KDDL Limited

ANNUAL REPORT
2019 - 2020

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

CONTENTS

Notice	01
Board's Report	19
Management Discussion & Analysis Report	53
Report on Corporate Governance	67
Independent Auditors' Report	85
Balance Sheet	96
Statement of Profit and Loss	97
Statement of changes in equity	98
Cash Flow Statement	99
Significant Accounting Policies	101
Consolidated Accounts	176

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 40th Annual General Meeting of KDDL Limited will be held on **Wednesday, 23rd September, 2020 at 04:00 p.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 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, 2020, the reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend of Rs. 2/- per equity share of face value of Rs. 10 each, for the financial year 2019-20.
3. To re- appoint Mr. Vishal Satinder Sood (DIN :01780814), 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."

5. **Re-appointment of Mr. Yashovardhan Saboo (DIN :00012158) as Chairman and Managing 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 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 Company be and is hereby accorded for the re-appointment of Mr. Yashovardhan Saboo (DIN : 00012158) with designation of Chairman and Managing Director of the Company, w. e. f. 1st April, 2020, for a further period of three years, i.e. up to 31st March, 2023, upon terms and conditions including remuneration as set out in the Explanatory Statement appended herewith which may be altered, modified or varied by the Board of Directors or any committee thereof of the Company 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, Chairman & Managing 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 as amended 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. **Re-appointment of Mr. Praveen Gupta (DIN: 01885287) as an Independent 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 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made there under read with Schedule IV to the Act, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) or any other applicable laws, rules and regulations as may be applicable from time to time and pursuant to the recommendation of Nomination & Remuneration Committee and approval of the Board of Directors in their respective meetings held on 27th June, 2020 the consent of the Members of the Company be and is hereby accorded for the reappointment of Mr. Praveen Gupta (DIN: 01885287) who was appointed as an Independent Director of the Company to hold office for a period of 5(Five) years from the conclusion of 35th Annual General Meeting w.e.f 24th August, 2015 to 23rd August, 2020 and being eligible offers himself for re-appointment as an Independent Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and regulation 16(1)(b) of Listing Regulations, not liable to retire by rotation to hold office for a second term of 5 (five) consecutive years commencing from 24th August, 2020 upto 23rd August, 2025."

"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."

7. 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 (''the Regulations'') 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 time 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."

"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".

8. Increase in Authorized Share Capital of the Company and consequent alteration in clause V of Memorandum of Association.

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 13, 61, 64 and other applicable provisions, if any, of Companies Act, 2013 and the rules notified thereunder (including any statutory modification(s), amendments or re-enactment(s) thereof for the time being in force) and further subject to any other laws and regulations, as may be applicable and the enabling provisions of Articles of Associations of the Company and on recommendation of the Board of Directors of the Company and applicable permissions, sanctions and approvals as may be required in this regard, approval of shareholders of the Company be and is hereby accorded for increasing the 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)."

"RESOLVED FURTHER THAT the existing Clause V of Memorandum of Association of the Company be and is hereby altered by substituting the following clause in place of existing Clause:

V. *The Authorized Share Capital of the Company is 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).*

"RESOLVED FURTHER THAT the Board of Directors of the Company ("Board") or any officer /executive / representative and /or any other person so authorized by the Board, be and is hereby authorised on behalf of the

Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring by the Board of Directors to secure any further consent or approval of the Shareholders of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

9. **Ratification of Remuneration to Cost Auditor for the financial year 2019-20.**

To consider and if thought fit, to pass 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 the Company to conduct the audit of cost records pertaining to electricals or electronic products and tools of the Company for the financial year 2019-20 amounting to Rs. 40,000 (Rs. forty 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."

10. **Ratification of Remuneration to Cost Auditor for the financial year 2020-21.**

To consider and if thought fit, to pass 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 the Company to conduct the audit of cost records pertaining to electricals or electronic products and tools of the Company for the financial year 2020-21 amounting to Rs. 40,000 (Rs. forty 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."

Date : 25th August, 2020 — **For and on behalf of the Board of Directors**
Place : Chandigarh

Brahm Prakash Kumar
Company Secretary

NOTES:

1. In view of Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020, 13th April, 2020 and other applicable circulars (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing

Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered office of the Company.

2. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, setting out the details pertaining to Special Business at the meeting, is annexed hereto. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection electronically. Members seeking to inspect such documents can send an email to investor.complaints@kddl.com.

3. A member entitled to attend and vote at the Annual General Meeting (the "Meeting/AGM") is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. Since this AGM is being held through VC/OAVM pursuant to the applicable MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members 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 MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 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 CDSL www.evotingindia.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 the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/ Guidance on applicability of Secretarial Standards - 1 and 2 dated 15th April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to 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 39th Annual General Meeting of the Company till the conclusion of 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 ensuring AGM.

7. The Register of Members and the Share Transfer books of the Company will remain closed from 16th September, 2020 to 23rd September, 2020 (both days inclusive) for the purpose of 40th Annual General Meeting (AGM) of the Company.

8. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in electronic form for any change of 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.

9. In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers 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 their under, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to unpaid dividend account 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 with their depository participants in case the shares are held in demat form or with the Company / RTA in case the shares are held in physical form, to enable the Company to send all the communications including Annual Report, Notices, Circulars, etc. electronically.

15. Members may also note that the Notice of 40th Annual General Meeting and the Annual Report for 2019-20 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 and cast their votes through remote e-voting or at the AGM pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

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.iept.gov.in

20. **Remote E-voting**

a) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and the provisions of regulation 44 of the Listing Regulations, the business may be transacted through remote e-voting services. Remote e-voting is optional. The facility of e-voting shall also be made available at the AGM. Members attending the AGM and who have not already cast their vote by remote e-voting shall be able to exercise their right to cast vote at the AGM. The facility of remote e-voting as well as the e-voting system on the date of AGM will be provided by CDSL .

b) The remote e-voting period will commence on Saturday, 19th September, 2020 at 10:00 am and will end on Tuesday, 22nd September, 2020 at 05:00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e., Wednesday, 16th September, 2020 may cast their vote electronically in the manner and process set out hereinbelow. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast, the Member shall not be allowed to change it subsequently. Further, the member(s) who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote at the AGM.

c) Instructions for Remote e-voting are as under:

(i) The shareholders need to visit the e-voting website http://www.evotingindia.com/.

(ii) Click on "Shareholders" module.

(iii) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ● Shareholders who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is mentioned in email.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. ● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other company for which they are eligible to vote, provided that the company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For shareholders holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution on which you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

21. **Process for those shareholders who wish to obtain login credentials for e-voting for the resolutions proposed in this notice but whose email addresses are not registered with the depositories :**

(i) For Members holding shares in physical form- Please provide necessary details like folio no., name of shareholder, scanned copy of the share certificate (front and back), self attested scanned copy of the PAN Card, and self attested scanned copy of any document (eg.: Aadhar Card, Driving License, Election Identity Card, Passport) in support of the address of the Member by email to Company at **investor.complaints@kddl.com**

(ii) For Members holding shares in demat form - Please provide demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), name, client master or copy of consolidated account statement, PAN (self attested scanned copy of PAN Card), Aadhar (self attested scanned copy of Aadhar Card) to Company/RTA email ids as mentioned above.

22. **Information and instructions for Members attending the AGM through VC/OAVM are as under:**

(i) To join the meeting, the shareholders should log on to the e-voting website http://www.evotingindia.com / and login as explained above. After logging-in, kindly click on 'live streaming' tab and you will be redirected to 'cisco' website.

In the “Name” field	-	Put your name.
In the “last name” field	-	Enter your folio no. as informed in e-mail
In the “Email ID” field	-	Put your email ID
In the “Event password” field	-	Put the password as “cdsl@1234”

Click join now button.

Event will start and you will be in the AGM through Video conferencing.

You can join meeting through laptop, tablet, and desktop. In case you want to join through mobile, you need to download the webex meet app from the respective play store .

Pre-requisite for joining of meeting through desktop or laptop:

1. System requirement:

- ✓ Windows 7, 8 or 10
- ✓ I3
- ✓ Microphone, speaker
- ✓ Internet speed minimum 700 kbps
- ✓ Date and time of computer should be current date and time

Pre-requisite for joining of meeting through mobile:

- ✓ Please download webex application from play store

NOTE: IT IS ADVISABLE TO LOGIN BEFOREHAND AT E-VOTING SYSTEM AS EXPLAINED IN E-VOTING INSTRUCTIONS ABOVE, TO BE FAMILIAR WITH THE PROCEDURE, SO THAT YOU DO NOT FACE ANY TROUBLE WHILE LOGGING-INDURING THE AGM.

23. **Instructions for Members for e-voting during the AGM are as under**

a) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

b) Only those Members , who are 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 available during the AGM.

c) If votes are cast by the Members through e-voting available during the AGM and if same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the AGM is available only to the Members attending the AGM.

24. Other Instructions :

(i) Note for Non – Individual Members and Custodians

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non Individual Members are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address investor.complaints@kddl.com, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(ii) In case of any query or grievance pertaining to e-voting, members may contact Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel, East Mumbai 400013. Email: helpdesk.evoting@cdslindia.com , Tel.: 1800-225-533. Further, Members may also contact with Mr. Deepanshu Rastogi, Asst. Manager, MAS Services Limited, RTA at info@masserv.com or on Telephone No.: 011-26387281/82/83.

(iii) Any person, who acquires shares of the Company and becomes Member of the Company after sending the Notice by e-mail and holding shares as on the cut-off date i.e. Wednesday, 16th September 2020 may follow the same instructions as mentioned above for remote e-voting and e-voting at the AGM.

(iv) The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut off date i.e. Wednesday , 16th September 2020 and a person who is not a Member as on a cut-off date should treat the Notice for information purpose only.

(v) The Company has appointed Mr. Ajay K. Arora Company Secretary in Practice (Membership No. FCS-2191), as Scrutinizer to scrutinize the process of remote e-voting and voting on the date of AGM in a fair and transparent manner.

(vi) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, scrutinise the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting and submit, not later than 48 hours of conclusion of AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorized by him in writing who shall countersign the same. The Chairman or a person authorized by him in writing shall declare the results of the voting forthwith.

(vii) A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut off date i.e. Wednesday, 16th September 2020 and who has not cast vote by remote-voting and being present at the AGM only shall be entitled to vote at the AGM.

(viii) The results declared alongwith the consolidated Scrutinizer's report shall be placed on the website of the Company www.kddl.com and on the website of CDSL www.evotingindia.com and shall simultaneously be forwarded to the concerned Stock Exchanges.

25. Procedure to be followed by the Members updation of bank account mandate for receipt of dividend:

i. Send a request to the Company at investor.complaints@kddl.com by providing the following details:

a) Folio No., Name of the Member/s;

b) Name and Branch of the Bank in which you wish to receive the dividend;

c) the Bank Account type;

d) Bank Account Number allotted by their bank after implementation of Core Banking Solutions;

e) 9 digit MICR Code Number; and

f) 11 digit IFSC Code

ii. Along with the request, attach the scanned copy of Share Certificate (front and back), PAN (self-attested scanned copy of PAN card), scanned copy of cancelled cheque bearing the name of the first Shareholder.

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.

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 Shareholders of the Company at 37th Annual General Meeting held on 11th August, 2017 re-appointed Mr. Yashovardhan Saboo as Chairman & Managing Director of the Company for a period of three years till 31st March, 2020.

Pursuant to the recommendations of Nomination and Remuneration Committee Meeting held on 14th February, 2020, the Board of Directors at its meeting held on 14th February, 2020, subject to the approval of shareholders, has re-appointed Mr. Yashovardhan Saboo as Chairman and Managing Director of the Company w.e.f. 1st April, 2020 for a further period of 3 (three) years i.e., up to 31st March, 2023.

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

(Amount in Rs.)

		Particulars	**2020-21**		**2021-22**		**2022-23**	
			PM	PA	PM	PA	PM	PA
1)		Salary	8,75,000	1,05,00,000	9,50,000	1,14,00,000	10,00,000	1,20,00,000
2)		Perquisites						
	a)	Fully furnished rent free accommodation (separately agreement to be executed considering the market value)	2,31,000	27,72,000	2,42,600	29,11,200	2,54,700	30,56,400
	b)	10% of value of furniture provided - Rs. 47,44,657		4,74,466		4,74,466		4,74,466
	c)	#Reimbursement of charges for water, electricity and gas expenses, subject to a maximum of Rs. 6,00,000 p.a		6,00,000		6,00,000		6,00,000
	d)	#Medical Reimbursement : Expenses incurred by him and family subject to a ceiling of One month's salary in a year or three month's salary over a period of three years.		8,75,000		9,50,000		10,00,000
	e)	Personal Accident Insurance and/or Medical Insurance subject to a maximum of Rs. 50,000 per annum		50,000		50,000		50,000
	f)	Club Fees for two clubs subject to a maximum of Rs. 30,000 per annum		30,000		30,000		30,000
	g)	Superannuation Allowance	1,31,250	15,75,000	1,42,500	17,10,000	1,50,000	18,00,000
		Total Perquisites		**63,76,466**		**67,25,666**		**70,10,866**
3)		Bonus: Based on the performance as per the parameters to be fixed from time to time by the remuneration committee.		95,00,000		1,00,00,000		1,10,00,000
		Total		**2,63,76,466**		**2,81,25,666**		**3,00,10,866**
		Limit as per Companies Act with Special Resolution						
		Other perquisites (not included in the computation of the ceiling on remuneration, specified under applicable provisions of Companies Act).						

Contribution to Provident Fund	12,60,000	13,68,000	14,40,000
Gratuity	5,04,807	5,48,077	5,76,923
Earned Leave: Encashment of unavailed earned leaves as per the Company's rules at the end of each year on his request or at the end of the tenure.			
Total	**17,64,807**	**19,16,077**	**20,16,923**
Grand Total	**2,81,41,273**	**3,00,41,743**	**3,20,27,789**

Provision of Car(s) for use on Company's business and mobile phone(s) or telephone(s) at residence will not be considered as perquisites. Personal long distance calls on telephone(s), if any, for private purpose shall be billed by the Company and recovered through his imprest from time to time.

In case of any shortfall in actual medical, power, water and gas expenses, the same will be paid at the year-end as floating allowance.

The above remuneration and perquisites shall be subject to the limits allowed under respective 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 and stipulations for the re-appointment of Mr. Yashovardhan Saboo as Chairman & Managing Director of the Company and the remuneration payable to him.

The terms and conditions proposed by the Board of Directors at their meeting held on 14.02.2020 are keeping in line with the remuneration package that is necessary for the important position to encourage good professional managers with a sound career record to important position as that of the Chairman and Managing Director.

None of the Directors or their relatives and Key Managerial Personnel or their relatives except Mr. Yashovardhan Saboo and Mr. Jai Vardhan Saboo, is either interested or concerned in the resolution. The brief profile of Mr. Yashovardhan Saboo is given with annexure accompanying this notice.

The Board recommends the special resolution as set out at item no. 5 in the notice for approval by the members

ITEM NO. 6

Mr. Praveen Gupta (DIN: 01885287) is an Independent Director of the Company and his current term has completed on 23rd August, 2020. As per Section 149(10) of Companies Act, 2013 (“the Act”) an Independent Director shall hold office for a term of upto five years but shall be eligible for re-appointment for a further term upto five years on passing a special resolution by the Company.

Mr. Praveen Gupta has given a declaration to the effect that he meets the criteria of independence as provided under Section 149(6) of the Act and regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with a declaration under Section 164(2) of the Companies Act, 2013 read with the rules made there under, confirming he is not disqualified to be re-appointed as a Director of the Company.

In the opinion of the Board, Mr. Praveen Gupta fulfils the conditions for re-appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Praveen Gupta is independent of the management.

The Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Mr. Praveen Gupta as an Independent Director of the Company for a term of 5 (five) consecutive years w.e.f. 24th August, 2020.

The brief profile, specific areas of his expertise and other information as required under Listing Regulations is provided at the end 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. 6 of the notice.

The Board recommends the special resolution as set out at item no. 6 in the Notice for approval by the members.

ITEM NO. 7

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, 2020

The other related information as envisaged under Companies (Meeting of Board and its Powers) Rules, 2014 and any amendments thereto 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.

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. 7 of the Notice.

The Board recommends the ordinary resolution set out at Item No. 7 of the Notice for approval by the Shareholders.

ITEM NO. 8

In view of the expansion plans and growth of the Company, it is proposed to increase the Authorized Share Capital of the Company

The existing Authorized Share Capital of the Company is 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).

It is proposed to increase the authorized share capital of the Company 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) by creation of new additional 1,25,20,000 equity shares of Rs. 10/- each.

The proposed increase of authorized share capital requires the approval of the members at General Meeting. Consequent upon the increase in authorized share capital of the Company, its Memorandum of Association will require alterations so as to reflect the increase in the Authorized Share Capital.

Approval of the shareholders is being sought by way of the resolution as set out at item no. 8 of this notice.

No Director, Key Managerial Personnel and their relatives is in any way, concerned or interested in the resolution, set out at item no. 8 of the notice.

The Board recommends the special resolution as set out at item no. 8 in the notice for approval by the members.

ITEM NO. 9

The Board of Directors at its meeting held on 11th September, 2019, upon the recommendations 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, 2019 to 31st March, 2020 at a remuneration of Rs. 40,000/- (Rs. Forty Thousands 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 ended 31st March, 2020, as set out in the ordinary resolution for the aforesaid services 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. 9 of the Notice for approval by the Members.

ITEM NO. 10

The Board of Directors at its meeting held on 27th June, 2020 upon the recommendations 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, 2020 to 31st March, 2021 at a remuneration of Rs. 40,000/- (Rs. Forty Thousands 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 ended 31st March, 2021, 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. 10 of the Notice for approval by the Members.

Date : 25th August, 2020
Place : Chandigarh

For and on behalf of the Board of Directors

Brahm Prakash Kumar
Company Secretary

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

Name of the Director	**Mr. Vishal Satinder Sood**	**Mr. Praveen Gupta**	**Mr. Yashovarshan Saboo**
Date of Birth	23rd February, 1972	9th September, 1955	24th August, 1958
Date of first appointment on the Board	2nd September, 2015 as an Additional Director	8th November, 2014 as an Additional Director	25th March, 1981
Date of re - appointment	NA	24th August, 2020	1st April, 2020
Expertise in specific functional areas	He has worked in investment banking at Kotak, SSKI and SBI Capital Markets. He has spent three years as an ERP consultant with Quinnox. His primary area of focus at SAIF is growth equity.	He has 37 years of experience at very senior levels in the industrial products and auto component industry.	He started his career in 1980 as Director of Groz-Beckert Saboo Limited, Chandigarh and was the Managing Director of the Company from 1991 to 1993. In 1983, he set up Kamla Dials and Devices Limited (now KDDL Limited) as Managing Director of the Company. In 2003, he set up Ethos. In 2006, he set up Precision Stamping division, EIGEN Engineering at Bangalore. He has been conferred with "UdyogRatna" Award from PHDCCI in 2005 for valuable contribution to the Economic development of Himachal Pradesh.
Qualification	BE in Computer Science and MBA from IIM, Ahmedabad	B.Tech. (Electrical Engineering) from IIT, Kanpur and PG Diploma in Management from IIM Ahmedabad	B.A. (Hons.) and MBA from IIM, Ahmedabad
No. Board Meeting attended in financial year 2019-20	3	8	9
Directorship held in other Public companies (excluding foreign company and section 8 company)	Pennar Industries Limited	NA	Ethos Limted Kamla Tesio Dials Limited Mahen Distribution Limited Vardhan Properties and Investment Limited Satva Jewellery and Design Limited

Name of the Director	Mr. Vishal Satinder Sood	Mr. Praveen Gupta	Mr. Yashovarshan Saboo
Membership/ Chairmanship of Committees of other Public companies (includes only Audit Committee and Stakeholders' Relationship Committee)	NA	NA	Two
Number of shares held in the Company	Nil	Nil	*12,90,039 equity shares
Relationships with other directors/KMP	NA	NA	Brother of Mr. Jai Vardhan Saboo, non - executive Director of the Company

*holds individually

BOARD'S REPORT

Dear Members,

Your Directors present this 40th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March 2020.

OPERATIONS AND PROSPECTS

Financial Results (Standalone and Consolidated)

The summary of operating results for the year 2019-20 is given below:

	Amount in Rs. millions			
Particulars	**Standalone**		**Consolidated**	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Total Income	1858.6	1798.6	6583.5	6279.7
Profit before interest, depreciation and exceptional item	346.7	357.1	820.3	677.8
Less: Finance Cost	88.5	56.5	285.3	142.3
Gross Profit	**258.2**	**300.6**	**535.0**	**535.5**
Less: Depreciation and amortisation	119.3	77.6	480.6	131.3
Profit before Share of Profit / (Loss) of an associate and joint venture	138.8	223.0	54.4	404.2
Share of Profit / (Loss) of an associate and joint venture	-	-	-3.3	0.0
Profit Before tax	138.8	223.0	51.1	404.2
Less: Tax Expense	47.6	65.5	70.7	152.4
Net Profit / (Loss) for the Year	**91.2**	**157.5**	**-19.7**	**251.7**
Other Comprehensive Income / (Loss) (OCI)	**-4.9**	**-4.1**	**8.3**	**-8.4**
Total Comprehensive Income / (Loss) for the period	**86.3**	**153.3**	**-11.4**	**243.4**

PERFORMANCE AND PROJECTIONS

During the year, the Company achieved consolidated total income of Rs. 6584 million against Rs. 6280 million in the previous year, registering a healthy growth of 4.8% against the growth of 23.9% achieved in previous year. Profit before tax reduced from Rs. 404.2 million to Rs. 51.1 million.

Total income from manufacturing operations on standalone basis grew by 3.3% to Rs. 1858.6 million from Rs. 1798.6 million in the previous year. The Company earned net profit after tax of Rs. 91.2 million against Rs. 157.5 million in the previous year.

Manufacturing Business Segments

The main revenue of the manufacturing business segment is from watch components. The Swiss watch market, the principal destination for our exports, witnessed a growth of 2.4% in 2019 compared to a growth of 6.3% in the previous year. The domestic watch market also showed modest growth. The revenue of the Company from watch components was almost stagnant compared to previous year and declined by 1%; this being accounted for by the slowdown in the Swiss market where our company revenue declined by 4%. On the other hand, domestic revenue of watch component business improved by 4%.

The other major segment of revenue is from the precision engineering business, wherein the Company registered a growth of 12% over the previous year compared to a growth of 14% in previous year. The revenue growth from domestic market was 17%. The revenue from exports improved marginally by 1%. The direct exports revenue declined compared to previous year as some of the direct export customers are now considered as domestic revenue. The revenue from new exports customers and accounts have started flowing from second half of the year. Unfortunately, in Quarter-4 of the financial year, the revenues of the business were impacted due to sudden lock down announced by Government of India in March-2020.

The revenue from ornamental packaging business of the Company witnessed a growth of 20% on top of the growth of 48% recorded in previous year. During the year, we also commenced exporting packaging boxes to countries in the Middle East.

The dismal global economic scenario due to the impact of COVID-19 pandemic will lead to declining revenues for some period, after which gradual recoveries are expected. First half of the financial year 2020-21 will witness maximum impact of slow down while the second half is expected to better. The prevailing scenario will also create new opportunities for the company as some of the weak players will surely exit the market. The initiatives under Atam Nirbhar Bharat needs to be carefully watched and necessary steps are being taken to promote further growth and development of the company.

We continue to move up the value chain in the watch component manufacture. We are implementing multiple initiatives to enhance capabilities to manufacture more complex products and improve productivity. During the year, we have added the capacity for manufacture of high-quality watches indexes / appliques at Bangalore watch hands factory. In 2020-21, our major focus is on reducing costs and overheads in line with the expected decline in revenue. In addition, our focus is on enhancing revenue by structured marketing efforts including stronger digital presence to show case new products and features. We continue to focus on manufacturing excellence with the goals of world class delivery compliance, quality and turnaround time (TAT). For the current year, the revenue from the watch components business is expected to decline 10~15%, as major markets and countries are under lock down due to COVID-19 and the focus of all economies is on minimizing the impact and providing necessary stimulus for market recovery. Revenue of the Precision engineering business of the Company is expected to be around the existing levels with marginal growth as we continue to expand our customer base and reach in new segments and markets. Your company has established 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 in the subsequent periods.

Ethos Limited

FY 19-20 has been a year of ups and downs for the Company. The year started on a subdued note with weak consumer sentiments due to the slowdown in macro-economic situation in India. The first half of the year witnessed flat sales. In the next quarter, the Company showed an impressive performance on the back of the festive period buoyancy. The revenues of the Company grew by a healthy 21% quarter on quarter with a growth of more than 8% on a same store basis.

In this period, the Company continued its expansion drive by launching 9 stores in the first nine months of the year and closing one store. Particularly noteworthy amongst these new launches are its flagship stores in Hyderabad and Kolkata. These stores will be, in many ways, ground-breaking for luxury retail in India in terms of the size, splendour and use of state of the art technology.

The Company also focused on its offline store experience at existing stores and invested in the renovations at its major stores. The impact on sales on these renovated stores was evident from the improved sales performance at these stores. The Company plans to invest further at other stores for upgrading the look and feel of its stores.

Further, the Company continued to build complimentary verticals for watch retailing business. The Company invested in after-sales watch service offering backed by a strong technician and watch expert team. In addition, it steadily increased its pre-owned watches business.

The momentum observed in the third quarter of the year continued in the last quarter of FY 19-20 before the impact of the Covid-19 began to be felt in the second half of the quarter. Revenues continued to grow in this period albeit at a slower pace, recording a growth of 5.8% over the period 1 January 2020 to 15 March 2020 over the same period in the previous year. However, as the Government started taking serious measures to contain the Covid-19 situation culminating in a nationwide lockdown, all stores of the Company shut operations for the latter part of March 2020 resulting in no revenues. The overall impact of this was that the revenues showed a de-growth of 12% in this quarter.

As the pandemic continues to spread in India, the Company is not able to gauge with certainty the impact on demand in the medium term to long term. While the customer sentiment will be hit in the near term, the Company is optimistic that recovery will be quick when normalcy returns. The optimism is based on similar experience in demand shocks due to a series of decisions taken by the government with the intention to curb black money – decisions such as the requirement of PAN card for transaction above Rs. 2 lakhs, TCS requirements and finally the prohibition of cash transactions above Rs. 2 lakhs. While the severity of these shocks was not as much as that of the current COVID-19 situation, they had a large impact on the sales of the company. However, within 1.5 years of these demand shocks, the Company witnessed a bounce back in the luxury watch market and we had some the highest growth and profitable years in FY 17-18 and FY 18-19. The Company expects the return to normalcy in or soon after the fourth quarter of the FY 20-21.

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 Swiss customers who prefer to purchase Swiss made products to meet the new SWISS ORIGIN regulations that came into effect from 1st January 2017.

2019 was the first year of operations, post-acquisition. During the year, Company invested in the Watch hands manufacturing facility and upgraded the set up by acquiring latest machines and equipment. We renovated the building and infrastructure to present a world class setup to potential customers. Key managerial positions in the Company were also changed in line with the business requirements. Company has also added the facility to supply watch dials, in addition to watch hands, thus expanding the potential of ESTIMA.

During 2019, Company reported revenue of CHF 1503 K and the net loss for the year was CHF 1332 K. This acquisition fits into the strategy of KDDL to expand its footprint in Swiss manufacturing and we are in a good position to turn it around by replicating its strengths and capabilities from Indian operations and extending the existing strong customer relationship. The Swiss Origin regulations will be the catalyst for the revival and growth of this business unit.

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.

The Hon'ble 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 Companies Act, 2013 (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.

Satva's 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. Presently merger activities and procedures are in progress.

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, 2020 in respect of each subsidiary are also available on the website of the Company i.e www.kddl.com. A copy of the said audited accounts shall be provided to shareholders 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 2nd March, 2020 had declared Interim Dividend of Rs. 2 per equity share (i.e. 20%) of face value of Rs. 10/- each amounting to Rs. 2,80,89,644 (including dividend distribution tax) for the financial year 2019-20. The above dividend was paid to the shareholders who were on the register of members as on 11th March, 2020 being the record date fixed for this purpose. The Board did not recommend final dividend.

TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves for the year ended 31st March, 2020.

CHANGE IN CAPITAL STRUCTURE

During the year under review, there was no change in the authorized share capital of the Company.

The Company allotted 5,250 and 11,250 Equity Shares of Rs. 10 each on 6th November, 2019 and 14th February, 2020 respectively to the eligible employees under "KDDL Employee Stock Option Plan -2011", upon receipt of exercise price of 5,250 and 11,250 vested stock options respectively. Consequent to the said allotment, the paid up equity share capital of the Company stands increased from Rs. 11,63,36,080/- consisting of 1,16,33,608 equity shares of Rs. 10 each to Rs. 11,65,01,080 consisting of 1,16,50,108 Equity Shares of Rs. 10 each. Further, the Company has not issued shares with differential voting rights.

MATERIAL CHANGES & COMMITMENTS

In pursuance to Section 134(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 2019-20 in the prescribed Form AOC 2 has been enclosed with the report as Annexure II.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(i) Mrs. Ranjana Agarwal (DIN: 03340032) Independent Director of the Company was reappointed by the shareholders of the Company for second term of five consecutive years commencing from 6th August, 2019 upto 5th August, 2024.

(ii) Mr. Anil Khanna (DIN: 00012232) Independent Director of the Company was reappointed by the shareholders of the Company for second term of five consecutive years commencing from 6th August, 2019 upto 5th August, 2024.

(iii) Mr. Torsten Buchwald (DIN- 08269386), Independent Director of the Company ceased to be Director of the Company on 2nd November, 2019 on expiration of his term of appointment.

(iv) Mr. Jagesh Kumar Khaitan (DIN: 00026264), Non-Executive Director of the Company tendered resignation from the directorship of the Company w.e.f. 7th November, 2019.

(v) The Board of Directors, subject to the approval of shareholders in ensuing general meeting, reappointed Mr. Yashovardhan Saboo (DIN: 00012158) as Chairman & Managing Director w.e.f 1st April, 2020 for a period of three years. The resolution seeking approval of the shareholders for the reappointment of Mr. Yashovardhan Saboo as Chairman & Managing Director has been set out in the notice convening 40th Annual General Meeting.

Also, in accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Vishal Satinder Sood (01780814), Nominee Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re- appointment. The board is of view that all Independent Directors on the board possess integrity, necessary expertise and experience for performing their functions diligently.

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.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return, in Form MGT-9 for the Financial Year 2019-20 is enclosed with this report as Annexure III.

BOARD AND COMMITTEE MEETINGS

The details of number of meetings of the Board and Committees held during the financial year 2019-20 forms part of the Report on Corporate Governance in terms of Regulation 34(3) of the listing regulations, read with schedule V thereof.

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 thereat, are given in the Report of Corporate Governance forming part of this Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)©) 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 safeguarding 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 that such systems were adequate and operating effectively.

CREDIT RATING

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

Instruments	**Rating Action**
Fund based – Cash Credit and Term Loans	[ICRA] BBB+ (Stable)
Non-fund based – Bank Guarantee, Letter of Credit and Buyer's Credit	[ICRA] A2
Fund based – Working Capital	[ICRA] A2
Fixed Deposits	MA- (Stable)

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 evaluation 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 framework 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 IV 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/Whisle%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.

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 V(a) and V(b) of this report.

STATUTORY AUDITORS

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 ensuring AGM and 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, 2020. The report 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.

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 2019-20. The Secretarial Audit Report in prescribed format MR-3 given by aforesaid Secretarial Auditors is annexed to this Board Report as Annexure VI 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 2020-21.

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, 2019 to 31st March, 2020.

The Board of Directors of the Company, on the recommendations 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 2020-21. The payment of remunerations to Cost Auditor requires the approval /ratification of the members of the Company and necessary resolutions in the regard have been incorporated in the notice convening 40th AGM of the Company.

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.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In accordance with the applicable provisions of the act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all unpaid or unclaimed are required to be transferred by the Company to the IEFP, established by the Central Government, after the completion of seven years. Further, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority.

Accordingly, during the year under review, the Company transferred the unclaimed and unpaid dividend amounting to Rs. 4,20,592/- to IEPF. Also, 62,911 equity shares on which divided were unclaimed for seven consecutive years were transferred as per the requirements of IEPF rules.

RISK MANAGEMENT POLICY

The risk management framework 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.

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. 9,61,74,000*
2. Deposits outstanding at the end of the year : Rs. 17,94,30,000*
3. Deposits remained unpaid or unclaimed as at the end of the year : Rs. 5,03,5000*
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 : NIL

* Deposits from Directors and corporate have been excluded

STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS

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 Listing Regulations. 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 Auditors of the Company continuously monitor 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.

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 develop a risk based annual audit plan with inputs from major stake holders, 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 the each business segment and key functions of the Company and areas for improvement of performance / controls are identified and reviewed on continuous basis.

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

During the year, eligible employees of the Company have exercised 16,500 stock options at an exercise price of Rs. 120 per stock option upon vesting. The ESOP scheme is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014. The details are available on the Company's website: www.kddl.com

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 VII forming an integral part of this Report.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (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 Workplace (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 set up which is responsible for redressal of complaints related to sexual harassment at the workplace. 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, 2020.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REPORT

A Report on Corporate Governance Report pursuant to SEBI (LODR) Regulations, 2015 is annexed to this report as Annexure IX

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, 2020 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 2019-20 has been duly paid.

PERSONNEL

Your Directors place on record their appreciation for the significant contribution made by all the employees, who through their competence, hard work, solidarity and co-operation, have enabled the Company to perform better.

TRADE RELATIONS

The Board wishes to place on record its appreciation for the support and co-operation that the Company received from its suppliers, distributors, retailers 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 : 27th June, 2020
Place : Chandigarh

For and on behalf of the Board of Directors

Yashovardhan Saboo
Chairman & Managing Director
DIN : 00012158

Form AOC-1

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							
Name of the subsidiary	**Pylania S.A.**	**Kamla International Holdings AG**	**Ethos Limited**	**Mahen Distribution Limited**	**Estima AG**	**Cognition Digital LLP**	**Satva Jewellery & Design Limited**
	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-03-2020	31-03-2020	31-03-2020	31-03-2020	31-03-2020	31-03-2020	31-03-2020
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 =79.21 P/L CHF =71.91	Rs Exchange rate : B/s CHF =79.21 P/L CHF =71.91	Rs.	Rs.	Rs Exchange rate : B/s CHF =79.21 P/L CHF =71.91	Rs.	Rs.
Share capital	1,051	1,097.66	1,821.28	600.57	57.24	42.94	300.00
Reserves & surplus	200.43	88.95	13,433.86	(37.21)	(700.67)	234.51	(376.42)
Total assets	1,996.69	1,188.28	42,710.32	1,054.03	3,226.39	358.27	84.82
Total Liabilities	745.61	1.67	27,455.14	490.67	3,869.82	80.82	161.24
Investments	-	138.07	377.44	840.03	-	-	-
Turnover	808.69	-	45,784.91	157.66	1,308.13	802.81	-
Profit before taxation	234.81	2.58	124.86	(0.82)	(973.11)	293.81	(15.09)
Provision for taxation	-	-	120.75	-	-	103.41	-
Profit after taxation	234.81	2.58	4.12	(0.82)	(973.11)	190.41	(15.09)
Proposed Dividend	-	-	-	-	-	-	-
% of shareholding	85%	100%	73.56%	98.72%	95.50%	73.56%	100%

Notes: The following information shall be furnished at the end of the statement:
1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

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	31-03-2020	31-03-2020
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	27.87	66.57
6. Profit/ Loss for the Year	1.31	(66.86)
i. Considered in Consolidation	0.39	(33.43)
ii. Not Considered in Consolidation	0.92	(33.43)

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

Annexure-II

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.

(Amount in Lakhs)

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.	Pylania SA (Subsidiary Company)	Business Transactions	Transactions in the normal course of business during 2019-20	i) Sale of Goods & Services ii) Re-imbursement of expenses iii) Job work charges	399.56 80.56 2.46	13-02-2019	NIL
2.	Ethos Limited	Business Transactions	Transactions in the normal course of business during 2019-20	i) Events & exhibition Expenses ii) Rent received iii) Expenses recovered iv) Investments made v) Security Deposit taken vi) Guarantees given Vii)Purchase of property, plant & Equipment viii) Sales of Property, plant & equipment	4.92 16.56 14.85 2125.00 6.77 6136.00 5.29 0.09	11-09-2019 (Shareholder Approval)	NIL
3.	Kamla Tesio Dials Ltd	Business Transactions	Transactions in the normal course of business during 2019-20	Rent Paid	6.00	13-02-2019	NIL
4.	Satva Jewellery & Design Limited	Business Transactions	Transactions in the normal course of business during 2019-20	i) Rent Paid ii) Interest Received	6.00 49.23	13-02-2019	NIL
5.	Dream Digital Technology Limited	Business Transactions	Transactions in the normal course of business during 2019-20	i) Rent received ii) Dividend paid	0.60 0.87	13-02-2019	NIL

6.	Vardhan Properties and Investment Limited	Business Transactions	Transactions in the normal course of business during 2019-20	i) Interest Paid ii) Dividend paid ii) Deposits accepted/renew iii) Deposits repaid	4.26 0.41 10.00 10.00	13-02-2019	NIL
7.	Mahen Distribution Limited	Business Transactions	Transactions in the normal course of business during 2019-20	i) Rent received	0.35	13-02-2019 02-03-2020	NIL
8.	Mr. R.K. Saboo.	Business Transactions	Transactions in the normal course of business during 2019-20	i) Salary paid ii) Dividend Paid iii) Reimbursement of Exp. received	30.00 80.85 12.63	06-11-2019	NIL
9.	Mr. Yashovardhan Saboo	Rent Paid for Property	Transactions in the normal course of business during 2019-20	i) Rent paid ii) Remuneration iii) Dividend Paid iv) Security Deposit received v) Guarantees taken	9.92 135.73 65.42 2.00 1993.17	02-03-2020 30-05-2017	NIL
10.	Ms. Anuradha Saboo.	Business Transaction	Transactions in the normal course of business during 2019-20	i) Rent Paid ii) Dividend Paid iii) Management Consultancy Fee	16.54 19.66 10.00	02-03-2020 24-08-2019	NIL
11.	Ms. Usha Saboo	Business Transactions	Transactions in the normal course of business during 2019-20	i) Rent Paid ii) Dividend paid	Nil 20.30	13-02-2019	NIL
12.	Mr. Sanjeev K Masown	Business Transactions	Transactions in the normal course of business during 2019-20	i) Remuneration paid ii) Interest Paid/ accrued iii) Deposits received iv) Interest received v) Repayment of Loan vi) Dividend paid vii) Deposits repaid viii) Issue of ESOP	89.61 4.63 38.93 1.96 4.00 0.15 22.00 3.60	11-06-2018 06-11-2019 02-03-2020	NIL

13.	Mrs. Neeraj Masown	Business Transactions	Transactions in the normal course of business during 2019-20	i)Interest Paid ii) Deposits accept/renew iii)Deposits repaid	3.70 16.36 12.00	Existing Contract	NIL
14.	Mr. Lal Chand Masown	Business Transactions	Transactions in the normal course of business during 2019-20	i)Interest Paid ii) Deposits accrued/renewed iii)Deposits repaid	0.72 8.80 2.00	Existing Contract	NIL
15.	Mr Anil Khanna	Business Transactions	Transactions in the normal course of business during 2019-20	i)Interest Paid ii)Director sitting Fee iii) Dividend Paid iv)Deposits accept/renewed V) Deposits repaid	5.90 4.90 0.09 96.60 68.04	09-08-2018 02-03-2020	NIL
16.	Mrs Alka Khanna	Business Transactions	Transactions in the normal course of business during 2019-20	i)Interest Paid ii)Deposit accepted iii)Deposit repaid	2.45 0.50 0.50	Existing Contract	NIL
17.	Mrs Ranjana Agarwal	Business Transactions	Transactions in the normal course of business during 2019-20	i)Interest Paid ii) Director sitting Fee iii)Deposit accepted/renew iv)Deposit repaid	28.89 5.20 237.07 30.00	09-08-2018 02-03-2020	NIL
18.	KDDL Ethos Foundation	Business Transactions	Transactions in the normal course of business during 2019-20	CSR contribution made	24.50	14-02-2020	NIL
19.	Mr Jagesh Khaitan	Business Transactions	Transactions in the normal course of business during 2019-20	i)Director sitting Fee ii) Dividend paid	2.40 0.01	09-08-2018 02-03-2020	NIL
20.	Mr Praveen Gupta	Business Transactions	Transactions in the normal course of business during 2019-20	Director sitting Fee	4.80	09-08-2018	NIL
21.	Mr Sanjiv Sachar	Business Transactions	Transactions in the normal course of business during 2019-20	i)Director sitting Fee ii)Dividend Paid	3.50 0.06	09-08-2018 02-03-2020	NIL
22.	Mr Jai Vardhan Saboo	Business Transactions	Transactions in the normal course of business during	Director sitting Fee	1.20	09-08-2018	NIL

23.	Estima AG	Business Transactions	Transactions in the normal course of business during 2019-20	i)Purchase of Raw Material & Components ii)sale of Goods iii)Purchase of Property, Plant & equipment iv)job work charges paid	89.62 328.02 6.39 6.58	13-02-2019	NIL
24.	Mr Pranav S Saboo	Business Transactions	Transactions in the normal course of business during 2019-20	Dividend Paid	21.92	02-03-2020	NIL
25.	Mr Torsten Buchward	Business Transactions	Transactions in the normal course of business during 2019-20	Director sitting Fee	0.60	09-08-2018	Nil
26.	Tara Chand Mahendra Kumar HUF	Business Transactions	Transactions in the normal course of business during 2019-20	Dividend Paid	4.53	02-03-2020	NIL

Annexure-III

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2020

[Pursuant to section 92(3) *of the Companies Act, 2013* and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN :- L33302HP1981PLC008123

ii) Registration Date :- 8th January, 1981

iii) Name of the Company :- **KDDL Limited**

iv) Category / Sub-Category of the Company : - Public Company(Limited by Shares)

v) Address of the Registered office and contact details :-

Plot no. 3, Sector III, Parwanoo 173 220 (Himachal Pradesh)
Telephone no.: 0172-2548223/24
Fax no.: 0172-2548302

vi) Whether listed company :- Yes

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:-

KFin Technologies Private Limited, Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032
Phone No: 040-67161517, Website: www.kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Watch Dials & watch hands	26521	71.41
2.	Components & Press tools	26101 & 225933	23.83

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable section
1	Mahen Distribution Limited	U93000CH2009PLC031625	Subsidiary Company	98.72%	2(87)(ii)
2	Ethos Limited	U52300HP2007PLC030800	Subsidiary Company	75.56%	2(87)(ii)
3	Pylania SA	--	Subsidiary Company	85%	2(87)(ii)
4	Kamla International Holding SA	--	Subsidiary Company	100%	2(87)(ii)
5	Satva Jewellery and Design Limited	U36911CH2004PLC027767	Subsidiary Company	100%	(2)(87)(ii)
6	Kamla Tesio Dials Limited	U33309CH1996PLC018732	Associate Company	30%	(2)(6)
7	Estima AG	-	Subsidiary Company	95.50%	2(87)(ii)
8	Cognition Digital LLP	AAL-2438	Subsidiary Company	73.55%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

CATE GORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020			
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)
(A)	**PROMOTER AND PROMOTER GROUP**								
(1)	INDIAN								
(a)	Individual /HUF	4892866	0	4892866	42.06	4908624	0	4908624	42.13
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00
(c)	Bodies Corporate	32406	0	32406	0.28	29206	0	29206	0.25
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00
	Sub-Total A(1) :	**4925272**	**0**	**4925272**	**42.34**	**4937830**	**0**	**4937830**	**42.38**
(2)	FOREIGN								
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00
(b)	Bodies Corporate	324150	0	324150	2.79	324150	0	324150	2.78
(c)	Institutions	0	0	0	0.00	0	0	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00
	Sub-Total A(2) :	**324150**	**0**	**324150**	**2.79**	**324150**	**0**	**324150**	**2.78**
	Total A=A(1)+A(2)	**5249422**		**5249422**	**45.12**	**5261980**	**0**	**5261980**	**45.17**
(B)	**PUBLIC SHAREHOLDING**								
(1)	INSTITUTIONS								
(a)	Mutual Funds	0	2900	2900	0.02	0	0	0	0
(b)	Alternate Investment Funds	303903	0	303903	2.61	347270	0	347270	2.98
(c)	Financial Institutions /Banks	0	50	50	0.01	66	50	116	0.00
(d)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00
(f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00
(g)	Foreign portfolio Investors	3064798	0	3064798	26.34	3101694	0	3101694	26.62
(h)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00
(i)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00
(j)	Others	0	0	0	0.00	0	0	0	0.00
	Sub-Total B(1) :	**3368701**	**2950**	**3371651**	**28.98**	**3449030**	**50**	**3449080**	**29.61**
(2)	NON-INSTITUTIONS								
(a)	Bodies Corporate	299708	36668	336376	2.89	262933	35251	298184	2.56
(b)	Individuals								
	(i) Individuals holding nominal share capital upto Rs.2 lakhs	1536338	255236	1791574	13.13	1465432	190912	1656344	14.22
	(ii) Individuals holding nominal share capital in excess of Rs.2 lakhs	769649	0	769649	6.62	800109	0	800109	6.87

(c)	Others								
	CLEARING MEMBERS	5537	0	5537	0.05	5331	0	5331	0.05
	IEPF	0	0	0	0.00	58261	0	58261	0.50
	NBFC	2500	0	2500	0.02	0	0	0	0.00
	NON RESIDENT INDIANS	80504	50	80554	0.69	92887	0	92887	0.80
	NRI NON-REPATRIATION	26345	0	26345	0.23	27932	0	27932	0.24
(d)	**Qualified Foreign Investor**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**
	Sub-Total B(2) :	**2720581**	**291954**	**3012535**	**25.90**	**2712885**	**226163**	**2939048**	**25.23**
	Total B=B(1)+B(2) :	6089282	294904	6384186	54.88	6161915	226213	6388128	54.83
	Total (A+B) :	**11338704**	**294904**	**11633608**	**100.00**	**11423895**	**226213**	**11650108**	100.00
(C)	Shares held by custodians, against which	0	0	0	0	0	0	0	0
	Depository Receipts have been issued	0	0	0	0	0	0	0	0
(1)	Promoter and Promoter Group	0	0	0	0	0	0	0	0
(2)	Public	0	0	0	0	0	0	0	0
	GRAND TOTAL (A+B+C) :	**11338704**	**294904**	**11633608**	**100.00**	**11423895**	**226213**	**11650108**	**100.00**

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year		
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/en cumbered to total shares
1	R.K. Saboo (HUF)	69,820	0.60		69,820	0.60	
2	R.K. Saboo (HUF)	30,800	0.26		30,800	0.26	
3	Yashovardhan Saboo (HUF)	48,752	0.42		48752	0.42	
4	R.K. Saboo	18,48,340	15.89		17,33,672	14.88	
5	Yashovardhan Saboo	15,08,513	12.97	23.86	12,90,039	11.07	27.91
6	Usha Devi Saboo	4,51,180	3.88		4,51,180	3.87	
7	Anuradha Saboo	4,36,857	3.76		4,36,857	3.75	
8	Pranav Shankar Saboo	3,31,951	2.85		6,80,851	5.84	
9	Satvika Saboo	1,35,728	1.17		1,35,728	1.17	
10	Asha Devi Saboo	30,925	0.27		30,925	0.27	
11	Vardhan Properties & Investment Limited	9,001	0.08		9,951	0.09	
12	Dream Digital Technology Limited	23,405	0.20		19,255	0.17	
13	Swades Capital LLC	3,24,150	2.79		3,24,150	2.78	
	Total	**52,49,422**	**45.12**		**52,61,980**	**45.17**	

iii) ***Change in Promoters' Shareholding (please specify, if there is no change)***

Sr. No	Shareholder Name	Shareholding at the beginning		Cumulative Shareholding during the year	
		No. of Shares	% of share capital	No. of Shares	% of share capital
1	R.K. Saboo (HUF)				
	At the beginning of the year	69,820	0.60	69,820	0.60
	Increase/Decrease	No Change			
	At the end of the year	69,820	0.60	69,820	0.60
2	R.K. Saboo (HUF)				
	At the beginning of the year	30,800	0.26	30,800	0.26
	Increase/Decrease	No Change			
	At the end of the year	30,800	0.26	30,800	0.26
3	Yashovardhan Saboo (HUF)				
	At the beginning of the year	48,752	0.42	48752	0.42
	Increase/Decrease	No Change			
	At the end of the year	48,752	0.42	48752	0.42
4	R.K. Saboo				
	At the beginning of the year	18,48,340	15.89	18,48,340	15.89
	Increase/Decrease 06/09/2019 14/03/2020	 (1,16,300) 1632	 1.00 0.01	17,33,672	14.88
	At the end of the year	17,33,672	14.88	17,33,672	14.88
5	Yashovardhan Saboo				
	At the beginning of the year	15,08,513	12.97	15,08,513	12.97
	Increase/Decrease 06/09/2019 12/03/2020 to 18/03/2020	 (2,32,600) 14126	 2.00 0.12	12,90,039	11.07
	At the end of the year	12,90,039	11.07	12,90,039	11.07
6	Usha Devi Saboo				
	At the beginning of the year	4,51,180	3.88	4,51,180	3.88
	Increase/Decrease	No Change			
	At the end of the year	4,51,180	3.88	4,51,180	3.88
7	Anuradha Saboo				
	At the beginning of the year	4,36,857	3.76	4,36,857	3.76
	Increase/Decrease	No Change			
	At the end of the year	4,36,857	3.75	4,36,857	3.75
8	Pranav Shankar Saboo				
	At the beginning of the year	3,31,951	2.85	3,31,951	2.85
	Increase/Decrease 06/09/2019	 3,48,900	 3.00	 6,80,851	 5.85
	At the end of the year	6,80,851	5.84	6,80,851	5.84
9	Satvika Saboo				
	At the beginning of the year	1,35,728	1.17	1,35,728	1.17
	Increase/Decrease	No Change			
	At the end of the year	1,35,728	1.17	1,35,728	1.17
10	Asha Devi Saboo				
	At the beginning of the year	30,925	0.27	30,925	0.27
	Increase/Decrease	No Change			
	At the end of the year	30,925	0.27	30,925	0.27
11	Vardhan Properties & Investment Limited				
	At the beginning of the year	9001	0.08	9001	0.08
	Increase/Decrease 11/03/2020	 950	 0.00	 9951	 0.08

	At the end of the year	9,951	0.09	9951	0.09
12	Dream Digital Technology Limited				
	At the beginning of the year	23,405	0.20	23,405	0.20
	Increase/Decrease 19/08/2019 20/08/2019 24/06/2019 28/06/2019	 (1000) (2150) (1) (999)	0.03	19,255	0.17
	At the end of the year	19,255	0.17	19,255	0.17
13	Swades Capital LLC				
	At the beginning of the year	3,24,150	2.79	3,24,150	2.78
	Increase/Decrease	No Change			
	At the end of the year	3,24,150	2.78	3,24,150	2.78

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. no	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	SAIF INDIA V FII HOLDINGS LIMITED	1008400	8.67	31/03/2019			1008400	8.66
				31/03/2020			1008400	8.66
2	SAIF PARTNERS INDIA V LIMITED	754716	6.49	31/03/2019			754716	6.49
				31/03/2020			754716	6.48
3	ASHA MUKUL AGRAWAL	425000	3.65	31/03/2019			425000	3.65
				31/03/2020			425000	3.65
4	KITARA INDIA MICRO CAP GROWTH FUND	351950	3.03	31/03/2019			351950	3.03
				26/04/2019	- 1500	Sale	350450	3.01
				31/03/2020			350450	3.01
5	JUPITER INDIA FUND	315164	2.71	31/03/2019			315164	2.71
				16/08/2019	-9657	Sale	324821	2.79
				23/08/2019	-5612	Sale	330433	2.84
				06/09/2019	-1193	Sale	331626	2.85
				13/09/2019	-7974	Sale	339600	2.92
				27/09/2019	-589	Sale	340189	2.92
				11/10/2019	-4360	Sale	344549	2.96
				18/10/2019	-3425	Sale	347974	2.99
				31/03/2020			347974	2.99
6	PARTNER REINSURANCE EUROPE SE-ALCHEMY CAPITAL	308559	2.65	31/03/2019			308559	2.65
				31/03/2020			308559	2.65
7	ALCHEMY LEADERS OF TOMORROW	268050	2.30	31/03/2019			268050	2.30
				21/06/2019	-1950	Sale	270000	2.32
				12/07/2019	-1457	Sale	271457	2.33
				16/08/2019	-16543	Sale	288000	2.48
				08/11/2019	-1250	Sale	289250	2.49
				07/02/2020	-1260	Sale	290510	2.50
				31/03/2020			290510	2.49
8	UNIVERSAL GOLDEN FUND	175120	1.51	31/03/2019			175120	1.51
				31/03/2020			175120	1.50
9	NALINI NAROTAM SEKHSARIA	97000	0.83	31/03/2019			97000	0.83
				31/03/2020			97000	0.83
10	JUPITER SOUTH ASIA INV. CO. LTD - SO	78298	0.67	31/03/2019			78298	0.67
				16/08/2019	1417	Buy	79715	0.69
				23/08/2019	824	Buy	80539	0.69
				06/09/2019	175	Buy	80714	0.69
				13/09/2019	1170	Buy	81884	0.70
				31/03/2020			81884	0.70

(v) Shareholding of Directors and Key Managerial Personnel:

Sl.No.	For each of the Directors and Key Managerial Personnel	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
A	Mr. Yashovardhan Saboo (Individually and through HUF)	1557265	13.39	1557265	13.39
B	Mr. Anil Khanna	2100	0.01	2100	0.01
C	Mr. Jagesh Khaitan*	466	0.00	466	0.00
D	Mr. Sanjeev Kumar Masown	1956	0.01	1956	0.01
E	Mr. Sanjiv Sachar	1400	0.01	1400	0.01
	Date wise Increase/Decrease in Promoter shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.): Mr. Yashovardhan Saboo purchased 14,126 Equity Shares of Rs. 10 each from 12th March, 2019 to 18th March, 2019 through market. He also transferred 232600 Equity Shares of Rs. 10 Lakhs through gift (Inter-se-Transfer) to his son on 6th September, 2019. Mr. Sanjeev Kumar Masown Got 3000 Shares upon exercise of 3000 Stock options on 6th November, 2019. He also purchased 181 shares from market. *ceased to be Director w.e.f. 7th November, 2019				
	At the end of the year				
A	Mr. Yashovardhan Saboo (Individually and through HUF)	1338791	11.49	1338791	11.49
B	Mr. Anil Khanna	2100	0.01	2100	0.01
C	Mr. Sanjeev Kumar Masown	5137	0.04	5137	0.04
D	Mr. Sanjiv Sachar	1400	0.01	1400	0.01

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Particulars	Secured Loans	Deposits	Total Indebtedness
Indebtedness as at the beginning of the Financial Year 1.4.2019				
1	Principal Amount	41,16,04,709	15,69,86,000	56,85,90,709
2	Interest Due but not paid	-	-	-
3	Interest accrued but not due	17,31,489	1,53,65,889	1,70,97,378
	Total of (1+2+3)	**41,33,36,198**	**17,23,51,889**	**58,56,88,087**
Change in indebtedness during the financial year				
	Addition	28,31,02,000	13,42,43,000	41,73,45,000
	Reduction	11,04,54,116	5,78,23,000	16,82,77,116
	Net Change	17,26,47,884	7,64,20,000	24,90,67,884
Indebtedness as at the end of the Financial Year 31.3.2020				
1	Principal Amount	58,42,52,593	23,34,06,000	81,76,58,593
2	Interest Due but not paid	-	-	-
3	Interest accrued but not due	34,42,753	1,74,69,653	2,09,12,406
	Total of (1+2+3)	**58,76,95,346**	**25,08,75,653**	**83,85,70,999**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amt. in Rs.)

Sl. No.	Particulars of the Remuneration	Name of MD/WTD/Manager		
		Mr. Yashovardhan Saboo	Mr. Sanjeev Kumar Masown	Total Amount in Rs.
1.	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,37,12,000	90,46,675	2,27,58,675
(b)	Value of perquisites u/s (17(2) of Income Tax Act, 1961	40,64,085	2,01,485	42,65,570
(c)	Profits in lieu of salary under section 17(3) Income-tax of the Income Tax Act, 1961			
2	Stock Option		6,55,800	6,55,800
3	Sweat Equity			
4	Commission			
(a)	as % of profit			
(b)	Others, specify			
5	Others, please specify			
	Total (A)	**1,77,76,085**	**99,03,960**	**2,76,80,045**
z	Overall Ceilings	As per Act	As per Act	As per Act

B. Remuneration to Other Directors:

(Amt. in Rs.)

Sl. No.	Particulars of the Remuneration	Name of Directors							Total Amount
		Mr. J.V.Saboo	Mr. Sanjiv Sachar	Mr. Anil Khanna	Mr. Jagesh Khaitan	Mrs. Ranjana Agarwal	Mr. Praveen Gupta	Mr. Torsten Buchwald	
1	Independent Directors								
	Fees for attending board/committee meetings		3,50,000	4,90,000		5,20,000	4,80,000	60,000	19,00,000
	Commission								
	Others, please specify								
	Total (1)		3,50,000	4,90,000		5,20,000	4,80,000	60,000	19,00,000
2	Other Non Executive Directors								
	Fees for attending board/committee meetings	1,20,000			2,40,000				3,60,000
	Commission	-							
	Others, please specify	-							
	Total (2)	1,20,000			2,40,000	-	-	-	3,60,000
	Total (B) = 1 + 2	1,20,000	3,50,000	4,90,000	2,40,000	5,20,000	4,80,000	60,000	22,60,000
	Total Managerial Remuneration	**1,20,000**	**3,50,000**	**4,90,000**	**2,40,000**	**5,20,000**	**4,80,000**	**60,000**	**22,60,000**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amt. in Rs.)

Sl. No.	Particulars of the Remuneration	Key Managerial Personnel		
		Company Secretary	WTD-CUM-CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21,96,362	96,40,675	1,12,43,037
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	15,000	2,01,485	2,16,485
	(c) Profits in lieu of salary under section17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	6,55,800	6,55,800
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	a) as % of profit	Nil	Nil	Nil
	b) Others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	**22,11,362**	**99,03,960**	**1,21,15,322**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: (NOT APPLICABLE)

Type	Section of the Companies Act	Brief Description	Details of penalty/punishment/ compounding fees imposed	Authority {RD/NCLT/ Court}	Appeal made, if any (give details
A. COMPANY					
Penalty			--NIL--		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			--nil--		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			--nil--		
Punishment					
Compounding					

Annexure-IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

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 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. 24.50 lakhs to KDDL ETHOS Foundation during the financial year 2019-20 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

3. Average net profit of the company for the last three financial years as per section 198 of the Companies Act, 2013.

Sr. No	Particulars	Net Profit (Rs. in Lakhs)
1	For financial year 2018-19	2229.49
2	For financial year 2017-18	1834.57
3	For financial year 2016-17	1110.47
4	**Total (1+2+3)**	**5174.53**
5	**Average Net Profits (Rs. 5174.53/3)**	**1724.84**

4. Prescribed CSR expenditure (two per cent, of the amount as in item 3 above)

Rs. 34.49 lakhs (being 2% of the average net profits as stated at item 3 above)

5. Details of CSR spent during the financial year

(a) Total amount spent for the financial year Rs. 34.50 lakhs

(b) Amount unspent, if any : nil

(c) Manner in which the amount spent during the financial year is detailed below:-

(1) S. No.	(2) CSR Project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	(7) Cumulative expenditure upto to the reporting period	(8) Amount spent: Direct or through implementing agency
1.	Contribution to KDDL-ETHOS foundation, a Trust established under The Indian Trusts Act, 1882, with the objective to render CSR activities as stated under section 135 of the Companies Act, 2013 for KDDL Limited and its subsidiaries/ Group Companies	As per Section 135 of The Companies Act, 2013	Others	Rs. 24,50,000/-	N.A.	Rs. 24,50,000/-	Through implementing agency viz. KDDL-Ethos Foundation
2	Contribution to Kinship for Humanitarian Social and Holistic Intervention in India (KHUSHII), a non-profit organization for education of underprivileged children in India.	As per Section 135 of The Companies Act, 2013	Across India	Rs. 10,00,000/-	N.A	Rs. 34,50,000/-	Direct

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report. : N.A.

KDDL – Ethos Foundation (KEF or Trust) is a charitable trust, created exclusively for the purpose of carrying out the CSR activities and has a continuous track record of undertaking various CSR projects.

The expenditure is incurred from the Trust based on the progress of the specific projects and as per the agreed timelines, milestones and the impact on the cause undertaken. The manner of expenditure from Trust depends upon the CSR activities or projects.

During the financial year 2019-20, the Company contributed to the trust an amount of Rs. 24.50 Lakhs towards CSR activities. There was unspent amount of Rs. 20.17 Lakhs from previous year with trust. During the financial year 2019-20, trust spent Rs. 44.86 Lakhs including the contribution received from the Company in FY 19-20 and unspent amount of previous years. There was no amount left unspent as on 31st March, 2020 with the trust.

The details of projects undertaken by KEF during the financial year 2019-20 :

Sr. No.	Project Name and Purpose	Amt. (Rs. in Lakhs)
1	Promoting Education – Youth Technical Training Society	2.50
2	Girls Education thru' Jyoti Sarup Kanya Asra Society	1.00
3	Development of Slum Area in Saketri Village-Chandigarh Rotary Club Service Trust	3.00
4	Contribution for the construction of Toilets/ Bathrooms at Cremation Ground - Chandigarh Rotary Club Service Trust	6.47
5	Contribution for Government School, Bitna - Rajasthan Parishad	1.50
6	Contribution for Laptop under Saksham Project - Chandigarh Rotary Club Service Trust	0.44
7	Mandla Medical Mission - 2 - Chandigarh Rotary Club Service Trust	2.50
8	Children's Education - Pratham	3.00
9	Voluntary Organ Donation - Mohan Foundation	2.00
10	Tree Plantation (Million Tree Project) - Isha Foundation	5.00
11	Vocational Training for mentally challenged - SVP	3.50
12	Education for differently abled, Bangalore - Diya Foundation	5.00
13	Vocational Education in HP - YTTS	2.50
14	Corona Relief Fund - Chandigarh Rotary Club Service Trust	4.00
15	Saketri Project - Chandigarh Rotary Club Service Trust	1.45
16	Medicines for the poor patients - Heart - To - Heart Service Society	1.00
	Total	**44.86**

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Committee of the Company confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

R.K Saboo
Chairperson of CSR Committee

Yashovardhan Saboo
Chairman & Manging Director
DIN : 00012158

Place : Chandigarh
Date : 27th June, 2020

Particulars of Employees

Annexure-V(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

<table>
<tr><th>S.No.</th><th>Requirements of Rule 5(1)</th><th>Details</th></tr>
<tr><td>(i)</td><td>The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year</td><td><table><tr><td>Mr. Yashovardhan Saboo</td><td>53.6:1</td></tr><tr><td>Mr. Sanjeev Masown</td><td>27.0:1</td></tr></table></td></tr>
<tr><td>(ii)</td><td>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;</td><td><table><tr><td>Name</td><td>As per Payout</td><td>As per Terms</td></tr><tr><td>Mr. Yashovardhan Saboo</td><td>10.8%</td><td>6.3%</td></tr><tr><td>Mr. Sanjeev Masown</td><td>9.8%</td><td>12.0%</td></tr></table>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.</td></tr>
<tr><td>(iii)</td><td>The percentage increase in the median remuneration of employees in the financial year;</td><td>10%</td></tr>
<tr><td>(iv)</td><td>The number of permanent employees on the rolls of company;</td><td>1105 employee as on 31st March, 2020</td></tr>
<tr><td>(v)</td><td>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;</td><td>Average Salary increase of non-managerial employees is 10.8%

Average salary increase of managerial employees is 9.9%

There are no exceptional circumstances in increase in managerial remuneration.</td></tr>
<tr><td>(vi)</td><td>Affirmation that the remuneration is as per the remuneration policy of the company.</td><td>Remuneration paid during the year is as per the Remuneration Policy of the Company.</td></tr>
</table>

Annexure -V(b)

Top Ten Employees in terms of remuneration drawn in financial year 2019-20

Amt. in Rs.

Sr.No.	Name of the employee	Designation	Remuneration Received (2019-20)	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 shares 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. Yashovardhan Saboo	Chairman & Managing Director	17,776,085	Full time employment	B.A. (Hons.) and MBA from IIM (40 years)	25/03/1981	62 Years	Groz Beckert Asia Pvt Ltd (Formerly known as Groz-Beckert Saboo Limited),Chandigarh	11.07*	Yes. He is brother of Mr. Jai Vardhan Saboo
2	Mr. Vincent Alberola	Senior Manager	11,879,520	Full time employment	Mechanical Engineering, Marketing Degree & Post Graduation in Project Management (20 years)	04/02/2010	51 Years	Movado	-	-
3	Mr. Sanjeev Kumar Masown	Whole time Director cum Chief Financial Officer	9,903,960	Full time employment	M. COM and ICMA (28 years)	01/11/2011	51 Years	Samtel Color Limited, Delhi	-	-
4	Mr. Caviraj Appadoo	Senior Manager	9,307,175	Full time employment	B. Engineering in France (22 years)	01/04/2019	41 Years	ISM Ltd, Mauritius	-	-
5	Mr. B. Satish	Executive Vice President	8,904,630	Full time employment	MBA and Inter CA (34 years)	10/10/1994	54 Years	Hero Roloforms Pvt Ltd, Bangalore	-	-
6	Mr. Jayasimha G	Senior General Manager	5,210,939	Full time employment	Technical Diploma (32 years)	15/05/2003	58 Years	HMT Watches, Bangalore	-	-
7	Mr. Jagadeesh B. Patil	Senior General Manager	4,314,070	Full time employment	MBA (20 years)	10/05/2016	48 years	UNI-VTL Precision Pvt. Ltd. Bangalore	-	-
8	Mr. Venkatachary Srinivasan	Vice President	3,967,968	Full time employment	B.E. Mechanical and Master Degree (35 years)	08/07/2019	53 Years	Tube Investments of India Pvt. Ltd. Chennai	-	-
9	Mr. Sanjay Narula	Senior General Manager	3,870,626	Full time employment	B.SC (36 years)	12/12/1983	58 Years	Started career with KDDL Limited	-	-
10	Mr. M P Prakash Kanaka	Senior General Manager	3,685,100	Full time employment	MBA - Finance (26 years)	29/08/2018	48 Years	Guhring India Pvt. Ltd. Bangalore	-	-

* Holds Individually

Annexure-VI

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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, 2020 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, 2020 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 andregulations 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.

f) The Securities and Exchange Board of India (Issue and Listingof 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 theCompanies 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 ofthe 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. The changes in the composition of the Board of Directors that took place during the year under review were in compliance with the provisions of the Act.
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 39th Annual General Meeting of the company held on 11.09.2019 for borrowing by way of inviting and accepting unsecured fixed deposits from shareholders of the company, by way of ordinary resolution.

b. Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the company has transferred aggregate of 63,911 equity shares to the Investor Education and Protection Fund due in financial year 2018-19 and 2019-20. The transfer was effected in parts on 31.03.2020 and 01.04.2020.

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

(i) Public / Rights / Preferential issue of shares / debentures / sweat equity.

(ii) Redemption / buy-back of securities.

(iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.

(iv) Foreign technical collaborations.

Place: Chandigarh
Date : 27.06.2020
UDIN: F002191B000389921

For A. ARORA& CO

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

Annexure-A

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.

Place: Chandigarh
Date :27.06.2020
UDIN: F002191B000389921

For A. ARORA& CO

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

Annexure-VII

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)**

	2019-20
Foreign Exchange earnings	870.08
Foreign Exchange outgo	276.41

Annexure-VIII

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AN OVERVIEW OF THE ECONOMY

Global Economy

Global growth was reported at an estimated 2.9% for 2019. The growth recorded was lower than estimated primarily reflecting negative surprises to economic activity in a few emerging market economies, which led to a reassessment of growth prospects over the next two years. On the positive side, market sentiment had been boosted by tentative signs that manufacturing activity and global trade were bottoming out, a broad-based shift toward accommodative monetary policy, intermittent favorable news on US-China trade negotiations, and diminished fears of a no-deal Brexit, leading to some retreat from the risk-off environment that had set in.

Trade policy uncertainty, geopolitical tensions, and idiosyncratic stress in key emerging market economies continued to weigh on global economic activity—especially manufacturing and trade—in the second half of 2019. Despite these headwinds, some indications emerged toward year-end that global growth may be bottoming out and then the global economy was struck with Pandemic COVID-19.

The COVID-19 pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activity. As a result of the pandemic, the global economy is projected to contract sharply by negative 3 percent in 2020, much worse than during the 2008–09 financial crisis. In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support.

The risks for even more severe outcomes, however, are substantial. Effective policies are essential to forestall the possibility of worse outcomes, and the necessary measures to reduce contagion and protect lives are an important investment in long-term human and economic health. Because the economic fallout is acute in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically. And internationally, strong multilateral cooperation is essential to overcome the effects of the pandemic, including to help financially constrained countries facing twin health and funding shocks, and for channeling aid to countries with weak health care systems.

The fiscal response in affected countries has been swift and sizable in many advanced economies. Many emerging markets and developing economies announced significant fiscal support to heavily impacted sectors and workers but the real flow of financial support and consumption driven growth will be key to recovery of the economies.

Indian Economy

Indian Government has taken many landmark decisions for development of country in the last fiscal year which includes large scale investment in infrastructure and social sector, Ease of Doing Business, reduction of physical interference and transparency in GST and IT return filing process. Government is taking steps towards realizing the goal of five trillion-dollar economy.

Retail inflation remained under RBI's upper target limit of 6 per cent. As per RBI, Inflation outlook remains uncertain due to the outbreak of the COVID-19 pandemic; headline inflation may remain firm in the first half of the year and may ease in second half. Inflation may fall below 4 per cent in the third or fourth quarter of the current fiscal 2020-21.

The government imposed the nationwide lockdown at the end of March 2020 to prevent the spread of the novel coronavirus bringing the whole economy to the standstill for almost 2 months. Indian Government unveiled a stimulus package to revive the economy. The stimulus package is a mix of fiscal support, monetary support, ease of doing business processes, as well as some fundamental reforms.

Effective policies are essential to forestall worse outcomes. Necessary measures to reduce contagion and protect lives will take a short-term toll on economic activity but should also be seen as an important investment in long-term human and economic health.

Government will have to ensure that Economic and financial policies are aligned to generate more consumption and demand and provide direct financial support to the industry for facing the challenge posed by the COVID-19 pandemic. The recent announcements related to Atam Nirbhar Bharat and thrust on Make in India are in the right direction and unwinding and implementation of the same will be important milestones for the recovery and growth of the Indian Industry. Many other regulatory changes such as labour law reforms, taxation compliances, relaxed FDI norms, enhanced export incentives, improved credit lines are some of the important initiatives for doing Ease of doing business and creating conducive environment of growth and development in the country.

Swiss Watch Industry

The Swiss watch industry saw exports exceed the already high level achieved in 2018, in a complex and fast changing environment. Swiss watches benefited from continued demand in the luxury goods market in general, despite a challenging economic, commercial, political, or social environment. They were also faced with increased competition, both in higher value segment and at entry level, where volumes were particularly hard hit. Overall performance varied significantly, with some markedly contrasting results among different players, markets and product categories.

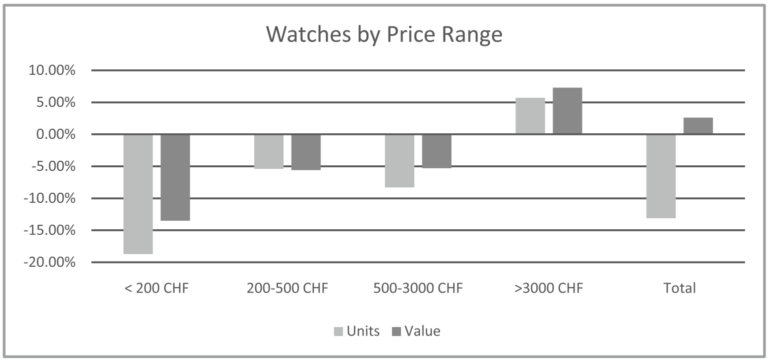
Swiss watch exports were worth CHF 21.7 billion in 2019, an increase of 2.4% compared to 2018. Growth in the second half of the year (+3.2%) was twice as strong as in the first six months of the year (+1.5%), however the rate of growth slowed in the fourth quarter (+1.1%), as a result of very poor performance in Hong Kong.

The general situation will remain complex and require watch brands to adapt accordingly. The strength of the Swiss franc, the epidemic impact on all countries, the paralysis in Hong Kong, the presidential election in the United States, restrictive regulations in Russia and Turkey in particular, changes in both physical and digital distribution, the consumption patterns of generations, the sharp rise in the pre-owned market are factors that will need to be included in strategic planning for the next few years. Year 2020 may be a year of high-level consolidation and transformation of industry considering the various challenges originated from prevailing environment.

Wristwatches representing almost 95% of total watch industry exports, by value, recorded exports of 20.5 billion francs, an increase of 2.6% compared to previous year. Conversely the number of items declined by 13.1%. The downward trend seen for many years worsened during the summer of 2018 and had a marked impact on every month in 2019, without exception. Switzerland shipped 20.6 million watches to other countries, 3.1 million fewer than in the previous year, this historically low level, below even the crisis of 2009, is comparable to the volume exported during the dip in the early 1980s.

The growth in value was almost exclusively due to mechanical, precious metal or bimetal watches priced at over 3000 francs (export price). Watched priced below CHF 3000 francs were down by value (-6.5%) and number of items (-14.4%). Over 85% of the fall in volumes was attributable to watches priced below 200 francs.

Most of the principal group of materials saw an increase in export turnover in 2019, except the steel, which witnessed a decline of 1.9%.



Main markets for Swiss Watches

Geographical distribution (in CHF million)

Markets During the year 2019, the markets showed the following trend (total value in million francs and % variation by comparison with 2018):

Sr. No.	Markets	Millions in CHF		Variation	Share in % 2019	Share in % 2018
		2019	2018			
1	Hong Kong	2659.30	3002.50	-11.4%	12.3%	14.2%
2	USA	2409. 10	2218.00	8.6%	11.1%	10.5%
3	China	1994.00	1717.20	16.1%	9.2%	8.1%
4	Japan	1608.10	1341.70	19.9%	7.4%	6.3%
5	United Kingdom	1366.10	1232.80	10.8%	6.3%	5.8%
6	Germany	1126.90	1124.40	0.2%	5.2%	5.3%
7	Singapore	1268.90	1106.80	14.6%	5.9%	5.2%
8	France	1073.50	1071.40	0.2%	5.0%	5.1%
9	Italy	969.80	1011.90	-4.2%	4.5%	4.8%
10	Other Countries	7055.20	7198.60	-2.0%	32.5%	34.0%
11	India	149.70	154.90	-3.4%	0.7%	0.7%
	Total Value	**21680.60**	**21180.20**	**2.4%**	**100.0%**	**100.0%**

Asia's share of Swiss watch exports decreased slightly, because of the negative impact of Hong Kong. Nonetheless, Asia still accounted for more than half (53%) of the export turnover generated by Swiss watches in 2019. Europe represented 30% and America 15%.

Overall, watch exports to Asia increased by 2.3% compared with 2018. Not all the main markets were close to the average, however, Hong Kong was heavily penalized by the protests that have been taking place since June, finishing the year with a fall of -11.4% (-25.9%) during the fourth quarter. Conversely, China regularly increased its pace of growth, ending on +16.1%, while exports to Japan grew by +19.9%. Singapore (+14.6%) was the third market to achieve strong growth, thanks to an excellent second half.

The lowest level of growth was in Europe (+1.0%), driven mainly by the United Kingdom. Germany (+0.2%) and France (+0.2%) stagnated while Italy (-4.2%), Spain (-1.1%) and the Netherlands (-3.0%) fell back slightly.

America (+6.1%) was the most dynamic region, thanks to the United States (+8.6%), which alone absorbed three quarters of watch exports to the continent.

Main watch exporting countries (Direct Exports)

Switzerland continued to rank top by value at 21.8 billion US dollars. It recorded growth of 2.4% in local currency (excluding the impact of exchange rates) compared with 2018. Switzerland witnessed a sharp decline in volumes (-13.1%). This was historically very low level, with 20.6 million watches shipped abroad compared to 23.7 million watches exported in 2018. The average price rose from USD 859 to USD 998 because of continuous fall in the entry and lower price level segments.

After two years of sharp declines, Chinese watch exports returned to growth in 2019. They increased by 10.9% in local currency to 4.9 billion dollars. The proportion shipped through Hong Kong declined again to 42%. The remainder was shipped directly to the United States, Japan, Switzerland and Vietnam, which more than doubled compared with 2018.

China saw a slight recovery in volumes in 2019, it exported 644.3 million watches an increase of 1.7% compared with 2018. The average price of these watches was 4 dollars, compared with 3 dollars in the previous year.

Watches shipped through Hong Kong lost ground in 2019, continuing a trend that has now been observed for several years. Exports and re-exports fell below the 200 million items mark, to 1978 million. This represents a 3.4% reduction compared with 2018. The average price was 29 dollars compared to USD 28 in previous year. The increase in watch exports and re-exports from Hong Kong in 2018 was short lived; the special administrative region posted a fall of 3.2% in local currency in 2019, to 8.2 billion dollars. The main destinations remained China, the United States and Switzerland, followed by Japan, Macau and Germany.

French watch exports and re-exports proved very dynamic in 2019, with an increase of 7% in local currency, to 3.0 billion dollars. Germany continued to decline (-3.6% in local currency) to 1.8 billion dollars.

Countries	Units in Million	Change in %	Average Price (USD)
	2019		
China	644.3	+1.7%	4
Hong Kong	197.8	-3.4%	29
Switzerland	20.6	-13.1%	998
Germany	16.9	-2.2%	90
USA	11.3	-5.2%	133

The signs of stagnation, economic indicators and continuing uncertainties due to lock down in major countries and restricted travel advisories to prevent prevailing pandemic COVID-19 spread will keep the watch industry exports at subdued levels during 2020.

Swiss watch exports for the Qtr 1 CY 2020 was lower by 7.5% with major declines of 35.9% in Hong Kong, 11.9% in China and 22.5% in United Kingdom. The major growth was witnessed in USA with exports growth of 18% compared to Qtr 1 CY 2019. The overall Swiss exports during Jan-March 2020 was 4749.3 million Francs as compared to 5132.2 million francs in 2019. The volume of wrist watches exported during this period was 3.79 million items compared to 4,92 million in 2019 witnessing a decline of 23%.

COVID-19 Impact on Swiss Watch Exports Industry

Switzerland's watchmaking industry has been badly impacted by the coronavirus pandemic, with the sector likely to suffer the worst crisis of its history in 2020. For the period Jan – May 2020 – The swiss watch exports fell approximately 35% to 5,738 Mn CHF from 8,931.6 Mn CHF in the same period last year. The silver lining is however that the de-growth rate has been reducing over last couple of months and is expected to continue the trend as world gets back to normalcy. The future of the industry looks more positive however, as some of Switzerland's biggest watch brands have resumed production, and with increasing numbers of people exiting lockdown, shopping for such items in person will become much easier.

Overview of Indian Retail Sector

Introduction

The Indian watch market for timepieces has grown at a good pace in the past few years. The market for timepieces includes wrist watches, table clocks, alarm clocks and wall clocks. But the market for wrist watches formed the major proportion of the market. Out of the wrist-watch market, the premium wrist-watch market has been the fastest growing segment in the Indian wrist-watch industry. As the size of the population with high disposable income has increased significantly over the past years, the demand for luxury goods have substantially increased in the country.

The online retail in India has expanded tremendously in recent years. This growth has also been witnessed in the wristwatch segment of the online retail. The primary reason behind the huge growth of the online retail market for wrist watches is the huge increase in the number of internet users in the country owing to the rising internet penetration.

COVID-19 has disrupted the luxury watch industry along with every other industry. Luxury watch industry may take longer to recover than essential industries as people defer non-discretionary expenses during such uncertain times. However, a positive trend emerged during the lockdown was that people have been flocking to internet to buy luxury watches online which was generally limited to basic watch markets previously. The is the sign of market development as people have been accepting the idea of buying even luxury products online. This enables the luxury watch market to expand to customers who did not have access to luxury retail stores. Although, COVID-19 has adversely impacted the industry in the short term, in medium to long term, it is expected to continue the growth momentum.

BUSINESS OVERVIEW

KDDL Limited is one of the leading Companies in India in manufacture of watch components and also emerging as a strong engineering company for manufacture of high-quality precision stamped components and progressive tools for various 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 different business segments is given below:

Turnover

The turnover of the company was broadly constant and improved by 2.5% compared to a growth of 19.4% during the previous year. The major growth in revenue was registered in the non-watch components business.

The turnover of watch component segment of Company which has a major revenue share (~70%) in the overall business was stagnant during the year compared to a growth of 20% in previous year. The major reason of stagnant net sales revenue was decline in exports revenue by 4.3% compared to growth of 25.9% in previous year. Swiss exports volume had declined substantially during the year in lower price points and this affected the volumes of Company also. However, as Company is in a position to gradually move up the value chain by supplying components to premium brands, the average price of supplies improved during the year, which largely offset the volume decline. The decline in export volumes was also partially offset due to depreciation of Rupee compared to Swiss Franc.

The domestic market was strong during the year and Company turnover improved by 4.2% on top of growth of 9.6% recorded in previous year.

The overall turnover of Company from domestic market improved by 9.3% on top of growth of 18.4% recorded in previous year. Exports turnover of the Company was lower by 3.2% compared to a growth of 20.2 in the previous year.

The watch components business of domestic market saw a moderate growth of 4.2% in value terms compared to previous year. This is on top of the growth of 9.6% reported in previous year from same market segment. This year Swiss exports market conditions were under pressure as the major markets of Swiss exports witnessed unrest and slowdown in market conditions, leading to major volume declines in the watches priced below 3000 francs.

The exports revenue decreased by 4.3% compared to a growth of 25.9% in the previous year.

EIGEN the precision engineering business of the Company saw a moderate growth of 12.3% in revenue compared to previous year growth of 13.6%. The growth in revenue was contributed majorly by domestic market. Overall market conditions were sluggish during the year due economic slowdown in country and major segments like Auto ancillaries, consumer durables and electrical and electronics segments were under pressure and continuous slow down. Despite this challenging environment, our precision engineering business witnessed a growth of 12.3% during the year. Qtr-2 and Qtr-3 of the year witnessed market slow down in major segments and the Qtr-4 order position was strong but due to lockdown imposed in the country, the expected revenue during the quarter could not be achieved.

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.

Ornamental packaging manufacturing businesses of the Company catering mainly to the domestic market witnessed a healthy revenue growth of 20.2% on top of 48.2% growth in the previous year. In addition, Company has also been in a position to make in-roads in the export market in middle east for the ornamental applications. Company continues to approach and scout for 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 to Swiss market 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.

Watch Components

During the year, dials units of the Company located at Parwanoo and Baddi (H.P) and Derabassi (Punjab) operated at capacity utilizations similar to previous year but the revenue of the this business declined by 5.5% compared to a growth of 26.1% reported in previous year.

The Dial units' revenue from domestic market declined marginally by 2.3% against a growth of 11.2% in the previous year. The domestic revenue was also impacted due to negligible sale in March due to imposition of lock down in the country. The revenue from export market declined by 7.6% mainly due to decline in volumes of lower priced point customer segments. During previous year, the exports revenue had improved by 38%. We expect that watches with lower price points will continue to witness decline for some more time and the higher value watches will continue to grow. The market is expected to witness gradual recovery in International markets with the relaxations in the lock down and improvement in general economic environment. Domestic market is also expected to witness slow down in short run and then recover to normal levels by the end of the year

The overall revenue of Watch Hands Units of the Company located at Bangalore registered a marginal growth of 2.5% compared to growth of 14.3% in the previous year. The revenue of Hands unit from domestic market increased by 13.2% compared to a growth of 7.4% in previous year. Export market revenue declined marginally by 1.7% compared to a growth of 17.2% in the previous year.

Precision Engineering Components

The overall revenue of our precision components manufacturing unit at Bangalore witnessed a growth of 12.3% compared to a growth of 14.3% in the previous year. The growth in turnover of the unit was from all segments and markets catered by the unit. The year on year growth in revenue was mainly from domestic market which grew by 16.8% compared to a growth of 28.1% in previous year. The exports revenue improved marginally by 0.7% compared to a decline of 11.9% in the previous year. During the year, Company continued its efforts and initiatives for increasing its presence and reach with the potential customer segments, by regular participations in the relevant trade fairs and exhibitions and the response from these exhibitions is positive. Company is at advanced stage of discussions and dialogue with many reputed customers for further enhancing its revenue stream.

Packaging Business

This business of the Company is into manufacturing of Packaging boxes for Ornamental Jewellery, Watches, Writing Instruments and other accessories. The revenue of the company from this business witnessed a healthy growth of 20.2% compared to a growth of 48.2% in the previous year.

Strategic Initiatives

Overall, the financial year 2019-20 was a mixed year wherein at the year beginning market conditions were good, both in the domestic and exports to Swiss watch industry. By the end of first half of the financial year, market started slowing down mainly in the Swiss market and which affected the Qtr-3 of the year and the expectations for Qtr-4 were again healthy and recovered position. The order position for Qtr-4 was also much better compared to Qtr-3. However, the unexpected lockdown in the country to avoid the spread of pandemic COVID-19 affected the revenue of the Company for March-20 and almost negligible revenue could be recorded during the month.

Domestic watch market during the year was strong compared to previous year and not much fluctuations were witnessed except for a short period during Qtr-3 of the financial year.

Swiss market also witnessed major shift in the watches according to the price. On the one hand, low price point watches continue to face volume declines, the higher price point watches are on the improvement trend.

Switzerland's watchmaking industry has been badly impacted by the coronavirus pandemic, with the sector likely to suffer the worst crisis of its history in 2020. For the period Jan – May 2020, the swiss watch exports fell approximately 35% to 5,738 Mn CHF from 8,931.6 Mn CHF in the same period last year. The silver lining is however that the de-growth rate has been reducing over last couple of months and is expected to continue the trend as world gets back to normalcy. The trend of major growth in upper and higher end of market segments is likely to continue whereas the lower end of the pyramid will continue to face volumes pressures.

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

In addition, high importance will be given on consolidation, restructuring of the watch dial manufacturing facilities with improvement in operational parameters especially productivity and delivery compliance.

In line with the improved market conditions, the watch hands business of the Company continued to capture market share from competition by offering new features and designs to customers and entered many new customers in the high end of segment by demonstrating the enhanced level of capability and execution skills. During the year, Company has also added the capability to manufacture indexes / appliques at our Hands manufacturing facility in Bangalore and this capability will help in enhancing the revenue by offering these unique products to the Swiss brands and customers.

The major focus of the Company is to increase market presence in engineering business by enhancing the core capabilities, adding value additive capabilities and aggressive marketing efforts. Gradually Company has been enhancing its share of business from high value added and complex parts and components and moving into segments with long gestation period and high entry barriers.

As a part of this exercise, during the year, Company continued its efforts for enhancing the growth of the Precision Stamped Components and Progressive tooling by structured marketing efforts for extending the customer reach and improving the flow of initial queries and conversion to orders. Company is show casing its technical capabilities by participating in relevant International Trade Fairs and Exhibitions and the response from these fairs is encouraging. The market response to Company efforts in the digital marketing of capabilities and capacities in the targeted countries and the response / leads is healthy. The flow of RFQ's both from existing and new customers are on the improving trend. Many new customers were added by the Company, both from domestic and exports markets. All leading indicators from the market and customers side for the business growth are in the positive direction. The recent developments and prevailing COVID-19 scenario may impact the revenues for a short period of time and the outlook for the medium and long term remains positive. The initiative under Atam Nirbhar Bharat and Defence offset policies needs to be carefully watched and necessary steps are being planned to promote growth and development of this business segment.

In addition to this, the unit continues to focus on improving the internal efficiencies by improving manpower productivity, OEE, machines and tools efficiency through structured processes of enhancing skills, quality of machines and tools. The Company continues to believe and view precision engineering business as major growth drivers in the coming years.

As a part of the growth strategy, Company focus is on high contribution parts and components which require higher level of capabilities and execution skills. In addition, customer portfolio is also being realigned and high-volume, high quality business is being targeted for sustained growth. Exports to developed countries especially US and European countries continues to remain a thrust area for the Company.

During the year, the order position of the Packaging business was much healthier compared to earlier years especially from the watch segment. Company also started exporting the products to middle east countries. The efforts of the Company to add customers with large series is giving satisfactory results.

Company continues to identify and eliminate the non-value-added processes for improving internal controls and efficiencies and during the year, Company has extended the SAP tools for many additional processes and automated many other processes for better compliances and cost optimizations.

BUSINESS PERFORMANCE REVIEW

Revenue

The gross operating income of the Company improved from Rs. 1804 million to Rs. 1856 million representing an increase of 2.8% over the previous year compared to a growth of 19.1% in last year. The turnover and total revenue of the Company for second half of the year was significantly lower (-10%) than first half. This was contrary to the trend in the earlier years. Major reason of decline in revenue in second half was due to slow in watch market industry and auto ancillaries and electrical industry in Qtr-3 and restricted sales due to impact of COVID-19 and lockdown across the world in Qtr-4.

The watch segment gross income declined from Rs. 1309 Million to Rs. 1295 Million recording a marginal decline 1% compared to a growth of 18.5% witnessed in previous year. The precision engineering business stream revenue increased from Rs. 412 Million to Rs. 461 Million, registering a healthy growth of 12% compared to growth of 16% in the previous year. The revenue from residual business stream mainly comprising of ornamental packaging improved from Rs. 84 million to Rs. 100 million registering a growth of 19% during the year.

The gross domestic sale of the Company improved from Rs. 893 Million to Rs. 973 Million representing a growth of 9% compared to previous year growth of 18%,whereas the direct and indirect export revenue declined from Rs. 912 Million to Rs. 883 Million registering a decline of 3.2% against a growth of 20.2% in the previous year.

Margins

During the year the margins of the Company was healthy during first half of the year but in second half the margin reduced due to major decline in revenue, both on account of slowdown in market and restrictions imposed by government due to sudden lockdown announced in Mar-2020 to prevent the spread of pandemic COVID-19.

The earnings before interest, depreciation, taxes and appropriations reduced from Rs. 363 million to Rs. 347 million, decrease of around 4.6% over the previous year. The operating EBIDTA earning after eliminating the exceptional, abnormal cost and CSR expenditure reduced marginally from 20.1% to 18.8%. The EBIDTA margin of the Company is still healthy compared to the other manufacturing industries. The reduction in EBIDTA percentage was also due to change in the revenue mix of the different business segments and the sudden restriction on sales and revenue of the Company.

Company continues to focus on restricting and reducing the overheads and costs in line with the new market realities due to COVID-19 and is also re-aligning marketing efforts to enhance revenue and capture new customers and business by leveraging the strong internal capabilities and relationships with internationally reputed customers and brands.

Key Financial Ratios

All key financial ratios of the Company are healthy and strong as per industry standards and trends.

- Debtors Turnover and Average Collection Period

  During the year average debtor's turnover ratio improved from 6.9 times to 7.7 times and average collection period also reduced from 52 days to 47 days due to implementation of better credit control policy and renegotiation of the payment terms with the customers. In addition, the improvement in average collection period is also skewed to some extent as sales and revenue of the Company were affected in March-20 due to imposition of lockdown in the country.

- Inventory Turnover and average inventory holding period

  During the year inventory turnover deduced marginally from 1.5 times to 1.4 times and the average inventory holding period increased from 7.8 months to 8.3 months. The closing inventory of the Company increased due to limited sales at the end of the year as all dispatches were halted due to lockdown in country. The inventory holding period is typically high in our business and industry 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 6.8 to 4.5 due to increase in interest costs because of additional borrowings during the year and the general hardening of the interest rates by the lending community. The interest coverage ratio despite reduction from previous year remains healthy as compared to general industry trend.

- Current Ratio

  During the year current ratio of the Company reduced from 1.38 to 1.17 times due to restricted sales at the end of the year and additional utilisation of the working capital borrowings. Current ratio during 2018-19 was higher as Company had inducted the equity during the year and the bank borrowings utilisation was minimal. The current ratio excl. the current maturities of non-current borrowings also reduced from 1.88 to 1.53 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 increased from 0.25 to 0.34 and total debt to equity increased from 0.34 to 0.48 due to additional borrowing during the year. Debt-equity ratio of the Company is very healthy compared to the general industry trends.

- Operating Profit Margin (%)

  During the year normalised operating profit margin of Company reduced from 17.0% to 14.0% mainly due to market slowdown in Quarter 3 of the financial year and in Quarter-4 curtailed revenue due to restrictions imposed by Government to prevent spread of COVID-19. The gross margin of Company was constant at 73% as compared to previous year.

- Net Profit Margin (%)

  During the year the normalized net profit before tax after excluding the abnormal and exceptional non-operations items reduced from 12.3% to 8.0%.

- Shareholders' Funds

  The Company's reserves improved from Rs. 1554 million as on 31st March 2019 to Rs. 1578 million as on 31st March 2020, on account of retained earnings from the profitability of the Company. The share premium of the

Company also improved from Rs. 946.2 million to Rs. 948 million on account of allotment of 16500 number of equity shares to employees as per ESOP Scheme of the Company. The ESOP equity shares of face value Rs. 10 each were issued at a price of Rs. 120 per share including share premium of Rs. 110.

The Share capital of the Company also increased from Rs. 117.20 million to Rs. 117.37 million on account of allotment of equity shares as per ESOP scheme of the Company.

- Loan Funds and Cost of Debt

The interest cost as a percentage to total revenue increased from 2.3% to 3.2% in 2019-20. The interest cost as a percentage to total revenue increased due to hardening of interest rates and additional borrowings during the year. During the year, all banks increased the interest rates and despite improvement in the credit rating of the Company, average interest rates were higher than the previous year. Reserve Bank of India off-late has reduced the interest rates, but banks continue to lag in passing on the benefit to customers. During the year, Company also increased the effective interest rate on deposits from members in line with the increase in rates by other lenders. The increase in unsecured debt by way of deposits from members also affected the 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 also increased to 9.5% from 7.1% during 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. 1855 million to Rs. 2043 million mainly on account of reclassification and accounting of lease financed assets and property as per Ind-AS 116 requirements of the accounting standards.

During the year, the capital expenditure of the Company was in normal and routine in nature. Some capital expenditure was done on expanding the capacity 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

FY 19-20 has been a year of ups and downs for the Company. The year started on a subdued note with weak consumer sentiments due to the slowdown in macro-economic situation in India. The first half of the year witnessed flat sales. In the next quarter, the Company showed an impressive performance on the back of the festive period buoyancy. The revenues of the Company grew by a healthy 21% quarter on quarter with a growth of more than 8% on a same store basis.

In this period, the Company continued its expansion drive by launching 9 stores in the first nine months of the year and closing one store. Particularly noteworthy amongst these new launches are its flagship stores in Hyderabad and Kolkata. These stores will be, in many ways, ground-breaking for luxury retail in India in terms of the size, splendour and use of state of the art technology.

The Company also focused on its offline store experience at existing stores and invested in the renovations at its major stores. The impact on sales on these renovated stores was evident from the improved sales performance at these stores. The Company plans to invest further at other stores for upgrading the look and feel of its stores.

Further, the Company continued to build complimentary verticals for watch retailing business. The Company invested in after-sales watch service offering backed by a strong technician and watch expert team. In addition, it steadily increased its pre-owned watches business.

The momentum observed in the third quarter of the year continued in the last quarter of FY 19-20 before the impact of the Covid-19 began to be felt in the second half of the quarter. Revenues continued to grow in this period albeit at a slower pace, recording a growth of 5.8% over the period 1 January 2020 to 15 March 2020 over the same period in the previous year. However, as the Government started taking serious measures to contain the Covid-19 situation culminating in a nationwide lockdown, all stores of the Company shut operations for the latter part of March 2020 resulting in no revenues. The overall impact of this was that the revenues showed a de-growth of 12% in this quarter.

As the pandemic continues to spread in India, the Company is not able to gauge with certainty the impact on demand in the medium term to long term. While the customer sentiment will be hit in the near term, the Company is optimistic that recovery will be quick when normalcy returns. The optimism is based on similar experience in demand shocks due to a series of decisions taken by the government with the intention to curb black money – decisions such as the requirement of PAN card for transaction above Rs. 2 lakhs, TCS requirements and finally the prohibition of cash transactions above Rs. 2 lakhs. While the severity of these shocks was not as much as that of the current COVID-19 situation, they had a large impact on the sales of the Company. However, within 1.5 years of these demand shocks, the Company witnessed a bounce back in the luxury watch market and we had some the highest growth and profitable years in FY 17-18 and FY 18-19. The Company expects the return to normalcy in or soon after the fourth quarter of the FY 20-21.

Pylania SA

During the financial year 2019-20, Company continued with its existing streams of business revenue related to watch components partial manufacturing, trading of watches and accessories, consultancy and advisory services. During the year the partial manufacturing and finishing operations were mainly concentrated on watch hands. During the year, company gradually reduced the business of watches trading to India.

As a result of these corrections, the revenue of the Company during the year declined from CHF 3258 K to CHF 1125. During the year, Company continued to provide consultancy and managerial services to customers also.

Management of Pylania continuous to keep a close watch and tap on restricting overheads and its financial position is on the improving trend.

The Company has reported operational profit of CHF 81 K during the financial year compared to profit of CHF 61 K in previous year. In addition to this there was an abnormal gain of CHF 246 K due to recovery of loan from other related party, which were acquired at Zero value from the third parties

The management continues to take necessary efforts for improving the profitability and performance of the Company with the need based strategic initiatives and actions.

Estima AG

During the previous year, Company has acquired 100% stake of Estima AG, a renowned Swiss watch hands manufacturing facility in Grenchan, Switzerland w.e.f. 1st January 2019. 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 acquired entity will complement and support the expansion and enhancing market share strategies of the companies. Company will be better placed to meet and service those Swiss customers who are dependent on swiss based sourcing and which were not possible to acquire by servicing only from India.

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

Estima AG was founded in 1924 in Grenchan and was a well-established supplier of watch hands to swiss watch industry and mainly focused on the mid-price segment. During the year, Company upgraded the facilities by investing in new machines, equipment's and renovation of the facilities to world class factory. 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.

Estima follows calendar year for its accounting and taxation purposes and is governed as per Swiss regulations. During 2019, Company reported revenue of CHF 1503 K and the net loss for the year was CHF 1332 K. This being the first year of transaction after the take over of the Company and the major focus during the year was on upgrading the facilities and re-energizing the teams for enhancing the revenue and profitability. Company is well positioned to grasp additional business from reputed Swiss brands and customers. Company has also added the facility and enhanced the product range by manufacturing and supplying watch dials also in addition to watch hands.

We strongly believe that in coming years, Estima will generate decent revenue and healthy 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" (Satva) with the Company under Section 230 to 233 of the Companies Act, 2013 ("the Act") with proposed appointed date of April 01, 2017.

The Hon'ble 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.

Satva's 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. Presently merger activities and procedures are in process and during the 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. A number of professionals in different functions had been hired keeping in mind the Company's future needs to build a leadership pipeline. Also, new people had been 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 the Company held various employee engagement programs in order to bolster employee morale inculcate a feeling of teamwork and camaraderie and create a mechanism to recognize individual and team contributions to the organizations. Programs such as Chairman's Annual Awards and Star Performer Awards recognize and reward individual and team achievements across the Group. The total number of manpower of the Company, both regular and contractual was over 1600 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 Listing Regulations. 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 Auditors 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.

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 stake holders, 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 in particular. 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 also 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 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 lead 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 also increasing its presence in the new fields and segments.

Risks related to over dependence on one business: The Company is structurally focussing on increasing the revenue from other manufacturing business streams and strategically enhancing the growth of these segments, which will help is 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 also adding new capabilities for enhancement of revenue stream.

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.

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.

Annexure-IX

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 2020, 9 (Nine) 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:

28th May, 2019 | 13th July, 2019 | 14th August, 2019 | 24th August, 2019
11th September, 2019 | 6th November, 2019 | 13th December, 2019 | 14th February, 2020
2nd March, 2020

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 11.09.2019	Number of Shares / Convertible instruments held by non –executive directors
Mr. Yashovardhan Saboo	Chairman & Managing Director	Promoter-Executive	9	Yes	-
*Mr. Jagesh Khaitan	Director	Non- Executive Director	4	No	466
Mr. Anil Khanna	Director	Independent-Non Executive	9	Yes	2100

Name of the Director	Designation	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on 11.09.2019	Number of Shares / Convertible instruments held by non –executive directors
Ms. Ranjana Agarwal	Director	Independent-Non Executive	9	Yes	-
Mr. Praveen Gupta	Director	Independent-Non Executive	8	Yes	-
Mr. Vishal Satinder Sood	Nominee Director	Non- Executive Nominee	3	No	-
Mr. Jai Vardhan Saboo	Director	Promoter- Non Executive	4	No	-
Mr. Sanjiv Sachar	Director	Independent-Non Executive	7	No	1400
Mr. Sanjeev Kumar Masown	Whole Time Director-cum- CFO	Executive	9	Yes	
** Mr. Torsten Buchwald	Director	Independent-Non Executive	2	** NA	

*Ceased to director w.e.f 7th November, 2019.

**Ceased to director w.e.f 2nd November, 2019.

(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	Nil
Mr. Anil Khanna	1	1	1	Nil
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 Captial Limited - Non Executive - Independent Director d) RBL Bank Limited-Non Executive-Independent Director
Mr. Praveen Gupta	-	-	-	Nil
Mr. Vishal Satinder Sood	1	-	-	Pennar Industries Limited - Non Executive - Non Independent Director
Mr. Jai Vardhan Saboo	-	-	-	Nil
Mr. Sanjiv Sachar	1	-	1	HDFC Bank - Non Executive - Independent Director
Mr. Sanjeev Kumar Masown	1	-	-	Nil

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

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;

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 2020, 6 (Six) meetings of the Audit Committee were held. The dates on which the meetings of the Audit Committee were held, are as under:

28th May, 2019	13th July, 2019	14th August, 2019
11th September, 2019	6th November, 2019	14th February, 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	6
*Mr. Jagesh Khaitan	Non-Executive	Member	4
Mrs. Ranjana Agarwal	Independent Non - Executive	Member	6
Mr. Praveen Gupta	Independent Non - Executive	Member	5

* Mr. Jagesh Khaitan ceased to be member w.e.f 7th November, 2019.

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 the 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, 2020, 5 (five) meetings of the Nomination and Remuneration Committee were held on 28th May 2019, 6th November 2019, 14th February 2020, 22nd February, 2020 and 16th March, 2020

The composition of the Nomination and Remuneration Committee as on 31st March 2020 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	5
Mrs. Ranjana Agarwal	Independent Non - Executive	Member	5
Mr. Praveen Gupta	Independent Non - Executive	Member	3
*Mr. Jagesh Khaitan	Non-Executive Director	Member	2
**Mr. Anil Khanna	Independent Non - Executive	Member	3

*ceased to be member w.e.f 7th November, 2019
**appointed as a member w.e.f 3rd December, 2019
The Company Secretary acts as the secretary of the Committee

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
- 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 Director

There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the financial year 2019-20 except receipt of sitting fees from the Company for attending the meetings of the Board and Committees thereof and deposits, received from the Directors, if any, the details of which are given in the financial statements.

Criteria of making payments to Non-Executive Directors

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

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 (in Rs.)
Mr. Anil Khanna	4,90,000
Mr. Sanjiv Sachar	3,50,000
Mr. Jagesh Khaitan*	2,40,000
Mr. Praveen Gupta	4,80,000
Mr. Jai Vardhan Saboo	1,20,000
Mrs. Ranjana Agarwal	5,20,000
Mr. Torsten Buchwald**	60,000
Total	**22,60,000**

*Ceased to be Director w.e.f 7th November, 2019

** Ceased to be Director w.e.f 2nd November, 2019

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 & 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;
- 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 details of the remuneration paid to Executive Director have been disclosed in the financial statements.

The Company has not granted any Stock Options to its Directors or Employees during Financial Year 2019-20.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

The role of Stakeholders Relationship Committee is set out in Listing Regulations, which his 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, 2020, 1 (one) meeting of the Stakeholders Relationship Committee was held on 14th February, 2020.

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

The Company Secretary acts as Secretary to the Committee.

Shareholders'/Investors' complaints

Complaints pending as on 1st April, 2019	nil
During the period from 1st April, 2019 to 31st March, 2020	20
Complaints disposed off during the year ended 31st March, 2020	20
Complaints unresolved to the satisfaction of shareholders as on 31st March, 2020	Nil

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

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.

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

*ceased to be member w.e.f. 7th November, 2019

**appointed as a member w.e.f. 3rd December, 2019

During the year under review, three meetings were held on 28th May 2019, 6th November 2019 and 14th February, 2020.

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

IV. GENERAL BODY MEETINGS

(i) Location, date and time where last three Annual General Meetings were held along with the special resolutions passed, are as follows:

Financial year	Details of Location	Date	Time	Special resolutions passed
2018-19	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	11th September, 2019	12:30 p.m.	a) To re-appoint Mrs. Ranjana Agarwal (DIN: 03340032) as an Independent Director of the Company b) 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 Company (d) To approve the continuation of directorship of Mr. Jagesh Kumar Khaitan (DIN: 00026264) as a Non - Executive Director of the Company.
2017-18	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	14th 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 Masown (DIN-03542390) as Whole me Director - cum -Chief Financial Officer of the Company. G) Further Issue of Equity Shares through Preferential Allotment
2016-17	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	11th August 2017	12.30 p.m.	A) To approve amendment in existing Article 114 of the Articles of Association of the Company B) To approve amendment of the Articles of Association of the Company by inserting new article No. 114-A after existing article 114 of Article of Association C) To approve re - appointment and remuneration of Mr. Yashovardhan Saboo as Chairman & Managing Director D) To authorize investment in subsidiary company

ii) 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 are displayed on the Company's website i.e www.kddl.com.
Newspapers in which quarterly results are published	Financial Express (English)/Jansatta (Hindi)
Any website where results or official news are displayed	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

VI. GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting

Date & Time : 23rd September, 2020 at 04:00 p.m. through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

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

(b) Financial Year

1st April, 2019 to 31st March, 2020

(c) Announcement of Financial Results

For the financial year ended 31st March, 2020, results were announced on:

- 30th June, 2019 (Q 1) : 14th August, 2019
- 30th September, 2019 (Q 2) : 6th November, 2019
- 31st December, 2019 (Q 3) : 14th February, 2020
- 31st March, 2020 (Q 4 and yearly) : 27th June, 2020

(d) Tentative Schedule of Financial Results (for Financial year 2020-21)

- 30th June, 2020 (Q 1) : Within 45 days from the end of quarter
- 30th September, 2020 (Q 2) : Within 45 days from the end of quarter
- 31st December, 2020 (Q 3) : Within 45 days from the end of quarter
- 31st March, 2021 (Q 4 and yearly) : Within 60 days from the end of quarter / financial year

(e) Dividend Payment Date : NA

(f) Date of Book Closure : 16th September, 2020 to 23rd September, 2020

(g) Name of Stock Exchanges at which the securities are listed and Scrip Code

(i) BSE Limited (BSE)

Scrip Code: 532054
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001

(ii) National Stock Exchange of India Limited (NSE)

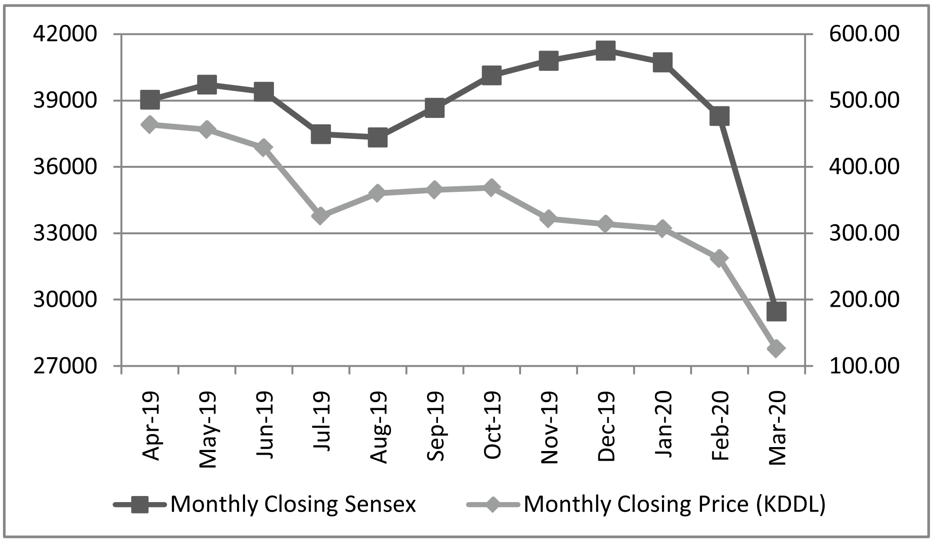
Exchange Plaza, Plot No. C-1, G Block,
Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
Scrip Code: KDDL

The Company has paid listing fees in respect of financial year 2020- 21 to BSE Limited and National Stock Exchange of India Limited.

(h) Market Price Data

Month	KDDL Price at BSE (Rs.)		KDDL Price at NSE (Rs.)	
	High	Low	High	Low
Apr-19	535.85	401.50	506.00	422.60
May-19	499.90	402.05	494.05	410.00
Jun-19	475.20	385.05	469.45	401.50
Jul-19	425.00	322.95	455.10	316.20
Aug-19	369.00	296.40	366.00	280.00
Sep-19	389.00	320.25	400.80	314.05
Oct-19	439.85	320.00	420.00	330.00
Nov-19	381.50	311.55	424.40	305.00
Dec-19	333.00	302.55	349.95	300.00
Jan-20	374.95	275.00	333.95	271.70
Feb-20	319.00	256.50	315.80	251.55
Mar-20	262.15	120.05	284.00	107.60

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



(j) Registrar and Share Transfer Agent (RTA)

KFin Technologies Private Limited
(Unit: KDDL Limited)
Selenium Tower B, Plot Nos. 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad – 500032,India
P: +91- 40-67161517; Website : www.karvyfintech.com

(k) 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.

(l) Distribution of shareholding as on 31st March, 2020:

Sr.no.	Category (Amount)	No.of Holders	% To Holders	Amount(Rs.)	% To Equity
1	1 - 5000	3751	84.67	4390670.00	3.77
2	5001 - 10000	317	7.16	2432200.00	2.09
3	10001 - 20000	150	3.39	2252260.00	1.93
4	20001 - 30000	67	1.51	1697670.00	1.46
5	30001 - 40000	26	0.59	924100.00	0.79
6	40001 - 50000	19	0.43	895920.00	0.77
7	50001 - 100000	40	0.90	2904000.00	2.49
8	100001 and above	60	1.35	101004260.00	86.70
	TOTAL:	**4430**	**100.00**	**116501080.00**	**100.00**

Shareholding Pattern as on 31st March, 2020:

Category	Number of Shares	% of shareholding
Promoters		
Indian Promoters	49,37,830	42.39
Foreign Promoters	3,24,150	2.78
Sub-total (1)	**52,61,980**	**45.17**
Public		
Alternate Investment Funds	3,47,270	2.98
Foreign Portfolio Investors including FIls	31,01,694	26.62
Individuals	24,56,453	21.09
Financial Institutions/Banks	116	0.00
Non-Resident Indians	92,887	0.80
Clearing Members	5,331	0.05
Non Resident Indian Non Repatriable	27,932	0.24
Bodies Corporate	2,98,184	2.56
IEPF	58,261	0.50
Sub-total (2)	**63,88,128**	**54.83**
Grand-total (1+2)	**116,50,108**	**100.00**

(m) 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, 2020 is as under:

Mode	No. of Shares	% (Percentage)
Physical Form	2,26,213	1.94
Dematerialization Form (CDSL)	7,71,956	6.63
Dematerialization Form (NSDL)	1,06,51,939	91.43
Total	1,16,50,108	100.00

(n) 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.

(o) Unclaimed dividend

Pursuant to the provisions of section 124 of the Companies Act, 2013 and rules made thereunder, the amount of dividend which remains unpaid/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". The unclaimed dividend for the years till 2011-12 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 unpaid/unclaimed for seven years from the date of transfer to unpaid/ unclaimed dividend account and which are required to be transferred by the Company to the said account is tabled below:

Year	Dividend No.	Dividend unclaimed (₹) as on 31st March, 2020	Date of declaration	Due date for transfer
2012-13	20	162104	09.09.2013	15.10.2020
2013-14	21	238380	06.08.2014	12.09.2021
2014-15	22	409,392	24.08.2015	30.09.2022
2015-16	23	347,066	11.03.2016	17.04.2023
2016-17	24	402,750	11.08.2017	17.09.2024
2017-18	25	483,120	14.07.2018	20.08.2025
2018-19	26	441,658	11.09.2019	17.10.2026
2019-20 (Interim Dividend)	27	688,896	02.03.2020	08.04.2027

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

The Company has not issued GDRs / ADRs / Warrants or any convertible other instruments, which are convertible into equity shares of the Company during the financial year 2019-20 and no ADR / GDR / warrant convertible into equity share is pending for conversion as on March 31, 2020.

(q) 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.

(r) Plant/Business Locations :

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

(s) 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

(t) 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 the date of this Report:

Name of the Director	No. of equity shares held as on 31-03-2020
Mr. Yashovardhan Saboo	12,90,039*
Mr. Anil Khanna	2,100
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 2019-20, 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 personnel has been denied access to the Audit Committee. The said policy is available on the website of the Company under the web link: www.kddl.com/wp-content/uploads/PDF/Whisle%20Blower%20Policy.pdf

(iv) The Company has complied with all the mandatory requirements of the Listing Regulations. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:

- During the year under review, there is not audit qualification on the Company's financial statements.
- 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: 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: www.kddl.com/wp-content/uploads/PDF/policies/KDDL_Related_Party_Transactions_Policy.pdf

(vii) During the financial year 2019-20, 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 Listing Regulations and are independent of the management.

(ix) During the financial year 2019-20, 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 the Annual Report.

(xi) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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 regulation 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 other Statutory Authority and the same forms part of this report.

(xvi) The Compliance Certificate on the financial statements for the financial year ended 31st March, 2020 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 Listing Regulations 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. www.kddl.com/wp-content/uploads/PDF/corporate/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, 2020. 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.

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, 2020 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: 20.06.2020
Place: Chandigarh

UDIN: F002191B000359647

For **A. Arora & Co.,**
Company Secretaries

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, 2020 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 2019 -20 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

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

Place: Chandigarh
Date : 27th June, 2020

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.

In my opinion and to the best of my information and according to the explanations given to me, 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: 27/06/2020
Place: Chandigarh

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

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 : 27th 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 2020, 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 ASfinancial 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, 2020, 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 47 to the Standalone Ind AS Financial Statements, which describes the uncertainties and the impact 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, 2020. 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.

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 standaloneInd 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 46 of the standalone Ind AS financial statements)*	
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. 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. 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. 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	Our audit procedures amongst others included the following: • 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 models. • We assessed the adequacy of the disclosures included at Note 46 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 are 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.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors are 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, 2020 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) The Ind AS financial statements of the Company for the year ended March 31, 2019, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 28, 2019.

(b) The information for the comparative year presented, has been restated to reflect rectification of segment information and reclassifications in the standalone financial statements previously presented to conform to the presentation of the standalone financial statements for the current year. Refer to Note 45 to standalone Ind AS financial statements, which describes the nature and impact of such adjustments/ reclassification.

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 accounts;

   (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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company 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, 2020 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;

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: 20087921AAAABZ6391
Place of Signature: New Delhi
Date : 27 June 2020

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, 2019) 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 re-payable 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, 2019) 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.

(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. However, for certain statutory payments due for the month of March' 2020, on account of COVID-19, the Company has decided to pay these by June 30, 2020 as per applicable notification.

(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-tax and service tax on 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

(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.

(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 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 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.

(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 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: 20087921AAAABZ6391
Place of Signature: New Delhi
Date : 27 June 2020

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 over financial reporting of KDDL Limited ("the Company") as of March 31, 2020 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. 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 over financial reporting 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting 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 internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

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

A company's internal financial control over financial reportingwith reference to these 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 control over financial reporting with reference to these standalone 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 Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone 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.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, 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.

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

***per* Anil Gupta**
Partner
Membership Number: 87921
UDIN: 20087921AAAABZ6391
Place of Signature: New Delhi
Date : 27 June 2020

Balance sheet as at 31 March 2020

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

	Note	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	3	9,378.69	9,412.42
Capital work-in-progress	3	219.92	244.02
Right-of-use assets	41	1,265.29	-
Investment property	41	44.57	-
Intangible assets	4	40.19	67.37
Financial assets			
- Investments	5	10,072.25	7,973.55
- Loans	6	220.55	219.10
Income tax assets (net)	7	225.77	504.18
Other non-current assets	8	130.31	103.17
Total non-current assets		**21,597.54**	**18,523.81**
Current assets			
Inventories	9	3,209.45	3,069.20
Financial assets			
- Trade receivables	10	2,463.84	2371.33
- Cash and cash equivalents	11	953.72	250.20
- Other bank balances	12	542.51	609.09
- Loans	6	185.75	175.10
- Other financial assets	13	209.43	586.37
Other current assets	14	844.23	691.16
Total current assets		**8,408.93**	**7,752.45**
Total assets		**30,006.47**	**26,276.26**
Equity and Liabilities			
Equity			
Equity share capital	15	1,173.72	1,172.07
Other equity	16	15,775.14	15,541.86
Total equity		**16,948.86**	**16,713.93**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	17	4,520.43	3,453.69
- Lease liabilities	41	593.91	-
- Other financial liabilities	18	121.56	66.44
Provisions	19	106.29	13.38
Deferred tax liabilities (net)	20	505.86	415.64
Total non-current liabilities		**5,848.05**	**3,949.15**
Current liabilities			
Financial liabilities			
- Borrowings	17	1,925.03	740.27
- Lease liabilities	41	199.99	-
- Trade payables	21		
- total outstanding dues of micro enterprises and small enterprises		75.05	61.57
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,278.43	1,509.62
- Other financial liabilities	18	3,106.55	2,630.87
Other current liabilities	22	319.31	280.11
Provisions	19	273.69	264.70
Current tax liabilities (net)	23	31.51	126.04
Total current liabilities		**7,209.56**	**5,613.18**
Total liabilities		**13,057.61**	**9,562.33**
Total equity and liabilities		**30,006.47**	**26,276.26**

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

Anil Gupta
Partner
Membership no. 87921

Place : New Delhi
Date : 27 June 2020

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

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place : Chandigarh
Date : 27 June 2020

Statement of Profit and Loss for the year ended 31 March 2020

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

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	24	18,059.28	17,599.31
Other income	25	526.92	386.95
Total income		**18,586.20**	**17,986.26**
Expenses			
Cost of raw materials consumed	26	4,522.03	4,449.76
Changes in inventories of finished goods, work-in-progress and scrap	27	(12.79)	6.78
Employee benefits expenses	28	5,530.92	4908.11
Finance costs	29	885.38	565.41
Depreciation and amortisation expense	30	1,193.44	776.00
Other expenses	31	5,079.05	5,050.70
Total expenses		**17,198.03**	**15,756.76**
Profit before income tax		**1,388.17**	**2,229.50**
Income tax expense:	32		
- Current tax		384.38	600.29
- Tax for earlier years		(19.05)	-
- Deferred tax		91.45	54.63
- Deferred tax for earlier years		19.05	-
Total income tax expense		**475.83**	**654.92**
Profit for the year		**912.34**	**1,574.58**
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability / (asset)		(69.63)	(58.68)
Income tax on remeasurement of defined benefit liability / (asset)		20.28	17.31
Other comprehensive income / (expense) for the year (net of income tax)		**(49.35)**	**(41.37)**
Total comprehensive income for the year		**862.99**	**1,533.21**
Earnings per share [nominal value of share Rs. 10 (previous year Rs. 10)]			
Basic (Rs.)	33	7.84	13.86
Diluted (Rs.)		7.84	13.84
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. BATILBOI & Co. LLP**
Chartered Accountants
ICAI Firm registration no.:301003E/E300005

Anil Gupta
Partner
Membership no. 87921

Place : New Delhi
Date : 27 June 2020

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

Place : Chandigarh
Date : 27 June 2020

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Statement of changes in equity for the year ended 31 March 2020

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

a. Equity share capital

	Note	
Balance as at 1 April 2018	15	1,095.28
Changes in equity share capital during the year		68.08
Balance as at 31 March 2019	15	**1,163.36**
Changes in equity share capital during the year		1.65
Balance as at 31 March 2020		**1,165.01**

b. Other equity

	Reserves and surplus				Money received against shares warrants	Total
	Securities premium	General reserve	Employee stock options outstanding reserve	Retained earnings		
Balance as at 1 April 2018	6,867.17	2,376.20	18.30	2,491.33	175.79	11,928.79
Total comprehensive income for the year ended 31 March 2019						
Profit for the year	-	-	-	1,574.58	-	1,574.58
Other comprehensive (loss) for the year (net income tax)	-	-	-	(41.37)	-	(41.37)
Total comprehensive income for the year	**-**	**-**	**-**	**1,533.21**	**-**	**1,533.21**
Transfer to general reserve	-	400.00	-	(400.00)	-	-
Options forfeited during the year	-	-	(1.96)	-	-	(1.96)
Issue of equity shares for cash	2,631.89	-	-	-	(175.79)	2,456.10
Share issue expense	(36.22)	-	-	-	-	(36.22)
Dividend	-	-	-	(280.42)	-	(280.42)
Corporate dividend tax	-	-	-	(57.64)	-	(57.64)
Balance as at 31 March 2019	**9,462.84**	**2,776.20**	**16.34**	**3,286.48**	**-**	**15,541.86**
Total comprehensive income for the year ended 31 March 2020						
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 / expired 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**
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. BATILBOI & Co. LLP**
Chartered Accountants
ICAI Firm registration no.:301003E/E300005

Anil Gupta
Partner
Membership no. 87921

Place : New Delhi
Date : 27 June 2020

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place : Chandigarh
Date : 27 June 2020

Cash flow statement for the year ended 31 March 2020

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

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flow from operating activities		
Profit before income tax	1,388.17	2,229.50
Adjustments for :		
Depreciation and amortisation expenses	1,193.44	776.00
Liabilities/ provisions no longer required written back(45.46)	-	
Net gain on sale of property, plant and equipment	(1.43)	(37.37)
Interest income	(200.01)	(74.71)
Dividend income	(0.31)	(0.36)
Interest expense	867.61	545.30
Unrealised foreign exchange (gain)	(97.48)	(20.19)
Property, plant and equipment written off	11.59	8.86
Expected credit loss on trade receivables	10.83	-
Advances/deposits written off	3.60	-
Expense on employee stock option scheme	(16.34)	-
Net change in fair value of financial assets (at FVTPL)	1.29	(0.36)
Change in fair value of derivative contracts	104.11	(29.76)
Operating cash flow before working capital changes	**3,219.60**	**3,396.91**
Changes in working capital:		
(Increase) in loans	(12.10)	(47.15)
Decrease/(Increase) in other financial assets	388.39	(492.50)
Decrease in other non-current assets	(7.34)	24.97
(Increase) in inventories	(140.25)	(355.91)
Decrease in trade receivables	22.18	494.30
(Increase)/decrease in other current assets	(156.67)	340.76
Increase/(decrease) in provisions	52.94	(52.40)
(Decrease)/increase in trade payables	(220.95)	82.14
(Decrease)/increase in other financial liabilities	(134.16)	135.65
Increase/(decrease) in other current liabilities	39.20	5.45
Cash generated by operation activities	**3,050.85**	**3,532.22**
Income tax (paid), net	(181.45)	(833.75)
Net cash generated from operating activities (A)	**2,869.39**	**2,698.47**
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital advances)	(1,159.82)	(2300.59)
Proceeds from sale of property, plant and equipment	14.27	47.92
Payment for purchase of investments in subsidiary	(2,100.00)	(1214.88)
Movement in other bank balances	73.62	64.64
Interest received	158.80	84.89
Dividend received	0.31	0.39
Net cash (used) in investing activities (B)	**(3,012.82)**	**(3,317.63)**
Cash flow from financing activities		
Proceeds from issue of share capital (including premium)	19.80	2,524.18
Share issue expenses	-	(36.22)
Proceeds from non-current borrowings	2,869.77	1,830.21

Cash flow statement for the year ended 31 March 2020

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

	Year ended 31 March 2020	Year ended 31 March 2019
Repayment of non-current borrowings	(1,564.50)	(1,237.25)
Proceeds from current borrowings having maturity period more than 3 months	272.66	26.90
Repayment of current borrowings having maturity period more than 3 months	(118.27)	(13.45)
Repayments of/proceeds from current borrowings (net)	1,030.37	(1,528.60)
Principal portion of lease payments	(202.57)	-
Interest portion of lease payments	(102.47)	-
Interest expense paid	(726.33)	(538.50)
Dividends paid	(523.84)	(280.42)
Tax on dividend	(107.68)	(57.64)
Net cash flow provided by financing activities (c)	**846.94**	**689.21**
Net increase in cash and cash equivalents (A+B+C)	**703.51**	**70.05**
Cash and cash equivalents at the beginning of period (see below)	**250.20**	**180.15**
Cash and cash equivalents at the end of period (see below)	**953.72**	**250.20**

Notes:

1. Components of cash and cash equivalents:

Balances with banks in current accounts	949.42	244.22
Remittances in-transit	0.14	-
Cash on hand	4.16	5.98
Bank overdrafts	-	-
	953.72	**250.20**

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. 34.50 (previous year: Rs. 26.13) 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 **S.R. BATILBOI & Co. LLP**
Chartered Accountants
ICAI Firm registration no.:301003E/E300005

Anil Gupta
Partner
Membership no. 87921

Place : New Delhi
Date : 27 June 2020

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

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place : Chandigarh
Date : 27 June 2020

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2020

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 June 27,2020.

2. Significant accounting policies

a) Basis of preparation

i) Statement of compliance

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.

- Derivative financial instruments
- 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
- 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 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 intendeduse, 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.

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

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2020

Subsequent expenditure

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:

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

Notes to the Standalone Ind AS Financial Statements for the year ended March 31, 2020

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.

**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 apro-ratabas is 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 of future economic benefits are expected from its use and disposal. Any gain or loss arising on derocogntion 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 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
- Web Portal 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.

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

<u>Defined contribution plans</u>

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.

<u>Defined benefit plans</u>

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 imediately 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 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 recoganised 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

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

l. 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)enactedor substantively enacted by the reporting date.

Current tax assets and current tax liabilities are off set only if there is alegally 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 establishes provisions where appropriate.

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.

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 alegallyen forceable 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.

n. Leases

Lease policy under Ind AS 17 (applicable before April 01, 2019)

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

Operating leases

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

Finance leases

Leases of property, plant and equipment that transfer to the Company substantially all the risk and rewards of ownership were classified as finance leases. The leased assets were measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that did not transfer to the Company substantially all the risk and rewards of ownership (i.e. operating leases) were not recognised in the Company's Balance Sheet.

Lease policy under Ind AS 116 (applicable from April 01, 2019)

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 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 in substance 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.

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 life time expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- 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 life time 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 a mortised 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 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.

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

Fair values are categorised in to 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 in to 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 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

a) Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 01, 2019. Under this method, the right-of-use asset is recognized at the date of initial application. The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The effect of adoption Ind AS 116 as at April 01, 2019 (increase/(decrease)) is, as follows:

	INR lakhs
Assets	
Right-of-use assets	1,450.73
Investment Property	40.30
Property, plant and equipment	(560.80)
Prepaid expenses	(19.48)
Total assets	**910.75**
Liabilities	
Lease liabilities	910.75
Total liabilities	**910.75**
Total adjustment on equity:	
Retained earnings	NIL

The Company has lease contracts for various items of plant & equipment and building. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2.2(n) Leases for the accounting policy prior to April 01, 2019.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.2(n) Leases for the accounting policy beginning April 01, 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously classified as finance leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from April 01, 2019.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at April 01, 2019:

- Right-of -use assets of INR 1,450.73 lakhs were recognised and presented separately in the balance sheet. This includes the leasehold land of INR 560.80 lakhs (net of amortization) that were reclassified from Property, plant and equipment.
- Additional lease liabilities of INR 910.75 lakhs were recognised.
- Prepayments of INR 19.48 lacs related to previous operating leases were reclassified from prepaid expenses.
- There is NIL effect of these adjustments on the retained earnings as at April 01, 2019.

Also, the effect of adoption of Ind AS 116 as on March 31, 2020 is as follows:

Impact on balance sheet (increase/(decrease))

Assets	**INR lakhs**
Right-of-use asset	1,265.29
Property plant and equipment	(554.70)
Investment property	44.57
Prepaid expenses	(19.48)
Total assets	**735.65**

Liabilities	**INR lakhs**
Lease liabilities	793.90
Deferred tax liability	(16.96)
Total liabilities	**776.94**

Equity:	**INR lakhs**
Retained earnings	(41.29)

Impact on Statement of profit and loss (increase/(decrease) in profit)

	INR lakhs
Depreciation	266.89
Finance cost	102.47
Other expenses	(311.12)
Impact on profit before tax for the year	(58.25)
Income tax	16.96
Impact on profit after tax for the year	(41.29)

Impact on earning per share (Basic and Diluted EPS)

The net impact on profit before and after tax for the year ended 31 March 2020 is lower by INR 58.25 lakhs and INR 41.29 lakhs respectively. Accordingly, the related impact on earning per share is INR 0.36 per share (Basic and Diluted).

b) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Appendix had an impact on its standalone IndAS financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to disallowances related to section 14A of the Income Tax Act, 1961 and transfer pricing. The Company's tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an 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 109: Prepayment Features with Negative Compensation

(ii) Ind AS 19: Plan Amendment, Curtailment or Settlement

(iii) Amendments to Ind AS 28: Long-term interests in associates and joint ventures

(iv) Ind AS 103 Business Combinations

(v) Ind AS 111 Joint Arrangements

(vi) Ind AS 12 Income Taxes

(vii) Ind AS 23 Borrowing Costs

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 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.

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 (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 Company 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).

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

(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 2018	78.60	577.80	972.63	82.14	5,138.12	237.01	104.95	192.28	7,383.53	2,354.71
Additions	-	-	2,712.76	-	1,303.33	43.28	53.83	39.76	4,152.96	1,343.63
Disposals	-	-	-	-	(9.89)	(4.37)	(12.00)	(7.69)	(33.95)	(3,454.32) #
Balance as at 31 March 2019	**78.60**	**577.80**	**3,685.39**	**82.14**	**6,431.56**	**275.92**	**146.78**	**224.35**	**11,502.54**	**244.02**
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)	-	-	-	-	-	-	(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**

Accumulated depreciation

	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 2018	-	11.29	85.00	18.13	1,080.74	83.22	31.89	28.82	1,339.09	-
Depreciation for the year (refer to note c)	-	5.71	68.51	8.84	589.38	23.10	35.82	38.24	769.60	-
Disposals	-	-	-	-	(4.58)	(2.49)	(8.83)	(2.67)	(18.57)	-
Balance as at 31 March 2019	**-**	**17.00**	**153.51**	**26.97**	**1,665.54**	**103.83**	**58.88**	**64.39**	**2,090.12**	**-**
Balance as at 1 April 2019	-	17.00	153.51	26.97	1,665.54	103.83	58.88	64.39	2,090.12	-
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)	-	-	-	-	-	-	(17.00)	-
Disposals	-	-	-	-	(14.49)	(6.01)	(1.55)	(5.77)	(27.82)	-
Balance as at 31 March 2020	**-**	**-**	**290.26**	**37.87**	**2,295.21**	**126.52**	**105.50**	**87.02**	**2,942.37**	**-**

Carrying amounts (net)

	Freehold land	Leasehold land	Buildings*	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment **	Vehicles	Total	Capital work-in -progress
At 31 March 2019	**78.60**	**560.80**	**3,531.88**	**55.17**	**4,766.02**	**172.09**	**87.90**	**159.96**	**9,412.42**	**244.02**
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**

Notes:

a. Refer to note 17 for information on property, plant and equipment are pledged as security by the Company.

b. Refer to note 36 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. 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.

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

	31 March 2020	31 March 2019
Raw material consumed	170.77	427.83
Salaries and wages	43.39	88.57
Contributions to provident and other funds	2.49	5.08
Staff welfare expenses	2.80	5.71
Job charges	13.34	29.00
Store consumed	-	21.26
Depreciation	7.62	19.17
Power and fuel	5.60	11.83
Others	3.68	11.10
	249.69	**619.55**

*Includes capitalised borrowing costs related to the construction of the new factory amounted to Rs. 6.74 (previous year: Rs. 131.59).
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	Web portal	Total
Balance as at 1 April 2018	21.61	86.97	13.03	121.61
Additions - acquired	18.40	22.50	-	40.90
Disposals	-	(1.33)	(13.03)	(14.36)
Balance as at 31 March 2019	**40.01**	**108.14**		**148.15**
Balance as at 1 April 2019	40.01	108.14	-	148.15
Additions - acquired	-	9.92	-	9.92
Disposals	-	-	-	-
Balance as at 31 March 2020	**40.01**	**118.06**	**-**	**158.07**

Accumulated amortisation

Balance as at 1 April 2018	4.63	51.59	9.32	65.54
Amortisation for the year	2.30	23.27	-	25.57
Disposals	-	(1.01)	(9.32)	(10.33)
Balance as at 31 March 2019	**6.93**	**73.85**	**-**	**80.78**
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**

Carrying amounts (net)

At 31 March 2019	**33.08**	**34.29**	**-**	**67.37**
At 31 March 2020	**28.48**	**11.71**	**-**	**40.19**

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

5. Investments

	Note	As at 31 March 2020	As at 31 March 2019
Non-current investments			
Unquoted investments (fully paid up)			
Investment in equity shares (at cost)			
Subsidiary Companies (at cost):			
- Pylania SA, Switzerland			
7,550 (31 March 2019: 7,550) equity shares of Swiss Franc (CHF) 100 each fully paid up		281.24	281.24
- Ethos Limited	(a), (b), (c)		
11,133,146 (31 March 2019: 10,394,740) equity shares of Rs. 10 each fully paid up		8,015.98	5,890.98
- Mahen Distribution Limited			
5,928,700 (31 March 2019: 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 2019: 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 2019: 3,000,000) equity shares of Rs. 10 each fully paid up		150.00	150.00
		10,242.95	**8,117.95**
Associate (at cost):			
- Kamla Tesio Dials Limited.			
300,000 (31 March 2019: 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		44.15	45.80
5,00,000 (31 March 2019: 5,00,000) equity shares of Rs. 10 each fully paid up			
- Shivalik Waste Management Limited		3.58	3.23
17,500 (31 March 2019: 17,500) equity shares of Rs. 10 each fully paid up			
		47.73	**49.03**
		10,320.68	**8,196.98**
Investment in preference shares	(c)		
Subsidiary company:			
- Ethos Limited			
Nil (31 March 2019: 19,230) 14% cumulative compulsory convertible preference shares of Rs. 130 each fully paid up		-	**25.00**
			25.00

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

	Note	As at 31 March 2020	As at 31 March 2019
Impairment in value of investments			
Subsidiary companies:			
- Pylania SA, Switzerland		98.43	98.43
- Satva Jewellery and Design Limited		150.00	150.00
		248.43	**248.43**
Total non-current investments		**10,072.25**	**7,973.55**
Aggregate amount of unquoted investments		10,072.25	7,973.55
Aggregate amount of impairment in value of investments		248.43	248.43

Notes:

(a) This includes Rs. 14.51 (31 March 2019: Rs. 14.51) which represents fair value of financial guarantees given to Ethos Limited.

(b) This includes Rs. 36.07 (31 March 2019: 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.

(c) During the current year, the Company has 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) has converted its 14% Cumulative Compulsorily Convertible Preference Shares into 19,230 equity shares of Rs. 10 each.

6 Loans	**Non-Current**		**Current**	
(Loans receivables considered good-unsecured)	**As at 31 March 2020**	**As at 31 March 2019**	**As at 31 March 2020**	**As at 31 March 2019**
Security deposit				
- to related parties (refer to note 38)	-	2.00	-	-
- to others	139.79	127.55	23.79	18.56
Loan to related parties (refer to note 38)	-	-	103.94	103.94
Loan to employees				
- to related parties (refer to note 38)	22.17	28.44	8.13	6.08
- to others	58.59	61.11	49.89	46.52
	220.55	**219.10**	**185.75**	**175.10**

	As at 31 March 2020	As at 31 March 2019
7 Income tax asset (net)		
Advance income-tax (net of provision)	225.77	504.18
	225.77	**504.18**
8 Other non-current assets		
(Unsecured and considered good)		
Capital advances	103.09	63.81
to others		
Deposit under protest	-	3.06
Prepaid expenses	27.22	36.30
	130.31	**103.17**

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

		Note	As at 31 March 2020	As at 31 March 2019
9	**Inventories**			
	(at lower of cost and net realisable value)			
	Raw materials*		1,842.58	1,724.65
	Work-in-progress		871.61	954.42
	Finished goods**		194.96	115.91
	Stores and spares		283.75	274.22
	Scrap		16.55	-
			3,209.45	**3,069.20**
	* Includes goods-in-transit-raw materials		29.16	1.54
	**The write down of inventories during the year amounted to Rs. 4.82 (previous year: Rs. 16.00)			
10	**Trade receivables**			
	(Unsecured, considered good, unless otherwise stated)			
	Trade receivables from others		1,924.16	2,330.74
	Trade receivables from related parties (refer to note 38)		551.37	41.45
	Less : Allowance for expected credit loss		(11.69)	(0.86)
			2,463.84	**2,371.33**
	(Break-up of security details)			
	Trade receivable considered good -Secured		-	-
	Trade receivable considered good -Unsecured		2,463.84	2,371.33
	Trade Receivables which have significant increase in Credit risk		-	-
	Trade receivable -credit impaired		11.69	0.86
	Total		**2,475.53**	**2,372.19**
	Expected credit loss allowance		(11.69)	(0.86)
	Total trade receivables		**2,463.84**	**2,371.33**
11	**Cash and cash equivalents**			
	Balances with banks			
	- in current accounts		949.42	244.22
	Remittances in-transit		0.14	-
	Cash on hand		4.16	5.98
			953.72	**250.20**

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

	Note	As at 31 March 2020	As at 31 March 2019
12 Other bank balances			
Deposit accounts with original maturity more than 3 months and upto 12 months from the reporting date	(a)	510.76	584.38
Balance in unclaimed dividend accounts		31.75	24.71
		542.51	**609.09**

Notes:

(a) These deposits include restricted bank deposits amounting to Rs. 510.76 (31 March 2019: Rs. 580.79) on account of deposits pledged as security for deposits from shareholders, bank guarantee and margin money.

13 Other financial assets		
Interest accrued but not due on deposits	22.55	10.85
Derivatives Financial instruments (Fair Value through statement of Profit and Loss)	-	29.76
Recoverable from related parties (refer to note 38)	38.20	265.45
Interest receivable from related parties (refer to note 38)	58.22	28.71
Recoverable from / balance with government authorities	76.20	85.58
Recoverable from others	14.26	166.02
	209.43	**586.37**

14 Other current assets		
(Unsecured and considered good)		
Recoverable from / balance with government authorities	566.06	337.18
Advances for supply of goods and services	169.62	209.15
Advances to employees	50.60	91.69
Prepaid expenses	57.95	53.14
	844.23	**691.16**

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

15. Equity Share capital

(i) Details of share capital

	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
Equity shares of Rs. 10 each.	12,480,000	1,248.00	12,480,000	1,248.00
	12,480,000	**1,248.00**	**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	11,633,608	1,163.36
Forfeited equity shares of Rs.10 each	174,280	8.71	174,280	8.71
	11,824,388	**1,173.72**	**11,807,888**	**1,172.07**

(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 2020		As at 31 March 2019	
	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the year	11,633,608	1,163.36	10,952,792	1,095.28
Add: Shares issued during the year	16,500	1.65	680,816	68.08
Balance at the end of the year	**11,650,108**	**1,165.01**	**11,633,608**	**1,163.36**

(iv) *Details of Equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company:*

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of equity shares held	Number of shares	% of equity shares held
R. K. Saboo	**1,834,292**	**15.74%**	1,948,960	16.75%
Yashovardhan Saboo	**1,338,791**	**11.49%**	1,557,265	13.39%
Saif India V FII Holdings Limited	**1,008,400**	**8.66%**	1,008,400	8.67%
Saif Partners India V Limited	**754,716**	**6.48%**	754,716	6.49%
Pranav Shankar Saboo	**680.851**	**5.84%**	331,951	2.85%

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

(v) *Bonus shares, shares buyback and issue of shares for consideration other than in cash (during five years immediately preceding 31 March 2020)*

During the five years immediately preceding 31 March 2020, 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 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 37D regarding share based payments.

(vii) Shares reserved for issue under options and other commitments

	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	Amount	Number of Shares	Amount
Under KDDL Employee Stock Option Plan - 2011 equity shares of Rs.10 each, at an exercise price of Rs. 120 per share (Refer note 37D)	-	-	18,750	1.88

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 is 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).

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

(v) **Money received against shares warrants**

A share warrant is a financial instrument which gives holder the right to acquire equity shares. Money Received against Shares Warrants comprise of share warrants issued by the Company against which shares are yet to be allotted.

During the year ended 31 March 2017, the Company had issued 377,356 share warrants at Rs. 265 per share warrant (including securities premium of Rs 255 per share warrant) on a preferential allotment basis to certain promoters and promoter entities ('warrant holders') and had also received 25% application money amounting to Rs 66.25 per share warrant. The warrants were to be converted into equivalent number of equity shares on payment of balance 75% amount at any time on or before the end of eighteen months from the date of allotment failing which these would stand forfeited. During the year ended 31 March 2019, the Company had allotted 113,206 equity shares on conversion of equivalent number of share warrants to certain warrant holders on realisation of balance 75% towards these warrants. During the year ended 30 June 2019, the Company has allotted remaining 264,150 equity shares on conversion of equivalent number of share warrants to certain warrant holders on realisation of balance 75% towards these warrants.

17 Borrowings

	Note	As at 31 March 2020	As at 31 March 2019
(I) Non-current borrowings			
Term-loans			
From banks (secured)	(a)	48.61	76.52
From others (secured)	(b)	4,060.70	3,336.68
		4,109.31	**3,413.20**
Deposits from shareholders			
From related parties (unsecured) (refer to note 38)	(c)		
- From Directors		412.69	247.20
- From Inter-Corporate		40.00	40.00
- From Others		67.61	66.45
From others (unsecured)	(c)	1,621.94	1,178.78
		2,142.24	**1,532.43**
Total non-current borrowings (including current maturities)		**6,251.55**	**4,945.63**
Less : Current maturities of non-current borrowings (refer to note 18)		1,731.12	1,491.94
		4,520.43	**3,453.69**

Notes:

(a) (a)- Vehicle loans from banks amounting to Rs. 48.61 (31 March 2019: Rs. 67.08) 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. 101.45 (31 March 2019: Rs. 236.88) carrying interest rate equal to LTLR less 7% (presently 10.25%) (previous year 10.50%) is secured by way of first pari passu charge over the project leasehold immovable property and over movable fixed assets of Eigen III, 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 December 2020.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 157.50 (31 March 2019: Rs. 247.48) carrying interest rate equal to LTLR less 7.25% (presently 10.25%) (previous year 10.50%) 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 October 2021.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 583.65 (31 March 2019: Rs. 757.62) carrying interest rate equal to LTLR less 8.75% (presently 10.25%) (previous year 10.50%) 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 July 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 1,321.69 (31 March 2019: Rs. 1,868.56) carrying interest rate of 10% (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.21.13 and last instalment would be paid on 5th October, 2022. 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 January 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 873.17 (31 March 2019: Rs. 200) carrying interest rate of 10% (previous year 10%) is secured by way of first pari passu charge over movable fixed assets of of Company (except for specific vehicles pledged against respective loan and moveable 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 September 2023.

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

- Term loan from Bajaj Finance Limited amounting to Rs. 997.04 (31 March 2019: Rs. Nil) carrying interest rate of 9.20% is secured by way of first pari passu charge over movable fixed assets of of Company (except for specific vehicles pledged against respective loan and moveable assets of KHAN II). 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.

- Vehicle loans from Daimler Financial Services and Kotak Mahindra Prime Limited amounting to Rs. 26.21 (31 March 2019: Rs. 35.58) carrying interest rate in range of 7.75% to 9.50% (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.

Deposits from shareholders/ directors amounting to Rs. 2,142.24 (31 March 2019: Rs. 1,532.43) carrying interest rates in the range of 9.50% to 11.50% (previous year 9% to 12.5%) per annum are repayable in 1 years to 3 years from the respective dates of deposit.

(ii) Current Borrowings	Note	As at 31 March 2020	As at 31 March 2019
Loans repayable on demand			
From banks (secured)	(a)	1,433.21	702.84
From others (secured)	(b)	300.00	-
Deposit from shareholders			
Related parties (unsecured) (refer to note 38)			
- From Director		87.07	0.50
- From Others		0.50	-
From others (unsecured)	(c)	104.25	36.93
		1,925.03	**740.27**

Notes:

(a) Working capital borrowings from banks amounting to Rs. 1,433.21 (31 March 2019: Rs. 702.84) carrying interest rate varying from 9% to 10.20% (previous year 9.25% to 11.90%) 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 except packaging unit (KPAC) and are further secured by a second charge on the moveable 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 borrowings from others amounting to Rs. 300 (31 March 2019: Rs. Nil) carrying interest rate of 9.15% per annum are 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

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

(c) Deposits from shareholders/ directors amounting to Rs. 191.82 (31 March 2019: Rs. 37.43) carrying interest rates in the range of 8.50% to 10% (previous year 9% to 12.5%) per annum are repayable within 1 year from the respective dates of deposit.

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning of the year (including current and non current borrowings)	**5,685.90**	**6,597.67**
Proceeds from non-current borrowings	2,869.77	1830.21
Repayment of non-current borrowings	(1,564.50)	(1237.25)
Proceeds from current borrowings having maturity period more than 3 months	272.66	26.90
Repayment of current borrowings having maturity period more than 3 months	(118.27)	(13.45)
Repayments of/proceeds from current borrowings (net)	1,030.37	(1,528.60)
Transaction costs related to borrowings	0.65	10.41
Balance as at the end of the year (including current and non-current borrowings)	**8,176.58**	**5,685.90**

* Non-current borrowings include current maturities of non-current borrowings

18 Other financial liabilities

	Current		
	As at 31 March 2020		As at 31 March 2019
Current maturities of non-current borrowings [refer to note 17(I)]	1,731.12	-	1,491.94
Derivatives Financial instruments (Fair Value through statement of Profit and Loss)	74.35		
Interest accrued but not due (refer to note 38)	100.02		116.99
Unpaid dividends*	31.76		24.71
Capital credit-	477.57		71.34
Employee related payables (refer to note 38)	691.73		825.89
	3,106.55		**2,630.87**

* not due for deposit to investor education and protection fund

Interest accrued but not due (refer to note 38)	109.10	53.98
from related parties (refer to note 38)	6.77	6.77
- from others	5.69	5.69
	121.56	**66.44**

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

19 Provisions

	Non-Current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Provisions for employee benefits (refer note 37)				
Liability for gratuity	106.29	-	19.66	46.54
Liability for compensated absences	-	-	254.03	210.87
	106.29	**-**	**273.69**	**257.41**
Other provisions				
Provision for warranties	-	13.38	-	7.29
	-	**13.38**	**-**	7.29
	106.29	**13.38**	**273.69**	**264.70**

Movement in other provisions	Warranties
Balance as on 1 April 2018	26.15
Provisions made during the period	4.32
Provisions utilised during the period	(9.80)
Balance as on 31 March 2019	**20.67**
Provisions made during the period	-
Provisions utilised during the period	(20.67)
Balance as on 31 March 2020	**-**

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when the claim will arise. Any recovery of cost incurred is netted off against the relevant cost.

20 Deferred tax liabilities (net)

Deferred tax liability on	As at 31 March 2020	As at 31 March 2019
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	659.86	558.46
- MTM Gain/(Loss) on foreign exchange contracts	(21.65)	8.67
Deferred tax liability (A)	**638.21**	**567.13**
Deferred tax assets on		
- Expected credit loss allowance	3.40	0.24
- Provision for warranties	-	6.02
- Provision for employee benefits	101.70	74.96
- Provision for bonus	10.29	70.27
Deferred tax assets (B)	**132.35**	**151.49**
Net deferred tax liabilities (A - B)	**505.86**	**415.64**

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

(b) Movement in temporary differences:

2018-2019	As at 31 March 2018	Recognised in Statement of Profit & Loss	Recognised in other comprehensive Income	As at 31 March 2019
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	503.05	55.41	-	558.46
- MTM Gain on foreign exchange contracts	-	8.67	-	8.67
- Expected credit loss allowance	(1.98)	1.74	-	(0.24)
- Provision for warranties	(7.61)	1.59	-	(6.02)
- Provision for employee benefits	(71.53)	13.87	(17.31)	(74.96)
- Provision for bonus	(43.62)	(26.65)	-	(70.27)
	378.31	**54.63**	**(17.31)**	**415.64**

2019-2020	As at 31 March 2019	Recognised in Statement of Profit & Loss	Recognised in other comprehensive income	As at 31 March 2020
- Excess depreciation as per Income tax, 1961 over depreciation as per books	558.46	101.40	-	659.86
- MTM Gain 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	(74.96))	(6.47)	(20.28	(101.70)
- Provision for bonus	(70.27))	59.99	-	(10.29)
- Lease liabilities and Right of use assets (Net)	-	(16.96)	-	(16.96)
	415.64	**110.50**	**(20.28)**	**505.85**

21 Trade payables	**As at 31 March 2020**	**As at 31 March 2019**
Dues of Micro Enterprises and Small Enterprises (refer to note below)	75.05	61.57
Trade payables to related parties (refer to note 38)	93.40	40.09
Other trade payables	1,185.03	1,469.53
	1,353.48	**1,571.19**

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 :

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

	As at 31 March 2019	As at 31 March 2018

Particulars	As at 31 March 2020	As at 31 March 2019
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year		
- Principal	67.84	55.01
- Interest	7.21	6.56
(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;	223.97	201.05
(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;	7.21	6.56
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	7.21	6.56
(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	7.21	6.56

22	**Other current liabilities**		
	Advance from customers	148.46	46.60
	Advance from related parties (refers note 38)	-	45.38
	Statutory dues	169.80	186.68
	Deferred revenue	1.05	1.50
		319.31	**280.11**
23	**Current tax liabilities (net)**		
	Provision for income tax (net of advance tax)	31.51	126.04
		31.51	**126.04**

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

		Year ended 31 March 2020	Year ended 31 March 2019
24	**Revenue from operations**		
	Sale of products	16,602.57	16,141.21
	Sale of services	644.21	660.30
	Export incentives	390.45	371.88
	Other operating revenues		
	Scrap sales	422.05	425.92
		18,059.28	**17,599.31**

a. Revenue from contracts with customers disaggregated based on nature of products and services

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from sale of products		
- Precision and watch components	15,748.24	15,430.35
- Others	854.33	710.86
Sale of services	644.21	660.30
Other operating revenue	422.05	425.92
	17,668.83	**17,227.43**

Set out below is the revenue from contracts with customers and reconciliation to Statement of profit and loss

Total revenue from contracts with customers	17,668.83	17,227.43
Add: Items not included in disaggregated revenue:		
- Export Incentives	390.45	371.88
Revenue from operations as per the statement of profit and loss	**18,059.28**	**17,599.31**

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)	2,463.84	2,371.33
Advances from customers (refer to note 22)	148.46	91.93

25	**Other income**		
	Interest income		
	Fixed deposits with banks	36.88	39.40
	Interest income from related parties (refer to note 38)	49.23	14.06
	Interest income from others	113.90	21.25
	Dividend income	0.31	0.36
	Rental income	28.33	17.57
	Liabilities/ provision no longer required written back	45.46	-
	Exchange gain on foreign exchange fluctuations (net)	248.30	250.93

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

		Year ended 31 March 2019	Year ended 31 March 2018
	Net gain on sale of property, plant and equipment	1.43	37.37
	Miscellaneous income	3.08	6.01
		526.92	**386.95**
26	**Cost of materials consumed***		
	Inventory of material at the beginning of the year	1,724.65	1,410.04
	Purchases of raw materials	4,639.96	4,764.37
		6,364.61	6,174.41
	Inventory of material at the end of the year	1,842.58	1,724.65
	*Refer to note 3(c)	**4,522.03**	**4,449.76**
27	**Changes in inventories of finished goods and work-in-progress**		
	Opening stock		
	Work-in-progress	954.42	977.64
	Finished goods	115.91	99.47
		1,070.33	**1,077.11**
	Less:		
	Closing stock		
	Work-in-progress	871.61	954.42
	Finished goods	194.96	115.91
	Scrap	16.55	-
		1,083.12	**1,070.33**
	Add: Increase (decrease) in excise duty on finished goods (as applicable)	-	-
		(12.79)	**6.78**
28	**Employee benefits expense**		
	Salaries and wages (refer to note 3©)	4,867.46	4,287.52
	Contributions to provident and other funds	448.03	385.67
	Staff welfare expenses	215.43	234.92
		5,530.92	**4,908.11**
29	**Finance costs**		
	Interest expense on financial liabilities measured at amortised cost	765.13	545.30
	Interest on lease liabilities (refer to note 41)	102.47	-
	Net interest on net defined benefit liability		
	Other borrowing costs	17.78	20.11
		885.38	**565.41**
30	**Depreciation and amortisation expense**		
	Depreciation on property, plant and equipment*	889.45	750.43
	Amortisation of other intangible asset (refer to note 4)	37.10	25.57
	Depreciation of Right-of-use assets (refer to note 41)	250.68	-
	Depreciation of investment property (refer to note 41)	16.21	-
		1,193.44	**776.00**

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

	Year ended 31 March 2020	Year ended 31 March 2019

*Excludes Rs. 7.62 (previous year : Rs 19.17) charged on plant and equipment at tool room division at Bengaluru (EIGEN) which was utilised for development of in-house tools. Accordingly, such amount has been capitalised under plant and equipment. Also, refer to note 3(c)

31 Other expenses

Stores and spares consumed [refer to note 3	882.52	880.62
Power, fuel and water charges [refer to note 3	461.24	443.51
Contractual labour expenses	783.55	772.57
Insurance	16.71	7.97
Rent (refer to note 41)	11.98	203.34
Rates and taxes	19.69	21.78
Repair and maintenance		
- Plant and machinery	263.46	232.34
- Buildings	43.80	50.68
- Others	146.10	144.67
Legal and professional fees [refer to note (a) below]	444.92	390.49
Travelling and conveyance	455.13	521.87
Job charges [refer to note 3 (c)	549.62	464.21
Bank Charges	47.06	62.81
Printing and stationery	50.40	52.49
Communication expenses	212.14	176.70
Commission	152.41	146.30
Events and exhibitions	152.41	146.30
Property, plant and equipment written off	11.59	8.86
Expected credit loss on trade receivables	10.83	-
Donation	5.50	1.10
Advances / deposits written off	3.60	-
Directors' sitting fees	22.60	11.95
Security service charges	75.29	87.20
Net change in fair value of financial assets (at FVTPL) (net)	1.29	-
Corporate social responsibility expenditure [refer to note (b) below]	34.50	26.13
Miscellaneous expenses	332.20	302.16
	5,079.05	**5,050.70**

Note (a): Auditors' remuneration (including to ex-statutory auditor) (excluding taxes as applicable)

	Year ended 31 March 2020	Year ended 31 March 2019
As Auditor		
- Statutory audit	14.00	10.00
- Tax audit	-	1.50
- Limited review of quarterly results	6.50	7.50
In other capacity		

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

		Year ended 31 March 2019	Year ended 31 March 2018
	- Certification work	7.43	8.50
	- Reimbursement of expenses	3.69	2.38
		31.62	29.88
Note (b):	**Detail of corporate social responsibility expenditure**		
a.	Amount required to be spent by the Company during the year	**34.50**	**26.13**
b.	Amount spent during the year (in cash)		
	(i) Construction / acquisition of any asset	-	-
	(ii) On purpose other than (i) above (refer to note 38)	34.50	26.13
		34.50	**26.13**
32	**Income tax expense**		
	A. Amounts recognised in statement of profit and loss		
	Current tax		
	Current year	384.38	600.29
	Changes in estimates related to prior years	(19.05)	-
		365.33	600.29
	Deferred tax		
	Attributable to–		
	Origination and reversal of temporary differences	91.45	54.63
	Changes in estimates related to prior years	19.05	-
		110.50	54.63
		475.83	**654.92**
	B. Reconciliation of effective tax rate		
	Profit before ta	**1,388.17**	**2,229.50**
	Tax at the Indian tax rate of 29.12% (previous year 29.12%)*	404.24	649.23
	Effect of expenses that are not deductible in determining taxable profit	71.59	9.96
	Others	-	(4.27)
	Income tax expenses recognised in statement of profit and loss	**475.83**	**654.92**

* 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.

	Year ended 31 March 2019	Year ended 31 March 2018
C. Income tax recognised in other comprehensive income		
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit liability (asset)	(69.63)	(58.68)
	(69.63)	**(58.68)**
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)	20.28	17.31
	20.28	**17.31**

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

	Year ended 31 March 2019	Year ended 31 March 2018
33 Earnings per share		
A. Basic earnings per share		
I. Profit / (loss) for basic earning per share of Rs. 10 each		
Profit for the year	912.34	1,574.58
ii .Weighted average number of equity shares for (basic)		
Balance at the beginning of the year	11,633,608	10,952,792
Effect of fresh issue of shares	3,553	407,779
	11,637,161	**11,360,571**
Basic Earnings per share (face value of Rs 10 each)	**7.84**	**13.86**
B. Diluted earnings per share		
I. Profit / (loss) for diluted earning per share of Rs. 10 each		
Profit for the year	912.34	1,574.58
ii .Weighted average number of equity shares for (diluted)		
Balance at the beginning of the year	11,633,608	10,952,792
Effect of fresh issue of shares	3,553	407,779
Effect of employee stock options	-	14,013
	11,637,161	**11,374,584**
Diluted Earnings per share (face value of Rs. 10 each)	7.84	13.84

34 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 2019			As at 31 March 2018		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets								
Non-current								
Non-derivative financial assets								
Investments:								
Investment in equity shares - subsidiary companies and associates	(i)	3	47.73	-	-	49.03	-	-
Loans	(ii)	3	-	-	220.55	-	-	219.10
Current								
Non-derivative financial assets								
Trade receivable	(iii)	3	-	-	2,463.84	-	-	2,371.33
Cash and cash equivalents	(iii)	3	-	-	953.72	-	-	250.20
Other bank balances	(iii)	3	-	-	542.51	-	-	609.09
Loans	(iii)	3	-	-	185.75	-	-	175.10
Other financial assets	(iii)	3	-	-	209.43	-	-	556.61
Derivative financial assets								
Forward contracts	(v)	2	-	-	-	29.76	-	-
Total financial assets			**47.73**	**-**	**4,575.80**	**78.79**	**-**	**4,181.43**

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

	Note	Level of hierarchy	As at 31 March 2019			As at 31 March 2018		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial liabilities								
Non-current								
Non-derivative financial liabilities								
Borrowings (including current maturities)	(iv)	3	-	-	6,251.55	-	-	4,945.63
Other financial liabilities	(ii)	3	-	-	121.56	-	-	66.44
Current								
Non-derivative financial liabilities								
Borrowings	(iii)	3	-	-	1,925.03	-	-	740.27
Trade payables	(iii)	3	-	-	1,353.48	-	-	1,571.19
Other financial liabilities	(iii)	3	-	-	1,301.08	-	-	1,138.93
Derivative financial liabilities								
Forward contracts	(v)	2	74.35	-	-	-	-	
Total financial liabilities			**74.35**		**10,925.71**			**8,462.46**

(i) The investments in subsidiary companies and associate are measured at cost less impairment losses.

(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 liablilites 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 2020 and 31 March 2019.

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))

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

(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 2020	As at 31 March 2019
Non-derivative financial asset		
Investments	47.73	49.03
Trade receivables	2,463.84	2,371.33
Loans	406.30	394.20
	3,127.30	**3,400.93**

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.

The Company's exposure to credit risk for trade receivables by geographic region is as follows:

	As at 31 March 2020	As at 31 March 2019
Within India	874.96	1,117.33
Outside India	1,588.87	1,254.00
	2,463.83	**2,371.33**

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from top customer	3,253.35	2,561.13
Revenue from top five customers	8,747.42	7,340.48

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

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	Expected credit Loss allowance	Carrying amount
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**
31 March 2019			
Less than 6 Months	2,305.54	-	2,305.54
More than 6 Months	66.65	0.86	65.79
	2,372.19	**0.86**	**2,371.33**

The movement in the allowance for impairment in respect of trade receivables and loans is as follows :

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning of the year	6.80	6.80
Amounts written off	-	(5.94)
Impairment loss recognised	10.83	-
Balance as at the end of the year	**11.69**	**0.86**

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.

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

(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.

	Less than 1 Year	1 to 2 Years	2 to 5 Years	Total	Carrying Amount
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**
31 March 2019					
Non-derivative financial liabilities					
Borrowings (including current maturities)	2,232.21	1,369.66	2,092.08	5,693.95	5,685.90
Trade payables	1,571.19	-	-	1,571.19	1,571.19
Other financial liabilities	1,192.91	-	12.46	1,205.37	1,205.37
	4,996.31	**1,369.66**	**2,104.54**	**8,470.51**	**8,462.46**

(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.

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

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 2020	As at 31 March 2019
Fixed rate borrowings	6,751.91	4,991.11
Floating rate borrowings	1,433.21	702.84
Total borrowings (gross of transaction cost)	**8,185.12**	**5,693.95**

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 2020		
Interest rate (0.5% movement)	7.17	(7.17)
For the year ended 31 March 2019		
Interest rate (0.5% movement)	(3.51)	3.51

(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.

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

Unhedged foreign currency exposure

The following table provides details of the Company's exposure to currency risk:

	As at 31 March 2020		As at 31 March 2019	
Assets	**Amount (Rs)**	**Amount in foreign currency**	**Amount (Rs)**	**Amount in foreign currency**
Trade receivables				
HKD	5.59	0.58	12.18	1.40
USD	122.00	1.63	92.54	1.35
EUR	16.45	0.20	29.65	0.39
CHF	96.46	1.24	810.33	12.38
GBP	-	-	0.86	0.01

	As at 31 March 2020		As at 31 March 2019	
Liabilities	**Amount (Rs)**	**Amount in foreign currency**	**Amount (Rs)**	**Amount in foreign currency**
Trade payables				
HKD	85.96	8.76	41.75	4.73
USD	30.16	0.40	29.65	0.43
EUR	2.86	0.03	3.74	0.05
CHF	233.50	2.95	179.81	2.53
JPY	7.62	10.87	49.45	78.70
Net exposure in respect of recognised assets and liabilities	**(119.61)**		**641.16**	

Significant forward contracts outstanding as at the end of the year

	As at 31 March 2020		As at 31 March 2019	
	Amount (Rs)	**Amount in foreign currency**	**Amount (Rs)**	**Amount in foreign currency**
Imports				
CHF	-	-	-	-
Exports				
CHF	1,359.05	17.50	310.94	4.00

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

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2020 and 31 March 2019 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 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
31 March 2019				
HKD (1% movement)	(2.96)	2.96	(2.10)	2.10
USD (1% movement)	(6.29)	6.29	(4.46)	4.46
EUR (1% movement)	(2.59)	2.59	(1.84)	1.84
CHF (1% movement)	(94.09)	94.09	(66.69)	66.69
GBP (1% movement)	0.09	(0.09)	0.06	(0.06)
JPY (1% movement)	(4.95)	4.95	(3.51)	3.51

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 2020	As at 31 March 2019
Total liabilities excluding deferred tax liabilities, provisions and other current liabilities	11,852.46	8,588.50
Less: cash and cash equivalents and other bank balances	1,496.23	859.29
Adjusted net debt	**10,356.23**	**7,729.21**
Total equity	**16,948.86**	**16,713.93**
Net debt to total equity ratio	**0.61**	**0.46**

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

(ii) Dividends

	Year ended 31 March 2020	Year ended 31 March 2019
Equity shares		
Final dividend for the year ended 31 March 2019 of Rs. 2.50 (31 March 2018 of Rs. 2.50) per fully paid equity shares*	350.62	338.06
Interim dividend for the year ended 31 March 2020 of Rs. 2.00 (31 March 2019 of Rs. NIL) per fully paid equity shares	280.90	-
Dividend not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of NIL (31 March 2019: Rs. 2.50) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	-	350.62

*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 2020	As at 31 March 2019
36	**Contingent liabilities and commitments:** *(to the extent not provided for)*		
(i)	**Claims against the Company not acknowledged as debts, under dispute**		
	- Demand raised for service tax against which appeals have been filed	-	71.14
	- 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 2019: Rs. 2.96)	3.73	3.73
	- Demand raised for Income tax (assessment year 2004-05 to assessment year 2012-13)	73.65	56.61
	- Claims against the Company filed by employees not acknowledged as debt (to the extent ascertainable)	241.63	181.35
		319.01	**312.83**
(ib)	- Custom duty saved against EPCG Licenses, pending redemption	95.72	143.57
	- Other items	-	-
(ic)	- Guarantees issued to banks on behalf of subsidiary company, namely Ethos Limited (amount outstanding Rs. 4,495.70 (31 March 2019: Rs. 5,524.49)*	6,136.00	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 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore.*Also, the Company has given security for short term 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, this is further secured by the first and exclusive charge over land and building & specific machinery and office equipment of the Parwanoo unit of the Company.

		As at 31 March 2020	As at 31 March 2019
(ii)	Commitments		
	- Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	119.43	592.54
	- Amount payable under non-cancellable leases	-	711.91
		119.43	**1,304.45**

(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 2020	**As at 31 March 2019**	**As at 31 March 2020**	**As at 31 March 2019**
Liability for gratuity	106.29	-	19.66	46.54
Liability for compensated absences	-	-	254.03	210.87
	106.29	**-**	**273.69**	**257.41**

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 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.

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

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 2020	As at 31 March 2019
(ii)	**Reconciliation of present value of defined benefit obligation**		
	Present value of obligation at the beginning of the year	746.54	631.86
	Current Service cost	71.85	63.46
	Interest cost	46.66	47.39
	Benefits paid	(32.00)	(38.76)
	Actuarial (gains) losses recognised in other comprehensive income		
	- experience adjustments	64.55	42.57
	Present value of obligation at the end of the year	**897.60**	**746.54**
(iii)	**Reconciliation of the present value of plan assets**		
	Plan assets at the beginning of the year, at fair value	700.00	603.35
	Return on plan assets recognised in other comprehensive income	(5.08)	(16.10)
	Contributions	65.00	106.24
	Benefits paid	(32.01)	(38.74)
	Interest income	43.75	45.25
	Plan assets at the end of the year, at fair value	**771.66**	**700.00**
(iv)	**Amount recognized in the balance sheet**		
	Present value of the defined benefit obligations at the end of the year	897.60	746.54
	Fair value of plan assets at the end of the year	771.66	700.00
	Net liability recognized in the balance sheet*	**125.94**	**46.54**
	* Shown under the head "Provision for employee benefits"		
(v)	**Plan assets**		
	Plan assets comprise of the following:		
	Policy of insurance	771.66	700.00
		771.66	**700.00**

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

Particulars	As at 31 March 2020	As at 31 March 2020
(vi) Amount recognized in the Statement of Profit and Loss		
Current service cost	71.85	63.46
Interest cost (net)	2.91	2.14
Amount recognized in the Statement of profit and loss	**74.76**	**65.60**
(vii) Remeasurements recognised in other comprehensive income		
Actuarial gain/loss on the defined benefit obligation	64.55	42.58
Return on plan assets (excluding interest income)	5.08	16.10
Amount recognized in other comprehensive income	**69.63**	**58.68**

(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 2020	As at 31 March 2019
Discount rate (per annum)	6.25%	7.50%
Expected rate of return on plan assets (per annum)	6.25%	7.50%
Salary increase (per annum)	4.00%	5.00%
Expected average remaining working lives of employees (years)	15.92%	16.34

	As at 31 March 2020	As at 31 March 2019
b) Demographic assumptions:		
Retirement age	58 years	58 years
Mortality	(2012-14)	(2006-08)
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 2020		As at 31 march 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(82.98)	(97.48)	(69.77)	(81.98)
Future salary growth (1% movement)	98.83	(85.54)	83.09	71.89

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.

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

(X) Expected future benefit payments	As at 31 March 2020	As at 31 March 2019
The expected maturity analysis of undiscounted defined benefit liability is as follows:		
Within 1 year	188.57	101.09
1-2 years	119.43	133.88
2-5 years	281.30	252.13
Over 5 years	552.82	492.35

(xi) Weighted average duration and expected employers contribution for next year of the defined benefit plan	As at 31 March 2020	As at 31 March 2019
Weighted average duration (in years)	10.05	10.16
Expected Employers contribution for the next year	73.65	68.22

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 2020	Year ended 31 March 2019
Provident fund (including social security for overseas employees)	255.99	183.64
Superannuation fund	14.67	13.14
Employees' state insurance scheme	39.93	63.41
Pension fund	62.68	59.88
	373.27	**320.07**

D. Share based payments

The 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 Company and subsidiaries of the Company. The outstanding options as at 31 March 2020 are Nil (31 March 2019: 18,750).

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

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 shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs. 15,000.00 ('second tranche'). The exercise period for the options is within six months from the date of vesting of the options. Each option is exercisable for one equity share of Rs 10 each fully paid up on payment of exercise price of share determined with respect to the date of grant.

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.

	As at 31 March 2020		As at 31 March 2019	
	Number of options	**Weighted Average Exercise Price**	**Number of options**	**Weighted Average Exercise Price**
Outstanding at beginning of the year	18,750	120	21,000	120
Forfeited during the period	(2,250)	-	(2,250)	-
Exercised during the period	(16,500)	120	-	-
Outstanding at end of the year	-	-	18,750	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 2020 and 31 March 2019, are Rs. (16.34) and Rs. (1.96) 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 2020	**Year ended 31 March 2019**
Fair value at grant date	87.13	87.13
Share price at grant date	133.00	133.00
Exercise Price	120.00	120.00
Risk Free interest rate (in %)	8.50%	8.50%
Expected life (in months)	88	88
Expected volatility (in %)*	66.49%	66.49%
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.

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 (refer note 1)	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
Cadrafin GmbH (refer note 2)	Associate of Kamla International Holdings SA

(c) Key managerial personnel (KMP) of the Company, their close family members and related entities

(i) Names of KMP	Names of their close family members (refer note 3)
- Mr. Yashovardhan Saboo (Chairman and Managing Director)	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 (spouse), Mr. Lal Chand Masown (father)

(ii) Related entities of KMP

- Vardhan Properties & Investments Limited
- VBL Innovations Private Limited
- Dream Digital Technology Limited
- KDDL Ethos Foundation
- Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF

(iii) Non-executive Directors	Names of their close family members (refer note 3)
- Mr. Anil Khanna	Mrs. Alka Khanna (Spouse)
- 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	

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

Notes:

1. The Company, through its foreign subsidiaries Kamla International Holdings SA and Pylania SA, acquired 100% equity interest in Estima AG (Switzerland) w.e.f. 07 January 2019.
2. On 9 July 2018, the Company has sold its 22% share (held through Kamla International Holdings SA) in its associate 'Cadrafin Sari'.
3. 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 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	-	-	-	-
2 Sale of goods and services					
Pylania SA	399.56	-	-	-	-
Estima AG	328.02				
Ethos Limited	-	-	-	-	-
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 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	-	-

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

(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
10 Deposits from shareholders /directors accepted/renew					
Vardhan Properties and Investment 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 from shareholders /directors 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 Limited	-	-	-	10.00	-
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
17 Investments made**					
Ethos Limited	2,125.00	-	-	-	-
Kamla International Holdings SA	-	-	-	-	-
18 CSR contribution made					
KDDL Ethos Foundation	-	-	-	24.50	-

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

(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
19 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
20 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	-	-
21 Events and exhibition					
Ethos Limited	4.92	-	-	-	-
22 Employee benefit expense					
Mr. R.K. Saboo	-	-	-	-	30.00
23 Security deposit received					
Mr. Yashovardhan Saboo	-	-	2.00	-	-
24 Guarantees taken					
Mr. Yashovardhan Saboo	-	-	1,993.17	-	-

*(Excluding provision for leave encashment, gratuity and bonus as they are determined on an actuarial basis for the company as a whole)

**During the current year, 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) has converted its 14% Cumulative Compulsorily Convertible Preference Shares into 19,230 equity shares of Rs. 10 each.

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

Year ended 31 March 2019

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
1 Purchase of raw material and components					
Estima AG	14.44				
Pylania SA	9.12	-	-	-	-
2 Sale of goods and services					
Pylania SA	390.13	-	-	-	-
Estima AG	55.89				
3 Purchase of property, plant and equipment					
Ethos Limited	0.21	-	-	-	-
4 Sale of property, plant and equipment					
Ethos Limited	0.82				
5 Sale of intangible assets					
Ethos Limited	41.90	-	-	-	-
6 Job work charges paid					
Pylania SA	45.78	-	-	-	-
7 Rent paid by the Company					
Mr. Yashovardhan Saboo	-	-	25.42	-	-
Mrs. Anuradha Saboo	-	-	-	-	15.75
Kamla Tesio Dials Limited	-	6.00	-	-	-
Satva Jewellery & Design Limited	6.00	-	-	-	-
8 Compensation to key managerial personnel*					
Short-term employee benefits					
Mr. Yashovardhan Saboo	-	-	88.13	-	-
Mr. Sanjeev Kumar Masown	-	-	81.62	-	-
9 Interest income					
Satva Jewellery & Design Limited	12.00	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	2.06	-	-
10 Interest paid/ accrued					
Vardhan Properties and Investment Limited	-	-	-	4.37	-
Mr. Sanjeev Kumar Masown	-	-	3.28	-	-
Mrs. Neeraj Masown	-	-	-	-	2.76
Mr. Lal Chand Masown	-	-	-	-	0.65
Dream Digital Technology Limited	-	-	-	2.85	-
Mr. Anil Khanna	-	-	5.48	-	-
Mrs. Alka Khanna	-	-	-	-	2.85
Ms. Ranjana Agarwal	-	-	11.75	-	-
11 Deposits from shareholders / directors accepted/renew					
Vardhan Properties and Investment Limited	-	-	-	13.00	-
Mrs. Neeraj Masown	-	-	-	-	12.00
Mr. Lal Chand Masown	-	-	-	-	2.64
Mrs. Alka Khanna	-	-	-	-	23.08
Ms. Ranjana Agarwal	-	-	153.00	-	-

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

Year ended 31 March 2019 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
12 Deposits from shareholders/ directors repaid					
Mrs. Alka Khanna	-	-	-	-	20.20
Ms. Ranjana Agarwal	-	-	20.00	-	-
Mr. Lal Chand Masown	-	-	-	-	1.89
Vardhan Properties and Investment Limited	-	-	-	8.00	-
13 Rent received					
Ethos Limited	7.57	-	-	-	-
Dream Digital Technology Limited	-	-	-	0.60	-
14 Inter corporate deposit repaid to the Company					
Dream Digital Technology Limited	-	-	-	100.00	-
15 Repayment of loans given by the Company					
Mr. Sanjeev Kumar Masown	-	-	3.75	-	-
16 Reimbursement of expenses paid by the Company					
Pylania SA	7.18	-	-	-	-
Ethos Limited	136.18	-	-	-	-
Kamla Tesio Dials Limited	-	0.06			
Satva Jewellery & Design Limited	0.05				
Cognition Digital LLP	54.05				
Dream Digital Technology Limited	-	-	-	0.10	-
VBL Innovations Private Limited				3.33	
17 Management consultancy fees paid					
Dream Digital Technology Limited	-	-	-	23.10	-
18 Reimbursement of expenses received by the Company					
Pylania SA	113.56	-	-	-	-
19 Investments made					
Ethos Limited	500.00	–	-	-	-
Kamla International Holdings SA	714.15				
20 CSR contribution made					
KDDL Ethos Foundation	-	-	-	26.13	-
21 Dividend paid					
Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	-	2.52	-
Mr. R.K. Saboo	-	-	-	-	46.21
Mr. Yashovardhan Saboo	-	-	38.68	-	-
Mrs. Usha Devi Saboo	-	-	-	-	11.28
Mrs. Anuradha Saboo	-	-	-	-	10.92
Mr. Pranav S Saboo	-	-	-	-	8.30
Ms. Satvika Saboo	-	-	-	-	3.39
Vardhan Properties and Investment Limited	-	-	-	0.23	-
Dream Digital Technology Limited				0.56	
Mr. Jagesh Khaitan	-	-	0.01	-	-
Mr. Sanjiv Sachar	-	-	0.04	-	-
Mr. Sanjeev Kumar Masown	-	-	0.03	-	-
Mr. Anil Khanna	-	-	0.05	-	-
Mrs. Alka Khanna	-	-	-	-	0.01

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

Year ended 31 March 2019 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
22 Director sitting fee					
Mr. Jagesh Khaitan	-	-	1.65	-	-
Mr. Anil Khanna	-	-	3.00	-	-
Ms. Ranjana Agarwal	-	-	2.45	-	-
Mr. Praveen Gupta	-	-	2.10	-	-
Mr. Sanjiv Sachar	-	-	1.90	-	-
Mr. Jai Vardhan Saboo	-	-	0.45	-	-
Mr. Torsten Buchwald	-	-	0.40	-	-
23 Staff welfare expense					
Ethos Limited	2.36	-	-	-	-
24 Events and exhibition					
Ethos Limited	3.93	-	-	-	-
25 Miscellaneous expenses					
Ethos Limited	0.25	-	-	-	-
26 Employee benefit expense					
Mr. R.K. Saboo	-	-	-	-	30.00

*(Excluding provision for leave encashment, gratuity and bonus as they are determined on an actuarial basis for the company as a whole)

e) Balances due from/to the related parties

As at 31 March 2020

	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	-	-	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 Limited	-	-	-	0.53	-

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

(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
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	-	-	8,034.00	-	-
6 Guarantees given					
Ethos Limited	6,136.00	-	-	-	-
7 Deposits from shareholders /directors					
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 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

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

(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
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

As at 31 March 2019

	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	-	-	34.52	-	-
2 Trade receivables					
Estima AG	41.45	-	-	-	-
3 Other financial assets					
Ethos Limited	167.25	-	-	-	-
Satva Jewellery & Design Limited	28.71	-	-	-	-
Cognition Digital LLP	62.70				
Estima AG	35.50	-	-	-	-
4 Payables					
Kamla Tesio Dials Limited	-	4.41	-	-	-
Pylania SA	27.30	-	-	-	-
Dream Digital Technology Limited	-	-	-	8.38	-
5 Other current liabilities					
Kamla International Holdings SA	44.79	-	-	-	-
VBL Innovations Private Limited	-	-	-	0.54	-
6 Guarantees taken*					
Mr. Yashovardhan Saboo	-	-	6,040.83	-	-
7 Security deposit given					
Mr. Yashovardhan Saboo	-	- -	- 2.00	-	-
8 Guarantees given					
Ethos Limited	6,136.00	-	-	-	-
9 Deposits from shareholders /directors					
Mr. Sanjeev Kumar Masown	-	-	24.20	-	-
Mr. Lal Chand Masown	-	-	-	-	4.64

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

As at 31 March 2019 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
Mr. Anil Khanna	-	-	40.00	-	-
Mrs. Alka Khanna	-	-	-	-	24.08
Ms. Ranjana Agarwal	-	-	183.00	-	-
Vardhan Properties and Investment Limited	-	-	-	40.00	-
10 Interest accrued but not due					
Mr. Sanjeev Kumar Masown	-	-	5.56	-	-
Mr. Lal Chand Masown	-	-	-	-	0.82
Mrs. Neeraj Masown	-	-	-	-	4.43
Mr. Anil Khanna	-	-	6.74	-	
Mrs. Alka Khanna	-	-	-	-	0.02
Ms. Ranjana Agarwal	-	-	15.00	-	-
11 Security deposit received					
Ethos Limited	6.77	-	-	-	-
12 Employee related payables					
Mr. Yashovardhan Saboo	-	-	3.31	-	-
Mr. Sanjeev Kumar Masown	-	-	3.01	-	-
Mr. R.K. Saboo	-	-	-	-	2.50

* 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. 5,770.01 (31 March 2019: Rs 5,536.23) of Mr. Yashovardhan Saboo.

f) Other transations

1. 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 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore.
2. The Company has given security for short term 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, this is further secured by the first and exclusive charge over land and building & specific 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.

(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

The Company has three 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:

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 profit (loss) before income tax includes:			
- Interest expense	849.98	35.40	885.38
- Depreciation and amortisation	1,010.61	5.97	1,016.58
	17,035.11	**306.62**	**17,341.73**

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

Year ended 31 March 2020	Precision and watch components	Others	Total
Segment assets	1,453.70	4.01	1,457.71
Segment assets include:			
- Capital expenditure during the year	**2,783.94**	**84.23**	**2,868.17**
Segment liabilities			

Year ended 31 March 2019	Precision and watch components	Others	Total
Segment revenue:			
- External revenues	16,885.61	713.70	17,599.31
- Inter-segment revenue	-	-	-
Total segment revenue	**16,885.61**	**713.70**	**17,599.31**
Segment profit/(loss) before income tax	**3,516.37**	**157.70**	**3,674.07**
Segment profit (loss) before income tax includes:			
- Interest expense	534.84	30.58	565.42
- Depreciation and amortisation	708.86	4.82	713.68
Segment assets	**15,650.21**	**329.79**	**15,980.00**
Segment assets include:			
- Capital expenditure during the year	2,081.09	2.08	2,083.17
Segment liabilities	**2,614.63**	**88.64**	**2,703.27**

(c) Reconciliations of information on reportable segments to Ind AS measures

	As at 31 March 2020	As at 31 March 2019
i. Revenues		
Total revenue for reportable segments	18,059.28	17,599.31
Elimination of inter-segment revenue	-	-
Unallocated revenue	-	-
Total revenue	**18,059.28**	**17,599.31**
ii. Profit before income tax		
Total profit before tax for reportable segments	3,210.06	3,674.07
Finance cost	(885.38)	(565.41)
Unallocated amounts:		
Corporate expenses (net of un-allocated revenue)	(936.51)	(879.16)
Consolidated profit before tax	**1,388.17**	**2,229.50**

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

iii. Assets		
Total assets for reportable segments	17,341.73	15,980.00
Unallocated amounts	12,664.74	10,296.26
Consolidated total assets	**30,006.47**	**26,276.26**

iv. Liabilities		
Total liabilities for reportable segments	2,868.17	2,703.27
Unallocated amounts	10,189.44	6,859.06
Consolidated total liabilities	**13,057.61**	**9,562.33**

v. Other material items

	Reportable segment total	Adjustments	Consolidated totals
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
Year ended 31 March 2019			
Finance cost	-	565.41	565.41
Depreciation and amortisation expense	713.68	62.31	776.00
Capital expenditure during the year	1,972.11	53.68	2,025.79

(d) Information about geographical segment

	Year ended 31 March 2020	Year ended 31 March 2019
India	**8,879.39**	**8,754.73**
Outside India		
Switzerland	7,808.56	7,445.06
Germany	469.41	632.40
United Kingdom	418.89	-
France	190.79	238.21
USA	72.29	230.69
Israel	62.11	-
Dubai	58.37	-
Nigeria	7.29	86.68
Taiwan	11.47	100.31
Other Countries	80.71	111.23
Total outside India	**9,179.89**	**8,844.58**
Total	**18,059.28**	**17,599.31**

*In presenting the geographical information, segment revenue has been based on the geographic location of the customers.

(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. 5,927.74 (Year ended 31 March 2019: Rs. 4,421.58) which individually constitute more than 10 percent of the Company's total revenue.

40 Operating leases:

The Company has leased some of its premises and some of its fixed assets to a third party under a lease agreement that qualifies as an operating lease. The Company is a lessee under various cancellable and non-cancellable operating leases. The lease rental recognized in the Statement of Profit and Loss for the period in respect of the aforementioned leases is Rs. 185.77 (31 March 2018: Rs. 156.84). Expected future minimum lease payments in respect of non-cancellable operating leases are as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
Payable in less than one year	-	159.73
Payable between one and five years	-	506.14
Payable after more than five years	-	46.04

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.

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)

Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2020

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

Particulars	Plant and equipment	Building	Leasehold land* $	Total
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	(135.07)	(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)*

$ Includes leasehold land of Rs. 5.67 (31 March 2019: 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**
Current	**199.99**
Non-current	**593.91**

The details regarding the maturity analysis of lease liabilities as at March 31, 2020 on an undiscounted basis is disclosed in Note 34.

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:

Particulars	Plant and equipment	Building	Land	Investment property	Total
Depreciation expense of right-of-use assets and investment property	135.07	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	**181.03**	**177.81**	**6.30**	**16.21**	**381.34**

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

The Company had total cash outflows for leases of INR 305.04 in 31 March 2020 (INR 203.34 in 31 March 2019).

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 during the year is INR 16.56 (31 March 2019: INR 7.57).

The carrying amounts of investment property recognised and the movements during the year:

Particulars	March 31, 2020
As at 01 April 2019	40.30
Additions	20.48
Depreciation expense	(16.21)
As at 31 March 2020	**44.57**

42. Disclosures pursuant to Section 186 of the Companies Act, 2013:

	As at March 31, 2020	As at March 31, 2019
a) Loans and advances		
Loan to subsidiary: Pylania SA		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	-
(Pylania SA has utilised the loan for meeting working capital requirements)		
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	8,015.98	5,915.98
Maximum amount outstanding at any time during the year	8,015.98	5,915.98
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

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

	As at March 31, 2020	As at March 31, 2019
Investment in subsidiary: Kamla International Holdings SA		
Balance as at the year end	1,097.66	1,097.66
Maximum amount outstanding at any time during the year	1,097.66	1,097.66
Investment in associate: Kamla Tesio Dials Limited		
Balance as at the year end	30.00	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	44.15	45.80
Maximum amount outstanding at any time during the year	45.80	45.80
Investment in Company: Shivalik Waste Management Limited		
Balance as at the year end	3.58	3.23
Maximum amount outstanding at any time during the year	3.58	3.23
c) Guarantees given		
Guarantees given to subsidiary: Ethos Limited**		
Balance as at the year end	6,136.00	6,136.00
(Guarantees have been given for the purpose of borrowings taken by subsidiary company)		
Guarantees given to subsidiary: Pylania SA		
Balance as at the year end	-	-
(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 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 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore.** Also, the Company has given security for short term 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 Comoany. Also, this is further secured by the first and exclusive charge over land and building & specific machinery and office equipment of the Parwanoo unit of the Company.

43 List of Subsidiaries and Asssociates with ownership % and place of business:

	Principal place of business	Method used to account for the investment	Proportion of ownership As at 31 March 2020	Proportion of ownership As at 31 March 2019
Subsidiaries				
Ethos Limited	India	At cost	61.13%	61.50%
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%

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

44 The figures of previous year were audited by B S R & Co. LLP, Chartered Accountants and has been taken as per the figures audited by them and relied upon by the current statutory auditors.

45 The Ind AS financial statements of the Company for the year ended March 31, 2019, included in these standalone Ind AS financial statements have been restated as at March 31, 2019. These adjustments to the standalone Ind AS financial statements have been made to the comparative standalone Ind AS financial statements presented as at March 31, 2019.

a. **Particulars**	**As at 31 March 2019 (Restated)**	**As at 31 March 2019 (Published)**	**Adjustment**	**Nature**
Assets				
Non-current assets				
Other Non-current Assets	103.17	100.11	3.06	Reclassification item
Current assets				
Other financial assets	586.37	500.79	85.58	Reclassification items
Other current assets	691.16	779.80	(88.64)	Reclassification items
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	66.44	12.46	53.98	Reclassification item
Provisions	13.38	218.28	(204.90)	Reclassification item
Current liabilities				
Financial liabilities				
Other financial liabilities	2,630.87	2,684.85	(53.98)	Reclassification item
Provisions	264.70	59.80	204.90	Reclassification item
Income				
Revenue from operations	17,599.31	17,519.88	79.43	Reclassification item
Expenses				
Finance costs	565.41	628.22	(62.81)	Reclassification item
Other expenses	5,050.70	4,908.46	142.24	Reclassification items

b. The Company has during the year moved from Capital employed based presentation to segment assets and liabilities presentation, the Company has corrected presentation of total liabilities as part of segment disclosure including borrowings and deferred tax liabilities as unallocated liabilities. This has resulted into increased unallocated liabilities by Rs. 6101.54 as at March 31, 2019

None of the above had any significant effect on the balance sheet at the beginning of the preceding financial year i.e 01 April 2018. Also, the above reclassifications had no effect on the equity as at 01 April 2019.

46 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 March 31, 2020, the Company is carrying investment of Rs.

1097.66 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.

47 World Health Organisation (WHO) declared outbreak of Coronavirus Disease (Covid-19) a global pandemic on 11 March 2020. Consequent to this, Government of India declared lockdown on 23 March 2020 and the Company temporarily suspended the operations in all the units of the Company in compliance with the lockdown instructions issued by the Central and State Governments. Covid-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period which has been extended till 17 May 2020. However, limited production and supply of goods has commenced on during the month of April 2020 on one of the manufacturing unit of the Company and during the month of May 2020 on all the other manufacturing units of the Company.

The Company has made detailed assessment of its liquidity position for the next year and the recoverability and 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 situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these standalone Ind AS financial statements . The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

48 The Board of Directors has 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 01 April 2017.

The Hon’ble National Company Law Tribunal (NCLT), Chandigarh Bench, has passed an order 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 Act. Accordingly, the Board of Directors of the Company at its meeting held on 03 December 2019 and 26 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 01 April 2017 to 01 April 2019.

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

As per our report of even date

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

Anil Gupta
Partner
Membership no. 87921

Place : New Delhi
Date : 27 June 2020

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

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place : Chandigarh
Date : 27 June 2020

Independent Auditor's Report

To the Members of **KDDL Limited**

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidatedInd 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 venturecomprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidatedStatement 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, 2020, their consolidated loss including other comprehensive income, 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 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 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) The Ind AS consolidated financial statements of the Company for the year ended March 31, 2019 were audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 28, 2019. We draw attention to Note 50 to the consolidated Ind AS financial statements, which describes the impact of the errors in computation of capital reserve on acquisition of a subsidiary (Estima AG) acquired during the financial year ended March 31, 2019 in the consolidated

Ind AS financial statements for the year ended March 31, 2019, the rectification whereof has resulted in the restatement of “Capital Reserve” and consequential impact in “Retained Earnings”, “Legal Reserve”, “Amalgamation Reserve”, and “Revaluation Surplus” in the consolidated financial statements of the Company which led to a restatement of the Consolidated Ind AS financial statements as at March 31, 2019. The above errors have resulted in decrease in the value of Capital Reserve by INR 4,496.23 lakhs and consequential impact of increase in “Retained Earnings” by INR 6,167.99 lakhs, decrease in “Legal Reserve” by INR 121.64 lakhs, decrease in “Amalgamation Reserve” by INR 911.32 lakhs, and decrease in “Revaluation Surplus” by INR 638.80 lakhs. Further, there is no impact on the consolidated profit before tax for the year ended March 31, 2019.

Our opinion is not qualified in respect of this matter.

(b) We draw attention to Note 51 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, 2020. The auditors of Estima AG has also included an Emphasis of Matter in their audit opinion on the financial information of Estima AG for the period ended March 31, 2020.

Our opinion is not qualified in respect of this matter.

(c) We draw attention to Note 56 to the consolidated Ind AS Financial Statements, which describes the uncertainties and the impact 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, 2020. 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 matter below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Inventory (as described in Note 53 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>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, 2020 is Rs. 21,867.57 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.

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.</td><td>Our audit procedures amongst others included the following:

• 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, 2020.We read and assessed Group's accounting policy with regard to inventories and its compliance with applicable accounting standards.

• 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 saleability.

• We read and assessed the relevant disclosures related to inventories in the consolidated Ind AS financial statements.</td></tr>
</table>

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Adoption of Ind AS 116 Leases (as described in Note 45 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>As described in Note 45 to the consolidated Ind AS financial statements, the Group, its associate and Joint venture have adopted Ind AS 116 Leases (Ind AS 116) in the current year. In case of one of the subsidiary company, namely, Ethos Limited, the application and transition to this accounting standard is complex and is an area of focus in our audit since the company has a large number of leases with different contractual terms.

Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term.

Additionally, the standard mandates detailed disclosures in respect of transition.

We have identified adoption of leases as a key audit matter as the application and transition to this accounting standard is complex considering the number of leases with different contractual terms.</td><td>Our audit procedures included the following:
• 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 method of transition and related adjustments;
• 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 including disclosures related to transition in the consolidated Ind AS financial statements.</td></tr>
</table>

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 consolidatedInd AS financial statements and our auditor's report thereon.

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 consolidatedInd AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 consolidatedInd 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 responsiblefor 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 consolidatedInd 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 consolidatedInd 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 consolidatedInd 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 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 consolidatedInd AS financial statements, including the disclosures, and whether the consolidatedInd 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 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidatedInd AS financial statements for the financial year ended March 31, 2020 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 of4subsidiaries,whose Ind AS financial statements include total assets of Rs 4,723.43 lakhsas at March 31, 2020, and total revenues of Rs 2,371.30 lakhsand net cash outflowsof Rs 101.08 lakhsfor 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 loss of Rs.33.03 lakhsfor the year ended March 31, 2020, 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.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries 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 subsidiaries 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 consolidated Ind AS financial statements of the Company for the year ended March 31, 2019, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 28, 2019.

(c) The information for the comparative year presented, has been restated to reflect rectification of error in basic and diluted earnings per share, segment information and reclassifications in the consolidated financial statements previously presented to conform to the presentation of the consolidated financial statements for the current year. Refer to Note 52 to consolidated Ind AS financial statements, which describes the nature and impact of such adjustments/ reclassification.

(d) 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 Rs 3,185.00 lakhs as at March 31, 2020, and total revenues of Rs 1,007.59 lakhs and net cash outflows of Rs 170.42 lakhs for the year ended on that date. 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 matter' 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, 2020 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, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate company and joint venture, incorporated in India, refer to our separate Report in “Annexure 2” to this report;

(g) The provisions of Section 197 read with Schedule V of the Act are not applicable to the Holding Company, its subsidiaries, associate and joint venture incorporated in India for the year ended March 31, 2020;

(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 consolidatedInd AS financial statements – Refer Note 41(ia) to the consolidatedInd AS financial statements;

   ii. The Group, its associate and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   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, 2020.

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

***per* Anil Gupta**
Partner
Membership Number: 87921
UDIN: 20087921AAAACA7716
Place of Signature: New Delhi
Date : 27 June 2020

Place: Chandigarh
Date : 27 June 2020

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF KDDL LIMTED

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 as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of KDDL Limited (hereinafter referred to as the “Holding Company”) andits subsidiary company , which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, 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. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting 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 and the audit evidence obtained by the other auditor in terms of its report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these 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 Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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.

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2020, 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.

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

***per* Anil Gupta**
Partner
Membership Number: 87921
UDIN: 20087921AAAACA7716
Place of Signature: New Delhi
Date : 27 June 2020

Place: Chandigarh
Date : 27 June 2020

Consolidated Balance Sheet as at 31 March 2020

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

Assets	Note	As at 31 March 2020	As at 31 March 2019
Non-current assets			
Property, plant and equipment	3	15,859.60	14,321.44
Capital work-in-progress	3	289.81	684.04
Intangible assets	4	81.10	84.79
Intangible assets under development	4	5.61	38.21
Right-of-use assets	45	10,956.92	-
Equity accounted investees	5	95.10	28.14
Financial assets			
- Investments	6	47.73	49.03
- Loans	7	1,019.63	1,237.55
- Other financial assets	8	128.93	119.99
Income tax asset (net)	9	371.56	627.42
Deferred tax assets (net)	10	722.51	633.82
Other non-current assets	11	340.82	563.30
Total non-current assets		**29,919.32**	**18,387.72**
Current assets			
Inventories	12	25,271.58	23,994.28
Financial assets			
- Trade receivables	13	2,849.25	3,113.97
- Cash and cash equivalents	14	2,278.78	1,596.50
- Other bank balances	15	567.41	636.36
- Loans	7	802.85	476.70
- Other financial assets	8	663.98	587.16
Other current assets	16	3,366.63	3,094.10
Total current assets		**35,800.48**	**33,499.07**
Total assets		**65,719.80**	**51,886.79**
Equity and Liabilities			
Equity			
Equity share capital	17	1,173.72	1,172.07
Other equity	18	17,401.78	17,912.49
Equity attributable to owners of the Company		**18,575.50**	**19,084.56**
Non-controlling interests	**39**	**4,165.19**	**4,414.75**
Total equity		**22,740.69**	**23,499.31**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	19	8,014.00	6,724.77
- Lease liabilities	45	8,540.95	-
- Other financial liabilities	20	209.31	108.53

Consolidated Balance Sheet as at 31 March 2020

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

Liabilities	Note	As at 31 March 2020	As at 31 March 2019
Provisions	21	236.33	123.61
Deferred tax liabilities (net)	10	505.86	415.64
Total non-current liabilities		**17,506.45**	**7,372.55**
Current liabilities			
Financial liabilities			
- Borrowings	19	7,430.18	6,194.57
- Lease liabilities	45	2,092.92	-
- Trade Payables	22	-	-
- total outstanding dues of micro enterprises and small enterprises		76.98	55.01
- total outstanding dues of creditors other than micro enterprises and small enterprises		8,649.14	8,406.66
- Other financial liabilities	20	5,264.03	4,584.00
Other current liabilities	23	1,378.84	940.96
Provisions	21	511.04	400.23
Current tax liabilities (net)	24	69.53	433.48
Total current liabilities		**25,472.66**	**21,014.92**
Total liabilities		**42,979.11**	**28,387.47**
Total equity and liabilities		**65,719.80**	**51,886.79**
Significant accounting policies	2		
Notes to the consolidated Ind AS financial statements	3-57		

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 Office
and Whole time Director
DIN: 03542390

Anil Gupta
Partner
Membership no. : 87921

Brahm Prakash Kumar
Company Secretary
Membership No.FCS7519

Place : New Delhi
Date : 27 June 2020

Place : Chandigarh
Date : 27 June 2020

Consolidated Statement of Profit and Loss for the year ended 31 March 2020

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

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	25	65,227.75	62,500.85
Other income	26	606.93	295.86
Total income		**65,834.68**	**62,796.71**
Expenses			
Cost of raw materials consumed	27	4,721.97	4,590.53
Purchases of stock-in-trade	28	34,205.38	34,941.72
Changes in inventories of finished goods, work-in-progress, stock-in-trade and scrap	29	(1,167.84)	(3,439.10)
Employee benefits expense	30	10,232.65	8,638.75
Finance costs	31	2,853.38	1,423.35
Depreciation and amortisation expense	32	4,806.05	1,312.82
Other expenses	33	9,639.35	11,286.91
Total expenses		**65,290.94**	**58,754.98**
Profit before share of equity accounted investees and income tax		**543.74**	**4,041.73**
Share of (loss) of equity accounted investees (net of income tax, if any)	**5**	**(33.03)**	**(0.21)**
Profit before income tax		**510.71**	**4,041.52**
Income tax expense:	34		
- Current tax		680.51	1,616.85
- Tax for earlier year		4.23	(29.93)
- Deferred tax		27.94	(62.87)
- Deferred tax for earlier years		(5.40)	-
Total income tax expense		**707.28**	**1,524.05**
Profit / (loss) for the year		**(196.57)**	**2,517.47**
Other comprehensive income / (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit liability / (asset)		(72.48)	(88.43)
Income tax on remeasurement of defined benefit liability / (asset)		21.00	27.71
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		134.05	(23.16)
Income tax on exchange differences on translation of foreign operations	-	-	
Other comprehensive income / (expense) for the year (net of income tax)		**82.57**	**(83.87)**
Total comprehensive income for expense the year (net of income tax)		**(114.00)**	**2,433.59**
Profit attributable to:			
Owners of the Company		(59.33)	2,213.86
Non-controlling interest		(137.24)	303.61
Profit (Loss) for the year		**(196.57)**	**2,517.48**
Other comprehensive income / (expense) attributable to:			
Owners of the Company		68.43	(80.31)
Non-controlling interest		14.13	(3.56)
Other comprehensive income / (expense) for the year		**82.57**	**(83.87)**
Total comprehensive income / (expense) attributable to:			
Owners of the Company		9.10	2,133.55
Non-controlling interest		(123.10)	300.05
Total comprehensive income for the year		**(114.00)**	**2,433.59**
Earnings per share [nominal value of share Rs. 10 (previous year Rs. 10)]			
Basic (Rs.)	35	(0.51)	19.49
Diluted (Rs.)		(0.51)	19.46
Significant accounting policies	2		
Notes to the consolidated Ind AS financial statements	3-57		

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

Anil Gupta
Partner
Membership no. : 87921

Place : New Delhi
Date : 27 June 2020

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

Place : Chandigarh
Date : 27 June 2020

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

Brahm Prakash Kumar
Company Secretary
Membership No.FCS7519

Consolidated Statement of charges in equity for the year ended 31 March 2020

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

a. Equity share capital

	Note	
Balance as at 1 April 2018	17	1,095.28
Changes in equity share capital during the year		68.08
Balance as at 31 March 2019	17	**1,163.36**
Changes in equity share capital during the year		1.65
Balance as at 31 March 2020		**1,165.01**

b. Other equity

	Reserves and surplus							Other comprehensive income		Money received against share warrants	Total equity attributable to owners of the Company	Attributable to Non-controlling interest	Total
	Capital reserve	Securities premium	General reserve	Employee stock options outstanding reserve	Legal reserve	Amalgamation reserve	Retained earnings	Revaluation surplus	Exchange differences on translation of foreign operations				
Balance as at 01 April 2018	**26.58**	**8,110.66**	**2,376.20**	**104.51**	**-**	**-**	**1,458.56**	**-**	**(156.33)**	**175.79**	**12,095.97**	**2,965.12**	**15,061.10**
Total comprehensive income for the year ended 31 March 2019													
Profit for the year	-	-	-	-	-	-	2,213.86	-	-	-	2,213.86	303.61	2,517.47
Other comprehensive (loss) for the year (net of income tax)	-	-	-	-	-		(55.45)	-	(24.86)	-	(80.31)	(3.56)	(83.87)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,158.40**	**-**	**(24.86)**	**-**	**2,133.55**	**300.05**	**2,433.59**
Transfer to general reserve	-	-	400.00	-	-	-	(400.00)	-	-	-	-	-	-
Business Combination during the year (refer to note 38 and 50)	340.89	-	-	-	-	-	-	-			340.89	19.57	360.46
Changes in equity share capital during the year	-	4,949.70	-	-	-	-	-	-	-	(175.79)	4,773.91	-	4,773.91
Share issue expense	-	(36.22)	-	-	-	-	-	-	-	-	(36.22)	-	(36.22)
Redemption of preference shares													
Share options lapsed during the year	-	-	-	(9.77)	-	-	-	-	-	-	(9.77)	-	(9.77)
Dividend	-	-	-	-	-	-	(280.42)	-	-	-	(280.42)	-	(280.42)
Corporate dividend tax	-	-	-	-	-	-	(57.64)	-	-	-	(57.64)	-	(57.64)
	340.89	**4,913.48**	**400.00**	**(9.77)**	**-**	**-**	**(738.06)**	**-**	**-**	**(175.79)**	**4,730.75**	**19.57**	**4,750.32**
Changes in ownership interests in subsidiaries that do not result in loss of control													
Acquisition of non-controlling interests	-	(982.40)	-	(1.02)	-	-	(64.36)	-	-	-	(1,047.78)	1,130.00	82.22
Total changes in ownership interests in subsidiaries	**-**	**(982.40)**	**-**	**(1.02)**	**-**	**-**	**(64.36)**	**-**	**-**	**-**	**(1,047.78)**	**1,130.00**	**82.22**
Balance as at 31 March 2019	**367.47**	**12,041.74**	**2,776.20**	**93.73**	**-**	**-**	**2,814.54**	**-**	**(181.19)**	**-**	**17,912.49**	**4,414.75**	**22,327.23**
Total comprehensive income for the year ended 31 March 2020													
(loss) for the year	-	-	-	-	-	-	(59.33)	-	-	-	(59.33)	(137.24)	(196.57)
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	(50.92)	-	119.35	-	68.43	14.13	82.57
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(110.25)**	**-**	**119.35**	**-**	**9.10**	**(123.10)**	**(114.00)**
Transfer to general reserve	-	-	-	-			-	-	-	-	-	-	-
Changes in equity share capital during the year	-	18.15	-	-			-	-	-	-	18.15	-	18.15
Share options lapsed/exercised during the year	-	5.33	-	(39.78)			-	-	-	-	(34.45)	-	(34.45)
Share options lapsed during the year	-	-	-				-	-	-	-	-	-	-
Reversal of dividend on conversion of cumulative preference shares	-	-	-	-			444.29		-	-	444.29	(444.29)	-
Conversion of preference shares	-	669.23	-	-			-		-	-	669.23	(669.23)	-
Transfer of minority share of cumulative preference shares	-	-	-	-			(127.17)		-	-	(127.17)	127.17	-
Dividends	-	-	-	-			(523.84)	-	-	-	(523.84)	-	(523.84)
Corporate dividend tax	-	-	-	-			(107.68)	-	-	-	(107.68)	-	(107.68)
	-	**692.71**	**-**	**(39.78)**	**-**	**-**	**(314.40)**	**-**	**-**	**-**	**338.54**	**(986.35)**	**(647.82)**
Changes in ownership interests in subsidiaries that do not result in loss of control													
Acquisition of non-controlling interests	-	(860.56)	-	5.25			(3.04)	-	-	-	(858.35)	859.89	1.54
Total changes in ownership interests in subsidiaries	**-**	**(860.56)**	**-**	**5.25**	**-**	**-**	**(3.04)**	**-**	**-**	**-**	**(858.35)**	**859.89**	**1.54**
Balance as at 31 March 2020	**367.47**	**11,873.89**	**2,776.20**	**59.20**	**-**	**-**	**2,386.86**	**-**	**(61.84)**	**-**	**17,401.78**	**4,165.19**	**21,566.95**

	Note
Significant accounting policies	2
Notes to the consolidated Ind AS financial statements	3-57

Consolidated Cash Flow Statement for the year ended 31 March 2020

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

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flow from operating activities		
Profit before income tax	510.71	4,041.52
Adjustments for :		
Depreciation and amortisation expenses	4,806.05	1,312.82
Net loss on sale of property, plant and equipment	16.52	-
Property, plant and equipment written off	85.02	8.86
Advances / deposits / bad debts written off	67.10	38.40
Interest expense	2,834.85	1,403.61
Interest income	(265.81)	(160.51)
Dividend income*	0.31	0.36
Share of loss of equity accounted investees (net of income tax, if any)	33.03	-
Liabilities / provision no longer required written back	(156.12)	-
Expense on employee stock option scheme	(34.45)	-
Expected credit loss on trade receivables	85.08	-
Provision for Sale Returns	34.60	-
Service tax deposit and credit written off	218.56	-
Unrealised foreign exchange loss/(gain)	(27.90)	-
Change in fair value of derivative contracts	104.11	(29.76)
Net change in fair value of financial assets (at FVTPL)	1.29	-
Effect of exchange rates on translation of operating cash flows	134.05	(23.72)
Operating cash flow before working capital changes	**8,447.00**	**6,591.58**
Changes in working capital:		
(Increase) in loans	(108.23)	(209.64)
(Increase) in other financial assets	(155.78)	(542.51)
(Increase) / decrease in other non-current assets	-	
(Increase) decrease in other current and non current assets	(819.35)	178.08
(Increase) in inventories	(1,277.30)	(3,724.40)
Decreae in trade receivables	270.56	248.41
Increase in provisions	151.05	18.66
(Decrease)/increase in trade payables	226.09	(362.71)
Increase/ (decrease) in other financial liabilities	(69.82)	523.06
(Decrease) / increase in other current liabilities	535.66	(349.34)
Cash generated by operating activities	**7,199.88**	**2,371.19**
Income tax (paid), net	(792.83)	(1.576.60)
Net cash generated from operating activities (A)	**6,407.05**	**794.59**
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital advances / capital credit)	(3,387.32)	(3,699.01)
Proceeds from sale of property, plant and equipment	92.80	8.83
Investment in equity accounted investees	(100.00)	649.90
Fixed deposit placed/matured (net)	61.20	147.71
Interest received	253.76	180.91
Dividend received	0.31	0.36
Net cash (used) in investing activities (B)	**(3,079.25)**	**(2,711.30)**

Consolidated Cash Flow Statement for the year ended 31 March 2020

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

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flow from financing activities		
Proceeds from issue of share capital (inlcuding premium)	19.80	3,859.59
Share issue expenses	-	(36.22)
Proceeds from non-current borrowings	5,141.02	2,574.82
Repayment of non-current borrowings	(3,463.35)	(2,119.57)
Proceeds from/repayments of current borrowings (net)	941.51	(183.02)
Proceeds from current borrowings having maturity period more than 3 months	509.77	100.89
Repayment of current borrowings having maturity period more than 3 months	(215.67)	(77.71)
Lease payments made	(3,381.20)	-
Interest paid	(1,565.87)	(1,395.12)
Dividend paid on equity shares	(523.84)	(280.42)
Dividend distribution tax paid on dividend	(107.68)	(57.64)
Net cash flow provided by financing activities (c)	**(2,645.51)**	**2,385.60**
Net increase in cash and cash equivalents (A+B+C)	**682.28**	**468.90**
Cash and cash equivalents at the beginning of period	**1,596.50**	**1,127.60**
Cash and cash equivalents at the end of year (see below)	**2,278.78**	**1,596.50**

Notes:

1. **Components of cash and cash equivalents:**

Balances with banks in current accounts	2,194.00	1,094.97
Remittances-in-transit	0.14	-
Cheques, drafts on hand	4.86	304.88
Cash on hand	70.80	107.68
Credit cards receivable	8.98	88.97
	2,278.78	**1,596.50**

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(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. 44.53 (previous year: Rs. 26.13) 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 3-57

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

Anil Gupta
Partner
Membership no. : 87921

Place : New Delhi
Date : 27 June 2020

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership No.FCS7519

Place : Chandigarh
Date : 27 June 2020

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 27 June 2020.

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.

- Derivative financial instruments
- 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 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 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 31March 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 fromits in volvement 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
- 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 enteries are as follow:

				31 March 2020	31 March 2019
S.No.	**Name**	**Notes**	**Country of incorporation**	**Percentage of Ownership**	**Percentage of Ownership**
1	Pylania SA	(a)	Switzerland	85.00%	85.00%
2	Kamla International Holdings SA		Switzerland	100.00%	100.00%
3	Ethos Limited***	(b)	India	73.56%	74.89%
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%	-

Notes:

(a) Includes 47.25% (31 March 2019: 47.25%) held through Kamla International Holdings SA

(b) Includes 12.43% (31 March 2019: 13.39%) held through Mahen Distribution Limited

(c) Includes 99.99% (31 March 2019: 99.99%) held through Ethos Limited. *The percentage of holding denotes the share of profits in LLP.

(d) Includes 95.50% (31 March 2019: 95.50%) held through Kamla International Holdings SA and Pylania SA

(e) Includes 50% **(w.e.f. 03 May 2019) (31 March 2019: Nil) held through Ethos Limited.

*** During the year ended 31 March 2020, the Parent Company has 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) has 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.

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 is 73.56%.

Consolidation procedure

(i) <u>Business Combinations</u>

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 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) <u>Subsidiaries</u>

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) <u>Non-controlling interests (NCI)</u>

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

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) <u>Loss of control</u>

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 aremeasured 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.

(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.

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.

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

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.

** 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.

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:

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%
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 derocogntion 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.

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.

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 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.

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 recoganised 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.

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).

l. 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 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 establishes provisions where appropriate.

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.

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

Lease policy under Ind AS 17 (applicable before April 01, 2019)

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

Operating leases

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

Finance leases

Leases of property, plant and equipment that transfer to the Group substantially all the risk and rewards of ownership were classified as finance leases. The leased assets were measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that did not transfer to the Group substantially all the risk and rewards of ownership (i.e. operating leases) were not recognised in the Group's Balance Sheet.

Lease policy under Ind AS 116 (applicable from April 01, 2019)

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:

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.

a. 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.

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:

- 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 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.

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.

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 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

a) Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 01, 2019. Under this method, the right-of-use asset is recognized at the date of initial application. The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 01, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The effect of adoption Ind AS 116 as at April 01, 2019 (increase/(decrease)) is, as follows:

	INR lakhs
Assets	
Right-of-use assets	13,879.16
Property, plant and equipment	(560.80)
Prepaid expenses	(524.46)
Total assets	**12,793.90**
Liabilities	
Lease liabilities	12,793.90
Total liabilities	**12,793.90**
Total adjustment on equity:	
Retained earnings	NIL

The Group has lease contracts for various items of plant & equipment, building and stores. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2.2(o) Leases for the accounting policy prior to April 01, 2019.

Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.2(o) Leases for the accounting policy beginning April 01, 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from April 01, 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at April 01, 2019:

- Right-of -use assets of INR 13,879.16 lakhs were recognised and presented separately in the balance sheet. This includes the leasehold land of INR 560.80 lakhs (net of amortization) that were reclassified from Property, plant and equipment.
- Additional lease liabilities of INR 12,793.90 lakhs were recognised.
- Prepayments of INR 524.46 lakhs related to previous operating leases were reclassified from prepaid expenses.
- There is NIL effect of these adjustments on the retained earnings as at April 01, 2019.

Also, the effect of adoption of Ind AS 116 as on March 31, 2020 is as follows:

Impact on balance sheet (increase/(decrease))

Assets	**INR lakhs**
Right-of-use asset	10,956.92
Property plant and equipment	(554.70)
Prepaid expenses	(443.22)
Deferred tax asset	169.64
Total assets	**10,128.64**

Equity:	**INR lakhs**
Retained earnings	(489.85)

Impact on Statement of profit and loss (increase/(decrease) in profit)

Particulars	**INR lakhs**
Depreciation	3,057.86
Finance cost	1,150.93
Other expenses	(3,549.30)
Impact on profit before tax for the year	(659.49)
Income tax	169.64
Impact on profit after tax for the year	(489.85)

Impact on earning per share (Basic and Diluted EPS)

The net impact on profit before and after tax for the year ended 31 March 2020 is lower by INR 659.49 lakhs and INR 489.85 lakhs respectively. Accordingly, the related impact on earning per share is INR 3.23 per share (Basic and Diluted).

b) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Appendix had an impact on its consolidated Ind AS financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions, particularly those relating to disallowances related to section 14A of the Income Tax Act, 1961, some other disallowances and transfer pricing. The Group's tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the consolidated Ind AS financial statements of the Group.

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 109: Prepayment Features with Negative Compensation

(ii) Ind AS 19: Plan Amendment, Curtailment or Settlement

(iii) Amendments to Ind AS 28: Long-term interests in associates and joint ventures

(iv) Ind AS 103 Business Combinations

(v) Ind AS 111 Joint Arrangements

(vi) Ind AS 12 Income Taxes

(vii) Ind AS 23 Borrowing Costs

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 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 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.

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2020

(All amount 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 2018	133.90	577.80	1,362.92	1,005.67	5,649.26	1,125.37	209.11	355.34	10,419.37	2,391.55
Additions	-	-	2,712.77	471.87	1,460.38	361.80	112.02	89.03	5,207.87	1,751.92
Adjustment pursuant to acquisition (refer to note 38)	513.16	-	1,000.91	-	556.23	10.02	17.89	9.30	2,107.51	-
Disposals	-	-	-	-	(10.51)	(2.68)	(14.82)	(7.44)	(35.45)	(3,459.43)
Exchange differences on translation	(11.77)	-	(20.00)	-	(8.83)	(0.09)	(0.43)	(0.15)	(41.27)	-
Balance as at 31 March 2019	**635.29**	**577.80**	**5,056.60**	**1,477.54**	**7,646.53**	**1,494.42**	**323.77**	**446.08**	**17,658.03**	**684.04**
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	684.04
Additions	-	-	332.17	1,018.61	1,224.34	855.19	149.18	23.82	3,603.31	611.24
Reclassified to right-of-use assets (refer to note 45)	-	(577.80)	-	-	-	-	-	-	(577.80)	-
Disposals	-		-	(135.95)	(48.02)	(84.01)	(55.06)	(9.23)	(332.27)	(1,005.47)
Exchange differences on translation	74.78	-	186.50	-	159.71	24.92	3.19	2.67	451.77	-
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**

Accumulated Depreciation

	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 2018	-	11.29	127.45	339.97	1,238.19	242.68	98.43	-	2,058.01	-
Depreciation for the year	-	5.71	83.83	276.34	630.74	159.73	72.80	65.11	1,294.26	-
Disposals	-	-	-	-	(4.58)	(2.49)	(9.47)	(2.67)	(19.21)	-
Exchange differences on translation	-	-	1.05	-	2.31	0.12	-	0.05	3.53	-
Balance as at 31 March 2019	**-**	**17.00**	**212.33**	**616.31**	**1,866.66**	**400.04**	**161.76**	**62.49**	**3,336.59**	**-**
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	-	-	192.14	394.45	750.43	196.65	100.45	62.80	1,696.92	-
Reclassified to right-of-use assets (refer to note 45)	-	(17.00)	-	-	-	-	-	-	(17.00)	
Disposals	-		-	(61.30)	(17.74)	(37.12)	(17.60)	(5.78)	(139.54)	-
Exchange differences on translation	-	-	20.73	-	41.79	2.11	0.50	1.34	66.47	-
Balance as at 31 March 2020	**-**	**-**	**425.20**	**949.46**	**2,641.14**	**561.68**	**245.11**	**120.85**	**4,943.44**	**-**

Carrying amounts (net)

	Freehold land	Leasehold land	Buildings*	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment**	Vehicles	Total	Capital work in progress
At 31 March 2019	**635.29**	**560.80**	**4,844.27**	**861.23**	**5,779.87**	**1,094.38**	**162.01**	**383.59**	**14,321.44**	**684.04**
At 31 March 2020	**710.07**	**0.00**	**5,150.07**	**1,410.74**	**6,341.42**	**1,728.84**	**175.97**	**342.49**	**15,859.60**	**289.81**

Notes:

a. Refer note 19 for information on property, plant and equipment are pledged as security by the company.

b. Refer note 41 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. 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.

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

	Year ended 31 March 2020	Year ended 31 March 2019
Raw materials consumed	170.77	427.83
Salaries and wages	43.39	88.57
Contributions to provident and other funds	2.49	5.08
Staff welfare expenses	2.80	5.71
Job charges	13.34	29.00
Store consumed	-	21.26
Depreciation	7.62	19.17
Power and fuel	5.60	11.83
Others	3.68	11.10
Expenses capitalized by the Parent Company	**249.69**	**619.55**

	Year ended 31 March 2020	Year ended 31 March 2019
Rent	107.78	137.69
Power and Fuel	3.50	0.94
Rates and Taxes	10.53	20.30
Repiars and maintenance - others (Common Area Maintenance Charge)	9.11	11.81
Miscellaneous Expenses	3.60	13.32
Expenses capitalized by the Subsidiary Company	**134.52**	**184.07**

d. Deletion amount includes for re-imbursement received for property, plant and equipment of Rs. 49.58 from brands.
*Includes capitalised borrowing costs related to the construction of the new factory amounted to Rs. 6.74 (previous year: Rs. 131.59).
Represents capital-work-in-progress capitalized during the year.
**Including block of computers.

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

4. Intangible assets and Intangible assets under development

Gross carrying amount

	Technical know-how	Softwares	Web portal	Total	Intangible Assets under development
Balance as at 1 April 2018	4.16	159.80	13.03	176.99	9.47
Additions	18.40	22.80	-	41.20	28.74
Disposals	-	7.17	13.03	20.20	-
Balance as at 31 March 2019	**22.56**	**175.43**	**-**	**197.99**	**38.21**
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**

Accumulated amortisation

Balance as at 1 April 2018	4.16	80.04	9.33	93.53	-
Amortisation for the year	2.30	35.42	-	37.72	-
Disposals	-	8.72	9.33	18.05	-
Balance as at 31 March 2019	**6.46**	**106.74**	**-**	**113.20**	**-**
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**	**-**

Carrying amounts (net)

At 31 March 2019	**16.10**	**68.69**	**-**	**84.79**	**38.21**
At 31 March 2020	**51.40**	**29.70**	**-**	**81.10**	**5.61**

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

	As at 31 March 2020	As at 31 March 2019
5 Equity accounted investees		
Non-current investments		
Unquoted investments (fully paid up)		
Investment in equity shares (at cost) of Associate:		
- Kamla Tesio Dials Limited, 300,000 (31 March 2019: 300,000) equity shares of Rs. 10 each fully paid up	28.53	28.14
of Joint venture:		
- Pasadena Retail Private Limited, 10,00,000 (31 March 2019: Nil) equity shares of Rs. 10 each fully paid up	66.57	Nil
	95.10	**28.14**

See accounting policies in Notes 2.2(b)(v).

	Note	As at 31 March 2020	As at 31 March 2019
Interest in associate	(a)	28.53	28.14
Interest in joint venture	(b)	66.57	-
		95.10	**28.14**

(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 2020	Percentage ownership interest As at 31 March 2019
(i) Kamla Tesio Dials Limited	Manufacture of dials and accessories	India	30%	30%
Current assets [including cash and cash equivalents of Rs. 28.26 (31 March 2019: Rs. 12.45)			38.93	25.72
Non-current assets			56.70	68.80
Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. 0.52 (31 March 2019: Rs. 0.72)]			0.53	0.72
Net assets			**95.10**	**93.80**
Group's share of net assets (31 March 2020: 30%, 31 March 2019: 30%)			**28.53**	**28.14**
Carrying amount of the interest in associate			**28.53**	**28.14**

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

	Year ended 31 March 2020	Year ended 31 March 2019
Other income	6.00	6.00
Employee benefit expense	(3.12)	(3.41)
Depreciation and amortization	-	(0.24)
Other expenses	(1.57)	(3.06)
Profit/(Loss) for the year	1.31	(0.71)
Other comprehensive income	-	-
Total comprehensive income	**1.31**	**(0.71)**
Group's share of profit (30%)	**0.39**	**(0.21)**
Group's share of other comprehensive income /(loss) (30%)	-	-
Group's share of total comprehensive income/ (loss)	**0.39**	**(0.21)**
	0.39	**(0.21)**

Name of joint Venture	Principal activity	Principal place of business	Percentage ownership interest As at 31 March 2020	As at 31 March 2019
Pasadena Retail (P) Limited Trading of luxury watches	Manufacture of dials and accessories	India	50%	0%

Current assets [including cash and cash equivalents of Rs. 4.01 (31 March 2019: Rs. Nil)]	563.13	-
Non-current assets	398.22	-
Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. 172.19 (31 March 2019: Rs. Nil)]	564.16	-
Non-current liabilities	264.05	-
Net assets	**133.14**	**-**
Group's share of net assets (50%)	66.57	-
Carrying amount of the Company's interest in joint venture*	**66.57**	**-**

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	291.68	-
Other income	1.54	-
Purchases of stock-in-trade	(699.51)	-
Changes in inventories of stock-in-trade	469.94	-
Depreciation and amortisation expense	(47.37)	-
Finance costs	(35.71)	-
Other expenses	(47.42)	-
(Loss) for the year	(66.86)	-
Other comprehensive income	-	-
Total comprehensive (loss)	**(66.86)**	**-**

Group's share of profit (50%)	(33.43)	-
Group's share of other comprehensive income (50%)	-	-
Group's share of total comprehensive income	**(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 has 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.

6 Investments	**As at 31 March 2020**	**As at 31 March 2019**
Non-current investments		
Unquoted investments (fully paid up)		
Other Companies (Fair value through Statement of Profit and Loss):		
- Karol view Developers Private Limited 5,00,000 (31 March 2019: 5,00,000) equity shares of Rs.10 each fully paid up	44.15	45.80
- Shivalik Waste Management Limited 17,500 (31 March 2019: 17,500) equity shares of Rs. 10 each fully paid up	3.58	3.23
	47.73	**49.03**
Aggregate amount of unquoted investments	47.73	49.03

7 Loans	**Non-Current**		**Current**	
(Loans receivables considered good- Unsecured)	**As at 31 March 2020**	**As at 31 March 2019**	**As at 31 March 2020**	**As at 31 March 2019**
Security deposit				
- to related parties (refer to note 43)	-	2.00	-	-
- to others	934.07	1,138.77	730.64	412.49
Loan to employees				
- to related parties (refer to note 43)	22.17	28.44	8.13	6.08
- to others	63.39	68.34	64.08	58.13
	1,019.63	**1,237.55**	**802.85**	**476.70**

8 Other financial assets	**Non-Current**		**Current**	
	As at 31 March 2020	**As at 31 March 2019**	**As at 31 March 2020**	**As at 31 March 2019**
Deposit accounts with original maturity more than 12 months **	128.77	113.98	-	-
Derivatives financial instruments (Fair value through Statement of Profit and Loss)	-	-	-	29.76
Interest accrued but not due on deposits	0.16	6.01	29.99	12.09
Recoverable from related parties (refer to note 43)	-	-	0.53	-
Recoverable from/balance with government authorities	-	-	76.20	85.58
Recoverable from others	-	-	557.26	459.73
	128.93	**119.99**	**663.98**	**587.16**

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

		As at 31 March 2020	As at 31 March 2019
	**These deposits include restricted bank deposits amounting to Rs. 121.66 (31 March 2019: Rs. 107.83) on account of deposits pledged as security for bank guarantees and security for deposits from shareholders.		
9	**Income tax asset (net)**		
	Advance income-tax (net of provision)	371.56	627.42
		371.56	627.42
10	**Deferred tax asset / (liabilities) (net)**		
	Deferred tax assets on		
	- Expected credit loss allowance and Provision for sales return	29.92	0.24
	- Provision for warranties	-	6.02
	- Provision for employee benefits	205.53	230.01
	- Other provisions	139.23	202.92
	- Inter company stock elimination	(7.29)	-
	- Lease liabilities and Right of use assets (Net)	169.64	-
	- Minimum alternate tax credit entitlement	1.89	1.89
	- Others	12.77	-
	Deferred tax assets (A)	**551.69**	**441.08**
	Deferred tax liability on		
	- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books (net)	356.69	214.23
	- MTM (Loss) / Gain on foreign exchange contracts	(21.65)	8.67
	Deferred tax liability (B)	**335.04**	**222.90**
	Net deferred tax asset / (liabilities) (A - B)	**216.65**	**218.18**
	Aggregate of net deferred tax assets jurisdictions	**722.51**	**633.82**
	Aggregate of net deferred tax liabilities jurisdictions	**(505.86)**	**(415.64)**
	Net deferred tax asset / (liabilities)	**216.65**	**218.18**

2018-19	**As at 1st April 2018**	**Recognised in profit or loss during the year**	**Recognised in other comprehensive income**	**As at 31 March 2019**
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books	(195.42)	(18.81)	-	(214.23)
- MTM Gain on foreign exchange	-	(8.67)	-	(8.67)
- Expected credit allowance	1.98	(1.74)	-	0.24
- Provision for warranties	7.61	(1.59)	-	6.02
- Provision for employee benefits	165.85	36.45	27.71	230.01
- Other provisions	81.52	121.40		202.92
- Minimum alternate tax credit entitlement	1.89	-	-	1.89
- Others	**64.17**	**(64.17)**	**-**	**-**
	127.60	**62.87**	**27.71**	**218.18**

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

2019-20	As at 1st April 2018	Recognised in profit or loss during the year	Recognised in other comprehensive income	As at 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	230.01	(45.48)	21.00	205.53
- Other provisions	202.92	(63.69)	-	139.23
- 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**

	As at 31 March 2020	As at 31 March 2019
11 Other non-current assets		
(Unsecured, considered good, unless otherwise stated)		
Capital advances		
- to others	182.48	143.38
- Prepaid expenses	30.21	198.30
- Recoverable from / balance with government authorities	128.13	218.56
- Deposit under protest	-	3.06
	340.82	**563.30**

	As at 31 March 2020	As at 31 March 2019
12 Inventories		
(at lower of cost and net realizable value)		
Raw material*	1,890.11	1,745.04
Work-in-progress	928.64	1,088.49
Finished goods**	194.96	115.91
Stock in trade**	21,941.01	20,699.68
Stores and spares	300.31	345.16
Scrap	16.55	-
	25,271.58	**23,994.28**

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

*Includes goods-in-transit:		
- Raw material	29.16	1.54
- Stock in trade	116.57	214.66
**The write down of inventories during the year amounted to:		
- Finished goods	4.82	16.00
- Stock in trade	-	67.62

13 Trade receivables	**As at 31 March 2020**	**As at 31 March 2019**
(Unsecured, considered good, unless otherwise stated)		
Trade receivables	2,994.91	3,139.95
Less: Allowance for expected credit less	(111.06)	(25.98)
Less: Provision for sales returns	(34.60)	-
	2,849.25	**3,113.97**
Break-up of security details		
Trade receivable considered good -Secured	-	-
Trade receivable considered good -Unsecured	2,883.85	3,113.97
Trade Receivables which have significant increase in Credit Risk	111.06	25.98
Trade receivable -credit impaired	-	-
	2,994.91	**3,139.95**
Less : Allowance for expected credit loss	(111.06)	(25.98)
Less :Provision for sales returns	(34.60)	-
Total trade receivables	**2,849.25**	**3,113.97**

14 Cash and cash equivalents	**As at 31 March 2020**	**As at 31 March 2019**
Balances with banks		
- in current accounts	2,194.00	1,094.97
Remittances-in-transit	0.14	-
Cheques, drafts on hand	4.86	304.88
Cash on hand	70.80	107.68
Others		
- credit cards receivable	8.98	88.97
	2,278.78	**1,596.50**

15 Other bank balances	**Note**	**As at 31 March 2020**	**As at 31 March 2019**
Deposit accounts with original maturity more than 3 months and up to 12 months from the reporting date	(a)	535.66	611.65
Balance in unclaimed dividend accounts		31.75	24.71
		567.41	**636.36**

Notes:

(a) These deposits include restricted bank deposits amounting to Rs. 510.76 (31 March 2019: Rs. 607.21) on account of deposits pledged as security for deposits from shareholders, bank guarantee and margin money.

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2020

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

	As at 31 March 2019	As at 31 March 2018
16 Other current assets		
(Unsecured and considered good)		
Recoverable from / balance with government authorities	2,280.22	2,207.47
Advances for supply of goods and services	772.09	569.89
Advances to employees (refer to note 43 for related party disclosure)	102.43	129.79
Other advances	35.41	6.07
Deposit under protest	68.86	44.76
Prepaid expenses	107.62	136.12
	3,366.63	**3,094.10**

17 Equity share capital

	As at 31 March 2020		As at 31March 2019	
(I) Detail of share capital	Number of Share	Amount	Number of Share	Amount
Authorized				
Equity shares of Rs. 10 each.	12,480,000	1,248.00	12,480,000	1,248.00
	12,480,000	**1,248.00**	**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	11,633,608	1,163.36
Forfeited equity shares of Rs.10 each	174,280	8.71	174,280	8.71
	11,824,388	**1,173.72**	**11,807,888**	**1,172.07**

(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 2020**		**As at 31 March 2019**	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Balance at the beginning of the year	11,633,608	1,163.36	10,952,792	1,095.28
Add: shares issued during the year	16,500	1.65	680,816	68.08
Balance at the end of the year	**11,650.108**	**1,165.01**	**11,633,608**	**1,163.36**

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

(iv) *Details of Equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company:*

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of equity shares	Number of shares	% of equity shares
R. K. Saboo	1,834,292	15.74%	1,948,960	16.75%
Yashovardhan Saboo	1,338,791	11.49%	1,557,265	13.39%
Saif India V FII Holdings Limited	1,008,400	8.66%	1,008,400	8.67%
Saif Partners India V Limited	754,716	6.48%	754,716	6.49%
Pranav Shankar Saboo	680,851	5.84%	331,951	2.85%

(v) *Bonus shares, shares buyback and issue of shares for consideration other than cash (during five years immediately preceding 31 March 2020)*

During the five years immediately preceding 31 March 2020, 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 current 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.

(vii) *Shares reserved for issue under options and other commitments*

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Under KDDL Employee Stock Option Plan - 2011: equity shares of Rs.10 each, at an exercise price of Rs. 120 per share (Refer note 42D)	-	-	18,750	1.88

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 (refer to note 38).

(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, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.

(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 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).

(vi) Money received against share warrants

A share warrant is a financial instrument which gives holder the right to acquire equity shares. Money received against shares warrants comprise of share warrants issued by the Company against which shares are yet to be allotted.

During the year ended 31 March 2017, the Parent Company had issued 377,356 share warrants at Rs. 265 per share warrant (including securities premium of Rs 255 per share warrant) on a preferential allotment basis to certain promoters and promoter entities ('warrant holders') and had also received 25% application money amounting to Rs 66.25 per share warrant. The warrants were to be converted into equivalent number of equity shares on payment of balance 75% amount at any time on or before the end of eighteen months from the date of allotment failing which these would stand forfeited. During the year ended 31 March 2018, the Parent Company has allotted 113,206 equity shares on conversion of equivalent number of share warrants to certain warrant holders on realisation of balance 75% towards these warrants. During the year ended 31 March 2019, the Parent Company had allotted remaining 264,150 equity shares on conversion of equivalent number of share warrants to certain warrant holders on realisation of balance 75% towards these warrants.

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

19 Borrowings

	Note	As at 31 March 2020	As at 31 March 2019
(i) **Non-current borrowings**			
Term-loans			
From banks (secured)	(a)	818.23	809.53
From others (secured)	(b)	4,715.93	3,980.02
		5,534.16	**4,789.55**
Deposits from shareholders / directors			
Related parties (unsecured) (refer to note 43)			
From Directors	(c)	432.69	267.20
From Inter Corporate	(c)	40.00	40.00
From others	(c)	399.22	207.06
From others (unsecured)	(c)	2,861.72	2,251.61
		3,733.63	**2,765.87**
Inter corporate deposits			
Inter Corporate deposit from related parties (unsecured) (refer to note 43)	(d)	35.00	517.00
Inter Corporate deposit from others (unsecured)	(d)	200.00	200.00
		235.00	**717.00**
Other loans			
From related parties (unsecured) (refer to note 43)	(e)	475.33	105.78
From banks (unsecured)	(e)	158.42	-
From others (unsecured)	(e)	777.30	857.32
		1,411.05	963.10
Total non-current borrowings (including current maturities)		**10,913.84**	**9,235.52**
Less : Current maturities of non-current borrowings (refer to note 20)		2,899.84	2,510.75
		8,014.00	**6,724.77**

Notes:

(a) - Vehicle loans from banks amounting to Rs. 48.61 (31 March 2019: Rs. 67.08) 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. 138.91 (31 March 2019 : Rs.157.60) 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 2019 : 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

- Term loan from Credit Suisse taken by subsidiary, Estima AG amounting to Rs. 514.87 (31 March 2019: Rs.

470.65) carrying nil interest is secured against mortgage of property. The loan is to be repaid in 108 quarterly installments of Rs. 4.76 lacs each.

- Term loan from Credit Suisse taken by subsidiary, Pylania SA amounting to Rs. 115.84 (31 March 2019: Rs. 104.75) is carrying interest rate of 0% . The term loan is repayable in 40 quartely installements.

(b) - Term loan from Tata Capital Financial Services Limited amounting to Rs. 101.45 (31 March 2019: Rs. 236.88) carrying interest rate equal to LTLR less 7% (presently 10.25%) (previous year 10.50%) is secured by way of first pari passu charge over the project leasehold immovable property and over movable fixed assets of Eigen III, 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 Parent 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 December 2020.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 157.50 (31 March 2019: Rs. 247.48) carrying interest rate equal to LTLR less 7.25% (presently 10.25%) (previous year 10.50%) 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 Parent 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 October 2021.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 583.65 (31 March 2019: Rs. 757.62) carrying interest rate equal to LTLR less 8.75% (presently 10.25%) (previous year 10.50%) 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 Parent 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 July 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 1,321.69 (31 March 2019: Rs. 1,868.56) carrying interest rate of 10% (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 Parent Company. The loan of Rs. 1,200 is to be repaid in 43 instalments of Rs.21.13 and last instalment would be paid on 5th October, 2022. 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 January 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 873.17 (31 March 2019: Rs. 200) carrying interest rate of 10% (previous year 10%) is secured by way of first pari passu charge over movable fixed assets of the

Parent Company (except for specific vehicles pledged against respective loan and moveable assets of KHAN II). The loan is also personally guaranteed by Chairman & Managing Director of the Parent 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 September 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 997.04 (31 March 2019: Rs. Nil) carrying interest rate of 9.20% is secured by way of first pari passu charge over movable fixed assets of the Parent Company (except for specific vehicles pledged against respective loan and moveable assets of KHAN II). The loan is also personally guaranteed by Chairman & Managing Director of the Parent 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.

- Vehicle loans from Daimler Financial Services and Kotak Mahindra Prime Limited amounting to Rs. 26.21 (31 March 2019: Rs. 35.58) carrying interest rate in range of 7.75% to 9.50% (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.

- Term loan from Indiabulls Housing Finance Limited amounting to Rs. 254.24 (31 March 2019 : Rs 294.18) taken by subsidiary Ethos Limited is secured by exclusive mortgage and charge on personal property of the director and relatives of the director of the subsidiary company. These limits are 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.
-Term loan from RC Tritec taken by subsidiary Estima AG, amounting to Rs. 320.79 (31 March 2019 : Rs. 279.32) carrying 5% interest rate is secured by hypothetication 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. 80.20 (31 March 2019: Rs. 69.83) carrying interest rate of 5.00% is secured by hypothetication 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.

Deposits from shareholders / Directors amounting to Rs. 2,142.24 (31 March 2019: Rs. 1,532.43) carrying interest rates in the range of 9.50% to 11.50% (previous year 9% to 12.5%) 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. 1,591.39 (31 March 2019: Rs. 1,233.44) carrying interest rates in the range of 8% to 10.75% (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. 200.00 (31 March 2019: Rs. 200.00) carry an interest rate ranging between 13.50% to 14.00% (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 amounting to Rs. 35.00 (31 March 2019: Rs. 517.00) carry an interest rate ranging between 8.50% to 16% (31 March 2019 : 8.50% to 16%) per annum and the same is repayable between 12.5-36 months (31 March 2019: between 12.5-36 months).

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

(e) - Unsecured loan from related party taken by subsidiary Pylania SA, amounting to Rs. 80.95 (31 March 2019: Rs. 105.78) carry an interest rate of 5% is repayable before or on the expiry of the loan, i.e. 19 January 2023.

- Unsecured loan from related party taken by subsidiary Estima AG, amounting to Rs. 394.37 (31 March 2019: Rs. Nil) carry an interest rate of 5% is repayable in two annual installments starting from 01 September 2020.

-Unsecured bridged loan from Credit Suisse taken by subsidiary Estima AG, amounting to Rs. 158.42 (31 March 2019 : Rs. Nil) carrying nil interest rate. The loan is to be repaid after expiry of 5 years i.e. 31 March 2025.

- Unsecured loan from Radexpo AG by subsidiary Pylania SA amounting to Rs. 162.39 (31 March 2019: Rs. 143.83) carrying interest rate of 5.00% p.a. is repayable before or on the expiry of the loan i.e. 03 September 2020.

-Unsecured loan from Amola taken by subsidiary Estima AG, amounting to Rs. 139.65 (31 March 2019 : Rs. 143.89) carrying 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. 475.26 (31 March 201 : Rs. 558.64) carrying nil interest rate. The loan is to be repaid in 4 annual installments starting from 31 Dec 2019.

	Note	As at 31 March 2020	As at 31 March 2019
(ii) Current borrowings			
Loans repayable on demand			
From banks (secured)	(a)	5,674.66	5,933.15
From others (secured)	(b)	300.00	-
Inter corporate deposits			
Inter Corporate deposit from related parties (unsecured) (refer to note 43)	(b)	350.00	150.00
Inter Corporate deposit from others (unsecured)	(b)	300.00	-
Deposits from shareholders / directors			
Related parties (unsecured) (refer to note 43)			
From Directors	(c)	227.07	0.50
From others	(c)	420.50	-
From others (unsecured)	(c)	157.95	110.92
Buyers credit from banks (secured)	(e)	-	-
		7,430.18	**6,194.57**

Notes:

(a) Working capital borrowings from banks amounting to Rs. 1,433.21 (31 March 2019: Rs. 702.84) carrying interest rate varying from 9.00% to 10.20% (previous year 9.25% to 11.90%) 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 Parent Company (both present and future), on pari passu basis except packaging unit (KPAC) and are further secured by a second charge on the moveable fixed assets of the Parent Company. These loans are also guaranteed by the Chairman & Managing Director of the Parent Company and is repayable on demand.

-The cash credit overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 1,544.82 (31 March 2019: Rs. 2,386.70) from IDBI Bank Limited are repayable on demand and are secured by first parri passu charge on all the current assets of the subsidiary company both present and future and second parri 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 10.75% to 11.50% (31 March 2019: 11.25% to 12%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 859.29 (31 March 2019: Rs. 874.90) 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 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 2020 varies from 10.70% to 11.40% (31 March 2019: 11.40% to 12.40%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 1,837.34 (31 March 2019: Rs. 1,968.70) from Bank of Maharashtra are repayable on demand and are secured by first parri passu charge by way of hypothecation on entire current assets of the subsidiary. These limits are also secured by 360,000 shares of KDDL Limited held in the name of Mr. Yashovardhan Saboo and second parri passu charge on entire fixed assets of the subsidiary. Further, these limits are also guaranteed by director of the subsidiary and his relative. The rate of interest as on 31 March 2020 is 11.00% (31 March 2019: 11.50%) per annum.

(b) Working capital borrowings from others amounting to Rs. 300.00 (31 March 2019: Rs. Nil) carrying interest rate of 9.15% per annum are 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.

Inter corporate deposit taken by Ethos Limited from related party and others amouting to Rs. 200.00 and Rs. 300.00 (31 March 2019 : Nil) carry an interest rate ranging between 10.0% to 13.5% per annum and the same are 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 2019: Rs. 150.00) carrying interest rate of 14.00% p.a. is repayable within 6 months.

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

(c) Deposits from shareholders / directors taken by the Holding Company amounting to Rs. 191.82 (31 March 2019: Rs. 37.43) carrying interest rates in the range of 8.50% to 10% (previous year 9% to 12.5%) per annum are repayable within 1 year from the respective dates of deposit.

Deposits from shareholders / directors taken by subsidiary company, Ethos Limited amounting to Rs. 613.70 (31 March 2019: Rs.73.99) carrying interest rates in the range of 9.50% to 10% (previous year 10.00% to 10.50%) per annum.

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Year ended 31 March 2020	Year ended 31 March 2019
Balance as at the beginning of the year (including current and non-current borrowings)	15,430.09	13,799.03
Proceeds from non-current borrowings*	5,141.02	2,574.82
Repayment of non-current borrowings*	(3,463.35)	(2,119.42)
Proceeds from current borrowings having maturity period more than 3 months	509.77	100.89
Repayment of current borrowings having maturity period more than 3 months	(215.67)	(77.71)
Repayments of / proceeds from current borrowings (net)	941.51	(183.02)
Adjustment pursuant to acquisition (refer to note 38)	-	1,325.10
Transaction costs related to borrowings	0.65	10.41
Balance as at the end of the year (including current and non-current borrowings)	**18,344.02**	**15,430.09**

* Non-current borrowings include current maturities of non-current borrowings

20 Other financial liabilities

	Non Current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Current maturities of non-current borrowings [refer note 19(I)]	-	-	2,899.84	2,510.75
Derivatives Financial instruments (Fair Value through statement of Profit and Loss)	-	-	74.35	-
Interest accrued but not due (refer to note 43)	203.62	102.84	223.69	207.07
Unpaid dividends #	-	-	31.76	24.71
Capital creditors	-	-	539.77	277.03
Employee related payables (refer to note 43)	-	-	1,494.62	1,564.44
Security deposit	5.69	5.69	-	-
	209.31	**108.53**	**5,264.03**	**4,584.00**

not due for deposit to investor education and protection fund

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

21 Provisions	Non Current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Provisions for employee benefits (refer note 42)				
Liability for gratuity	236.33	110.23	22.97	49.66
Liability for compensated absences	-	-	488.07	343.28
	236.33	**110.23**	**511.04**	**392.94**
Other provisions				
Provisions for warranties	-	13.38	-	7.29
	-	**13.38**	**-**	**7.29**
	236.33	**123.61**	**511.04**	**400.23**

Movement in other provisions	Warranties
Balance as on 1 April 2018	26.15
Provisions made during the period	4.32
Provisions utilized during the period	(9.80)
Balance as on 31 March 2019	20.67
Provisions made during the period	-
Provisions utilized during the period	(20.67)
Balance as on 31 March 2020	-

*Provision for warranties is recognized when the underlying products are sold. The provision is based on historical information on the nature, frequency and average cost os warranty claimed and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when the claim will arise. Any recovery of cost incurred is netted off against the relevant cost.

22 Trade payables	As at 31 March 2020	As at 31 March 2019
Dues of Micro Enterprises and Small Enterprises (refer to note below)	76.98	55.01
Trade payables to related parties (refer to note 43)	67.50	38.60
Other trade payables	8,581.64	8,368.06
	8,726.12	**8,461.67**

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 :

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

Particulars		As at 31 March 2020	As at 31 March 2019
(a)	The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year		
	- Principal	69.77	48.45
	- Interest	7.21	6.56
(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;	223.97	201.05
(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;	7.21	6.56
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	7.21	6.56
(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.	7.21	6.56

23 Other current liabilities	As at 31 March 2020	As at 31 March 2019
Advance from customers	802.03	384.50
Statutory dues	302.03	304.76
Deferred revenue	247.14	224.07
Other payables	27.64	27.64
	1,378.84	**940.97**

24 Current tax liabilities (net)	As at 31 March 2020	As at 31 March 2019
Provision for income tax (net of advance tax)	69.53	433.48
	69.53	**433.48**

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

25. Revenue from operations	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products	62,737.24	60,375.08
Sale of services	1,678.01	1,263.07
Export incentives	390.45	371.88
Other operating revenue		
Scrap sales	422.05	425.92
Miscellaneous income	-	64.90
	65,227.75	**62,500.85**

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:

Revenue as per contracted price	**65,251.27**	**62,541.70**
Reduction towards variable consideration components	(23.52)	(40.85)
Revenue recognised	**65,227.75**	**62,500.85**

The reduction towards variable consideration comprise of loyality points adjustment.

c) **Revenue from contracts with customers disaggregated based on nature of products and services**

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from sale of products		
- Precision and watch components	16,824.45	17,313.11
- Watch and watch accessories	45,058.45	42,176.68
- Marketing support and other services	-	174.43
- Others	854.33	710.86
Sale of services	1,678.01	1,263.07
Other operating revenue	422.05	490.82
	64,837.30	**62,128.97**

Set out below is the revenue from contracts with customers and reconciliation to Statement of profit and loss

Total revenue from contracts with customers	64,837.30	62,128.97
Add: Items not included in disaggregated revenue:		
- Export Incentives	390.45	371.88
Revenue from operations as per the statement of profit and loss	**65,227.75**	**62,500.85**

d) **Contract balances**

The following table provides information about receivables, contract assets and contract liabilities from

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

contracts with customers:		
Trade receivables (refer to note 13)	2,849.25	3,113.97
Advances from customers (refer to note 23)	802.03	384.50

	Year ended 31 March 2020	Year ended 31 March 2019
26. Other income		
Interest income		
Fixed deposits with banks	52.40	40.19
Interest income from others	213.41	120.32
Dividend income	0.31	0.36
Other non-operating income (net of expenses)		
Rental income	11.77	10.00
Liabilities / provision no longer required written back	156.12	-
Exchange gain on foreign exchange fluctuations (net)	81.11	116.32
Gain on sale of equity accounted investee	-	2.90
Miscellaneous income	91.81	5.77
	606.93	**295.86**

	Year ended 31 March 2020	Year ended 31 March 2019
27 Cost of raw materials consumed*		
Inventory of raw material at the beginning of the year	1,745.04	3,764.43
Purchases of raw materials	4,867.04	2,571.14
	6,612.08	6,335.57
Less: Inventory of raw material at the end of the year	1,890.11	1,745.04
	4,721.97	**4,590.53**

* Refer note 3 (c)

28 Purchase of stock-in-trade	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Purchase of stock-in-trade	34,205.38	34,941.72
	34,205.38	**34,941.72**

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

29 Changes in inventories of finished goods, work-in-progress, stock-in-trade and scrap

	Year ended 31 March 2020	Year ended 31 March 2019
Opening stock		
Work-in-progress	1,088.49	977.64
Finished goods	115.91	99.47
Stock-in-trade	20,699.68	17,387.87
	21,904.08	**18,464.98**
Less:		
Closing 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**
Adjustment for fluctuation in exchange rate	9.24	0.01
	(1,167.84)	**(3,439.10)**

30 Employee benefits expense	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus [refer note 3(c)]	9,253.87	7,731.45
Contributions to provident and other funds	636.45	528.14
Staff welfare expenses	342.33	379.16
	10,232.65	**8,638.75**

31 Finance costs	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense on financial liabilities measured at amortised cost	1,655.87	1,373.35
Interest on delay in deposit of income tax	28.05	30.26
Interest on lease liabilities (refer to note 45)	1,150.93	-
Other borrowing costs	18.53	19.74
	2,853.38	**1,423.35**

32 Depreciation and amortisation expense	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment [refer note 3 (c)] *	1,689.30	1,275.10
Amortisation of other intangible asset (refer note 4)	58.89	37.72
Depreciation of Right-of-use assets (refer to note 45)	3,057.86	-
	4,806.05	**1,312.82**

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

*Excludes Rs. 7.62 (previous year : Rs 19.17) 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)

33 Other expenses	Year ended 31 March 2020	Year ended 31 March 2019
Stores and spares consumed [refer to note 3 (c)]	880.62	704.45
Stores and spares consumed [refer to note 3 (c)]	882.52	880.62
Power, fuel and water charges [refer to note 3 (c)]	652.96	581.60
Contractual labour expenses	783.55	772.57
Insurance	78.27	47.76
Rent [(net of reimbursements of Rs. 171.78 (31 March 2019: Rs. 214.20)] [refer to note 3 (c) and 45]	102.31	2,990.71
Rates and taxes [refer to note 3 (c)]	59.29	88.29
Repair and maintenance		
- Plant and machinery	270.75	233.73
- Buildings	43.80	50.68
- Others [refer to note 3 (c)]	681.61	561.40
Legal and professional fees	718.80	643.73
Travelling and conveyance	747.02	819.33
Job charges [refer to note 3 (c)]	540.58	418.43
Printing and stationery	60.22	58.64
Communication expenses	341.31	310.97
Commission	212.14	176.70
Events and exhibitions	147.49	142.37
Publicity and advertisement	1,436.53	1,274.08
Property, plant and equipment written off	85.02	8.86
Expected credit allowance on trade receivables	85.08	-
Provision for sale returns	34.60	-
Donation	9.82	1.10
Advances / deposits / bad debts written off	67.10	38.40
Loss on sale of fixed assets	16.52	(1.43)
Bank charges	462.82	404.14
Directors' sitting fees (refer to note 43)	29.28	25.23
Security service charges	75.29	87.20
Service tax deposit and credit written off* [refer to Note 41(iii)]	218.56	-
Cost of service rendered	110.20	51.43
Net change in fair value of financial assets (at FVTPL) (net)	1.29	-

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

Corporate social responsibility expenditure (Refer to Note (a) below)	44.53	26.13
Exchange loss on foreign exchange fluctuations (net)	-	
Miscellaneous expenses [refer to note 3 (c)]	640.09	592.81
	9,639.35	**11,286.91**

Note (a): Detail of corporate social responsibility expenditure

	Year ended 31 March 2020	Year ended 31 March 2019
a. Amount required to be spent by the Company during the year	44.35	26.13
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)	44.53	26.13
	44.53	**26.13**

	Year ended 31 March 2020	Year ended 31 March 2019
34 Income tax expense		
A. Amounts recognised in statement of profit and loss		
Current tax		
Current year	680.51	1,616.85
Changes in estimates related to prior years	4.23	(29.93)
	684.74	**1,586.92**
Deferred tax		
Attributable to–		
Origination and reversal of temporary differences	27.94	(62.87)
Changes in estimates related to prior years	(5.40)	-
	22.54	(62.87)
Tax expense for the year	**707.28**	**1,524.05**

	Year ended 31 March 2020	Year ended 31 March 2019
B. Reconciliation of effective tax rate		
Profit before share of equity accounted investees and income tax	**543.74**	**4,041.73**
Tax at the Indian tax rate of 29.120% (previous year 34.61%)*	158.34	1,412.18
Effect of expenses that are not deductible in determining taxable profit	84.99	61.04
Loss in subsidiaries on which deferred tax not recoganised	281.92	-
Change in tax rate**	183.22	24.67
Effect of tax (benefit) / expense pertaining to prior years	(1.18)	29.93
Others	-	(3.77)
Income tax expenses recognised in statement of profit and loss	**707.28**	**1,524.05**

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

*The tax rate used for the current year reconciliation above is the corporate tax rate of 29.120% (previous year 34.61%) payable by corporate entities in India on taxable profits under the Indian tax laws.

**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. Accordingly, the deferred tax assets (net) as at 31 March 2019 and the estimate of tax expense for the current financial year have been re-measured basis the rate prescribed in the said Section. The Holding Company is continuing with old option of income tax.

	Year ended 31 March 2020	Year ended 31 March 2019
C. Income tax recognised in other comprehensive income		
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit liability (asset)	21.00	27.71
Exchange differences on translation of foreign operations	-	-
	21.00	**27.71**
Bifurcation of the income tax recognised in other comprehensive income into		
Items that will not be reclassified to profit or loss	21.00	27.71
Items that will be reclassified to profit or loss	-	-
	21.00	**27.71**

35 Earning per share

A. Basic earnings per share		
i. Profit/(loss) for basic earning per share of Rs. 10 each	(59.33)	2,213.86
Profit attributable to owners of the company		
ii. Weighted average number of equity shares (for basic)		
Balance at the beginning of the year	11,633,608	10,952,792
Effect of fresh issue of shares	3,553.00	407,779
	11,637,161	11,360,571
Basic earnings per share (face value of Rs. 10 each)	**(0.51)**	**19.49**
B. Diluted earnings per share		
i. Profit/(loss) for diluted earning per share of Rs. 10 each		
Profit for the year	(59.33)	2,213.86
ii. Weighted average number of equity shares (for diluted)		
Balance at the beginning of the year	11,633.608	10,952,792
Effect of fresh issue of shares	3,553.00	407,779
Effect of employee stock options*	-	14,013
	11,637,161	11,374,584
Diluted earnings per share (face value of Rs. 10 each)	**(0.51)**	**19.46**

(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:

Financial assets	Note	Level of hierarchy	As at 31 March 2020 FVTPL	FVOCI	Amortised Cost	As at 31 March 2019 FVTPL	FVOCI	Amortised Cost
Non-current								
Non-derivative financial assets								
Investment in equity shares - other companies	(i)	3	47.73	-	-	49.03	-	-
Loans	(ii)	3	-	-	1,019.63	-	-	1,237.55
Others financial assets	(ii)	3	-	-	128.93	-	-	119.99
Current								
Non-derivative financial assets								
Trade receivable	(iii)	3	-	-	2,849.25	-	-	3,113.97
Cash and cash equivalents	(iii)	3	-	-	2,278.78	-	-	1,596.50
Other bank balances	(iii)	3	-	-	567.41	-	-	636.36
Loans	(iii)	3	-	-	802.85	-	-	476.70
Other financial assets	(iii)	2	-	-	663.98	-	-	557.40
Derivative financial assets								
Forward contracts	(iv)	2	-	-	-	29.76	-	-
Total financial assets			**47.73**	**-**	**8,310.83**	**78.79**	**-**	**7,738.47**
Financial liabilities								
Non-current								
Non-derivative financial liabilities								
Borrowings (including current maturities)	(v)	3	-	-	10,913.84	-	-	9,235.52
Other financial liabilities	(iv)	3	-	-	209.31	-	-	108.53
Current								
Non-derivative financial liabilities								
Borrowings	(v)	3	-	-	7,430.18	-	-	6,194.57
Trade payables	(iii)	3	-	-	8,726.12	-	-	8,461.67
Other financial liabilities	(iii)	3	-	-	2,289.84	-	-	2,073.25
Derivative financial assets			-	-	-	-	-	-
Forward contracts	(iv)	2	74.35	-	-	-	-	-
Total financial liabilities			**74.35**	**-**	**29,569.29**	**-**	**-**	**26,073.54**

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.

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

(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 2020 and 31 March 2019.

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 2020	As at 31 March 2019
Non-derivative financial assets		
Investments	47.73	49.03
Trade receivables	2,849.25	3,113.97
Loans	1,822.48	1,714.25
Other financial assets	792.91	707.15
	5,512.37	**5,584.40**

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 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.

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

The Group's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Within India	1,487.48	1,599.41
Outside India	1,361.77	1,514.56
	2,849.25	**3,113.97**

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 2020			
Less than 6 Months	2,840.10	69.37	2,770.73
More than 6 Months	120.21	41.69	78.52
	2,960.31	**111.06**	**2,849.25**
31 March 2019			
Less than 6 Months	3,039.94	-	3,039.94
More than 6 Months	100.01	25.98	74.03
	3,139.95	**25.98**	**3,113.97**

The movement in the allowance for impairment in respect of trade receivables and loans is as follows

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning of the year	25.98	6.80
Amounts written off	-	(5.94)
Impairment loss recognised	85.08	-
Adjustment pursuant to acquisition	-	25.12
Balance as at the end of the year	**111.06**	**25.98**

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

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 liabilties 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 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**
31 March 2019					
Non-derivative financial liabilities					
Borrowings (including current maturities)	8,705.32	6,732.82	-	15,438.14	15,430.09
Trade payables	8,461.67	-	-	8,461.67	8,461.67
Other financial liabilities	2,181.78	5.69	-	2,187.47	2,187.47
	19,348.77	**6,738.51**	**-**	**26,087.28**	**26,079.23**

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

(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 2020	As at 31 March 2019
Fixed rate borrowings	12,669.36	9,496.94
Floating rate borrowings	5,674.66	5,933.15
Total borrowings	18,344.02	15,430.09

Interest rate senstivity 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 2020		
Interest rate (0.50% movement)	(28.37)	28.37
For the year ended 31 March 2019		
Interest rate (0.50% movement)	(29.67)	29.67

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.

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

Unhedged foreign currency exposure

The following table provides details of the Group's exposure to currency risk:

	As at 31 March 2020		As at 31 March 2019	
Assets	**Amount (Rs)**	**Amount in foreign currency**	**Amount (Rs.)**	**Amount in foreign currency**
Trade receivables				
HKD	5.59	0.58	12.18	1.40
USD	122.00	1.63	92.54	1.35
EUR	16.45	0.20	29.65	0.39
CHF	96.46	1.24	810.33	12.38
GBP	-	-	0.86	0.01

	As at 31 March 2020		As at 31 March 2019	
Liabilities	**Amount (Rs)**	**Amount in foreign currency**	**Amount (Rs.)**	**Amount in foreign currency**
Trade payables				
HKD	85.96	8.76	41.75	4.73
USD	94.13	1.24	48.03	0.43
EUR	83.9	1.00	32.54	0.05
CHF	1,798.27	22.70	1,775.06	25.42
JPY	7.62	10.87	49.45	78.70
SGD	73.84	1.38	5.86	0.11
Net exposure in respect of recognised assets and liabilities (in Rs.)	**(1,903.23)**	**-**	**(1.007.12)**	**-**

Significant forward contracts outstanding as at the end of the year

	As at 31 March 2020		As at 31 March 2019	
	Amount (Rs)	**Amount in foreign currency**	**Amount (Rs.)**	**Amount in foreign currency**
Exports				
CHF	1,359.05	17.50	310.94	4.00

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

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2020 and 31 March 2019 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 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)	(0.67)	0.67	0.48	(0.48)
CHF (1% movement)	(17.02)	17.02	12.06	12.06
JPY (1% movement)	(0.08)	0.08	0.05	(0.05)
GBP (1% movement)	-	-	-	-
SGD (1% movement)	(0.74)	0.74	0.52	(0.52)
31 March 2019				
HKD (1% movement)	(0.30)	0.30	0.19	(0.19)
USD (1% movement)	0.45	(0.45)	(0.29)	0.29
EUR (1% movement)	(0.03)	0.03	0.02	(0.02)
CHF (1% movement)	(9.65)	9.65	6.31	(6.31)
JPY (1% movement)	(0.49)	0.49	0.32	(0.32)
GBP (1% movement)	0.01	(0.01)	(0.01)	0.01
SGD (1% movement)	(0.06)	0.06	0.04	(0.04)

(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 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.

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

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 2020	As at 31 March 2019
Total liabilities excluding deferred tax liabilities, provisions and other current liabilities	40,347.04	26,507.02
Less: cash and cash equivalents and other bank balances	2,846.19	2,232.86
Adjusted net debt	**37,500.85**	**24,274.16**
Total equity	**22,740.69**	**23,499.31**
Net debt to total equity ratio	**1.65**	**1.03**

(ii) Dividends (Including corporate dividend tax)

	As at 31 March 2020	As at 31 March 2019
Equity shares		
Final dividend for the year ended 31 March 2019 of Rs. 2.50 (31 March 2018 of Rs. 2.50) per fully paid equity shares*	350.62	338.06
Interim dividend for the year ended 31 March 2020 of Rs. 2.00 (31 March 2019 of Rs. NIL) per fully paid equity shares	280.90	-
Dividend not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have directors have recommended the payment of a final dividend of NIL (31 March 2019: Rs. 2.50) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	-	350.62

*Final Dividend has been paid on the number of shares issued by the company till the date of Annual General Meeting after approval of shareholders.

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

38. Business combination

During the previous year, on 6 December 2018, the Group, through its foreign subsidiaries Kamla International Holdings SA (70% share) and Pylania SA (30% share), entered into an agreement with a third party, pursuant to which the Group agreed to acquire of and the seller agreed to sell, the seller's 100% equity interest in Estima AG through a share purchase and debt assignment agreement for a purchase consideration of CHF 400,000.

Estima AG, a well-established name with valuable production infrastructure having revenue near CHF 2 million is a leading supplier to Swiss and other European watch brands in the mid priced segment with excellent reputation. This acquisition is a strong fit for the Group since Estima AG was a strong competitor in the business of manufacturing watch hands but had been incurring losses since last 10 years due to market changes.

The results of Estima AG have been consolidated by the Group from the acquisition date of 7 January 2019 on a line-by-line basis. The purchase consideration for this acquisition amounted to Rs. 272.86, entire amount comprising of initial cash consideration.

Particulars	Amount
Purchase consideration paid	(272.86)
Non-controlling interest	(19.57)
Fair value of net asset and liabilities acquired	633.32
Capital reserve on acquisition	**340.89**

On acquisition date, the non-controlling interest has been measured at its proportionate share of identifiable assets and liabilities acquired.

This being a business purchase has been accounted for in accordance with the Ind AS 103" Business combinations" and the price allocation as at 31 March 2019 and certain information about fair valuation of acquired assets and liabilities is as follows:

Particulars	Fair Value
Property Plant and Equipment	2,107.51
Cash & Cash equivalents	16.03
Trade receivables	72.93
Other financial assets	24.09
Inventory and Work in Progress	194.58
Other current assets	4.95
Borrowings	(1,325.10)
Trade payables	(460.64)
Other current liabilities	(1.03)
Net Assets Acquired	**633.32**

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

From the date of acquisition to 31 March 2019, the acquired business contributed revenue of Rs. 206.49 and loss before tax of Rs. 198.60 to the Group's results. During current year, the aquired business has contibuted revenue of Rs. 1308.13 and loss before tax of Rs. 973.11

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 2020

Particulars	Ethos	Cognition Dgital LLP	Estima AG	Pslania 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**
Exchange differences on translation of foreign operations	-	-	64.51	(16.25)	-
Elimination adjustments	-	-	-	26.18	-
	14,944.31	**277.45**	**(578.90)**	**1,261.03**	**563.35**
Net assets attributable to NCI	**3,951.61**	**73.36**	**(26.05)**	**159.05**	**7.22**
Revenue	44,982.10	802.81	1,211.93	725.46	157.66
Profit / (loss) for the year	(436.18)	189.41	(937.11)	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	3,070.16	172.16	(830.01)	1,029.92	35.56
Cash flows from investing activities	903.05	(0.98)	(462.25)	(831.60)	-
Cash flows from financing activities	(1,962.20)	(177.60)	1,349.94	(66.49)	(22.86)
Net increase / (decrease) in cash and cash equivalents	**2,011.01**	**(6.42)**	**57.68**	**131.83**	**12.70**

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

As at 31 March 2019

Particulars	Ethos Limited	Cognition Digital LLP	Estima AG	Pylania SA	Mahen Distribution Limited
NCI Percentage	**25.11%**	**25.11%**	**4.50%**	**15.00%**	**1.28%**
Non-current assets	4,996.12	21.88	2,140.60	976.24	841.92
Current assets	24,649.90	169.58	464.44	500.48	346.39
Non-current liabilities	1,648.27	-	1,696.89	424.19	-
Current liabilities	14,738.86	106.97	755.08	167.69	624.12
Net Assets	**13,303.89**	**84.49**	**153.07**	**884.84**	**564.19**
Preference share capital	750.00	-	-	-	-
Arrears of preference dividend	101.50	-	-	-	-
Exchange differences on translation of foreign operations	-	-	17.09	115.19	-
	12,452.39	**84.49**	**170.16**	**1,000.03**	**564.19**
Net assets attributable to NCI (including preference share capital and its arrears attributable to NCI)	**4,191.44**	**21.21**	**7.66**	**187.21**	**7.23**
Revenue	44,335.32	871.88	184.59	700.11	57.63
Profit / (loss) for the year	1,119.50	217.33	(238.43)	42.46	(105.27)
OCI	(19.36)	-	(16.47)	8.66	-
Total comprehensive income	**1,100.14**	**217.33**	**(254.91)**	**51.11**	**(105.27)**
Profit / (loss) allocated to NCI	281.05	54.56	(37.02)	6.37	(1.35)
OCI allocated to NCI	(4.12)	-	(0.74)	1.30	-
Total comprehensive income / (expense) allocated to NCI	**276.93**	**54.56**	**(37.76)**	**7.67**	**(1.35)**
Cash flows from operating activities	(2,137.34)	23.93	(2.39)	6.97	(19.09)
Cash flows from investing activities	(1,283.28)	-	(1.20)	(2.53)	-
Cash flows from financing activities	3,523.46	-	5.93	(5.19)	-
Net (decrease) / increase in cash and cash equivalents	**102.84**	**23.93**	**2.34**	**(0.75)**	**(19.09)**

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

40 Non-controlling interest (NCI) (Continued)

Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated Ind AS financial statements' of Division II of Schedule III

As at 31 March 2020

Name of the entity in Group	Net Assets (Total assets - Total liabilities)		Share in profit/(loss)		Share in other comprehensive Income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated Profit/(loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
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%	14,877.74	204.89%	(402.75%)	(2.58%)	(2.13)	3.5516%	(404.88)
Mahen Distribution Limited	2.48%	563.35	0.42%	(0.82)	0.00%	-	0.72%	(0.82)
Satva Jewellery and Design Limited	(0.34%)	(76.41)	7.68%	(15.09)	0.00%	-	13.24%	(15.09)
Cognition Digital LLP	1.22%	277.45	(96.36%)	189.41	0.00%	-	(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%	1,251.10	(119.46%)	234.81	136.12)	112.39	(304.57%)	347.20
Estima AG*	(2.83%)	(643.41)	495.05%	(973.11)	(58.18%)	(48.04)	(895.76%)	(1,021.15)
Associates								
Kamla Tesio Dials Limited	0.13%	28.53	(0.20%)	0.39	-	-	(0.34%)	0.39
Joint Venture								
Pasadana Retail Private Limited**	0.29%	66.57	17.01%	(33.43)	-	-	29.32%	(33.43)
Elimination	(51.50%)	(11,711.22)	56.58%	(111.21)	-	-	(97.55%)	(111.21)
Total	**100.00%**	**22,740.69**	**100.00%**	**(196.57)**	**100.00%**	**82.57**	**100.00%**	**(114.00)**
As at 31 March 2019								
Parent								
KDDL Limited	71.00%	16,685.66	62.53%	1,574.24	49.31%	(41.36	62.99%	1,532.87
Subsidiaries								
Indian								
Ethos Limited	56.61%	13,303.89	44.47%	1,119.50	23.08%	(19.36)	45.21%	1,100.14
Mahen Distribution Limited	2.40%	564.19	(4.18%)	(105.27)	-	-	(4.33%)	(105.27)
Satva Jewellery and Design Limited	(0.26%)	(61.34)	(0.58%)	(14.57)	-	-	(0.60%)	(14.57)
Cognition Digital LLP	0.36%	84.49	8.63%	217.33	-	-	8.93%	217.33
Foreign								
Kamla International Holdings SA	4.73%	1,111.48	(0.09%)	(2.36)	18.29%	(15.34)	(0.73%)	(17.70)
Pylania SA	3.77%	884.84	1.69%	42.46	(10.32%)	8.66	2.10%	51.11
Estima AG*	1.61%	153.07	(0.09%)	(238.43)	0.20	(16.47)	(0.10)	(254.91)
Associates								
Kamla Tesio Dials Limited		-	-	-	-	-	-	-
Cadrafin GmbH**	0.12%	28.14	(0.01%)	(0.21)	-	-	(0.01%)	(0.21)
Eliminations	(43.34%)	(9,255.11)	(2.99%)	(75.22)	-	-	(3.09%)	(75.22)
Total	**100.00%**	**23,499.31**	**100.00%**	**2,517.47**	**100.00%**	**(83.89)**	**100.00%**	**2,433.58**

* On 7 January 2019, the Holding Company, through its foreign subsidiaries Kamla International Holdings SA and Pylania SA, acquired 100% equity interest in Estima AG. Accordingly, the Group has recognised its share in the loss of Estima AG from 7 January 2019 to 31 March 2019 in the Statement of Profit and Loss.** 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.*** On 9 July 2018, the Group has sold its entire 22% share (held through Kamla International Holdings SA) in its associate 'Cadrafin GmbH'. Accordingly, the Group has not recognised its share in the net assets of Cadrafin GmbH as at 31 March 2019.

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

	As at 31 March 2020	As at 31 March 2019
41 Contingent liabilities and commitments:		
(to the extent not provided for)		
(ia) Claims against the Group not acknowledged as debts, under dispute		
- Demand raised for service tax against which appeals have been filed	-	71.14
- 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 2019: Rs. 2.96)	3.73	3.73
- Demand raised for Income tax	387.70	72.14
- Custom duty matters	17.85	-
- Claims against the Company not acknowledged as debt (to the extent ascertainable)	241.63	181.35
	650.91	**328.36**
(ib) - Custom duty saved against EPCG Licences, pending redemption	95.72	143.57
(ic) - Value added tax matters	1.32	1,000.71
- Bonds in favour of central excise and customs authorities	-	-
(ii) Commitments		
- Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	426.25	781.50
- Amount payable under non-cancellable leases	-	7,953.70
	426.25	**8,735.20**

(iii) Regarding service tax matter pending with CESTAT, Chandigarh, one of the subsidiary Company namely Ethos Limited has assessed legal position in the matter pursuant to judgement of Hon'ble Delhi High Court in the case of Lally Automobiles Pvt. Ltd. Versus Commissioner cited as 2018 (17) G.S.T.L. 422 (Del.) which is further upheld by the Hon’ble Supreme Court vide order dated 01.04.2019 in favour of revenue.

Accordingly, Ethos Limited has opted Sabka Vishwas (Legacy Dispute Resolution) Scheme during the current year. 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 said subsidiary company has written off the amount of payment made under the scheme of Rs. 170.00 in addition to this company has provided Rs. 48.56 during the current year and Rs. 24.20 in the earlier years. Accordingly, profit for the current year has been reduced by Rs. 218.56.

(iv) 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.

(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 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.

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

(vi) In accordance with Swiss law, land contaminated in Switzerland, must be restored to its original condition. Durimg the previous 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. 858.60. 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 thousand for this purpose. This cost has been reduced from the fair value of land acquired as part of the acquisition of Estima AG (refer to note 38).

42 Employee Benefits

A. Assets and liabilities relating to employee benefits

	Non-Current		Current	
	As at 31 March 2020	**As at 31 March 2019**	**As at 31 March 2020**	**As at 31 March 2019**
Liability for gratuity	236.33	110.23	22.97	49.66
Liability for compensated absences	-	-	488.07	343.28
	236.33	**110.23**	**511.04**	**392.94**

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 is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit

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

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 Company made annual 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 2020	As at 31 March 2019
(ii)	**Reconciliation of present value of defined benefit obligation**		
	Present value of obligation at the beginning of the year	893.75	731.72
	Current service cost	99.59	86.26
	Interest cost	57.70	54.88
	Benefits paid	(44.83)	(50.21)
	Actuarial (gains) losses recognised in other comprehensive income		
	- experience adjustments	65.08	71.10
	Present value of obligation at the end of the year	**1,071.28**	**893.74**
	*Includes Rs. 8.98 directly paid by the Company		
(iii)	**Reconciliation of the present value of plan assets**		
	Plan assets at the beginning of the year, at fair value	733.86	641.66
	Return on plan assets recognised in other comprehensive income	(7.41)	(17.33)
	Contributions	75.10	111.62

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

Benefits paid	(35.86)	(50.21)
Interest income	46.29	48.13
Plan assets at the end of the year, at fair value	**811.98**	**733.86**

(iv) Amount recognized in the balance sheet

Present value of the defined benefit obligations at the end of the year	1,071.28	893.76
Fair value of plan assets at the end of the year	(811.98)	(733.86)
Net liability recognized in the balance sheet*	**259.30**	**159.89**

*** Shown under the head "Provision for employee benefits"**

(v) Plan assets

Plan assets comprise of the following:

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Policy of insurance	811.98	733.86
	811.98	**733.86**

(vi) Amount recognized in the Statement of Profit and Loss

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Current service cost	99.59	86.26
Interest cost (net)	11.41	6.75
Amount recognized in the Statement of Profit and Loss	**111.00**	**93.02**

(vii) Remeasurements recognised in other comprehensive income

Acturial gain/loss on the defined benefit obligation	65.07	71.10
Return on plan assets excluding interest income	7.41	17.33
Amount recognized in other comprehensive income	**72.48**	**88.43**

(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 2020	**As at 31 March 2019**
Discount rate	6.25%	7.50%
Expected rate of return on plan assets	6.25%	7.50%
Salary increase	6.25%	5.00%
Expected average remaining working lives of employees (years)	15.92%	16.34%

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

b) Demographic assumptions:

	As at 31 March 2020	As at 31 March 2019
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 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(92.10)	107.37	(49.94)	65.29
Future salary growth (0.50% movement)	107.77	(93.84)	63.17	(54.84)

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 2020	As at 31 March 2019
The expected maturity analysis of undiscounted defined benefit liability is as follows:		
Within 1 year	191.89	105.60
1-2 year	122.72	138.03
2-5 year	316.42	264.76
5-10 year	684.76	562.57

(xi) Weighted average duration and expected employers contribution for next year of the defined benefit plan

	As at 31 March 2020	As at 31 March 2019
Weighted average duration (in years)	13.67	10.16
Expected Employers contribution for the next year	119.38	68.22

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

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 contrbution of these plans is as follows:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Provident fund	399.33	292.24
Superannuation fund	14.67	13.14
Employees' state insurance scheme	44.03	69.87
Pension fund	62.68	59.87
	520.71	**435.12**

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 Company and subsidiaries of the Company. The outstanding options as at 31 March 2020 is NIL (31 March 2019: 18,750).

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 shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs. 15,000.00 ('second tranche'). The exercise period for the options is within six months from the date of vesting of the options. Each option is exercisable for one equity share of Rs 10 each fully paid up on payment of exercise price of share determined with respect to the date of grant.

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.

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of options	Weight Average Exercise Price	Number of options	Weight Average Exercise Price
Outstanding at beginning of the year	18,750	120	21,000	120
Forfeited during the period	(2,250)	-	(2,250)	-
Exercised during the period	(16,500)	120	-	-
Outstanding at end of the year	-	-	18,750	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 2020 and 31 March 2019, were Rs.(16.34) and Rs. (1.96) 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 2020	Year ended 31 March 2019
Fair value at grant date	87.13	87.13
Share price at grant date	133.00	133.00
Exercise Price	120.00	120.00
Risk Free interest rate (in %)	8.50%	8.50%
Expected life (in years)	88	88
Expected volatility (in %)*	66.49%	66.49%
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.

(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 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 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 under this clause. The compensation committee shall declare such date as and when it is triggered.

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

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 Compensation Committee in accordance with the terms and 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 2020		As at 31 March 2019	
	Number of options	**Weight Average Exercise Price**	**Number of options**	**Weight Average Exercise Price**
Outstanding at beginning of the year	150,750	120	168,250	120
Lapsed during the period	8,000	-	2,250	-
Exercised during the period	16,500	120	-	-
Outstanding at end of the year	127,750	120	18,750	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 2020 and 31 March 2019, were Rs. (16.34) and Rs. (1.94) respectively on account of expiry of share options on resignation 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 2020	Year ended 31 March 2019
Fair value at grant date	35.54/56.08	35.54/56.08
Share price at grant date	133	133
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.

43 Related parties:

(I) Associates

Kamla Tesio Dials Limited

Cadrafin GmbH (refer note 1)

(ii) Associates 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	**Names of their close family members (refer note 2)**
- Mr. Yashovardhan Saboo (Chairman and managing director)	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
- Swades Capital LLC

(c) Non-executive Directors	**Name of their close family members (refer note 2)**
- Mr. Anil Khanna	Mrs. Alka Khanna (spouse)
- 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	

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

Notes:

1. On 9 July 2018, the Company has sold its entire 22% share (held through Kamla International Holdings SA) in its associate 'Cadrafin GmbH'.
2. 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 2020

		Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	other related Parties
1.	**Purchase of raw material and components**					
	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***					
	Short-term employee benefits					
	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 LL	-	-	40.11	-	-
	Saboo Housing Projects LLP	-	-	0.53	-	-
	Mr. R. K. Saboo	-	-	-	-	9.05
	Mr. Sanjeev Kumar Masown	-	-	-	4.63	-

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

	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
7	**Deposits from shareholders / directors 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 from shareholders / directors 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	-	-
9	**Reimbursement received for expenses**					
	Mr. Sanjeev Kumar Masown	-	-	-	22.00	-
	Saboo Housing Projects LLP	-	-	-	-	7.00
10	**Issue of equity shares under ESOP Scheme (including security premium)**					
	Mr. Sanjeev Kumar Masown	-	-	3.60	-	-
11	**Reimbursement of expenses received by the Company**					
	Mr. R.K. Saboo	-	-	-	-	12.63
	Pasadena Retail Private Limited	-	13.65	-	-	-
	Anacott Trading SA	-	-	3.32	-	-
12	**Rent received**					
	Dream Digital Technology Private Limited	-	-	0.60	-	-
13	**Loan taken**					
	Vardhan Properties and Investment Limited	-	-	200.00	-	-
	Swades Capital LLC	-	-	-	-	394.38

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

14	**Loan repaid**					
	Mr. Yashovardhan Saboo	-	-	24.83	-	-
	Dream Digital Technology Private Limited	-	-	75.00	-	-
15	**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	-
16	**Repayment of loans given by the Company**					
	Mr. Sanjeev Kumar Masown	-	-	4.00	-	-
17	**Management consultancy fees paid**					
	Mrs. Anuradha Saboo	-	-	-	-	10.00
18	**CSR contribution made**					
	KDDL Ethos Foundation	-	-	24.50	-	-
19	**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	-	-
	Mrs. Asha Devi Saboo	-	-	-	-	-
	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
20	**Employee benefit expense**					
	Mr. R. K. Saboo	-	-	-	-	30.00
	Mr. Pranav Saboo	-	-	-	-	141.92
	Mrs. Anuradha Saboo	-	-	-	-	6.44

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

22	**Guarantees taken**					
	Mr. Yashovardhan Saboo	-	-	-	1,993.17	-
23	**Investments made**					
	Pasadena Retail Private Limited	-	100.00	-	-	-
24	**Security deposit received**					
	Mr. Yashovardhan Saboo	-	-	-	2.00	-
Year ended 31 March 2019						
1	**Sale of goods and services**					
	Saboo Ventures LLP	-	-	58.07	-	-
	Mr. R. K. Saboo	-	-	-	12.66	-
2	**Rent paid by the Company**					
	Kamla Tesio Dials Limited	6.00	-	-	-	-
	Mr. Yashovardhan Saboo	-	-	-	32.35	-
	Mrs. Anuradha Saboo	-	-	-	-	15.75
3	**Compensation to key managerial personnel***					
	Short-term employee benefits					
	Mr. Yashovardhan Saboo	-	-	-	88.13	-
	Mr. Sanjeev Kumar Masown	-	-	-	81.62	-
	Post-employment benefits					
	Mr. Yashovardhan Saboo	-	-	-	20.00	-
	Mr. Sanjeev Kumar Masown	-	-	-	7.18	-
	Long term employee benefits					
	Mr. Yashovardhan Saboo	-	-	-	13.20	-
	Mr. Sanjeev Kumar Masown	-	-	-	4.79	-
4	**Interest income**					
	Mr. Sanjeev Kumar Masown	-	-	-	2.06	-
5	**Interest paid/ accrued**					
	Vardhan Properties and Investment Limited	-	-	5.36	-	-
	VBL Innovations Private Limited	-	-	22.37	-	-
	Dream Digital Technology Private Limited	-	-	15.10	-	-
	Saboo Ventures LLP	-	-	40.00	-	-
	Saboo Housing Projects LLP	-	-	0.70	-	-
	Mr. R. K. Saboo	-	-	-	8.37	-
	Mr. Sanjeev Kumar Masown	-	-	-	2.93	-
	Ms. Neeraj Masown	-	-	-	3.17	-
	Mr. Lal Chand Masown	-	-	-	-	0.54
	Mr. Yashovardhan Saboo	-	-	-	3.76	-
	Mr. Anil Khanna	-	-	-	7.10	
	Mrs. Alka Khanna	-	-	-	0.67	0.53
	Ms. Ranjana Agarwal	-	-	-	21.05	-
	Mrs. Usha Devi Saboo	-	-	-	-	1.34

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

6	**Deposits from shareholders / directors accepted/renew**					
	Ms. Neeraj Masown	-	-	-	-	12.00
	Mr. Lal Chand Masown	-	-	-	-	2.64
	Vardhan Properties & Investment Ltd.	-	-	13.00	-	-
	Mrs. Alka Khanna	-	-	-	-	23.08
	Ms. Ranjana Agarwal	-	-	-	-	153.00
7	**Deposits from shareholders / directors repaid**					
	Mrs. Alka Khanna	-	-	-	-	20.20
	Ms. Ranjana Agarwal	-		-	-	20.00
	Mr. Lal Chand Masown	-	-	-	-	1.89
	Vardhan Properties and Investment Limited	-	-	8.00	-	-
	Loans taken					
	Vardhan Properties & Investment Limited	-	-	-	-	-
8	**Reimbursement of expenses paid by the Company**					
	Dream Digital Technology Private Limited	-	-	0.10	-	-
	Kamla Tesio Dials Limited	0.06	-	-	-	-
	VBL Innovations Private Limited	-	-	3.33	-	-
9	**Rent received**					
	Dream Digital Technology Private Limited	-	-	0.60	-	-
10	**Loan paid**					
	Mr. R. K. Saboo	-	-	-	70.00	-
11	**Inter Corporate deposit repayment received**					
	Dream Digital Technology Limited	-	-	100.00	-	-
12	**Director fees**					
	Mr. Yashovardhan Saboo	-	-	-	4.50	-
	Mr. Anil Khanna	-	-	-	11.78	-
	Mr. Jai Vardhan Saboo	-	-	-	0.45	-
	Mr. Jagesh Khaitan	-	-	-	1.65	-
	Ms. Ranjana Agarwal	-	-	-	2.45	-
	Mr. Praveen Gupta	-	-	-	2.10	-
	Mr. Sanjiv Sachar	-	-	-	1.90	-
	Mr. Torsten Buchwald	-	-	-	0.40	-
13	**Repayment of loans given by the Company**					
	Mr. Sanjeev Kumar Masown	-	-	-	5.81	-
14	**Management consultancy fees paid**					
	Dream Digital Technology Limited	-	-	23.10	-	-
15	**CSR contribution made**					
	KDDL Ethos Foundation	-	-	26.13	-	-
16	**Dividend paid**					
	Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	2.52	-	-

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

Mr. R. K. Saboo	-	-	-	-	46.21
Mr. Yashovardhan Saboo	-	-	-	38.68	-
Mrs. Usha Devi Saboo	-	-	-	-	11.28
Mrs. Anuradha Saboo	-		-	-	10.92
Mr. Pranav S Saboo	-	-	-	-	8.30
Ms. Satvika Saboo	-	-	-	-	3.39
Vardhan Properties & Investment Limited	-	-	0.23	-	-
Dream Digital Technology Limited	-	-	0.56	-	-
Mr. Jagesh Khaitan	-	-	-	0.01	-
Mr. Sanjiv Sachar	-	-	-	0.04	-
Mr. Sanjeev Kumar Masown	-	-	-	0.03	-
Mr. Anil Khanna	-	-	-	0.05	-
Mrs. Alka Khanna	-	-	-	-	0.01
Others	-	-	0.97	-	-

* This figure includes an amount of Rs. 279.70 which has been reimbursed by brands.

17 Employee benefit expense

Mr. R. K. Saboo	-	-	-	-	30.00
Mr. Pranav Saboo	-	-	-	-	135.20
Mrs. Anuradha Saboo	-	-	-	-	6.36

*(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 31 March 2020

1 Loans and advances

Mr. Sanjeev Kumar Masown	-	-	-	30.30	-

2 Other receivables/advances

Saboo Coatings Private Limited	-	-	-	-	-
VBL Innovations Private Limited	-	-	-	-	-

3 Other financial assets

Dream Digital Technology Limited	-	-	0.53	-	-

4 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	-	-

5 Guarantees taken

Mr. R. K. Saboo	-	-	-	-	4,939.24
Mr. Yashovardhan Saboo	-	-	-		-

	Mrs. Usha Devi Saboo	-	-	-	-	254.24
	Security deposit taken					
	Saboo Coatings Private Limited	-	-	-	-	-
	Mr. Yashovardhan Saboo	-	-	-	2.00	-
6	**Deposits from shareholders / directors**					
	Mrs. Asha Devi Saboo	-	-	-	-	-
	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	-	-
7	**Equity Share Capital**					
	Mr. Yashovardhan Saboo	-	-	-	-	-
	Mr.C. Raja Sekhar	-	-	-	-	-
	Mr. R. K. Saboo	-	-	-	-	-
	Mrs. Anuradha Saboo					
	Saboo Ventures LLP	-	-	-	-	-
	Vardhana Properties & Investment limited	-	-	-	-	-
	Mr. N. Subramanian	-	-	-	-	-
	Mr. Anil Khanna	-	-	-	-	-
	Saboo Ventures LLP	-	-	-	-	400.00
	Mr. R. K. Saboo	-	-	-	-	180.00
	Mr. Yashovardhan Saboo	-	-	-	140.00	-
	Mr. Anil Khanna	-	-	20.00	-	-
	Mrs. Alka Khanna	-	-	-	-	5.61
	Mrs. Usha Devi Saboo	-	-	-	-	96.00
	Mrs. Anuradha Saboo	-	-	-	-	20.00
	Saveeka Family Trust	-	-	50.00	-	-
8	**Interest accrued but not due**					
	Mr. Sanjeev Kumar Masown	-	-	-	7.77	-
	Mr. Lal Chand Masown	-	-	-	-	0.66
	Mr. R. K. Saboo	-	-	-	-	-
	Mr. Yashovardhan Saboo	-	-	-	-	-
	Mrs. Neeraj Masown	-	-	-	-	3.38
	Mr. Anil Khanna	-	-	-	1.40	-
	Mrs. Alka Khanna	-	-	-	-	0.08
	Ms. Ranjana Agarwal	-	-	-	28.93	-
	Mrs. Usha Devi Saboo	-	-	-	-	-

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

9	**Unsecured Loans**					
	Dream Digital Technology Private Limited	-	-	25.00	-	-
	Vardhan Properties & Investment Limited	-	-	210.00	-	-
	Saboo Housing Projects LLP	-	-	-	-	-
	VBL Innovations Private Limited	-	-	150.00	-	-
	Mr. Yashovardhan Saboo	-	-	-	80.95	-
	Swades Capital LLC	-	-	-	-	394.38
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	-	-	-	-	14.32
	Mr. Yashovardhan Saboo	-	-	-	5.83	-
	Mr. Pranav Shankar Saboo	-	-	-	-	4.49
	Ms. Satvika Saboo	-	-	-	-	0.43
	Pasadena Retail Private Limited	-	15.35	-	-	-
12	**Balance due to the related parties**					
	Mr. Pranav Shankar Saboo	-	-	-	-	0.16
	Mrs. Anuradha Saboo	-	-	-	-	1.13
As at March 2019						
1	**Loans and advances**					
	Mr. Sanjeev Kumar Masown	-	-	-	-	34.52
2	**Other receivables/advances**					
	Saboo Coatings Private Limited	-	-	-	-	-
	VBL Innovations Private Limited	-	-	-	-	-
3	**Payables**					
	Dream Digital Technology Private Limited	-	-	8.38	-	-
	Kamla Tesio Dials Limited	4.41	-	-	-	-
	Saboo Ventures LLP	-	-	8.88	-	-
4	**Other current liabilities**					
	Kamla International Holdings SA	-	-	0.54	-	-
5	**Guarantees taken**					
	Mr. R. K. Saboo	-	-	-	-	4,979.18
	Mr. Yashovardhan Saboo	-	-	-	6,040.83	-
	Mrs. Usha Devi Saboo	-	-	-	-	294.18
6	**Security deposit taken**					
	Mr. Yashovardhan Saboo	-	-	-	2.00	-

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

7	**Deposits from shareholders / directors**					
	Mrs. Asha Devi Saboo	-	-	-	-	-
	Mr. Sanjeev Kumar Masown	-	-	-	24.20	-
	Mr. Lal Chand Masown	-	-	-	-	4.64
	Ms. Neeraj Masown	-	-	-	-	28.23
	Mr. Anil Khanna	-	-	-	60.00	-
	Mrs. Alka Khanna	-	-	-	-	29.69
	Ms. Ranjana Agarwal	-	-	-	183.00	-
	Vardhan Properties and Investment Limited	-	-	40.00	-	-
	Mrs. Usha Devi Saboo	-	-	-	85.00	-
	Saveeka Family Trust	-	-	50.00	-	-
8	**Interest accrued but not due**					
	Mr. Sanjeev Kumar Masown	-	-	5.56	-	-
	Mr. Lal Chand Masown	-	-	-	-	0.82
	Mrs. Neeraj Masown	-	-	-	-	4.43
	Mr. Anil Khanna	-	-	-	6.74	-
	Mrs. Alka Khanna	-	-	-	-	0.02
	Ms. Ranjana Agarwal	-	-	-	15.00	-
9	**Unsecured loans**					
	Dream Digital Technology Private Limited	-	-	100.00	-	-
	Vardhan Properties & Investment Limited	-	-	10.00	-	-
	Saboo Ventures LLP	-	-	400.00	-	-
	Saboo Housing Projects LLP	-	-	7.00	-	-
	VBL Innovations Private Limited	-	-	150.00	-	-
	Mr. Yashovardhan Saboo	-	-	-	105.78	-
10	**Employee related payables**					
	Mr. Yashovardhan Saboo	-	-	-	3.31	-
	Mr. Sanjeev Kumar Masown	-	-	-	3.01	-
	Mr. R.K. Saboo	-	-	-	-	2.50
	Vardhan Properties & Investment Limited	-	-	10.00	-	-
	Mr. R. K. Saboo	-	-	-	-	70.00
	Mr. Yashovardhan Saboo	-	-	-	50.00	-
	Saboo Ventures LLP	-	-	400.00	-	-
	Saboo Housing Projects LLP	-	-	7.00	-	-
11	**Inter Corporate deposit**					
	Dream Digital Technology Limited	-	-	100.00	-	-
	Vardhan Properties and Investment Limited	-	-	100.00	-	-
	VBL Innovations Private Limited	-	-	150.00	-	-
	Mr. R. K. Saboo	-	-	-	70.00	-

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

12	**Other receivables/advances**					
	Satva Jewellery and Design Limited	-	3.92	-	-	-
	Vardhan Properties and Investment Limited	-	-	0.72	-	-
	VBL Innovations Private Limited	-	-	27.58	-	-
13	**Payables**					
	Kamla Tesio Dials Limited	9.96	-	-	-	-
	Saboo Coatings Private Limited	-	-	4.61	-	-
	Dream Digital Technology Private Limited	-	-	116.00	-	-
	Vardhan Properties and Investment Limited	-	-	3.14	-	-
	VBL Innovations Private Limited	-	-	5.39	-	-
14	**Guarantees taken**					
	Mr. R. K. Saboo	-	-	-	8,931.09	-
	Mr. Yashovardhan Saboo	-	-	-	11,215.99	-
	Mrs. Usha Devi Saboo	-	-	-	-	422.70
15	**Public deposits outstanding**					
	Vardhan Properties and Investment Limited	-	-	15.00	-	-
	Mrs. Asha Devi Saboo	-	-		-	10.00
	Mrs. Shashi Agrawal	-	-	-	-	4.00
16	**Interest on outstanding public deposit**					
	Mrs. Shashi Agrawal	-	-	-	-	1.40

e) Other transactions

1. Security being provided by Directors and relatives of directors for long term loan taken from India bulls Housing Finance Limited by providing exclusive mortgage and charge on their personal property for this loan.
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.

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

Year ended 31 March 2020

	Precision and watch components	Watch and watch acce-ssroes	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**	**65,227.75**
Segment profit /(loss) before income tax	**2,290.16**	**1,603.41**	**297.21**	**43.60**	**4,234.38**
Segment assets	**20,598.97**	**41,165.71**	**43.98**	**419.32**	**62,227.9**
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**	**9,461.62**	**31.90**	**86.22**	**12,533.63**

44 Operating segments (Continued)

Segment revenue:					
- External revenues	18,879.14	44,295.00	872.00	714.00	64,760.14
- Inter-segment revenue	(4617)	(1,515.55)	(697.57)	-	(2,259.29)
Total segment revenue	**18,832.97**	**42,779.45**	**174.43**	**714.00**	**62,500.85**
Segment profit (loss) before income tax	**2,530.19**	**3,195.00**	**343.00**	**149.00**	**6,217.19**
Segment assets	**19,338.44**	**28,689.29**	**190.00**	**790.00**	**49,007.73**
Segment assets include:					
- Investments accounted for using equity method	28.14	-	-	-	28.14
- Capital expenditure during the year	2,671.62	1,299.26	-	2.08	3,972.96
Segment liabilities	**3,077.78**	**8,068.24**	**107.00**	**116.20**	**11,369.22**

(c) Reconciliations of information on reportable segments to Ind AS measures

	As at 31 March 2020	As at 31 March 2019
i. Revenues		
Total revenue for reportable segments	66,035.47	64,760.14
Elimination of inter-segment revenue	(807.73)	(2,259.29)
Total revenue	**65,227.75**	**62,500.85**

Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2020

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

ii.	**Profit before tax**		
	Total profit before tax for reportable segments	4,234.38	6,217.57
	Finance cost	(2,853.38)	(1,423.35)
	Unallocated amounts:		
	Corporate expenses (net of un-allocated revenue)	(870.29)	(752.70)
	Consolidated profit before tax	**510.71**	**4,041.52**
		As at 31 March 2020	**As at 31 March 2019**
iii.	**Assets**		
	Total assets for reportable segments	62,227.99	49,007.73
	Unallocated amounts	3,491.82	2,879.06
	Consolidated total assets	**65,719.80**	**51,886.79**
iv.	**Liabilities**		
	Total liabilities for reportable segments	12,533,63	11,369.22
	Unallocated amounts	30,445.48	17,018.25
	Consolidated total liabilities	**42,979.11**	**28,387.47**

v. Other material items

	Reportable Segment Total	Adjustments	Consolidated Total
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
Year ended 31 March 2019			
Interest expense	-	1,423.35	1,423.35
Capital expenditure during the year	3,972.96	53.68	4,026.64
Depreciation and amortisation expense	1,250.51	62.31	1,312.82

(d) Geographical information

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

I. Revenues

	Year ended 31 March 2019	Year ended 31 March 2018
India	54,817.03	53,297.02
Outside India		
Switzerland	8,134.46	7,675.61
Germany	1,374.33	761.10
United Kingdom	418.89	-
USA	72.29	230.69
France	190.79	238.21
Israel	62.11	-
Dubai	58.37	-
Nigeria	7.29	86.68
Taiwan	11.47	100.31
Other countries	80.71	111.23
Total outside India	**10,410.72**	**9,203.83**
Total	**65,227.75**	**62,500.85**

ii. Non-current assets	Year ended 31 March 2020	Year ended 31 March 2019
India	26,596.28	15,710.57
Outside India		
Switzerland	3,323.05	2,677.15
Germany	-	-
Total outside India	**3,323.05**	**2,677.15**
Total	**29,919.32**	**18,387.72**

*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 2020 and 31 March 2019, there is no major customer with respect to consolidated revenue of the group.

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 to be used for its operations. The Leases generally have lease terms 3-5 years. The Group obligations under its leases are secured by the lessor's title to the leased assets.

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

The Group has adopted Ind AS 116 w.e.f. 01 April 2019, in case of one of the subsidiary company, namely, Ethos Limited, the application and transition to this accounting standard is complex since the Company has a large number of leases with different contractual terms. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term.

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	11,888.79	13,354.70
Additions	83.05	2.66	-	112.64	198.36
Portion of security deposit reclassified	13.08	6.41	-	570.35	589.83
Depreciation expense	(129.43)	(125.53)	(6.30)	(2,796.60)	(3,057.86)
Deletions/Modification	-	-	-	(128.11)	(128.11)
As at 31 March 2020	**355.14**	**400.21**	**554.50**	**9,647.07**	**10,956.92**

*Reclassified from property, plant and equipment (PPE)

$ Includes leasehold land of Rs. 5.67 (31 March 2019: 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	12,793.90
Additions	198.36
Accretion of interest	1,150.93
Payments	(3,381.21)
Deletions/Modification	(128.11)
As at 31 March 2020	**10,633.87**
Current	**2,092.92**
Non-current	**8,540.95**

The details regarding the maturity analysis of lease liabilities as at March 31, 2020 on an undiscounted basis is disclosed in Note 36.

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

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:

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

The Group had total cash outflows for leases of INR 3,381.21 in 31 March 2020 (INR 203.34 in 31 March 2019).

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 2020	As at March 2019
Investment in associate: Kamla Tesio Dials Limited		
Balance as at the year end	28.53	28.14
Maximum amount outstanding at any time during the year	28.53	28.14
Investment in joint venture: Pasadena Retail Private Limited		
Balance as at the year end	66.57	-
Maximum amount outstanding at any time during the year	100.00	-
Investment in company: Karolview Developers Private Limited		
Balance as at the year end	44.15	45.80
Maximum amount outstanding at any time during the year	45.80	45.80
Investment in company: Shivalik Waste Management Limited		
Balance as at the year end	3.58	3.23
Maximum amount outstanding at any time during the year	3.58	3.23

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

48. In terms with the provisions of Ind AS – 110 " Consolidated Financial Statements ", the Parent Company has computed its share of losses after adjusting for the cumulative dividends on preference share capital issued by the subsidiary companies, though, dividends have not been declared by such subsidiaries. The details of the dividend adjusted during the year is as follows :

	Year ended 31 March 2020		Year ended 31 March 2019	
	Amount of	**Dividend**	**Amount of**	**Dividend**
14% cumulative compulsory convertible preference shares	-	-	101.50	18.20
	-	-	**101.50**	

Arrears of fixed cumulative preference shareholders amounts to Nil (previous year: Rs. 444.29) has been included in minority interest.

49. The figures of previous year were audited by B S R & Co. LLP, Chartered Accountants and has been taken as per the figures audited by them and relied upon by the current statutory auditors.

50. During the year ended March 31, 2019, the Group had acquired 100% stake of Estima AG at fair value through its subsidiaries Kamla International Holding SA (acquired 70% in Estima AG) and Pylania SA (acquired 30% in Estima AG). The calculation of Capital reserve for the purpose of consolidation is being recomputed, considering the values at the time of date of acquisition due to calculation error at the time of consolidation of the Ind AS financial statements of the aforesaid subsidiary company for the year ended March 31, 2019. The above errors correction has resulted in decrease in the value of Capital reserve by Rs. 4,496.23 and consequential impact of increase in "Retained Earnings" by Rs. 6,167.99, decrease in "Legal Reserve" by Rs. 121.64, decrease in "Amalgamation Reserve" by Rs. 911.32, and decrease in "Revaluation Surplus" by Rs. 638.80. There is no impact on the consolidated profit before and after tax for the year ended March 31, 2019.

51. 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 required to be made.

52. (i) The Group corrected a computation error in Basic and Diluted Earnings Per Share (EPS) for the previous year presented, to the extent applicable, resulting in to a decrease of Basic and Diluted EPS by Rs.2.67 per share for the year ended March 31, 2019.

(ii) The Group has made certain adjustments in segment disclosures including but not limited to past errors or moving from capital employed based presentation to segment asset and liabilities presentation (such as certain inter segment items, finance cost, income tax balances and borrowings and interest accrued on borrowings in total liabilities) as at March 31, 2019. Consequential material changes in various line items are tabulated below:

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

Particulars	As at 31 March 2019 (Restated)	As at 31 March 2019 (Published)	Adjustment
Segment revenue			
Precision and watch components	18,879.14	18,284.98	594.16
Watch and accessories	44,295.00	47,319.65	(3,024.65)
Marketing support and other services	872.00	1,569.45	(697.45)
Inter segment revenue	(2,259.29)	(2,733.19)	473.90
Segment profit/(loss) before income tax			
Precision and watch components	2,530.19	1,944.49	585.70
Watch and accessories	3,195.00	2,505.85	689.15
Others	149.00	143.09	5.91
Finance costs	(1,423.35)	-	(1,423.35)
Other un-allocable expenditure (net of un-allocable income)	(752.70)	(1,307.38)	554.68
Consolidated profit before tax	4,041.52	3,628.76	412.76
Segment Assets			
Precision and watch components	19,338.44	18,930.00	408.44
Watch and accessories	28,689.29	28,857.00	(167.71)
Unallocated	2,879.06	2,401.56	477.50
Segment liabilities			
Precision and watch components	3,077.78	3,071.00	6.78
Watch and accessories	8,068.24	8,406.00	(337.76)
Others	116.20	127.00	(10.80)
Unallocated	17,018.25	756.00	16,262.25

(iii) The Ind AS financial statements of the Group for the year ended March 31, 2019, included in these consolidated Ind AS financial statements have been restated as at March 31, 2019. These adjustments to the consolidated Ind AS financial statements have been made to the comparative consolidated Ind AS financial statements presented as at March 31, 2019.

Particulars	As at 31 March 2019 (Restated)	As at 31 March 2019 (Published)	Adjustment	Nature
Assets				
Non-current assets				
Financial assets				
- Other financial assets	119.99	141.25	(21.26)	Reclassification items
Other non-current assets	563.30	560.24	3.06	Reclassification item

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

Current assets				
Financial assets				
- Trade receivables	3,113.97	3,036.41	77.56	Reclassification item
- Cash and cash equivalents	1,596.50	1,695.42	(98.92)	Reclassification items
- Other bank balances	636.36	609.09	27.27	Reclassification item
- Other financial assets	587.16	249.38	337.78	Reclassification items
Other current assets	3,094.10	3,161.38	(67.28)	Reclassification items
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	6,724.77	6,513.96	210.81	Reclassification item
- Other financial liabilities	108.53	5.69	102.84	Reclassification item
Provision	123.61	456.90	(333.29)	Reclassification item
Current liabilities				
Financial liabilities				
- Trade Payables	8,461.67	8,255.27	206.40	Reclassification items
- Other financial liabilities	4,584.00	4,873.49	(289.49)	Reclassification items
Other current liabilities	940.96	913.34	27.62	Reclassification items
Provisions	400.23	66.94	333.29	Reclassification items
Income				
Revenue from operations	62,500.85	62,421.42	79.43	Reclassification item
Expenses				
Cost of materials consumed	4,590.53	4,456.46	134.07	Reclassification item
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(3,439.10)	(3,305.03)	134.07	Reclassification item
Finance costs	1,423.35	1,486.16	(62.81)	Reclassification item
Other expenses	11,286.91	11,144.67	142.24	Reclassification items

None of the above had any significant effect on the balance sheet at the beginning of the preceeding financial year i.e 01 April 2018. Also, the above reclassification had no effect on the equity as at 01 April 2019.

53. 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 identification of slow-moving and obsolete inventories involved judgements considering the nature of the retail industry.

54. The other income for the year ended 31 March 2020 include (a) interest on income tax refunds received by the Parent 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.

55. During the current year, the store heads of two stores operated by Ethos Limited, a subsidiary company have embezzled inventory of Rs. 60.79 by fictitiously billing watches under credit sale, reporting watches under layaway and pilfering physical inventory. The Company has discovered the fraud when it has decided to close down one of the store and at the time of shifting the physical stock from the store due for closure to another store the stock as per books did not tallied with the physical stock available for transfer. The Company has lodged police complaint and initiated legal action to recover the loss, pending which, the subsidiary company has written off an amount of Rs. 33.25, net of insurance claim recoverable of Rs. 27.54 under fidelity insurance cover. Further, the Company has withheld an amount of Rs. 6.47 payable to these employees as on date.

56. World Health Organisation (WHO) declared outbreak of Coronavirus Disease (Covid-19) a global pandemic on 11 March 2020. Consequent to this, Government of India declared lockdown on 23 March 2020 and the Group temporarily suspended the operations in all the units of the Group in compliance with the lockdown instructions issued by the Central and State Governments. Covid-19 has impacted the normal business operations of the companies withing group by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities and stores etc. during the lock-down period which has been extended till 17 May 2020. However, limited production and supply of goods has commenced on during the month of April 2020 on one of the manufacturing unit of the Group and during the month of May 2020 on all the other manufacturing units/stores of the Group.

The Group has made detailed assessment of its liquidity position for the next year and the recoverability and 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 situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the Covid-19 which may be different from that estimated as at the date of approval of these consolidated audited financial results. The Group will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

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

The Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench, has passed an order 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 Act. Accordingly, the Board of Directors of the Holding Company at its meeting held on 03 December 2019 and 26 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 01 April 2017 to 01 April 2019.

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

Anil Gupta
Partner
Membership no. : 87921
Place : New Delhi
Date : 27 June 2020

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

Place : Chandigarh
Date : 27 June 2020

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

Brahm Prakash Kumar
Company Secretary
Membership No.FCS7519

If undelivered please return to
KDDL Limited
SCO 88-89, Sector 8-C,
Madhya Marg, Chandigarh - 160 009

Printed at : Azad Offset Printers, 144, Press Site, Ind. Area-1, Chandigarh
9814011543, 9814111543, 9914111543