains unclaimed for a period of seven years from the date of transfer to unclaimed/unpaid dividend account would be transferred to the "Investor Education and Protection Fund" and the shareholders would not be able to make any claims to the amount of dividend so transferred to the Fund. The unclaimed dividend for the years till 2012-13 has already been transferred to the fund. As such, shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company.

The schedule for transfer of dividend for the following years remaining unclaimed for seven years from the date of declaration and which are required to be transferred by the Company to the said account is tabled below:

Year	Dividend No.	Dividend unclaimed (₹) as on 31 st March, 2021	Date of declaration	Due date for transfer
2013-14	21	234937.63	06.08.2014	12.09.2021
2014-15	22	406474.00	24.08.2015	30.09.2022
2015-16	23	345872.27	11.03.2016	17.04.2023
2016-17	24	389002.72	11.08.2017	17.09.2024
2017-18	25	478292.50	14.07.2018	20.08.2025
2018-19	26	434590.00	11.09.2019	17.10.2026
2019-20 (Interim Dividend)	27	424598.00	02.03.2020	08.04.2027

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(o) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments issued by the Company during the year.

(p) Commodity price risk or foreign exchange risk and hedging activities:

The Company doesn't deal in hedging activities.

Foreign Exchange Risks: About 50% of the Company's manufacturing turnover comes from exports, denominated in Swiss Francs and US Dollars. The fall and rise in these currencies can seriously impact the working of the Company in the short and medium term. The fall in the value of these currencies will have a significant impact on the export earnings in Rupee terms and thereby on the profitability of the Company. This risk is mitigated with several measures which include:

- Hedging of currencies to the extent reasonably possible, also keeping in mind natural hedge we enjoy by exporting and importing in the same currency.
- Balancing of imports and exports

(q) Plant/Business Locations :

Dial Units	1.	Plot No. 3, Sector III, Parwanoo – 173220 (H.P)
	2.	Haibatpur Road, Saddomajra, Derabassi – 140507, Punjab
Assembly Unit	1.	Village Dhana, Bagbania, P.O Manpura, Tehsil Baddi, Distt. Solan - 173205 (H.P)
Hands Units	1.	296-97, 5 th Main, 11 th Cross, Peenya Industrial Area, Bangalore – 560058 (Karnatka)
	2.	408, 2 nd Floor, 4 th Main, 11 th Cross, Peenya Industrial Area, Bangalore, INDIA
Packaging Unit	1.	Plot No. 9, Sector V, Parwanoo - 173220 (H.P.)
EIGENit	1.	No. 55-A, Hunachur Village, Jala Hobli, Yelahanka Taluk, Bangalore North, Near Kiadb Aerospace Park, Bangalore, Karnataka-562 149

(r) Address for correspondence

For any grievances/ complaints, shareholders may write to the company at the following address :

Mr. Brahm Prakash Kumar
Company Secretary and Compliance Officer
KDDL Limited
Corporate Office: 'Kamla Centre', SCO 88-89
Sector 8-C, Chandigarh-160 009
Tel: 0172-2544378, Fax: 0172- 2548302
Website: www.kddl.com
Email: investor.complaints@kddl.com

(s) All details relating to financial and commercial transactions where Directors may have pecuniary interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters. In matters other than those with pecuniary interests, the Directors are considered to be interested to the extent of their shareholding in the Company and following is the status of their shareholding as on 31st March 2021:

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Name of the Director	No. of equity shares held as on 31-03-2021
Mr. Yashovardhan Saboo	17,64,241*
Mr. Anil Khanna	3,100
Mr. Jai Vardhan Saboo	Nil
Mrs. Ranjana Agarwal	Nil
Mr. Sanjeev Kumar Masown	5,137
Mr. Vishal Satinder Sood	Nil
Mr. Sanjiv Sachar	1,400

*holds individually

VII. Other Disclosures

- (i) During the financial year 2020-21, there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large. . The transactions with related parties are disclosed in the Balance Sheet.
- (ii) There were no non-compliance/strictures, penalty imposed on the Company by stock exchange(s) or SEBI or any statutory authority on any matters related to the capital markets during the last three years.
- (iii) The Company has adopted a Whistle Blower Policy and has established necessary Vigil Mechanism for Directors and employees. No person has been denied access to the Audit Committee. The said policy has also been disclosed on the website of the Company under the web link: <http://www.kddl.com/wp-content/uploads/PDF/Whisle%20Blower%20Policy.pdf>
- (iv) The Company has complied with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:
 - The Internal Auditor of the Company directly reports the Audit Committee.
- (v) The Company has framed a policy for determining Material Subsidiary and the same is available on the Company's website under the web link: <http://www.kddl.com/wp-content/uploads/PDF/policies/KDDL-Policy-for-determiningMaterial-Subsidiaries.pdf>
- (vi) The company has framed Related Party Transaction Policy and the same is available on the Company's website under the web link: https://www.kddl.com/wp-content/uploads/2016/12/KDDL_Related_Party_Transactions_Policy.pdf
- (vii) During the financial year 2020-21, the company did not engage in commodity hedging activities.
- (viii) The Board confirm that all Independent Directors of the Company fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and are independent of the management.
- (ix) During the financial year 2020-21, the Board has accepted all the recommendations of its Committees.
- (x) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, is provided in the consolidated financial statements which form part of this report.
- (xi) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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- a. number of complaints filed during the financial year - Nil
- b. number of complaints disposed of during the financial year - Nil
- c. number of complaints pending as on end of the financial year - Nil
- (xii) Disclosure with respect to demat suspense account/ unclaimed suspense account : Not applicable.
- (xiii) The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- (xiv) There has been no instance of non-compliance of any requirement of Corporate Governance Report sub-paras (2) to (10) of Part C of Schedule V of the Listing Regulations.
- (xv) The Company has obtained a certificate from M/s. A. Arora & Co., Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this report.
- (xvi) The Compliance Certificate on the financial statements for the financial year ended 31st March, 2021 is enclosed at the end of this report.
- (xvii) Corporate Governance Certificate

As required by Part-E of Schedule V read with Regulation 34(3) of the SEBI (LODR) Regulations, 2015, the certificate on Corporate Governance is enclosed at the end of this report.
- (xviii) Code for the Board of Directors and Senior Management Personnel

The Company has laid down a code of conduct for the members of the Board and senior management personnel of the Company. The code of conduct has been posted on the Company's website, i.e. https://www.kddl.com/wp-content/uploads/2016/12/Code_of_Conduct.pdf. All the members of the Board and senior management personnel have affirmed their compliance with the said code of conduct for the financial year ended 31st March, 2021. A declaration to this effect, signed by Mr. Yashovardhan Saboo, Chairman & Managing Director of the Company is appended at the end of this report
- (xix) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under regulation 32(7A): Not Applicable.

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CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of
KDDL Limited
Plot No. 3, Sector III,
Parwanoo, Himachal Pradesh.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of KDDL Limited having CIN: L33302HP1981PLC008123 and having registered office at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment in the company
1.	Mr. Yashovardhan Saboo	00012158	25.03.1981
2.	Mr. Jai Vardhan Saboo	00025499	12.12.2016
3.	Mr. Anil Khanna	00012232	22.12.2004
4.	Mr. Vishal Satinder Sood	01780814	02.09.2015
5.	Mr. Praveen Gupta	01885287	08.11.2014
6.	Mr. Sanjiv Sachar	02013812	07.03.2017
7.	Mrs. Ranjana Agarwal	03340032	09.09.2013
8.	Mr. Sanjeev Kumar Masown	03542390	30.05.2016

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 14.06.2021

Place: Chandigarh

For A. Arora & Co.,
Company Secretaries

UDIN: F002191C000457184

Ajay K. Arora
(Proprietor)
M No. 2191
C P No. 993

Compliance Certificate

The Board of Directors
KDDL Limited,
Plot No. 3, Sector – III,
Parwanoo, Distt : Solan, H.P – 173220

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2021 and that to the best of their knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the financial year 2020 -21 which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee that:
 - 1. There are no significant changes in internal control over financial reporting during the year;
 - 2. There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3. There are no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yashovardhan Saboo
Chairman & Managing Director
DIN : 00012158

Place: Chandigarh
Date : 14th June, 2021

Sanjeev Kumar Masown
Whole time Director cum Chief Financial Officer
DIN : 03542390

KDDL Limited

Certificate on Corporate Governance under SEBI (LODR) Regulations, 2015

To the Members of
KDDL Limited

I have examined the compliance of conditions of corporate governance by KDDL Limited ("the Company"), for the year ended on 31 March 2020, as stipulated in Regulation 34(3) of Chapter IV of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Schedule-V Part-E)

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of findings from the examination of the records and explanations and information furnished, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015.

I further state that this certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 14/06/2020
Place: Chandigarh

MAHESH KHURANA
PRACTICING COMPANY SECRETARY
Membership No. ACS.8633
Certificate of Practice No.21781
UDIN No. : A008633C000462482

Declaration regarding compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

In accordance with regulation 34(3) read with clause D of Schedule V of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, I hereby confirm that, all Directors and the Senior Management personnel of the Company have affirmed compliance with Code of Conduct, for the financial year ended 31st March, 2020.

Date : 14th June, 2020
Place : Chandigarh

Yashovardhan Saboo
Chairman & Managing Director
DIN: 00012158

INDEPENDENT AUDITOR'S REPORT

To the Members of **KDDL Limited**

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of KDDL Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 45 to the standalone Ind AS financial statements, which describes the uncertainties and impact of second wave of COVID-19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

KDDL Limited

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of Investments in Kamla International Holdings SA (a subsidiary of the Company) (as described in Note 44 of the standalone Ind AS financial statements)	
<p>During the current year, impairment indicators were identified by the management on the investments in Kamla International Holdings SA of Rs 1,097.66 lakhs. As a result, an impairment assessment was required to be performed by the Company by comparing the carrying value of these investments to their recoverable amount to determine whether an impairment was required to be recognised.</p> <p>For the purpose of the above impairment testing, value in use has been determined by forecasting and discounting future cash flows. Furthermore, the value in use is highly sensitive to changes in some of the inputs used for forecasting the future cash flows.</p> <p>Further, the determination of the recoverable amount of the investments in Kamla International Holdings SA involved judgment due to inherent uncertainty in the assumptions supporting the recoverable amount of these investments.</p> <p>Accordingly, the impairment of investments in Kamla International Holdings SA was determined to be a key audit matter in our audit of the standalone Ind AS financial statements.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none">• We assessed and tested management's controls over the assessment of the carrying value of Investment, property, plant and equipment and other non-current assets to assess whether any asset impairment was required.• We evaluated the Company's valuation methodology applied in determining the recoverable amount. In making this assessment, we also assessed the objectivity and independence of Company's specialists involved in the process.• We evaluated the assumptions around the key drivers of the cash flow forecasts including estimated reserve, discount rates, expected growth rates and terminal growth rates used.• We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used with particular focus on drivers of the growth rates, margins and discount rate used in the impairment models.• We tested the arithmetical accuracy of the model.• We assessed the adequacy of the disclosures included at Note 44 and other relevant disclosures including significant accounting judgements, estimates and assumptions made in the standalone Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our

auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 36(ia) to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

KDDL Limited

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta

Partner

Membership Number: 87921

UDIN: 21087921AAAABP8910

Place of Signature: New Delhi

Date : 14 June 2021

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR AUDIT REPORT OF EVEN DATE

Re: KDDL Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (I) (b) Property, plant and equipment have been physically verified by the management during the year under a regular programme of verification in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (I) (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) The Company has granted loans(including brought forward balance of loans as on April 01, 2020) to one company and one person covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (iii) (b) The Company has granted loans that are repayable on demand, to a company and a person covered in the register maintained under Section 189 of the Companies Act, 2013. We are informed that the Company has not demanded repayment of such loans during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.
- (iii) (c) There are no amounts of loans granted to companies or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans (including brought forward balance of loans as on April 01, 2020) to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

KDDL Limited

(v) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of precision components, and are of the opinion that *prima facie*, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same. Further, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for other products of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities with a slight delay in a few cases during the year.

(vii) (b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (c) According to the records of the Company, the dues of income-taxon account of any dispute, are as follows:

Name of the statute	Nature of the dues	Unpaid amount (INR in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax, 1961	Disallowance u/s 14 A	1.43	AY 2009 – 2010	ITAT, New Delhi
Income Tax, 1961	Transfer pricing adjustment	71.02	AY 2012 – 2013	ITAT, New Delhi
Income Tax, 1961	Disallowance u/s 36(1)	2.91	AY 2019 – 2020	CIT (Appeals)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or banks. The Company did not have any loans or borrowings from government and has not issued any debentures during the year. The Reserve Bank of India vide its circular dated March 27, 2020 permitted the lenders to allow a moratorium for three months of EMI (Equated Monthly Instalments) including interest, falling due between March 01, 2020 and May 31, 2020 (later extended by an additional three months up to August 31, 2020) for various categories of loans. The Company had availed the permitted moratorium for some of its borrowings. The Company has paid all its due EMI's including interest within the extended moratorium period.

(ix) In our opinion and according to information and explanations given by the management, monies raised by the Company by way of term loans were applied for the purpose for which they were raised. According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud /material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

KDDL Limited

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921
UDIN: :21087921AAAABR6618
Place of Signature: New Delhi
Date : 14 June 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF KDDL LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone Ind AS financial statements of KDDL Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 its business, including adherence to the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 internal financial controls with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these standalone Ind AS financial statements, 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.

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 internal financial controls with reference to standalone Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Ind AS Financial Statements

A company's internal financial controlswith reference to standalone Ind AS financial statements 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 internal financial controlswith reference to standalonelnd AS financial statements 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 With Reference to StandaloneInd AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalonelnd AS financial statements, 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 internal financial controls with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to standalonelnd AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalonelnd AS financial statements and such internal financial controls with reference to standalonelnd AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921
UDIN: 21087921AAAABR6618
Place of Signature: New Delhi
Date : 14 June 2021

KDDL Limited

Balance sheet as at 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Note	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment			
Capital work-in-progress	3	9,081.82	9,378.69
Right-of-use assets	41	112.49	219.92
Investment property	41	1,068.24	1,265.29
Intangible assets	4	28.36	44.57
Financial assets			
- Investments	5	18.37	40.19
- Loans	6	10,745.97	10,072.25
Income tax assets (net)	7	230.84	220.55
Other non-current assets	8	277.26	225.77
Total non-current assets		54.47	130.31
		21,617.82	21,597.54
Current assets			
Inventories	9	2,648.83	3,209.45
Financial assets			
- Trade receivables	10	3,160.13	2,463.84
- Cash and cash equivalents	11	1,064.04	953.72
- Other bank balances	12	293.61	542.51
- Loans	6	177.31	185.75
- Other financial assets	13	234.92	209.43
Other current assets	14	775.24	844.23
Total current assets		8,354.08	8,408.93
Total assets		29,971.90	30,006.47
Equity and Liabilities			
Equity			
Equity share capital	15	1,173.72	1,173.72
Other equity	16	16,132.87	15,775.14
Total equity		17,306.59	16,948.86
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	17	4,090.32	4,520.43
- Lease liabilities	41	417.35	593.91
- Other financial liabilities	18	159.50	121.56
Provisions	19	43.35	106.29
Deferred tax liabilities (net)	20	588.71	505.86
Total non-current liabilities		5,299.22	5,848.05
Current liabilities			
Financial liabilities			
- Borrowings	17	1,623.04	1,925.03
- Lease liabilities	41	202.85	199.99
- Trade payables	21		
- total outstanding dues of micro enterprises and small enterprises		50.69	75.05
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,422.71	1,278.43
- Other financial liabilities	18	3,125.72	3,106.55
Other current liabilities	22	556.52	319.31
Provisions	19	353.04	273.69
Current tax liabilities (net)	23	31.51	31.51
Total current liabilities		7,366.08	7,209.56
Total liabilities		12,665.31	13,057.61
Total equity and liabilities		29,971.90	30,006.47

Significant accounting policies

2

Notes to the standalone Ind AS financial statements

3-48

The accompanying notes form an integral part of the standalone Ind AS financial statements

As per our report of even date

For and on behalf of the Board of Directors of **KDDL Limited**

For **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

ICAI Firm registration no.:301003E/E300005

Yashovardhan Saboo

Chairman

and Managing Director

DIN: 00012158

Sanjeev Masown

Chief Financial Officer
and Whole time Director
DIN: 03542390

Anil Gupta

Partner

Membership no. 87921

Brahm Prakash Kumar

Company Secretary
Membership no. FCS7519

Place : New Delhi

Place : Chandigarh

Date : 14 June 2021

Date : 14 June 2021

Statement of Profit and Loss for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations	24	14689.41	18,059.28
Other income	25	251.82	526.92
Total income		14941.23	18,586.20
Expenses			
Cost of raw materials consumed	26	3523.04	4,522.03
Changes in inventories of finished goods, work-in-progress and scrap	27	244.52	(12.79)
Employee benefits expenses	28	4,970.20	5,530.92
Finance costs	29	926.56	885.38
Depreciation and amortisation expense	30	1,195.25	1,193.44
Other expenses	31	3566.25	5,079.05
Total expenses		14,425.82	17,198.03
Profit before income tax		515.41	1,388.17
Income tax expense:	32		
- Current tax		119.30	384.38
- Current tax for earlier years		(18.18)	(19.05)
- Deferred tax		53.85	91.45
- Deferred tax charge for earlier years		21.35	19.05
Total income tax expense		176.32	475.83
Profit for the year		339.09	912.34
Other comprehensive income / (expense)			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit (liability) / (asset)		26.28	(69.63)
Income tax on remeasurement of defined benefit (liability) / asset		(7.65)	20.28
Other comprehensive income / (expense) for the year (net of income tax)		18.63	(49.35)
Total comprehensive income for the year		357.72	862.99
Earnings per share [nominal value of share Rs. 10 (previous year Rs. 10)]			
Basic (Rs.)	33	2.91	7.84
Diluted (Rs.)		2.91	7.84
Significant accounting policies	2		
Notes to the standalone Ind AS financial statements	3-48		

The accompanying notes form an integral part of the standalone Ind AS financial statements

As per our report of even date

For and on behalf of the Board of Directors of **KDDL Limited**

For **S.R. BATLIBOI & Co. LLP**
Chartered Accountants
ICAI Firm registration no.:301003E/E300005

Yashovardhan Saboo
Chairman
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Chief Financial Officer
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Anil Gupta
Partner
Membership no. 87921
Place : New Delhi
Date : 14 June 2021

Place : Chandigarh
Date : 14 June 2021

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

KDDL Limited

Statement of changes in equity for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

a. Equity share capital	Note					
Balance as at 1 April 2019	15				1,163.36	
Changes in equity share capital during the year					1.65	
Balance as at 31 March 2020	15				1,165.01	
Changes in equity share capital during the year						-
Balance as at 31 March 2021					1,165.01	
b. Other equity						Total
			Reserves and surplus			
		Securities premium	General reserve	Employee stock options outstanding reserve	Retained earnings	
Balance as at 1 April 2019	9,462.84	2,776.20	16.34	3,286.48	-	15,541.86
<i>Total comprehensive income for the year ended 31 March 2020</i>						
Profit for the year	-	-	-	912.34	-	912.34
Other comprehensive (loss) for the year (net of income tax)	-	-	-	(49.35)	-	(49.35)
Total comprehensive income for the year	-	-	-	862.99	-	862.99
Options forfeited during the year	-	-	(16.34)	-	-	(16.34)
Issue of equity shares for cash	18.15	-	-	-	-	18.15
Dividend	-	-	-	(523.84)	-	(523.84)
Corporate dividend tax	-	-	-	(107.68)	-	(107.68)
Balance as at 31 March 2020	9,480.99	2,776.20		3,517.95	-	15,775.14
<i>Total comprehensive income for the year ended 31 March 2021</i>						
Profit for the year	-	-	-	339.09	-	339.09
Other comprehensive income for the year (net of income tax)	-	-	-	18.63	-	18.63
Total comprehensive income for the year	-	-	-	357.72	-	357.72
Balance as at 31 March 2021	9,480.99	2,776.20		3,875.68	-	16,132.87
Significant accounting policies			2			
Notes to the standalone Ind AS financial statements			3-48			

The accompanying notes form an integral part of the standalone Ind AS financial statements

As per our report of even date

For and on behalf of the Board of Directors of **KDDL Limited**

For S.R. BATLIBOI & Co. LLP
Chartered Accountants
ICAI Firm registration no.:301003E/E300005

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

Sanjeev Masown
Chief Financial Officer
and Whole time Director
DIN: 03542390

Anil Gupta
Partner
Membership no. 87921
Place : New Delhi
Date : 14 June 2021

Place : Chandigarh
Date : 14 June 2021

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Cash flow statement for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from operating activities		
Profit before income tax	515.41	1,388.17
Adjustments for :		
Depreciation and amortisation expenses	1195.25	1,193.44
Liabilities/ provisions no longer required written back	(0.35)	(45.46)
Provision for bad and doubtful debts no longer required written back	(3.74)	-
Net gain on sale of property, plant and equipment	(1.04)	(1.43)
Interest income	(60.87)	(200.01)
Dividend income	(0.26)	(0.31)
Interest expense	911.86	867.61
Unrealised foreign exchange loss (gain)	114.53	(97.48)
Property, plant and equipment written off	0.73	11.59
Expected credit loss on trade receivables	-	10.83
Bad Debts / Advances /deposits written off	5.80	3.60
Impairment in value of non-current investments	19.54	-
Expense / (income) on employee stock option scheme	-	(16.34)
Net change in fair value of financial assets (at FVTPL)	(0.77)	1.29
Change in fair value of derivative contracts	(74.35)	104.11
Operating cash flow before working capital changes	2621.75	3,219.60
Changes in working capital:		
Decrease / (Increase) in loans	7.01	(12.10)
Decrease/(Increase) in other financial assets	(24.81)	388.39
(Increase) /Decrease in other non-current assets	2.53	(7.34)
Decrease/ (Increase) in inventories	560.62	(140.25)
(Increase) Decrease in trade receivables	(833.86)	22.18
(Increase)/decrease in other current assets	63.19	(156.67)
Increase in provisions	42.69	52.94
(Decrease)/increase in trade payables	147.07	(220.95)
(Decrease)/increase in other financial liabilities	65.41	(134.16)
Increase in other current liabilities	237.21	39.20
Cash generated from operating activities	2888.81	3,050.85
Income tax (paid), net	(152.61)	(181.45)
Net cash generated from operating activities (A)	2736.20	2,869.39
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital advances)	(821.28)	(1,159.82)
Proceeds from sale of property, plant and equipment	4.15	14.27
Payment for purchase of investments in subsidiary	(692.50)	(2,100.00)
Movement in other bank balances	244.28	73.62
Interest received	51.33	158.80
Dividend received	0.26	0.31
Net cash (used) in investing activities (B)	(1213.76)	(3,012.82)

KDDL Limited

Cash flow statement for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from financing activities		
Proceeds from issue of share capital (including premium)	-	19.80
Proceeds from non-current borrowings	1,460.38	2,869.77
Repayment of non-current borrowings	(1,567.57)	(1,564.50)
Proceeds from current borrowings having maturity period more than 3 months	56.30	272.66
Repayment of current borrowings having maturity period more than 3 months	(189.39)	(118.27)
Repayments of/proceeds from current borrowings (net)	(168.90)	1,030.37
Principal portion of lease payments	(215.15)	(202.57)
Interest portion of lease payments	(88.61)	(102.47)
Interest expense paid	(699.18)	(726.33)
Dividends paid	-	(523.84)
Tax on dividend	-	(107.68)
Net cash flow provided by financing activities (c)	(1,412.12)	846.94
Net increase in cash and cash equivalents (A+B+C)	110.33	703.51
Cash and cash equivalents at the beginning of period (see below)	953.72	250.20
Cash and cash equivalents at the end of period (see below)	1,064.04	953.72

Notes:

1.	Components of cash and cash equivalents:		
	Balances with banks in current accounts	124.22	949.42
	Balances with banks in cash credit accounts	935.03	-
	Remittances in-transit	-	0.14
	Cash on hand	4.79	4.16
		1,064.04	953.72
2.	The above cash flow statement has been prepared under the indirect method set out in the applicable Indian Accounting Standard (Ind AS) 7 on "Statement of Cash Flows". Also, refer to note 2(s).		
3.	Refer note 17 for reconciliation of movements of liabilities to cash flows arising from financing activities.		
4.	During the year, the Company paid in cash Rs. 36.42 (previous year: Rs. 34.50) towards corporate social responsibility (CSR) expenditure (included in Corporate social responsibility expenditure - Refer note 31(b)).		
	Significant accounting policies	2	
	Notes to the standalone Ind AS financial statements	3-48	

The accompanying notes form an integral part of the standalone Ind AS financial statements

As per our report of even date

For and on behalf of the Board of Directors of KDDI Limited

For S B BATLIBOI & Co LLP

FOR S.R. BATEMAN & CO.
Chartered Accountants

Chartered Accountants
ICAI Firm registration no.:301003E/E300005

Yashovardhan Sahoo

Chairman

Chairman
and Managing Director

Sanjeev Masoun

Sanjeev Masoomi Chief Financial Officer

Part-time and Whole time

Brahm Prakash Kumar
Company Secretary
Membership no. ECS7519

Anil Guntu

AMG
Partner

Partner
Membership no. 87921

Place : New Delhi

Date : 14 June 2021

Place : Chandigarh

Date : 14 June 2021

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2021

1. Corporate information

KDDL Limited ('the Company'), is a public limited company domiciled in India and was incorporated in January 1981 under the provisions of the Companies Act applicable in India. The Company is listed on BSE Limited and National Stock Exchange (NSE) of India Limited in India. The registered office of the Company is located at Plot No.3, Sector III, Parwanoo, Himachal Pradesh, India – 173220.

The Company is primarily engaged in the business of manufacturing dials, watch hands and precision components. Currently, the Company has its manufacturing facilities, at Parwanoo (Himachal Pradesh) and Derabassi (Punjab) – dial manufacturing, Bengaluru (Karnataka) - hands and precision components manufacturing.

The standalone Ind AS financial statements were approved for issue in accordance with a resolution of the directors on 14 June 2021.

2. Significant accounting policies

2.1 Basis of preparation

The standalone Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The standalone Ind AS financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

The standalone Ind AS financial statements provide comparative information in respect of the previous period.

Basis of measurement

The standalone Ind AS financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value as required under relevant Ind AS.

- Certain financial assets and liabilities are measured at fair value (Refer accounting policy regarding financial instruments in Note O)
- Defined benefit plans - plan assets are measured at fair value

2.2 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held for primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2021

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held for primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Property, plant and equipment ('PPE')

Recognition and measurement

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and/or accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located, if the recognition criteria is met. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Recognition criteria

The cost of an item of property, plant and equipment is recognised as an asset if and only if,

- It is probable that future economic benefits associated with the item will flow to the entity, and
- The cost of the item can be measured reliably.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date. Advances paid towards acquisition of PPE outstanding at each Balance sheet date, are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

Subsequent expenditure

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised.

Depreciation

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the Statement of Profit and Loss.

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with related amendments. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Particulars	Useful life as per Schedule II	Management estimate of useful life
Buildings – factory	30 Years	30 Years
Plant and equipment*	15 Years	3 - 15 Years
Furniture and fittings	10 Years	10 Years
Office equipment	5 Years	5 Years
Computers	3 Years	3 Years
Vehicles	8 Years	8 Years

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower. Refer lease Policy at point 'n' below for period of leases.

*The Company, based on technical assessment made by technical expert and management estimate, depreciates tools included in plant and equipment over estimated useful lives of 3 and 15 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposal) is provided on pro-rata-basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use and disposal. Any gain or loss arising on derocognition of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

c. Intangible assets**Acquired Intangible**

Intangible assets that are acquired by the Company are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021**

any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Profit and Loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation expense in Statement of Profit and Loss.

The estimated useful lives are as follows:

- Technical know-how	4 Years
- Software	6 Years

Amortisation method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Derecognition

Intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

d. Inventories

Inventories are valued at the lower of cost and net realisable value.

The methods of determining cost of various categories of inventories are as follows:

Raw materials	Weighted average method
Traded Goods	Weighted average method
Stores and spares	Weighted average method
Work-in-progress and finished goods (manufactured)	Variable cost at weighted average including an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities.
Scrap	Net realisable value

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021****e. Retirement and other employee benefits****Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages and bonus etc., if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-employment benefits**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. Certain employees of the Company are also participants in the superannuation plan ("the Plan"), a defined contribution plan. The Company makes contributions to Life Insurance Corporation of India (LIC). Contribution made by the Company to the plan during the year is charged to Statement of Profit and Loss. The social security costs, paid for the overseas employees, are in the nature of defined contribution schemes as per the laws of that country.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Company's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income(OCI). The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the periods a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021**

current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Re-measurements gains or losses are recognised in profit or loss in the period in which they arise. The Company presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

f. Shared-based payments

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

g. Provisions

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

h. Contingent liabilities and contingent assets

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

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

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

i. Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

j. Revenue from contract with customer

Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2021

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Also, in determining the transaction price for the sale of products, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

The Company disaggregates revenue from contracts with customers by geography.

Sale of services

The Company offers services in fixed term contracts and short term arrangement. Revenue from service is recognized when obligation is performed or services are rendered.

Export benefits

Export incentive entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Contract balances

Trade Receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section of Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

k. Recognition of interest income or expense

Interest income or expense is accrued on a time basis and recognised using the effective interest method.

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

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the a mortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the a mortised cost of the financial asset. If the

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2021

asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

I. Borrowing costs

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

m. Taxes

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

Current income tax

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

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

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021**

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax liabilities and assets and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authorities.

Sales/value added taxes/GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes/GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021**

depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and equipment	3 - 5 Years
Building	1 - 10 Years
Leasehold land	99 Years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (p) Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investment property

Investment property comprises of the sub lease portion of the right-of-use asset which is initially measured at cost. Subsequent to initial recognition, investment property is stated at cost less depreciation less impairment loss, if any. The cost includes an equivalent amount as reduced from the right-of-use asset at the time of commencement of the lease. The Company depreciates the investment property over the period of sub lease term.

o. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

**Notes to the Standalone Ind AS Financial Statements for the
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Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Company may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such adoption is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable adoption to present in other comprehensive income subsequent changes in the fair value. The Company makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial assets

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

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

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

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

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021**

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

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

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021**

the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

The Company uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

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

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021****p. Impairment of non-financial assets**

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

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

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

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

q. Operating Segments

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

r. Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash at banks and on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

s. Cash flow statement

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

t. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021**

all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

u. Cash dividend

The Company recognises a liability to pay dividend to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

v. Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

w. Foreign currencies

The standalone Ind AS financial statements are presented in INR, which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash.

Transactions and balances**Initial recognition**

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

x. Fair value measurement

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

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021**

Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

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

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

2.3 Changes in accounting policies and disclosures

New and amended standards

Amendments to Ind AS 116: Covid-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the April 01, 2020. This amendment had no impact on the standalone Ind AS financial statements of the Company.

The MCA has also carried out amendments to the following other accounting standards. The effect on adoption of following mentioned amendments were insignificant on the standalone Ind AS financial statements.

- (i) Ind AS 103 Business Combinations
- (ii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material
- (iii) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

MCA issued notification dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by a company in its financial statements. These amendments are effective for financial years starting on or after April 01, 2021.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Revenue from contracts with customers

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and performance bonuses. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

b) Determining the lease term of contracts with renewal and termination options – Company as lessee

The key assumptions concerning the future and other key sources of estimation uncertainty at the

**Notes to the Standalone Ind AS Financial Statements for the
year ended 31 March 2021**

reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

c) Defined benefit plans

The present value of the gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates for the respective countries.

d) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

e) Property, plant and equipment

Refer note 2.2(b) for the estimated useful life of property, plant and equipment. The carrying value of property, plant and equipment has been disclosed in note 3.

f) Intangible assets

Refer note 2.2(c) for the estimated useful life of intangible assets. The carrying value of intangible assets has been disclosed in note 4.

g) Contingencies

Refer note 2.2(h) and 36 for contingencies.

h) Impairment of financial assets

Refer note 2.2(o) for the policy to estimate the impairment of financial assets.

i) Impairment of non-financial assets

Refer note 2.2(p) for the policy to estimate the impairment of non-financial assets.

**Notes to the Standalone Ind AS Financial Statements for the
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j) Share-based payments

Refer note 2.2(f) for share-based payments.

k) Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian rupees Lakhs except for share data)

3 Property, plant and equipment and capital work in progress

Gross carrying amount

	Freehold land	Leasehold land	Buildings*	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total	Capital work-in-progress
Balance as at 1 April 2019	78.60	577.80	3,685.39	82.14	6,431.56	275.92	146.78	224.35	11,502.54	244.02
Additions	-	-	323.48	-	1,034.64	32.98	55.80	1.68	1,448.57	346.20
Reclassified to right-of-use asset (Refer to note 41)	(577.80)	-	-	-	(31.90)	-	-	-	(577.80)	-
Disposals	-	-	-	-	(31.90)	(7.35)	(3.77)	(9.23)	(52.25)	(370.30) #
Balance as at 31 March 2020	78.60	-	4,008.87	82.14	7,434.30	301.55	198.81	216.80	12,321.06	219.92
Balance as at 1 April 2020	78.60	-	4,008.87	82.14	7,434.30	301.55	198.81	216.80	12,321.06	219.92
Additions	-	-	56.50	-	434.97	20.84	44.00	63.61	619.92	195.80
Disposals	-	-	-	-	(5.40)	(0.87)	(0.06)	-	(6.34)	(303.23) #
Balance as at 31 March 2021	78.60	-	4,065.37	82.14	7,863.86	321.52	242.74	280.41	12,934.64	112.49

Accumulated depreciation

Balance as at 1 April 2019	-	17.00	153.51	26.97	1,665.54	103.83	58.88	64.39	2090.12	-
Depreciation for the year (refer to note c)	-	-	136.75	10.90	644.16	28.70	48.17	28.40	897.07	-
Reclassified to right-of-use asset (Refer to note 41)	(17.00)	-	-	-	(14.49)	(6.01)	(1.55)	(5.77)	(17.00)	-
Disposals	-	-	-	-	-	-	-	-	(27.82)	-
Balance as at 31 March 2020	-	-	290.26	37.87	2,295.21	126.52	105.50	87.02	2,942.38	-
Balance as at 1 April 2020	-	-	290.26	37.87	2,295.21	126.52	105.50	87.02	2,942.38	-
Depreciation for the year	-	-	140.31	8.66	633.59	27.80	48.88	23.70	912.95	-
Disposals	-	-	-	-	(1.69)	(0.80)	-	-	(2.50)	-
Balance as at 31 March 2021	-	-	430.57	46.53	2,957.10	153.52	154.38	110.72	3,852.83	-

Carrying amounts (net)

At 31 March 2020	78.60	-	3,718.61	44.27	5,139.09	175.03	93.31	129.78	9,378.69	219.92
At 31 March 2021	78.60	-	3,634.80	35.61	4,906.76	168.00	88.36	169.69	9,081.82	112.49

Notes:

- Refer to note 17 for information on property, plant and equipment are pledged as security by the Company.
- Refer to note 36 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- The Company has capitalized the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	31 March 2021	31 March 2020
Cost of Raw material consumed	-	170.77
Salaries and wages	-	43.39
Contributions to provident and other funds	-	2.49
Staff welfare expenses	-	2.80
Job charges	-	13.34
Depreciation	-	7.62
Power and fuel	-	5.60
Miscellaneous	-	3.68
	<hr/>	<hr/>
	249.69	249.69

*Included capitalised borrowing costs related to the construction of the new factory amounted to Rs. Nil (previous year: Rs. 6.74).

Represents capital work in progress capitalized during the current year and previous year.

**Including block of computers

4. Intangible assets

Gross carrying amount

	Technical know-how	Softwares	Total
Balance as at 1 April 2019	23.03	125.12	148.15
Additions - acquired	-	9.92	9.92
Disposals	-	-	-
Balance as at 31 March 2020	23.03	135.04	158.07
Balance as at 1 April 2020	23.03	135.04	158.07
Additions - acquired	-	5.77	5.77
Disposals	-	-	-
Balance as at 31 March 2021	23.03	140.81	163.84

Accumulated amortisation

Balance as at 1 April 2019	6.93	73.85	80.78
Amortisation for the year	4.60	32.50	37.10
Disposals	-	-	-
Balance as at 31 March 2020	11.53	106.35	117.88
Balance as at 1 April 2020	11.53	106.35	117.88
Amortisation for the year	4.60	22.99	27.59
Disposals	-	-	-
Balance as at 31 March 2021	16.13	129.34	145.47

Carrying amounts (net)

At 31 March 2020	11.50	28.69	40.19
At 31 March 2021	6.90	11.47	18.37

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Note	As at 31 March 2021	As at 31 March 2020
5. Investments			
Non-current investments			
<i>Unquoted investments (fully paid up)</i>			
Investment in equity shares (at cost)			
Subsidiary Companies (at cost):			
- Pylania SA, Switzerland			
7,550 (31 March 2020: 7,550) equity shares of Swiss Franc (CHF) 100 each fully paid up		281.24	281.24
- Ethos Limited	(a), (b), (c),(d)		
11,410,146 (31 March 2020: 11,133,146) equity shares of Rs. 10 each fully paid up		8,708.48	8,015.98
- Mahen Distribution Limited			
5,928,700 (31 March 2020: 5,928,700) equity shares of Rs 10 each fully paid up		698.07	698.07
- Kamla International Holdings SA, Switzerland			
16,000 (31 March 2020: 16,000) equity shares of Swiss Franc (CHF) 100 each fully paid up		1,097.66	1,097.66
- Satva Jewellery and Design Limited			
3,000,000 (31 March 2020: 3,000,000) equity shares of Rs. 10 each fully paid up		150.00	150.00
Associate (at cost):			
- Kamla Tesio Dials Limited.			
300,000 (31 March 2020: 300,000) equity shares of Rs. 10 each fully paid up		30.00	30.00
		30.00	30.00
Other Companies (Fair value through Statement of profit and loss):			
- Karolview Developers Private Limited		44.10	44.15
5,00,000 (31 March 2020: 5,00,000) equity shares of Rs. 10 each fully paid up			
- Shivalik Waste Management Limited		4.40	3.58
17,500 (31 March 2020: 17,500) equity shares of Rs. 10 each fully paid up			
		48.50	47.73
		11,013.95	10,320.68

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Note	As at 31 March 2021	As at 31 March 2020
Impairment in value of investments			
Subsidiary companies:			
- Pylania SA, Switzerland		98.43	98.43
- Satva Jewellery and Design Limited		150.00	150.00
Associate			
- Kamla Tesio Dials Limited		19.54	-
		267.97	248.43
Total non-current investments		10,745.97	10,072.25
Aggregate amount of unquoted investments		10,745.97	10,072.25
Aggregate amount of impairment in value of investments		267.97	248.43

Notes:

- This includes Rs. 14.51 (31 March 2020: Rs. 14.51) which represents fair value of financial guarantees given to Ethos Limited.
- This includes Rs. 36.07 (31 March 2020: Rs. 36.07) which represents dividend on investment in preference shares of Ethos Limited which has been waived by the Company and is considered as quasi equity contribution as it is no longer payable by Ethos Limited.
- During the year ended 31 March 2020, the Company invested an amount of Rs 2,100 by way of preferential allotment in fully paid up 7,19,176 equity shares of Rs. 10 each of Ethos Limited (a subsidiary company) at a premium of Rs. 282 per share. Further, Ethos Limited (a subsidiary company) converted its 14% Cumulative Compulsorily Convertible Preference Shares into 19,230 equity shares of Rs. 10 each.
- During the current year, the Company has purchased 2,77,000 equity shares of Rs. 10 each amounting to Rs 692.50 of Ethos Limited (a subsidiary company), pursuant to exercise of put option by existing shareholders of Ethos Limited.

6 Loans (Unsecured and considered good)	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Security deposit				
- to others	151.06	139.79	23.98	23.79
Loan to related parties (refer to note 38)	-	-	103.94	103.94
Loan to employees				
- to related parties (refer to note 38)	15.91	22.17	10.33	8.13
- to others	63.87	58.59	39.06	49.89
	230.84	220.55	177.31	185.75

7 Income tax asset (net)

Advance income-tax (net of provision)	277.26	225.77
	277.26	225.77

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Note	As at 31 March 2021	As at 31 March 2020
8 Other non-current assets			
<i>(Unsecured and considered good)</i>			
Capital advances			
- to others		29.78	103.09
Prepaid expenses		24.69	27.22
		<u>54.47</u>	<u>130.31</u>
9 Inventories			
<i>(at lower of cost and net realisable value)</i>			
Raw materials*		1,570.52	1,842.58
Work-in-progress		777.10	871.61
Finished goods**		57.44	194.96
Stores and spares		239.71	283.75
Scrap		4.06	16.55
		<u>2,648.83</u>	<u>3,209.45</u>
* Includes goods-in-transit-raw materials		68.18	29.16
**The write down of inventories during the year amounted to			
Rs. 1.20 (previous year: Rs. 4.82)			
10 Trade receivables			
<i>(Unsecured, considered good, unless otherwise stated)</i>			
Trade receivables from related parties (refer to note 38)		421.18	551.37
Trade receivables from others		2,746.90	1,924.16
Less : Allowance for expected credit loss		(7.95)	(11.69)
		<u>3,160.13</u>	<u>2,463.84</u>
Break-up of security details			
Trade receivable considered good -Unsecured		3,160.13	2,463.84
Trade Receivables which have significant increase in Credit risk		-	-
Trade receivable -credit impaired		7.95	11.69
Total		<u>3,168.08</u>	<u>2,475.53</u>
Allowance for expected credit loss		(7.95)	(11.69)
Total trade receivables		<u>3,160.13</u>	<u>2,463.84</u>

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Note	As at 31 March 2021	As at 31 March 2020
11 Cash and cash equivalents			
Balances with banks			
- in current accounts		124.22	949.42
- in cash credit accounts		935.03	-
Remittances in-transit		-	0.14
Cash on hand		4.79	4.16
		<u>1,064.04</u>	<u>953.72</u>
12 Other bank balances			
Deposit accounts with original maturity more than 3 months and upto 12 months from the reporting date	(a)	266.48	510.76
Balance in unclaimed dividend accounts		27.13	31.75
		<u>293.61</u>	<u>542.51</u>
Notes:			
(a) These deposits include restricted bank deposits amounting to Rs. 266.48 (31 March 2020: Rs. 510.76) on account of deposits pledged as security for deposits from shareholders, bank guarantee and margin money.			
13 Other financial assets			
(Unsecured and considered good)			
Interest receivable from related parties (refer to note 38)		68.40	58.22
Interest accrued but not due on deposits		13.05	22.55
Recoverable from related parties (refer to note 38)		17.33	38.20
Recoverable from / balance with government authorities		115.26	76.20
Recoverable from others		20.88	14.26
		<u>234.92</u>	<u>209.43</u>
14 Other current assets			
(Unsecured and considered good)			
Recoverable from / balance with government authorities		544.71	566.06
Advances for supply of goods and services		119.90	169.62
Advances to employees (refer to note 38)		31.29	50.60
Prepaid expenses		79.34	57.95
		<u>775.24</u>	<u>844.23</u>

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

15. Equity Share capital

(i) Details of share capital

	As at 31 March 2021		As at 31 March 2020	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
Equity shares of Rs. 10 each.	25,000,000	2,500.00	12,480,000	1,248.00
	<u>25,000,000</u>	<u>2,500.00</u>	<u>12,480,000</u>	<u>1,248.00</u>
Issued				
Equity shares of Rs. 10 each	11,824,388	1,182.43	11,824,388	1,182.43
	<u>11,824,388</u>	<u>1,182.43</u>	<u>11,824,388</u>	<u>1,182.43</u>
Subscribed and paid up capital				
Equity shares of Rs. 10 each fully paid up	11,650,108	1,165.01	11,650,108	1,165.01
Forfeited equity shares of Rs.10 each	174,280	8.71	174,280	8.71
	<u>11,824,388</u>	<u>1,173.72</u>	<u>11,824,388</u>	<u>1,173.72</u>

(ii) Rights, preferences and restrictions attached to shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(iii) Reconciliation of the shares outstanding at beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the year	11,650,108	1,165.01	11,633,608	1,163.36
Add: Shares issued during the year	-	-	16,500	1.65
Balance at the end of the year	<u>11,650,108</u>	<u>1,165.01</u>	<u>11,650,108</u>	<u>1,165.01</u>

(iv) Details of Equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company:

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% of equity shares held	Number of shares	% of equity shares held
Yashovardhan Saboo	18,12,993	15.56%	13,38,791	11.49%
R. K. Saboo	16,41,470	14.09%	18,34,292	15.74%
Elevation Capital V FII Holdings Limited (formerly known as Saif India V FII Holdings Limited)	10,08,400	8.66%	10,08,400	8.66%
Elevation Capital V Limited (formerly known as	7,54,716	6.48%	7,54,716	6.48%

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

Saif Partners India V Limited				
Pranav Shankar Saboo	6,80,851	5.84%	6,80,851	5.84%
Jupiter India Fund	6,15,111	5.28%	3,47,974	2.99%

(v) Bonus shares, shares buyback and issue of shares for consideration other than in cash (during five years immediately preceding 31 March 2021)

During the five years immediately preceding 31 March 2021, neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash except during the year ended 31 March 2020, 16,500 equity shares of Rs. 10 each was issued under employee stock option plans for which only exercise price had been received in cash.

(vi) Employee stock option plan

Terms attached to stock options granted to employees of the Company are described in note 37D regarding share based payments.

16 Other equity

(also refer to Statement of Changes in Equity)

(i) **Securities premium**

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to shareholders. This will be utilised in accordance with the applicable provisions of the Companies Act, 2013.

(ii) **General reserve**

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the Statement of Profit and Loss.

(iii) **Employee stock options outstanding reserve**

The fair value of the equity settled share based payment transactions with employees was recognised in Statement of Profit and Loss with corresponding credit to share based payment reserve.

(iv) **Retained earnings**

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Remeasurements of defined benefit obligation comprises actuarial gains and losses and return on plan assets (excluding interest income).

		As at 31 March 2021	As at 31 March 2020
17 Borrowings			
(I) Non-current borrowings	Note		
Term-loans			
From banks (secured)	(a)	33.63	48.61
From others (secured)	(b)	3,626.79	4,060.70
		<u>3,660.42</u>	<u>4,109.31</u>
Deposits from shareholders and directors			
From related parties (unsecured) (refer to note 38)	(c)		
- From Directors		736.50	412.69
- From Inter-Corporate		30.00	40.00
- From Others		76.16	67.61
From others (unsecured)	(c)	<u>1,644.05</u>	<u>1,621.94</u>
		<u>2,486.71</u>	<u>2,142.24</u>
Total non-current borrowings (including current maturities)		6,147.13	6,251.55
Less : Current maturities of non-current borrowings (refer to note 18)		2,056.81	1,731.12
		<u>4,090.32</u>	<u>4,520.43</u>

Notes:

- (a) - Vehicle loans from banks amounting to Rs. 33.63 (31 March 2020: Rs. 48.61) carrying interest rate in the range of 7.50% to 10.50% (previous year 7.50% to 10.50%) per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equal monthly installments.
- (b) - Term loan from Tata Capital Financial Services Limited amounting to Rs. 11.30 (31 March 2020: Rs. 101.45) carrying interest rate equal to LTLR less 7% (presently 10%) (previous year 10.25%) is secured by way of first pari passu charge over the project leasehold immovable property and over movable fixed assets of Eigen, situated at plot no. 55-A (Aerospace sector) Hitech, Devanahalli, Bengaluru (except for specific vehicles pledged against respective loan). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 21 monthly installments of Rs. 11.30 as per the repayment schedule in equal annual installments commencing from 25 April 2018. The last instalment would be repaid on 25 April 2021.
 - Term loan from Tata Capital Financial Services Limited amounting to Rs. 0.82 (31 March 2020: Rs. Nil) carrying interest rate equal to LTLR less 7% (presently 10%) (previous year Nil) is secured by way of first pari passu charge over the project leasehold immovable property and over movable fixed assets of Eigen, situated at plot no. 55-A (Aerospace sector) Hitech, Devanahalli, Bengaluru (except for specific vehicles pledged against respective loan). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 4 equal monthly installments of Rs. 0.82 as per the repayment schedule commencing from 25 January 2021. The last instalment would be repaid on 25 April 2021.

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- Term loan from Tata Capital Financial Services Limited amounting to Rs. 67.50 (31 March 2020: Rs. 157.50) carrying interest rate equal to LTLR less 7.25% (presently 10%) (previous year 10.25%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru and exclusive charge by way of hypothecation over the plant & machineries & other movable assets of KHAN II, situated at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore 560058 (Karnataka) (except for specific vehicles pledged against respective loan). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 11 quarterly installments of Rs. 22.50 as per the repayment schedule in equal annual installments commencing from 8 April 2018. The last instalment would be repaid on 8 December 2021.
- Term loan from Tata Capital Financial Services Limited amounting to Rs. 27.72 (31 March 2020: Rs. Nil) carrying interest rate equal to 10% (previous year Nil) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru and exclusive charge by way of hypothecation over the plant & machineries & other movable assets of KHAN II, situated at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore 560058 (Karnataka) (except for specific vehicles pledged against respective loan). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 2 monthly installments of Rs. 13.86 as per the repayment schedule in equal installments commencing from 08 January 2022. The last instalment would be repaid on 08 February 2022.
- Term loan from Tata Capital Financial Services Limited amounting to Rs. 467.72 (31 March 2020: Rs. 583.65) carrying interest rate equal to LTLR less 8.75% (presently 10%) (previous year 10.25%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 52 monthly installments of Rs. 14.65 as per the repayment schedule in equal annual installments commencing from 30 July 2018. The last instalment would be repaid on 20 November 2023.
- Term loan from Tata Capital Financial Services Limited amounting to Rs. 18.77 (31 March 2020: Rs. Nil) carrying interest rate equal to 10% (previous year Nil) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 4 monthly installments of Rs. 4.69 as per the repayment schedule in equal installments commencing from 20 August 2023. The last instalment would be repaid on 20 November 2023.
- Term loan from Bajaj Finance Limited amounting to Rs. 885.02 (31 March 2020: Rs. 1,321.69) carrying interest rate of 8.75% (previous year 10%) is secured by pari passu charge by way of hypothecation of equipment procured out of the term loan, Mortgage of leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan of Rs. 1,200 is to be repaid in 43 instalments of Rs. 25.04 as per the repayment schedule and last instalment would be paid on 5 January 2023. The loan of Rs. 1,000 is to be repaid in 46 monthly installments of Rs. 20.83 as per the repayment schedule in equal monthly installments commencing from 05 January 2018. The last

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instalment would be repaid on 5 March 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 678.76 (31 March 2020: Rs. 873.17) carrying interest rate of 8.75% (previous year 10%) is secured by way of first pari passu charge over movable fixed assets of the Company (except for specific vehicles pledged against respective loan and movable assets of KHAN II). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 48 instalments of Rs. 20.83 as per the repayment schedule in equal monthly installments commencing from 05 September 2019. The Last instalment would be paid on 5 December 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 886.91 (31 March 2020: Rs. 997.04) carrying interest rate of 8.75% (previous year 9.20%) is secured by way of first pari passu charge over movable fixed assets of the Company (except for specific vehicles pledged against respective loan and movable assets of KHAN II) and cross collateralization with other loans of Bajaj Finance Limited. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 18 instalments of Rs. 55.55 as per the repayment schedule in equal quarterly installments commencing from 05 September 2020. The Last instalment would be paid on 05 March 2025.

- Term loan from Bajaj Finance Limited amounting to Rs. 513.00 (31 March 2020: Rs. Nil) carrying interest rate of 8% is secured by way of second pari passu charge over leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru over movable fixed assets, current assets and movable fixed assets of the Company. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 36 instalments as per the repayment schedule commencing from 05 April 2022 with one year of moratorium from the drawdown. The last instalment would be paid on 05 March 2025.

- Vehicle loans from Daimler Financial Services, Kotak Mahindra Prime Limited and Toyota Financial Services India Limited amounting to Rs. 69.27 (31 March 2020: Rs. 26.21) carrying interest rate in range of 7.43% to 9.50% (previous year 7.75% to 9.50%) per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equal monthly installments.

(c) Deposits from shareholders and directors amounting to Rs. 2,486.71 (31 March 2020: Rs. 2,142.24) carrying interest rates in the range of 9.75% to 11.25% (previous year 9.50% to 11.50%) per annum are repayable in 1 years to 3 years from the respective dates of deposit.

(ii) Current Borrowings	Note	As at	
		31 March 2021	31 March 2020
Loans repayable on demand			
From banks (secured)	(a)	1264.31	1,433.21
From others (secured)	(b)	300.00	300.00
Deposit from shareholders and directors			
Related parties (unsecured) (refer to note 38)			
- From Directors		-	87.07
- From Others		1.50	0.50
From others (unsecured)	(c)	57.23	104.25
		1,623.04	1,925.03

KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

Notes:

- (a) Working capital borrowings from banks amounting to Rs. 1,264.31 (31 March 2020: Rs. 1,433.21) carrying interest rate varying from 8.45% to 10.20% (previous year 9.00% to 10.20%) per annum are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Company (both present and future), on pari passu basis and are further secured by a second charge on the entire fixed assets of the Company. These loans are also guaranteed by the Chairman & Managing Director of the Company and is repayable on demand.
- (b) Working capital borrowing from others amounting to Rs. 300 (31 March 2020: Rs. 300) carrying interest rate of 8.00% (previous year 9.15%) per annum is secured by first pari passu charge on current assets. The loan is also personally guaranteed by the Chairman & Managing Director of the Company and is repayable on demand.
- (c) Deposits from shareholders and directors amounting to Rs. 58.73 (31 March 2020: Rs. 191.82) carrying interest rates in the range of 9% to 10% (previous year 8.50% to 10%) per annum are repayable within 1 year from the respective dates of deposit.

The Reserve Bank of India vide its circular dated 27 March 2020 permitted the lenders to allow a moratorium for three months of EMI (Equated Monthly Instalments) including interest, falling due between 31 March 2020 and 31 May 2020 (later extended by an additional three months up to 31 August 2020) for various categories of loans. The Company had availed the permitted moratorium for some of its borrowings and interest thereon. The Company has paid all its due EMI's within the extended moratorium period.

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	As at 31 March 2021	As at 31 March 2020
Balance as at the beginning of the year	8,176.58	5,685.90
(including current and non current borrowings)		
Proceeds from non-current borrowings	1,460.38	2,869.77
Repayment of non-current borrowings	(1,567.57)	(1,564.50)
Proceeds from current borrowings having maturity period more than 3 months	56.30	272.66
Repayment of current borrowings having maturity period more than 3 months	(189.39)	(118.27)
Repayments of/proceeds from current borrowings (net)	(168.90)	1,030.37
Transaction costs related to borrowings	2.77	0.65
Balance as at the end of the year (including current and non-current borrowings)	7,770.17	8,176.58

* Non-current borrowings include current maturities of non-current borrowings

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Current	
	As at	As at
18 Other financial liabilities	31 March 2021	31 March 2020
Current maturities of non-current borrowings [refer to note 17(l)]	2056.81	1,731.12
Derivatives Financial instruments	-	74.35
(Fair Value through statement of Profit and Loss)		
Interest accrued but not due (refer to note 38)	176.62	100.02
Unpaid dividends*	27.14	31.76
Capital creditors	101.24	477.57
Employee related payables (refer to note 38)	757.14	691.73
Security deposits		
- from related party (refer to note 38)	6.77	-
	<u><u>3,125.72</u></u>	<u><u>3,106.55</u></u>

* not due for deposit to investor education and protection fund

	Non-Current	
Interest accrued but not due (refer to note 38)	153.81	109.10
Security Deposits		
- from related parties (refer to note 38)	-	6.77
- from others	5.69	5.69
	<u><u>159.50</u></u>	<u><u>121.56</u></u>

19 Provisions	Non-Current		Current	
	As at	As at	As at	As at
	31 March	31 March	31 March	31 March
<i>Provisions for employee benefits (refer note 37)</i>				
Liability for gratuity	43.35	106.29	70.86	19.66
Liability for compensated absences	-	-	282.18	254.03
	<u><u>43.35</u></u>	<u><u>106.29</u></u>	<u><u>353.04</u></u>	<u><u>273.69</u></u>

20 Deferred tax liabilities (net)	As at	
	31 March 2021	As at
	31 March 2021	31 March 2020
Deferred tax liability on		

- Excess depreciation as per Income tax Act, 1961	706.34	659.86
over depreciation as per books		
- MTM Gain/(Loss) on foreign exchange contracts	-	(21.65)
Deferred tax liability (A)		
Deferred tax assets on		
- Expected credit loss allowance	2.32	3.40

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

- Provision for employee benefits	85.95	111.99
- Lease liabilities and Right of use assets (Net)	29.36	16.96
Deferred tax assets (B)	117.63	132.35
Net deferred tax liabilities (A - B)	588.71	505.86

(b) Movement in temporary differences:

	As at 31 March 2019	Recognised in Statement of Profit & Loss	Recognised in other comprehensive Income	As at 31 March 2020
2019-2020				
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	558.46	101.40	-	659.86
- MTM Gain/loss on foreign exchange contracts	8.67	(30.32)	-	(21.65)
- Expected credit loss allowance	(0.24)	(3.16)	-	(3.40)
- Provision for warranties	(6.02)	6.02	-	-
- Provision for employee benefits	(145.23)	53.51	(20.28)	(112.00)
- Lease liabilities and right of use assets (Net)	-	(16.96)	-	(16.96)
	415.64	110.49	(20.28)	505.85

	As at 31 March 2020	Recognised in Statement of Profit & Loss	Recognised in other comprehensive income	As at 31 March 2021
2020-2021				
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books	659.86	46.48	-	706.34
- MTM Gain/(loss) on foreign exchange contracts	(21.65)	21.65	-	-
- Expected credit loss allowance	(3.40)	1.08	-	(2.32)
- Provision for employee benefits	(112.00)	18.39	7.65	(85.95)
- Lease liabilities and Right of use assets (Net)	(16.96)	(12.40)	-	(29.36)
	505.85	75.20	7.65	588.71

	As at 31 March 2021	As at 31 March 2020
Dues of Micro Enterprises and Small Enterprises (refer to note below)	50.69	75.05
Trade payables to related parties (refer to note 38)	58.32	93.40
Other trade payables	1364.39	1,185.03
	1473.40	1,353.48

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	As at 31 March 2021	As at 31 March 2020
<p>The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondences with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at the year end has been made in the financial statements based on information available with the Company as under :</p>		
Particulars	As at 31 March 2021	As at 31 March 2020
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year		
- Principal	46.88	67.84
- Interest	3.81	7.21
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of payment made to the supplier beyond the appointed date during each accounting year;	90.75	223.97
(c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during each accounting year) but without adding the interest specified under the Micro Small and Medium Enterprises Development Act, 2006;	3.81	7.21
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	3.81	7.21
(e) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprises Development Act, 2006	3.81	7.21
22 Other current liabilities		
Advance from customers	368.77	148.46
Statutory dues	187.75	169.80
Deferred revenue	-	1.05
	<u>556.52</u>	<u>319.31</u>
23 Current tax liabilities (net)		
Provision for income tax (net of advance tax)	31.51	31.51
	<u>31.51</u>	<u>31.51</u>

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Year ended 31 March 2021	Year ended 31 March 2020
24 Revenue from operations		
Sale of products	13,670.32	16,972.89
Sale of services	277.72	273.89
Other operating revenues		
Export incentives*	251.31	390.45
Scrap sales	490.06	422.05
	<u>14,689.41</u>	<u>18,059.28</u>

* The Central Government of India has announced a new scheme on Remission of Duties or Taxes on Export Products (RoDTEP) which has replaced erstwhile Merchandise Exports from India Scheme (MEIS) w.e.f. 01 January 2021. As the rates under RoDTEP scheme have not been announced till date, the income on account of benefits under the new scheme has not been recognized for the period 01 January 2021 to 31 March 2021 in the financial statements. As and when the rates are notified, the impact of the export benefits will be considered in the books of accounts.

Revenue disaggregation as per industry vertical and geography has been included in segment information (refer to note 39).

a. Revenue from contracts with customers disaggregated based on nature of products and services

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from sale of products		
- Precision and watch components	13,200.16	16,118.56
- Others	470.16	854.33
Sale of services	277.72	273.89
Other operating revenue	490.06	422.05
	<u>14,438.10</u>	<u>17,668.83</u>

Set out below is the revenue from contracts with customers and reconciliation to Statement of profit and loss

Total revenue from contracts with customers	14,438.10	17,668.83
Add: Items not included in disaggregated revenue:		
- Export Incentives	251.31	390.45
Revenue from operations as per the statement of profit and loss	<u>14,689.41</u>	<u>18,059.28</u>

b. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Trade receivables (refer to note 10)	3,160.13	2,463.84
Advances from customers (refer to note 22)	368.77	148.46

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Year ended 31 March 2021	Year ended 31 March 2020
25 Other income		
Interest income		
Fixed deposits with banks*	31.04	36.88
Interest income from related parties* (refer to note 38)	12.74	49.23
Interest income from others*	17.09	113.90
Dividend income	0.26	0.31
Rental income (refer to note 38)	33.19	28.33
Liabilities/ provision no longer required written back	0.35	45.46
Provision for bad and doubtful debts no longer required written Back	3.74	-
Exchange gain on foreign exchange fluctuations (net)	122.37	248.30
Net gain on sale of property, plant and equipment and intangible assets	1.04	1.43
Net change in fair value of financial assets (at FVTPL)	0.77	-
Miscellaneous income (refer to note 38)	<u>29.23</u>	<u>3.08</u>
	<u>251.82</u>	<u>526.92</u>
*on financial assets at amortised cost		
26 Cost of materials consumed*		
Inventory of raw materials at the beginning of the year	1,842.58	1,724.65
Purchases of raw materials	<u>3,250.98</u>	<u>4,639.96</u>
	<u>5,093.56</u>	<u>6,364.61</u>
Inventory of raw materials at the end of the year	<u>1,570.52</u>	<u>1,842.58</u>
*Refer to note 3(c)	<u>3,523.04</u>	<u>4,522.03</u>
27 Changes in inventories of finished goods, work-in-progress and scrap		
Opening stock		
Work-in-progress	871.61	954.42
Finished goods	194.96	115.91
Scrap	<u>16.55</u>	<u>-</u>
	<u>1,083.12</u>	<u>1,070.33</u>
<i>Less:</i>		
Closing stock		
Work-in-progress	777.10	871.61
Finished goods	57.44	194.96
Scrap	<u>4.06</u>	<u>16.55</u>
	<u>838.60</u>	<u>1,083.12</u>
	<u>244.52</u>	<u>(12.79)</u>
28 Employee benefits expense		
Salaries and wages* [refer to note 3 (c)]	4,351.10	4,883.80
Expense/ (income) on employee stock option scheme	-	(16.34)
Contributions to provident and other funds (refer to note 37)	443.85	448.03
Staff welfare expenses	<u>175.25</u>	<u>215.43</u>
	<u>4,970.20</u>	<u>5,530.92</u>

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Year ended 31 March 2021	Year ended 31 March 2020
*net off reimbursement of salaries of Rs. 110.71 (previous year: Rs. Nil) received for overseas employees under swiss labour laws on account of Covid-19.		
29 Finance costs		
Interest expense on financial liabilities measured at amortised cost	823.26	765.13
Interest on lease liabilities (refer to note 41)	88.61	102.47
Other borrowing costs	14.69	17.78
	<u>926.56</u>	<u>885.38</u>
30 Depreciation and amortisation expense		
Depreciation on property, plant and equipment*	912.95	889.45
Amortisation of other intangible asset (refer to note 4)	27.59	37.10
Depreciation of Right-of-use assets (refer to note 41)	238.50	250.68
Depreciation of investment property (refer to note 41)	16.21	16.21
	<u>1,195.25</u>	<u>1,193.44</u>
*Excludes Rs. Nil (previous year: Rs 7.62) charged on plant and equipment at tool room division at Bengaluru which was utilised for development of in-house tools. Accordingly, such amount was capitalised under plant and equipment. Also, refer to note 3 (c)		
31 Other expenses		
Stores and spares consumed [refer to note 3 (c)]	654.45	882.52
Power, fuel and water and electricity charges [refer to note 3 (c)]	370.96	461.24
Contractual labour expenses	327.40	783.55
Insurance	7.19	16.71
Rent (refer to note 41)	3.37	11.98
Rates and taxes	42.97	19.69
Repair and maintenance		
- Plant and machinery	215.92	263.46
- Buildings	49.09	43.80
- Others	133.65	146.10
Legal and professional fees [refer to note (a) below]	351.18	444.92
Travelling and conveyance	238.65	455.13
Job charges [refer to note 3 (c)]	423.35	549.62
Bank Charges	36.71	47.06
Printing and stationery	29.46	40.92
Communication expenses	40.65	50.40
Commission	186.50	212.14
Events and exhibitions	62.37	152.41
Property, plant and equipment written off	0.73	11.59
Expected credit loss on trade receivables	-	10.83
Donation	1.80	5.50
Bad debts / advances / deposits written off	5.80	3.60
Directors' sitting fees	13.50	22.60
Security service charges	89.33	75.29
Net change in fair value of financial assets (at FVTPL)	-	1.29

KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Year ended 31 March 2021	Year ended 31 March 2020
Impairment in value of non-current investments	19.54	-
Corporate social responsibility expenditure [refer to note (b) below]	36.42	34.50
Miscellaneous expenses	225.26	332.20
	<u>3,566.25</u>	<u>5,079.05</u>

Note (a): Auditors' remuneration (including to ex-statutory auditor) (excluding taxes as applicable)

As Auditor		
- Statutory audit	14.00	14.00
- Limited review of quarterly results	6.00	6.50
In other capacity		
- Certification work	3.45	7.43
- Reimbursement of expenses	0.91	3.69
	<u>24.36</u>	<u>31.62</u>

Note (b): Detail of corporate social responsibility expenditure

a. Gross amount required to be spent by the Company during the year	36.42	34.50
b. Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above (refer to note c below and note 38)	36.42	34.50
	<u>36.42</u>	<u>34.50</u>
c. Details related to spent / unspent obligations:		
(i) Contribution		
- Promotion of education	14.25	15.44
- Contribution to the Prime Minister's National Relief Fund	8.00	-
- Ensuring environmental sustainability	5.40	-
- Eradicating extreme hunger and poverty	4.77	9.47
- Enhancing employment vocational skills	2.00	-
- Supporting health activities	2.00	2.50
- Others	-	7.09
(ii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-
	<u>36.42</u>	<u>34.50</u>

32 Income tax expense

A. Amounts recognised in statement of profit and loss

Current tax

Current year	119.30	384.38
Changes in estimates related to prior years	(18.18)	(19.05)
	101.12	365.33

Deferred tax

Attributable to-

Origination and reversal of temporary differences	53.85	91.45
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KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

	Year ended 31 March 2021	Year ended 31 March 2020
Changes in estimates related to prior years	21.35	19.05
	75.20	110.50
	<u>176.32</u>	<u>475.83</u>

B. Reconciliation of effective tax rate

Profit before tax	515.41	1,388.17
Tax at the Indian tax rate of 29.12% (previous year 29.12%)*	150.09	404.24
Effect of expenses that are not deductible in determining taxable profit	23.07	71.59
Tax for earlier years	3.17	-
Income tax expenses recognised in statement of profit and loss	<u>176.33</u>	<u>475.83</u>

* The tax rate used for the current year reconciliation above is the corporate tax rate of 29.12% (previous year 29.12%) payable by corporate entities in India on taxable profits under the Indian tax law.

C. Income tax recognised in other comprehensive income

Arising on income and expenses recognised in other comprehensive income

Remeasurement of defined benefit (liability)/ asset	26.28	(69.63)
	<u>26.28</u>	<u>(69.63)</u>
Bifurcation of the income tax recognised in other comprehensive income		
Items that will not be reclassified to profit or loss		
Income tax on remeasurement of defined benefit (liability)/ asset	(7.65)	20.28
	<u>(7.65)</u>	<u>20.28</u>

33 Earnings per share

A. Basic earnings per share

i. Profit for basic earning per share of Rs. 10 each		
Profit for the year	339.09	912.34
ii. Weighted average number of equity shares for (basic)		
Balance at the beginning of the year	11,650,108	11,633,608
Effect of fresh issue of shares	-	3,553
	<u>11,650,108</u>	<u>11,637,161</u>
Basic Earnings per share (face value of Rs 10 each)	2.91	7.84

B. Diluted earnings per share

i. Profit for diluted earning per share of Rs. 10 each		
Profit for the year	339.09	912.34
ii .Weighted average number of equity shares for (diluted)		
Balance at the beginning of the year	11,650,108	11,633,608
Effect of fresh issue of shares	-	3,553
	<u>11,650,108</u>	<u>11,637,161</u>
Diluted Earnings per share (face value of Rs. 10 each)	2.91	7.84

KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

			Year ended 31 March 2021			Year ended 31 March 2020		
	Note	Level of hierarchy	As at 31 March 2021			As at 31 March 2020		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets								
Non-current								
Non-derivative financial assets								
Investments:								
Investment in equity shares - other companies	(i)	3	48.50	-	-	47.73	-	-
Loans	(ii)	3	-	-	230.84	-	-	220.55
Current								
Non-derivative financial assets								
Trade receivables	(iii)	3	-	-	3,160.13	-	-	2,463.84
Cash and cash equivalents	(iii)	3	-	-	1,064.04	-	-	953.72
Other bank balances	(iii)	3	-	-	293.61	-	-	542.51
Loans	(iii)	3	-	-	177.31	-	-	185.75
Other financial assets	(iii)	3	-	-	234.92	-	-	209.43
Total financial assets			48.50	-	5,160.85	47.73	-	4,575.80
Financial liabilities								
Non-current								
Non-derivative financial liabilities								
Borrowings (including current maturities)	(iv)	3	-	-	6,147.13	-	-	6,251.55
Other financial liabilities	(ii)	3	-	-	159.50	-	-	121.56
Current								
Non-derivative financial liabilities								
Borrowings	(iii)	3	-	-	1,623.04	-	-	1,925.03
Trade payables	(iii)	3	-	-	1,473.40	-	-	1,353.48
Other financial liabilities	(iii)	3	-	-	1,068.91	-	-	1,301.08
Derivative financial liabilities								
Forward contracts	(v)	2	-	-	-	74.35	-	-
Total financial liabilities			-	-	10,471.98	74.35	-	10,952.70

- (i) The fair value in respect of the unquoted equity investments cannot be reliably estimated. The Company has currently measured them at net book value as per the latest audited financial statements available.
- (ii) Fair value of non-current financial assets and non-current financial liabilities has not been disclosed as there is no significant differences between carrying value and fair value.
- (iii) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (iv) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.
- (v) The fair value of derivative financial instrument has been determined using valuation techniques with market observable input. The model incorporate various input include the credit quality of counter-parties and foreign exchange forward rate.
- (vi) There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2021 and 31 March 2020.

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

B. Financial risk management

(i) Risk Management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

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

- credit risk (see (ii))
- liquidity risk (see (iii))
- market risk (see (iv))

(ii) Credit Risk

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

Particulars	As at 31 March 2021	As at 31 March 2020
Non-derivative financial asset		
Investments	48.50	47.73
Trade receivables	3,160.13	2,463.84
Loans	408.15	406.30
Other financial assets	234.92	209.43
	<u>3,851.70</u>	<u>3,127.30</u>

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties. The Company enters into derivative contracts with bank and financial institutions having high credit ratings.

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(All amounts are in Indian Rupees Lakhs except for share data)

The Company's exposure to credit risk for trade receivables by geographic region is as follows:

	As at 31 March 2021	As at 31 March 2020
Within India	1,214.56	874.96
Outside India	1,945.57	1,588.87
	3,160.13	2,463.83

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from top customer	2669.29	3,253.35
Revenue from top five customers	6687.15	8,747.42

The Company based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross Carrying amount	Loss allowance	Carrying amount
31 March 2021			
Less than 6 Months	2,964.17	-	2,964.17
More than 6 Months	203.91	7.95	195.96
	3,168.08	7.95	3,160.13
31 March 2020			
Less than 6 Months	2,390.11	-	2,390.11
More than 6 Months	85.42	11.69	73.73
	2,475.53	11.69	2,463.84

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The movement in the allowance for impairment in respect of trade receivables is as follows :

	As at 31 March 2021	As at 31 March 2020
Balance as at the beginning of the year	11.69	0.86
Amounts written off	(0.94)	-
Impairment loss recognised/ (reversed)	(2.79)	10.83
Balance as at the end of the year	7.95	11.69

Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. Investments mainly include investments made by the Company in its subsidiary companies and associates. The loans primarily represents security deposits given and loans given to employees and related parties. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no provision for expected credit loss has been provided on these financial assets. Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

(iii) Liquidity Risk

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

The Company believes that its liquidity position, including total cash and cash equivalents and other bank balances anticipated future internally generated funds from operations will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Company believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

The following table provides details regarding the contractual maturities of significant financial liabilities on an undiscounted basis:

	Less than 1 Year	1 to 2 Years	2 to 5 Years	Total	Carrying Amount
31 March 2021					
Non-derivative financial liabilities					
Borrowings (including current maturities)	3,679.85	2,407.69	1,688.97	7,776.51	7,770.17
Trade payables	1,473.40	-	-	1,473.40	1,473.40
Other financial liabilities	1,228.41	-	-	1,228.41	1,228.41
Lease liabilities	280.73	270.29	201.61	752.63	620.20
	6,662.39	2,677.97	1,890.58	11,230.95	11,092.19

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31 March 2020

Non-derivative financial liabilities

Borrowings (including current maturities)	3,656.15	2,445.99	2,082.98	8,185.12	8,176.58
Trade payables	1,353.48	-	-	1,353.48	1,353.48
Other financial liabilities	1,410.18	-	12.46	1,422.64	1,422.64
Lease liabilities	283.07	263.05	435.51	981.63	793.90
	6,702.88	2,709.04	2,530.95	11,942.87	11,746.61

(iv) Market Risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

Exposure to interest rate risk

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

	As at 31 March 2021	As at 31 March 2020
Fixed rate borrowings	6,512.20	6,751.91
Floating rate borrowings	1,264.31	1,433.21
Total borrowings (gross of transaction cost)	7,776.51	8,185.12

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

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(All amounts are in Indian Rupees Lakhs except for share data)

	Profit or Loss	
	Strengthening	Weakening
For the year ended 31 March 2021		
Interest rate (0.5% movement)	6.32	(6.32)
For the year ended 31 March 2020		
Interest rate (0.5% movement)	7.17	(7.17)

(ii) Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

Unhedged foreign currency exposure

The following table provides details of the Company's exposure to currency risk:

Assets	As at 31 March 2021		As at 31 March 2020	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
Trade receivables				
HKD	-	-	5.59	0.58
USD	211.97	2.90	122.00	1.63
EUR	178.96	2.10	16.45	0.20
CHF	1552.60	20.18	96.46	1.24
GBP	2.04	0.02	-	-
Other financial assets				
CHF	15.09	0.20	-	-
Bank balances in foreign currency				
CHF	37.46	0.49	10.78	0.14
USD	0.01	0.00	0.08	0.00

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Liabilities	As at 31 March 2021		As at 31 March 2020	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
Trade payables				
HKD	57.40	6.02	85.96	8.76
USD	13.77	0.19	30.16	0.40
EUR	3.12	0.04	2.86	0.03
CHF	249.30	3.18	233.50	2.95
JPY	-	-	7.62	10.87
GBP	0.38	0.00	-	-
Commission payable in foreign currency				
CHF	131.25	1.67	135.68	1.70
EUR	2.80	0.03	1.06	0.01
Net exposure in respect of recognised assets and liabilities	1,540.10		(245.49)	

Significant forward contracts outstanding as at the end of the year

	As at 31 March 2021		As at 31 March 2020	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
Imports				
CHF	-	-	-	-
Exports				
CHF	-	-	1,359.05	17.50

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2021 and 31 March 2020 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

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(All amounts are in Indian Rupees Lakhs except for share data)

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2021				
HKD (1% movement)	(0.57)	0.57	(0.41)	0.41
USD (1% movement)	1.98	(1.98)	1.40	(1.40)
EUR (1% movement)	1.73	(1.73)	1.23	(1.23)
CHF (1% movement)	12.25	(12.25)	8.68	(8.68)
GBP (1% movement)	0.02	(0.02)	0.01	(0.01)
JPY (1% movement)	-	-	-	-
31 March 2020				
HKD (1% movement)	(0.80)	0.80	(0.57)	0.57
USD (1% movement)	0.94	(0.94)	0.67	(0.67)
EUR (1% movement)	0.14	(0.14)	0.13	(0.13)
CHF (1% movement)	12.22	(12.22)	8.68	(8.68)
GBP (1% movement)	-	-	-	-
JPY (1% movement)	(0.08)	0.08	(0.05)	0.05

35 Capital Management

(i) Risk management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities excluding deferred tax liabilities, provisions and other current liabilities, less cash and cash equivalents and other bank balances. Total equity comprises all components of equity as shown in balance sheet.

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

	As at 31 March 2021	As at 31 March 2020
Total liabilities excluding deferred tax liabilities, provisions and other current liabilities	11,123.69	11,852.46
Less: cash and cash equivalents and other bank balances	1,357.65	1,496.23
Adjusted net debt	9,766.04	10,356.23
Total equity	17,306.59	16,948.86
Net debt to total equity ratio	0.56	0.61

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(All amounts are in Indian Rupees Lakhs except for share data)

(ii) Dividends (including corporate dividend tax)

	Year ended 31 March 2021	Year ended 31 March 2020
Equity shares		
Final dividend for the year ended 31 March 2020 of Rs. Nil (31 March 2019 of Rs. 2.50) per fully paid equity shares*	-	350.62
Interim dividend for the year ended 31 March 2021 of Rs. Nil (31 March 2020 of Rs. 2.00) per fully paid equity shares	-	280.90

*Final dividend has been paid on the number of shares issued by the Company till the date of annual general meeting after approval of the shareholders.

	As at 31 March 2021	As at 31 March 2020
36 Contingent liabilities and commitments: <i>(to the extent not provided for)</i>		
(ia) Claims against the Company not acknowledged as debts, under dispute		
- Demand raised by Punjab State Electricity Board for payment of penalty for usage of additional power against sanctioned load. Amount paid under protest Rs. 2.96 (31 March 2020: Rs. 2.96)	3.73	3.73
- Demand raised for Income tax (assessment year 2004-05 to assessment year 2012-13 and assessment year 2019-20)	45.37	73.65
- Claims against the Company filed by employees not acknowledged as debt (to the extent ascertainable)	260.10	241.63
	<u>309.20</u>	<u>319.01</u>
(ib) - Custom duty saved against EPCG Licenses, pending redemption	95.72	95.72
(ic) - Guarantees issued to banks on behalf of subsidiary company, namely Ethos Limited (amount outstanding Rs. 2,462.73 (31 March 2020: Rs. 4,495.70)	5,635.00	6,136.00
*Also, the Company has given security for short term loan taken by Ethos Limited (subsidiary company) from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (Eigen) of the Company at Bangalore.*Also, the Company has given security for certain loan taken by Ethos Limited (subsidiary company) from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of the Company. Also, these are further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of the Company.		
(ii) Commitments		
- Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	58.32	119.43
	<u>58.32</u>	<u>711.91</u>

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(All amounts are in Indian Rupees Lakhs except for share data)

- (iii) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.
- (iv) Pursuant to recent judgement by Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowance which are common for all employees, However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authority in this regard, the Company has not recognised any provision for the periods prior to 28 February 2019. Further, management also believes that the impact of the same on the Company will not be material.

37 Employee benefits

A. Liabilities relating to employee benefits	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Liability for gratuity	43.35	106.29	70.86	19.66
Liability for compensated absences	-	-	282.18	254.03
	<u>43.35</u>	<u>106.29</u>	<u>353.04</u>	<u>273.69</u>

For details about the related employee benefit expenses, refer to note no. 28.

B. Defined Benefit Plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employees who have completed at least five years of service are entitled to specific benefit. The level of benefit provided depends on the member's length of service and salary retirement age. The employee is entitled to a benefit equivalent to 15 days salary last drawn salary for each completed year of service with part thereof in excess of six months. The same is payable on termination of service or retirement or death whichever is earlier. The present value of the obligation under such defined benefit plan is determined based on an actuarial valuation as at the reporting date using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligations are measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans is based on the market yields on Government bonds as at the date of actuarial valuation. Remeasurement gains and losses (net of tax) are recognised immediately in the Other Comprehensive Income (OCI).The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The Company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Company to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not

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straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

(i) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Company does not expect any significant liquidity risks.

Particulars	As at 31 March 2021	As at 31 March 2020
(ii) Reconciliation of present value of defined benefit obligation		
Present value of obligation at the beginning of the year	897.60	746.54
Current Service cost	65.57	71.85
Interest cost	53.97	46.66
Benefits paid	(69.64)	(32.00)
Actuarial (gains) losses recognised in other comprehensive income		
- Change in financial assumptions	(49.49)	-
- experience adjustments	15.06	64.55
Present value of obligation at the end of the year	913.07	897.60

(iii) Reconciliation of the present value of plan assets

Plan assets at the beginning of the year, at fair value	771.66	700.00
Return on plan assets recognised in other comprehensive income	(8.15)	(5.08)
Contributions	50.05	65.00
Benefits paid	(62.92)	(32.01)
Interest income	48.23	43.75
Plan assets at the end of the year, at fair value	798.87	771.66

(iv) Amount recognized in the balance sheet

Present value of the defined benefit obligations at the end of the year	913.07	897.60
Fair value of plan assets at the end of the year	798.87	771.66
Net liability recognized in the balance sheet*	114.20	125.94

* Shown under the head "Provision for employee benefits"

(v) Plan assets

Plan assets comprise of the following:

Particulars	As at 31 March 2021	As at 31 March 2020
Policy of insurance	798.87	771.66
	798.87	771.66

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(All amounts are in Indian Rupees Lakhs except for share data)

(vi) Amount recognized in the Statement of Profit and Loss

Particulars	As at 31 March 2021	As at 31 March 2020
Current service cost	66.57	71.85
Interest cost (net)	5.74	2.91
Amount recognized in the Statement of profit and loss	71.31	74.76

(vii) Remeasurements recognised in other comprehensive income

Actuarial gain/loss on the defined benefit obligation	(34.43)	64.55
Return on plan assets (excluding interest income)	8.15	5.08
Amount recognized in other comprehensive income	(26.28)	69.63

(viii) Actuarial assumptions

a) **Economic assumptions:** The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

	As at 31 March 2021	As at 31 March 2020
Discount rate (per annum)	6.79%	6.25%
Expected rate of return on plan assets (per annum)	6.79%	6.25%
Salary increase (per annum)	4.00%	4.00%
Expected average remaining working lives of employees (years)	20.82	15.92

	As at 31 March 2021	As at 31 March 2020
b) Demographic assumptions:		
Retirement age	58 years	58 years
Mortality	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2012-14)
Attrition rate	Ultimate	Ultimate
Upto 30 years	3%	3%
31 to 44 years	2%	2%
44 and above	1%	1%

(ix) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:

Particulars	As at 31 march 2021		As at 31 march 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(42.37)	45.81	(41.49)	48.74
Future salary growth (0.5% movement)	46.86	(43.66)	49.41	(42.77)

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The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

(X) Expected future benefit payments	As at 31 March 2021	As at 31 March 2020
--------------------------------------	------------------------	------------------------

The expected maturity analysis of undiscounted defined benefit liability is as follows:

Within 1 year	83.73	188.57
1-2 years	34.52	119.43
2-5 years	112.12	281.30
Over 5 years	682.69	552.82

(xi) Weighted average duration and expected employers contribution for next year of the defined benefit plan	As at 31 March 2021	As at 31 March 2020
Weighted average duration (in years)	16.49	10.05
Expected Employers contribution for the next year	79.64	73.65

C. Defined Contribution Plan

The Company makes contribution towards employees' provident fund, superannuation fund and employees' state insurance plan scheme. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes. The expense recognised towards contribution of these plans is as follows:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Provident fund (including social security for overseas employees)	269.52	255.99
Superannuation fund	15.86	14.67
Employees' state insurance scheme	28.61	39.93
Pension fund	58.55	62.68
	372.54	373.27

D. Share based payments

The Company established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') which was approved by the Board of Directors and the shareholders. A compensation committee comprising promoter executive and independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP were exercisable for equity shares. The Company planned to grant upto 110,000 options to eligible employees and directors of the Company and subsidiaries of the Company.

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Fifty percent of the options which have been granted under ESOP 2011 were vested on 1 April 2014 ('first tranche'). These options were exercised by the employees and accordingly 39,750 shares were issued during the previous years to the eligible employees. The balance options vested in the year 2019-20 when the turnover (excluding excise duty thereon) of the Company of 2018-19 was exceeded Rs. 15,000.00 ('second tranche'). These options were exercised by the employees and accordingly 16,500 shares were issued during the previous year to the eligible employees. The outstanding options as at 31 March 2021 are Nil (31 March 2020: Nil).

The fair value at grant date was determined using the Black Scholes Model which took into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan were as follows:

(i) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

	As at 31 March 2021		As at 31 March 2020	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Outstanding at beginning of the year	-	-	18,750	120
Forfeited during the period	-	-	(2,250)	-
Exercised during the period	-	-	(16,500)	120
Outstanding at end of the year	-	-	-	-

(ii) Expense recognised in statement of profit and loss

The expenses arising from share-based payment transaction recognised in statement of profit and loss as part of employee benefit expense / (income) for the year ended 31 March 2021 and 31 March 2020, are Rs. Nil and Rs. (16.34) respectively on account of expiry of share options on resignation and exercise of stock option by certain employees.

(iii) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair

	Year ended 31 March 2021	Year ended 31 March 2020
Fair value at grant date	-	87.13
Share price at grant date	-	133.00
Exercise Price	-	120.00
Risk Free interest rate (in %)	-	8.50%
Expected life (in months)	-	88
Expected volatility (in %)*	-	66.49%
Expected dividend Yield (in %)	-	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

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38 Related parties:

a) Related parties and nature of relationship where control exists:

Name of party	Description of relationship
Pylania SA	Subsidiary
Kamla International Holdings SA	Subsidiary
Ethos Limited	Subsidiary
Mahen Distribution Limited	Subsidiary
Satva Jewellery and Design Limited	Subsidiary
Cognition Digital LLP	Subsidiary of Ethos Limited
Estima AG	Subsidiary of Pylania SA and Kamla International Holdings SA
Pasadena Retail Private Limited	Joint Venture of Ethos Limited (w.e.f. 03 May 2019)

(b) List of related parties with whom transactions have taken place during the year

Kamla Tesio Dials Limited	Associate
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(c) Key managerial personnel (KMP) of the Company, their close family members and related entities

(i) Names of KMP

- Mr. Yashovardhan Saboo (Chairman and Managing Director)	Names of their close family members (refer note 1) Mr. R.K. Saboo (father), Mrs. Usha Devi Saboo (mother) Mrs. Anuradha Saboo (spouse) Mr. Pranav Shankar Saboo (Son), Mrs. Malvika Singh (son's spouse) Ms. Satvika Saboo Suri (daughter)
- Mr. Sanjeev Kumar Masown (Chief Financial Officer and Director)	Mrs. Neeraj Masown (spouse), Mr. Lal Chand Masown (father)

(ii) Related entities of KMP

- Vardhan Properties & Investments Private Limited
- VBL Innovations Private Limited
- Dream Digital Technology Private Limited
- KDDL Ethos Foundation
- Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF

(iii) Non-executive Directors

- Mr. Anil Khanna	Names of their close family members (refer note 1) Mrs. Alka Khanna (Spouse) Ms. Salonee Khanna (Daughter)
- Mr. Torsten Buchwald (till 02 November 2019)	
- Mr. Jagesh Khaitan (till 07 November 2019)	
- Ms. Ranjana Agarwal	
- Mr. Praveen Gupta	
- Mr. Vishal Satinder Sood	
- Mr. Jai Vardhan Saboo	
- Mr. Sanjiv Sachar	

KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

Note:

With respect to the key managerial personnel, disclosure has been given for those relatives with whom the company has made transactions during the year.

d) Related party transactions

Year ended 31 March 2021

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
1 Purchase of raw material and components					
Estima AG	13.42	-	-	-	-
Pylania SA	10.41	-	-	-	-
VBL Innovations Private Limited	-	-	-	0.33	-
2 Sale of goods and services					
Pylania SA	697.66	-	-	-	-
Estima AG	171.82	-	-	-	-
3 Purchase of property, plant and equipment					
Pylania SA	2.44	-	-	-	-
4 Sale of property, plant and equipment					
Estima AG	4.56	-	-	-	-
5 Guarantee Income					
Ethos Limited	28.18	-	-	-	-
6 Job work charges paid					
Pylania SA	13.19	-	-	-	-
7 Payment of lease liabilities					
Mr. Yashovardhan Saboo	-	-	10.40	-	-
Mrs. Anuradha Saboo	-	-	-	-	17.33
Satva Jewellery & Design Limited	6.00	-	-	-	-
8 Compensation to key managerial personnel*					
Short-term employee benefits					
Mr. Yashovardhan Saboo	-	-	129.04	-	-
Mr. Sanjeev Kumar Masown	-	-	91.02	-	-
9 Interest income					
Satva Jewellery & Design Limited	11.00	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	1.74	-	-
10 Interest paid/ accrued					
Vardhan Properties and Investment Private Limited	-	-	-	3.09	-
Mr. Sanjeev Kumar Masown	-	-	5.16	-	-
Mr. Yashovardhan Saboo	-	-	4.13	-	-
Mrs. Usha Devi Saboo	-	-	-	-	0.32
Mrs. Neeraj Masown	-	-	-	-	3.99
Mr. Lal Chand Masown	-	-	-	-	1.34
Mr. Anil Khanna	-	-	8.14	-	-
Mrs. Alka Khanna	-	-	-	-	2.49
Ms. Ranjana Agarwal	-	-	54.61	-	-
Ms. Salonee Khanna	-	-	-	-	0.34

KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

Year ended 31 March 2021 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
11 Deposits accepted/renew					
Mr. Yashovardhan Saboo	-	-	110.00	-	-
Mrs. Usha Devi Saboo	-	-	-	-	5.00
Ms. Ranjana Agarwal	-	-	239.87	-	-
Mr. Sanjeev Kumar Masown	-	-	36.82	-	-
Mrs. Alka Khanna	-	-	-	-	2.33
Ms. Salonee Khanna	-	-	-	-	4.50
12 Deposits repaid					
Mrs. Alka Khanna	-	-	-	-	2.28
Ms. Ranjana Agarwal	-	-	129.95	-	-
Mr. Sanjeev Kumar Masown	-	-	20.00	-	-
Vardhan Properties and Investment Private Limited	-	-	-	10.00	-
13 Rent received					
Ethos Limited	20.73	-	-	-	-
Dream Digital Technology Private Limited	-	-	-	0.60	-
Cognition Digital LLP	0.90	-	-	-	-
Mahen Distribution Limited	0.60	-	-	-	-
14 Repayment of loans given by the Company					
Mr. Sanjeev Kumar Masown	-	-	5.00	-	-
15 Reimbursement of expenses paid by the Company					
Pylania SA	25.30	-	-	-	-
Estima AG	1.32	-	-	-	-
16 Management consultancy fees paid					
Mrs. Anuradha Saboo	-	-	-	-	13.25
17 Reimbursement of expenses received by the Company					
Ethos Limited	5.47	-	-	-	-
18 Investments made**					
Ethos Limited	692.50	-	-	-	-
19 CSR contribution made					
KDDL Ethos Foundation	-	-	-	23.00	-
20 Director sitting fee					
Mr. Anil Khanna	-	-	3.40	-	-
Ms. Ranjana Agarwal	-	-	3.60	-	-
Mr. Praveen Gupta	-	-	3.20	-	-
Mr. Sanjiv Sachar	-	-	1.80	-	-
Mr. Jai Vardhan Saboo	-	-	1.50	-	-
21 Events and exhibition					
Ethos Limited	3.56	-	-	-	-
22 Employee benefit expense					
Mr. R.K. Saboo	-	-	-	-	30.63
23 Impairment in value of non-current investments					
Kamla Tesio Dials Limited	-	19.54	-	-	-

*(Excluding provision for leave encashment and gratuity as they are determined on an actuarial basis for the company as a whole)

**During the current year, the Company has purchased 2,77,000 equity shares of Rs. 10 each amounting to Rs 692.50 of Ethos Limited (a subsidiary company), pursuant to exercise of put option by existing shareholders of Ethos Limited.

KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

Year ended 31 March 2020

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
1 Purchase of raw material and components					
Estima AG	89.62	-	-	-	-
Pylania SA	-	-	-	-	-
2 Sale of goods and services					
Pylania SA	399.56	-	-	-	-
Estima AG	328.02	-	-	-	-
3 Purchase of property, plant and equipment					
Ethos Limited	5.29	-	-	-	-
Estima AG	6.39	-	-	-	-
4 Sale of property, plant and equipment					
Ethos Limited	0.09	-	-	-	-
5 Job work charges paid					
Pylania SA	2.46	-	-	-	-
Estima AG	6.58	-	-	-	-
6 Payment of lease liabilities					
Mr. Yashovardhan Saboo	-	-	9.92	-	-
Mrs. Anuradha Saboo	-	-	-	-	16.54
Kamla Tesio Dials Limited	-	6.00	-	-	-
Satva Jewellery & Design Limited	6.00	-	-	-	-
7 Compensation to key managerial personnel*					
Short-term employee benefits					
Mr. Yashovardhan Saboo	-	-	135.73	-	-
Mr. Sanjeev Kumar Masown	-	-	89.61	-	-
8 Interest income					
Satva Jewellery & Design Limited	49.23	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	1.96	-	-
9 Interest paid/ accrued					
Vardhan Properties and Investment Private Limited	-	-	-	4.26	-
Mr. Sanjeev Kumar Masown	-	-	4.63	-	-
Mrs. Neeraj Masown	-	-	-	-	3.70
Mr. Lal Chand Masown	-	-	-	-	0.72
Mr. Anil Khanna	-	-	5.90	-	-
Mrs. Alka Khanna	-	-	-	-	2.45
Ms. Ranjana Agarwal	-	-	28.89	-	-
10 Deposits accepted/renew					
Vardhan Properties and Investment Private Limited	-	-	-	10.00	-
Mrs. Neeraj Masown	-	-	-	-	16.36
Mr. Lal Chand Masown	-	-	-	-	8.80
Mr. Anil Khanna	-	-	96.60	-	-
Ms. Ranjana Agarwal	-	-	237.07	-	-
Mr. Sanjeev Kumar Masown	-	-	38.93	-	-
Mrs. Alka Khanna	-	-	-	-	0.50
11 Deposits repaid					
Mr. Anil Khanna	-	-	68.04	-	-
Mrs. Alka Khanna	-	-	-	-	0.50
Ms. Ranjana Agarwal	-	-	30.00	-	-
Mr. Sanjeev Kumar Masown	-	-	22.00	-	-
Mr. Lal Chand Masown	-	-	-	-	2.00
Mrs. Neeraj Masown	-	-	-	-	12.00
Vardhan Properties and Investment Private Limited	-	-	-	10.00	-

KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

Year ended 31 March 2020 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
12 Rent received					
Ethos Limited	16.56	-	-	-	-
Dream Digital Technology Limited	-	-	-	0.60	-
Cognition Digital LLP	-	-	-	0.95	-
Mahen Distribution Limited	-	-	-	0.35	-
13 Repayment of loans given by the Company					
Mr. Sanjeev Kumar Masown	-	-	4.00	-	-
14 Reimbursement of expenses paid by the Company					
Pylania SA	80.56	-	-	-	-
15 Management consultancy fees paid					
Mrs. Anuradha Saboo	-	-	-	-	10.00
16 Issue of equity shares under ESOP Scheme (including security premium)					
Mr. Sanjeev Kumar Masown	-	-	3.60	-	-
17 Reimbursement of expenses received by the Company					
Ethos Limited	14.85	-	-	-	-
Cognition Digital LLP	0.32	-	-	-	-
Mr. R.K. Saboo	-	-	-	-	12.63
18 Investments made**					
Ethos Limited	2125.00	-	-	-	-
19 CSR contribution made					
KDDL Ethos Foundation	-	-	-	24.50	-
20 Dividend paid					
Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	-	-	4.53
Mr. R.K. Saboo	-	-	-	-	80.85
Mr. Yashovardhan Saboo	-	-	65.42	-	-
Mrs. Usha Devi Saboo	-	-	-	-	20.30
Mrs. Anuradha Saboo	-	-	-	-	19.66
Mr. Pranav S Saboo	-	-	-	-	21.92
Ms. Satvika Saboo	-	-	-	-	6.11
Vardhan Properties and Investment Private Limited	-	-	-	0.41	-
Dream Digital Technology Private Limited	-	-	-	0.87	-
Mr. Jagesh Khaitan	-	-	0.01	-	-
Mr. Sanjiv Sachar	-	-	0.06	-	-
Mr. Sanjeev Kumar Masown	-	-	0.15	-	-
Mr. Anil Khanna	-	-	0.09	-	-
Mrs. Alka Khanna	-	-	-	-	0.01
21 Director sitting fee					
Mr. Jagesh Khaitan	-	-	2.40	-	-
Mr. Anil Khanna	-	-	4.90	-	-
Ms. Ranjana Agarwal	-	-	5.20	-	-
Mr. Praveen Gupta	-	-	4.80	-	-
Mr. Sanjiv Sachar	-	-	3.50	-	-
Mr. Jai Vardhan Saboo	-	-	1.20	-	-
Mr. Torsten Buchwald	-	-	0.60	-	-
22 Events and exhibition					
Ethos Limited	4.92	-	-	-	-
23 Employee benefit expense					
Mr. R.K. Saboo	-	-	-	-	30.00

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

Year ended 31 March 2020 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
24 Security deposit received					
Mr. Yashovardhan Saboo	-	-	2.00	-	-
25 Guarantees taken					
Mr. Yashovardhan Saboo	-	-	1993.17	-	-
*(Excluding provision for leave encashment and gratuity as they are determined on an actuarial basis for the company as a whole)					
**During the year ended 31 March 2020, the Company invested an amount of Rs 2,100 by way of preferential allotment in fully paid up 7,19,176 equity shares of Rs. 10 each of Ethos Limited (a subsidiary company) at a premium of Rs. 282 per share. Further, Ethos Limited (a subsidiary company) converted its 14% Cumulative Compulsorily Convertible Preference Shares into 19,230 equity shares of Rs. 10 each.					
e) Balances due from/to the related parties					
As at 31 March 2021					
	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
1 Loans					
Satva Jewellery & Design Limited	103.94	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	26.24	-	-
2 Trade receivables					
Pylania SA	169.63	-	-	-	-
Estima AG	251.55	-	-	-	-
3 Other financial assets					
Ethos Limited	6.85	-	-	-	-
Satva Jewellery & Design Limited	68.40	-	-	-	-
Mahen Distribution Limited	1.12	-	-	-	-
Dream Digital Technology Private Limited	-	-	-	0.35	-
Kamla International Holdings SA	4.04	-	-	-	-
Estima AG	4.97	-	-	-	-
4 Payables					
Satva Jewellery & Design Limited	2.96	-	-	-	-
Estima AG	2.28	-	-	-	-
Ethos Limited	0.44	-	-	-	-
Pylania SA	47.74	-	-	-	-
Mrs. Anuradha Saboo	-	-	-	-	4.63
Mr. Jai Vardhan Saboo	-	-	-	0.28	-
5 Guarantees taken*					
Mr. Yashovardhan Saboo	-	-	8034.00	-	-
6 Guarantees given					
Ethos Limited	5635.00	-	-	-	-
7 Deposits taken					
Mr. Sanjeev Kumar Masown	-	-	57.95	-	-
Mr. Yashovardhan Saboo	-	-	110.00	-	-
Mr. Lal Chand Masown	-	-	-	-	11.44
Mrs. Neeraj Masown	-	-	-	-	32.59
Mr. Anil Khanna	-	-	68.56	-	-
Mrs. Alka Khanna	-	-	-	-	24.13

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

Year ended 31 March 2021 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
Ms. Ranjana Agarwal	-	-	499.99	-	-
Vardhan Properties and Investment Limited	-	-	-	30.00	-
Mrs. Usha Devi Saboo	-	-	-	-	5.00
Ms. Salonee Khanna	-	-	-	-	4.50
8 Interest accrued but not due					
Mr. Sanjeev Kumar Masown	-	-	5.23	-	-
Mr. Yashovardhan Saboo	-	-	3.82	-	-
Mr. Lal Chand Masown	-	-	-	-	1.90
Mrs. Neeraj Masown	-	-	-	-	7.08
Mr. Anil Khanna	-	-	6.84	-	-
Mrs. Alka Khanna	-	-	-	-	0.03
Ms. Ranjana Agarwal	-	-	70.16	-	-
Mrs. Usha Devi Saboo	-	-	-	-	0.29
Ms. Salonee Khanna	-	-	-	-	0.34
9 Security deposit received					
Ethos Limited	6.77	-	-	-	-
10 Employee related payables					
Mr. Yashovardhan Saboo	-	-	2.00	-	-
Mr. Sanjeev Kumar Masown	-	-	3.11	-	-
Mr. R.K. Saboo	-	-	-	-	2.18
11 Balance due from the related parties					
Mr. Yashovardhan Saboo	-	-	0.02	-	-
Mr. R.K. Saboo	-	-	-	-	0.11
12 Balance due to the related party					
Mr. Sanjeev Kumar Masown	-	-	0.13	-	-

As at 31 March 2020

1 Loans					
Satva Jewellery & Design Limited	103.94	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	30.30	-	-
2 Trade receivables					
Pylania SA	278.78	-	-	-	-
Estima AG	272.59	-	-	-	-
3 Other financial assets					
Ethos Limited	36.12	-	-	-	-
Satva Jewellery & Design Limited	58.22	-	-	-	-
Cognition Digital LLP	1.14	-	-	-	-
Mahen Distribution Limited	0.41	-	-	-	-
Dream Digital Technology Private Limited	-	-	-	0.53	-
4 Payables					
Kamla Tesio Dials Limited	-	1.47	-	-	-
Satva Jewellery & Design Limited	1.47	-	-	-	-
Estima AG	12.85	-	-	-	-
Ethos Limited	1.57	-	-	-	-
Pylania SA	76.04	-	-	-	-
5 Guarantees taken*					
Mr. Yashovardhan Saboo	-	-	8034.00	-	-
6 Guarantees given					
Ethos Limited	6136.00	-	-	-	-

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

Year ended 31 March 2020 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
7 Deposits taken					
Mr. Sanjeev Kumar Masown	-	-	41.13	-	-
Mr. Lal Chand Masown	-	-	-	-	11.44
Mrs. Neeraj Masown	-	-	-	-	32.59
Mr. Anil Khanna	-	-	68.56	-	-
Mrs. Alka Khanna	-	-	-	-	24.08
Ms. Ranjana Agarwal	-	-	390.07	-	-
Vardhan Properties and Investment Private Limited	-	-	-	40.00	-
8 Interest accrued but not due					
Mr. Sanjeev Kumar Masown	-	-	7.77	-	-
Mr. Lal Chand Masown	-	-	-	-	0.66
Mrs. Neeraj Masown	-	-	-	-	3.38
Mr. Anil Khanna	-	-	1.40	-	-
Mrs. Alka Khanna	-	-	-	-	0.08
Ms. Ranjana Agarwal	-	-	28.93	-	-
9 Security deposit received					
Ethos Limited	6.77	-	-	-	-
10 Employee related payables					
Mr. Yashovardhan Saboo	-	-	1.69	-	-
Mr. Sanjeev Kumar Masown	-	-	2.43	-	-
Mr. R.K. Saboo	-	-	-	-	2.00
11 Balance due from the related parties					
Mr. R.K. Saboo	-	-	-	-	0.37
12 Balance due to the related parties					
Mr. Pranav Shankar Saboo	-	-	-	-	0.16
Mrs. Anuradha Saboo	-	-	-	-	1.13

* Guarantees taken by the Company includes personal guarantees of Mr. Yashovardhan Saboo for working capital borrowings and term loans. The original sanctioned limits of working capital borrowings and term loans by the continuing banks has been disclosed above. However, at the reporting date, the balance amount of term loans in respect of which personal guarantees have been given stands at Rs. 5,121.83 (31 March 2020: Rs 5,770.01) of Mr. Yashovardhan Saboo.

f) Other transactions

- The Company has given security for certain loans taken by Ethos Limited (subsidiary company) from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (Eigen) of the Company at Bangalore.
- The Company has given security for certain loans taken by Ethos Limited (subsidiary company) from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of the Company. Also, these are further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of the Company.

g) Terms and conditions of transactions with related parties

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

39 Operating segments

(a) Basis for segmentation

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

The Company has two reportable segments, as described below, which are the Company's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Company's Chairman and Managing Director reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Company's reportable segments:

Reportable segments	Operations
Precision and watch components	Manufacturing and distribution of dials, watch hands and precision components
Others	Manufacturing and distribution of packaging boxes

(b) Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Year ended 31 March 2021	Precision and watch components	Others	Total
Segment revenue:			
- External revenues	14,219.03	470.38	14,689.41
Total segment revenue	14,219.03	470.38	14,689.41
Segment profit/(loss) before income tax	2,184.29	7.73	2,192.02
Segment assets	16,441.11	299.77	16,740.88
Segment assets include:			
- Capital expenditure during the year	363.39	-	363.39
Segment liabilities	2,942.76	68.42	3,011.18

KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

Year ended 31 March 2020	Precision and watch components	Others	Total
Segment revenue:			
- External revenues	17,200.72	858.56	18,059.28
- Inter-segment revenue	-	-	-
Total segment revenue	17,200.72	858.56	18,059.28
Segment profit/(loss) before income tax	3,139.67	70.39	3,210.06
Segment assets	17,035.11	306.62	17,341.73
Segment assets include:			
- Capital expenditure during the year	1,453.70	4.01	1,457.71
Segment liabilities	2,783.94	84.23	2,868.17

(c) Reconciliations of information on reportable segments to Ind AS measures

	As at 31 March 2021	As at 31 March 2020
i. Revenues		
Total revenue for reportable segments	14,689.41	18,059.28
Total revenue	14,689.41	18,059.28
ii. Profit before income tax		
Total profit before tax for reportable segments	2,192.02	3,210.06
Finance Cost	(926.56)	(885.38)
Unallocated amounts:		
Corporate expenses	(750.04)	(936.51)
Consolidated profit before tax	515.42	1,388.17
iii. Assets		
Total assets for reportable segments	16,740.88	17,341.73
Unallocated amounts	13,231.02	12,664.74
Consolidated total assets	29,971.90	30,006.47
iv. Liabilities		
Total liabilities for reportable segments	3,011.18	2,868.17
Unallocated amounts	9,654.13	10,189.44
Consolidated total liabilities	12,665.31	13,057.61

KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

v. Other material items

	Reportable segment total	Adjustments	Consolidated totals
Year ended 31 March 2021			
Finance cost	-	926.56	926.56
Depreciation and amortisation expense	1,041.31	153.95	1,195.26
Capital expenditure during the year	363.39	81.56	444.95
Year ended 31 March 2020			
Finance cost	-	885.38	885.38
Depreciation and amortisation expense	1,016.58	176.87	1,193.44
Capital expenditure during the year	1,457.71	15.96	1,473.67

(d) Information about geographical segment

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue by geographical markets		
India	5,989.19	8,879.39
Outside India		
Switzerland	7,094.72	7,808.56
Germany	485.60	469.41
United Kingdom	273.94	418.89
France	205.60	190.79
USA	141.57	72.29
Portugal	100.56	-
China	95.67	6.56
Czech Republic	81.30	-
South Korea	71.25	-
Taiwan	50.57	11.47
Israel	38.25	62.11
Dubai	-	58.37
Nigeria	-	7.29
Other Countries	61.18	74.15
Total outside India	8,700.22	9,179.89
Total	14,689.41	18,059.28

*In presenting the geographical information, segment revenue has been based on the geographic location of the customers.

KDDL Limited

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

(e) Major customer

Revenue from two customers of the Company's Precision and watch components segment is Rs. 4,663.12 (Year ended 31 March 2020: Rs. 5,927.74) which individually constitute more than 10 percent of the Company's total revenue.

40 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under Sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

41 Company as a lessee

The Company has lease contracts for various items of plant and equipment, building and land used in its operations. Leases of plant and equipment generally have lease terms between 3-5 years, while buildings generally have lease terms between 1-10 years, while leasehold land has lease term of 99 years. The Company obligations under its leases are secured by the lessor's title to the leased assets.

The Company has certain leases with lease terms of 12 months or less and certain leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Plant and equipment	Building	Leasehold land* \$	Total
As at 01 April 2019	394.08	516.66	560.80	1,471.55
Additions	83.05	2.66	-	85.72
Sub lease of building and disclosed as Investment property as at 01 April 2019	-	(40.30)	-	(40.30)
Additions in Investment property and disclosed as investment property	-	(20.48)	-	(20.48)
Portion of security deposit reclassified from prepaid expenses	13.08	6.41	-	19.48
Depreciation expense	(135.06)	(109.32)	(6.30)	(250.68)
As at 31 March 2020	355.14	355.64	554.50	1,265.29

*Reclassified from property, plant and equipment (PPE)

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

Particulars	Plant and equipment	Building	Leasehold land*	Total
As at 01 April 2020	355.15	355.64	554.50	1,265.29
Additions	24.32	73.05	-	97.38
Deletions	-	(55.93)	-	(55.93)
Depreciation expense	(138.61)	(93.59)	(6.30)	(238.50)
As at 31 March 2021	240.87	279.17	548.20	1,068.24

* Includes leasehold land of Rs. 5.67 (31 March 2020: Rs. 5.67) situated at Parwanoo for which the Company is in the process of completing formalities for transferring the title deed in its own name.

The carrying amounts of lease liabilities and the movements during the year:

Particulars	Total
As at 01 April 2019	910.75
Additions	85.72
Accretion of interest	102.47
Payments	(305.04)
As at 31 March 2020	793.90
As at 01 April 2020	793.90
Additions	97.38
Deletions	(55.93)
Accretion of interest	88.61
Payments	(303.76)
As at 31 March 2021	620.20

	31 March 2021	31 March 2020
Current	202.85	199.99
Non-current	417.35	593.91
	620.20	793.90

The details regarding the maturity analysis of lease liabilities as at March 31, 2021 and March 31, 2020 on an undiscounted basis is disclosed in Note 34.

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(All amounts are in Indian Rupees Lakhs except for share data)

Considering the lease term of the leases, the effective interest rate for lease liabilities is 11.98%.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following are the amounts recognised in profit and loss for the year ended 31 March 2020 and 31 March 2021

For the year ended 31 March 2020

Particulars	Plant and equipment	Building	Land	Investment property	Total
Depreciation expense of right-of-use assets and investment property	135.06	109.32	6.30	16.21	266.89
Interest expense on lease liabilities	45.96	56.51	-	-	102.47
Expense relating to short-term leases (included in other expenses)	-	11.98	-	-	11.98
Total amount recognised in profit and loss	181.02	177.81	6.30	16.21	381.34

For the year ended 31 March 2021

Particulars	Plant and equipment	Building	Land	Investment property	Total
Depreciation expense of right-of-use assets and investment property	138.61	93.59	6.30	16.21	254.71
Interest expense on lease liabilities	39.11	49.50	-	-	88.61
Expense relating to short-term leases (included in other expenses)	-	3.37	-	-	3.37
Total amount recognised in profit and loss	177.72	146.46	6.30	16.21	346.69

The Company had total cash outflows for leases of INR 303.76 in 31 March 2021 (INR 305.04 in 31 March 2020).

Company as a lessor

The Company has entered into operating lease on its investment property portfolio consisting of building. These lease has term of 4 years. The lease include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Company on this property during the year is INR 20.73 (31 March 2020: INR 16.56). The Investment property comprises of the sub lease portion of the right-of-use asset and therefore, the fair value of the investment property cannot be measured reliably.

The carrying amounts of investment property recognised and the movements during the year:

Particulars	Total
As at 01 April 2019	40.30
Additions	20.48
Depreciation expense	(16.21)
As at 31 March 2020	44.57
As at 01 April 2020	44.57
Depreciation expense	(16.21)
As at 31 March 2021	28.36

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

42. Disclosures pursuant to Section 186 of the Companies Act, 2013:

	As at March 31, 2021	As at March 31, 2020
a) Loans and advances		
Loan to subsidiary : Satva Jewellery & Design Limited		
Balance as at the year end	103.94	103.94
Maximum amount outstanding at any time during the year	103.94	103.94
(Satva Jewellery & Design Limited has utilised the loan for meeting working capital requirements)		
b) Investment *		
Investment in subsidiary: Pylania SA		
Balance as at the year end	182.81	182.81
Maximum amount outstanding at any time during the year	182.81	182.81
Investment in subsidiary: Ethos Limited		
Balance as at the year end	8708.48	8015.98
Maximum amount outstanding at any time during the year	8708.48	8015.98
Investment in subsidiary: Mahen Distribution Limited		
Balance as at the year end	698.07	698.07
Maximum amount outstanding at any time during the year	698.07	698.07
Investment in subsidiary: Kamla International Holdings SA		
Balance as at the year end	1097.66	1097.66
Maximum amount outstanding at any time during the year	1097.66	1097.66
Investment in associate: Kamla Tesio Dials Limited		
Balance as at the year end	10.46	30.00
Maximum amount outstanding at any time during the year	30.00	30.00
Investment in Company: Karolview Developers Private Limited		
Balance as at the year end	44.10	44.15
Maximum amount outstanding at any time during the year	44.15	45.80
Investment in Company: Shivalik Waste Management Limited		
Balance as at the year end	4.40	3.58
Maximum amount outstanding at any time during the year	4.40	3.58
c) Guarantees given		
Guarantees given to subsidiary: Ethos Limited**		
Balance as at the year end	5635.00	6136.00
(Guarantees has been given for the purpose of borrowings taken by subsidiary company)		

* Investments are net off provision for diminution in the value of investment, other than temporary.

** Also, the Company has given security for certain loans taken by Ethos Limited (subsidiary company) from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (Eigen) of the Company at Bangalore.

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

** Also, the Company has given security for certain loans taken by Ethos Limited (subsidiary company) from the Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of the Company. Also, these are further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of the Company.

43 List of Subsidiaries and Associates with ownership % and place of business:

	Principal place of business	Method used to account for the investment	Proportion of ownership As at 31 March 2021	Proportion of ownership As at 31 March 2020
Subsidiaries				
Ethos Limited	India	At cost	62.65%	61.13%
Mahen Distribution Limited	India	At cost	98.72%	98.72%
Satva Jewellery and Design Limited	India	At cost	100.00%	100.00%
Kamla International Holdings SA	Switzerland	At cost	100.00%	100.00%
Pylania SA	Switzerland	At cost	37.75%	37.75%
Associate				
Kamla Tesio Dials Limited	India	At cost	30.00%	30.00%

44 Impairment indicators were identified in relation to investment made in equity shares of a foreign subsidiary of the Company, Kamla International Holdings SA. As on 31 March 2021, the Company is carrying investment of Rs. 1,097.66 in said subsidiary. An impairment assessment has been carried out by comparing the carrying value of the investment in subsidiary to its recoverable amount to determine whether an impairment provision was required to be recognised. The recoverable amount was determined to be the higher of the fair value less cost of disposal, and the value in use, determined by discounting future cash flows, as a result no impairment provision was required to be made in relation to this investment.

45 The Company's operations, revenue and consequently profit during the year ended 31 March 2021 were impacted due to COVID-19. Further, second wave of COVID-19 pandemic has hit India recently. Currently, the State Governments have implemented regional lockdowns based on situation in individual states/regions. The Company has made detailed assessment of its liquidity position and the recoverability of carrying value of its assets comprising property, plant and equipment, intangible assets, right-of-use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated at the date of approval of these standalone Ind AS financial statements.

46 With respect to Amalgamation of wholly owned subsidiary company namely Satva Jewellery and Design Limited with the Company and pursuant to the order of Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench, dated 15 October 2019 directing both the Companies that the Scheme should be considered as per the procedure laid down in Section 232 of the Companies Act, 2013 ("the Act"), the Company has filed new Scheme under Section 232 of the Act on 20 August 2020 with NCLT and the same is under consideration. The proposed appointed date has been fixed as 01 April 2019 under the new Scheme.

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Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amounts are in Indian Rupees Lakhs except for share data)

During the year ended 31 March 2021, the shareholders, secured and unsecured creditors of the Company at their respective meetings held on 19 December 2020 approved the Scheme pursuant to the order of the NCLT dated 10 November 2020. The Scheme is now pending for approval with the NCLT and the next hearing is scheduled on 23 July 2021. Hence, the accounting will be done once the Scheme is approved by the NCLT and becomes effective.

47 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

48 The meeting of the Board of Directors of the Company and Funds Raising Committee held on 23 March 2021 and 26 March 2021 respectively, approved the offer and issue of 10,86,956 fully paid-up equity shares of the Company by way of a rights issue to eligible shareholders of the Company as on the record date in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018, as amended and other applicable laws, at a price of INR 230 per share including premium of INR 220 per share. Subsequent to the year end, pursuant to the finalisation of the basis of allotment of the Issue in consultation with National Stock Exchange of India Limited (the designated stock exchange for the Issue), the Lead Manager to the issue and the Registrar to the issue, the Fund Raising Committee at its meeting held on 17 May 2021 considered and approved the allotment of 10,86,956 Rights Equity Shares of face value of INR 10 each, at an issue price of INR 230 per Rights Equity Share, including a premium of INR 220 per Rights Equity Share to the eligible applicants in the Issue. The Company has so far incurred share issue expenses of Rs. 27.95 (including Rs. 18.00 paid to statutory auditors towards various rights issue related jobs) as at 31 March 2021 in connection with aforesaid Rights Issue. The aforementioned amount shall be adjusted against securities premium to the extent permissible under Section 52 of the Companies Act, 2013.

The accompanying notes form an integral part of the standalone Ind AS financial statements

As per our report of even date

For and on behalf of the Board of Directors of **KDDL Limited**

For **S.R. BATILBOI & Co. LLP**
Chartered Accountants
ICAI Firm registration no.:301003E/E300005

Anil Gupta
Partner
Membership no. 87921
Place : New Delhi
Date : 14 June 2021

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

Place : Chandigarh
Date : 14 June 2021

Sanjeev Masown
Chief Financial Officer
and Whole time Director
DIN: 03542390

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

INDEPENDENT AUDITOR'S REPORT

To the Members of **KDDL Limited**

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of KDDL Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associate and joint venture comprising of the consolidated Balance sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us [and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint venture as at March 31, 2021, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

- (a) We draw attention to Note 48 to the consolidated Ind AS financial statements, which describes that as per management's assessment the recoverable amount of net assets of Estima AG is in excess of carrying amount thereof as at March 31, 2021. The auditors of Estima AG has also

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included an Emphasis of Matter in their audit opinion on the financial information of Estima AG for the period ended March 31, 2021.

Our opinion is not modified in respect of this matter.

(b) We draw attention to Note 51 to the consolidated Ind AS financial results, which describes the uncertainties and impact of second wave of COVID-19 pandemic on the Group's operations and results as assessed by the management.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Inventory (as described in Note 52 of the consolidated Ind AS financial statements)	
Ethos Limited, a subsidiary of the Holding Company is in business of trading of watches, accessories & luxury items and rendering of related after sale services. The total value of inventory as at March 31, 2021 is INR 19,777.12 lakhs. These inventories mainly consist of watches at various stores of the company. The company has a plan wherein inventory is physically verified on a periodic basis to ascertain the existence of inventory. Also, the company's management reviews the inventory age listing to identify slow-moving and obsolete inventories and then estimates the amount of allowance.	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none">• We evaluated the design and tested the implementation of internal controls relating to physical inventory counts on a test basis, valuation of inventory and allowances for inventory;• We have reviewed the physical verification reports for the verification conducted by the management during the year.• Observed the stock take process at few stores post year end and reviewed the rollback reconciliation of stock to reconcile with the inventory as at March 31, 2021. We read and assessed Group's accounting policy with regard to inventories and its compliance with applicable accounting standards.

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Key audit matters	How our audit addressed the key audit matter
<p>We have identified inventory existence and allowance of inventories as a key audit matter due to additional risk on account of number of stores at which inventory is kept and due to judgement exercised by the company's management in identifying the slow-moving and obsolete inventories and assessing the amount of allowance for inventories considering the nature of the retail industry.</p>	<ul style="list-style-type: none"> • We analyzed the ageing and quantitative movement to analyze any significant variances. • We understood how the company's management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories. • We performed the substantive testing on the quantitative movement of inventory by selecting samples of sales and purchases made at the retail outlets and also tested the underlying sales to collection reports and bank statements. • We assessed and tested, on sample basis, the value at which the inventory is valued i.e. lower of cost or net realizable value after considering post period sales data, retrospective review of provision for inventory obsolescence, actual write offs, compared whether the watches have a continuing active market and obtain management representation for future salability. • We read and assessed the relevant disclosures related to inventories in the consolidated Ind AS financial statements.
Key audit matters	How our audit addressed the key audit matter
<p>Accounting of Leases as per Ind AS 116 (as described in Note 45 of the consolidated Ind AS financial statements)</p> <p>As described in Note 45 to the consolidated Ind AS financial statements, the Group, its associate and Joint venture is following Ind AS 116 Leases (Ind AS 116 or the 'standard') for accounting various leases entered by the Group. In case of one of the subsidiary company, namely, Ethos Limited, the application and accounting of leases under Ind AS 116 is complex and is an area of focus in our audit as the company has a large number of leases with different contractual terms which involves evaluation as per the provisions of Ind AS 116 in case of any changes in terms of existing leases.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We assessed and tested processes and controls designed and implemented by the Group in respect of the lease accounting standard (Ind AS 116); • We assessed the Group's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business; • We have evaluated the basis of determination of lease modification/re-assessment and related adjustments in case of lease terminations/ modifications;

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Key audit matters	How our audit addressed the key audit matter
<p>Ind AS 116 requires the Group to recognize a right-of-use (ROU) asset and a lease liability arising from a lease arrangement on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Application of the Standard involves significant judgements and estimates including, determination of the discount rates and the lease term.</p> <p>Additionally, the Standard mandates remeasuring the carrying amount of lease liabilities and right of use assets to reflect any re-assessment or lease modification as per Ind AS 116 for any changes in lease terms.</p> <p>We have identified accounting of leases as a key audit matter as the application of this Standard is complex considering the number of leases with different contractual terms and adjustment to the carrying amount of lease liabilities and right of use assets on the balance sheet date to reflect changes in terms of existing leases.</p> <p>Refer Note 45 to the consolidated Ind AS financial statements.</p>	<ul style="list-style-type: none">• We tested the lease data by reviewing the reconciliation of company's operating lease commitments to data used in computing the ROU asset and the lease liabilities provided by the management;• We read and assessed the key terms and conditions of each lease with the underlying lease contracts;• We have evaluated the computation of lease liabilities and assessed the underlying assumptions, estimates including the applicable discount rates and the lease term.• We assessed the Group's presentation and disclosures related to Ind AS 116.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our

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knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and joint venture 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associate and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial

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statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate and joint venture of which we are the independent auditors to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of 4 subsidiaries, whose Ind AS financial statements include total assets of INR 4,485.32 lakhs as at March 31, 2021, and total revenues of INR 2,165.06 lakhs and net cash inflows of INR 51.29 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of INR 10.72 lakhs for the year ended March 31, 2021, as considered in the consolidated Ind AS financial statements, in respect of 1 associate and 1 joint venture, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint venture and associate, is based solely on the reports of such other auditors.

One of these subsidiaries is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has been audited by its auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

(b) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 2 subsidiaries, whose financial statements and other financial information reflect total assets of INR 3,278.30 lakhs as at March 31, 2021, and total revenues of INR 1,059.54 lakhs and net cash outflows of INR 84.78 lakhs for the year ended on that date. Two of these subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has not been audited by its auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial results of such subsidiaries located

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outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India

These unaudited financial statements and other unaudited financial information have been furnished to us by the management and reviewed by the other auditors under generally accepted auditing standards applicable in their respective countries. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associate and joint venture, as noted in the 'other matters' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate company and joint venture, none of the directors of the Group's companies, its associate and joint venture, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

KDDL Limited (Consolidated)

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, refer to our separate Report in "Annexure 1" to this report. Based on the consideration of reports of other auditors, the provisions of clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act") are not applicable to three subsidiary companies incorporated in India, three subsidiary companies incorporated outside India, an associate and a joint venture;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company and its subsidiary company to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Based on the consideration of reports of other auditors, the provisions of Section 197 read with Schedule V to the Act are not applicable to three subsidiary companies incorporated in India, three subsidiary companies incorporated outside India, an associate and a joint venture;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate and joint venture, as noted in the 'Other matters' paragraph:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associate and joint venture in its consolidated Ind AS financial statements – Refer Note 41 to the consolidated Ind AS financial statements;
 - ii. The Group, its associate and joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associate and joint venture, incorporated in India during the year ended March 31, 2021.

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921
UDIN: 21087921AAAABS4755
Place of Signature: New Delhi
Date : 14 June 2021

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF KDDL LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of KDDL Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group,, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 its business, including adherence to the respective 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by 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 internal financial controls with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to

KDDL Limited (Consolidated)

consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these consolidated Ind AS financial statements, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control with reference to consolidated Ind AS financial statements 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 internal financial control with reference to consolidated Ind AS financial statements 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 With Reference to Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, 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 internal financial controls with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KDDL Limited (Consolidated)

Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31,2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta

Partner

Membership Number: 87921

UDIN: 21087921AAAABS4755

Place of Signature: New Delhi

Date : 14 June 2021

KDDL Limited (Consolidated)

Independent Auditor's Report on the Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To

The Board of Directors of

KDDL Limited

Report on the audit of the Consolidated Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date consolidated financial results of KDDL Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and joint venture for the quarter ended March 31, 2021 and for the year ended March 31, 2021 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations")

In our opinion and to the best of our information and according to the explanations given to us [and based on the consideration of the reports of the other auditors on separate audited financial statements of the subsidiaries, associate and joint venture, the Statement:

- i. includes the results of the following entities:

S. No.	Name of subsidiaries/ associate/ joint venture	Relationship
1	Ethos Limited	Subsidiary
2	Mahen Distribution Limited	Subsidiary
3	Satva Jewellery and Design Limited	Subsidiary
4	Kamla International Holdings SA	Subsidiary
5	Pylania SA	Subsidiary
6	Estima AG	Subsidiary of Kamla International Holdings SA and Pylania SA
7	Kamla Tesio and Dials Limited	Associate
8	Cognition Digital LLP	Subsidiary of Ethos Limited
9	Pasadena Retail Private Limited	Joint venture of Ethos Limited

KDDL Limited (Consolidated)

- i. are presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive loss and other financial information of the Group for the quarter ended March 31, 2021 and for the year ended March 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (Sas), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group, its associate and joint venture in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- (a) We draw attention to Note 6 to the accompanying consolidated financial results, which describes that as per management's assessment the recoverable amount of net assets of Estima AG is in excess of carrying amount thereof as at March 31, 2021. The auditors of Estima AG has also included a Emphasis of Matter in their audit opinion on the financial information of Estima AG for the yearended March 31, 2021.

Our opinion is not modified in respect of this matter.

- (b) We draw attention to Note 9 to the accompanying consolidated financial results, which describes the uncertainties and impact of second wave of COVID-19 pandemic on the Group's operations and results as assessed by the management.

Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive loss and other financial information of the Group including its associate and joint venture in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting

KDDL Limited (Consolidated)

records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associate and joint venture 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associate and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

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

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

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of

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accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associate and joint venture of which we are the independent auditors to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matters

The accompanying Statement includes the audited financial statements and other financial information, in respect of:

- 4subsidiaries, whose financial statements include total assets of INR4485 lakhs as at March 31, 2021, total revenues of INR728lakhs and INR2165 lakhs, total net profit after tax of INR116lakhs and total loss after tax of INR(71) lakhs, total comprehensive income of INR117 lakhs and total comprehensive loss ofINR(69) lakhs, for the quarter and the year ended on

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that date respectively, and net cash inflows of INR 51 lakhs for the year ended March 31, 2021, as considered in the Statement which have been audited by their respective independent auditors.

- One joint venture and one associate, whose financial statements include Group's share of net profit of INR 15 lakhs and INR 11 lakhs and Group's share of total comprehensive income of INR 15 lakhs and INR 11 lakhs for the quarter and for the year ended March 31, 2021 respectively, as considered in the Statement whose financial statements, other financial information have been audited by their respective independent auditors.

The independent auditor's report on the financial statements of these entities have been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint venture is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

One of these subsidiaries is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has been audited by its auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

The accompanying Statement includes unaudited financial results /statements and other unaudited financial information in respect of:

- 2 subsidiaries, whose financial results/statements and other financial information reflect total assets of INR 3278 lakhs as at March 31, 2021, and total revenues of INR 289 lakhs and INR 1060 lakhs, total net profit after tax of INR 54 lakhs and INR 194 lakhs, total comprehensive income of INR 54 lakhs and INR 194 lakhs, for the quarter and the year ended on that date respectively and net cash outflows of INR 85 lakhs for the year ended March 31, 2021.

Two of these subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has not been audited by its auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India.

These unaudited financial statements/ financial information/ financial results have been approved and furnished to us by the Management and reviewed by other auditors under generally accepted auditing standards applicable in their respective countries and our opinion on the Statement, in so far as it relates

KDDL Limited (Consolidated)

to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements/ financial information/financial results. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information/financial results are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Management.

The Statement includes the results for the quarter ended March 31, 2021 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Place: Chandigarh
Date : 14 June 2021

per Anil Gupta
Partner
Membership Number: 87921
UDIN: 21087921AAAABS4755
Place of Signature: New Delhi
Date : 14 June 2021

KDDL Limited (Consolidated)

Consolidated Balance Sheet as at 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

Assets	Note	As at	
		31 March 2021	31 March 2020
Non-current assets			
Property, plant and equipment	3	15,371.33	15,859.60
Capital work-in-progress	3	488.22	289.81
Intangible assets	4	56.80	81.10
Intangible assets under development	4	5.61	5.61
Right-of-use assets	45	9,171.56	10,956.92
Equity accounted investees	5	90.53	95.10
Financial assets			
- Investments	6	48.50	47.73
- Loans	7	1,130.68	1,019.63
- Other financial assets	8	-	128.93
Income tax asset (net)	9	426.28	371.56
Deferred tax assets (net)	10	824.37	722.51
Other non-current assets	11	170.97	340.82
Total non-current assets		27,784.85	29,919.32
Current assets			
Inventories	12	22,544.42	25,271.58
Financial assets			
- Trade receivables	13	4,082.31	2,849.25
- Cash and cash equivalents	14	3,090.65	2,278.78
- Other bank balances	15	522.45	567.41
- Loans	7	724.07	802.85
- Other financial assets	8	500.59	663.98
Other current assets	16	2,504.28	3,366.63
Total current assets		33,968.77	35,800.48
Total assets		61,753.62	65,719.80
Equity and Liabilities			
Equity			
Equity share capital	17	1,173.72	1,173.72
Other equity	18	17,482.21	17,401.78
Equity attributable to owners of the Company		18,655.93	18,575.50
Non-controlling interests	39	4,069.49	4,165.19
Total equity		22,725.42	22,740.69
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	19	7,742.30	8,014.00
- Lease liabilities	45	7,293.91	8,540.95
- Other financial liabilities	20	249.50	209.31

KDDL Limited (Consolidated)

Consolidated Balance Sheet as at 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

Liabilities	Note	As at	
		31 March 2021	31 March 2020
Provisions	21	200.44	236.33
Deferred tax liabilities (net)	10	588.71	505.86
Total non-current liabilities		16,074.86	17,506.45
Current liabilities			
Financial liabilities			
- Borrowings	19	4,584.42	7,430.18
- Lease liabilities	45	2,090.87	2,092.92
- Trade Payables	22	-	-
- total outstanding dues of micro enterprises and small enterprises		51.41	76.98
- total outstanding dues of creditors other than micro enterprises and small enterprises		8,651.24	8,649.14
- Other financial liabilities	20	5,320.50	5,264.03
Other current liabilities	23	1,512.97	1,378.83
Provisions	21	652.32	511.04
Current tax liabilities (net)	24	89.61	69.53
Total current liabilities		22,953.34	25,472.65
Total liabilities		39,028.20	42,979.10
Total equity and liabilities		61,753.62	65,719.80
Significant accounting policies	2		
Notes to the consolidated Ind AS financial statements	3-55		

The accompanying notes form an integral part of the consolidated Ind AS financial statements.

As per our report of even date

For and on behalf of the Board of Director of **KDDL Limited**

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration no.:301003E/E300005

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

Sanjeev Masown
Chief Financial Officer
and Whole time Director
DIN: 03542390

Anil Gupta
Partner
Membership no. : 87921

Place : New Delhi
Date : 14 June 2021

Place : Chandigarh
Date : 14 June 2021

Brahm Prakash Kumar
Company Secretary
Membership No.FCS7519

KDDL Limited (Consolidated)

Consolidated Statement of Profit and Loss for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

Particulars	Note	Year ended	
		31 March 2021	31 March 2020
Revenue from operations	25	54,882.33	65,227.75
Other income	26	1,841.62	606.93
Total income		56,723.95	65,834.68
Expenses			
Cost of raw materials consumed	27	3,932.69	4,721.97
Purchases of stock-in-trade	28	26,084.91	34,205.38
Changes in inventories of finished goods, work-in-progress, stock-in-trade and scrap	29	2,333.70	(1,167.84)
Employee benefits expenses	30	8,633.38	10,232.65
Finance costs	31	2,683.20	2,853.38
Depreciation and amortisation expense	32	4,603.92	4,806.05
Other expenses	33	7,401.77	9,639.35
Total expenses		55,673.57	65,290.94
Profit before share of equity accounted investees and income tax		1,050.38	543.74
Share of profit / (loss) of equity accounted investees			
(net of income tax, if any)	5	11.08	(33.03)
Profit before income tax		1,061.46	510.71
Income tax expense:	34		
- Current tax		407.79	680.51
- Current Tax for earlier year		(17.25)	4.23
- Deferred tax		(53.63)	27.94
- Deferred tax charge / (credit) for earlier years		28.01	(5.40)
Total income tax expense		364.92	707.28
Profit / (loss) for the year		696.54	(196.57)
Other comprehensive income / (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit (liability) / asset		21.29	(72.48)
Income tax on remeasurement of defined benefit (liability) / asset		(6.61)	21.00
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(33.03)	134.05
Income tax on exchange differences on translation of foreign operations		-	-
Other comprehensive income / (expense) for the year (net of income tax)		(18.35)	82.57
Total comprehensive income / (expense) for the year (net of income tax)		678.19	(114.00)
Profit / loss attributable to:			
Owners of the Company		566.55	(59.33)
Non-controlling interest		129.99	(137.24)
Profit / (Loss) for the year		696.54	(196.57)
Other comprehensive income / (expense) attributable to:			
Owners of the Company		(12.69)	68.43
Non-controlling interest		(5.66)	14.13
Other comprehensive income / (expense) for the year		(18.35)	82.57
Total comprehensive income / (expense) attributable to:			
Owners of the Company		553.86	9.10
Non-controlling interest		124.33	(123.10)
Total comprehensive income/ (expense) for the year		678.19	(114.00)
Earnings per share [nominal value of share Rs. 10 (previous year Rs. 10)]	35		
Basic (Rs.)		4.86	(0.51)
Diluted (Rs.)		4.86	(0.51)
Significant accounting policies	2		
Notes to the consolidated Ind AS financial statements	3-55		
The accompanying notes form an integral part of the consolidated Ind AS financial statements			
As per report of even date			

For and on behalf of the Board of Director of **KDDL Limited**

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
ICAI Firm registration no.:301003E/E300005

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

Sanjeev Masown
Chief Financial Officer
and Whole time Director
DIN: 03542390

Anil Gupta
Partner
Membership no. : 87921

Place : New Delhi
Date : 14 June 2021

Place : Chandigarh
Date : 14 June 2021

Brahm Prakash Kumar
Company Secretary
Membership No.FCS7519

Consolidated Statement of changes in equity for the year ended 31 March 2021
 (All amounts are in Indian Rupees Lakhs, except for share data)

* Adulment to carving amounts of the controlling and non-controlling interests in the subsidiary on account of changes in proportion of the equity held by non-controlling interests

KDDL Limited (Consolidated)

Consolidated Cash Flow Statement for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from operating activities		
Profit before income tax	1,061.46	510.71
Adjustments for :		
Depreciation and amortisation expenses	4,603.92	4,806.05
Net (Gain) / loss on sale of property, plant and equipment	(6.35)	16.52
Property, plant and equipment written off	35.33	85.02
Advances / deposits / bad debts written off	57.56	67.10
Interest expense	2,660.21	2,834.85
Interest income	(160.72)	(265.81)
Dividend income	(0.26)	(0.31)
Share of loss of equity accounted investees (net of income tax, if any)	(11.08)	33.03
Liabilities / provision no longer required written back	(88.38)	(156.12)
Impairment in value of investments	15.65	-
Expense on employee stock option scheme	-	(34.45)
Expected credit loss on trade receivables/Provision for doubtful debts written back	(6.64)	119.68
Provision for bad and doubtful advances	22.85	-
Service tax deposit and credit written off /provided for	-	218.56
Rent Concessions	(1,402.22)	-
Profit on deletion of lease liability & Right to use assets	(46.25)	-
Unrealised foreign exchange loss	59.51	(27.90)
Change in fair value of derivative contracts	(74.35)	104.11
Net change in fair value of financial assets (at FVTPL)	(0.77)	1.29
Effect of exchange rates on translation of operating cash flows	(33.03)	134.05
Operating cash flow before working capital changes	6,686.44	8,446.38
Changes in working capital:		
(Increase) / decrease in loans	54.76	(108.23)
(Increase) / decrease in other financial assets	157.26	(155.78)
(Increase) / decrease in other current and non current assets	862.64	(819.35)
Decrease / (Increase) in inventories	2,727.16	(1,277.30)
Decrease / (Increase) in trade receivables	(1,406.99)	270.56
Increase in provisions	126.68	151.05
Increase in trade payables	81.23	226.09
(Decrease) in other financial liabilities	(37.32)	(69.82)
Increase in other current liabilities	187.60	535.66
Cash generated by operating activities	9,440.36	7,199.26
Income tax (paid), net	(425.18)	(792.83)
Net cash generated from operating activities (A)	9,015.18	6,406.43
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital advances / capital creditors)	(1,776.13)	(3,386.70)
Proceeds from sale of property, plant and equipment	19.15	92.80
Payment for purchase of investments in subsidiary	(693.46)	-
Investment in equity accounted investees	-	(100.00)
Fixed deposit placed/matured (net)	169.11	61.20
Interest received	66.58	253.76

KDDL Limited (Consolidated)

Consolidated Cash Flow Statement for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

	Year ended 31 March 2021	Year ended 31 March 2020
Dividend received	0.26	0.31
Net cash (used) in investing activities (B)	(2,214.49)	(3,078.63)
Cash flow from financing activities		
Proceeds from issue of share capital (including premium)	-	19.80
Proceeds from non-current borrowings	2,776.51	5,141.02
Repayment of non-current borrowings	(2,695.07)	(3,463.35)
Proceeds from/repayments of current borrowings (net)	(2,718.37)	941.51
Proceeds from current borrowings having maturity period more than 3 months	274.60	509.77
Repayment of current borrowings having maturity period more than 3 months	(401.99)	(215.67)
Principal portion of lease payments	(732.25)	(2,230.27)
Interest portion of lease payments	(1,143.28)	(1,150.93)
Interest paid	1,349.98	(1,565.87)
Dividend paid on equity shares	-	(523.84)
Dividend distribution tax paid on dividend	-	(107.68)
Net cash (used) in financing activities (c)	(5,989.82)	(2,645.51)
Net increase in cash and cash equivalents (A+B+C)	811.87	682.28
Cash and cash equivalents at the beginning of year	2,278.78	1,596.50
Cash and cash equivalents at the end of year (see below)	3,090.65	2,278.78

Notes:

1. Components of cash and cash equivalents:

Balances with banks		
- In current accounts	661.22	2,194.00
- In cash credit accounts	935.03	-
Deposits with original maturity of less than three months	1,399.00	-
Remittances-in-transit	-	0.14
Cheques, drafts on hand	12.71	4.86
Cash on hand	39.82	70.80
Credit cards receivable	42.87	8.98
	3,090.65	2,278.78

2. The above cash flow statement has been prepared under the indirect method set out in the applicable Indian Accounting Standard (IndAS) 7 on "Statement of Cash Flows". Also, refer to note 2(t).

3. Refer note to 19 for reconciliation of movements of liabilities to cash flows arising from financing activities.

4. During the year, the Group paid in cash Rs. 53.03 (previous year: Rs. 44.53) towards corporate social responsibility (CSR) expenditure (included in Corporate social responsibility expenditure - Refer to note 33(a)).

Significant accounting policies 2

Notes to the consolidated Ind AS financial statements 3-55

The accompanying notes form an integral part of the consolidated Ind AS financial statements

As per our report of even date

For and on behalf of the Board of Director of **KDDL Limited**

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
ICAI Firm registration no.:301003E/E300005

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

Sanjeev Masown
Chief Financial Officer
and Whole time Director
DIN: 03542390

Anil Gupta
Partner
Membership no. : 87921
Place : New Delhi
Date : 14 June 2021

Place : Chandigarh
Date : 14 June 2021

Brahm Prakash Kumar
Company Secretary
Membership No.FCS7519

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

1. Corporate information

KDDL Limited ('the Company' or 'the Parent Company'), is a public limited company domiciled in India and was incorporated in January 1981 under the provisions of the Companies Act applicable in India. The Company is listed on BSE Limited and National Stock Exchange (NSE) of India Limited in India. The registered office of the Company is located at Plot No.3, Sector III, Parwanoo, Himachal Pradesh, India – 173220.

These consolidated Ind AS financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associate and joint venture. The Group is primarily engaged in the business of manufacturing dials, watch hands and precision components and trading of watches, accessories and luxury items. Currently, the Group has its manufacturing facilities, at Parwanoo (Himachal Pradesh) and Derabassi (Punjab) – dial manufacturing, Bengaluru (Karnataka) - hands and precision components manufacturing and retail stores of watches across the country.

The consolidated Ind AS financial statements were approved for issue in accordance with a resolution of the directors on 14 June 2021.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The consolidated Ind AS financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

The consolidated Ind AS financial statements provide comparative information in respect of the previous period.

Basis of measurement

The consolidated Ind AS financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value as required under relevant Ind AS.

- Certain financial assets and liabilities are measured at fair value (Refer accounting policy regarding financial instruments in Note p)
- Defined benefit plans - plan assets are measured at fair value

2.2 Summary of significant accounting policies

a. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held for primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held for primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

b. Basis of consolidation

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiaries as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The details of consolidated entries are as follow:

S.No.	Name	Notes	Country of incorporation	31 March 2021	31 March 2020
1	Pylania SA	(a)	Switzerland	85.00%	85.00%
2	Kamla International Holdings SA		Switzerland	100.00%	100.00%
3	Ethos Limited***	(b)	India	75.08%	73.56%
4	Mahen Distribution Limited		India	98.72%	98.72%
5	SatvaJewellery and Design Limited		India	100.00%	100.00%
6	Cognition Digital LLP*	(c)	India	99.99%	99.99%
7	KamlaTesio Dials Limited		India	30.00%	30.00%
8	Estima AG	(d)	Switzerland	95.50%	95.50%
9	Pasadena Retail Private Limited**	(e)	India	50.00%	50.00%

Notes:

- (a) Includes 47.25% (31 March 2020: 47.25%) held through Kamla International Holdings SA
- (b) Includes 12.43% (31 March 2020: 12.43%) held through Mahen Distribution Limited
- (c) Includes 99.99% (31 March 2020: 99.99%) held through Ethos Limited. *The percentage of holding denotes the share of profits in LLP.
- (d) Includes 95.50% (31 March 2020: 95.50%) held through Kamla International Holdings SA and Pylania SA
- (e) Includes 50% **(w.e.f. 03 May 2019) (31 March 2020: 50%) held through Ethos Limited.

*** During the year ended 31 March 2020, the Parent Company invested INR 2,100 lakhs by way of preferential allotment of fully paid up 7,19,176 equity shares of INR 10 each of Ethos Limited (a subsidiary company) at a premium of INR 282 per share.

During the year ended 31 March 2020, Ethos Limited (a subsidiary company) converted its 14% Cumulative Compulsorily Convertible Preference Shares into equity shares. Accordingly, 19,230 14% Cumulative Compulsorily Convertible Preference Shares of Ethos Limited (a subsidiary company) of INR 130 each were converted into 19,230 equity shares of INR 10 each.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

Post the above allotment and conversion, consolidated shareholding of the Parent Company (directly and indirectly through its other subsidiary, Mahen Distribution Limited) in Ethos Limited as at March 31, 2020 was 73.56%.

During the year ended 31 March 2021, the Holding Company has purchased 2,77,000 equity shares amounting to INR 693 lakhs in one of the subsidiary company 'Ethos Limited' a material subsidiary, pursuant to exercise of put option by existing shareholders of Ethos Limited. Post the above transaction, consolidated shareholding of the Parent Company (directly and indirectly through its subsidiary, Mahen Distribution Limited) in Ethos Limited has increased from 73.56% to 75.08%.

Consolidation procedure

(i) Business Combinations

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss. Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated Ind AS financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in Statement of Profit and Loss.

(v) Equity accounted investees

The Group's interests in equity accounted investees comprise interests in an associate and its joint venture.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associate and joint venture are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated Ind AS financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in Statement of Profit and Loss.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

(viii) Foreign operations

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements, branches) including goodwill and fair value adjustments arising on acquisition, are translated into Indian Rupees, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian Rupees at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Such exchange differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c. Property, plant and equipment ('PPE')

Recognition and measurement

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and/or accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located, if the recognition criteria is met. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Recognition criteria

The cost of an item of property, plant and equipment is recognised as an asset if and only if,

- (a) It is probable that future economic benefits associated with the item will flow to the entity, and
- (b) The cost of the item can be measured reliably.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date. Advances paid towards acquisition of PPE outstanding at each Balance sheet date, are shown under other non-current assets.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised.

Depreciation

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the Statement of Profit and Loss.

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with related amendments. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Particulars	Useful life as per Schedule II	Management estimate of useful life
Buildings – factory	30 Years	30 Years
Plant and equipment*	15 Years	3 - 15 Years
Furniture and fittings	10 Years	10 Years
Office equipment	5 Years	5 Years
Computers	3 Years	3 Years
Vehicles	8 Years	8 Years

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower. Refer lease policy at point 'o' below for period of leases.

* The Parent Company, based on technical assessment made by technical expert and management estimate, depreciates tools included in plant and equipment over estimated useful lives of 3 and 15 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

In case of one of the subsidiary company, on an item of property, plant and equipment discarded during the year, accelerated depreciation is provided upto the date on which such item of property, plant and equipment is discarded.

Depreciation on the property, plant and equipment of the Group's foreign subsidiary Pylania SA has been provided on straight-line method based on the estimated useful life of assets using the rates stated as follows:

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

Particulars	Rate
Buildings – Factory	1.5% to 8.5%
Plant and machinery	10% to 15%
Office equipment	8.5% to 15%
Motor vehicles	48%

Depreciation on the property, plant and equipment of the Group's foreign subsidiary Estima AG has been provided on straight-line method based on the estimated useful life of assets using the rates stated as follows:

Particulars	Rate
Buildings – Factory	3.33%
Plant and machinery	6.67%
Furniture	10.00%
Office equipment	10.00%

Particulars	Rate
Motor vehicles	33.33%
Tools	33.33%

The depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposal) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use and disposal. Any gain or loss arising on derocognition of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

d. Intangible assets

Acquired Intangible

Intangible assets that are acquired by the Group are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Profit and Loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation expense in Statement of Profit and Loss.

The estimated useful lives are as follows:

- Technical know-how	4 Years
- Software	6 Years

Amortisation method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Derecognition

Intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

e Inventories

Inventories are valued at the lower of cost and net realisable value.

The methods of determining cost of various categories of inventories are as follows:

Raw materials	Weighted average method
Traded Goods	Weighted average method
Stores and spares	Weighted average method
Work-in-progress and finished goods (manufactured)	Variable cost at weighted average including an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities.
Scrap	Net realisable value

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

The comparison of cost and net realisable value is made on an item-by-item basis.

f. Retirement and other employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages and bonus etc., if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. Certain employees of the Parent Company are also participants in the superannuation plan ("the Plan"), a defined contribution plan. The Group makes contributions to Life Insurance Corporation of India (LIC). Contribution made by the Group to the plan during the year is charged to Statement of Profit and Loss. The social security costs, paid for the overseas employees by the Parent Company and paid by the overseas subsidiary, are in the nature of defined contribution schemes as per the laws of that country.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Group's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Group recognises gains and losses on

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the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

g. Shared-based payments

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non- market vesting conditions at the vesting date.

h. Provisions

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

I. Contingent liabilities and contingent assets

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

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

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

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j. Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

k. Revenue from contract with customer

Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Also, in determining the transaction price for the sale of products, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

The Group disaggregates revenue from contracts with customers by geography.

Sale of services

The Group offers services in fixed term contracts and short term arrangement. Revenue from service is recognized when obligation is performed or services are rendered.

The Group earns revenue primarily from manufacturing of watches dials, watch hands and precision components, trading of watches, accessories and luxury items and rendering related after sale services.

Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

Export benefits

Export incentive entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

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Contract balances

Trade Receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section of Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

I. Recognition of interest income or expense

Interest income or expense is accrued on a time basis and recognised using the effective interest method.

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

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

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

m. Borrowing costs

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

n. Taxes

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

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current income tax assets and liabilities are measured at the amount expected to be paid or received after considering the

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uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax liabilities and assets and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authorities.

Minimum alternate tax

Minimum alternate tax ('MAT') under the provisions of Income-tax Act, 1961 is recognized as current tax in statement of profit and loss. The credit available under the Act in respect of MAT paid is adjusted from deferred tax liability only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized adjusted from deferred tax liability is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Sales/value added taxes/GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes/GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

o. Leases

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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Plant and equipment	3 - 5 Years
Building	1 - 10 Years
Leasehold land	99 Years
Stores	3 – 5 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (q) Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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p. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Group may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such adoption is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable adoption to present in other comprehensive income subsequent changes in the fair value. The Group makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial assets

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

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

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

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

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

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

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of

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ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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Offsetting

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

q. Impairment of non-financial assets

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

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

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

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

r. Operating Segments

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

s. Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash at banks and on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

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t. Cash flow statement

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

u. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

v. Cash dividend

The Parent Company recognises a liability to pay dividend to equity holders of the Parent Company when the distribution is authorised and the distribution is no longer at the discretion of the Parent Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

w. Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

x. Foreign currencies

The consolidated Ind AS financial statements are presented in INR, which is also the Parent Company's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates and is normally the currency in which the Group primarily generates and expends cash.

Transactions and balances

Initial recognition

Transactions in foreign currencies are initially recorded by the Parent Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary assets and

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liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

y. Fair value measurement

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

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

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

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

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

2.3 Changes in accounting policies and disclosures

New and amended standards

Amendments to Ind AS 116: Covid-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the April 01, 2020. The Group has applied the practical expedient with effect from April 01, 2020. The Group has accounted the unconditional rent concessions of Rs. 1402.22 lacs during the year ended March 31, 2021 in "other income" in the statement of profit and loss.

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The MCA has also carried out amendments to the following other accounting standards. The effect on adoption of following mentioned amendments were insignificant on the Consolidated Ind AS financial statements.

(i) Ind AS 103 Business Combinations

(ii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

(iii) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

MCA issued notification dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by a company in its financial statements. These amendments are effective for financial years starting on or after April 01, 2021.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Revenue from contracts with customers

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and performance bonuses. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer

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consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

b) Determining the lease term of contracts with renewal and termination options – Group as lessee

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

c) Defined benefit plans

The present value of the gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates for the respective countries.

d) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and

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the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

e) Property, plant and equipment

Refer note 2.2(c) for the estimated useful life of property, plant and equipment. The carrying value of property, plant and equipment has been disclosed in note 3.

f) Intangible assets

Refer note 2.2(d) for the estimated useful life of intangible assets. The carrying value of intangible assets has been disclosed in note 4.

g) Contingencies

Refer note 2.2(i) and 41 for contingencies.

h) Impairment of financial assets

Refer note 2.2(p) for the policy to estimate the impairment of financial assets.

i) Impairment of non-financial assets

Refer note 2.2(q) for the policy to estimate the impairment of non-financial assets.

j) Share-based payments

Refer note 2.2(g) for share-based payments.

k) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

l) Provision for slow and obsolete inventory

Ethos Limited, a subsidiary of the Parent Company is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the subsidiary company. The subsidiary company on a periodic basis and at each reporting date assess the inventory age listing to identify slow-moving allowance and obsolete inventories and then estimates the amount of inventory provision. In doing so, it estimates the net relisable value of aged inventory based on current selling price of such/similar aged inventory and likely sales volume based discount offered and past sales trend. Also, the company reviews catalogues of various brands to verify whether all inventory items are appearing in them.

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3 Property, plant and equipment and capital work-in-progress

Gross carrying amount		Buildings*						Plant and equipment		Furniture and fittings		Office equipment**		Vehicles		Total		Capital work in progress		
Balance as at 1 April 2019	635.29	577.80	5,056.60	1,477.54	7,646.53	1,494.42	323.77	446.08	17,658.03	3,603.31	(577.80)	3,603.31	(577.80)	694.04	611.24	-	-	(1,005.47)	#	
Additions	-	-	(577.80)	332.17	1,018.61	1,224.34	855.19	149.18	23.82	-	(84.01)	(55.06)	(9.23)	-	-	-	-	-	-	
Reclassified to right-of-use assets (refer to note 45)	-	-	-	-	(135.95)	(48.02)	159.71	24.92	3.19	2.67	(152.29)	(9.64)	(1.19)	(0.57)	(0.51)	(22.51)	(451.77)	(332.27)	(1,005.47)	#
Disposals	-	74.78	-	186.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange differences on translation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 March 2020	710.07	0.00	5,575.27	2,360.20	8,982.56	2,290.52	421.08	463.34	20,803.04	289.81	-	-	-	-	-	-	-	-	-	
Balance as at 1 April 2020	710.07	0.00	5,575.27	2,360.20	8,982.56	2,290.52	421.08	463.34	20,803.04	289.81	-	-	-	-	-	-	-	-	-	
Additions	-	-	98.61	315.75	655.56	192.14	111.66	97.41	1,471.13	920.83	-	-	-	-	-	-	-	-	-	
Disposals	-	-	-	(355.62)	(5.68)	(152.29)	(9.64)	-	(503.20)	(722.42)	(35.74)	(6.79)	(1.19)	(0.57)	(0.51)	(101.75)	(21,669.22)	(488.22)	#	
Exchange differences on translation	(15.94)	-	(41.51)	-	-	(2,340.33)	9,596.70	521.90	560.18	21,669.22	488.22	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	694.12	0.00	5,632.37	2,340.33	9,596.70	2,323.62	521.90	560.18	21,669.22	488.22	-	-	-	-	-	-	-	-	-	
Accumulated Depreciation																				
Balance as at 1 April 2019	-	-	17.00	212.33	616.31	1,866.66	400.04	161.76	62.49	3,336.59	-	-	-	-	-	-	-	-	-	
Depreciation for the year	-	-	(17.00)	192.14	394.45	750.43	196.65	100.45	62.80	1,686.92	-	-	-	-	-	-	-	-	-	
Reclassified to right-of-use assets (refer to note 45)	-	-	-	-	(61.30)	-	(17.74)	-	(17.60)	(17.00)	(139.54)	-	-	-	-	-	-	-	-	
Disposals	-	-	-	20.73	-	-	41.79	2.11	0.50	(5.78)	(139.54)	-	-	-	-	-	-	-	-	
Exchange differences on translation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 March 2020	-	-	425.20	949.46	2,641.14	561.68	245.11	245.11	120.85	4,943.44	-	-	-	-	-	-	-	-	-	
Balance as at 1 April 2020	-	-	425.20	949.46	2,641.14	561.68	245.11	245.11	120.85	4,943.44	-	-	-	-	-	-	-	-	-	
Depreciation for the year	-	-	193.93	445.28	772.58	278.11	103.73	61.37	1,855.00	-	-	-	-	-	-	-	-	-	-	
Reclassified to right-of-use assets (refer to note 45)	-	-	-	-	(355.62)	-	(1.95)	(131.41)	(9.05)	(478.04)	(22.51)	(0.01)	(0.44)	(0.51)	(0.51)	(0.51)	(0.51)	(0.51)	(0.51)	
Disposals	-	-	-	(6.92)	-	(13.12)	(1.52)	(0.44)	(0.44)	(0.44)	(0.44)	-	-	-	-	-	-	-	-	
Exchange differences on translation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 March 2021	-	-	612.21	1,059.12	3,398.65	706.86	339.35	706.86	339.35	181.70	6,297.89	-	-	-	-	-	-	-	-	
Carrying amount (net)																				
At 31 March 2020	710.07	0.00	5,150.07	1,410.74	6,341.42	1,198.05	1,616.76	182.55	378.48	175.97	342.49	15,859.60	289.81	-	-	-	-	-	-	
At 31 March 2021	694.12	0.00	5,020.16	1,281.21	-	-	-	-	-	-	-	15,371.33	488.22	-	-	-	-	-	-	

Notes:

- Refer to note 19 for information on property, plant and equipment are pledged as security by the group.
- Refer to note 41(ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- The Parent Company and the subsidiary company, Ethos Limited have capitalized the following expenses of revenue nature to the cost of property, plant and equipment/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Parent Company and the subsidiary company.

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	Year ended 31 March 2021	Year ended 31 March 2020
Cost of raw materials consumed		170.77
Salaries and wages		43.39
Contributions to provident and other funds		2.49
Staff welfare expenses		2.80
Job charges		13.34
Depreciation		7.62
Power and fuel		5.60
Miscellaneous		3.68
Expenses capitalized by the Parent Company	<hr/> <hr/>	<hr/> <hr/> 249.69

	Year ended 31 March 2021	Year ended 31 March 2020
Rent	43.82	107.78
Power and Fuel	0.33	3.50
Rates and Taxes	14.94	10.53
Repair and maintenance - others	3.37	9.11
Miscellaneous Expenses	4.49	3.60
Expenses capitalized by the Subsidiary Company	<hr/> <hr/> 66.95	<hr/> <hr/> 134.52

d. Deletion amount includes re-imbursement received for property, plant and equipment by a subsidiary company of Rs. 9.36 (previous year 49.58) from brands

Represents capital-work-in-progress capitalized during the current year & previous year

**Including block of computers.

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4. Intangible assets and Intangible assets under development

Gross carrying amount

	Technical know-how	Softwares	Total	Intangible Assets under development
Balance as at 1 April 2019	22.56	175.43	197.99	38.21
Additions	45.28	11.52	56.80	11.07
Disposals	-	6.79	6.79	43.67
Balance as at 31 March 2020	67.85	180.16	248.01	5.61
Balance as at 1 April 2020	67.85	180.16	248.01	5.61
Additions	0.37	7.27	7.64	-
Disposals	-	0.02	0.02	-
Balance as at 31 March 2021	68.22	187.41	255.63	5.61

Accumulated amortisation

Balance as at 1 April 2019	6.46	106.74	113.20	-
Amortisation for the year	9.99	48.90	58.89	-
Disposals	-	5.18	5.18	-
Balance as at 31 March 2020	16.45	150.46	166.91	-
Balance as at 1 April 2020	16.45	150.46	166.91	-
Amortisation for the year	12.14	19.80	31.94	-
Disposals	-	0.02	0.02	-
Balance as at 31 March 2021	28.59	170.24	198.83	-

Carrying amounts (net)

At 31 March 2020	51.40	29.70	81.10	5.61
At 31 March 2021	39.63	17.17	56.80	5.61

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	As at 31 March 2021	As at 31 March 2020
5 Equity accounted investees		
Non-current investments		
<i>Unquoted investments (fully paid up)</i>		
Investment in equity shares (at cost)		
of Associate:		
- Kamla Tesio Dials Limited, 300,000 (31 March 2020: 300,000)		
equity shares of Rs. 10 each fully paid up	26.12	
Less: provision for demunition in the value of investment in		
Kamla Tesio Dial Limited	<u>(15.66)</u>	10.46
		28.53
of Joint venture:		
- Pasadena Retail Private Limited, 10,00,000 (31 March 2020: 10,00,000)		
equity shares of Rs. 10 each fully paid up	80.07	66.57
	<u>90.53</u>	<u>95.10</u>

See accounting policies in Notes 2.2(b)(v).

	Note	As at 31 March 2021	As at 31 March 2020
		31 March 2021	31 March 2020
Interest in associate	(a)	10.46	28.53
Interest in joint venture	(b)	80.07	66.57

(a) The following table summarizes the financial information and the carrying amount of the Group's interest in associates:

Name of associate	Principal activity	Principal place of business	Percentage ownership interest	
			As at 31 March 2021	As at 31 March 2020
(i) Kamla Tesio Dials Limited	Manufacture of dials and accessories	India	30%	30%
Current assets [including cash and cash equivalents of Rs. 27.22 (31 March 2020: Rs. 28.26)]			30.79	38.93
Non-current assets			56.77	56.70
Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. 0.47 (31 March 2020: Rs. 0.52)]			0.47	0.53
Net assets			<u>87.09</u>	<u>95.10</u>
Group's share of net assets (31 March 2020: 30%, 31 March 2019: 30%)			26.12	28.53
Less: amount of provision for dimunition in the value of investments			15.66	-
Carrying amount of the interest in associate			<u>10.46</u>	<u>28.53</u>

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	Year ended 31 March 2021	Year ended 31 March 2020
Other income	0.68	6.00
Employee benefit expense	(2.85)	(3.12)
Depreciation and amortization	-	-
Other expenses	(5.84)	(1.57)
Profit/(Loss) for the year	(8.01)	1.31
Other comprehensive income	-	-
Total comprehensive income/ (loss)	(8.01)	1.31
Group's share of profit (30%)	(2.41)	0.39
Group's share of other comprehensive income /(loss) (30%)	-	-
Group's share of total comprehensive income/ (loss)	(2.41)	0.39
	(2.41)	0.39

b) The following table summarizes the financial information and the carrying amount of the group's interest in joint venture

Name of joint venture	Principal activity	Principal place of business	Percentage ownership interest	
			As at 31 March 2021	As at 31 March 2020
Pasadena Retail (P) Limited	Trading of luxury watches	India	50%	50%
Current assets [including cash and cash equivalents of Rs. 64.10 (31 March 2020: Rs. 4.20)]			573.81	563.07
Non-current assets			321.20	398.22
Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. 91.24 (31 March 2020: Rs. 172.19)]			563.42	598.82
Non-current liabilities			171.45	229.33
Net assets			160.14	133.14
Group's share of net assets (50%)			80.07	66.57
Carrying amount of the Company's interest in joint venture*			80.07	66.57

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations	644.68	291.68
Other income	42.88	1.54
Purchases of stock-in-trade	(455.52)	(699.51)
Changes in inventories of stock-in-trade	(30.03)	469.94
Depreciation and amortisation expense	(87.21)	(47.37)
Finance costs	(53.44)	(35.71)

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Other expenses	(41.29)	(47.42)
Profit (loss) for the year	20.06	(66.86)
Tax expense	-	-
-Current tax	-	-
- Deferred tax credit	6.94	-
Other comprehensive income	-	-
Total comprehensive (loss)	27.00	(66.86)
Group's share of profit (50%)	13.50	(33.43)
Group's share of other comprehensive income (50%)	-	-
Group's share of total comprehensive income	13.50	(33.43)

*On 03 May 2019, the Ethos Limited entered into Joint Venture arrangement with Pasadena Retail Private Limited by acquiring 5,00,000 fully paid up equity shares of Rs.10 each, from its promoter Mr. Yashovardhan Saboo and on 10 January 2020, the Company had invested an amount of Rs. 50 lakhs towards Rights Issue subscription of 5,00,000 fully paid up equity shares of Rs.10 each of its Joint Venture arrangement with Pasadena Retail Private Limited.

	As at		As at	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
6 Investments				
Non-current investments				
<i>Unquoted investments (fully paid up)</i>				
Other Companies (Fair value through Statement of Profit and Loss):				
- Karol view Developers Private Limited 5,00,000				
(31 March 2020: 5,00,000) equity shares of Rs.10 each fully paid up	44.10	44.15		
- Shivalik Waste Management Limited 17,500	4.40	3.58		
(31 March 2020: 17,500) equity shares of				
Rs. 10 each fully paid up	48.50	47.73		
Aggregate amount of unquoted investments	48.50	47.73		

	Non-Current		Current	
	As at	As at	As at	As at
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
7 Loans				
<i>(Unsecured and considered good)</i>				
Security deposit				
- to others	1,041.11	934.07	656.55	730.64
Loan to employees				
- to related parties (refer to note 43)	22.72	22.17	16.49	8.13
- to others	66.85	63.39	51.03	64.08
	1,130.68	1,019.63	724.07	802.85

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8 Other financial assets (Unsecured and considered good)	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Deposit accounts with original maturity more than 12 months **	-	128.77	-	-
Interest accrued but not due on deposits	-	0.16	23.86	29.99
Recoverable from related parties (refer to note 43)	-	-	0.35	0.53
Recoverable from/balance with government authorities	-	-	115.26	76.20
Right to return assets	-	-	69.02	-
Recoverable from others	-	-	292.10	557.26
	-	128.93	500.59	663.98

**These deposits include restricted bank deposits amounting to Rs. Nil (31 March 2020: Rs. 121.66) on account of deposits pledged as security for bank guarantees and security for deposits from shareholders.

9 Income tax asset (net)	As at 31 March 2021		As at 31 March 2020	
Advance income-tax (net of provision)		426.28		371.56
	-	426.28	-	371.56
10 Deferred tax assets / (liabilities) (net)				
Deferred tax assets on				
- Expected credit loss allowance and Provision for sales return		28.11		29.92
- Provision for employee benefits		210.12		313.45
- Other provisions		36.41		31.31
- Inter company stock elimination		0.70		(7.29)
- Lease liabilities and Right of use assets (Net)		287.43		169.64
- Minimum alternate tax credit entitlement		1.89		1.89
- Others		20.55		12.77
Deferred tax assets (A)		585.21		551.69
Deferred tax liability on				
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books (net)		342.28		356.69
- Income taxable on receipt basis under Income tax Act		7.27		-
- MTM (Loss) on foreign exchange contracts		-		(21.65)
Deferred tax liability (B)		349.55		335.04
Net deferred tax assets / (liabilities) (A - B)		235.66		216.65
Aggregate of net deferred tax assets jurisdictions		824.37		722.51
Aggregate of net deferred tax liabilities jurisdictions		(588.71)		(505.86)
Net deferred tax asset / (liabilities)		235.66		216.65

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

2019-20	As at	Recognised in	Recognised in	As at
	1st April 2019	profit or loss	other compre- hensive income	31 March 2020
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books	(214.23)	(142.46)	-	(356.69)
- MTM Gain on foreign exchange contracts	(8.67)	30.32	-	21.65
- Expected credit allowance	0.24	29.68	-	29.92
- Provision for warranties	6.02	(6.02)	-	-
- Intercompany stock elimination	-	(7.29)	-	(7.29)
- Provision for employee benefits	340.09	(47.64)	21.00	313.45
- Other provisions	92.84	(61.53)	-	31.31
- Lease liabilities and Right of use assets (Net)	-	169.64	-	169.64
- Minimum alternate tax credit entitlement	1.89	-	-	1.89
- Others	-	12.77	-	12.77
	218.18	(22.53)	21.00	216.65

2020-21	As at	Recognised in	Recognised in	As at
	1st April 2020	profit or loss	other compre- hensive income	31 March 2021
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books	(356.69)	14.41	-	(342.28)
-Income taxable on receipt basis under Income tax Act	-	(7.27)	-	(7.27)
- MTM Gain on foreign exchange contracts	21.65	(21.65)	-	-
- Expected credit allowance	29.92	(1.81)	-	28.11
- Intercompany stock elimination	(7.29)	7.99	-	0.70
- Provision for employee benefits	313.45	(96.93)	(6.40)	210.12
- Other provisions	31.31	5.10	-	36.41
- Lease liabilities and Right of use assets (Net)	169.64	117.79	-	287.43
- Minimum alternate tax credit entitlement	1.89	-	-	1.89
- Others	12.77	7.78	-	20.55
	216.65	25.41	(6.40)	235.66

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

	As at 31 March 2021	As at 31 March 2020
11 Other non-current assets		
(Unsecured and considered good)		
Capital advances		
- to others	41.57	182.48
- Prepaid expenses	25.26	30.21
- Recoverable from / balance with government authorities	104.13	128.13
	<u>170.96</u>	<u>340.82</u>
	As at 31 March 2021	As at 31 March 2020
12 Inventories		
(at lower of cost and net realizable value)		
Raw material*	1,570.52	1,890.11
Work-in-progress	857.39	928.64
Finished goods**	63.35	194.96
Stock in trade**	19,809.39	21,941.01
Stores and spares	239.71	300.31
Scrap	4.06	16.55
	<u>22,544.42</u>	<u>25,271.58</u>
*Includes goods-in-transit:		
- Raw material	68.18	29.16
- Stock in trade	464.89	116.57
**The write down of inventories during the year amounted to:		
- Finished goods	1.20	4.82
- Stock in trade	14.82	-
	As at 31 March 2021	As at 31 March 2020
13 Trade receivables		
(Unsecured, considered good, unless otherwise stated)		
Trade receivables	4,220.61	2,994.91
Less: Allowance for expected credit loss	(138.30)	(145.66)
	<u>4,082.31</u>	<u>2,849.25</u>
Break-up of security details		
Trade receivable considered good -Unsecured	4,082.31	2,849.25
Trade Receivables which have significant increase in Credit Risk	138.30	145.66
	<u>4,220.61</u>	<u>2,994.91</u>
Less : Allowance for expected credit loss	(138.30)	(145.66)
	<u>4,082.31</u>	<u>2,849.25</u>

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

14 Cash and cash equivalents	As at	
	31 March 2021	31 March 2020
Balances with banks		
- in current accounts	661.22	2,194.00
- in cash credit accounts	935.03	-
Remittances-in-transit	-	0.14
Cheques, drafts on hand	12.71	4.86
Cash on hand	39.82	70.80
Others		
-Fixed Deposits with original maturity of less than 3 months	1,399.00	-
- credit cards receivable	42.87	8.98
	<u>3,090.65</u>	<u>2,278.78</u>
15 Other bank balances	Note	As at
		31 March 2021
Deposit accounts with original maturity more than 3 months and up to 12 months from the reporting date	(a)	495.32
Balance in unclaimed dividend accounts		27.13
		<u>522.45</u>
As at		
31 March 2020		
		535.66
		31.75
		<u>567.41</u>

Notes:

(a) Deposits include restricted bank deposits amounting to Rs. 482.06 (31 March 2020: Rs. 518.66) on account of deposits pledged as security for deposits from shareholders, bank guarantee and margin money.

16 Other current assets	As at	
	31 March 2021	31 March 2020
(Unsecured, considered good, unless otherwise stated)		
Recoverable from / balance with government authorities	1,643.71	2,280.22
Advances for supply of goods and services (refer to note 43 for related party disclosure)	549.63	772.09
Advances to employees (refer to note 43 for related party disclosure)	62.39	102.43
Other advances	36.43	35.41
Other advances Credit impaired	22.85	-
	<u>59.28</u>	<u>35.41</u>
Less: Impairment Allowance for other advances - credit impaired	(22.85)	36.43
Deposit under protest	71.05	68.86
Prepaid expenses	141.07	107.62
	<u>2,504.28</u>	<u>35.41</u>

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

3,366.63

17 Equity share capital

	As at 31 March 2021		As at 31 March 2020	
	Number of Share	Amount	Number of	Amount
			Share	Share
(i) Detail of share capital				
Authorized				
Equity shares of Rs. 10 each.	25,000,000	2,500.00	12,480,000	1,248.00
	25,000,000	2,500.00	12,480,000	1,248.00
Issued				
Equity shares of Rs. 10 each	11,824,388	1,182.43	11,807,888	1,180.78
	11,824,388	1,182.43	11,807,888	1,180.78
Subscribed and paid up capital				
Equity shares of Rs. 10 each fully paid up	11,650,108	1,165.01	11,650,108	1,165.01
Forfeited equity shares of Rs.10 each	174,280	8.71	174,280	8.71
	11,824,388	1,173.72	11,824,388	1,173.72

(ii) *Rights, preferences and restrictions attached to shares*

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(iii) *Reconciliation of the shares outstanding at beginning and at the end of the year*

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	11,650,108	1,165.01	11,633,608	1,163.36
Add: shares issued during the year	-	-	16,500	1.65
Balance at the end of the year	11,650,108	1,165.01	11,650,108	1,165.01

(iv) *Details of Equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company:*

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% of equity shares held	Number of shares	% of equity shares held
R. K. Saboo	1,641,470	14.09%	1,834,292	15.74%
Yashovardhan Saboo	1,812,993	15.56%	1,338,791	11.49%
Elevation Capital V FII Holdings Limited (formerly known as Saif India V FII Holdings Limited)	1,008,400	8.66%	1,008,400	8.66%
Elevation Capital V Limited (formerly known as Saif Partners India V Limited)	754,716	6.48%	754,716	6.48%
Pranav Shankar Saboo	680,851	5.84%	680,851	5.84%
Jupiter India Fund	615,111	5.28%	347,974	2.99%

(v) Bonus shares, shares buyback and issue of shares for consideration other than cash (during five years immediately preceding 31 March 2021)

During the five years immediately preceding 31 March 2021, neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash except during the previous year ended 31 March 2020, 16,500 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(vi) Employee stock option plan

Terms attached to stock options granted to employees of the Company are described in note 42D regarding share based payments.

18 Other equity

(also refer to Statement of Changes in Equity)

(i) **Capital reserve**

Accumulated capital surplus not available for distribution of dividend and expected to remain invested permanently.

(ii) **Securities premium**

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to shareholders. This will be utilized in accordance with the applicable provisions of the Companies Act, 2013.

(iii) **General reserve**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, however, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

(iv) **Employee stock options outstanding reserve**

The fair value of the equity settled share based payment transactions with employees is recognized in Statement of Profit and Loss with corresponding credit to share based payment reserve.

(v) **Retained earnings**

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Remeasurements of defined benefit obligation comprises actuarial gains and losses and return on plan assets (excluding interest income).

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

19 Borrowings

	Note	As at 31 March 2021	As at 31 March 2020
(i) Non-current borrowings			
Term-loans			
From banks (secured)	(a)	1,462.21	818.23
From others (secured)	(b)	4,017.67	4,715.93
		5,479.88	5,534.16
Deposits from shareholders / directors			
Related parties (unsecured) (refer to note 43)			
- From Directors	(c)	796.50	432.69
- From Inter Corporate	(c)	30.00	40.00
- From others	(c)	463.77	399.22
- From others (unsecured)	(c)	2,869.22	2,861.72
		4,159.49	3,733.63
Inter corporate deposits			
Inter Corporate deposit from related parties (unsecured) (refer to note 43)	(d)	-	35.00
Inter Corporate deposit from others (unsecured) (d)		-	200.00
		-	235.00
Other loans			
From related parties (unsecured) (refer to note 43) (e)		387.74	475.33
From banks (unsecured)	(e)	293.40	158.42
From others (unsecured)	(e)	677.55	777.30
		1,358.68	1,411.05
Total non-current borrowings (including current maturities)		10,998.05	10,913.84
Less : Current maturities of non-current borrowings (refer to note 20)		3,255.75	2,899.84
		7,742.30	8,014.00

Notes:

(a) Vehicle loans from banks amounting to Rs. 33.63 (31 March 2020: Rs. 48.61) carrying interest rate in the range of 7.50% to 10.50% (previous year 7.50% to 10.50%) per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equal monthly installments.

Vehicle loans amounting to Rs. 123.90 (31 March 2020 : Rs.138.91) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 8.23% to 11.76% per annum (31 March 2020 : 8.23% to 11.76%). The above loans are repayable in monthly installments within a period of next two to five years as per repayment schedule.

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(All amount are in Indian Rupees Lakhs, except for share data)

Term loan from Bank of Maharashtra amounting to Rs. 389.00 (31 March 2020: Nil) taken by subsidiary Ethos Limited carrying interest rate equal to 7.50 % (31 March 2020: Nil). The Loan is availed under Gurantee Emergency Credit Line Scheme launched by the Goverment of India in light of the present outbreak of COVID-19. The same is secured by second charge by way of hypothecation on entire current assets on pari passu basis of the subsidiary company. This is also secured by 360,000 shares of Holding Company held by Sh. Y.Saboo, Managing Director of the Holding Company and second charge on entire fixed assets of the subsidiary company. Further, this is compulsorily covered under Guranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 48 equal monthly installments of Rs. 8.10 as per the repayment schedule commencing from 30 April 2022 with one year of moratorium from the drawdown. The last installment would be repaid on 30 April 2026.

Term loan from IDBI Bank Limited amounting to Rs. 330.00 (31 March 2020: Nil) taken by subsidiary Ethos Limited carrying interest rate equal to 8.80 % (31 March 2020: Nil). The Loan is availed under Gurantee Emergency Credit Line Scheme launched by the Goverment of India in light of the present outbreak of COVID-19. The Loan is secured by second charge on all the current assets on pari passu basis of the subsidiary company both present and future and second charge on the fixed assets of the subsidiary company both present and future. This is also secured by mortgage and second charge on all the immovable fixed assets of the tool room unit (Eigen) of Holding Company at Bangalore. Further, this is compulsorily covered under Guranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 35 equal monthly installments of Rs. 9.17 and 36th Installment of Rs. 9.05 as per the repayment schedule commencing from 31 March 2022 with one year of moratorium from the drawdown. The last installment would be repaid on 31 March 2025.

Term loan from the Jammu & Kashmir Bank Limited amounting to Rs. 1.00 (31 March 2020: Nil) taken by subsidiary Ethos Limited carrying interest rate equal to RLLR plus 1% (presently 8.20%) (31 March 2020: Nil) is secured by second charge on the stock and receivables on pari passu basis of the subsidiary company. These limits are also secured by second charge on assets of Ornapac unit at Chandigarh of Holding company. This is further secured by the second charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. Further, this is compulsorily covered under Guranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 36 equal monthly installments commencing from 31 March 2022 with one year of moratorium from the first drawdown. The last installment would be repaid on 31 March 2025.

Term loan from Credit Suisse taken by subsidiary, Estima AG amounting to Rs. 483.34 (31 March 2020: Rs. 514.87) carrying 5% interest rate is secured against mortgage of property. The loan is to be repaid in 108 quarterly installments of Rs. 4.76 each.

Term loan from Credit Suisse taken by subsidiary, Pylania SA amounting to Rs. 101.34 (31 March 2020: Rs. 115.84) is carrying interest rate of 1.65% secured against mortgage of property. The term loan is repayable in 40 quarterly instalments.

(b) Term loan from Tata Capital Financial Services Limited amounting to Rs. 11.30 (31 March 2020: Rs. 101.45) carrying interest rate equal to LTLR less 7% (presently 10%) (previous year 10.25%) is secured by way of first pari passu charge over the project leasehold immovable property and over movable fixed assets of Eigen, situated at plot no. 55-A (Aerospace sector) Hitech, Devanahalli, Bengaluru (except for specific vehicles pledged against respective loan). The loan is also personally guaranteed by Chairman & Managing Director

KDDL Limited (Consolidated)

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(All amount are in Indian Rupees Lakhs, except for share data)

of the Holding Company. The loan is to be repaid in 21 monthly installments of Rs. 11.30 as per the repayment schedule in equal annual installments commencing from 25 April 2018. The last instalment would be repaid on 25 April 2021.

Term loan from Tata Capital Financial Services Limited amounting to Rs. 0.82 (31 March 2020: Rs. Nil) carrying interest rate equal to LTLR less 7% (presently 10%) (previous year Nil) is secured by way of first pari passu charge over the project leasehold immovable property and over movable fixed assets of Eigen, situated at plot no. 55-A (Aerospace sector) Hitech, Devanahalli, Bengaluru (except for specific vehicles pledged against respective loan). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 4 equal monthly installments of Rs. 0.82 as per the repayment schedule commencing from 25 January 2021. The last instalment would be repaid on 25 April 2021.

Term loan from Tata Capital Financial Services Limited amounting to Rs. 67.50 (31 March 2020: Rs. 157.50) carrying interest rate equal to LTLR less 7.25% (presently 10%) (previous year 10.25%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru and exclusive charge by way of hypothecation over the plant & machineries & other movable assets of KHAN II, situated at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore 560058 (Karnataka) (except for specific vehicles pledged against respective loan). The loan is also personally guaranteed by Chairman & Managing Director of the Holding Company. The loan is to be repaid in 11 quarterly installments of Rs. 22.50 as per the repayment schedule in equal annual installments commencing from 8 April 2018. The last instalment would be repaid on 8 December 2021.

Term loan from Tata Capital Financial Services Limited amounting to Rs. 27.72 (31 March 2020: Rs. Nil) carrying interest rate equal to 10% (previous year Nil) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru and exclusive charge by way of hypothecation over the plant & machineries & other movable assets of KHAN II, situated at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore 560058 (Karnataka) (except for specific vehicles pledged against respective loan). The loan is also personally guaranteed by Chairman & Managing Director of the Holding Company. The loan is to be repaid in 2 monthly installments of Rs. 13.86 as per the repayment schedule in equal installments commencing from 08 January 2022. The last instalment would be repaid on 08 February 2022.

Term loan from Tata Capital Financial Services Limited amounting to Rs. 467.72 (31 March 2020: Rs. 583.65) carrying interest rate equal to LTLR less 8.75% (presently 10%) (previous year 10.25%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Holding Company. The loan is to be repaid in 52 monthly installments of Rs. 14.65 as per the repayment schedule in equal annual installments commencing from 30 July 2018. The last instalment would be repaid on 20 November 2023.

Term loan from Tata Capital Financial Services Limited amounting to Rs. 18.77 (31 March 2020: Rs. Nil) carrying interest rate equal to 10% (previous year Nil) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru 560058 (Karnataka). The loan is also

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personally guaranteed by Chairman & Managing Director of the Holding Company. The loan is to be repaid in 4 monthly installments of Rs. 4.69 as per the repayment schedule in equal installments commencing from 20 August 2023. The last instalment would be repaid on 20 November 2023.

Term loan from Bajaj Finance Limited amounting to Rs. 885.02 (31 March 2020: Rs. 1,321.69) carrying interest rate of 8.75% (previous year 10%) is secured by pari passu charge by way of hypothecation of equipment procured out of the term loan, Mortgage of leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru. The loan is also personally guaranteed by Chairman & Managing Director of the Holding Company. The loan of Rs. 1,200 is to be repaid in 43 instalments of Rs. 25.04 and last instalment would be paid on 5 January 2023. The loan of Rs. 1,000 is to be repaid in 46 monthly installments of Rs. 20.83 as per the repayment schedule in equal monthly installments commencing from 05 January 2018. The last instalment would be repaid on 5 March 2023.

Term loan from Bajaj Finance Limited amounting to Rs. 678.76 (31 March 2020: Rs. 873.17) carrying interest rate of 8.75% (previous year 10%) is secured by way of first pari passu charge over movable fixed assets of Holding Company (except for specific vehicles pledged against respective loan and movable assets of KHAN II). The loan is also personally guaranteed by Chairman & Managing Director of the Holding Company. The loan is to be repaid in 48 instalments of Rs.20.83 as per the repayment schedule in equal monthly installments commencing from 05 September 2019. The Last instalment would be paid on 5 December 2023.

Term loan from Bajaj Finance Limited amounting to Rs. 886.91 (31 March 2020: Rs. 997.04) carrying interest rate of 8.75% (previous year 9.20%) is secured by way of first pari passu charge over movable fixed assets of the Holding Company (except for specific vehicles pledged against respective loan and movable assets of KHAN II) and cross collateralization with other loans of Bajaj Finance Limited. The loan is also personally guaranteed by Chairman & Managing Director of the Holding Company. The loan is to be repaid in 18 instalments of Rs. 55.55 as per the repayment schedule in equal quarterly installments commencing from 05 September 2020. The Last instalment would be paid on 05 March 2025.

Term loan from Bajaj Finance Limited amounting to Rs. 513.00 (31 March 2020: Rs. Nil) carrying interest rate of 8% is secured by way of second pari passu charge over leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru over movable fixed assets, current assets and movable fixed assets of the Holding Company. The loan is also personally guaranteed by Chairman & Managing Director of the Holding Company. The loan is to be repaid in 36 instalments as per the repayment schedule commencing from 05 April 2022 with one year of moratorium from the drawdown. The last instalment would be paid on 05 March 2025.

Vehicle loans from Daimler Financial Services, Kotak Mahindra Prime Limited and Toyota Financial Services India Limited amounting to Rs. 69.27 (31 March 2020: Rs. 26.21) carrying interest rate in range of 7.43% to 9.50% (previous year 7.75% to 9.50%) per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equal monthly installments.

Term loan from Indiabulls Housing Finance Limited amounting to Rs. Nil (31 March 2020 : Rs 254.24) taken by subsidiary Ethos Limited was secured by exclusive mortgage and charge on personal property of the director and relatives of the director of the subsidiary company. These limits were also guaranteed by the director and relatives of the director. The rate of interest varies from 11% to 14.50% per annum. The original Loan of Rs 450 lakhs taken in March 2014 will be repaid in 120 monthly instalments along with interest and repaid during the year.

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Term loan from RC Tritec taken by subsidiary Estima AG, amounting to Rs. 310.77 (31 March 2020 : Rs. 320.78) carrying 5% interest rate is secured by hypothecation of machinery and equipment of the plant. The loan is also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Group. The loan shall be repaid at the expiry of term of 4 years on 01 April 2023.

Secured Loan from independent sources taken by subsidiary Pylania SA, amounting to Rs. 80.11 (31 March 2020: Rs. 80.20) carrying interest rate of 5.00% is secured by hypothecation of machinery and equipment of the plant. The loan is also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Parent Company and to be paid after the expiry of term of 4 years i.e. 1 April 2023.

(c) Deposits from shareholders and directors amounting to Rs. 2,486.71 (31 March 2020: Rs. 2,142.24) carrying interest rates in the range of 9.75% to 11.25% (previous year 9.50% to 11.50%) per annum are repayable in 1 years to 3 years from the respective dates of deposit.

Deposits from shareholders taken by subsidiary Ethos Limited, amounting to Rs. 1,672.78 (31 March 2020: Rs. 1,591.39) carrying interest rates in the range of 8% to 11.25% (previous year 8% to 10.75%) per annum are repayable in 6 months to 3 years from the respective dates of deposit.

(d) Inter corporate deposits taken by subsidiary, Ethos Limited from others amounting to Rs. Nil (31 March 2020: Rs. 200.00) carry an interest rate of 13.50% (previous year 13.50% to 14.00%) per annum and the same are repayable as per the repayment schedule within next two years.

Inter corporate deposit from related parties taken by subsidiary, Ethos Limited amounting to Rs. Nil (31 March 2020: Rs. 35.00) carry an interest rate ranging between 8.50% to 16% (31 March 2020 : 8.50% to 16%) per annum and the same is repayable between 12.5-36 months (31 March 2020: between 12.5-36 months).

(e) Unsecured loan from related party taken by subsidiary Pylania SA, amounting to Rs. Nil (31 March 2020: Rs. 80.95) carries an interest rate of 5% is repayable before or on the expiry of the loan, i.e. 19 January 2023. However, the same had been repaid during the year.

Unsecured loan from related party taken by subsidiary Estima AG, amounting to Rs. 387.74 (31 March 2020: Rs. 394.37) carries an interest rate of 5% and is repayable before or on the expiry of the loan i.e. 30 September 2022.

Unsecured bridged loan from Credit Suisse taken by subsidiary Estima AG, amounting to Rs. 123.53 (31 March 2020 : Rs. 158.42). The loan is to be repaid after expiry of 5 years i.e. 31 March 2025. The loan is interest free.

Unsecured bridged loan from UBS Bank taken by subsidiary Pylania SA, amounting to Rs. 169.86 (31 March 2020 : Rs. Nil). The loan is to be repaid after expiry of 5 years i.e. i.e. 31 March 2025. The loan is interest free.

Unsecured loan from Radexpo AG by subsidiary Pylania SA amounting to Rs. 156.73 (31 March 2020: Rs. 162.39) carries interest rate of 5.00% p.a. is repayable before or on the expiry of the loan i.e. 03 September 2022.

Unsecured loan from Amola taken by subsidiary Estima AG, amounting to Rs. 97.23 (31 March 2020 : Rs. 139.65) carries interest rate of 3.00%. The loan is to be repaid in 4 half yearly installments starting from 01 June 2019.

Unsecured loan from Phillip Losser taken by subsidiary Estima AG, amounting to Rs. 423.59 (31 March 2020: Rs. 475.26) carries nil interest rate. The loan is to be repaid in 4 annual installments starting from 31 Dec 2019.

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

	Note	As at 31 March 2021	As at 31 March 2020
(ii) Current borrowings			
Loans repayable on demand			
From banks (secured)	(a)	3,856.27	5,674.66
From others (secured)	(b)	300.00	300.00
Inter corporate deposits			
Inter Corporate deposit from related parties (unsecured) (refer to note 43)	(b)	150.00	350.00
Inter Corporate deposit from others (unsecured)	(b)	-	300.00
Deposits from shareholders / directors			
Related parties (unsecured) (refer to note 43)			
From Directors	(c)	152.54	227.07
From others	(c)	23.29	420.50
From others (unsecured)	(c)	102.32	157.95
		<u>4,584.42</u>	<u>7,430.18</u>

Notes:

(a) Working capital borrowings from banks amounting to Rs. 1264.31 (31 March 2020: Rs. 1,433.21) carrying interest rate varying from 8.45% to 10.20% (previous year 9.00% to 10.20%) per annum are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Holding Company (both present and future), on pari passu basis and are further secured by a second charge on the entire fixed assets of the Holding Company. These loans are also guaranteed by the Chairman & Managing Director of the Holding Company and is repayable on demand.

-The cash credit overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 698.14 (31 March 2020: Rs. 1,544.82) from IDBI Bank Limited are repayable on demand and are secured by first pari passu charge on all the current assets of the subsidiary company both present and future and second pari passu charge on the fixed assets of the subsidiary both present and future. These limits are also secured by exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (EIGEN) at Bangalore of the Parent Company. These limits are guaranteed by personal guarantees of director of the subsidiary and his relative. The rate of interest as on 31 March 2020 varies from 10.50% to 10.90% (31 March 2020: 10.75% to 11.50%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 536.69 (31 March 2020: Rs. 859.29) from The Jammu and Kashmir Bank Limited are repayable on demand and are secured by first pari passu charge on the stock and receivables of the subsidiary company. These limits are also secured by exclusive first charge on assets of KPAC unit at Chandigarh of the Parent Company. This is

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further secured by the first and exclusive charge over land and building, plant and machinery and office equipment of the Parwanoo unit of the Parent Company. These loans are guaranteed by personal guarantees of the director of the subsidiary company and his relative. The rate of interest as on 31 March 2021 varies from 8.35% to 10.70% (31 March 2020: 10.70% to 11.40%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 1,227.90 (31 March 2020: Rs. 1,837.34) from Bank of Maharashtra are repayable on demand and are secured by first pari passu charge by way of hypothecation on entire current assets of the subsidiary company. These limits are also secured by 360,000 shares of Holding Company held in the name of Mr. Yashovardhan Saboo and second pari passu charge on entire fixed assets of the subsidiary company. Further, these limits are also guaranteed by director of the subsidiary company and his relative. The rate of interest as on 31 March 2021 is 11.00% (31 March 2020: 11.00%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Estima AG amounting to Rs. 129.23 (31 March 2020: Rs. Nil) from Credit suissee bank are repayable on demand and are secured by first pari passu charge by way of hypothecation on entire current assets of the subsidiary company. The rate of interest as on 31 March 2021 is 5.00% (31 March 2020: Nil) per annum.

(b) Working capital borrowing from others amounting to Rs. 300.00 (31 March 2020: Rs. 300) carries interest rate of 8.00% (previous year 9.15%) per annum is secured by first pari passu charge on current assets. The loan is also personally guaranteed by the Chairman & Managing Director of the Holding Company and is repayable on demand.

Inter corporate deposit taken by Ethos Limited from related party and others amounting to Rs. Nil (31 March 2020 : Rs. 500) carries an interest rate ranging between 10.0% to 13.5% per annum and the same is repayable as per the repayment schedule within twelve months.

Inter corporate deposits taken by subsidiary, Mahen Distribution Limited from related party amounting to Rs 150.00 (31 March 2020: Rs. 150.00) carries interest rate of 14.00% p.a. and is repayable within 6 months.

(c) Deposits from shareholders / directors taken by the Holding Company amounting to Rs. 58.73 (31 March 2020: Rs. 191.82) carry interest rates in the range of 9.00% to 10.00% (previous year 8.50% to 10.00%) per annum and are repayable within 1 year from the respective dates of deposit.

Deposits from shareholders / directors taken by subsidiary company, Ethos Limited amounting to Rs. 219.42 (31 March 2020: Rs.613.70) carry interest rates in the range of 9.50% to 10% (previous year 10.00% to 10.50%) per annum and are repayable within 1 year from the respective dates of deposit.

The Reserve Bank of India vide its circular dated 27 March 2020 permitted the lenders to allow a moratorium for three months of EMI (Equated Monthly Instalments) including interest, falling due between 31 March 2020 and 31 May 2020 (later extended by an additional three months up to 31 August 2020) for various categories of loans. The Holding Company and its Indian subsidiary had availed the permitted moratorium for some of its borrowings and interest thereon. The Holding Company and its Indian subsidiary has paid all its due EMI's within the extended moratorium period.

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Year ended 31 March 2021	Year ended 31 March 2020
Balance as at the beginning of the year	18,344.02	15,430.09
(including current and non-current borrowings)		
Proceeds from non-current borrowings*	2,776.51	5,141.02
Repayment of non-current borrowings*	(2,695.07)	(3,463.35)
Proceeds from current borrowings having maturity period more than 3 months	274.60	509.77
Repayment of current borrowings having maturity period more than 3 months	(401.99)	(215.67)
Repayments of / proceeds from current borrowings (net)	(2,718.37)	941.51
Adjustment pursuant to acquisition (refer to note 38)	2.77	0.65
Transaction costs related to borrowings		
Balance as at the end of the year	<u>15,582.47</u>	<u>18,344.02</u>

* Non-current borrowings include current maturities of non-current borrowings

20 Other financial liabilities

	Non Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Current maturities of non-current borrowings [refer note 19(l)]	-	-	3,255.75	2,899.84
Derivatives Financial instruments (fair value through statement of profit and loss)	-	-	-	74.35
Interest accrued but not due (refer to note 43)	243.81	203.62	336.66	223.69
Unpaid dividends #	-	-	27.14	31.76
Capital creditors	-	-	243.65	539.77
Employee related payables (refer to note 43)	-	-	1,351.14	1,494.62
Security deposit	5.69	5.69	-	-
Refund liabilities	-	-	106.16	-
	<u>249.50</u>	<u>209.31</u>	<u>5,320.50</u>	<u>5,264.03</u>

not due for deposit to investor education and protection fund

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

21 Provisions	Non Current		Current	
	As at	As at	As at	As at
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Provisions for employee benefits (refer note 42)				
Liability for gratuity	200.44	236.33	75.15	22.97
Liability for compensated absences	-	-	577.17	488.07
	200.44	236.33	652.32	511.04
22 Trade payables			As at	As at
			31 March 2021	31 March 2020
Dues of Micro Enterprises and Small Enterprises (refer to note below)		51.41	76.98	
Trade payables to related parties (refer to note 43)		59.64	67.50	
Other trade payables		8,591.60	8,581.64	
	8,702.65		8,726.12	

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondences with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at the year end has been made in the financial statements based on information available with the Group as under :

Particulars	As at	As at
	31 March 2021	31 March 2020
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year		
- Principal	47.60	69.77
- Interest	3.81	7.21
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of payment made to the supplier beyond the appointed date during each accounting year;	90.75	223.97
(c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during each accounting year) but without adding the interest specified under the Micro Small and Medium Enterprises Development Act, 2006;	3.81	7.21
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	3.81	7.21

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(All amount are in Indian Rupees Lakhs, except for share data)

(e)	The amount of further interest due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprises Development Act, 2006.	3.81	7.21
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23 Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Advance from customers	843.43	802.03
Statutory dues	416.60	302.03
Deferred revenue	213.28	247.14
Interest payable on income tax	12.02	-
Other payables	27.64	27.64
	1,512.97	1,378.84

24 Current tax liabilities (net)

	As at 31 March 2021	As at 31 March 2020
Provision for income tax (net of advance tax)	89.61	69.53
	89.61	69.53

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amount are in Indian Rupees Lakhs, except for share data)

	Year ended 31 March 2021	Year ended 31 March 2020
25. Revenue from operations		
Sale of products	53,222.15	63,107.56
Sale of services	918.81	1,307.69
Other operating revenue		
Export incentives	251.31	390.45
Scrap sales	490.06	422.05
	54,882.33	65,227.75

Notes:

- * The Central Government of India has announced a new scheme on Remission of Duties or Taxes on Export Products (RoDTEP) which has replaced erstwhile Merchandise Exports from India Scheme (MEIS) w.e.f. 01 January 2021. As the rates under RoDTEP scheme have not been announced till date, the income on account of benefits under the new scheme has not been recognized for the period 01 January 2021 to 31 March 2021 in the financial statements. As and when the rates are notified, the impact of the export benefits will be considered in the books of accounts.

Notes:

- a) Revenue disaggregation as per industry vertical and geography has been included in segment information (refer to note 44).
- b) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price is as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue as per contracted price	54,849.52	65,251.27
Reduction towards variable consideration components	32.81	(23.52)
Revenue recognised	54,882.33	65,227.75

The reduction towards variable consideration comprise of loyalty points adjustment.

c) Revenue from contracts with customers disaggregated based on nature of products and services

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from sale of products		
- Precision and watch components	14,515.10	17,194.77
- Watch and watch accessories	38,236.67	45,058.45
- Others	470.38	854.33
Sale of services	918.81	1,307.69
Other operating revenue	490.06	422.05
	54,631.02	64,837.30

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

Set out below is the revenue from contracts with customers and reconciliation to Statement of profit and loss

Total revenue from contracts with customers	54631.02	64,837.30
Add: Items not included in disaggregated revenue:		
- Export Incentives	251.31	390.45
Revenue from operations as per the statement of profit and loss	54,882.33	65,227.75

d) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Trade receivables (refer to note 13)	4,082.31	2,849.25
Advances from customers (refer to note 23)	843.43	802.03

26. Other income

	Year ended	Year ended
	31 March 2021	31 March 2020
Interest income		
Fixed deposits with banks	43.62	52.40
Interest income from related parties* (refer to note 43)	1.74	-
Interest income from others*	115.36	213.41
Dividend income	0.26	0.31
Other non-operating income (net of expenses)		
Rental income	12.46	11.77
Liabilities / provision no longer required written back	88.38	156.12
Provision for doubtful debts written back	6.64	-
Exchange gain on foreign exchange fluctuations (net)	93.13	81.11
Net gain on sale of property, plant and equipment	6.35	-
Net change in fair value of financial assets (at FVTPL)	0.77	-
Rent Concessions (refer to note 2.3)	1,402.22	-
Miscellaneous income	70.69	91.81
	1,841.62	606.93

27 Cost of raw materials consumed*

	Year ended	Year ended
	31 March 2021	31 March 2020
Inventory of raw material at the beginning of the year	1,890.11	1,745.04
Purchases of raw materials	3,613.10	4,867.04
	5,503.21	6,612.08
Less: Inventory of raw material at the end of the year	1,570.52	1,890.11
	3,932.69	4,721.97

* Refer note 3 (c)

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amount are in Indian Rupees Lakhs, except for share data)

28 Purchase of stock-in-trade

	Year ended 31 March 2021	Year ended 31 March 2020
Purchase of stock-in-trade	26,084.91	34,205.38
	26,084.91	34,205.38

29 Changes in inventories of finished goods, work-in-progress, stock-in-trade and scrap

	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock		
Work-in-progress	928.64	1,088.49
Finished goods	194.96	115.91
Stock-in-trade	21,941.01	20,699.68
Scrap	16.55	-
	23,081.16	21,904.08

Less:

Closing stock	857.39	928.64
Work-in-progress	63.35	194.96
Finished goods	19,809.39	21,941.01
Stock-in-trade	4.06	16.55
Scrap		
	20,734.19	23,081.16
Adjustment for fluctuation in exchange rate	(13.27)	9.24
	2,333.70	(1,167.84)

30 Employee benefits expense

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus [refer note 3©]	7,737.00	9,288.32
Contributions to provident and other funds (refer to note 42)	627.73	636.45
Share based payment expense	-	(34.45)
Staff welfare expenses	268.65	342.33
	8,633.38	10,232.65

*net off reimbursement of salaries of Rs. 749.39 (previous year: Rs. Nil) received for overseas employees under swiss labour laws on account of Covid-19.

31 Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense on financial liabilities measured at amortised cost	1,497.04	1,655.87
Interest on delay in deposit of income tax	19.89	28.05
Interest on lease liabilities (refer to note 45)	1,143.28	1,150.93
Other borrowing costs	22.99	18.53
	2,683.20	2,853.38

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

	Year ended	
	31 March 2021	31 March 2020
32 Depreciation and amortisation expense		
Depreciation on property, plant and equipment [refer note 3 (c)] *	1,855.00	1,689.30
Amortisation of other intangible asset (refer note 4)	31.94	58.89
Depreciation of Right-of-use assets (refer to note 45)	2,716.98	3,057.86
	4,603.92	4,806.05

*Excludes Rs. Nil (previous year : Rs 7.62) charged on plant and equipment at tool room division at Bengaluru which was utilised for development of in-house tools. Accordingly, such amount has been capitalised under plant and equipment. Also, refer note 3(c)

	Year ended	
	31 March 2021	31 March 2020
33 Other expenses		
Stores and spares consumed [refer to note 3 ©]	654.44	882.52
Power, fuel and water charges [refer to note 3 ©]	515.30	652.96
Contractual labour expenses	322.23	783.55
Insurance	114.37	78.27
Rent [(net of reimbursements of Rs. 53.22 (31 March 2020: Rs. 171.78)) [refer to note 3 (c) and 45]	201.29	102.31
Rates and taxes [refer to note 3 (c)]	71.28	59.29
Repair and maintenance		
- Plant and machinery	257.34	270.75
- Buildings	50.48	43.80
- Others [refer to note 3 (c)]	629.37	681.61
Legal and professional fees	623.89	718.80
Travelling and conveyance	345.48	747.02
Job charges [refer to note 3 (c)]	410.16	540.58
Printing and stationery	47.78	60.22
Communication expenses	304.79	341.31
Commission	186.50	212.14
Events and exhibitions	58.25	147.49
Publicity and advertisement	1,483.28	1,436.53
Impairment in value of investments	15.65	-
Property, plant and equipment written off	35.33	85.02
Expected credit allowance on trade receivables	-	119.68
Provision for bad and doubtful advances	22.85	-
Donation	4.30	9.82
Advances / deposits / bad debts written off	57.56	67.10

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(All amount are in Indian Rupees Lakhs, except for share data)

Loss on sale of property plant and equipment	-	16.52
Bank charges	328.25	462.82
Directors' sitting fees (refer to note 43)	36.72	29.28
Security service charges	89.33	75.29
Service tax deposit and credit written off/provided for [refer to Note 41(iii)]	-	218.56
Cost of service rendered	53.65	110.20
Net change in fair value of financial assets (at FVTPL)	-	1.29
Corporate social responsibility expenditure (Refer to Note (a) below)	53.03	44.53
Miscellaneous expenses [refer to note 3 (c)]	429.17	640.09
	7,401.77	9,639.35

	Year ended	Year ended
	31 March 2021	31 March 2020
Note (a): Detail of corporate social responsibility expenditure		
a. Amount required to be spent by the Company during the year	53.03	44.35
b. Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above (refer to note 43 and note (c) below)	53.03	44.53
	53.03	44.53

c. Details related to spent / unspent obligations:

(i) Contribution			
- Promotion of education	14.25	25.47	
- Contribution to the Prime Minister's National Relief Fund	8.00	-	
- Ensuring environmental sustainability	5.40	-	
- Eradicating extreme hunger and poverty	4.77	9.47	
- Enhancing employment vocational skills	2.00	-	
- Environmental sustainability, ecological balance, protection of flora and fauna	14.11	-	
- Eradicating hunger, poverty and malnutrition	2.50	-	
- Supporting health activities	2.00	2.50	
- Others	-	7.09	
(ii) Unspent amount in relation to:			
- Ongoing project	-	-	
- Other than ongoing project	-	-	
	53.03	44.53	

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amount are in Indian Rupees Lakhs, except for share data)

	Year ended 31 March 2021	Year ended 31 March 2020
34 Income tax expense		
A. Amounts recognised in statement of profit and loss		
Current tax		
Current year	407.79	680.51
Changes in estimates related to prior years	<u>(17.25)</u>	4.23
	<u>390.54</u>	<u>684.74</u>
Deferred tax		
Attributable to—		
Origination and reversal of temporary differences	(53.63)	27.94
Changes in estimates related to prior years	<u>28.01</u>	<u>(5.40)</u>
	<u>(25.62)</u>	22.54
Tax expense for the year	<u>364.92</u>	<u>707.28</u>
B. Reconciliation of effective tax rate		
Profit before share of equity accounted investees and income tax	1,050.38	543.74
Tax at the Indian tax rate of 29.120% (previous year 29.120%)*	114.06	126.80
Tax at the Indian tax rate of 25.168% and 34.944% in two of the subsidiaries	174.34	31.54
Effect of expenses that are not deductible in determining taxable profit	37.96	84.99
Loss/income in subsidiaries (including consolidation adjustments) on which deferred tax not recognised	28.01	281.92
Change in tax rate**	-	183.22
Effect of tax (benefit) / expense pertaining to prior years	10.76	(1.18)
Income tax expenses recognised in statement of profit and loss	<u>365.12</u>	<u>707.28</u>

*The tax rate used for the current year reconciliation above is the corporate tax rate of 29.120% (previous year 29.120%) payable by corporate entities in India on taxable profits under the Indian tax law.

**Some of the Indian subsidiaries have elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 during the previous year. Accordingly, the deferred tax assets (net) as at 31 March 2019 and the estimate of tax expense for the previous financial year had been re-measured basis the rate prescribed in the said Section. The Holding Company is continuing with old option of income tax.

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	Year ended 31 March 2021	Year ended 31 March 2020
C. Income tax recognised in other comprehensive income		
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit liability (asset)	(6.61)	21.00
Exchange differences on translation of foreign operations	-	-
	(6.61)	21.00
Bifurcation of the income tax recognised in other comprehensive income into		
Items that will not be reclassified to profit or loss	(6.61)	21.00
Items that will be reclassified to profit or loss	-	-
	(6.61)	21.00
35 Earning per share		
A. Basic earnings per share		
i. Profit/(loss) for basic earning per share of Rs. 10 each	566.55	(59.33)
Profit attributable to owners of the company		
ii. Weighted average number of equity shares (for basic)		
Balance at the beginning of the year	11,650.108	11,633,608
Effect of fresh issue of shares	-	3,553.00
	11,650.108	11,637,161
Basic earnings per share (face value of Rs. 10 each)	4.86	(0.51)
B. Diluted earnings per share		
i. Profit/(loss) for diluted earning per share of Rs. 10 each	566.55	(59.33)
Profit for the year		
ii. Weighted average number of equity shares (for diluted)		
Balance at the beginning of the year	11,650.108	11,633,608
Effect of fresh issue of shares		
	11,650.108	3,553.00
Diluted earnings per share (face value of Rs. 10 each)	4.86	(0.51)

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

36 Financial instruments - fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities including their level in the fair value hierarchy:

	Note	Level of hierarchy	As at 31 March 2021			As at 31 March 2020				
			FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost		
Financial assets										
Non-current										
Non-derivative financial assets										
Investment in equity shares - other companies	(i)	3	48.50	-	-	47.73	-	-		
Loans	(ii)	3	-	-	1,130.68	-	-	1,019.63		
Others financial assets	(ii)	3	-	-	-	-	-	128.93		
Current										
Non-derivative financial assets										
Trade receivable	(iii)	3	-	-	4,082.31	-	-	2,849.25		
Cash and cash equivalents	(iii)	3	-	-	3,090.65	-	-	2,278.78		
Other bank balances	(iii)	3	-	-	522.45			567.41		
Loans	(iii)	3	-	-	724.07			802.85		
Other financial assets	(iii)	2	-	-	500.59			663.98		
Total financial assets			48.50	-	10,050.75	47.73	-	8,310.83		
Financial liabilities										
Non-current										
Non-derivative financial liabilities										
Borrowings (including current maturities)	(v)	3	-	-	10,998.05	-	-	10,913.84		
Other financial liabilities	(iii)	3	-	-	249.50	-	-	209.31		
Current										
Non-derivative financial liabilities										
Borrowings	(v)	3	-	-	4,584.42	-	-	7,430.18		
Trade payables	(iii)	3	-	-	8,702.65	-	-	8,726.12		
Other financial liabilities	(iii)	3	-	-	2,064.75	-	-	2,289.84		
Derivative financial assets			-	-	-	-	-	-		
Forward contracts	(iv)	2	-	-	-	74.35	-	-		
Total financial liabilities			-	-	26,599.37	74.35	-	29,569.29		

Notes:

- (i) The fair value in respect of unquoted equity investments cannot be reliably estimated. The Group has currently measured them at net book value as per the latest audited financial statements available.
- (ii) Fair value of non-current financial assets and non-current financial liabilities has not been disclosed as there is no significant differences between carrying value and fair value.
- (iii) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

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- (iv) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs include the credit quality of counter-parties and foreign exchange forward rates.
- (v) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.
- (vi) There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2021 and 31 March 2020.

B. Financial risk management

(i) Risk management framework

The Holding Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

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

- credit risk (see (ii))
- liquidity risk (see (iii))
- market risk (see (iv))
- product price risk (see (v))

(ii) Credit risk

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

Particulars	As at 31 March 2021	As at 31 March 2020
Non-derivative financial assets		
Investments	48.50	47.73
Trade receivables	4,082.31	2,849.25
Loans	1,854.75	1,822.48
Other financial assets	500.59	792.91
	<u>6,486.15</u>	<u>5,512.37</u>

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Group's review includes

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external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties. The Group enters into derivative contracts with bank and financial institutions having high credit ratings.

The Group's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	As at	As at
	31 March 2021	31 March 2020
Within India	2,165.53	1,487.48
Outside India	1,916.78	1,361.77
	4,082.31	2,849.25

The Group based on internal assessment which is driven by the historical experience / current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Group estimates its allowance for trade receivable using lifetime expected credit loss. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross carrying amount	Loss allowance	Carrying amount
31 March 2021			
Less than 6 Months	3,944.56	90.27	3,854.29
More than 6 Months	276.05	48.03	228.02
	4,220.61	138.30	4,082.31
31 March 2020			
Less than 6 Months	2,874.70	103.97	2,770.73
More than 6 Months	120.21	41.69	78.52
	2,994.91	145.66	2,849.25

The movement in the allowance for impairment in respect of trade receivables and loans is as follows

	As at	As at
	31 March 2021	31 March 2020
Balance as at the beginning of the year	145.66	25.98
Amounts written off	(0.95)	-
Impairment loss recognised	(6.40)	119.68
Balance as at the end of the year	138.30	145.66

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Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The loans primarily represents security deposits given and loans given to employees. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no provision for expected credit loss has been provided on these financial assets. Credit risk on cash and cash equivalents and bank deposits is limited as the Group generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

(iii) Liquidity risk

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

The Group believes that its liquidity position, including total cash and cash equivalents and other bank balances anticipated future internally generated funds from operations will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Group believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Group will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

The following table provides details regarding the contractual maturities of significant financial liabilities on under discounted basic:

	Less than 1 Year	1 to 5 Years	More 5 Years	Total	Carrying Amount
31 March 2021					
Non-derivative financial liabilities					
Borrowings (including current maturities)	7,840.17	7,308.19	434.11	15,582.47	15,582.47
Trade payables	8,702.65	-	-	8,702.65	8,702.65
Other financial liabilities	2,308.56	5.69	-	2,314.25	2,314.25
Lease liabilities	3,013.30	7,081.07	3,020.54	13,114.91	9,384.78
	21,864.68	14,394.95	3,454.65	39,714.28	35,984.15
31 March 2020					
Non-derivative financial liabilities					
Borrowings (including current maturities)	10,330.02	7,543.32	479.22	18,352.56	18,344.02
Trade payables	8,726.12	-	-	8,726.12	8,726.12
Other financial liabilities	2,493.46	5.69	-	2,499.15	2,499.15
Lease liabilities	3,175.43	8,610.88	3,002.86	14,789.17	10,633.87
	24,725.03	16,159.89	3,482.08	44,367.00	40,203.16

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(iv) Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates..

Exposure to interest rate risk

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees and CHF with a mix of fixed and floating rates of interest. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

	As at 31 March 2021	As at 31 March 2020
Fixed rate borrowings	11,726.20	12,669.36
Floating rate borrowings	3,856.27	5,674.66
Total borrowings	15,582.47	18,344.02

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or Loss	
	Strengthening	Weakening
For the year ended 31 March 2021		
Interest rate (0.50% movement)	19.28	(19.28)
For the year ended 31 March 2020		
Interest rate (0.50% movement)	28.37	(28.37)

b. Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Group's operating, investing and financing activities.

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Unhedged foreign currency exposure

The following table provides details of the Group's exposure to currency risk:

Assets	As at 31 March 2021		As at 31 March 2020	
	Amount (Rs)	Amount in foreign currency	Amount (Rs.)	Amount in foreign currency
Trade receivables				
HKD	-	-	5.59	0.58
USD	211.97	2.90	122.00	1.63
EUR	178.96	2.10	16.45	0.20
CHF	1,131.42	14.71	96.46	1.24
GBP	2.04	0.02	-	-
Other financial assets				
CHF	11.06	0.15	-	-
Bank balances in foreign currency				
CHF	37.46	0.49	10.78	0.14
USD	0.01	-	0.08	-
Liabilities				
Liabilities	As at 31 March 2021		As at 31 March 2020	
	Amount (Rs)	Amount in foreign currency	Amount (Rs.)	Amount in foreign currency
Trade payables				
HKD	57.40	6.02	85.96	8.76
USD	235.83	3.22	94.13	1.24
EUR	182.89	2.13	83.90	1.00
CHF	1,570.16	20.17	1,798.27	22.70
JPY	-	-	7.62	10.87
SGD	172.52	3.17	73.84	1.38
GBP	41.72	0.41	-	-
Commission payable in foreign currency				
CHF	131.25	1.67	135.68	1.70
EUR	2.80	0.03	1.06	0.01
Net exposure in respect of recognised assets and liabilities (in Rs.)	(821.66)	-	(2,029.11)	-

Significant forward contracts outstanding as at the end of the year

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Liabilities	As at 31 March 2021		As at 31 March 2020	
	Amount (Rs)	Amount in foreign currency	Amount (Rs.)	Amount in foreign currency
Exports				
CHF	-	-	1,359.05	17.50

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2021 and 31 March 2020 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2021				
HKD (1% movement)	0.57	(0.57)	0.41	(0.41)
USD (1% movement)	0.24	(0.24)	0.17	(0.17)
EUR (1% movement)	0.07	(0.07)	0.05	(0.05)
CHF (1% movement)	5.21	(5.21)	3.70	(3.70)
GBP (1% movement)	0.40	(0.40)	0.28	(0.28)
SGD (1% movement)	1.73	(1.73)	1.22	(1.22)
31 March 2020				
HKD (1% movement)	0.80	(0.80)	0.57	(0.57)
USD (1% movement)	(0.28)	(0.28)	(0.20)	0.20
EUR (1% movement)	0.69	0.69	0.49	(0.49)
CHF (1% movement)	18.27	18.27	12.95	(12.95)
IPY (1% movement)	0.08	0.08	0.05	(0.05)
SGD (1% movement)	0.74	0.74	0.52	(0.52)

(v) Product price risk

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

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volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses.

37. Capital management

(i) Risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Group monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash and cash equivalents and other bank balances. Total equity comprises all components of equity as shown in balance sheet.

The Group's adjusted net debt to total equity ratio was as follows:

	As at 31 March 2021	As at 31 March 2020
Total liabilities excluding deferred tax liabilities, provisions and other current liabilities	35,984.15	40,277.51
Less: cash and cash equivalents and other bank balances	3,613.10	2,846.19
Adjusted net debt	32,371.05	37,431.32
Total equity	22,725.42	22,740.69
Net debt to total equity ratio	1.42	1.65

(ii) Dividends (Including corporate dividend tax)

	As at 31 March 2021	As at 31 March 2020
Equity shares		
Final dividend for the year ended 31 March 2020 of Rs. Nil (31 March 2019 of Rs. 2.50) per fully paid equity shares*	-	350.62
Interim dividend for the year ended 31 March 2021 of Rs. Nil (31 March 2020 of Rs. 2.00) per fully paid equity shares	-	280.90

*Final Dividend has been paid on the number of shares issued by the holding company till the date of Annual General Meeting after approval of shareholders.

38. During the year ended March 31, 2021, the Holding Company acquired an additional 1.52% interest in Ethos Limited, increasing its ownership interest to 75.08%. Cash consideration of Rs 693.45 was paid to the non-controlling shareholders. The carrying value of the net assets of Ethos Limited was Rs 14,471.31. The carrying value of the additional interest acquired at the date of acquisition was Rs 220.04 lacs. Following is a schedule of additional interest acquired in Ethos Limited:

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Cash consideration paid to non-controlling shareholders	693.46
Carrying value of the additional interest in Ethos Limited	(220.04)
Adjusted in other equity	473.42

39. Non-controlling interest (NCI)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

As at 31 March 2021

Particulars	Ethos Limited	Cognition Digital LLP	Estima AG	Psiania SA	Mahen Distribution Limited
NCI Percentage	24.92%	24.92%	4.50%	15.00%	1.28%
Non-current assets	13,679.95	20.89	2,614.48	1,531.77	841.92
Current assets	25,262.16	390.63	412.49	562.30	125.31
Non-current liabilities	8,853.30	10.48	2,801.28	496.46	-
Current liabilities	14,731.05	65.29	935.75	203.08	431.40
Net Assets	15,357.76	335.75	(710.05)	1,394.52	535.83
Exchange differences on translation of foreign operations	-	-	(44.79)	20.47	-
Elimination adjustments	-	-	-	26.65	-
	15,357.76	335.75	(754.84)	1,441.64	535.83
Net assets attributable to NCI	3,827.35	83.67	(33.97)	185.60	6.83
Revenue	39,822.32	473.48	1,397.18	956.39	55.32
Profit / (loss) for the year	418.86	56.87	(86.32)	180.16	(27.52)
OCI	(5.38)	1.43	19.72	(36.72)	-
Total comprehensive income	413.48	58.30	(66.60)	143.44	(27.52)
Profit / (loss) allocated to NCI	94.07	13.13	(3.88)	27.02	(0.35)
OCI allocated to NCI	(1.39)	0.36	0.89	(5.51)	-
Total comprehensive income / (expense) allocated to NCI	92.68	13.49	(2.99)	21.51	(0.35)
Cash flows from operating activities	6,307.28	105.55	40.36	(146.71)	6.68
Cash flows from investing activities	(1,015.69)	(0.35)	(66.36)	(1.28)	-
Cash flows from financing activities	(4,556.55)	(3.86)	(22.15)	67.37	(20.49)
Net increase / (decrease) in cash and cash equivalents	735.04	101.34	(48.15)	(80.61)	(13.81)

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As at 31 March 2020

Particulars	Ethos Limited	Cognition Digital LLP	Estima AG	Pylania SA	Mahen Distribution Limited
NCI Percentage	26.44%	26.44%	4.50%	15.00%	1.28%
Non-current assets	14,973.05	21.62	2,755.48	1,580.16	841.92
Current assets	27,135.57	336.65	470.93	416.56	212.10
Non-current liabilities	9,782.32	-	2,923.37	348.29	-
Current liabilities	17,381.99	80.83	946.45	397.32	490.67
Net Assets	14,944.31	277.45	(643.41)	1,251.10	563.35
Elimination adjustments	-	-	-	26.18	-
Exchange differences on translation of foreign operations	-	-	64.51	(16.25)	-
	<u>14,944.31</u>	<u>277.45</u>	<u>(578.90)</u>	<u>1,261.03</u>	<u>563.35</u>
Net assets attributable to NCI	3,951.61	73.36	(26.05)	159.05	7.22
(including preference share capital and its arrears attributable to NCI)					
Revenue	44,982.10	802.81	1,211.93	725.46	157.66
Profit / (loss) for the year	(436.18)	189.41	(973.11)	234.81	(0.82)
OCI	(2.13)	-	(48.04)	112.39	-
Total comprehensive income	(438.31)	189.41	(1,021.15)	347.20	(0.82)
Profit / (loss) allocated to NCI	(118.23)	50.08	(33.69)	(35.40)	(0.01)
OCI allocated to NCI	(0.56)	-	(2.16)	16.86	-
Total comprehensive income / (expense) allocated to NCI	(118.79)	50.08	(35.85)	(18.54)	(0.01)
 Cash flows from operating activities	 3,477.71	 172.16	 (830.01)	 1,029.92	 35.56
Cash flows from investing activities	(1,265.24)	(0.98)	(462.25)	(831.60)	-
Cash flows from financing activities	(1,962.20)	(177.60)	1,349.94	(66.49)	(22.86)
Net (decrease) / increase in cash and cash equivalents	250.27	(6.42)	57.68	131.83	12.70

As at 31 March 2021

Name of the entity in Group	As % of consolidated net assets	Net Assets - Total liabilities		Share in profit/(loss)	Share in other comprehensive income	Amount	As % of consolidated other comprehensive income	Share in total comprehensive income
		(Total assets - Total liabilities)	Amount as % of consolidated Profit/(loss)					
As at 31 March 2021								
Parent KDDL Limited	76.11%	17,296.12	48.69%	339.11	(101.53%)	18.63	52.75%	357.74
Subsidiaries								
Indian								
Ethos Limited	67.23%	15,277.69	58.20%	405.36	29.32%	(5.38)	58.98%	399.98
Mahen Distribution Limited	2.36% (0.40%)	535.83 (90.26)	(3.95%) (1.99%)	(27.52) (13.84)	0.00% 0.00%	-	(4.06%) (2.04%)	(27.52) (13.84)
Sava Jewellery and Design Limited								
Cognition Digital LLP	1.48%	335.75	8.16%	56.87	(7.80%)	1.43	8.60%	58.30
Foreign								
Kamla International Holdings SA	5.21%	1,184.23	1.96%	13.65	87.38%	(16.03)	(0.35%)	(2.38)
Pylania SA	6.14% (3.12%)	1,394.52 (710.05)	25.87% (12.39%)	180.16 (86.32)	200.09% (107.46%)	(36.72) 19.72	21.15% (9.82%)	143.44 (66.61)
Estima AG*								
Associates								
Kamla Tesio Dials Limited	0.05%	10.46	(0.35%)	(2.41)	-	-	(0.36%)	(2.41)
Joint Venture								
Pasadana Retail Private Limited*	0.35% (55.40%)	80.07 (12,588.96)	1.94% (26.13%)	13.50 (182.03)	-	-	1.99% (26.84%)	13.50 (182.03)
Eliminations								
Total	100.00%	22,725.40	100.00%	696.52	100.00%	(18.35)	100.00%	678.17
As at 31 March 2020								
Parent KDDL Limited	74.41%	16,920.39	(464.30%)	912.66	(63.23%)	(52.21)	(754.79%)	860.45
Subsidiaries								
Indian								
Ethos Limited	65.42% 2.48% (0.34%)	14,877.74 563.35 (76.41)	204.89% 0.42% (7.68%)	(402.75) (0.82) (15.09)	(2.58%)	(2.13)	355.16% 0.72% (13.24%)	(404.88) (0.82) (15.09)
Mahen Distribution Limited								
Sava Jewellery and Design Limited								
Cognition Digital LLP	1.22%	277.45	(96.36)	189.41	-	-	(166.15%)	189.41
Foreign								
Kamla International Holdings SA	5.22%	1,186.61	(1.31%)	2.58	87.87%	72.55	(65.91%)	75.13
Pylania SA	5.50% (2.83%)	1,251.10 (643.41)	(119.46%) (495.05%)	234.81 (973.11)	136.12% (58.18%)	112.39 (48.04)	(304.57%) 895.76%	347.20 (1,021.15)
Estima AG*								
Associates								
Kamla Tesio Dials Limited	0.13% (0.29%)	28.53 66.57 (11,711.22)	(0.20%) 0.39 56.58% (111.21)	-	-	-	(0.34%) 29.32% 97.55%	0.39 (33.43) (111.21)
Joint venture Pasadana Retail Private Limited*								
Eliminations								
Total	100.00%	22,740.69	100.00%	(196.57)	100.00%	(82.57)	100.00%	(114.00)

* On 03 May 2019, the Holding Company, through its subsidiary Ethos Limited, acquired 50% equity interest in its joint venture 'Pasadena Retail Private Limited'. Accordingly, the Group has recognised its share in the loss of Pasadena Retail Private Limited from 03 May 2019 to 31 March 2020 in the Statement of Profit and Loss.

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	As at 31 March 2021	As at 31 March 2020
41 Contingent liabilities and commitments:		
(to the extent not provided for)		
(ia) Claims against the Group not acknowledged as debts, under dispute		
- Demand raised by Punjab State Electricity Board for payment of penalty for usage of additional power against sanctioned load.	3.73	3.73
Amount paid under protest Rs. 2.96 (31 March 2020: Rs. 2.96)		
- Demand raised for Income tax	355.67	387.70
- Custom duty matters	12.90	17.85
- Claims against the Company not acknowledged as debt (to the extent ascertainable)	260.10	241.63
	632.39	650.91
(ib) - Custom duty saved against EPCG Licences, pending redemption	95.72	95.72
(ic) - Value added tax matters	3,331.35	1.32
(ii) Commitments		
- Estimated amount of contracts remaining to be executed on capital account (net of capital advances)	180.77	426.25
	180.77	426.25
(iii) Regarding service tax matter, the subsidiary Company had opted Sabka Vishwas (Legacy Dispute Resolution) Scheme during the financial year 2019-20. As per the scheme, keeping in view of the amount involved, 50% of the disputed amount was required to be deposited to avail immunity from interest & penalty. The subsidiary company had written off the amount of payment made under the scheme of Rs 170 during the financial year 2019-20. In addition to this, subsidiary Company had provided Rs. 48.56 during the financial year 2019-20. Accordingly, profits in the financial year 2019-20 was reduced by Rs. 218.56. The subsidiary Company, based on the opinion sought from a legal counsel, had filed a writ petition for the opening of TRAN-1 in the Punjab and Haryana High Court for the transition remaining credit and the next date of hearing is yet to be received.		
(iv) In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition.		
(v) Pursuant to recent judgement by Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowance which are common for all employees, However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authority in this regard, the Holding Company and its Indian subsidiary has not recognised any provision for the periods prior to 28 February 2019. Further, management also believes that the impact of the same on the Group will not be material.		

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

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(vi) In accordance with Swiss law, land contaminated in Switzerland, must be restored to its original condition.

During an earlier year, the Group had acquired 100% equity interest in Estima AG based in Switzerland which is situated on contaminated land. In accordance with the applicable legal requirements, the Group is planning to restore the site using technology and materials that are available currently at an estimated cost of Rs. 926.52 (CHF 12,00,000). The rehabilitation is expected to occur progressively over the next few years. Because of the long term nature of the liability, the biggest uncertainty in estimating the provision is the costs that will be incurred. During the year ended 31 March 2019, the Group had provided Rs. 858.60 (CHF 12,00,000) for this purpose. This cost has been reduced from the fair value of land acquired as part of the acquisition of Estima AG.

42 Employee Benefits

A. Assets and liabilities relating to employee benefits

	Non-Current		Current	
	As at	As at	As at	As at
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Liability for gratuity	200.44	236.33	75.15	22.97
Liability for compensated absences	-	-	577.17	488.07
	200.44	236.33	652.32	511.04

For details about the related employee benefit expenses, refer to note no. 30.

B. Defined Benefit Plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employees who have completed at least five years of service are entitled to specific benefit. The level of benefit provided depends on the member's length of service and salary retirement age. The employee is entitled to a benefit equivalent to 15 days salary last drawn salary for each completed year of service with part thereof in excess of six months. The same is payable on termination of service or retirement or death whichever is earlier. The present value of the obligation under such defined benefit plan is determined based on an actuarial valuation as at the reporting date using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligations are measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans is based on the market yields on Government bonds as at the date of actuarial valuation. Remeasurement gains and losses (net of tax) are recognised immediately in the Other Comprehensive Income (OCI).

The employees' gratuity fund scheme managed by Life Insurance Corporation of India in case of Holding Company and one of the Indian subsidiary company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Holding Company and its Indian subsidiaries made annual

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contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Group to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India (LIC).

(I) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Company does not expect any significant liquidity risks.

Particulars	As at 31 March 2021	As at 31 March 2020
(ii) Reconciliation of present value of defined benefit obligation		
Present value of obligation at the beginning of the year	1,071.28	893.75
Current service cost	106.29	99.59
Interest cost	66.36	57.70
Benefits paid	(100.67)	(44.83)
Actuarial (gains) losses recognised in other comprehensive income		
- Change in financial assumptions	(49.49)	-
- experience adjustments	16.73	65.08
Present value of obligation at the end of the year	1,110.50	1,071.28
* Includes Rs. Nil (31 March 2020 Rs. 8.98 lakhs) directly paid by the one of the subsidiary company		
(iii) Reconciliation of the present value of plan assets		
Plan assets at the beginning of the year, at fair value	811.98	733.86
Return on plan assets recognised in other comprehensive income	(11.48)	(7.41)
Contributions	77.35	75.10
Benefits paid	(93.95)	(35.86)
Interest income	51.01	46.29
Plan assets at the end of the year, at fair value	834.91	811.98

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(iv) Amount recognized in the balance sheet

Present value of the defined benefit obligations at the end of the year	1,110.50	1,071.28
Fair value of plan assets at the end of the year	(834.91)	(811.98)
Net liability recognized in the balance sheet*	275.59	259.30

* Shown under the head "Provision for employee benefits"

(v) Plan assets

Plan assets comprise of the following:

Particulars	As at	
	31 March 2021	31 March 2020
Policy of insurance	834.91	811.98
	834.91	811.98

(vi) Amount recognized in the Statement of Profit and Loss

Particulars	Year ended	
	31 March 2021	31 March 2020
Current service cost	106.29	99.59
Interest cost (net)	15.35	11.41
Amount recognized in the Statement of Profit and Loss	121.64	111.00
(vii) Remeasurements recognised in other comprehensive income		
Actuarial gain/loss on the defined benefit obligation	(32.77)	65.07
Return on plan assets excluding interest income	11.48	7.41
Amount recognized in other comprehensive income	(21.29)	72.48

(viii) Actuarial assumptions

a) **Economic assumptions:** The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

	As at	
	31 March 2021	31 March 2020
Discount rate	6.79%	6.25%
Expected rate of return on plan assets	6.79%	6.25%
Salary increase	4.00%	4.00%
Expected average remaining working lives of employees (years)	20.82	15.92

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b) Demographic assumptions:

	As at 31 March 2021	As at 31 March 2020
Retirement age	58 years	58 years
Mortality	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2006-08)
Attrition rate	Ultimate	Ultimate
Upto 30 years	3%	3%
31 to 44 years	2%	2%
45 and above	1%	1%

(ix) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(51.98)	56.21	(50.61)	58.63
Future salary growth (0.50% movement)	56.30	(52.45)	58.35	(51.07)

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

(x) Expected future benefit payments

	As at 31 March 2021	As at 31 March 2020
The expected maturity analysis of undiscounted defined benefit liability is as follows:		
Within 1 year	88.02	191.89
1-2 year	50.51	122.72
2-5 year	142.70	316.42
5-10 year	829.26	684.76

(xi) Weighted average duration and expected employers contribution for next year of the defined benefit plan

	As at 31 March 2021	As at 31 March 2020
Weighted average duration (in years)	16.52	13.67
Expected Employers contribution for the next year	126.35	119.38

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C. Defined contribution Plan

The Group makes contribution towards employees' provident fund, superannuation fund and employees' state insurance plan scheme. Under the schemes, the Group is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes. The expense recognised towards contribution of these plans is as follows:

Particulars	Year ended	Year ended
	31 March 2021	31 March 2020
Provident fund	398.21	399.33
Superannuation fund	15.86	14.67
Employees' state insurance scheme	33.46	48.77
Pension fund	58.56	62.68
	506.09	525.45

D. Share based payments

(a) KDDL Employee Stock Option Plan - 2011 ("ESOP 2011")

The Holding Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') which has been approved by the Board of Directors and the shareholders. A compensation committee comprising promoter executive and independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP are exercisable for equity shares. The Company planned to grant upto 110,000 options to eligible employees and directors of the holding Company and subsidiaries of the Company.

Fifty percent of the options which have been granted under ESOP 2011 were vested on 1 April 2014 ('first tranche'). These options were exercised by the employees and accordingly 39,750 shares were issued during the previous years to the eligible employees. The balance options vested in the year 2019-20 when the turnover (excluding excise duty thereon) of the Holding Company of 2018-19 was exceeded Rs. 15,000.00 ('second tranche'). These options were exercised by the employees and accordingly 16,500 shares were issued during the previous year to the eligible employees. The outstanding options as at 31 March 2021 are Nil (31 March 2020: Nil).

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

(i) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

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Particulars	As at 31 March 2021			As at 31 March 2020		
	Number of options	Weight	Exercise Price	Number of options	Weight	Exercise Price
		Average			Average	
Outstanding at beginning of the year	-	120	120	18,750	120	120
Forfeited during the period	-	-	-	(2,250)	-	-
Exercised during the period	-	120	120	-	-	120
Outstanding at end of the year	-	-	-	16,500	120	120

(ii) Expense recognised in statement of profit and loss

The expenses arising from share-based payment transaction recognised in statement of profit and loss as part of employee benefit expense / (income) for the year ended 31 March 2021 and 31 March 2020, are Rs. Nil and Rs. (16.34) respectively on account of expiry of share options on resignation and exercise of stock option by certain employees.

(iii) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair

	Year ended	Year ended
	31 March 2021	31 March 2020
Fair value at grant date	-	87.13
Share price at grant date	-	133.00
Exercise Price	-	120.00
Risk Free interest rate (in %)	-	8.50%
Expected life (in years)	-	88
Expected volatility (in %)*	-	66.49%
Expected dividend Yield (in %)	-	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

(b) Ethos Employee Stock Option Plan - 2013

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees of the subsidiary company. Each option comprises one underlying equity share.

As per the Scheme, the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) grants the options to the employees deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

- 1) 50% of the options granted to the selected employee shall vest on 1 October 2017 in case there is continuation of his service till the date of vesting.
- 2) 50% on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 lakhs in any financial year by the Subsidiary Company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting

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under this clause. The Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) shall declare such date as and when it is triggered. The subsidiary company has in its Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) meeting on 04.08.2014 granted outstanding 3,500 options to employee of the holding Company. The above options have been issued by the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) in accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013".

(i) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

	As at 31 March 2021			As at 31 March 2020		
	Number of options	Weight Average	Number of options	Weight Average	Exercise Price	
			Exercise Price			
Outstanding at beginning of the year	1,27,750	120	1,50,750	120		
Lapsed during the period	-	-	8,000	-		
Exercised during the period	-	120	16,500	120		
Outstanding at end of the year	1,27,750	120	1,27,750	120		
No of share arising out of the options outstanding	1,27,750	120	1,27,750	120		

	As at 31 March 2021			As at 31 March 2020		
	Number of options	Weight Average	Number of options	Weight Average	Exercise Price	
			Exercise Price			
Outstanding at beginning of the year	3,500	120	3,500	120		
Outstanding at end of the year	3,500	120	3,500	120		
No of share arising out of the options outstanding	3,500	120	3,500	120		

(ii) Expense recognised in statement of profit and loss

The expenses arising from equity settled share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended 31 March 2021 and 31 March 2020, were Rs. Nil and Rs. (18.11) respectively on account of expiry of share options on resignation by certain employees..

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amount are in Indian Rupees Lakhs, except for share data)

(iii) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair

	Year ended 31 March 2021	Year ended 31 March 2020
Fair value at grant date	35.54/56.08	35.54/56.08
Share price at grant date	120	120
Exercise Price	120	120
Risk Free interest rate (in %)	7.60%/7.60%	7.60%/7.60%
Expected life (in years)	4.56/4.16	4.56/4.16
Expected volatility (in %)*	40-60%	40-60%
Expected dividend Yield (in %)	1.58%	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

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43 Related parties:

(I) Associates

Kamla Tesio Dials Limited

(ii) Joint Venture

Pasadena Retail Private Limited (w.e.f. 03 May 2019)

(iii) Key managerial personnel (KMP) of the Company, their close family members and related entities

(a) Names of KMP

- Mr. Yashovardhan Saboo

(Chairman and managing director)

Names of their close family members

(refer note 2)

Mr. R.K. Saboo (father), Mrs Usha Devi

Saboo (mother), Mrs. Anuradha Saboo

(spouse), Mr. Pranav Shankar Saboo (Son),

Mrs. Malvika Singh (son's spouse),

Ms. Satvika Saboo (daughter)

- Mr. Sanjeev Kumar Masown

(Chief financial officer and Director)

Mrs. Neeraj Masown (wife), Mr Lal Chand

Masown (father)

(b) Related entities of KMP

- Vardhan Properties & Investments Limited

- VBL Innovations Private Limited

- Dream Digital Technology Limited

- KDDL Ethos Foundation

- Saboo Ventures LLP

- Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF

- Anacott Trading SA

- Saboo Housing Projects LLP

- Saveeka Family Trust

(c) Non-executive Directors

- Mr. Anil Khanna

Name of their close family members (refer note 2)

Mrs. Alka Khanna (spouse), Saloni Khanna (daughter),

Mrs. Poonam Prakash (sister of Mr. Anil Khanna)

- Mr. Torsten Buchwald (Till 02 November 2019)

- Mr. Jagesh Khaitan (Till 07 November 2019)

- Ms. Ranjana Agarwal

- Mr. Praveen Gupta

- Mr. Vishal Satinder Sood

- Mr. Jai Vardhan Saboo

- Mr. Sanjiv Sachar

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Notes:

1. With respect to the key managerial personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year.

c) Related party transactions

Year ended 31 March 2021

	Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	other related Parties
1 Sale of goods and services					
Mr. Yashovardhan Saboo	-	-	-	9.38	-
Mr. R. K. Saboo	-	-	-	-	5.31
Mr. Pranav Shankar Saboo	-	-	-	-	1.95
Ms. Satvika Saboo	-	-	-	-	10.68
Mrs Malvika Saboo	-	-	-	-	6.64
2 Purchase of goods					
Anacott Trading SA	-	-	59.40	-	-
VBL Innovations Private Limited	-	-	0.33	-	-
3 Payment of lease liabilities					
Mr. Yashovardhan Saboo	-	-	-	32.59	-
Mrs. Anuradha Saboo	-	-	-	-	17.33
4 Compensation to key managerial personnel*					
<i>Short-term employee benefits</i>					
Mr. Yashovardhan Saboo	-	-	-	129.04	-
Mr. Sanjeev Kumar Masown	-	-	-	91.02	-
5 Interest income					
Mr. Sanjeev Kumar Masown	-	-	-	1.74	-

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	Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	other related Parties
6 Interest paid/ accrued					
Vardhan Properties and Investment Limited	-	-	23.43	-	-
VBL Innovations Private Limited	-	-	19.89	-	-
Dream Digital Technology Private Limited	-	-	1.54	-	-
Saboo Ventures LLP	-	-	39.89	-	-
Mr. R. K. Saboo	-	-	-	-	23.43
Mr. Sanjeev Kumar Masown	-	-	-	5.16	-
Ms. Neeraj Masown	-	-	-	-	3.99
Mr. Lal Chand Masown	-	-	-	-	1.34
Mr. Yashovardhan Saboo	-	-	-	17.33	-
Mr. Anil Khanna	-	-	-	11.20	-
Mrs. Alka Khanna	-	-	-	-	3.20
Ms. Ranjana Agarwal	-	-	-	54.61	-
Mrs. Usha Devi Saboo	-	-	-	-	15.04
Mrs. Anuradha Saboo	-	-	-	-	1.79
Ms. Salonee Khanna	-	-	-	-	0.34
7 Deposits accepted/renew					
Mr. Sanjeev Kumar Masown	-	-	-	36.82	-
Mrs. Alka Khanna	-	-	-	-	2.33
Mr Anil Khanna	-	-	-	40.00	-
Ms. Ranjana Agarwal	-	-	-	239.87	-
Mr. Yashovardhan Saboo	-	-	-	262.54	-
Mr. R. K. Saboo	-	-	-	-	56.00
Mrs. Usha Devi Saboo	-	-	-	-	55.00
Mrs. Anuradha Saboo	-	-	-	-	21.79
Ms. Salonee Khanna	-	-	-	-	4.50
8 Deposits repaid					
Mrs. Alka Khanna	-	-	-	-	2.28
Mr. Yashovardhan Saboo	-	-	-	220.95	-
Ms. Ranjana Agarwal	-	-	-	129.95	-
Saveeka Family Trust	-	-	50.00	-	-
Mrs. Anuradha Saboo	-	-	-	-	20.00
Saboo Ventures LLP	-	-	400.00	-	-
Dream Digital Technology Private Limited	-	-	25.00	-	-
Vardhan Properties and Investment Limited	-	-	220.00	-	-

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	Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	other related Parties
9 Reimbursement received for expenses					
Mr. Sanjeev Kumar Masown	-	-	-	20.00	-
10 Reimbursement of expenses incurred on behalf of subsidiary Company					
Dream Digital Technology Private Limited	-	-	22.50	-	-
11 Reimbursement of expenses received by subsidiary Company					
Pasadena Retail Private Limited	-	26.49	-	-	-
Dream Digital Technology Private Limited	-	-	0.09	-	-
12 Rent received					
Dream Digital Technology Private Limited	-	-	1.20	-	-
13 Other Income					
Pasadena Retail Private Limited	-	6.44	-	-	-
14 Director fees					
Mr. Yashovardhan Saboo	-	-	-	3.90	-
Mr. Anil Khanna	-	-	-	9.03	-
Mr. Praveen Gupta	-	-	-	3.20	-
Mr. Jai Vardhan Saboo	-	-	-	1.50	-
Ms. Ranjana Agarwal	-	-	-	3.60	-
Mr. Sanjiv Sachar	-	-	-	1.80	-
15 Repayment of loans given by the Company					
Mr. Sanjeev Kumar Masown	-	-	-	5.00	-
16 Management consultancy fees paid					
Mrs. Anuradha Saboo	-	-	-	-	13.25
17 CSR contribution made					
KDDL Ethos Foundation	-	-	23.00	-	-
18 Employee benefit expense					
Mr. R. K. Saboo	-	-	-	-	30.63
Mr. Pranav Saboo	-	-	-	-	250.69
Mrs. Anuradha Saboo	-	-	-	-	5.68
19 Impairment in value of non-current investments					
Kamla Tesio Dials Limited	15.65	-	-	-	-

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Year ended 31 March 2020

	Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	other related Parties
1 Sale of goods					
Mr. Yashovardhan Saboo	-	-	-	9.18	-
Mr. R. K. Saboo	-	-	-	-	16.77
Mr. Pranav Shankar Saboo	-	-	-	-	3.81
Mr. Jai Vardhan Saboo	-	-	-	-	14.32
Ms. Satvika Saboo	-	-	-	-	0.37
2 Purchase of goods					
Mr. Yashovardhan Saboo	-	-	-	5.00	-
Anacott Trading SA	-	-	268.41	-	-
3 Payment of lease liabilities					
Kamla Tesio Dials Limited	6.00	-	-	-	-
Mr. Yashovardhan Saboo	-	-	-	31.06	-
Mrs. Anuradha Saboo	-	-	-	-	16.54
4 Compensation to key managerial personnel*					
<i>Short-term employee benefits</i>					
Mr. Yashovardhan Saboo	-	-	-	135.73	-
Mr. Sanjeev Kumar Masown	-	-	-	89.61	-
5 Interest income					
Mr. Sanjeev Kumar Masown	-	-	-	1.96	-
6 Interest paid/ accrued					
Vardhan Properties and Investment Limited	-	-	10.52	-	-
VBL Innovations Private Limited	-	-	20.39	-	-
Dream Digital Technology Private Limited	-	-	6.14	-	-
Saboo Ventures LLP	-	-	40.11	-	-
Saboo Housing Projects LLP	-	-	0.53	-	-
Mr. R. K. Saboo	-	-	-	-	9.05
Mr. Sanjeev Kumar Masown	-	-	-	4.63	-
Ms. Neeraj Masown	-	-	-	-	3.70
Mr. Lal Chand Masown	-	-	-	-	0.72
Mr. Yashovardhan Saboo	-	-	-	8.08	-
Mr. Anil Khanna	-	-	-	8.50	-
Mrs. Alka Khanna	-	-	-	-	3.08
Ms. Ranjana Agarwal	-	-	-	28.89	-
Mrs. Usha Devi Saboo	-	-	-	-	10.06
Mrs. Anuradha Saboo	-	-	-	-	1.18

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amount are in Indian Rupees Lakhs, except for share data)

	Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	other related Parties
7 Deposits accepted/renew					
Mr. Sanjeev Kumar Masown	-	-	-	38.93	-
Ms. Neeraj Masown	-	-	-	-	16.36
Mr. Lal Chand Masown	-	-	-	-	8.80
Vardhan Properties and Investment Limited	-	-	10.00	-	-
Mrs. Alka Khanna	-	-	-	-	0.50
Mr Anil Khanna	-	-	-	96.60	-
Ms. Ranjana Agarwal	-	-	-	237.07	-
Mr. Yashovardhan Saboo	-	-	-	140.00	-
Mr. R. K. Saboo	-	-	-	-	180.00
Mrs. Usha Devi Saboo	-	-	-	-	11.00
Mrs. Anuradha Saboo	-	-	-	-	20.00
8 Deposits repaid					
Mrs. Alka Khanna	-	-	-	-	0.50
Ms. Ranjana Agarwal	-	-	-	30.00	-
Mr Anil Khanna	-	-	-	68.04	-
Mr. Lal Chand Masown	-	-	-	-	2.00
Ms. Neeraj Masown	-	-	-	-	12.00
Vardhan Properties and Investment Limited	-	-	10.00	-	-
8 Reimbursement received for expenses					
Mr. Sanjeev Kumar Masown	-	-	-	22.00	-
Saboo Housing Projects LLP	-	-	-	-	7.00
9 Issue of equity shares under ESOP Scheme (including security premium)					
Mr. Sanjeev Kumar Masown	-	-	-	3.60	-
10 Reimbursement of expenses received by the Company					
Mr. R.K. Saboo	-	-	-	-	12.63
Pasadena Retail Private Limited	-	13.65	-	-	-
Anacott Trading SA	-	-	3.32	-	-
11 Rent received					
Dream Digital Technology Private Limited	-	-	0.60	-	-
12 Loan taken					
Vardhan Properties and Investment Limited	-	-	200.00	-	-
Swades Capital LLC	-	-	-	-	394.38
13 Loan repaid					
Mr. Yashovardhan Saboo	-	-	24.83	-	-
Dream Digital Technology Private Limited	-	-	75.00	-	-

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021
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	Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	other related Parties
14 Director fees					
Mr. Yashovardhan Saboo	-	-	-	3.38	-
Mr. Anil Khanna	-	-	-	8.21	-
Mr. Jai Vardhan Saboo	-	-	-	1.20	-
Mr. Jagesh Khaitan	-	-	-	2.40	-
Ms. Ranjana Agarwal	-	-	-	5.20	-
Mr. Praveen Gupta	-	-	-	4.80	-
Mr. Sanjiv Sachar	-	-	-	3.50	-
Mr. Torsten Buchwald	-	-	-	0.60	-
15 Repayment of loans given by the Company					
Mr. Sanjeev Kumar Masown	-	-	-	4.00	-
16 Management consultancy fees paid					
Mrs. Anuradha Saboo	-	-	-	-	10.00
17 CSR contribution made					
KDDL Ethos Foundation	-	-	24.50	-	-
18 Dividend paid					
Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	-	-	4.53
Mr. R. K. Saboo	-	-	-	-	80.85
Mr. Yashovardhan Saboo	-	-	-	65.42	-
Mrs. Usha Devi Saboo	-	-	-	-	20.30
Mrs. Anuradha Saboo	-	-	-	-	19.66
Mr. Pranav S. Saboo	-	-	-	-	21.92
Ms. Satvika Saboo	-	-	-	-	6.11
Vardhan Properties and Investment Limited	-	-	0.41	-	-
Dream Digital Technology Limited	-	-	0.87	-	-
Mr. Jagesh Khaitan	-	-	-	0.01	-
Mr. Sanjiv Sachar	-	-	-	0.06	-
Mr. Sanjeev Kumar Masown	-	-	-	0.15	-
Mr. Anil Khanna	-	-	-	0.09	-
Mrs. Alka Khanna	-	-	-	-	0.01
19 Employee benefit expense					
Mr. R. K. Saboo	-	-	-	-	30.00

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	Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	other related Parties
Mr. Pranav Saboo					141.92
Mrs. Anuradha Saboo	-	-	-	-	6.44
20 Guarantees taken					
Mr. Yashovardhan Saboo	-	-	-	1,993.17	-
21 Investments made					
Pasadena Retail Private Limited	-	100.00	-	-	-
22 Security deposit received					
Mr. Yashovardhan Saboo	-	-	-	2.00	-
*(Excluding provision for leave encashment, gratuity and bonus as they are determined on an actuarial basis for the company as a whole)					
d) Amount outstanding					
As at March 2021					
1 Loans and advances					
Mr. Sanjeev Kumar Masown	-	-	-	26.24	-
2 Other financial assets					
Dream Digital Technology Limited	-	-	0.35	-	-
3 Payables					
Dream Digital Technology Private Limited	-	-	9.05	-	-
Anacott Trading SA	-	-	45.68	-	-
Mr. Jai Vardhan Saboo	-	-	-	-	0.28
Mrs. Anuradha Saboo	-	-	-	-	4.63
4 Guarantees taken					
Mr. R. K. Saboo	-	-	-	4,685.00	-
Mr. Yashovardhan Saboo	-	-	-	12,719.00	-
5 Deposits taken					
Mr. Sanjeev Kumar Masown	-	-	-	57.95	-
Mr. Lal Chand Masown	-	-	-	-	11.44
Ms. Neeraj Masown	-	-	-	-	32.59
Mr. Anil Khanna	-	-	-	128.56	-
Mrs. Alka Khanna	-	-	-	-	29.74
Ms. Ranjana Agarwal	-	-	-	499.99	-
Vardhan Properties and Investment Limited	-	30.00	-	-	-

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021
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	Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	other related Parties
Mr. R. K. Saboo	-	-	-	236.00	-
Mr. Yashovardhan Saboo	-	-	-	262.54	-
Mrs. Usha Devi Saboo	-	-	-	-	151.00
Mrs. Anuradha Saboo	-	-	-	-	21.79
Ms. Salonee Khanna	-	-	-	-	4.50
6 Interest accrued but not due					
Mr. Sanjeev Kumar Masown	-	-	-	5.23	-
Mr. Lal Chand Masown	-	-	-	-	1.90
Mr. R. K. Saboo	-	-	-	-	29.34
Mr. Yashovardhan Saboo	-	-	-	11.96	-
Mrs. Neeraj Masown	-	-	-	-	7.08
Mr. Anil Khanna	-	-	-	13.90	-
Mrs. Alka Khanna	-	-	-	-	1.31
Ms. Ranjana Agarwal	-	-	-	70.16	-
Mrs. Usha Devi Saboo	-	-	-	-	-
Mrs. Usha Devi Saboo	-	-	-	-	19.70
Mrs. Anuradha Saboo	-	-	-	-	1.19
Ms. Salonee Khanna	-	-	-	-	0.34
7 Unsecured Loans					
VBL Innovations Private Limited	-	-	150.00	-	-
Swades Capital LLC	-	-	-	-	387.74
8 Employee related payables					
Mr. Yashovardhan Saboo	-	-	-	2.00	-
Mr. Sanjeev Kumar Masown	-	-	-	3.11	-
Mr. R.K. Saboo	-	-	-	-	2.18
Mr. Pranav Shankar Saboo	-	-	-	-	48.23
Mrs. Anuradha Saboo	-	-	-	-	0.52
9 Balance due from the related parties					
Mr. R.K. Saboo	-	-	-	-	0.11
Mr. Yashovardhan Saboo	-	-	-	0.02	-
Mr. Pranav Shankar Saboo	-	-	-	-	1.71
Ms. Satvika Saboo	-	-	-	-	12.60
Pasadena Retail Private Limited	-	18.11	-	-	-

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	Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	other related Parties
10 Balance due to the related party					
Sanjeev Kumar Masowan	-	-	-	0.13	-
d) Amount outstanding					
As at 31 March 2020					
1 Loans and advances					
Mr. Sanjeev Kumar Masown	-	-	-	30.30	-
2 Other financial assets					
Dream Digital Technology Limited	-	-	0.53	-	-
3 Payables					
Dream Digital Technology Private Limited	-	-	0.68	-	-
Kamla Tesio Dials Limited	1.47	-	-	-	-
Saboo Ventures LLP	-	-	8.98	-	-
Vardhan Properties and Investment Limited	-	-	4.96	-	-
Anacott Trading SA	-	-	51.41	-	-
4 Guarantees taken					
Mr. R. K. Saboo	-	-	-	-	4,939.24
Mr. Yashovardhan Saboo	-	-	-	13,923.24	-
Mrs. Usha Devi Saboo	-	-	-	-	254.24
5 Deposits taken					
Mr. Sanjeev Kumar Masown	-	-	-	41.13	-
Mr. Lal Chand Masown	-	-	-	-	11.44
Ms. Neeraj Masown	-	-	-	-	32.59
Mr. Anil Khanna	-	-	-	68.56	-
Mrs. Alka Khanna	-	-	-	-	24.08
Ms. Ranjana Agarwal	-	-	-	390.07	-
Vardhan Properties and Investment Limited	-	-	40.00	-	-
Saboo Ventures LLP	-	-	400.00	-	-
Mr. R. K. Saboo	-	-	-	-	180.00
Mr. Yashovardhan Saboo				140.00	
Mr. Anil Khanna	-	-	20.00	-	-

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	Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	other related Parties
Mrs. Alka Khanna	-	-	-	-	5.61
Mrs. Usha Devi Saboo	-	-	-	-	96.00
Mrs. Anuradha Saboo	-	-	-	-	20.00
Saveeka Family Trust	-	-	50.00	-	-
6 Interest accrued but not due					
Mr. Sanjeev Kumar Masown	-	-	-	7.77	-
Mr. Lal Chand Masown	-	-	-	-	0.66
Mrs. Neeraj Masown	-	-	-	-	3.38
Mr. Anil Khanna	-	-	-	1.40	-
Mrs. Alka Khanna	-	-	-	-	0.08
Ms. Ranjana Agarwal	-	-	-	28.93	-
7 Unsecured Loans					
Dream Digital Technology Private Limited	-	25.00	-	-	-
Vardhan Properties & Investment Limited	-	210.00	-	-	-
VBL Innovations Private Limited	-	150.00	-	-	-
Mr. Yashovardhan Saboo	-	-	-	80.95	-
Swades Capital LLC	-	-	-	-	394.38
8 Employee related payables					
Mr. Yashovardhan Saboo	-	-	-	1.69	-
Mr. Sanjeev Kumar Masown	-	-	-	2.43	-
Mr. R.K. Saboo	-	-	-	-	2.00
9 Balance due from the related parties					
Mr. R.K. Saboo	-	-	-	-	14.32
Mr. Yashovardhan Saboo	-	-	-	5.83	-
Mr. Pranav Shankar Saboo	-	-	-	-	4.49
Ms. Satvika Saboo	-	-	-	-	0.43
Pasadena Retail Private Limited	-	15.35	-	-	-
10 Balance due to the related parties					
Mr. Pranav Shankar Saboo	-	-	-	-	0.16
Mrs. Anuradha Saboo	-	-	-	-	1.13

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(All amount are in Indian Rupees Lakhs, except for share data)

e) Other transactions

1. Security being provided by Directors and relatives of directors for long term loan taken from Indiabulls Housing Finance Limited by providing exclusive mortgage and charge on their personal property for this loan. The loan has been repaid during the current year.
2. Security being provided by Managing Director of the Company for loan taken from Bank of Maharashtra by pledging 360,000 shares of KDDL limited held by him.

f) Terms and conditions of transactions with related parties

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

44 Operating segments

(a) Basis for segmentation

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

The Group has four reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman and Managing Director reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Operations
Precision and watch components	Manufacturing and distribution of dials, watch hands and precision components
Watch and accessories	Trading of watches and accessories
Marketing and other support services	IT based business solutions
Others	Manufacturing and distribution of packaging boxes

(b) Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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Year ended 31 March 2021	Precision and watch components	Watch and watch acce- ssories	Marketing support an other services	Others	Total
Segment revenue:					
- External revenues	15,703.50	38,712.39	473.48	470.00	55,359.37
- Inter-segment revenue	-	(3.56)	(473.48)	-	(477.04)
Total segment revenue	15,703.50	38,708.83	-	470.00	54,882.33
Segment profit /(loss) before income tax	2,072.65	2,233.65	89.89	(2.22)	4,393.96
Segment assets	19,852.82	36,404.65	134.44	407.88	56,799.79
Segment assets include:					
- Investments accounted for using equity method	90.53	-	-	-	90.53
- Capital expenditure during the year	440.29	1,039.37	0.35	-	1,480.01
Segment liabilities	3,054.79	9,292.64	46.84	68.47	12,462.74

44 Operating segments (Continued)

Year ended 31 March 2020	Precision and watch components	Watch and watch acce- ssories	Marketing support an other services	Others	Total
Segment revenue:					
- External revenues	18,431.82	45,942.84	802.81	858.00	66,035.47
- Inter-segment revenue	-	(4.92)	(802.81)	-	(807.73)
Total segment revenue	18,431.82	45,937.92	-	858.00	65,227.78
Segment profit (loss) before income tax	2,290.16	1,603.41	43.98	419.32	62,227.99
Segment assets	20,598.97	41,165.71	43.98	419.32	62,227.99
Segment assets include:					
- Investments accounted for using equity method	95.10	-	-	-	95.10
- Capital expenditure during the year	2,254.77	1,381.96	0.98	4.01	3,641.72
Segment liabilities	2,953.59	9,461.92	31.90	86.22	12,533.63

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(c) Reconciliations of information on reportable segments to Ind AS measures

	As at 31 March 2021	As at 31 March 2020	
i. Revenues			
Total revenue for reportable segments	55,359.37	66,035.47	
Elimination of inter-segment revenue	(477.04)	(807.73)	
Total revenue	54,882.33	65,227.75	
ii. Profit before tax			
Total profit before tax for reportable segments	4,393.96	4,234.38	
Finance cost	(2,683.20)	(2,853.38)	
Unallocated amounts:			
Corporate expenses (net of un-allocated revenue)	(649.30)	(870.29)	
Consolidated profit before tax	1,061.46	510.71	
	As at 31 March 2021	As at 31 March 2020	
iii. Assets			
Total assets for reportable segments	56,799.79	62,227.99	
Unallocated amounts	4,953.82	3,491.82	
Consolidated total assets	61,753.61	65,719.35	
iv. Liabilities			
Total liabilities for reportable segments	12,462.74	12,533,63	
Unallocated amounts	26,56546	30,445.48	
Consolidated total liabilities	39,028.20	42,979.11	
v. Other material items			
	Reportable Segment Total	Adjustments	Consolidated Total
Year ended 31 March 2021			
Finance cost	-	2,683.20	2,683.20
Capital expenditure during the year	1,480.01	81.56	1,561.57
Depreciation and amortisation expense	4,449.97	153.95	4,603.92
Year ended 31 March 2020			
Finance cost	-	2,853.38	2,853.38
Capital expenditure during the year	3,641.72	15.96	3,657.68
Depreciation and amortisation expense	4,629.18	176.87	4,806.05

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(d) Geographical information

	Year ended 31 March 2021	Year ended 31 March 2020
I. Revenues		
India	44,698.02	54,817.03
Outside India		
Switzerland	7,353.46	8,134.46
Germany	1,710.96	1,374.33
United Kingdom	273.94	418.89
USA	141.57	72.29
France	205.60	190.79
Israel	38.25	62.11
Dubai	-	58.37
Nigeria	-	7.29
Taiwan	50.57	11.47
Portugal	100.56	-
Czech Republic	81.30	-
South Korea	71.25	-
China	95.67	-
Other countries	61.18	80.71
Total outside India	10,184.31	10,410.72
Total	54,882.33	65,227.75
ii. Non-current assets		
	Year ended 31 March 2021	Year ended 31 March 2020
India	24,659.67	26,596.28
Outside India		
Switzerland	3,125.16	3,323.05
Total outside India	3,125.16	3,323.05
Total	27,784.84	29,919.32

*In presenting the geographical information, segment revenue has been based on the geographic location of the customers.

(e) Major customer

For the year ended 31 March 2021 and 31 March 2020, there is no major customer with respect to consolidated revenue of the group.

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45 Group as a lessee:

The Holding Company has lease contracts for various items of plant and equipment, building and land used in its operations. Leases of plant and equipment generally have lease terms between 3-5 years, while buildings generally have lease terms between 1-10 years, while leasehold land has lease term of 99 years. Further, The Ethos Limited, a subsidiary company has lease contracts for various retail stores used for its operations. The Leases generally have lease terms 3-9 years. The Group obligations under its leases are secured by the lessor's title to the leased assets.

The Group has certain leases with lease terms of 12 months or less and certain leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Plant & equipment	Building	Leasehold land* \$	Store	Total
As at 01 April 2019	388.45	516.66	560.80	7,920.28	9,386.20
Additions	83.05	2.66	-	4,381.41	4,467.13
Portion of security deposit reclassified	13.08	6.41	-	360.34	379.82
Depreciation expense	(129.43)	(125.53)	(6.30)	(2,796.60)	(3,057.86)
Deletions/Modification	-	-	-	(218.36)	(218.36)
As at 31 March 2020	355.14	400.21	554.50	9,647.07	10,956.92

*Reclassified from property, plant and equipment (PPE)

Particulars	Plant & equipment	Building	Leasehold land* \$	Store	Total
As at 01 April 2020	355.14	400.21	554.50	9,647.07	10,956.92
Additions	1.73	73.05	-	1,253.86	1,328.65
Depreciation expense	(134.09)	(109.81)	(6.30)	(2,466.79)	(2,716.98)
Deletions/Modification	-	(55.93)	-	(341.12)	(397.05)
As at 31 March 2021	222.79	307.53	548.20	8,093.03	9,171.55

\$ Includes leasehold land of Rs. 5.67 (31 March 2020: Rs. 5.67) situated at Parwanoo for which the Company is in the process of completing formalities for transferring the title deed in its own name.

The carrying amounts of lease liabilities and the movements during the year:

Particulars	Total
As at 01 April 2019	8,825.39
Additions	4,269.58
Accretion of interest	1,150.93
Payments	(3,381.21)
Deletions/Modification	(230.82)
As at 31 March 2020	10,633.87

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Current	2,092.87
Non-current	8,540.95
Particulars	Total
As at 01 April 2020	10,633.87
Additions	1,259.67
Accretion of interest	1,143.28
Payments	(1,875.53)
Deletions/Modification	(374.29)
Rent Concessions	(1,402.22)
As at 31 March 2021	9,384.78
Current	2,090.87
Non-current	7,293.91

The details regarding the maturity analysis of lease liabilities as at March 31, 2021 on an undiscounted basis is disclosed in Note 36.

Considering the lease term of the leases, the effective interest rate for lease liabilities varies from 11.63% to 11.98%.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following are the amounts recognised in profit and loss:

For the year ended 31 March 2020

Particulars	Plant & equipment	Building	Leasehold	Store land* \$	Total
Depreciation expense of right-of-use assets	129.43	125.53	6.30	2,796.60	3,057.86
Interest expense on lease liabilities	45.60	56.51	-	1,048.82	1,150.93
Expense relating to short-term leases (included in other expenses)*	-	28.20	-	245.89	274.09
Total amount recognised in profit and loss	175.03	210.24	6.30	4,091.31	4,482.88

* Gross of reimbursement received of Rs. 171.78

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Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021

(All amount are in Indian Rupees Lakhs, except for share data)

For the year ended 31 March 2021

Particulars	Plant &	Building	Leasehold	Store	Total
	equipment			land* \$	
Depreciation expense of right-of-use assets	134.09	93.32	6.30	2,483.27	2,716.98
Interest expense on lease liabilities	36.64	44.52	-	1,062.12	1,143.28
Expense relating to short-term leases (included in other expenses)*	-	4.58	-	249.93	254.51
Total amount recognised in profit and loss	170.73	142.42	6.30	3,795.32	4,114.77

* Gross of reimbursement received of Rs. 53.22

The Group had total cash outflows for leases of Rs 1,875.53 in 31 March 2021 (Rs 3,381.21 in 31 March 2020).

46 The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

47 Disclosures pursuant to Section 186 of the Companies Act, 2013:

	As at 31 March 2021	As at March 2020
Investment		
Investment in associate: Kamla Tesio Dials Limited		
Balance as at the year end	10.46	28.53
Maximum amount outstanding at any time during the year	28.53	28.53
Investment in joint venture: Pasadena Retail Private Limited		
Balance as at the year end	80.07	66.57
Maximum amount outstanding at any time during the year	80.07	100.00
Investment in company: Karolview Developers Private Limited		
Balance as at the year end	44.10	44.15
Maximum amount outstanding at any time during the year	44.15	45.80
Investment in company: Shivalik Waste Management Limited		
Balance as at the year end	4.40	3.58
Maximum amount outstanding at any time during the year	4.40	3.58

* Investment is net off provision for diminution in the value of investment, other than temporary.

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(All amount are in Indian Rupees Lakhs, except for share data)

48. Considering the accumulated losses, impairment indicators were identified in relation to property, plant and equipment (PPE) in subsidiary Estima AG. As a result, an impairment assessment was required to be performed by comparing the carrying value of the PPE to its recoverable amount to determine whether an impairment was required to be recognised. The recoverable amount was determined to be the higher of the fair value less cost of disposal, and the value in use, determined by discounting future cash flows. Based on the impairment assessment carried out by the management, recoverable amount from these PPE is higher than their carrying amount, hence no impairment provision is required to be made.

49. During the current year, one of the subsidiary company has reported a cyber fraud wherein the e-mail account of one of the Vendor of the subsidiary company was hacked and based on the communication received from the hacked account, the subsidiary company transferred an amount of CHF 56,833.45 i.e. Rs. 45.67 on October 01, 2020 to the fraudulent account personated to be the Vendor's bank account in Switzerland, held with UBS Switzerland AG Bank.

Cyber criminals using the authentic e-mail addresses and back-up mails informed the subsidiary company to send current money to an alternate bank account of ORIS SA a partner brands on September 28, 2020 to whom remittances are being made for the purchase of imported watches on a regular basis. Not suspecting anything wrong, the subsidiary company had made payment of CHF 56,833.45 to such fraudulent account. Later on the subsidiary company realized that it was a cyber crime and that the remittance was made to a fraudulent account. The subsidiary company contacted ORIS SA to check the remittance made, however brand officials confirmed that there is no such amount credited in their bank accounts.

The subsidiary company has filed a FIR cybercrime complaint (Ack. No. 20810200055209) on October 14, 2020 and also pursued with the banking channels to recover the amount involved. Furthermore, the Vendor also filed a complaint with the Swiss Authorities to recover the amount involved. Though, the subsidiary company is putting in its best efforts to recover the amount, the management has made provision amounting to Rs. 22.85 against the total amount of Rs. 45.67 involved in the said fraud.

50 The other income for the year ended 31 March 2020 include (a) interest on income tax refunds received by the Holding Company for earlier years amounting to Rs. 89.53 and (b) Rs. 67.92 due to reductions/adjustments of loan payable to outsider as per the share purchase agreement in one of the subsidiary, Estima AG.

51 The Group's operations, revenue and consequently profit during the year ended 31 March 2021 were impacted due to COVID-19. Further, second wave of COVID-19 pandemic has hit India recently. Currently, the State Governments have implemented regional lockdowns based on situation in individual states/regions. The Group has made detailed assessment of its liquidity position and the recoverability of carrying value of its assets comprising property, plant and equipment, intangible assets, right-of-use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated at the date of approval of these consolidated Ind AS financial statements.

52 Ethos Limited, a subsidiary company is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the subsidiary company. The subsidiary company on a periodic basis physically verifies the inventory and makes an assessment of the inventory age listing to identify the slow-moving and obsolete inventories. The exercise has been carried out throughout the year and also at the year end. Considering the fact that, the company is into the business of trading of high-end luxury watches the holding period for the same is higher and

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(All amount are in Indian Rupees Lakhs, except for share data)

identification of slow-moving and obsolete inventories involved judgements considering the nature of the retail industry.

53 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

54 With respect to Amalgamation of wholly owned subsidiary company namely Satva Jewellery and Design Limited with Holding Company and pursuant to the order of Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench, dated 15 October 2019 directing both the Companies that the Scheme should be considered as per the procedure laid down in Section 232 of the Companies Act, 2013 ("the Act"), the Holding Company has filed new Scheme under Section 232 of the Act on 20 August 2020 with NCLT and the same is under consideration. The proposed appointed date has been fixed as 01 April 2019 under the new Scheme. During the year ended 31 March 2021, the shareholders, secured and unsecured creditors of the Holding Company at their respective meetings held on 19 December 2020 approved the Scheme pursuant to the order of the NCLT dated 10 November 2020. The Scheme is now pending for approval with the NCLT and the next hearing is scheduled on 23 July 2021. Hence, the accounting will be done once the Scheme is approved by the NCLT and becomes effective.

55 The meeting of the Board of Directors of the Holding Company and Funds Raising Committee held on 23 March 2021 and 26 March 2021 respectively, approved the offer and issue of 10,86,956 fully paid-up equity shares of the Holding Company by way of a rights issue to eligible shareholders of the Holding Company as on the record date in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018, as amended and other applicable laws, at a price of INR 230 per share including premium of INR 220 per share. Subsequent to the year end, pursuant to the finalisation of the basis of allotment of the Issue in consultation with National Stock Exchange of India Limited (the designated stock exchange for the Issue), the Lead Manager to the issue and the Registrar to the issue, the Fund Raising Committee at its meeting held on 17 May 2021 considered and approved the allotment of 10,86,956 Rights Equity Shares of face value of INR 10 each, at an issue price of INR 230 per Rights Equity Share, including a premium of INR 220 per Rights Equity Share to the eligible applicants in the Issue. The Holding Company has so far incurred share issue expenses of Rs. 27.95 (including Rs. 18.00 paid to statutory auditors towards various rights issue related jobs) as at 31 March 2021 in connection with aforesaid Rights Issue. The aforementioned amount shall be adjusted against securities premium to the extent permissible under Section 52 of the Companies Act, 2013.

For and on behalf of the Board of Director of **KDDL Limited**

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm registration no.:301003E/E300005

Yashovardhan Saboo

Chairman

and Managing Director

DIN: 00012158

Sanjeev Masown

Chief Financial Office

and Whole time Director

DIN: 03542390

Anil Gupta

Partner

Membership no. : 87921

Place : New Delhi

Date : 14 June 2021

Place : Chandigarh

Date : 14 June 2021

Brahm Prakash Kumar

Company Secretary

Membership No.FCS7519

If undelivered please return to
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