



KDDL Limited

ANNUAL REPORT  
2021 - 2022

# KDDL Limited

## BOARD OF DIRECTORS

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

\*Resigned w.e.f. 30<sup>th</sup> June, 2022

\*\*Appointed w.e.f. 28<sup>th</sup> July, 2022

## COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Brahm Prakash Kumar

## BANKERS

Bank of India  
IDBI Bank Limited  
Yes Bank  
State Bank of India

## 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 .....	20
Management Discussion & Analysis Report .....	48
Report on Corporate Governance .....	61
Business Responsibility Report.....	82
Independent Auditors' Report .....	90
Balance Sheet .....	105
Statement of Profit and Loss .....	106
Statement of changes in equity .....	107
Cash Flow Statement.....	108
Significant Accounting Policies .....	110
Consolidated Accounts.....	195

## **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 42<sup>nd</sup> Annual General Meeting (AGM) of KDDL Limited will be held on Tuesday 27<sup>th</sup> September, 2022 at 12:00 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 the company at Plot No 3, Sector-III, Parwanoo, District salon, (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 31<sup>st</sup> March, 2022, the reports of the Board of Directors and Auditors thereon.
2. To declare final dividend of Rs. 3 per equity share (@30%) for the financial year ended 31<sup>st</sup> March, 2022.
3. To re- appoint Mr. Jai Vardhan Saboo (DIN: 00025499) 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 borrow money(s) from its shareholders 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 the period 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. Sanjiv Sachar (DIN: 02013812) 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 recommendations of Nomination & Remuneration Committee and Board of Directors in their respective meetings held on 29<sup>th</sup> January, 2022, the consent of the Members of the Company be and is hereby accorded for the reappointment of Mr. Sanjiv Sachar (DIN: 02013812) who was appointed as an Independent Director of the Company for a period of 5(Five) years from 7<sup>th</sup> March, 2017 till 6<sup>th</sup> March, 2022” 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 as an Independent Director not liable to retire by rotation to hold office for a second term of 5 (five) consecutive years commencing from 7<sup>th</sup> March, 2022 to 6<sup>th</sup> March, 2027.”

**“RESOLVED FURTHER THAT** the Board of Directors (including its committee thereof) 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 (including filing of necessary forms and submitting intimation with all concerned regulatory authorities) as may be necessary, proper or expedient in this regard.”

**6. To appoint Mr. Nagarajan Subramanian (DIN: 02406548) 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 (“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 recommendations of Nomination & Remuneration Committee and Board of Directors in their respective meetings held on 28<sup>th</sup> July, 2022, the consent of the Members of the Company be and is hereby accorded for the appointment of Mr. Nagarajan Subramanian (DIN: 02406548), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors w.e.f 28<sup>th</sup> July, 2022 and holds office up to the date of this Annual General Meeting 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 the Listing Regulations, as an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of 4 (four) consecutive years commencing from 28<sup>th</sup> July, 2022 to 27<sup>th</sup> July, 2026.”

**“RESOLVED FURTHER THAT** the Board of Directors (including its committee thereof) 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 (including filing of necessary forms and submitting intimation with all concerned regulatory authorities) as may be necessary, proper or expedient in this regard.”

**7. To appoint Mrs. Neelima Tripathi (DIN: 07588695) 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 (“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 recommendations of Nomination & Remuneration Committee and Board of Directors in their respective meetings held on 28<sup>th</sup> July, 2022, the consent of the Members of the Company be and is hereby accorded for the appointment of Mrs. Neelima Tripathi (DIN: 07588695), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors w.e.f 28<sup>th</sup> July, 2022 and holds office up to the date of this Annual General Meeting and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations, as an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of 5 (five) consecutive years commencing from 28<sup>th</sup> July, 2022 to 27<sup>th</sup> July, 2027.”

**“RESOLVED FURTHER THAT** the Board of Directors (including its committee thereof) 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 (including filing of necessary forms and submitting intimation with all concerned regulatory authorities) as may be necessary, proper or expedient in this regard.”

**8. Amendment in Articles of Association of the Company.**

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

**“RESOLVED THAT** pursuant to provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the members of the Company be and is hereby accorded to amend the Articles of Association of the Company as follows :

**(i) Insertion the following new article 12C after the existing clause 12B :**

**“12C- Buy back of Securities”**

Subject to the applicable provisions of the Companies Act, 2013 for the time being in force and corresponding provisions and guidelines prescribed by the Securities and Exchange Board of India or any other authority and rules made thereunder, the Company may purchase its own Shares or other Securities, and the Board of Directors may, when and if thought fit, buy back such of the Company's own Shares or Securities as it may think necessary, subject to such limits, upon such terms and conditions and subject to such approvals as required under the Companies Act, 2013, SEBI Regulations or any other competent authority, as may be permitted by Law.

**“RESOLVED FURTHER THAT** the Board of Directors (including its committee thereof) 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 (including filing of necessary forms and submitting intimation with all concerned regulatory authorities) as may be necessary, proper or expedient in this regard.”

9. **Approval for One Time Value Creation Award for Mr. Yashovardhan Saboo, Chairman & 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 the provisions of Sections 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), read with rules made thereunder, applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company and based on the recommendations of Nomination and Remuneration Committee, the Board of Directors and subject to all statutory approvals, if any, the consent of the members of the Company be and is hereby accorded for the payment of One Time Value Creation Award of 2% of the gain in the value of total investment of KDDL in Ethos Limited i.e. the value of total investment at the price per share allotted in IPO of Ethos Limited over its book value as on date of IPO, amounting to Rs. 1900 lacs (One thousands nine hundred lacs) only subject to TDS and all other statutory deductions, if any, to Mr. Yashovardhan Saboo, Chairman & Managing Director of the Company on such terms and conditions as the Board of Directors (including its committee thereof) may determine in best interest of the Company.”

**“RESOLVED FURTHER THAT** the Board of Directors (including its committee thereof) 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 (including filing of necessary forms and submitting intimation with all concerned regulatory authorities) as may be necessary, proper or expedient in this regard.”

10. **Ratification of Remuneration to Cost Auditor for the financial year 2022-23**

To consider and if thought fit, to pass, with or without modification, 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 2022-23 amounting to Rs. 50,000/- (Rs. Fifty thousands) only plus GST & out of pocket expenses incurred in connection with the audit, be and is hereby ratified and confirmed”

**“RESOLVED FURTHER THAT** the Board of Directors (including its committee thereof) 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 (including filing of necessary forms and submitting intimation with all concerned regulatory authorities) as may be necessary, proper or expedient in this regard.”

**Date: 28<sup>th</sup> July, 2022**

**Place: Chandigarh**

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

**Brahm Prakash Kumar**  
**Company Secretary**

### NOTES:

1. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, setting out the details pertaining to Special Business at the Annual General Meeting (the "AGM"), is annexed hereto.
2. Pursuant to the General Circular nos. 14/2020, 17/2020, 20/2020, 02/2021 issued by the Ministry of Corporate Affairs (MCA) and Circular no. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 issued by the SEBI (hereinafter collectively referred to as "the Circulars"), the companies are allowed to hold AGM through Video Conference (VC) or Other Audio Visual Means (OAVM), without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM. The deemed venue for the AGM shall be Registered office of the Company.
3. Since the AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.
4. In compliance with the aforesaid MCA Circulars, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company or CDSL / NSDL ("Depositories"). Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website [www.kddl.com](http://www.kddl.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. In accordance with Secretarial Standard -2 on General Meetings issued by institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standard-1 and 2 dated 15<sup>th</sup> April, 2020 issued by the ICSI, the proceeding of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be deemed venue of the AGM. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
6. The Shareholders of the Company at 39<sup>th</sup> 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 39<sup>th</sup> Annual General Meeting of the Company till the conclusion of the 44<sup>th</sup> 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 7<sup>th</sup> May, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing AGM.
7. The Register of Member and the Share Transfer books of the Company will remain closed from 20<sup>th</sup> September, 2022 to 27<sup>th</sup> September, 2022 (both days inclusive) for the purpose of 42<sup>nd</sup> 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 Registrars 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 provisions of Regulation 40 (1) of the Securities and Exchange Board of India (Listing Obligation and disclosure Requirements) Regulation, 2015, effective from April 1, 2019, transfer of securities of the company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in corporate actions.
10. In accordance with the provisions of Section 124 of the Companies Act, 2013 and rules made thereunder, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. In terms of the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amount lying with the Company on its website.
11. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ RTA.
13. As required under regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant details of Director retiring by rotation and/or seeking re-appointment at the ensuing AGM are furnished as annexure A to this notice of AGM.
14. The Shareholders who have not registered their e-mail address are requested to update their e-mail addresses 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 42<sup>nd</sup> Annual General Meeting and the Annual Report for 2021-22 will also be available on the Company's website [www.kddl.com](http://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](mailto: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 participate and vote 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/Authority Letter etc. authorizing their representative to attend and vote.
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. All documents referred in the notice will also be available for electronic inspection without any late fee by the members.

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

**20. Remote E-voting :**

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

The remote e-voting period shall commence on Thursday, 22<sup>nd</sup> September, 2022 at 9:00 a.m. and ends on Monday, 26<sup>th</sup> September, 2022 at 5:00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Tuesday 20<sup>th</sup> September, 2022 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday 20<sup>th</sup> September, 2022.

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

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

**Step 1: Access to NSDL e-Voting system**

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider – NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>
Individual Shareholders holding securities in demat mode with CDSL.	<ol style="list-style-type: none"> <li>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com /myeasi/ home/ login</a> or <a href="https://web.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi /Registration /Easi Registration</a></li> </ol>

	4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

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

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

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

## KDDL Limited

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

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

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

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

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

- Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).



- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- 7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
  - 8. Now, you will have to click on “Login” button.
  - 9. After you click on the “Login” button, Home page of e-Voting will open.

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

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

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

### **General Guidelines for shareholders**

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

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

- 1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the

share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investor@masserv.com or investor.complaints@kddl.com

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), 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 investor@masserv.com or ajaykcs@gmail.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

### **THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-**

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

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

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

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investor.complaints@kddl.com . The same will be replied by the company suitably.

### **General Instructions**

- i. 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 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.
- ii. Shri Ajay Kumar Arora, Practicing Company Secretary (Membership No. FCS-2191 & CP No. 993), has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- iii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting for all those members who are present VC/OAVM at the AGM but have not cast their votes by availing the remote e-voting facility.
- iv. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him, who shall countersign the same and declare the result of the voting forthwith.
- v. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kddl.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE Limited and National Stock Exchange of India.
- vi. The resolutions shall be deemed to be passed on the date of AGM subject to the receipt of sufficient votes through a compilation of voting results (i.e. remote e-voting along with the voting held at the AGM).

### **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, approval of shareholders is sought by way of an Ordinary Resolution 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 are 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

Mr. Sanjiv Sachar (DIN: 02013812) is an Independent Director of the Company and his first term of five years was completed on 6<sup>th</sup> March, 2022. As per Section 149(10) of Companies Act, 2013 ("the Act") read with regulation 25(2A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), 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. Sanjiv Sachar 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 Listing Regulations along with a declaration under Section 164(2) of the Act read with the rules made there under, confirming he is not disqualified to be re-appointed as a Director of the Company. The Company has also received consent in writing from him to act as Director of the Company and a declaration that he is not debarred from holding of office of Director pursuant to any SEBI order.

In the opinion of the Board, Mr. Sanjiv Sachar fulfils the conditions for re-appointment as an Independent Director as specified in the Act/Listing Regulations and he is independent of the management. The Board of Directors, on the basis of the report of performance evaluation and considering his knowledge, skills and experience, has recommended re-appointment of Mr. Sanjiv Sachar as an Independent Director of the Company for second term of 5 (five) consecutive years commencing from 7<sup>th</sup> March, 2022 to 6<sup>th</sup> March, 2027, not liable to retire by rotation.

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

No Director, Key Managerial Personnel and their relatives except appointee himself, are in any way, concerned or interested in the resolution, set out at item no. 5 of the notice.

The Board recommends the Resolution set out at item no. 5 of the notice for the approval of the members as a Special Resolution.

### ITEM NO. 6

The Board of Directors appointed Mr. Nagarajan Subramanian (DIN: 02406548) as an Additional (Independent) Director of the Company with effect from 28<sup>th</sup> July, 2022 who in terms of the provisions of Section 161(1) of the Act, shall hold office upto the date of this Annual General Meeting and is eligible for the appointment as an Independent Director.

Pursuant to the provisions of Section 150(2) read with Section 152(2) of the Act, the appointment of Independent Director shall be approved by the members of the Company in general meeting. Also, in terms of the provisions of regulation 25(2A) of the SEBI Listing Regulations, the appointment of an Independent Director of a listed entity, shall be subject to the approval of shareholders by way of a Special Resolution. Mr. Nagarajan Subramanian (DIN: 02406548) 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 appointed as a Director of the Company. The Company has also received consent in writing from him to act as Director of the Company and a declaration that he is not debarred from holding of office of director pursuant to any SEBI order.

In the opinion of the Board, Mr. Nagarajan Subramanian (DIN: 02406548) fulfils the conditions for appointment as an Independent Director as specified in the Act/Listing Regulations and he is independent of the management. Considering his knowledge, skills and experience, the Board of Directors has recommended the appointment of Mr. Nagarajan Subramanian as an Independent Director for a term of 4 (four) consecutive years



w.e.f. 28<sup>th</sup> July, 2022 on the Board of the Company. The brief profile, specific areas of his expertise and other information as required under Listing Regulations are provided at the end of the notice.

No Director, Key Managerial Personnel and their relatives except appointee himself, are in any way, concerned or interested in the resolution, set out at item no. 6 of the notice.

The Board recommends the Resolution set out at item no. 6 of the notice for the approval of the members as a Special Resolution.

### **ITEM NO. 7**

The Board of Directors appointed Mrs. Neelima Tripathi (DIN: 07588695), as an Additional (Independent) Director of the Company with effect from 28<sup>th</sup> July, 2022 who in terms of the provisions of Section 161(1) of the Act, shall hold office upto the date of this Annual General Meeting and is eligible for the appointment as an Independent Director.

Pursuant to the provisions of Section 150(2) read with Section 152(2) of the Act, the appointment of Independent Director shall be approved by the members of the Company in general meeting. Also, in terms of the provisions of regulation 25(2A) of the SEBI Listing Regulations, the appointment of an Independent Director of a listed entity, shall be subject to the approval of shareholders by way of a Special Resolution. Mrs. Neelima Tripathi (DIN: 07588695) has given a declaration to the effect that she 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 she is not disqualified to be appointed as a Director of the Company. The Company has also received consent in writing from her to act as Director of the Company and a declaration that she is not debarred from holding of office of director pursuant to any SEBI order

In the opinion of the Board, Mrs. Neelima Tripathi (DIN: 07588695), fulfils the conditions for appointment as an Independent Director as specified in the Act/Listing Regulations and she is independent of the management. Considering her knowledge, skills and experience, the Board of Directors has recommended the appointment of Mrs. Neelima Tripathi as an Independent Director for a term of 5 (five) consecutive years w.e.f. 28<sup>th</sup> July, 2022 on the Board of the Company. The brief profile, specific areas of her expertise and other information as required under Listing Regulations are provided at the end of the notice.

No Director, Key Managerial Personnel and their relatives except appointee herself, are in any way, concerned or interested in the resolution, set out at item no. 7 of the notice.

The Board recommends the Resolution set out at item no. 7 of the notice for the approval of the members as a Special Resolution.

### **ITEM NO. 8**

The Companies Act, 2013 (the act) allows the Companies to buy-back its own shares and securities. These shares/securities can be bought back only if the Company is authorised by Articles of Association. In terms of the above requirement, it is proposed to insert new article 12C after existing article 12B in the Articles of Association of the Company as set out in detail in the resolution.

Provisions of Section 14 of the act requires that a company may, by a special resolution, alter its Articles of Association of the Company, accordingly, approval of shareholders by way of Special Resolution is being sought through this resolution.

No Director, Key Managerial Personnel and their relatives are 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.

A copy of the new Articles of Association is available for inspection at the Registered Office of the Company during business hours on any working day between 11:00 am to 2:30 pm up to the date of the Annual General Meeting.

### **ITEM NO. 9**

Mr. Yashovardhan Saboo, Chairman & Managing Director of the Company was involved in promotion of KDDL in 1981 and has since led it to the position of market leadership in the business of high-quality watch components in India and abroad. He founded Ethos in 2003, initially as a division of KDDL; in the year 2007, it was re-structured as a separate company, which eventually became Ethos Limited.

As Managing Director of Ethos Limited Mr. Y. Saboo has been instrumental in raising Ethos Limited from a one store company to a largest retail chain of luxury Swiss watches in India. He has built strong brand relationships and architected the platform for our strategic business direction. With the strong leadership skills and vast experience in luxury retail business that he brought in the organisation, Ethos could paved its way for raising funds from public by way of an IPO and because of his vision and mission to get Ethos listed, the Company finally got listed on BSE Limited and National Stock Exchange of India Limited 30<sup>th</sup> May, 2022.

The strategic vision and diligent efforts of Mr. Y. Saboo has led to the creation of very significant value for all the stakeholders of KDDL Ltd. Besides the high standing and reputation of Ethos and KDDL in the global watch business, the value of the investment made by KDDL in the Ethos business has increased manifold. The value of investment in Ethos amounting to Rs. 11,385 lacs (63.53 % shareholding held directly) had increased to Rs. 1,06,410 lacs ( based on the calculation of no. of shares held prior to IPO x Issue price of IPO). In addition, the Company held 12.02 % shareholding of Ethos Limited through Mahen Distribution Limited ( investment amount of Rs. 840 lacs) and its value had also increased to R.s. 20,134 lacs (based on the calculation of no. of shares held prior to IPO x Issue price of IPO).

In recognition of his inspirational leadership and value creation for KDDL, the Board of Directors at its meeting held on 28<sup>th</sup> July, 2022 pursuant to the recommendations of Nomination & Remuneration Committee (NRC) and subject to the approval of Shareholders and all other approval including statutory approvals, if any, proposed one time value creation award of 2% of the gain in the value of the total investment of KDDL in Ethos Ltd. i.e. the value of the total Investment at the price per share allotted in IPO of Ethos Limited over its book value as on the date of IPO.

The award would amount to Rs. 1900 lacs calculated at 2% of the difference between the investment value of Rs. 93.51 per share as on 31<sup>th</sup> March 2022 and the IPO issue price Rs. 878 per share, for the total shareholding of 1,21,19,588 shares held by KDDL in Ethos as on 31<sup>th</sup> March 2022.

No Director, Key Managerial Personnel and their relatives except Mr. Yashovardhan Saboo are in any way, concerned or interested in the resolution, set out at item no. 9 of the notice.

The Board recommends the Special Resolution as set out at item no. 9 in the notice for approval by the members.

### **ITEM NO. 10**

The Board of Directors at its meeting held on 28<sup>th</sup> July, 2022 upon the recommendation of the Audit Committee, 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 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023 at a remuneration of Rs. 50,000/- (Rs. Fifty thousand ) only plus GST & out-of pocket expenses on actual basis.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (as amended from time to time) the remuneration as mentioned above, payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2023, 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 as set out at item No. 10 of the notice for approval by the Members.

Date: 28<sup>th</sup> July, 2022

Place: Chandigarh

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

**Brahm Prakash Kumar**  
**Company Secretary**

**Details of Directors seeking appointment/re-appointment at 42<sup>nd</sup> Annual General Meeting :**

<b>Name of the Director</b>	<b>Mr. Jai Vardhan Saboo</b>	<b>Mr. Sanjiv Sachar</b>	<b>Mr. Nagarajan Subramanian</b>	<b>Mrs. Neelima Tripathi</b>
Date of birth	7 <sup>th</sup> July, 1963	4 <sup>th</sup> October 1957	10 <sup>th</sup> April, 1956	11 <sup>th</sup> September, 1963
Date of first appointment on the Board	12 <sup>th</sup> December, 2016	7 <sup>th</sup> March, 2017	28 <sup>th</sup> July, 2022	28 <sup>th</sup> July, 2022
Date of re-appointment	11 <sup>th</sup> September, 2019	7 <sup>th</sup> March, 2022	NA	NA
Profile/Expertise in specific functional areas	<p>Mr. Jai Vardhan Saboo is a Promoter Director of our company since 2017. He serves as the Chief Executive Officer of Harmonia Holdings Group LLC, a leading systems integrator and information technology services company in the United States. Mr. Saboo also has various other business interests in the US and is an active angel investor in startups around the world. He is an active philanthropist and serves on the national board for Pratham USA. He has over 30 years of international business experience in multiple industries and is an alumnus of the Kellogg School of Management at Northwestern University and the Wharton School at the University of Pennsylvania.</p>	<p>Mr. Sanjiv Sachar retired on October 31, 2016 as the Senior Partner of Egon Zehnder, the world's largest privately held executive search firm. Mr. Sanjiv set up the Egon Zehnder practice in India in 1995 and has played a key role in establishing the firm as a market leader in the executive search space across various industry segments. For 5 years Mr. Sanjiv was the India Country Head. In addition, he was a core member of the Firm's Global Financial Services and Industrial Practice and led the CFO practice in India. In 1985, Mr. Sanjiv co-founded a Chartered Accountancy and Management Consulting firm, Sachar Vasudeva &amp; Associates. He also co-founded an Executive Search Firm, Direct Impact. Mr. Sanjiv started his corporate career in the finance function with SRF Nipponenso (now known as Denso), one of the world's largest manufacturer of starter motors. Post qualifying as a Chartered Accountant in 1982, Mr. Sanjiv started his career with the management consulting division of A F Ferguson (now part of Deloitte).</p>	<p>He graduated in Mechanical Engineering ( Madras University, 1978 ) and did post-graduate Diploma in Management from IIM, Ahmedabad ( 1980 ).</p> <p>He has worked in various positions in sales and marketing, business development and strategic planning with 3 blue-chip companies ( Voltas Limited; Titan Industries Ltd and Walt Disney India Pvt. Ltd ). He set up the highly successful Retail chain "World of Titan" and made it an Indian benchmark for successful franchising of a retail concept. He left Walt Disney India P. Ltd as the Country Director for Disney Consumer Products in 1995 and set up an ethos consulting to advise lifestyle retail businesses in scaling up profitably. He also represented Warner Bros Consumer Products as their India representative for over 10 years, leveraging the skillsets in retailing; franchising and licensing. Some of the marquee clients include Mattel Toys Ltd., Ethos Ltd., Fossil India P Ltd., Triumph International, Warner Bros. Consumer Products; Baggit India P</p>	<p>She is B.A (Hons.) Economics from Sri Ram College of Commerce, qualified Chartered Accountant and Law Graduate. She is registered with the Bar Council of Delhi and a practising Senior Advocate. She has over 25 years of experience in handling Civil Suits, Commercial Courts matters, Arbitrations, Writ Petitions, Corporate Commercial Transactions, Real Estate Advisory, Criminal matters, Constitutional issues, Appearances at Tribunals and Courts. She has also taught as Adjunct Professor at Jindal Global Law University and is also engaged with two NGOs working for women empowerment. Presently, She is an Independent Director on the Board of Ethos Limited</p>



Name of the Director	Mr. Jai Vardhan Saboo	Mr. Sanjiv Sachar	Mr. Nagarajan Subramanian	Mrs. Neelima Tripathi
		Mr. Sanjiv was Government of India's nominee for five years on the first board constituted of Indian Institute of Management, Rohtak. In addition, he was the member of the Strategic Advisory Committee of the Board on HR for Bank of Baroda. He is currently on the boards of HDFC Bank and KDDL Chandigarh (holding company of Ethos Watches). In addition, Mr. Sanjiv is the Chairman of Delhi Chapter of Social Venture Partners, a global philanthropic network.	Ltd., just to name a few. Presently, he is an Independent Director on the Board of Ethos Limited. He is a life-time member of Centre for Independent Directors (IICA)	
Qualification	M. Tech, MBA.	Bachelor degree (Economic Honours) from Delhi University Hindu College and Fellow Member of the Institute of Chartered Accountants of India	Mechanical Engineering post-graduate Diploma in Management from IIM, Ahmedabad	B.A (Hons.) Economics, Qualified Chartered Accountant and Law Graduate.
No. Board Meetings attended in financial year 2021-22	4	10	NA	NA
Directorship held in other Public companies (excluding foreign company and section 8 company)	NA	HDFC Bank	Ethos Limited	Ethos Limited
Membership/ Chairmanship of Committees of other Public companies (includes only Audit Committee and Stakeholders' Relationship Committee)	NA	Member of Audit Committee of HDFC Bank	Member of Audit Committee	NA
Number of shares held in the Company	-	1521	-	-
Relationships with other directors/KMP	He is brother of Mr. Yashovardhan Saboo, Chairman & Managing Director of the Company.	NA	NA	NA

**BOARD'S REPORT**

Dear Members,

Your Directors present this 42<sup>nd</sup> Annual Report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March 2022.

**OPERATIONS AND PROSPECTS****Financial Results (Standalone and Consolidated)**

The summary of operating results for the year 2021-22 and previous 2 years is given below:

Particulars	Amount in Rs. millions					
	Standalone			Consolidated		
	2021-22	2020-21	2019-20	2021-22	2020-21	2019-20
Total Income	2,234.7	1,494.1	1,858.6	8,315.8	5,672.4	6,583.5
Profit before interest, depreciation and exceptional item	457.6	263.7	346.7	1,224.8	833.8	820.3
Less: Finance Cost	75.6	92.7	88.5	247.7	268.3	285.3
<b>Gross Profit</b>	<b>382.0</b>	<b>171.1</b>	<b>258.2</b>	<b>977.1</b>	<b>565.4</b>	<b>535.0</b>
Less: Depreciation and amortisation	117.1	119.5	119.3	453.8	460.4	480.6
Profit before Share of Profit / (Loss) of an associate	265.0	51.5	138.8	523.2	105.0	54.4
Share of Profit / (Loss) of an associate				-0.4	1.1	-3.3
Profit Before tax	265.0	51.5	138.8	522.9	106.1	51.1
Less: Tax Expense	58.9	17.6	47.6	151.3	36.5	70.7
<b>Net Profit / (Loss) for the Year</b>	<b>206.0</b>	<b>33.9</b>	<b>91.2</b>	<b>371.5</b>	<b>69.7</b>	<b>-19.7</b>
Other Comprehensive Income / (Loss) (OCI)	1.0	1.9	-4.9	7.1	-1.8	8.3
Total Comprehensive Income / (Loss) for the period	207.0	35.8	86.3	378.7	67.8	-11.4

**PERFORMANCE AND PROJECTIONS**

The performance for financial year 2021-22 was significantly better compared to previous year, which was severely affected due to pandemic COVID-19. Major markets, both domestic and exports witnessed healthy recovery and the economic activities and market conditions were continuously on the growth trajectory, as the COVID situation normalized, and large population is vaccinated. The manufacturing operations were curtailed for a month or so in the first quarter of the financial year and thereafter normal level of operations continued.

During the year, the Company achieved consolidated sales revenue of Rs. 8316 million against Rs. 5672 million in the previous year, registering a very robust growth of 46.6% against the decline of 13.8% in the previous year. The revenue growth was 26% over the financial year 2019-20. Profit before tax increased from Rs. 106.1 million to Rs. 522.9.

Sales revenue from manufacturing operations on standalone basis improved by 49.6% to Rs. 2234.7 million from Rs. 1494.1 million in the previous year. The company earned net profit after tax of Rs. 206 million against Rs. 33.9

million in the previous year.

### **Manufacturing Business Segments**

The largest revenue of the manufacturing business segment is from watch components. During 2021, the Swiss watch market, the principal destination for our exports, witnessed a growth of 2.7% higher than 2019 and growth of 31.2% compared to 2020, and recorded the ever-highest exports. While the overall demand of the Swiss watch market has improved, the major growth is in the higher price point watches, while the low- and medium-priced watch segments (Below CHF 3000) continue to decline. The domestic watch market was also strong and improved significantly compared to the previous year. All major domestic customers reported significantly improved performance and the demand continued to remain strong. The primary focus of the management during the year was to ensure that the customers' requirements were fulfilled without compromising on the safety and health of employees and associates.

The revenue of the Company from watch components business improved by 52.0% compared to previous year (24% growth over 2019-20). Sales in the domestic market improved by 79.1% (9.2% over 2019-20), while exports sales of watch components improved by 42.0% (32% over 2019-20). The growth trend of the watch component business clearly indicates that the company is gaining market share in India and abroad with its consistent track record of high quality, innovative product range, speed of response and the strong customer relationship.

The other major segment of revenue is from the precision stampings and tooling business, wherein the Company revenue improved by 34.0% over previous year (11% over 2019-20) compared to a decline of 17.2% in previous year. The revenue from domestic market remained at previous year levels while the revenue from exports improved by 106.7%. Direct exports improved during the year as many new customers were inducted. However, in the domestic market several business segments like electrical and electronics, auto ancillaries and aerospace and defense remained subdued and impacted by the travel restrictions and global supply chain issues. Our Company is also cautiously reducing its presence in the low margin business segments.

The revenue from ornamental packaging business of the company improved significantly by 109% compared to previous year (15% compared to 2019-20).

### **Prospects**

The order position is strong and likely to remain robust during the year with the normalization of market and economic environment. We believe that the China- plus-one strategy of the major players is likely to continue, and it will provide us the opportunity to enhance our market share in the coming quarters.

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

We will maintain our focus on enhancing revenue by structured marketing efforts including stronger digital presence to show case new products and features. Manufacturing excellence with the goals of world class delivery compliance, quality and turnaround time (TAT) will remain our key operational goals. For the current year, the revenue from the watch components business is expected to improve by 12~15% compared to financial year 2021-22.

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

During the year, company raised Rs. 24 crores from the rights issues proceeds wherein 1086,956 equity shares of Rs. 10 per share were issued at a premium of Rs. 220 per share. The proceeds of the rights issue were used primarily by investments (Direct and Indirect) in increasing the shareholding of the material subsidiary Ethos Ltd.

### **Retail Business Segment**

During the financial year FY 22, notwithstanding the impact of the second wave of Covid during Q1 and third wave in Q4., Our material subsidiary Ethos Limited has shown strong growth in terms of both revenue and profitability. Recovery after the greatly impacted FY 2020-21 was led by the strong digital initiative and a general improvement in consumer confidence and spending.

During the year, the Company opened 6 stores (including one lounge for Certified Pre-owned watches) and closed 2 under performing stores. The total count of stores increased to 50 from 46.

On standalone basis, the total income for FY 2022 grew by 46% to Rs. 5907.6 million, and on consolidated basis grew by 46% to Rs. 5900.6 million.

On standalone basis, the net profit after tax (PAT) for FY 2022 stood at Rs. 233.6 million as against previous year's net profit of Rs. 46.4 million thus recording a strong four-fold growth. Our net profit after tax (PAT) on consolidated basis for FY 2022 amounted for Rs. 2,33.9 million as compared to Rs. 47.6 million in the previous year.

The Company continued to use its digital communication capabilities to leverage our strong network of physical stores and continued to address consumer demand for premium and luxury watches across the country. The Company is cognizant of the fact that going forward the omni-channel platform of sales is going to play a crucial role as most customers now seamlessly move between online and offline spaces even for the purchase of luxury watches. Internet-led billings contributed ~33% of the Company's billings. The Company will continue to innovate and invest on marketing through digital mediums to keep the overall engagement high.

The Company is in the process of selling the brand-name "Ethos" and "Summit" to its subsidiary Company i.e. Ethos Limited pursuant to an agreement dated 01 January 2022 with Ethos Limited for transfer of brand names, trademarks, trade names, logos and all related rights for an amount of INR 3,900 lakhs. Out of INR 3,900 lakhs, 1/3rd of total amount had to be paid by Ethos Limited by 31 March 2022 as advance, 1/3rd of the payment will be made by Ethos Limited when trademark "Ethos" is transferred and registered in the name of Ethos Limited and remaining amount is to be paid when trade mark "Summit" is transferred and registered in the name of Ethos Limited. As per the terms of agreement the Company has received INR 1,300 lakhs as advance towards first tranche before March 31, 2022.

During the financial year under review, the Company invested in 3,59,442 equity shares (including 57,329 equity shares renounced by Mahen Distribution Limited, a subsidiary company) of Rs. 10 each amounting to Rs. 1,977 lakhs of Ethos Limited (a subsidiary company) at a price of Rs. 550 per equity share pursuant to Rights Issue of Ethos Limited. Also, the Company purchased 3,50,000 equity shares of Rs. 10 each amounting to INR 700 lakhs of Ethos Limited (a subsidiary company) from existing shareholders of Ethos Limited. Further, the Company sold 1,40,081 equity shares of Rs. 10 each through offer of sale in Initial Public Offering("IPO") of Ethos Limited at an Offer Price of Rs. 878 each.

Ethos Limited equity shares got listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022 subsequent to the listing and trading approvals obtained from both the exchanges. Ethos raised its equity through IPO and approved allotment of 42,71,070 Equity Shares of Rs. 10 each at a securities premium of Rs. 868 per share under Fresh Issue and offer for sale of 3,10,430 Equity Shares at an Offer Price of ₹ 878 per Equity Share, to the respective applicants in various categories, in terms of the basis of allotment approved in consultation with the authorized representative of BSE Limited(the "Designated Stock Exchange").



## Estima AG

In January 2019 the company acquired Estima AG, a Swiss watch hands manufacturing company in Grenchen, Switzerland with the objective of enhancing our market share among high-end Swiss watch brands.

During 2021-22, company reported revenue of CHF 2556 K as compared to CHF 2005 K in the 12 months period upto Mar-2021, thus registering a growth of 27%. However the operating loss of the company during the year increased to CHF 758 K as compared to a loss of CHF 107 K reported in the previous financial year.

During the year the company engaged additional manpower for expanding the capabilities and managerial bandwidth of the company. At the same time the company availed very limited financial support from Swiss government during the year.

The Company continues to focus on increasing its revenue and move up the value chain by improving and adding new capabilities and upgrading technology and infrastructure. The strong interest among potential customers to welcome a new watch hands supplier in the high-quality segment provides the necessary assurance for the growth of the revenue and profitability.

We remain confident that in the coming period we will witness healthy growth of revenue and the emergence of profitability.

## Pylania AG

The Company's subsidiary, Pylania SA in Switzerland showed improved profitability from all operational areas. During the year, company reported revenue of CHF 2668 K as compared to a revenue of CHF 1282 K recorded in previous year, registering a growth of 108%. The operating profit of the company also improved from CHF 209 K to CHF 276 K.

## Satva Jewellery and Design Ltd.

During the financial year, there was no change in business operations or the status of the company. KDDL board and shareholders have already approved the merger of this company with the parent company to bring synergy in the operations and to utilize its resources for creating value for shareholders. We expect the necessary approval from the NCLT soon for giving effect to the merger with the parent company.

## CHANGE IN SUBSIDIARIES

**(a) Kamla Tesio Dials Limited (KTDL):** The Company has acquired 39.99% of shareholding of KTDL, an associate Company, from its existing shareholders during the financial year ended 31<sup>st</sup> March, 2022. Consequently, the shareholding of KDDL Limited in KTDL has increased from 30% to 69.99% and accordingly, it has become subsidiary of KDDL Limited.

**(b) Mahen Distribution Limited (MDL):** The Company has acquired 1.28% of shareholding of MDL, a subsidiary Company, from its existing shareholders during the financial year ended 31<sup>st</sup> March, 2022. Consequently, the shareholding of KDDL Limited in MDL has increased from 98.72 % to 100% and accordingly, it has become wholly owned subsidiary of KDDL Limited.

## DEPOSITS

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

- |  |                   |
|--|-------------------|
| 1. Deposits Accepted/ renewed during the year                      | : Rs 10,74,76,000 |
| 2. Deposits outstanding at the end of the year                     | : Rs.25,87,90,000 |
| 3. Deposits remained unpaid or unclaimed as at the end of the year | : Rs. 16,70,000   |

4. Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number : NIL  
of such cases and the total amount involved
5. The details of deposits which are not in compliance : NIL  
with the requirements of Chapter

### TRANSFER TO RESERVES

The Board of Directors have decided to retain the entire amount of profits for the financial year 2021-22 in the profit and loss account and not to transfer any amount to the Reserves for the year under review.

### DIVIDEND

The Board of Directors of your company is pleased to recommend a final dividend of Rs. 3/- per equity share of the face value of Rs. 10/- each (@30%) for the financial year 2021-22, for the approval of the equity shareholders at the ensuing 42<sup>nd</sup> Annual General Meeting (AGM). The dividend, if approved at 42<sup>nd</sup> AGM, will be paid to those members who will be the members of the Company on the book closure date i.e. 20<sup>th</sup> September, 2022 and payment is subject to deduction of tax at source as may be applicable. In terms of regulation 43A of the SEBI Listing Regulations Dividend Distribution Policy is available on the Company's website <https://www.kddl.com/wp-content/uploads/PDF/Dividend%20Distribution%20Policy.pdf>

### CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and all the subsidiaries forms a part of this Annual Report and have been prepared in compliance with the applicable provisions of the Act, including Indian Accounting Standards specified under Section 133 of the Act. The audited Consolidated Financial Statements together with the Auditors' Report thereon form part of the Annual Report.

Pursuant to Section 129(3) of the Act, a statement containing salient features of the Financial Statements of each of the subsidiary in the prescribed Form AOC-1 as Annexure I forms part of the Annual Report.

The Financial Statements of the subsidiaries are available for inspection by the Members at the Registered Office of the Company pursuant to the provisions of Section 136 of the Act. The Company shall provide free of cost, a copy of the Financial Statements of its Subsidiary Companies to the Members upon their request. The statements are also available on the website of the Company and can be accessed at [www.kddl.com](http://www.kddl.com) under the 'Investors' section.

### CHANGE IN CAPITAL STRUCTURE

#### Issued and Subscribed Share Capital:

During the year under review, the Company had allotted 10,86,956 fully paid equity shares of Rs. 10 each to the eligible equity shareholders pursuant to the Rights Issue of the Company. Consequent to the said allotment, the paid up equity share capital of the Company stands increased from Rs. 11,65,01,080 consisting of 1,16,50,108 Equity Shares to Rs. 12,73,70,640/-consisting of 1,27,37,064 equity shares of Rs. 10 each. Further, the Company has not issued shares with differential voting rights.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN END OF THE FINANCIAL YEAR AND DATE OF REPORT

There have been no material changes and commitments for the likely impact affecting financial position between end of the financial year and the date of the report. Also, there has been no change in the nature of business of the Company.

## **SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## **PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186**

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Act, are given in the respective notes to the standalone financial statements of the Company.

## **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the SEBI (LODR) Regulations. There are no material significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons and their relatives which may have a potential conflict with the interest of the Company at large. Particulars of contracts or arrangements with related parties referred to Section 188(1) of the Act, in the prescribed form AOC-2 is annexed herewith as Annexure II.

All related party transactions are placed before the Audit Committee and the Board of Directors for their review and approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis for the transactions which are planned/repetitive in nature and omnibus approvals are taken as per the policy. Related party transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The Policy on Related Party Transactions as approved by the Board is available on the Company's website i.e [www.kddl.com](http://www.kddl.com)

## **DIRECTORS RESPONSIBILITY STATEMENT**

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the 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.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review, the shareholders of the Company at their 41<sup>st</sup> Annual General Meeting (AGM) reappointed Mr. Sanjeev Kumar Masown (DIN: 03542390) as Whole time Director with functional designation as Chief Financial for a period of three years w.e.f 31<sup>st</sup> May, 2021 till 30<sup>th</sup> May, 2024. He is also liable to retire by

rotation.

Basis the recommendations of Nomination and Remuneration Committee and considering the performance evaluation of Mr. Sanjiv Sachar, the Board, subject to the approval of Shareholders in ensuing AGM, reappointed Mr. Sachar as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years commencing from 7<sup>th</sup> March, 2022 to 6<sup>th</sup> March, 2027.

The Board of Directors, pursuant to the recommendations of Nomination & Remuneration Committee, at its meeting held on 28<sup>th</sup> July, 2022 appointed Mr. Nagarajan Subramanian and Mrs. Neelima Tripathi as an Additional Directors (Independent) who shall hold office up to the date of next Annual General Meeting of the Company. The Board also recommended their appointment as an Independent Director to the shareholders and necessary resolution for this purpose is given in the notice of AGM.

In accordance with the provisions of the Act and in terms of the Memorandum and Articles of Association of the Company, Mr. Jai Vardhan Saboo retires by rotation at the ensuing AGM and has offered himself for re-appointment.

Mr. Vishal Satinder Sood, Nominee Director of the Company has resigned from the Board w.e.f 30<sup>th</sup> June, 2022 due to his personal commitments. The Board placed on record deep appreciation of the valuable guidance and inputs and services rendered by him as a member of the Board.

None of the Key Managerial Personnel were appointed or resigned during the year. Pursuant to the provisions of Section 203 of the Act, Mr. Yashovardhan Saboo, Chairman & Managing Director, Mr. Sanjeev Kumar Masown – Whole time Director cum Chief Financial Officer and Mr. Brahm Prakash Kumar Company Secretary continue to be the Key Managerial Personnel of the Company.

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

### **BOARD MEETINGS**

During the year under review, ten (10) Board Meetings were convened and held, the details of which are given in the 'Corporate Governance Report', forms a part of this Report. The maximum interval between any two meetings did not exceed 120 days as prescribed under the Act.

### **BOARD COMMITTEES**

Details of the committees, along with their composition, charters and meetings held during the year, are provided in the 'Corporate Governance Report', forms a part of this Report. During the financial year 2021-22, the Board has accepted all the recommendations of its Committee.

### **BOARD EVALUATION**

The Board has carried out an annual performance evaluation of its own performance, board committees and of the directors individually (including Independent Directors) pursuant to the provisions of the Act and SEBI Listing Regulations. The performance was evaluated by the Board after following the prescribed procedure on the basis of criteria such as the board and committee composition and structure, effectiveness of board and committee processes, performance of duties and obligations, information and functioning, etc.

### **INDEPENDENT DIRECTORS**

A separate meeting of the Independent Directors was convened during the financial year under review, which reviewed the performance of the Board as a whole, the non-independent directors and the Chairman of the Company after taking into account the views of Executive and Non-executive Directors, assessed the quality, quantity and timeliness of flow of information between the Management and the Board of Directors that is

necessary for the Board of Directors to effectively and reasonably perform their duties and expressed satisfaction over the same.

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act, and Regulation 16(1)(b) of SEBI (LODR) Regulations. Further, all necessary declarations with respect to independence have been received from all the Independent Directors.

### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Board members are provided with the necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the various Board Meetings on business and performance updates of the Company, global business environment, business strategies and risks involved. Updates on relevant statutory changes on important laws are periodically presented to the Board. The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at: [www.kddl.com](http://www.kddl.com).

### **CREDIT RATING**

ICRA Limited has reaffirmed credit rating of fund based, non-fund based limits and fixed deposit programme of the Company and outlook revised from Stable to Positive as per below details:

<b>Instrument</b>	<b>Current Rating</b>
Fund based / Cash Credit	[ICRA]BBB+(Positive); Reaffirmed, outlook revised from Stable to Positive
Fund based / Term Loan	[ICRA]BBB+(Positive); Reaffirmed, outlook revised from Stable to Positive
Non-Fund based	[ICRA]A2; Reaffirmed
Fund based	[ICRA]A2; Reaffirmed
Fixed Deposits	MA-(Positive); Reaffirmed, outlook revised from Stable to Positive

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

KDDL's CSR initiatives and activities are aligned to the requirements of Section 135 of the Act and in compliance thereof, the Company had constituted a CSR Committee, the details of which are given in Corporate Governance Report, which forms a part of this report. The Company has also a CSR Policy in place which specifies CSR projects and activities to be undertaken by the Company as per the Schedule VII of the Act. The Company has spent the entire 2% of the net profits earmarked for CSR projects during the Financial Year 2021-22. The brief outline of the CSR policy of the Company and CSR activities undertaken by the Company during the year are set out in Annexure III in the prescribed format which forms part of this report.

### **ESTABLISHMENT OF VIGIL / WHISTLE BLOWER MECHANISM**

The Company has established a vigil/whistle blower mechanism for Directors, Employees and/or any other person dealing with the Company to report concerns about unethical behaviour, actual or suspected fraud, violation of the Company's Ethics Policy or instances of leak of unpublished price sensitive information. It also aims to safeguard the confidentiality and interest of such employees / other persons dealing with the Company against victimization who avail the mechanism and allows direct access to the Chairperson of the Audit Committee or Managing Director of the Company. During the year, no person was denied access to the Audit Committee. The Whistle blower Policy is available on our website, at <https://www.kddl.com/wp-content/uploads/PDF/Whistle%20Blower%20Policy.pdf>

### **NOMINATION & REMUNERATION POLICY**

The Company has in place a policy for remuneration, nomination, selection and appointment of Directors, KMPs

and Senior Management, approved by the Board of Directors. The Policy broadly lays down the guiding principles, criteria and the basis for payment of remuneration to the Executive and Non-Executive Directors (by way of sitting fees and commission), KMPs and Senior Management. The criteria for the selection of candidates for the above positions cover various factors and attributes, which are considered by the Nomination & Remuneration Committee and the Board of Directors while selecting candidates. The policy details are explained in Corporate Governance Report which forms part of the Annual Report. The policy can also be accessed at [https://www.kddl.com/wp-content/uploads/PDF/KDDL\\_Remuneration\\_Policies.pdf](https://www.kddl.com/wp-content/uploads/PDF/KDDL_Remuneration_Policies.pdf)

### **RISK MANAGEMENT FRAMEWORK**

The Company has in place a Risk Management framework to identify, evaluate and monitor various risks and challenges across the Company, that seek to minimise the adverse impact on business objectives and capitalise on opportunities. The Company's success as an organisation largely depends on its ability to identify such opportunities and leverage them while mitigating the risks that arise while conducting its business operations. The Company has also framed, developed and implemented a Risk Management policy to identify the various risks. This framework seeks to create transparency, minimise adverse impact on business objectives and enhance the Company's competitive advantage. The Company has also constituted a Risk Management Committee in accordance with the requirements of regulation 21 of the SEBI (Listing Obligations and Disclosures Requirements) Regulation 2015. For more details, please refer 'Risk, Threats and Concerns' section of the Management Discussion and Analysis Report, a part of this Report.

### **PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

As an organisation, the Company is committed to ensure that every employee is treated with dignity and respect and works in a conducive work environment, which promotes professional growth of employee and encourages equality of opportunity. The Company has zero tolerance towards any act on the part of any executive, which may fall under the ambit of 'sexual harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman executive working in the Company. The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company has complied with the provisions relating to the constitution of the Internal Complaints Committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, the Company has not received any complaint related to sexual harassment and accordingly, no complaint was pending as on 31<sup>st</sup> March, 2022.

### **CORPORATE GOVERNANCE**

The Board of Directors reaffirm their continued commitment to good corporate governance practices. A report on Corporate Governance and Certificate from the Company Secretary in Practice confirming compliance of conditions, as stipulated under SEBI (LODR) Regulations, forms an integral part of this Annual Report. The Managing Director of the Company has confirmed and declared that all the members of the Board and the senior management personnel have affirmed compliance with the code of conduct.

### **PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report as Annexure IV.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees is attached to this report as Annexure V.



### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars as prescribed under sub-section (3) (m) of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are furnished in Annexure-VI to the Board's Report.

### **AUDITORS AND AUDITORS' REPORT**

#### **Statutory Auditors**

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

The report of the Statutory Auditors forms part of Annual Financial Statements 2021-22 (Standalone and Consolidated). The said report does not contain any qualification, reservation or adverse remark. Information referred to in the Auditors' Reports are self-explanatory and do not call for any further comments.

#### **Cost Auditor**

During the year, the Company 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 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022.

The Board of Directors of the Company, on there commendations of the Audit Committee has reappointed M/s Khushwinder Kumar & Co. Cost Accountants (FRN:100123) as the Cost Auditor of the committee to conduct the audit of cost records of Company's EIGEN unit for the financial year 2022-23. As required under the Act read with the Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to Cost Auditors must be placed before the Members at a general meeting for ratification. Hence, a resolution for the same forms part of the notice of the ensuing AGM.

#### **Secretarial Auditor**

The Secretarial Audit Report for the financial year 2021-22 given by M/s A.Arora & Co.,PracticingCompany Secretaries (C.P.No.:993) is attached herewith as Annexure VII. There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditors in their Report. Information referred to in the Secretarial Auditors' Report are self-explanatory and do not call for any further comments.

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s A.Arora & Co.,Practicing Company Secretaries (C.P.No.:993), as the Secretarial Auditor for conducting Secretarial Audit of the Company for the financial year 2022-23.

### **REPORTING OF FRAUDS BY AUDITORS**

During the year under review, the Auditors did not report any matter under Section 143(12) of the Act, therefore, no detail is required to be disclosed under Section 134(3)(ca) of the Act.

### **SECRETARIAL STANDARDS**

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating accurately.

## **LISTING OF SHARES**

The shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited and the listing fee for the year 2022-23 has been duly paid.

## **BUSINESS RESPONSIBILITY REPORT**

As stipulated under the SEBI LODR, the Business Responsibility Report (BRR) describing the initiatives undertaken by the Company from an environment, social and governance perspective is attached and forms part of this Annual Report.

## **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31<sup>st</sup> March, 2022 is available on the website of the Company at <https://www.kddl.com>

## **TRADE RELATIONS**

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

## **ACKNOWLEDGEMENTS**

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

**Date : 28<sup>th</sup> July, 2022**  
**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 Lacs.)

Particulars	Pylania S.A.	Kamla International Holdings AG	Ethos Limited	Mahen Distribution Limited	Estima AG	Cognition Digital LLP	Kamla Tesio Dials Limited	Satva Jewellery & Design Limited
Name of the subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022
Reporting currency and Exchanger at as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rs Exchange rate: B/s CHF =80.98 P/LCHF=81.13	Rs Exchange rate: B/s CHF =80.98 P/LCHF=81.13	Rs.	Rs.	Rs Exchange rate: B/s CHF =80.98 P/LCHF=81.13	Rs.	Rs.	Rs.
Share capital	1,050.64	1,097.66	1,907.82	600.57	57.24	42.94	100.00	300.00
Reserves & surplus	402.80	125.17	21,260.68	(106.85)	(1,416.66)	363.17	(79.26)	(404.11)
Total assets	2,765.19	1,229.04	50,435.68	923.17	3,667.71	467.45	99.39	74.29
Total liabilities	1,311.75	6.21	27,267.18	429.45	5,027.13	61.34	78.6	178.40
Investments	-	138.07	-	840.03	-	-	-	-
Turnover	2,127.63	-	57,728.37	64.11	2,058.35	365.63	17.57	-
Profit before taxation	71.32	15.41	3,152.59	(40.24)	(614.84)	99.95	(44.13)	(13.85)
Provision for taxation	76.41	5.00	813.78	1.88	1.02	29.49	-	-
Profit after taxation	5.09	10.41	2,338.81	(42.12)	(615.86)	70.46	(44.13)	(13.85)
Proposed Dividend	-	-	-	-	-	-	-	-
% of shareholding	85%	100%	75.55%	100.00%	95.50%	99.99%	69.99%	100%

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

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

## KDDL Limited

### 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 Lacs)

Name of Associates/Joint Venture	Pasadena Retail Private Limited
1. Latest audited Balance Sheet Date	31-03-2022
2. Shares of Associate/ Joint Ventures held by the company	
Number	17,50,000
Amount of Investment in Associates/ Joint Ventures	175.00
Extent of Holdings %	50%
3. Description of how there is significant influence	Joint Venture Company
4. Reason why the associate/ joint venture is not consolidated	N.A.
5. Networth attributable to Shareholding as per latest audited Balance Sheet	157.47
6. Profit/ Loss for the Year	4.80
i. Considered in Consolidation	2.40
ii. Not Considered in Consolidation	2.40

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

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## 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.

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.	Estima AG	Business Transactions	Transactions in the normal course of business during 2021-22	i) Sale of Goods & Services ii) Purchase of Raw Material & Components iii) Job work charges received iv) Guarantee income	14-02-2020	NIL
2.	Ethos Limited	Business Transactions	Transactions in the normal course of business during 2021-22	i) Events and exhibition ii) Guarantee income iii) Investments made iv) Reimbursement of expenses paid by the Company v) Reimbursement of expenses received by the Company vi) Rent received vii) Sale of goods and services	14-02-2020	NIL
3.	Satva Jewellery & Design Limited	Business Transactions	Transactions in the normal course of business during 2021-22	i) Payment of lease liabilities ii) Interest income	23-09-2020	NIL
4.	Dream Digital Technology Limited	Business Transactions	Transactions in the normal course of business during 2021-22	i) Dividend paid	19-06-2021	NIL

5.	Vardhan Properties and Investment Limited	Business Transactions	Transactions in the normal course of business during 2021-22	i) Interest Paid/ accrued ii) Deposits from shareholders repaid iii) Dividend Paid	0.00 30.00 0.54	19-06-2021	NIL
6.	Mahen Distribution Limited	Business Transactions	Transactions in the normal course of business during 2021-22	i) Rent received ii) Contractual labour expenses iii) Investments made	0.60 39.04 237.93	13-11-2021	NIL
7.	Mr. R.K. Saboo.	Business Transactions	Transactions in the normal course of business during 2021-22	i) Employee benefit expense ii) Dividend paid iii) Payment made for acquisition of equity shares of MDL and KTDL	30.00 28.60 2.85	06-11-2019 19-06-2021 29-01-2022	NIL
8.	Mr. Yashovardhan Saboo	Business Transactions	Transactions in the normal course of business during 2021-22	i) Payment of lease liabilities ii) Compensation to key managerial personnel iii) Deposits from shareholders repaid iv) Dividend paid v) Payment made for acquisition of equity shares of MDL and KTDL	10.92 188.10 110.00 29.28 248.22	19-06-2021 29-01-2022	NIL
9.	Ms. Anuradha Saboo.	Business Transactions	Transactions in the normal course of business during 2021-22	i) Payment of lease liabilities ii) Payment made for acquisition of equity shares of MDL and KTDL iii) Dividend paid	18.20 4.18 6.55	19-06-2021 29-01-2022	NIL



10.	Ms .Usha Saboo	Business Transactions	Transactions in the normal course of business during 2021-22	i) Interest Paid/ accrued ii) Payment made for acquisition of equity shares of MDL and KTDL iii) Dividend paid	0.62 2.40 2.55	19-06-2021 19-01-2022	NIL
11.	Mr. Sanjeev Kumar Masown	Business Transactions	Transactions in the normal course of business during 2021-22	i) Compensation to key managerial personnel ii) Interest Paid/ accrued iii) Interest received iv) Repayment of loan given by the Company v) Dividend Paid	139.94 7.38 1.38 6.00 0.03	19-06-2021 28-09-2021	NIL
12	Mrs. Neeraj Masown	Business Transactions	Transactions in the normal course of business during 2021-22	i) Interest Paid ii) Deposits from shareholders accepted/renew iii) Deposits from shareholders repaid	4.42 21.42 16.23	19-06-2021 28-09-2021	NIL
13.	Mr. Lal Chand Masown	Business Transactions	Transactions in the normal course of business during 2021-22	i) Deposits from shareholders accepted/renew ii) Deposits from shareholders repaid iii) Interest Paid	6.54 5.44 1.45	28-09-2021	NIL
14.	Mr. Anil Khanna	Business Transactions	Transactions in the normal course of business during 2021-22	i) Interest Paid/accrued ii) Director sitting Fee iii) Dividend Paid	8.72 5.40 0.04	19-06-2021 28-09-2021 09-08-2018	NIL
15.	Mrs. Alka Khanna	Business Transactions	Transactions in the normal course of business during 2021-22	i) Interest Paid/ accrued ii) Deposits from shareholders accepted/renew iii) Deposits from shareholders repaid	2.46 21.80 22.80	28-09-2021	NIL
16.	Mrs. Ranjana Agarwal	Business Transactions	Transactions in the normal course of business during 2021-22	i) Interest Paid/accrued ii) Director sitting Fee iii) Deposits from shareholders accepted/renew iv) Deposits from shareholders repaid	77.31 5.40 380.45 178.00	28-09-2021 09-08-2018	NIL

17.	Mr. Praveen Gupta	Business Transactions	Transactions in the normal course of business during 2021-22	i) Director sitting Fee ii) Deposits from shareholders accepted/renew iii) Interest paid/ accrued	5.10 30.00 0.98	09-08-2018 28-09-2021	NIL
18.	Mr. Sanjiv Sachar	Business Transactions	Transactions in the normal course of business during 2021-22	i) Director sitting Fee ii) Dividend Paid	3.70 0.02	09-08-2018 19-06-2021	NIL
19.	Mr. Jai Vardhan Saboo	Business Transactions	Transactions in the normal course of business during 2021-22	i) Director sitting Fee	1.20	09-08-2018	NIL
20.	Cognition Digital LLP	Business Transactions	Transactions in the normal course of business during 2021-22	i) Rent Received	0.60	Existing Contract	Nil
21.	Salonee Khanna	Business Transactions	Transactions in the normal course of business during 2021-22	i) Deposits from shareholders accepted/renew ii) Interest Paid/accrued iii) Deposits from shareholders repaid	1.65 0.53 1.50	28-09-2021	NIL
22.	Kamla Tesio Dials Limited	Business Transactions	Transactions in the normal course of business during 2021-22	i) Investments made ii) Job work charges paid iii) Rent received	20.00 17.57 5.18	28-09-2021	NIL
23	Mr. Pranav Shankar Saboo	Business Transactions	Transactions in the normal course of business during 2021-22	i) Dividend paid ii) Payment made for acquisition of equity shares of MDL and KTDL	12.16 0.10	19-06-2021	NIL

24	Ms. Satvika Saboo	Business Transactions	Transactions in the normal course of business during 2021-22	i) Dividend paid ii) Management consultancy fees paid iii) Payment made for acquisition of equity shares of MDL and KTDL	2.27 14.54 0.13	19-06-2021 12-11-2021	NIL
25	Pylania SA	Business Transactions	Transactions in the normal course of business during 2021-22	i) Job work charges paid ii) Purchase of raw material and components iii) Reimbursement of expenses paid by the Company iv) Sale of goods and services	16.27 142.88 57.13 1606.61		NIL
26	Saboo Housing Projects LLP	Business Transactions	Transactions in the normal course of business during 2021-22	i) Payment of lease liabilities	3.50		NIL
27	Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	Business Transactions	Transactions in the normal course of business during 2021-22	i) Dividend paid	1.17	19-06-2021	NIL
28	Shri Yasho Vardhan Saboo a/c Yasho Vardhan HUF	Business Transactions	Transactions in the normal course of business during 2021-22	i) Dividend paid ii) Payment made for acquisition of equity shares of MDL and KTDL	0.83 0.05	19-06-2021 29-01-2022	NIL

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2021-22**

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

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

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

S.No.	Particulars	Net Profit (Rs. in Lakhs)
1	For financial year 2020-21	531.21
2	For financial year 2019-20	1399.00
3	For financial year 2018-19	2229.49
4	Total (1+2+3)	4159.70
5	Average Net Profits (Rs. 5463.06/3)	1386.57
6	Prescribed CSR expenditure (being 2% of the average net profits as stated in point 5 above)	27.73

## KDDL Limited

7.
  - a. Two percent of average net profit of the Company as per Section 135(5): Rs. 27.73 lacs
  - b. Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil
  - c. Amount required to be set-off for the financial year, if any: Nil
  - d. Total CSR obligation for the financial year (7a+7b-7c): Rs. 27.73 lacs
8. (a) CSR amount spent or unspent for the financial year:

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

**8 (b) The details of CSR projects undertaken by KDDL Limited during the financial year 2021-22 is given below:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the project	Item from the list of Activities in Schedule VII to the Act	Local area (Yes /No).	Location of the project.		Project duration	Amount allocated for the project (in Rs. lakhs)	Amount spent in the current financial Year (in ₹ lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs lakhs)	Mode of Implementation Direct (Yes /No).	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR registration
1.	Cauvery Calling” project, as a part of Million Tree project	Tree Plantation	No	Throughout India		Ongoing	5.88	5.88	Nil	No	Isha Outreach	CSR00009670
2	Heart to Heart Society	Medical help for the poor and needy patients	Yes	Chandigarh		Ongoing	1.00	1.00	Nil	No	Heart to Heart Society	CSR00027173
	TOTAL						6.88	6.88	Nil			

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the project	Item from the list of activities i n Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (Rs.in lakhs)	Mode of implementati on – Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR registration
1	Distribution of Covid Kits	Contribution for distribution of Covid Kits	No	Throughout India		1.50	No	Utkarsh Global Foundation	CSR00003183
2	Covid Relief	Contribution for Covid Relief	Yes	Chandigarh		0.50	No	Tera hi Tera Foundation	CSR00005804
3	Covid relief facility including	Contribution for Covid care related activities	No	Throughout India		13.50	Yes	-	-
4	Distribution of Oxygen Concentrators	Promoting Health care	Yes	Chandigarh		19.69	Yes	-	-
5	Contribution for	Sanitation related activities	Yes	Chandigarh		0.35	Yes	-	-
	TOTAL					35.59			

(d) Amount spent in administrative overheads: Nil

(e) Amount spent on impact assessment, if applicable: Not applicable

(f) Total amount spent for the financial year (8b+8c+8d+8e): Rs. 42.47 lacs

(g) Details of excess amount for set-off are as follows:

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



**Particulars of Employees**
**Annexure-IV**
**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

S.No.	Requirements of Rule 5(1)	Details														
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	<table><tr><td>Mr. Yashovardhan Saboo</td><td colspan="2">61.1:1</td></tr><tr><td>Mr. Sanjeev Masown</td><td colspan="2">37.2.:1</td></tr></table>			Mr. Yashovardhan Saboo	61.1:1		Mr. Sanjeev Masown	37.2.:1							
Mr. Yashovardhan Saboo	61.1:1															
Mr. Sanjeev Masown	37.2.:1															
(ii)	The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year;	<table><tr><td>Name</td><td>As per Payout</td><td>As per Terms</td></tr><tr><td>Mr. Yashovardhan Saboo</td><td>32.1%</td><td>6.6%</td></tr><tr><td>Mr. Sanjeev Masown</td><td>47.8%</td><td>5.3%</td></tr><tr><td>Mr. Brahm Prakash</td><td>70.9%</td><td>19.0%</td></tr></table> <p>The difference in Terms of appointment and actual payout is due to variable component, which is linked to performance of individual and company against the agreed parameters.</p>			Name	As per Payout	As per Terms	Mr. Yashovardhan Saboo	32.1%	6.6%	Mr. Sanjeev Masown	47.8%	5.3%	Mr. Brahm Prakash	70.9%	19.0%
Name	As per Payout	As per Terms														
Mr. Yashovardhan Saboo	32.1%	6.6%														
Mr. Sanjeev Masown	47.8%	5.3%														
Mr. Brahm Prakash	70.9%	19.0%														
(iii)	The percentage increase in the median remuneration of employees in the financial year;	24.6%														
(iv)	The number of permanent employees on the rolls of company;	1147 employee as on 31 <sup>st</sup> March, 2022														
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	<p>Average Salary increase of non-managerial employees is 11.6%</p> <p>Average salary increase of managerial employees is 10.8%</p> <p>There are no exceptional circumstances in increase in managerial remuneration.</p>														
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid during the year is as per the Remuneration Policy of the Company.														

## Annexure-V

## Top Ten Employees in terms of remuneration drawn in financial year 2021-22

Sr. No.	Name of the employee	Designation	Remuneration Received (2021-22) Amount in Rupees p.a.	Nature of employment, whether contractual or otherwise	Qualifications and Experience of the employee	Date of commencement of employment	Age	The last employment held by such employee before joining the company	The percentage of equity 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	23,735,966	Full time employment	B.A. (Hons.) and MBA from IIM (41 years)	25-03-1981	63 years	Groz Beckett Asia Pvt Ltd (Formerly known as ) Groz-Beckett Saboo Limited, Chandigarh	15.33	Yes. He is brother of Mr. Jai Vardhan Saboo
2	Mr. Sanjeev Kumar Masown	Whole time Director cum Chief Financial Officer	14,468,727	Full time employment	M. COM. and CMA (29 years)	01-11-2011	52 years	Santel Color Limited, Delhi	0.02	No
3	Mr. B. Salish	Executive Vice President	9,565,278	Full time employment	MBA and Inter CA (35 years)	10-10-1994	56 years	Hero Rodforms Pvt Ltd, Bangalore	0.04	No
4	Mr. Vincent Alberola (Swiss Employment)	Senior Manager	8,330,361	Full time employment	Mechanical Engineering, Marketing Degree & Post Graduation in Project Management (21 years)	04-02-2010	51 years	Movado	-	No
5	Mr. Cavinaj Appadoo (Swiss Employment)	Senior Manager	7,758,928	Full time employment	B. Engineering in France (23 years)	01-04-2019	47 years	ISM Ltd, Mauritius	-	No
6	Mr. Venkatachary Srinivasan	Vice President	6,902,000	Full time employment	B.E. Mechanical and Master Degree (36 years)	08-07-2019	55 years	Tube Investments of India Pvt. Ltd., Chennai	-	No
7	Mr. Sanjay Narula	Senior General Manager	5,083,370	Full time employment	BSC (38 years)	12-12-1983	58 years	Started career with KDDL Limited	0.00	No
8	Mr. Jagadeesh B. Patil	Senior General Manager	4,902,770	Full time employment	MBA (22 years)	10-05-2016	49 years	UNIVTL Precision Pvt. Ltd., Bangalore	0.00	No
9	Mr. M P Prakash Kanaka	Senior General Manager	4,331,017	Full time employment	MBA - Finance (27 years)	29-08-2016	50 years	Guhing India Pvt. Ltd., Bangalore	0.00	No
10	Mr. Jayasinha G	Senior General Manager	4,253,612	Full time employment	Technical Diploma (33 years)	15-05-2003	60 years	HMT Watches, Bangalore	0.02	No

**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)
	2021-22
Foreign Exchange Earnings	1279.22
Foreign Exchange Outgo	265.78

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[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, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and 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, 2022 under the provisions of below mentioned regulations:

- (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-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021: Not Applicable during the financial year under review.
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not Applicable as there was no instance of Buy-Back during the financial year.
  - f) The erstwhile Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.

- g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021: Not applicable during the financial year under review.
- h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
- i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021- Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.
- (vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Payment of Bonus Act, 1965, Industrial Dispute Act, 1947, Employee State Insurance Act, 1948, The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, The Payment of Gratuity Act, 1972.
- (vii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.
- (viii) The Air (Prevention and Control of Pollution) Act, 1981
- (ix) The Water (Prevention and Control of Pollution) Act, 1974

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

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

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

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

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

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

I further report that during the audit period:

1. Approval of the members was sought in the 41<sup>st</sup> Annual General Meeting of the company held on 28.09.2021 inter alia, for borrowing, by way of inviting and accepting unsecured fixed deposits from shareholders of the company, by way of ordinary resolution.
2. Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the company has transferred aggregate of 8,715 equity shares to the Investor Education and Protection Fund due in financial year 2021-22.
3. The company has issued and allotted 10,85,956 number of fully paid up equity shares of Rs. 10/- each at an issue price of Rs. 230/- per share including a premium of Rs. 220/- per share on rights issue basis.

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

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

Date: 28.07.2022

Place: Chandigarh

UDIN: F002191D000701692

**For A. ARORA & CO.**

AJAY K. ARORA

(Proprietor)

FCS No. 2191

C P No.: 993

Peer Review Cert No. 2120/2022

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.C P No.: 993



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

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

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

Date: 28.07.2022  
Place: Chandigarh

UDIN: F002191D000701692

**For A. ARORA & CO.**

AJAY K. ARORA  
(Proprietor)  
FCS No. 2191  
C P No.: 993  
Peer Review Cert No. 2120/2022

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### AN OVERVIEW OF THE ECONOMY AND BUSINESS EVENTS

#### Global Economy

Global growth, according to the IMF, is expected to slow from 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. Over the medium term, global growth is expected to slow to around 3.3 percent after 2023. Importantly, this forecast assumes that the conflict continues to remain contained within Ukraine, that additional sanctions on Russia are not imposed, and that the pandemic's health and economic effects fade over the course of 2022.

Ukraine's war has triggered a costly humanitarian crisis that must be resolved peacefully. The conflict's economic costs will contribute to a significant slowdown in global growth in 2022. A severe double-digit drop in GDP for Ukraine and a significant contraction in Russia are almost certain, as are global spillovers through commodity markets, trade, and financial channels. As central banks tighten policy, interest rates are expected to rise, putting pressure on emerging market and developing economies.

Inflation is expected to remain high for a longer period of time than expected, owing to war-induced commodity price increases and broadening price pressures.

#### Indian Economy

The recovery in domestic economic activity is gathering strength. Rural consumption should benefit from the likely normal south-west monsoon and the expected improvement in agricultural prospects. A rebound in contact-intensive services is likely to bolster urban consumption. Investment activity is expected to be supported by improving capacity utilisation, the government's capex push, and strengthening bank credit. Growth of merchandise and services exports is set to sustain the recent buoyancy. Spillovers from prolonged geopolitical tensions, elevated commodity prices, continued supply bottlenecks and tightening global financial conditions nevertheless weigh on the outlook. The real GDP growth projection by National Statistical Office for 2022-23 is retained at 7.2 per cent.

The geopolitical tensions have exacerbated at a time when the global economy was grappling with a sharp rise in inflation and consequent monetary policy normalization in major advanced economies. We, however, believe that India's underlying economic fundamentals are strong and despite the short-term turbulence, the impact on the long-term outlook will be marginal. The results of growth-enhancing policies and schemes (such as production-linked incentives and government's push toward self-reliance) and increased infrastructure spending will start kicking in from 2023, leading to a stronger multiplier effect on jobs and income, higher productivity, and more efficiency—all leading to accelerated economic growth.

Furthermore, the emphasis on manufacturing in India, various government incentives such as lower taxes, and rising services exports on the back of stronger digitization and technology transformation drive across the world will aid in growth. Also, several spillover effects of geopolitical conflicts could enhance India's status as a preferred alternate investment destination. On the health front, a large, vaccinated population will likely help contain the impact of subsequent infections waves, if any.

Overall, macro-economic stability indicators suggest that the Indian economy is well placed to take on the challenges of 2022-23. The growth in 2022-23 will be supported by widespread vaccine coverage, gains from supply-side reforms and easing of regulations, robust export growth, and availability of fiscal space to ramp up capital spending. The year ahead is also well poised for a pick-up in private sector investment with the financial system in a good position to provide support to the revival of the economy.

#### Swiss Watch Industry-2021

2021 saw a faster than expected recovery for Swiss watch exports. Performance was driven by very strong growth in the United States, alongside a steady upward trend in China, while numerous other markets continued to face sometimes significant difficulties.

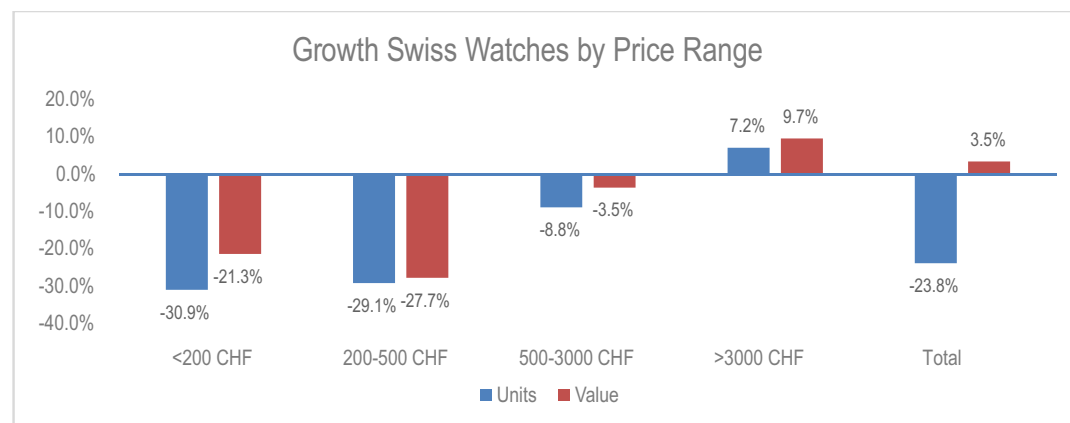
## KDDL Limited

The return to pre-crisis levels as early as September and positive performance in the fourth quarter produced the best-ever annual results for the sector, at 22.3 billion francs, 2.7% higher than in 2019 (+31.2% compared with 2020) and a 0.2% improvement over the 2014 record. While the Covid-19 pandemic continued to make its presence felt throughout the year, its consequences for the watch market proved less severe. Overall, luxury personal goods benefited from the sharp increase in demand in China and the United States, additional opportunities created by digitalization, the use of savings accumulated during the various lockdowns and more significant restrictions on luxury experiences, particularly tourism-related activities. While travel retail suffered from the decline in tourism, an increase in domestic purchases, a switch to digital channels and the development of the duty-free market in Hainan offset losses to some extent.

### Products

Exports of wristwatches increased by 3.5% compared with 2019, to 21.2 billion francs. The number of items, however, continued to fall, to 15.7 million. This is a decline of 4.9 million (-23.8%) compared with 2019.

Watches priced at less 500 francs (export price) fell sharply, accounting for over 95% of the decline in volumes, with a 25.1% drop in their export value. The decline in value for watches priced between 500 and 3,000 francs was significantly less marked (-3.5%), while watches priced at over 3,000 francs grew by 9.7%.



Higher priced watches continue to grow at higher pace than lower priced watches

### Watches by price range

In spite of the still precarious health situation and less favourable macroeconomic prospects for the main markets, luxury personal goods should see increased demand in 2022. The strong results achieved last year –and even earlier, in 2020, in China – will nonetheless create a slightly unfavourable base effect. Given these factors and a still significant degree of uncertainty, the forecasts for Swiss watch exports are based on cautious optimism.

### Indian Watch Industry

As per Technopak research & analysis, watch Market in India was valued at ~INR 13,500 Cr in FY 2020 and is expected to grow at a CAGR of 10.6% to reach ~ INR 22,300 Cr by FY 2025, on back of factors like increased discretionary spend on watches category, opening of more organized channels of purchase like MBOs and online market places & vertical specialists, increased penetration of smart watches in mid to premium category, omni channel market organization etc.

The Indian watch market is further segmented basis Product type and Price. On the basis of Product type, they are differentiated as 'Traditional watches' (includes both Analogue and Digital Watches) and smart watches. While

## KDDL Limited

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traditional watches occupy almost 76% share of the overall watch market, smartwatches hold 24% share, with the latter expected to grow a faster rate, owing to consumer demand, fitness & health consciousness, technological advancements linking the watch to other smart devices, and most importantly, the entry of multiple brands in the mass to mid segment smartwatch space which has given consumers the option to try out smartwatches without pushing into the premium segment.

Traditional Watches have been the mainstay of the segment attracting consumers across price points, gender & age groups. Brands have kept segment relevant through new launches attracting specific consumer groups targeting young consumers. Premium & Luxury segment is primarily dominated by traditional watches, which are bought by the consumers for their quality, legacy and brand value.

### Price Segmentation of the Indian Watch market

The Indian Watch Market is estimated at INR 13,500 Cr. While sub-INR 5,000 mass and mid segment of watches account for ~30% of the market, Fashion segment (INR 5,000 – INR 25,000) accounts for ~21% of the market. The Premium, Bridge to luxury and Luxury segment are collectively estimated to contribute ~49% of the market. While the Mass & Mid segments account for a large value and volume share in the market, their growth is slow at 5-7%. On the other hand, Fashion & Premium Segments are growing at a CAGR of ~12%. The Luxury segments are growing faster than other segments at a CAGR of 13-14%.

### Growth of E-commerce Enablement

The Covid-19 pandemic brought significant changes in the retailing preferences of Indian consumers by increasing the acceptability of shopping through online medium. Brands also accepted this change and improved their online infrastructure to ensure timely delivery of products. Emergence of logistic partners helped boost the penetration of ecommerce. This change is here to stay and is expected to grow, forming an additional channel for purchase. Brands in the Luxury watch segment have invested in their Partnerships with Retailers, Exclusive Brand Outlets, and have adopted an omni channel approach where customers can use e-commerce as a source of product discovery.

### Outlook

Over the last decade, wrist watches have gained much popularity as a fashion accessory than a device for telling time. This recognition can be attributed to the high brand consciousness among millennial consumers, celebrity endorsement and aggressive marketing strategies adopted by fashion brands.

Rising share of organized players in luxury watch businesses, introduction of GST, aspirational lifestyle supported by rising disposable income will also lead to sustained growth for watch industry in India. Moreover, with the progressing retail landscape and increase in Internet retailing, the sale of wrist watches and within that the luxury & premium watch segment is anticipated to experience a swift increase in the Indian market.

## BUSINESS OVERVIEW

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

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

### Revenue and Profitability

The net sales of the company witnessed a decent growth of 49.6% over previous year as the impact of COVID 19

## KDDL Limited

diminished and market situation normalized from Qtr 2 onwards. The improvement in economic activities, both in domestic market and Swiss market was reflected in the revenue growth of the company and revenue was on growth trajectory quarter by quarter.

Rs. in Lacs	2020 -21			2021 -22		
Business	Domestic	Export	Total	Domestic	Export	Total
Watch Component	2657	7241	9898	4759	10284	15044
Precision Engineering	2246	1056	3302	2243	2183	4425
Ornamental Packaging	470		470	983		983
Total	5373	8297	13670	7985	12467	20452

The value and trend of net sales of the various businesses of company during the last 3 years is as under:

The net sales revenue during the year was higher by 20% compared to financial year 2019-20, which was broadly a normal year of operations. The overall turnover of company from domestic market improved by 48.6% compared to a decline of 34% recorded in previous year. Export's turnover of the company was higher by 50.3% compared to a decline of 6% in the previous year.

Almost all the business segments of the company witnessed strong growth compared to the previous year. The turnover of watch component segment of company increased by 52% and 24% over the previous financial years 2020-21 and 2019-20 respectively. The growth in exports revenue of 42% was lower than domestic revenue growth of 79.1%, since during 2020-21, the exports revenue had not declined much (only 6.8%) compared to domestic revenue decline (39.1%), which reflected that the company has strong presence and relationship with the important Swiss customers and gained their confidence to serve with improved capabilities. Company revenue from exports was higher by 42% compared to previous year (2020-21) and 32% compared to previous-to-previous year (2019-20), whereas the overall Swiss watch market had improved 31% and 2.7% respectively. It clearly establishes the fact that post COVID situation, company is gaining its market share both in domestic and exports markets and strengthening its position as an established supplier of quality products in the challenging and demanding market environment.

EIGEN, the precision engineering business of the company also witnessed an improvement of 34% (11% over financial year 2020) in revenue compared to previous year decline of 17.2%. The growth in revenue was only from the exports markets whereas the domestic market revenue remained stagnant at previous year levels. The market was sluggish as the manufacturing activity in major segments like aerospace, auto-ancillaries, consumer durables and electrical and electronics segments remained under pressure.

The revenue from exports market continues to increase rapidly and during the year the exports revenue was more than double of previous year and recorded a growth of 106.7%. Even during the previous year, the exports revenue had increased by 5.1% despite severe decline in all other business segments revenue. This increase in exports revenue is primarily due to major focus of the company to capture new segments and customers from electrical vehicles, solar industry, automotive and electrical segments to compensate the decline in aerospace business segment.

Our precision engineering business revenue is continuing to increase on quarterly basis. The order book position is healthy and likely to improve further with the improvement in economic conditions and consumption increase. Company is working with some of the major industrial players on emerging technologies and projects in different

## KDDL Limited

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 sharp improvement in demand and revenue improved by 109% (15% compared to financial year 2019-20) compared to a decline of growth of 45% recorded in the previous year. The higher percentage growth in revenue is due to smaller base and capturing new and incremental business from the existing customers. There were no orders from the exports market. Company continues to approach and high value premium quality customers, both in domestic and export market.

The Company's overall strategy is to continue focus on increasing exports of watch components and to accelerate the growth of precision engineering business by capturing additional business from existing and new customers especially in the chosen market segments thru' increased marketing efforts, both digitally and physically and continue improving internal efficiencies, reducing turnaround time, adding new capabilities.

<b>FY 2021-22</b>	<b>Qtr-1</b>	<b>Qtr-2</b>	<b>Qtr-3</b>	<b>Qtr-4</b>	<b>Total (Rs. Cr.)</b>
Revenue	46.24	52.97	56.80	61.95	217.96
EBIDTA	8.68	10.31	12.83	13.94	45.76
EBIDTA(%)	18.8%	19.5%	22.6%	22.5%	21.0%
Cash Profit	6.80	8.54	10.86	12.00	38.20
Profit before tax	3.90	5.65	7.93	9.02	26.50

<b>FY 2020-21</b>	<b>Qtr-1</b>	<b>Qtr-2</b>	<b>Qtr-3</b>	<b>Qtr-4</b>	<b>Total (Rs. Cr.)</b>
Revenue	20.99	34.57	40.83	50.50	146.89
EBIDTA	-0.54	6.14	8.73	12.04	26.37
EBIDTA(%)	2.6%	17.8%	21.4%	23.5%	18.0%
Cash Profit	-2.95	3.76	6.46	9.83	17.10
Profit before tax	-5.90	0.69	3.47	6.89	5.15

The trend of quarterly revenues, EBIDTA and profitability during the financial year 2021-22 and previous year 2020-21 was as under:

### Prospects

Domestic watch market during the year was robust except first quarter of the financial year, which was impacted by the COVID-19, and it continues to show stability to improving trends. All major domestic players are showing encouraging trends and the order position is healthy and improving. There are clear signs of shifting the sourcing from China and other Asian countries to domestic sourcing. We are confident that this trend will continue, and the domestic market and demand will remain robust during the year.

Based on the market and customer expectations, we are also accordingly enhancing of our capacity and capability to service the enhanced volume requirements from the domestic market. We continue to maintain focus on production and delivery of the high value watch components.

Swiss market continues to show a healthy recovery. The comparative data of first 5 months of 2022 versus 2021 shows a growth of 12.7% of watch exports. The Swiss watch exports for the period Jan – May 22 was CHF 9772.6 million as compared to CHF 8665.2 million recorded in 2021, showing a growth of 12.7%.

The trend of strong growth in the high price market segments is likely to continue whereas the lower end of the pyramid will continue to face volume decline. We are also accordingly preparing and realigning our product portfolio as per market trend and gradually moving up the value chain with improved design capabilities, faster response time and higher quality. We are also adding the capacity to meet the increased demand from export market segment and enhance capacity for the more complex feature requirements of Swiss customers.

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

In the Precision Engineering Business, EIGEN, the major focus of the company is to enhance revenue by increasing market presence through enhancement of the core capabilities, improving value addition and aggressive marketing efforts. We have been enhancing our share of business from high value added and complex parts and components and moving into segments with long gestation period and high entry barriers. We have been successful in making entry in to supply of components for new and emerging segments in overseas markets especially electrical vehicles and solar energy. In addition, company is witnessing healthy order position and flow of RFQ's from automotive and electrical segments.

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

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

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

The cost optimization initiatives undertaken by us during this crisis period has benefitted us with the lower cost structure and improved EBIDTA and PBT. This is also evident from the quarterly financial performance of the company. We strongly believe that with the new initiatives of the company to enhance market shares, by adding capacities, entering into new segments, addition of new customers, complex features and normalization of market conditions, the profitability of the company will remain healthier and become stronger.

### **Key Financial Ratios**

During the year, the onslaught of COVID-19 diminished which led to recovery in the economic activities and improved market conditions. This resulted in healthy financial performance of the company, improved margins, strong liquidity and all critical financial parameters and ratios witnessed encouraging trend. The beginning of year had some impact of COVID-19 related lockdowns in the country and other major markets but the situation improved on quarter to quarter basis and with the normalization of the market conditions, the financial performance of the company was also on the improving trend in each quarter.

The operational earnings before interest, depreciation, taxes and appropriations improved from Rs. 267 million to Rs. 460 million, an increase of 73% over the previous year. The operating EBIDTA earning after eliminating the exceptional, abnormal cost and CSR expenditure increased from 18.1% to 21.0%. The increase in EBIDTA percentage was due to decent growth in revenue, change in the revenue mix of the different business segments, especially the increase in export revenue and controlled costs.



- **Debtors Turnover and Average Collection Period**

During the year average debtor's turnover ratio improved from 5.2 times to 5.7 times and average collection period also reduced from 69 days to 63 days. The ratio of the company also has a direct linkage with the revenue mix from different business segments as some of the business segments have a higher credit period.

- **Inventory Turnover and average inventory holding period.**

During the year inventory turnover increased substantially from 1.3 times to 2.1 times and the average inventory holding period decreased from 9.3 months to 5.7 months. These inventory levels are healthier than pre-covid 19 situations. The improvement in inventory turnover and holding periods is mainly due to stringent initiatives for sourcing procedures, rescheduling, and revisit of the MOQ's, higher domestic sourcing, utilisation of old inventory and partially due to supply chain and delivery constraints from the global suppliers.

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

- **Interest Coverage**

During the year interest coverage ratio on the normalised profit of the company improved from 3.1 to 6.8 due to reduction in interest costs and improved financial performance of the company. The company liquidity position and servicing of the financial obligations remained very healthy during the year.

- **Current Ratio**

During the year current ratio of the company improved marginally from 1.13 to 1.17 times due to improved financial performance and liquidity of the company. During the year, company has entered into an agreement with material subsidiary Ethos Ltd for the sale of brand and trademark "Ethos" and "Summit" to Ethos Ltd at an agreed consideration of Rs. 39 Cr and one third of the amount (Rs. 13 Cr) was received as advance against sale of the brand. This advance is reflected as current liability in company financials. If this advance is excluded from current liabilities, the current ratio of the company improved from 1.13 to 1.38. The current ratio excluding the current maturities of non-current borrowings improved from 1.58 to 1.60 times (2.0 if advance against sale of brand is excluded from current liabilities). The current maturities of the non-current borrowings generally remain around the same levels as debt / deposits are replaced with the alternate borrowings. The current ratio of the company continues to remain healthy as per banking norms as well as industrial trends.

- **Debt Equity Ratio**

During the year secured debt (including working capital bank borrowings) to Equity ratio of the company reduced from 0.30 to 0.20 and total debt to equity decreased from 0.45 to 0.32 due to restricted borrowings by the company. Debt-equity ratio of the company continues to be very healthy compared to the general industry trends.

- **Operating Profit Margin (%)**

During the year normalised operating profit margin of company increased significantly from 10.7% to 16.7% as the impact of COVID-19 subsided and the market situations normalised leading to healthy growth in revenue and profitability. The financial performance and situation were on improving trend every quarter during the year. The gross margin of company remained stable at 72% as recorded in previous year.

The financial performance ratios are on the improving trend is clearly visible from the fact that the EBIDTA of the company improved from 18.8% in Qtr-1 to 22.5% in Qtr-4.

- **Net Profit Margin (%)**

During the year, the normalized net profit before tax after excluding the abnormal and exceptional non-operations

## KDDL Limited

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items and CSR related expenses improved drastically from 3.6% to 12% as the revenue of the company reached near normal level of operations and company continued to control and restrict the corresponding increase in overheads. In addition, company is gradually moving up the value chain and improving its average selling price in all business segments.

- **Shareholders' Funds**

The company's reserves improved from Rs. 1613 million as on 31<sup>st</sup> March 2021 to Rs. 2030 million as on 31<sup>st</sup> March 2022, on account of retained earnings from the profitability of the company, share premium from the allotment of 10,86,956 equity shares of face value of Rs. 10 per share at a premium of Rs. 220 per share on rights basis.

The Share capital of the company increased from Rs. 117.37 million to Rs. 128.24 million.

- **Loan Funds and Cost of Debt**

The interest cost as a percentage to total revenue decreased from 4.8% to 2.5% in 2021-22. The interest cost as a percentage to total revenue decreased primarily due to sharp improvement in the revenue, operational profitability, and healthy liquidity position of the company. The prevailing interest rates in the market during the year were also on the reducing trend but the lenders were hesitant and lagging to pass on the benefits to the end customers. During the year, company renegotiated the interest rates with all the lenders and were successful in getting the reduction in line with the market trends, but these lower rates were available only for partial period of the year. During the year, company also decreased the effective interest rate on deposits from members in line with the reduction in rates by other lenders. The overall level of unsecured debt by way of deposits from members is on the increasing trend and the mix of unsecured debt versus other secured debt impacts overall interest cost of the company.

The liquidity position of the company also improved during the year as company enhanced its equity by allotment of shares under rights issue and raised Rs. 25 crore from the proceeds of the issue.

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 reduced from 9.5% in previous year to 8.2% during the 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. 2071 million to Rs. 2163 million. The value of tangible fixed assets increased from Rs. 1907 million to Rs. 2000 million, whereas the gross intangible assets increased from Rs. 434 million to Rs. 442 million. The value of right to use asset and investment property reduced from Rs. 1068 million and Rs. 28 million to Rs. 944 million and Rs. 12 million respectively. The value of capital work in progress increased from 112 million to Rs. 229 million respectively.

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

## SUBSIDIARY COMPANIES AND JOINT VENTURES

### Ethos Limited

## KDDL Limited

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Ethos is India's leading luxury and premium watch retail player, providing customers with a content-led luxury retail experience via online and physical store presence. In addition to the 50 physical retail outlets in 17 cities throughout India, the company provides an Omni channel experience to its customers Company's website and social media channels. Ethos offers the greatest range of premium and luxury watches in India, covering more than 50 watch brands under its offerings.

The Company's consolidated revenue from operations during the financial year 2021-22 stood at Rs 577.28 Crores, gross margins stood at 28.78%. In response to COVID-19 and its impact, we quickly adapted and evolved our business operations. The Company is experiencing a rise in demand primarily in the Luxury and High – Luxury products which has also shown in the increase in % of contribution of Luxury and high Luxury to total sales. This has led to more people coming to stores and experiencing the greater product with greater values. The Company ensures maintenance of the necessary COVID-19 protocols. Our Digital led business has ensured the growth of the company and have helped to minimise the impact of lockdowns. Even during the lockdowns in Q1FY22, the company is able to cover 90% of its pre-covid level revenue.

During the year, the Company opened 6 stores (including one lounge for Certified Pre-owned watches) and closed 2 under performing stores. The total count of stores increased to 50 from 46.

The Company continued to use its digital communication capabilities to leverage our strong network of physical stores and continued to address consumer demand for premium and luxury watches across the country. The Company is cognizant of the fact that going forward the omni-channel platform of sales is going to play a crucial role as most customers now seamlessly move between online and offline spaces even for the purchase of luxury watches. Internet-led billings contributed ~33% of the Company's billings. The Company will continue to innovate and invest on marketing through digital mediums to keep the overall engagement high.

**Brands at ETHOS:** Ethos continues to enjoy very positive and strong relationships with over 50 global watch brands which allows us to offer the widest and deepest selection of premium and luxury watches in the Indian market. Many of these brands are available only at Ethos stores and these exclusive brands play a pivotal role in the consumer strategy and growth of the Company.

**Certified Pre-Owned Watches:** This segment is a great growth vector for the watch industry as it adds to the overall industry size by promoting multiple ownership of watches and allowing a large population of first-time watch enthusiasts to buy into the luxury segment at a lower investment. According to industry experts, the business of pre-owned luxury watches is already 33 percent of the new watch business at a global level and is expected to become about half the size of the new watch industry in 3-4 years. In India your Company has the first mover advantage in this fast-growing segment and the unique benefit of an all-India sourcing platform together with state-of-the-art watch restoration and warranting facilities. The Company's new website <https://www.secondmovement.com> already has 100,000 visitors on board. This has helped to grow the pre-owned watch business by 2.6 times against previous year. Over the next two years, Ethos plans to rapidly increase client base and expand the physical footprint to continue driving strong growth in the pre-owned business.

**Loyalty Program:** Company's loyalty program called CLUB ECHO is a customer relationship management initiative, which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated via Club ECHO gives us access to important buying trends, which further enables Ethos to design appropriate communication strategies, leading to greater satisfaction and commitment. As of March 31, 2022, the Company had over 280,000 registered members in Club ECHO.

### Pylania SA

During the financial year 2021-22, company continued with its existing streams of business revenue related to partial manufacturing of watch components, trading of watch components and accessories, consultancy, and advisory services.

## KDDL Limited

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The revenue of the company during the year improved significantly from CHF 1250 K to CHF 2622 K registering a growth of 110% over previous year. During the year, company continued to provide consultancy and managerial advisory services to customers also.

The management of Pylania continues to keep a close watch on costs and improving its financial position and liquidity.

The operating profit of the company was CHF 276 K compared to profit of CHF 209 K during 2020-21, witnessing a growth of 32%.

During the year company has revalued its land and building at the prevailing prices in the market and created a provision of CHF 188 K to reflect the present value of the real estate.

### **Estima AG**

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

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

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

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

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

During 2021-22, company reported revenue of CHF 2556 K as compared to a revenue of CHF 2005 K in the 12 months ended period up to March 2021 registering a growth of 27%. The operating loss after tax of the company also increased from CHF 107 K to CHF 759 K, primarily due to major increase in manpower costs as post COVID 19 situation normalization the manpower was engaged for the full time during the year and the Swiss government support for the manpower engagement declined. In addition, new manpower was engaged during the year for capturing the new opportunities available in the market and enhancing the capability of the company to service high end customers with the new features.

The major focus of the company is to enhance the capability of the team and unit to service high end brands and capture new customers with additional features and enhanced quality level, service standards. Company availed very limited manpower related financial support from Swiss government as the market situation improved and engagement of the manpower was required at normal levels.

The revenue growth of the company coupled with the healthy order position, strong pipeline and encouraging enquiries and interest from the reputed potential customers strongly reinforces the belief of company that it can capture this opportunity with fast-track enhancement of operational capacity and capability. Our strategy and action plan to revive this company and record growth and development are on the right direction and we remain confident that in the coming period with normalization of market conditions, enhancement of capacity and capability we will witness healthy growth of revenue and profitability.

# KDDL Limited

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## Satva Jewellery and Design Limited

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

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

The National Company Law Tribunal (NCLT), Chandigarh Bench, had passed an order dated 15<sup>th</sup> 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 3<sup>rd</sup> December 2019 and 26<sup>th</sup> May 2020 respectively approved to file a new scheme of amalgamation under section 232 together with other applicable provisions of the Act and the proposed appointed date has been changed from April 01, 2017, to April 01, 2019.

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

## Human Resource Management

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

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

During the year, company continued to provide necessary support, guidance, and motivation to bolster employee morale inculcate a feeling of teamwork and camaraderie and create a mechanism to recognize individual and team contributions to the organization. Employee recognition and reward programs for individual and team achievements were continued across the Group. The total manpower of the company, both regular and contractual was over 1700 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 SEBI 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 Auditor of the company continuously monitors the efficacy of internal controls/ compliance with SOPs with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and

reasonable assurance on the adequacy and effectiveness of the organization's risk management, control and governance processes.

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 stakeholders, and the major focus areas as per previous audit reports.

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

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

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

### **RISKS, THREATS AND CONCERNS**

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

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

#### **Risks of General Nature**

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

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

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

#### **Specific Risks**

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

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



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

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

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

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

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

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

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

### CAUTIONARY STATEMENT

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



**REPORT ON CORPORATE GOVERNANCE****I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

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

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

**II. BOARD OF DIRECTORS****(a) Composition and attendance in meetings**

The Board of Directors of the Company has an optimum combination of executive and non-executive directors. The Board of Directors presently comprises of 9 (Nine) 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 31<sup>st</sup> March 2022, 10 (Ten) 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:

12 <sup>th</sup> April, 2021	29 <sup>th</sup> May, 2021	14 <sup>th</sup> June, 2021	19 <sup>th</sup> June, 2021
13 <sup>th</sup> August, 2021	28 <sup>th</sup> September, 2021	12 <sup>th</sup> November, 2021	21 <sup>st</sup> December, 2021
27 <sup>th</sup> December, 2021	29 <sup>th</sup> January, 2022		

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 28-09-2021	Number of Shares / Convertible instruments held by non - executive directors
Mr. Yashovardhan Saboo	Chairman & Managing Director	Promoter-Executive	10	Yes	-
Mr. Anil Khanna	Director	Independent-Non Executive	10	Yes	4068

## KDDL Limited

Name of the Director	Designation	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on 28.09.2021	Number of Shares / Convertible instruments held by non – executive directors
Ms. Ranjana Agarwal	Director	Independent-Non Executive	10	No	-
Mr. Praveen Gupta	Director	Independent-Non Executive	10	Yes	-
*Mr. Vishal Satinder Sood	Nominee Director	Non- Executive Nominee	10	No	-
Mr. Jai Vardhan Saboo	Director	Promoter- Non Executive	4	No	-
Mr. Sanjiv Sachar	Director	Independent-Non Executive	10	Yes	1521
Mr. Sanjeev Kumar Masown	Whole Time Director-cum- CFO	Executive	9	Yes	-
**Mr. Nagarajan Subramanian	Additional Director	Independent-Non Executive	NA	NA	-
**Mrs. Neelima Tripathi	Additional Director	Independent-Non Executive	NA	NA	-

\*Ceased to be Director w.e.f 30<sup>th</sup> June, 2022

\*\*Appointed w.e.f. 28<sup>th</sup> July, 2022

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

### (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	Ethos Limited (Executive-Managing Director)
Mr. Anil Khanna	1	1	1	Ethos Limited (Non Executive-Independent Director)
Ms. Ranjana Agarwal	5	1	3	a) ICRA Limited (Non Executive - Independent Director) b) Indo Rama Synthetics (India) Limited (Non Executive - Independent Director) c) ICRA Analytics Limited (Non Executive-Independent Director) d) RBL Bank Limited (Non Executive - Independent Director)
Mr. Praveen Gupta	-	-	-	-

## KDDL Limited

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. Vishal Satinder Sood*	-	-	-	-
Mr. Jai Vardhan Saboo	-	-	-	-
Mr. Sanjiv Sachar	1	-	1	HDFC Bank (Non Executive-Independent Director)
Mr. Sanjeev Kumar Masown	2	-	-	-
Mr. Nagarajan Subramanian**	1	-	1	Ethos Ltd. (Non Executive-Independent Director)
Mrs. Neelima Tripathi**	1	-	-	Ethos Ltd. (Non Executive-Independent Director)

\*Ceased to be Director w.e.f. 30<sup>th</sup> June, 2022

\*\*Appointed w.e.f. 28<sup>th</sup> July, 2022

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

### 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, Mr. Jai Vardhan Saboo, Mr. Nagarajan Subramanian and Mrs. Neelima Tripathi.

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](http://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 five committees: Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Risk Management Committee.

### A. AUDIT COMMITTEE

The Audit Committee of the Company is constituted in accordance with the provisions of Regulation 18 of the SEBI (LODR) Regulations and the provisions of Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are based on the role of the Audit Committee, as mentioned in Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI (LODR) Regulations and as determined by the Board which inter alia, includes the following :

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.
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. Reviewing compliance with the Insider Trading Regulations at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively;
23. Reviewing the information as specified in the para B of Part (C) of the Schedule II of the SEBI (LODR) Regulations;
24. To review and approve all transactions/ agreements with related parties.
25. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

The Audit Committee met seven times during FY 2021-22. The dates on which the meetings were held are as under:

12 <sup>th</sup> April, 2021	14 <sup>th</sup> June, 2021	19 <sup>th</sup> June, 2021	13 <sup>th</sup> August, 2021
12 <sup>th</sup> November, 2021	21 <sup>st</sup> December, 2021	29 <sup>th</sup> January, 2022	

The composition of the Committee and attendance of the members at the meetings held during the financial year 2021- 22 is given hereunder:

Name of the Director	Category	Designation	Meetings attended out of 7 meetings
Mr. Anil Khanna	Independent Non - Executive	Chairman	7
Mrs. Ranjana Agarwal	Independent Non - Executive	Member	7
Mr. Praveen Gupta	Independent Non - Executive	Member	7

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 Company has Nomination, Remuneration Committee (NRC Committee) in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015. Terms of references of the Committee is in accordance with the Companies Act, 2013 and SEBI Regulations inter-alia includes:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- 1A. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
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 of directors 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.

The composition of the Committee, details of meetings held and attendance of the members during the financial year 2021- 22 is given hereunder:

Name of the Director	Category	Position held in the Committee	Attendance at NRC Committee Meeting held during 2021-22				Total No. of Meetings Attended
			29-05-21	14-06-21	13-08-21	29-01-22	
Mr. Sanjiv Sachar	Independent Non Executive	Chairman	Y	Y	Y	Y	4
Mrs. Ranjana Agarwal	Independent Non Executive	Member	Y	Y	Y	Y	4
Mr. Praveen Gupta	Independent Non Executive	Member	Y	Y	Y	Y	4
Mr. Anil Khanna	Independent Non Executive	Member	Y	Y	Y	Y	4
Mr. Yashovardhan Saboo *	Whole time Director cum Chairman	Member	NA	NA	NA	NA	-

\*w.e.f 29<sup>th</sup> January, 2022

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

## **Remuneration of Non Executive Directors**

There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the financial year 2021-22 except receipt of sitting fees from the Company for attending the meetings of the Board and Committees thereof and deposits and / or interest thereon, received from the Director, if any, the details of which are given in the financial 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 at rates within 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 payment of applicable Service Tax.

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



Name of the Director	Sitting Fees paid (Gross) Rs. in lacs
Mr. Anil Khanna	5,40,000
Mr. Sanjiv Sachar	3,70,000
Mr. Praveen Gupta	5,10,000
Mr. Jai Vardhan Saboo	1,20,000
Mrs. Ranjana Agarwal	5,40,000
Total	20,80,000

**Remuneration of the Executive Directors**

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

- a) At the time of appointment or re-appointment, the Chairman, Vice Chairman, Managing Director and Whole Time Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the respective Director within the overall limits as prescribed under the Companies Act, 2013 and rules made thereunder.
- b) The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- 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;
  - There is a fair 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;
  - 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 Company has not granted any Stock Options to its Directors or Employees during Financial Year 2021-22.

**C. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The constitution and terms of reference of Stakeholders' Relationship Committee (SRC) are in compliance with the provisions of the Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015. The terms of reference of the SRC inter-alia includes:

- (i) 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.
- (ii) Review of measures taken for effective exercise of voting rights by shareholders.
- (iii) 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.
- (iv) 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.

The composition of the Committee, details of meetings held and attendance of the members during the financial year 2021-22 is given hereunder:

Name	Category	Position held in the Committee	Attendance at meeting held on 29 <sup>th</sup> January, 2022
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 of the Company is authorized to authenticate the transfers/transmissions/issue of duplicate share certificates etc. All requests for dematerialization of shares are processed and confirmed by M/s MAS Services Limited, Registrars and Share Transfer Agent of the Company.

The Company Secretary of the Company acts as Secretary to the Stakeholders' Relationship Committee.

**Details of Complaints received and resolved during the year:**

Complaints pending as on 1 <sup>st</sup> April, 2021	Nil
During the period from 1 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March, 2022	17
Complaints disposed off during the year ended 31 <sup>st</sup> March, 2022	17
Complaints unresolved to the satisfaction of shareholders as on 31 <sup>st</sup> March, 2022	Nil

## D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility Committee ("Committee" or "CSR") oversees, inter alia, corporate social responsibility activities and other related matters as may be referred by the Board of Directors and discharges the roles as prescribed under Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, which includes formulating and recommending to the Board a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company, as per Schedule VII to the Act; recommending the amount of expenditure to be incurred; Annual Action Plan and monitoring the CSR Policy of the Company.

During the year under review, the Committee met on 14<sup>th</sup> June, 2021. The details of the members of the Corporate Social Responsibility Committee and their attendance in the meeting held during FY 2021-22:

Name	Position held in the Committee	Attendance at meeting held on 14 <sup>th</sup> June, 2021
Mr. R. K.Saboo	Chairman	Yes
Mr. Yashovardhan Saboo	Member	Yes
Mrs. Ranjana Agarwal	Member	Yes
Mr. Praveen Gupta	Member	Yes

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company at [https://www.kddl.com/wp-content/uploads/PDF/KDDL\\_CSR\\_Policy.pdf](https://www.kddl.com/wp-content/uploads/PDF/KDDL_CSR_Policy.pdf)

## E) RISK MANAGEMENT COMMITTEE

The Risk Management Committee was constituted by the Board of Directors on 28<sup>th</sup> July, 2022. The composition of the Committee and its terms of reference are in compliance with SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The current composition of the Committee is as follows:-

Name	Category	Position held in the Committee
Mr. Yashovardhan Saboo	Chairman & Managing Director	Chairman
Mr. Sanjiv Sachar	Independent Non Executive Director	Member
Mr. Praveen Gupta	Independent Non Executive Director	Member
Mr. Sanjeev Masown	Whole time Director cum Chief Financial Officer	Member

## SUBSIDIARY COMPANIES

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

The company has formulated a policy for determining the material subsidiaries and the details of such policy is available in the website of the company at web link <http://www.kddl.com/html/companypolicy.html>

## IV. SHAREHOLDERS INFORMATION

### General Body Meetings

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

## KDDL Limited

Financial year	Detail of Location	Date	Time	Special resolutions passed
2020-21	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	28 <sup>th</sup> September, 2021	10:30 a.m	<p>a) Re-appointment of Mr. Sanjeev Kumar Masown (DIN: 03542390) as Whole time Director (Key Managerial Personnel with functional designation of Chief Financial Officer)</p> <p>b) Approval for the payment of remuneration payable to Mr. Anil Khanna – Independent Director &amp; Non-Executive Director of the Company.</p>

Financial year	Detail of Location	Date	Time	Special resolutions passed
2019-20	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	23 <sup>rd</sup> September, 2020	04:00 p.m.	<p>(a) Re-appointment of Mr. Yashovardhan Saboo (DIN: 00012158) as Chairman and Managing Director of the Company.</p> <p>(b) Re-appointment of Mr. Praveen Gupta (DIN: 01885287) as an Independent Director of the Company.</p> <p>(c) Increase in Authorized Share Capital of the Company and consequent alteration in clause V of Memorandum of Association.</p>
2018-19	Hotel Timber Trail Resorts, Parwanoo- 173 220 (HP)	11 <sup>th</sup> September, 2019	12:30 p.m.	<p>(a) To re-appoint Mrs. Ranjana Agarwal (DIN: 03340032) as an Independent Director of the Company</p> <p>(b) To re-appoint Mr. Anil Khanna (DIN: 00012232) as an Independent Director of the Company.</p> <p>© To approve the continuation of directorship of Mr. Jagesh Kumar Khaitan (DIN: 00026264) as a Non-Executive Director of the Company.</p> <p>(d) To approve the continuation of directorship of Mr. Jagesh Kumar Khaitan (DIN: 00026264) as a Non - Executive Director of the Company.</p>

- (ii) Details of location, date and time where General Meetings were held during the financial year 2021-22 along with the special resolution passed are given below :

Financial year	Detail of Location	Date	Meeting Type and Time	Special resolutions passed
2021-22	Video Conferencing ("VC")	18 <sup>th</sup> January 2022 Meeting– 09:30 a.m	Extra-Ordinary General Meeting– 09:30 a.m	<p>(a) To approve the change in Share Capital of Ethos Limited, a material subsidiary of the Company through Initial Public Offer (IPO) along with offer for sale by existing shareholders</p> <p>(b) To approve the alteration in Main Objects Clause of the Memorandum of Association of Ethos Limited, a material subsidiary of the Company.</p>

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

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

## V. MEANS OF COMMUNICATION

Quarterly Results	Quarterly Results are submitted to the Stock Exchanges and are also displayed on the Company's website i.e www.kddl.com.
Newspapers in which quarterly results are published	Financial Express (English)/Jan Satta (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: : 27<sup>th</sup> September, 2022 at 12:00 P.M. through Video Conference (VC)/other Audio Visuals Means (OAVM)

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

### (b) Financial Year

Financial year : 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022

For the financial year ended 31<sup>st</sup> March, 2022, results were announced on:

- 30<sup>th</sup> June, 2021 : 13<sup>th</sup> August, 2021
- 30<sup>th</sup> September, 2021 : 12<sup>th</sup> November, 2021
- 31<sup>st</sup> December, 2021 : 29<sup>th</sup> January, 2022
- 31<sup>st</sup> March, 2022 : 30<sup>th</sup> May, 2022

For the year ending 31<sup>st</sup> March, 2023, the tentative dates for announcement of the results:

- 30<sup>th</sup> June, 2022 : Within 45 days from the end of quarter
- 30<sup>th</sup> September, 2022 : Within 45 days from the end of quarter
- 31<sup>st</sup> December, 2022 : Within 45 days from the end of quarter
- 31<sup>st</sup> March, 2023 : Within 60 days from the end of quarter / financial year

### (c) Date of Book Closure: 20<sup>th</sup> September, 2022 to 27<sup>th</sup> September, 2022 (both days inclusive)

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

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

#### (i) BSE Limited (BSE)

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001

Scrip Code: 532054

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

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

Scrip Code: KDDL

### (f) Listing Fees to the Stock Exchanges: The Company has paid listing fees in respect of financial year 2022-23 to BSE Limited and National Stock Exchange of India Limited.

## KDDL Limited

### (g) Market Price Data:

Month	KDDL Price at BSE (Rs.)		KDDL Price at NSE (Rs.)	
	High	Low	High	Low
Apr-21	436.00	250.00	435.00	249.95
May-21	317.15	273.00	317.85	271.55
Jun-21	388.00	274.45	389.65	275.10
Jul-21	372.00	312.70	373.95	309.75
Aug-21	424.85	323.05	430.00	322.50
Sep-21	492.40	390.80	488.00	385.50
Oct-21	634.00	426.80	635.00	426.20
Nov-21	715.80	552.30	715.90	550.10
Dec-21	958.60	673.75	960.00	667.70
Jan-22	1129.75	892.50	1,130.90	911.00
Feb-22	1189.60	756.00	1,191.00	762.00
Mar-22	1015.25	752.55	1,024.90	751.35

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



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

MAS Services Limited

T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020

Ph: +91 11 2638 7281 /82 /83, Fax: +91 11 2638 7384

Email: [info@masserv.com](mailto:info@masserv.com)

Visit: [www.masserv.com](http://www.masserv.com)

**(j) Share Transfer System:**

The Company has authorised RTA for transfer/transmission/ dematerialization/rematerialization etc., who process the formalities related thereto, on an average of once a week. The share certificates are returned/dispatched to the shareholders by the RTA after necessary endorsements, normally within 15 days from the date of receipt. In terms of amended Regulation 40 of Listing Regulations w.e.f. 1<sup>st</sup> April 2019, transfer of securities in physical form shall not be processed unless the securities are held in the demat mode with a Depository Participant. Further, with effect from 24<sup>th</sup> January 2022, SEBI has made it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/ sub-division/splitting/consolidation of securities, transmission/transposition of securities. Vide its Circular dated 25<sup>th</sup> January 2022, SEBI has clarified that listed entities/RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request.

**(k) Distribution of shareholding as on 31<sup>st</sup> March, 2022**

Sr.no.	Category (Amount)	No. of Holders	% to Holders	No. of Shares	Amount (Rs.)	% to Equity
1	1 - 5000	6252	85.24	4,49,251	44,92,510	89.97
2	5001 - 10000	321	6.95	2,41,170	24,11,700	4.62
3	10001 -20000	153	3.41	2,25,263	22,52,630	2.20
4	20001 - 30000	60	1.22	1,44,114	14,41,140	0.86
5	30001 - 40000	34	0.69	1,17,873	11,78,730	0.49
6	40001 - 50000	19	0.41	89,556	8,95,560	0.27
7	50001 - 100000	45	0.92	3,14,977	31,49,770	0.65
8	100001 and above	65	1.16	1,11,54,860	11,15,48,600	0.94
	<b>TOTAL:</b>	<b>6950</b>	<b>100.00</b>	<b>1,27,37,064</b>	<b>12,73,70,640</b>	<b>100.00</b>

**Shareholding Pattern as on 31<sup>st</sup> March, 2022 :**

Category	Number of Shares	% of shareholding
Promoters		
Indian Promoters	56,45,180	44.32
Foreign Promoters	3,24,150	2.54
<b>Sub-total (1)</b>	<b>59,69,330</b>	<b>46.87</b>
Public Alternate Investment Funds	2,85,000	2.24
Foreign Portfolio Investors including FIIs	25,68,908	20.17
Overseas Corporate Bodies	7,54,716	5.93
Individuals	25,89,136	20.32



Category	Number of Shares	% of shareholding
Financial Institutions/ Banks	50	0.00
Non-Resident Indians	1,40,720	1.10
Clearing Members	3,160	0.02
Bodies Corporate	3,46,056	2.72
IEPF	79,693	0.63
Trusts	295	0.00
<b>Sub-total (2)</b>	<b>67,67,734</b>	<b>53.13</b>
<b>Grand-total (1+2)</b>	<b>1,27,37,064</b>	<b>100.00</b>

**(l) 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 31<sup>st</sup> March, 2022 is as under:

Mode	No. of Shares	% (Percentage)
Physical Form	1,92,636	1.51
Dematerialization Form (CDSL)	10,13,389	7.96
Dematerialization Form (NSDL)	1,15,31,039	90.53
<b>Total</b>	<b>1,27,37,064</b>	<b>100.00</b>

**(m) Credit Rating:**

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

**(n) Unclaimed dividend**

Pursuant to the provisions of section 124 of the Companies Act, 2013 and rules made thereunder, the amount of dividend which remains unclaimed for a period of seven years from the date of transfer to unclaimed/unpaid dividend account would be transferred to the "Investor Education and Protection Fund" and the shareholders can claim the amount so transferred to the Fund after complying with necessary procedure. The unclaimed dividend for the years till 2013-14 has already been transferred to the fund. As such, shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company.

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

Year	Dividend No.	Dividend unclaimed (₹) as on 31st March, 2022	Date of declaration	Due date for transfer
2014-15	22	4,06,494	24.08.2015	30.09.2022
2015-16	23	3,45,872	11.03.2016	17.04.2023
2016-17	24	3,89,003	11.08.2017	17.09.2024
2017-18	25	4,78,293	14.07.2018	20.08.2025
2018-19	26	4,34,590	11.09.2019	17.10.2026
2019-20 (Interim Dividend)	27	4,24,298	02.03.2020	08.04.2027
2020-21	28	1,80,752	28.09.2021	04.10.2028

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

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

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

The Company doesn't deal in hedging activities.

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

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

**(q) Plans location:**

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

**(r) Address for correspondence**

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

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

**(s) The shareholding of the Directors as on 31<sup>st</sup> March, 2022 are as under:**

<b>Name of the Director</b>	<b>No. of equity shares held as on 31-03-2022</b>
Mr. Yashovardhan Saboo	19,52,241*
Mr. Anil Khanna	4,068
Mr. Jai Vardhan Saboo	Nil
Mrs. Ranjana Agarwal	Nil
Mr. Sanjeev Kumar Masown	2,428
Mr. Vishal Satinder Sood	Nil
Mr. Sanjiv Sachar	1,521

\*holds individually

## VII. Other Disclosures

- (i) During the financial year 2021-22, there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large. The transactions with related parties are disclosed in the Balance Sheet.
- (ii) There were no non-compliance/strictures, penalty imposed on the Company by stock exchange(s) or SEBI or any statutory authority on any matters related to the capital markets during the last three years.
- (iii) The Company has adopted a Whistle Blower Policy and has established necessary Vigil Mechanism for Directors and employees. No person has been denied access to the Audit Committee. The said policy has also been disclosed on the website of the Company under the web link: <https://www.kddl.com/wp-content/uploads/PDF/Whistle%20Blower%20Policy.pdf>
- (iv) The Company has complied with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:
  - The Internal Auditor of the Company directly reports the Audit Committee.
- (v) The Company has framed a policy for determining Material Subsidiary and the same is available on the Company's website under the web link: <https://www.kddl.com/wp-content/uploads/PDF/policies/KDDL-Policy-for-determiningMaterial-Subsidiaries.pdf>
- (vi) The company has framed Related Party Transaction Policy and the same is available on the Company's website under the web link: [https://www.kddl.com/wp-content/uploads/PDF/policies/KDDL\\_Related\\_Party\\_Transactions\\_Policy.pdf](https://www.kddl.com/wp-content/uploads/PDF/policies/KDDL_Related_Party_Transactions_Policy.pdf)

- (vii) During the financial year 2021-22, the company did not engage in commodity hedging activities.
- (viii) The Board confirm that all Independent Directors of the Company fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and are independent of the management.
- (ix) During the financial year 2021-22, the Board has accepted all the recommendations of its Committees.
- (x) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, is provided in the consolidated financial statements which form part of this report.
- (xi) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
  - 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 : There was 252 equity shares issued pursuant to Rights Issue, in KDDL Limited Unclaimed Suspense Account.
- (xiii) The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- (xiv) There has been no instance of non-compliance of any requirement of Corporate Governance Report sub- paras (2) to (10) of Part C of Schedule V of the Listing Regulations.
- (xv) The Company has obtained a certificate from M/s. A. Arora & Co., Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this report.
- (xvi) The Compliance Certificate on the financial statements for the financial year ended 31<sup>st</sup> March, 2022 is enclosed at the end of this report.
- (xvii) Corporate Governance Certificate

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

The Company has laid down a code of conduct for the members of the Board and Senior Management Personnel of the Company. The code of conduct has been posted on the Company's website, i.e. [https://www.kddl.com/wp-content/uploads/2016/12/Code\\_of\\_Conduct.pdf](https://www.kddl.com/wp-content/uploads/2016/12/Code_of_Conduct.pdf). All the members of the Board and senior management personnel have affirmed their compliance with the said code of conduct for the financial year ended 31<sup>st</sup> March, 2021. A declaration to this effect, signed by Mr. Yashovardhan Saboo, Chairman & Managing Director of the Company is appended at the end of this report.
- (xix) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under regulation 32(7A): Not Applicable.
- (xx) The detail of loans and advances, if any, in the nature of loan made to the entities in which directors are interested, as per Schedule V of SEBI (LODR) Regulations, are provided in the notes to the financial statements.

**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](http://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 31<sup>st</sup> March, 2022 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.

S. 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: 28.07.2022

Place: Chandigarh

UDIN: F002191D000701714

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

Company Secretaries

Ajay K. Arora

(Proprietor)

M No. 2191

C P No. 993

Peer Review Cert No. 2120/2022

## 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 31<sup>st</sup> March, 2022 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 2021 -22 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 : 28<sup>th</sup> July, 2022

## 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<sup>st</sup> March 2022, as stipulated in Regulation 34(3) of Chapter IV of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Schedule-V Part-E)

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

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

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

Date: 28<sup>th</sup> July, 2022

Place: Chandigarh

**MAHESH KHURANA**

PRACTICING COMPANY SECRETARY

Membership No. ACS.8633

Certificate of Practice No.23104

UDIN No. : A008633D000698729

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### 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 31<sup>st</sup> March, 2022.

Date : 28<sup>th</sup> July, 2022

Place : Chandigarh

**Yashovardhan Saboo**

Chairman & Managing Director

DIN: 00012158



**BUSINESS RESPONSIBILITY REPORT**

(Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

**OVERVIEW**

Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and National Guidelines on Responsible Business Conduct (NGRBC) as issued and revised by Ministry of Corporate Affairs (MCA), Government of India, the "Business Responsibility Report" (BRR) of the Company for the financial year 2021-22 forming part of this Annual Report is as follows:

S.No.	Particulars	Information about the Company
1	Corporate Identity Number (CIN) of the Company	L33302HP1981PLC008123
2	Name of the Company	KDDL Limited
3	Registered address	Plot no. 3, Sector III, Parwanoo 173 200, Himachal Pradesh
4	Website	<a href="http://www.kddl.com">www.kddl.com</a>
5	E-mail id	investor.relations@kddl.com
6	Financial Year reported	March 31, 2022
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacturing of watch components (watch dials and watch hands), precision engineering components and press tools.  NIC Code : 26521, 26101 & 225933
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	i. Watch Dials ii. Watch Hands iii. Precision engineering components and press tools
9	Total number of locations where business activity is undertaken by the Company	7 Plants
10	Markets served by the Company Local/State/National/International	National and International

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1	Paid up Capital (INR)	12,73,70,640
2	Total Turnover (INR lakh)	21,796
3	Total profit after taxes (INR lakh)	2,060
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	During the financial year 2021 -22, the Company directly spent Rs. 42.47 lacs against prescribed CSR expenditure of Rs. 27.73 lacs in terms of the provision of Section 135 of the Companies Act, 2013.
5	List of activities in which expenditure in 4 above has been incurred	Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2021 -22 in terms of Companies (Corporate Social Responsibility Policy) Rules, 2014, forms an integral part of the Director's Report as Annexure III and may be referred.

## SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has eight subsidiaries
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company engaged with various stakeholders like suppliers, customers and other entities. The Company encourages to adopt BR initiatives and follow the concept of being responsible business entities to all its business partners .

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### (a) Details of the Director/Director responsible for implementation of the BR policy/policies

S. No.	Particulars	Details
1	DIN Number	00012158
2	Name	Mr. Yashovardhan Saboo
3	Designation	Chairman & Managing Director

#### (b) Details of the BR head

S. No.	Particulars	Details
1	DIN Number (if applicable)	00012158
2	Name	Mr. Yashovardhan Saboo
3	Designation	Chairman & Managing Director
4	Telephone number	0172-2548223/24
5	Email id	investor.complaints@kddl.com

### 2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social , Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:-

Principle 1 (P1)	: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	: Businesses should promote the well-being of all employees.
Principle 4 (P4)	: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	: Businesses should respect and promote human rights.
Principle 6 (P6)	: Businesses should respect, protect and make efforts to restore the environment.
Principle 7 (P7)	: Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	: Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

S.No.	Questions	Business Ethics	Product Responsibility	Well-being of Employees	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer Relations																			
		P1	P2	P3	P4	P5	P6	P7	P8	P9																			
1	Do you have a policy/ policies for....	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*																			
2	Has the pol icy being formulated in consultation with the relevant stakeholders?	<table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr><tr><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td></tr></table> <p>* Policies have been approved by board on July 28, 2022.</p>									P1	P2	P3	P4	P5	P6	P7	P8	P9	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
P1	P2	P3	P4	P5	P6	P7	P8	P9																					
Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*																				
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	The policies have been laid down on the basis of applicable laws, code of conduct & applicable standards																											
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/CFO/CS/ appropriate Board Director?	<table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr><tr><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td></tr></table> <p>* Policies have been approved by board on July 28, 2022</p> <p>Policies mandated under the Companies Act, 2013 (the Act) and the SEBI (listing obligations and disclosures reuirements) Regulation, 2015 are approved by the Board and other policies are approved by the Managing Director / functional heads of the Company as appropriate from time to time.</p>									P1	P2	P3	P4	P5	P6	P7	P8	P9	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
P1	P2	P3	P4	P5	P6	P7	P8	P9																					
Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*																				
5	Does the company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	<table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr><tr><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td></tr></table> <p>* Policies have been approved by board on July 28, 2022</p> <p>The CEO and Managing Director/Whole time Director through the Functional Heads of the Departmentsoveras the implementation of the policy in places across the organisation.</p>									P1	P2	P3	P4	P5	P6	P7	P8	P9	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
P1	P2	P3	P4	P5	P6	P7	P8	P9																					
Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*																				
6	Indicate the link for the policy to be viewed online?	Policies mandated to be displayed on website of the Company as per the Act and Listing Regulations are displayed at website of the Company.																											
7	Has the policy been formally communicated to all relevant internal and externalstakeholders?	<table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr><tr><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td></tr></table> <p>* Policies have been approved by board on July 28, 2022</p>									P1	P2	P3	P4	P5	P6	P7	P8	P9	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
P1	P2	P3	P4	P5	P6	P7	P8	P9																					
Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*																				
8	Does the company have in-house structureto implement the policy/policies.	<table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr><tr><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td></tr></table> <p>* Policies have been approved by board on July 28, 2022</p>									P1	P2	P3	P4	P5	P6	P7	P8	P9	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
P1	P2	P3	P4	P5	P6	P7	P8	P9																					
Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*																				
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders’ grievances related to the policy/ policies?	<table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr><tr><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td></tr></table> <p>* Policies have been approved by board on July 28, 2022</p>									P1	P2	P3	P4	P5	P6	P7	P8	P9	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
P1	P2	P3	P4	P5	P6	P7	P8	P9																					
Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*																				
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	<table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr><tr><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td><td>Y*</td></tr></table> <p>* Policies have been approved by board on July 28, 2022</p>									P1	P2	P3	P4	P5	P6	P7	P8	P9	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
P1	P2	P3	P4	P5	P6	P7	P8	P9																					
Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*																				

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S.No.	Questions	Business Ethics	Product Responsibility	Well-being of Employees	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds it self in a position to formulate and implement the policies specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

### 3. Governance related to BR

a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	BRR requirements have become applicable w.e.f 1 <sup>st</sup> April, 2022 only. .
b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company has finalised the process and its implementation plan shall be placed in board meeting dated July 28, 2022

### SECTION E: PRINCIPLE-WISE PERFORMANCE

#### Principle 1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability

- Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?

A company's governance practices have a direct bearing on its sustainable growth. Ethics and transparency are fundamental pillars which underline our business activities. As a responsible organisation, the Company does its business with utmost integrity and adheres to best governance practices. The Company's Code of Conduct for Directors and Senior Management Executives serves as a guiding tool and ensures that principles get translated into consistent practice, thereby leading the Company towards high standards of business conduct.

A Whistle Blower Policy/ Vigil Mechanism is also in place which provides a channel to the employees and Directors to report to the Chairman & Managing Director or Chairman of Audit Committee, promptly and

directly, concerns about unethical behaviour, actual or suspected fraud or any irregularity in the Company practices or violation of its codes and policies. The Code, policies and standards communicate our zero tolerance approach to ethical violations, and communicate our commitment and requirement for legal compliance and ethical good practice.

To ensure that all employees are well-versed with the Code, a mandatory training is provided for new recruits, and refresher workshops on anti-corruption policies and procedures are conducted for all the employees at various levels.

2. *How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.*

The Company has put in place different mechanisms for receiving and dealing with complaints from different stakeholder's viz. shareholders, customers, employees etc. There are dedicated resources to respond to the complaints within a time bound manner.

The Company has stakeholder relationship committee (SRC) which reviews the shareholders complaint and their resolution. During the year ended March 31, 2022 opening balance of the complaints was NIL and 17 complaints were received which were resolved immediately and no complaints were pending at the end of the year.

The Company also has internal committee to resolve any issues relating to Sexual Harassment at Workplace.

**Principle 2 - Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. *List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.*

The Company is in the business of manufacturing of watch components (watch dials and watch hands), precision engineering components and press tools.. It is our constant endeavor to ensure that all applicable laws and regulation related environment are adhered to, to the maximum extent applicable to us. Generally, the products do not harm the environment or is of some concern to the climate.

The Company strictly prohibits employment or engagement child force at work place and expects that its vendors also follow the same.

2. *Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.*

Each vendor is viewed as a partner in the process of business growth, and also as enablers of mutual long term sustainable growth. The Company believes in investing time and effort in building mutually beneficial relationships. The business responsibility extends to the supply chain partners – the people from where the products are sourced from and the people to whom key processes are outsourced. Vendors are a part of the Company's ecosystem and their relationship with the Company is a reflection of the same.

The Company has implemented a structured process towards its obligation and proactive engagement to enable responsible sourcing across its supply chain. Details of responsible sourcing and policies are covered under the section Supply Chain Management and Responsible Sourcing part of the Integrated Report section.

3. *Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity*

*and capability of local and small vendors?*

Yes. The Company's key intent is to help local suppliers scale up and improve their operations, and to ensure sustainable livelihood in the neighbourhood of its operations and also expects to build stronger and long-term ties with them. The local vendors are further supported by:

Training them on quality and environmental aspects like energy conservation, reduced usage of plastic materials and handling hazardous products.

Providing the necessary support on implementing safety, through safety training, audits and building capacity

### **Principle 3 - Businesses should promote the wellbeing of all employees**

Our employees contribute significantly to success of our business. We conduct training sessions for all of our employees to upgrade their knowledge and skills from time to time.

We employ a diverse workforce where women employees, employees from various economic strata and demographic backgrounds come together and earn a respectable living. We also provide a fair opportunity for them to work as per laid down procedures and we contribute towards them to develop skills and grow. We provide them with all social benefits mandated as per law and also take an extra care to ensure staffs is adequately covered for various health and safety hazards.

We have whistle blower policies along with employee engagement framework where we reach out to employee and hear from them on various matters of work life.

### **Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

#### *1. Has the Company mapped its internal and external stakeholders?*

Yes. The Company has mapped its internal and external stakeholders including but not limited to Government and Regulators, Investors, Employees, Suppliers, Vendors, Watch Manufacturing Brands, Directors, Key Managerial Personnel, Customers etc.

#### *2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders? Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.*

The Company recognizes the vital role played by the Society at large in its growth and development. Details of CSR initiatives executed by the Company during the year under review are given in Annexure III of the Board's Report. Further the Company has provided various platforms to various stakeholders to redress their grievances

### **Principle 5 - Businesses should respect and promote human rights**

#### *1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?*

The Company upholds the spirit of human rights and adhere to the applicable laws and regulations and has framed a policy on human rights, which is a guidance document for its Employees and Group Company.

#### *2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?*

The Company has not received any complaints relating to human rights during the financial year 2021-22.

**Principle 6 - Business should respect, protect, and make efforts to restore the environment**

1. *Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.*

The Company's Environmental, health & safety policy extends to all plates and employees of the Company.

2. *Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.*

The Company encourages its concern to the environmental sustainability. The priorities of organisation is to improve resource efficiency, increase its productivity and also create a positive environmental impact. The Company embraces this roadmap. The Company takes initiatives to address local environmental issues. The Company does identify and assess potential environmental risks. Keeping in view of this, the Company is spending a part of its earning on the corporate social responsibility causes throughout the year.

The Company has taken some energy initiatives such as:

- Installation of LED lights & power saving equipment across the stores to reduce the electricity consumption
- Optimum use of air conditioner (AC) at all office in order to reduce the electricity consumption

3. *Does the Company identify and assess potential environmental risks?*

We have performed risk assessment to identify these risks, owing to the nature of the business involved, no significant aforementioned potential risk is foreseen as of now.

4. *Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?*

We do not have any projects registered under Clean Development Mechanism.

5. *Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.*

The initiatives taken by the Company towards energy conservation during the year under review are given in the Director's Report.

6. *Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?*

Yes

7. *Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.*

There were no show cause/ legal notices received from CPCB / SPCB during the period under review.

**Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. *Is your company a member of any trade and chamber or association: Yes*
2. *Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms,*



*Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)*

The company's engagement and advocacy with the relevant authority in a transparent manner complying all applicable laws and regulations. The company has been actively participating in various seminars, conferences and other forums on issues and policy matters that impact the interest of its stakeholders.

### **Principle 8 – Businesses should support inclusive growth and equitable development**

1. *Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.*

No

2. *Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?*

Not applicable

3. *Have you done any impact assessment of your initiative?*

Not applicable

4. *What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.*

Not applicable

5. *Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.*

Not applicable

### **Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. *What percentage of customer complaints/consumer cases are pending as on the end of financial year.*  
Customer Satisfaction is of utmost important for the Company. Customer complaints are addressed instantly. No cases are pending as on March 31, 2022. In terms of percentage of consumer to consumer cases it is Nil.

2. *Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)*

Yes. The requisite information as mandated as per the local laws is mentioned on all the product labels of the Company.

3. *Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.*

There are no cases pending in relation to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour. There are a few consumer product complaints pending in the normal course of business, which the Company defends appropriately.

4. *Did your company carry out any consumer survey/consumer satisfaction trends?*

Yes, the Company regularly conducts consumer surveys.

**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, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, 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.

**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, 2022. 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 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 standalone 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 standalone Ind AS financial statements. The results of our

audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b><u>Impairment of Investments in Kamla International Holdings SA (a subsidiary of the Company)</u></b> <i>(as described in Note 44 of the standalone Ind AS financial statements)</i>	
<p>During the current year, impairment indicators were identified by the management on the investments in Kamla International Holdings SA of Rs 1,097.66 lakhs. As a result, an impairment assessment was required to be performed by the Company by comparing the carrying value of these investments to their recoverable amount to determine whether an impairment was required to be recognised.</p> <p>For the purpose of the above impairment testing, value in use has been determined by forecasting and discounting future cash flows. Furthermore, the value in use is highly sensitive to changes in some of the inputs used for forecasting the future cash flows.</p> <p>Further, the determination of the recoverable amount of the investments in Kamla International Holdings SA involved judgment due to inherent uncertainty in the assumptions supporting the recoverable amount of these investments.</p> <p>Accordingly, the impairment of investments in Kamla International Holdings SA was determined to be a key audit matter in our audit of the standalone Ind AS financial statements.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• We tested the arithmetical accuracy of the model.</li> <li>• 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</li> </ul>

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS

financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

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

### **Responsibilities of Management for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 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 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;
- iv.
  - a) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 45 to the standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - b) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 45 to the standalone Ind AS financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Anil Gupta**

*Partner*

Membership Number: 87921

UDIN: 22087921AJXERT3639

Place of Signature: New Delhi

Date : 30 May 2022



**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')

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (i)(a)(B) The Company has maintained proper records showing full particulars of intangible assets.
- (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) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in Note 3 to the standalone Ind AS financial statements included in property, plant and equipment are held in the name of the Company. However, for one leasehold land of INR 5.67 lakhs situated at Parwanoo, the Company is in process of completing formalities for transferring the title deed in its own name. Currently, the lease agreement is in the name of M/s Himachal Fine Blanks Limited which got amalgamated with the Company in January 2013.
- (i) (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (i) (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. No discrepancies of 10% or more were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no discrepancies of 10% or more were noticed in respect of such confirmations.

- (ii) (b) As disclosed in Note 17 to the standalone Ind AS financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.
- (iii) (a) During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties except loan to employees which are as follow:

Particulars	Amount (INR in lakhs)
Aggregate amount of loans provided during the year	82.04
Balance outstanding as at balance sheet date in respect of above loans	61.36

- (iii) (b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.
- (iii) (c) In respect of loans granted to a company and other parties, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular except in the following case:

Name of the Entity	Amount (INR in lakhs)	Due date	Extent of delay	Remarks, if any
Satva Jewellery and Design Limited	182.24*	March 31, 2022	No	Renewed

*\*including interest accrued of INR 78.30 lakhs*

- (iii) (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.
- (iii) (e) The Company had granted loan to a company which had fallen due as at the balance sheet date. Subsequent to the balance sheet date, the Company had extended loans to the respective party to settle the dues of the existing loan as at March 31, 2022. The aggregate amount of such dues extended and the percentage of the aggregate to the total loans granted during the year are as follows are as follows:

<b>Name of Party</b>	<b>Aggregate amount of overdues of existing loans extended including interest accrued (INR in lakhs)</b>	<b>Percentage of the aggregate to the total loans granted during the year</b>
Satva Jewellery and Design Limited	182.24	222.14%

- (iii) (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to any Company or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) Loans, investments, guarantees and security in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable 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. Further, the Company has not accepted any amounts which are deemed to be deposits during the year and accordingly, the provisions of clause 3(v) to that extent are not applicable to the Company and hence not commented upon.
- (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 goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (vii) (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

<b>Name of the statute</b>	<b>Nature of the dues</b>	<b>Unpaid amount (INR in lakhs)</b>	<b>Period to which the amount relates</b>	<b>Forum where the dispute is pending</b>
Income Tax, 1961	Disallowance u/s 14 A	1.43	AY 2009 – 2010	ITAT, New Delhi
Income Tax, 1961	Transfer pricing adjustment	71.02	AY 2012 – 2013	ITAT, New Delhi
Income Tax, 1961	Disallowance u/s 43B	39.38	AY 2018 – 2019	Intimation u/s Section 143(1)
Income Tax, 1961	Disallowance u/s 36(1)	2.91	AY 2019 – 2020	CIT (Appeals)

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (ix) (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix) (c) Term loans were applied for the purpose for which the loans were obtained by the Company.
- (ix) (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (ix) (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate company.

- (ix) (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, or associate company. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has utilized the monies raised during the year by way of further public offer in the nature of rights issue for the purposes for which they were raised.
- (x) (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.
- (xi) (b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order are not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us .
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

- (xvi) (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvi) (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in Note 44 to the standalone Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 31(b) to the standalone Ind AS financial statements.
- (xx) (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 31(b) to the standalone Ind AS financial statements.

- (xxi) The requirement to report on clause 3(xxi) of the Order is not applicable to the standalone Ind AS financial statements of the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

***per Anil Gupta***

*Partner*

Membership Number: 87921

UDIN: 22087921AJXERT3639

Place of Signature: New Delhi

Date : 30 May 2022



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF KDDL LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to standalone Ind AS financial statements of KDDL Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone Ind AS financial statements.

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

A company's internal financial controls with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to 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 With Reference to Standalone Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

***per Anil Gupta***

*Partner*

Membership Number: 87921

UDIN: 22087921AJXERT3639

Place of Signature: New Delhi

Date : 30 May 2022

## Balance Sheet as at 31 March 2022

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

	Note	As at 31 March 2022	As at 31 March 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	9,263.08	9,081.82
Capital work-in-progress	3	227.33	112.49
Right-of-use assets	41	944.03	1,068.24
Investment property	41	12.16	28.36
Intangible assets	4	9.51	18.37
Intangible asset under development	4	1.91	-
Financial assets			
- Investments	5	13,779.47	10,745.97
- Loans	6	79.96	79.78
- Other financial asset	6A	93.95	151.06
Income tax assets (net)	7	277.79	277.26
Other non-current assets	8	122.60	54.47
<b>Total non-current assets</b>		<b>24,811.79</b>	<b>21,617.82</b>
<b>Current assets</b>			
Inventories	9	2,790.38	2,648.83
Financial assets			
- Trade receivables	10	4,514.61	3,160.13
- Cash and cash equivalents	11	1,328.63	1,064.04
- Other bank balances	12	288.00	293.61
- Loans	6	69.37	153.33
- Other financial assets	13	332.32	258.90
Other current assets	14	970.89	775.24
<b>Total current assets</b>		<b>10,294.20</b>	<b>8,354.08</b>
<b>Total assets</b>		<b>35,105.99</b>	<b>29,971.90</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	15	1,282.42	1,173.72
Other equity	16	20,309.64	16,132.86
<b>Total equity</b>		<b>21,592.06</b>	<b>17,306.59</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	17	3,902.79	4,090.32
- Lease liabilities	41	250.07	417.34
- Other financial liabilities	18	104.81	159.50
Provisions	19	-	43.35
Deferred tax liabilities (net)	20	490.71	588.71
<b>Total non-current liabilities</b>		<b>4,748.37</b>	<b>5,299.22</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	17	2,936.98	3,679.85
- Lease liabilities	41	243.12	202.85
- Trade payables	21		
- total outstanding dues of micro enterprises and small enterprises		119.57	50.69
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,946.67	1,422.71
- Other financial liabilities	18	1,440.78	1,068.91
Other current liabilities	22	1,673.08	556.52
Provisions	19	369.56	353.04
Current tax liabilities (net)	23	35.80	31.51
<b>Total current liabilities</b>		<b>8,765.56</b>	<b>7,366.08</b>
<b>Total liabilities</b>		<b>13,513.93</b>	<b>12,665.31</b>
<b>Total equity and liabilities</b>		<b>35,105.99</b>	<b>29,971.90</b>

Significant accounting policies

2

Notes to the standalone Ind AS financial statements

3-53

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

As per our report of even date

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

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm registration no.:301003E/E300005

Yashovardhan Saboo

Chairman

and Managing Director

DIN: 00012158

Sanjeev Masown

Chief Financial Officer

and Whole time Director

DIN: 03542390

Anil Gupta

Partner

Membership no. 87921

Brahm Prakash Kumar

Company Secretary

Membership no. FCS7519

Place : New Delhi  
Date : 30 May 2022

Place : Chandigarh  
Date : 30 May 2022

## Statement of Profit and Loss for the year ended 31 March 2022

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

Particulars	Note	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from operations	24	21,796.13	14,689.41
Other income	25	551.07	251.82
<b>Total income</b>		<b>22,347.20</b>	<b>14,941.23</b>
<b>Expenses</b>			
Cost of raw materials consumed	26	5,757.53	3,523.04
Changes in inventories of finished goods, work-in-progress and scrap	27	(42.25)	244.52
Employee benefits expenses	28	6,490.71	4,970.20
Finance costs	29	755.83	926.56
Depreciation and amortisation expense	30	1,170.57	1,195.25
Other expenses	31	5,565.16	3,566.25
<b>Total expenses</b>		<b>19,697.55</b>	<b>14,425.82</b>
<b>Profit before income tax</b>		<b>2,649.65</b>	<b>515.41</b>
Income tax expense:	32		
- Current tax		689.84	119.30
- Current tax for earlier years		0.52	(18.18)
- Deferred tax (credit)/charge		(37.31)	53.85
- Deferred tax charge for earlier years		15.99	21.35
- Deferred tax (credit) due to charge in rate		(79.90)	-
<b>Total income tax expense</b>		<b>589.14</b>	<b>176.32</b>
<b>Profit for the year</b>		<b>2,060.51</b>	<b>339.09</b>
<b>Other comprehensive income / (expense)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit (liability) / asset		12.81	26.28
Income tax on remeasurement of defined benefit (liability) / asset		(3.22)	(7.65)
<b>Other comprehensive income / (expense) for the year (net of income tax)</b>		<b>9.59</b>	<b>18.63</b>
<b>Total comprehensive income for the year</b>		<b>2,070.10</b>	<b>357.72</b>
<b>Earnings per share</b> [nominal value of share Rs. 10 (previous year Rs. 10)]			
Basic (Rs.)	33	16.31	2.85
Diluted (Rs.)		16.31	2.85
Significant accounting policies	2		
Notes to the standalone Ind AS financial statements	3-53		

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

As per our report of even date

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

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

**Yashovardhan Saboo**  
Chairman  
and Managing Director  
DIN: 00012158

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

**Anil Gupta**  
Partner  
Membership no. 87921

**Brahm Prakash Kumar**  
Company Secretary  
Membership no. FCS7519

Place : New Delhi  
Date : 30 May 2022

Place : Chandigarh  
Date : 30 May 2022

**Statement of changes in equity for the year ended 31 March 2022**

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

<b>a. Equity share capital</b>	<b>Note</b>	
Balance as at 01 April 2020	15	1,165.01
Issue of share capital during the year		-
<b>Balance as at 31 March 2021</b>	<b>15 and 50</b>	<b>1,165.01</b>
Issue of share capital during the year		108.70
<b>Balance as at 31 March 2022</b>		<b>1,273.71</b>

**b. Other equity**

	Reserves and surplus			Total
	Securities premium	General reserve	Retained earnings	
Balance as at 1 April 2020	9,480.99	2,776.20	3,517.95	15,775.14
<i>Total comprehensive income for the year ended 31 March 2021</i>				
Profit for the year	-	-	339.09	339.09
Other comprehensive income for the year (net of income tax)	-	-	18.63	18.63
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>357.72</b>	<b>357.72</b>
<b>Balance as at 31 March 2021</b>	<b>9,480.99</b>	<b>2,776.20</b>	<b>3,875.68</b>	<b>16,132.86</b>
<i>Total comprehensive income for the year ended 31 March 2022</i>				
Profit for the year	-	-	2,060.51	2,060.51
Other comprehensive income for the year (net of income tax)	-	-	9.59	9.59
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>2,070.10</b>	<b>2,070.10</b>
Issue of equity shares for cash (Refer to Note 50)	2,391.30	-	-	2,391.30
Share issue expenses (Refer to Note 50)	(93.56)	-	-	(93.56)
Dividend (Refer to Note 35)	-	-	(191.06)	(191.06)
<b>Balance as at 31 March 2022</b>	<b>11,778.73</b>	<b>2,776.20</b>	<b>5,754.72</b>	<b>20,309.64</b>
Significant accounting policies	2			
Notes to the standalone Ind AS financial statements	3-53			

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

As per our report of even date

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

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

**Yashovardhan Saboo**  
 Chairman  
 and Managing Director  
 DIN: 00012158

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

**Anil Gupta**  
 Partner  
 Membership no. 87921

**Brahm Prakash Kumar**  
 Company Secretary  
 Membership no. FCS7519

 Place : New Delhi  
 Date : 30 May 2022

 Place : Chandigarh  
 Date : 30 May 2022

**Cash flow statement for the year ended 31 March 2022**

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

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Cash flow from operating activities</b>		
<b>Profit before income tax</b>	2,649.65	515.41
<b>Adjustments for :</b>		
Depreciation and amortisation expenses	1,170.57	1195.25
Liabilities/ provision no longer required written back	(14.52)	(0.35)
Provision for bad and doubtful debts no longer required written back	(0.98)	(3.74)
Net gain on sale of property, plant and equipment	(0.21)	(1.04)
Interest income	(67.77)	(60.87)
Dividend income	(0.24)	(0.26)
Interest expense	733.85	911.86
Unrealised foreign exchange (gain)/loss	(49.05)	114.53
Property, plant and equipment written off	13.48	0.73
Bad Debts / Advances /deposits written off	25.37	5.80
Impairment in value of non-current investments	-	19.54
Impairment in value of non-current investments no longer required written back	(98.43)	-
Net change in fair value of financial assets (at FVTPL)	(0.21)	(0.77)
Impairment allowance for bad and doubtful loan	103.94	-
Change in fair value of derivative contracts	(9.43)	(74.35)
<b>Operating cash flow before working capital changes</b>	<b>4,456.02</b>	<b>2,621.75</b>
<b>Changes in working capital:</b>		
(Increase)/Decrease in loans	(17.97)	11.00
(Increase) in other non-current and other current financial assets	(4.06)	(28.80)
(Increase)/Decrease in other non-current and other current assets	(210.71)	65.72
(Increase)/Decrease in inventories	(141.55)	560.62
(Increase) in trade receivables	(1,292.40)	(833.86)
(Decrease)/Increase in provisions	(14.02)	42.69
Increase in trade payables	580.76	147.07
Increase in other financial liabilities	293.72	65.41
(Decrease)/Increase in other current liabilities	(183.44)	237.21
<b>Cash generated from operating activities</b>	<b>3,466.35</b>	<b>2888.81</b>
Income tax (paid), net	(686.60)	(152.61)
<b>Net cash generated from operating activities (A)</b>	<b>2,779.75</b>	<b>2,736.20</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment (including capital advances)	(1,286.30)	(821.28)
Proceeds from sale of property, plant and equipment and intangible assets	1,302.23	4.15
Payment for purchase of investments in subsidiary	(2,934.86)	(692.50)
Movement in other bank balances	5.06	244.28
Interest received	45.75	51.33
Dividend received	0.24	0.26
<b>Net cash (used) in investing activities (B)</b>	<b>(2,867.88)</b>	<b>(1,213.76)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity share capital (including premium)	2,500.00	-
Share issue expenses	(93.56)	-

**Cash flow statement for the year ended 31 March 2022**

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

	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
Proceeds from non-current borrowings	2,431.48	1,460.38
Repayment of non-current borrowings	(2,356.05)	(1,567.57)
Proceeds from current borrowings having maturity period more than 3 months	70.54	56.30
Repayment of current borrowings having maturity period more than 3 months	(109.22)	(189.39)
Repayments of/proceeds from current borrowings (net)	(967.15)	(168.90)
Principal portion of lease payments	(227.54)	(215.15)
Interest portion of lease payments	(68.72)	(88.61)
Interest expense paid	(636.02)	(699.18)
Dividend paid	(191.06)	-
<b>Net cash flow from/(used) in financing activities(C)</b>	<b>352.71</b>	<b>(1,412.12)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>264.59</b>	<b>110.33</b>
<b>Cash and cash equivalents at the beginning of the year (see below)</b>	<b>1,064.04</b>	<b>953.72</b>
<b>Cash and cash equivalents at the end of the year (see below)</b>	<b>1,328.63</b>	<b>1,064.04</b>
<b>Notes:</b>		
1. Components of cash and cash equivalents:		
Balances with banks in current accounts	710.71	124.22
Balances with banks in cash credit accounts	110.84	935.03
Deposits with original maturity of less than three months	500.00	-
Cash on hand	7.08	4.79
	<b>1,328.63</b>	<b>1,064.04</b>
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.		
Significant accounting policies	2	
Notes to the standalone Ind AS financial statements	3-53	

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

As per our report of even date

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

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

**Yashovardhan Saboo**  
Chairman  
and Managing Director  
DIN: 00012158

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

**Anil Gupta**  
Partner  
Membership no. 87921

**Brahm Prakash Kumar**  
Company Secretary  
Membership no. FCS7519

Place : New Delhi  
Date : 30 May 2022

Place : Chandigarh  
Date : 30 May 2022



## Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022

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

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### 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 30 May 2022.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

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

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

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

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

#### Basis of measurement

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

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

#### 2.2 Summary of significant accounting policies

##### a. Current versus non-current classification

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

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

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

**b. Property, plant and equipment ('PPE')***Recognition and measurement*

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

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

**Recognition criteria**

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

- (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 Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised.

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

*Depreciation*

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

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

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

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

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

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

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

*Derecognition*

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

**c. Intangible assets***Acquired Intangible*

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

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

*Subsequent expenditure*

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

*Amortisation*

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

The estimated useful lives are as follows:

- Technical know-how 4 Years
- Software 6 Years

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

*Derecognition*

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

Intangible asset under development that are acquired by the Company 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.

**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.

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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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*Defined contribution plans

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

Defined benefit plans

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

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

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

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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 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. 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.

**g. 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.

**h. 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.

**i. Revenue from contract with customer**

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

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

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

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

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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

The Company disaggregates revenue from contracts with customers by geography.

*Sale of services*

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

*Export benefits*

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

**Contract balances***Trade Receivable*

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

*Contract liabilities*

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

**j. 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.

**k. 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



**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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.

**I. Taxes**

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

*Current income tax*

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

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

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

*Deferred tax*

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

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

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

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

nor taxable profit or loss and In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

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

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

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

**m. Leases**

**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:

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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

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

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

**Lease Liabilities**

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

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

**Short term leases and leases of low-value assets**

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

**Company as a lessor**

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

**Investment property**

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

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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the time of commencement of the lease. The Company depreciates the investment property over the period of sub lease term.

**n. 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 FVOCI debt instrument is reported as interest income using the EIR method.

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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*Debt instrument at FVPL*

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

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

*Equity investments*

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

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

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

*Impairment of financial assets*

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

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

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

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

- 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

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

events over the expected life of a financial instrument.

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

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

*Measurement of expected credit losses*

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

*Presentation of allowance for expected credit losses in the balance sheet*

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

*Write-off*

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

*Derecognition of financial assets*

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

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

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

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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*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.

**o. 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



**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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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.

**p. 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.

**q. 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.

**r. 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.

**s. 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.

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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**t. 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.

**u. 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.

**v. 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.

**w. 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 into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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

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

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

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

**2.3 Changes in accounting policies and disclosures****New and amended standards****Amendments to Ind AS 116: Covid-19-Related Rent Concessions**

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. The Company has not been affected by these amendments as there are no rent concessions provided for from the lessor.

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

- (i) Ind AS 103 Business Combinations.
- (ii) Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116.
- (iii) Conceptual framework for financial reporting under Ind AS issued by ICAI.
- (iv) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

On March 24, 2021, the Ministry of Corporate Affairs (“MCA”) through a notification, amended schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rule 2015 are:

**Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work in- progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

The Ministry of Corporate Affairs (MCA) has amended Section 135 of the Companies Act 2013 vide The Companies (Amendment) Act 2020, wherein a proviso has been added to Sub-Section (5) of Section 135 which states that if a company spends an amount in excess of the requirements provided under the said Sub-Section, a company may set off such excess amount against the requirement to spend under the said sub-section up to immediate succeeding three financial years.

Accordingly, the Company has availed the option to carry forward the excess amount spent of INR 13.63 lakhs for the succeeding financial years and presented the same as asset in the standalone Ind AS financial statements.

**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

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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.

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

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**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(g) and 36 for contingencies.

**h) Impairment of financial assets**

Refer note 2.2(n) for the policy to estimate the impairment of financial assets.

**i) Impairment of non-financial assets**

Refer note 2.2(o) for the policy to estimate the impairment of non-financial assets.

**j) Leases – Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

(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	Buildings	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment*	Vehicles	Total	Capital work-in-progress
Balance as at 1 April 2020	78.60	4,008.87	82.14	7,434.30	301.55	198.81	216.80	12,321.06	219.92
Additions	-	56.50	-	434.97	20.84	44.00	63.61	619.92	195.80
Disposals	-	-	-	(5.40)	(0.87)	(0.06)	-	(6.34)	(-303.23) #
<b>Balance as at 31 March 2021</b>	<b>78.60</b>	<b>4,065.37</b>	<b>82.14</b>	<b>7,863.86</b>	<b>321.52</b>	<b>242.74</b>	<b>280.41</b>	<b>12,934.64</b>	<b>112.49</b>
Balance as at 1 April 2021	78.60	4,065.37	82.14	7,863.86	321.52	242.74	280.41	12,934.64	112.49
Additions [refer to note (c) below]	-	26.76	48.02	751.25	43.79	84.44	152.45	1,106.70	192.33
Disposals	-	-	-	(50.81)	(0.22)	(0.38)	(5.66)	(57.07)	(77.49) #
<b>Balance as at 31 March 2022</b>	<b>78.60</b>	<b>4,092.12</b>	<b>130.16</b>	<b>8,564.30</b>	<b>365.08</b>	<b>326.80</b>	<b>427.20</b>	<b>13,984.27</b>	<b>227.33</b>

**Accumulated depreciation**

Balance as at 1 April 2020	-	290.26	37.87	2,295.21	126.52	105.50	87.02	2,942.38	-
Depreciation for the year	-	140.31	8.66	663.58	27.80	48.88	23.70	912.94	-
Disposals	-	-	-	(1.69)	(0.80)	-	-	(2.50)	-
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>430.57</b>	<b>46.53</b>	<b>2,957.09</b>	<b>153.52</b>	<b>154.38</b>	<b>110.72</b>	<b>3,852.82</b>	<b>-</b>
Balance as at 1 April 2021	-	430.57	46.53	2,957.09	153.52	154.38	110.72	3,852.81	-
Depreciation for the year	-	142.81	8.66	645.55	27.62	50.47	34.83	909.93	-
Disposals	-	-	-	(36.66)	(0.00)	(0.32)	(4.58)	(41.57)	-
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>573.38</b>	<b>55.19</b>	<b>3,565.97</b>	<b>181.14</b>	<b>204.53</b>	<b>140.97</b>	<b>4,721.17</b>	<b>-</b>

**Carrying amounts (net)**

At 31 March 2021	78.60	3,634.80	35.61	4,906.77	168.00	88.36	169.69	9,081.83	112.49
At 31 March 2022	78.60	3,518.74	74.97	4,998.33	183.94	122.27	286.23	9,263.08	227.33

**Notes:**

- a. Refer to note 17 for information on property, plant and equipment that 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.

**Rent**

	31 March 2022	31 March 2021
	8.75	-
	<u>8.75</u>	<u>-</u>

# Represents capital work in progress capitalized during the current year and previous year.

\*Including block of computers



**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

**Capital work in progress (CWIP) Ageing Schedule**

As at 31 March 2022	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	118.57	1.18	8.17	5.09	133.01
Material purchased for inhouse development of tools	46.94	16.24	7.27	23.86	94.31
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>165.51</b>	<b>17.42</b>	<b>15.45</b>	<b>28.95</b>	<b>227.33</b>

As at 31 March 2021	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	7.42	9.31	-	7.63	24.36
Material purchased for inhouse development of tools	38.88	18.25	14.36	16.65	88.13
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>46.30</b>	<b>27.55</b>	<b>14.36</b>	<b>24.28</b>	<b>112.49</b>

**4. Intangible assets and intangible assets under development****Gross carrying amount**

	Technical know-how	Softwares	Total	Intangible asset under development
Balance as at 1 April 2020	23.03	135.04	158.07	-
Additions - acquired	-	5.77	5.77	-
Disposals	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>23.03</b>	<b>140.81</b>	<b>163.84</b>	<b>-</b>
Balance as at 1 April 2021	23.03	140.81	163.84	-
Additions - acquired	-	7.84	7.84	1.91
Disposals	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>23.03</b>	<b>148.65</b>	<b>171.68</b>	<b>1.91</b>

**Accumulated amortisation**

Balance as at 1 April 2020	11.53	106.35	117.88	-
Amortisation for the year	4.60	22.99	27.59	-
Disposals	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>16.13</b>	<b>129.34</b>	<b>145.47</b>	<b>-</b>

## KDDL Limited

### Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022

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

	Technical know-how	Softwares	Total	Intangible asset under development
Balance as at 1 April 2021	16.13	129.34	145.47	-
Amortisation for the year	4.60	12.10	16.70	-
Disposals	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>20.73</b>	<b>141.44</b>	<b>162.17</b>	<b>-</b>

#### Carrying amounts (net)

<b>At 31 March 2021</b>	<b>6.90</b>	<b>11.47</b>	<b>18.37</b>	<b>-</b>
<b>At 31 March 2022</b>	<b>2.30</b>	<b>7.21</b>	<b>9.51</b>	<b>1.91</b>

#### Intangible assets under development (IAUD) Ageing Schedule

As at 31 March 2022	Amount in IADU for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	1.91	-	-	-	1.91
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>1.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.91</b>

As at 31 March 2021	Amount in IADU for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## KDDL Limited

### Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022

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

	Note	As at 31 March 2022	As at 31 March 2021
<b>5. Investments</b>			
Non-current investments			
<i>Unquoted investments (fully paid up)</i>			
<b>Investment in equity shares (at cost)</b>			
Subsidiary Companies (at cost):			
- Pylania SA, Switzerland		281.24	281.24
7,550 (31 March 2021: 7,550) equity shares of Swiss Franc (CHF) 100 each fully paid up			
- Ethos Limited	(a), (b), (c), (d), (e)	11,385.41	8,708.48
12,119,588 (31 March 2021: 11,410,146) equity shares of Rs. 10 each fully paid			
- Mahen Distribution Limited	(f)	936.00	698.07
6,005,700 (31 March 2021: 5,928,700) equity shares of Rs 10 each fully paid up			
- Kamla International Holdings SA, Switzerland		1,097.66	1,097.66
16,000 (31 March 2021: 16,000) equity shares of Swiss Franc (CHF) 100 each fully paid up			
- Satva Jewellery and Design Limited		150.00	150.00
3,000,000 (31 March 2021: 3,000,000) equity shares of Rs. 10 each fully paid up			
- Kamla Tesio Dials Limited	(g)	50.00	-
699,930 equity shares of Rs. 10 each fully paid up			
		<b>13,900.31</b>	<b>10,935.45</b>
Associate (at cost):			
- Kamla Tesio Dials Limited	(g)	-	30.00
Nil (31 March 2021: 300,000) equity shares of Rs. 10 each fully paid up			
		-	<b>30.00</b>
Other Companies (Fair value through Statement of profit and loss):			
- Karolview Developers Private Limited		43.70	44.10
500,000 (31 March 2021: 500,000) equity shares of Rs. 10 each fully paid up			
- Shivalik Waste Management Limited		5.01	4.40
17,500 (31 March 2021: 17,500) equity shares of Rs. 10 each fully paid up			
		<b>48.71</b>	<b>48.50</b>
		<b>13,949.01</b>	<b>11,013.95</b>

## KDDL Limited

### Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022

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

	Note	As at 31 March 2022	As at 31 March 2021
<b>Impairment in value of investments</b>			
Subsidiary companies:			
- Pylania SA, Switzerland		-	98.43
- Satva Jewellery and Design Limited		150.00	150.00
- Kamla Tesio Dials Limited		19.54	-
Associate:			
- Kamla Tesio Dials Limited		-	19.54
		<b>169.54</b>	<b>267.97</b>
<b>Total non-current investments</b>		<b>13,779.47</b>	<b>10,745.97</b>
Aggregate amount of unquoted investments		13,779.47	10,745.97
Aggregate amount of impairment in value of investments		169.54	267.97

#### Notes:

- This includes Rs. 14.51 (31 March 2021: Rs. 14.51) which represents fair value of financial guarantees given to Ethos Limited.
- This includes Rs. 36.07 (31 March 2021: Rs. 36.07) which represents dividend on investment in preference shares of Ethos Limited which has been waived by the Company and is considered as quasi equity contribution as it is no longer payable by Ethos Limited.
- During the year ended 31 March 2021, the Company purchased 2,77,000 equity shares of Rs. 10 each amounting to Rs 692.50 of Ethos Limited (a subsidiary company), pursuant to exercise of put option by existing shareholders of Ethos Limited.
- During the year ended 31 March 2022, the Company has purchased 3,50,000 equity shares of Rs. 10 each amounting to Rs. 700 of Ethos Limited (a subsidiary company) from an existing shareholder of Ethos Limited.
- During the year ended 31 March 2022, the Company has invested in 3,59,442 equity shares (including 57,329 equity shares renounced by Mahen Distribution Limited, a subsidiary company) of INR 10 each amounting to Rs. 1,976.93 of Ethos Limited (a subsidiary company) pursuant to Rights Issue of Ethos Limited.
- During the year ended 31 March 2022, the Company has purchased 77,000 equity shares of Rs. 10 each amounting to Rs. 237.93 of "Mahen Distribution Limited" (MDL) (a subsidiary company) from an existing shareholder of Mahen Distribution Limited and by virtue of this acquisition, MDL has become wholly owned subsidiary of the Company w.e.f. 29 March 2022.
- During the year ended 31 March 2022, the Company has acquired 3,99,930 (39.99%) equity shares of Rs. 10 each of "Kamla Tesio Dials Limited" (KTDL) amounting to Rs. 20. Post the above acquisition, the shareholding of the Company has increased from 30.00% to 69.99% and by virtue of this acquisition, KTDL has become subsidiary of the Company w.e.f. 22 November 2021.

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

**6 Loans**

*(Unsecured and considered good)*

	<b>Non-Current</b>	
	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Loan to employees		
- to related party (refer to note 38)	10.44	15.91
- to others	69.52	63.87
	<b>79.96</b>	<b>79.78</b>
	<b>Current</b>	
	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Loan to related party (refer to note 38)	-	
Impairment allowance for loan to related party	103.94	
	<b>103.94</b>	
Less: Impairment allowance for loan to related party	(103.94)	103.94
Loan to employees		
- to related party (refer to note 38)	11.53	10.33
- to others	57.84	39.06
	<b>69.37</b>	<b>153.33</b>

**6A Other financial assets**

*(Unsecured and considered good)*

*Security deposits*

**7 Income tax asset (net)**

Advance income-tax (net of provision)

**8 Other non-current assets**

*(Unsecured and considered good)*

Capital advances

Prepaid expenses

**9 Inventories**

*(at lower of cost and net realisable value)*

Raw materials\*#

Work-in-progress

Finished goods\*

Stores and spares

Scrap

	<b>Non-Current</b>	
	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
	93.95	151.06
	<b>93.95</b>	<b>151.06</b>
	277.79	277.26
	<b>277.79</b>	<b>277.26</b>
	91.36	29.78
	31.24	24.69
	<b>122.60</b>	<b>54.47</b>
	1,624.77	1,570.52
	842.57	777.10
	30.90	57.44
	284.76	239.71
	7.38	4.06
	<b>2,790.38</b>	<b>2,648.83</b>

\*Includes goods-in-transit - raw materials amounting to Rs. 25.63 (Previous year: Rs. 68.18)

#Includes provision for inventory made during the year amounting to Rs. 94.88 (Previous year: Nil)

\*\*The write down of inventories during the year amounting to Nil (Previous year: Rs. 1.20)

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**  
 (All amounts are in Indian Rupees Lakhs, except for share data)

	As at 31 March 2022	As at 31 March 2021
<b>10 Trade receivables</b>		
<i>(Unsecured, considered good, unless otherwise stated)</i>		
Trade receivables from related parties (refer to note 38)	1,041.39	421.18
Trade receivables from others	3,480.19	2,746.90
Less : Allowance for expected credit loss	(6.97)	(7.95)
	<b><u>4,514.61</u></b>	<b><u>3,160.13</u></b>
<b>Break-up of security details</b>		
Trade receivable considered good - unsecured	4,514.61	3,160.13
Trade receivables which have significant increase in credit risk	-	-
Trade receivable - credit impaired	6.97	7.95
<b>Total</b>	<b><u>4,521.58</u></b>	<b><u>3,168.08</u></b>
Allowance for expected credit loss	(6.97)	(7.95)
<b>Total trade receivables</b>	<b><u>4,514.61</u></b>	<b><u>3,160.13</u></b>

**Trade receivables ageing schedule**

	Outstanding for following periods from the date of transaction					
As at 31 March 2022	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	4,352.23	159.04	2.33	1.02	-	4,514.61
Undisputed Trade Receivable - which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivable - credit impaired	-	-	-	1.78	5.19	6.97
<b>Total</b>	<b>4,352.23</b>	<b>159.04</b>	<b>2.33</b>	<b>2.80</b>	<b>5.19</b>	<b>4,521.58</b>

	Outstanding for following periods from the date of transaction					
As at 31 March 2021	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	2,964.30	185.97	9.86	-	-	3,160.12
Undisputed Trade Receivable - which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivable - credit impaired	-	-	-	1.78	6.17	7.95
<b>Total</b>	<b>2,964.30</b>	<b>185.97</b>	<b>9.86</b>	<b>1.78</b>	<b>6.17</b>	<b>3,168.08</b>

# The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in Note 34B.

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

	Note	As at 31 March 2022	As at 31 March 2021
<b>11 Cash and cash equivalents</b>			
Balances with banks			
- in current accounts		710.71	124.22
- in cash credit accounts		110.84	935.03
Deposits with original maturity of less than three months		500.00	-
Cash on hand		7.08	4.79
		<b>1,328.63</b>	<b>1,064.04</b>
<b>12 Other bank balances</b>			
Deposit accounts with original maturity more than 3 months and maturing within 12 months from the reporting date	(a)	261.42	266.48
Balance in unclaimed dividend accounts		26.58	27.13
		<b>288.00</b>	<b>293.61</b>
<b>Note:</b>			
(a) These deposits include restricted bank deposits amounting to Rs. 261.42 (31 March 2021: Rs. 266.48) on account of deposits pledged as security for deposits from shareholders, bank guarantee and margin money.			
<b>13 Other financial assets</b>			
<i>(Unsecured and considered good)</i>			
Interest receivable from related party (refer to note 38)		78.30	68.40
Interest accrued but not due on deposits		11.85	13.05
Derivatives Financial instruments (Fair Value through statement of Profit and Loss)		9.43	-
Recoverable from related parties (refer to note 38)		27.72	17.33
Recoverable from / balance with government authorities		114.73	115.26
Recoverable from others		2.96	20.88
Security deposits		87.33	23.98
		<b>332.32</b>	<b>258.90</b>
<b>14 Other current assets</b>			
<i>(Unsecured and considered good)</i>			
Recoverable from / balance with government authorities		453.75	544.71
Advances for supply of goods and services (refer to note 38)		187.48	119.90
Advances to employees (refer to note 38)		54.29	31.29
Prepaid expenses		87.81	79.34
Advance payment for gratuity (refer to note 37)		173.93	-
Prespent CSR expenditure [refer to note 31(b)]		13.63	-
		<b>970.89</b>	<b>775.24</b>



**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

**15. Equity Share capital**
**(i) Details of share capital**

	As at 31 March 2022		As at 31 March 2021	
	Number of Shares	Amount	Number of Shares	Amount
<b>Authorised</b>				
Equity shares of Rs. 10 each.	25,000,000	2,500.00	25,000,000	2,500.00
	<b>25,000,000</b>	<b>2,500.00</b>	<b>25,000,000</b>	<b>2,500.00</b>
<b>Issued</b>				
Equity shares of Rs. 10 each	12,911,344	1,291.13	11,824,388	1,182.43
	<b>12,911,344</b>	<b>1,291.13</b>	<b>11,824,388</b>	<b>1,182.43</b>
<b>Subscribed and paid up capital</b>				
Equity shares of Rs. 10 each fully paid up	12,737,064	1,273.71	11,650,108	1,165.01
Forfeited equity shares of Rs.10 each	174,280	8.71	174,280	8.71
	<b>12,911,344</b>	<b>1,282.42</b>	<b>11,824,388</b>	<b>1,173.72</b>

**(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 2022		As at 31 March 2021	
	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the year	11,650,108	1,165.01	1,16,50,108	1,165.01
Add: Shares issued during the year	1,086,956	108.70	-	-
(Refer to Note 50)				
<b>Balance at the end of the year</b>	<b>12,737,064</b>	<b>1,273.71</b>	<b>1,16,50,108</b>	<b>1,165.01</b>

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

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	% of equity shares held	Number of shares	% of equity shares held
Yashovardhan Saboo	2,007,293	15.76%	1,812,993	15.56%
Rajendra Kumar Saboo (RKS JS Family Trust)	1,400,058	10.99%	-	-
Elevation Capital V FII Holdings Limited (formerly known as Saif India V FII Holdings Limited)	1,008,400	7.92%	1,008,400	8.66%

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

Elevation Capital V Limited (formerly known as Saif Partners India V Limited)	754,716	5.93%	754,716	6.48%
Pranav Shankar Saboo	799,051	6.27%	680,851	5.84%
Jupiter India Fund	672,521	5.28%	615,111	5.28%
R. K. Saboo	584,412	4.59%	1,641,470	14.09%

(v) Bonus shares, shares buyback and issue of shares for consideration other than in cash (during five years immediately preceding 31 March 2022)

During the five years immediately preceding 31 March 2022, neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash except during the year ended 31 March 2020, 16,500 equity shares of Rs. 10 each was issued under employee stock option plans for which only exercise price had been received in cash.

(vi) Equity shares of Rs. 10 each fully paid up held by

Promoters Shareholdings		As at 31 March 2022			As at 31 March 2021		
S. No.	Promoter's Name	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
1	Rajendra Kumar Saboo (HUF)	77,820	0.61%	(0.25%)	100,620	0.86%	0.00%
2	Yashovardhan Saboo (HUF)	55,052	0.43%	0.01%	48,752	0.42%	0.00%
3	Rajendra Kumar Saboo	506,592	3.98%	(9.25%)	1,540,850	13.23%	(11.12%)
4	Yashovardhan Saboo	1,952,241	15.33%	0.18%	1,764,241	15.14%	36.76%
5	Anuradha Saboo	436,857	3.43%	(0.32%)	436,857	3.75%	0.00%
6	Asha Devi Saboo	20,925	0.16%	(0.10%)	30,925	0.27%	0.00%
7	Satvika Saboo	151,328	1.19%	0.02%	135,728	1.17%	0.00%
8	Pranav Shankar Saboo	799,051	6.27%	0.43%	680,851	5.84%	0.00%
9	Vardhan Properties and Investment Private Limited	36,003	0.28%	0.01%	31,903	0.27%	220.60%
10	Dream Digital Technology Private Limited	29,415	0.23%	0.10%	15,615	0.13%	(18.90%)
11	Saboo Ventures LLP	10,038	0.08%	100.00%	-	0.00%	
12	Usha Devi Saboo (UDS JS Family Trust)	169,800	1.33%	(0.12%)	169,800	1.46%	(62.37%)
13	Rajendra Kumar Saboo (RKS JS Family Trust)	1,400,058	10.99%	100.00%	-	0.00%	
14	Swades Capital LLC	324,150	2.54%	(0.24%)	324,150	2.78%	0.00%
	<b>Total</b>	<b>5,969,330</b>	<b>46.87%</b>		<b>5,280,292</b>	<b>45.32%</b>	

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

**16 Other equity**

(also refer to Statement of Changes in Equity)

**(i) Securities premium**

Balance at the beginning of the year	9,480.99	9,480.99
Add : Additions during the year	2,297.74	-
Less : Share issue expense made during the year	-	-
Balance at the end of the year	<u>11,778.73</u>	<u>9,480.99</u>

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**

Balance at the beginning of the year	-	-
Less : Options expired during the year	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>

The fair value of the equity settled share based payment transactions with employees was recognised in Statement of Profit and Loss with corresponding credit to share based payment reserve.

**(iv) Retained earnings**

Balance at the beginning of the year	3,875.67	3,517.95
Add: Profit for the year	2,060.51	339.09
Less : Final dividend on equity shares (Rs. 2.50 per share)	(191.06)	-
Less : Corporate dividend tax	-	-
Less : Transfer to general reserve	-	-
Add: Effective portion of gains/(losses) on hedging instruments in cash flow hedges	-	-
Effective portion of gains/(losses) on hedging instruments in cash flow hedges	-	-
Income tax on effective portion of gains/(losses) on hedging instruments in cash flow hedges	-	-
Add: Remeasurement of defined benefit liability (asset)	-	-
Remeasurement of defined benefit liability (asset)	12.81	26.28

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

Income tax on remeasurement of defined benefit liability (asset)	(3.22)	(7.65)
Balance at the end of the year	<u>5,754.70</u>	<u>3,875.67</u>

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).

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

Balance at the beginning of the year	-	-
Add : Issue of share warrants during the year	-	-
Less: Shares issued during the year	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>
	<u>20,309.64</u>	<u>16,132.86</u>

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 September 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.

	Note	As at 31 March 2022	As at 31 March 2021
<b>17 Borrowings</b>			
<b>Non-current borrowings</b>			
Term-loans			
From banks (secured)	(a)	81.95	33.63
From others (secured)	(b)	3,572.76	3,626.79
		<u>3,654.71</u>	<u>3,660.42</u>

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

Deposits from shareholders and directors		
Related parties (unsecured) (refer to note 38)	( c )	
- From Directors	858.95	736.50
- From Inter-Corporate	-	30.00
- From Others	83.10	76.16
From others (unsecured)	(c)	
	1,625.80	1,644.05
	<b>2,567.85</b>	<b>2,486.71</b>
Total non-current borrowings (including current maturities)	<b>6,222.56</b>	<b>6,147.13</b>
Less : Current maturities of non-current borrowings	2,319.77	2,056.81
(refer to note 17)		
	<b>3,902.79</b>	<b>4,090.32</b>

**Notes:**

- (a) - Vehicle loans from banks amounting to Rs. 81.95 (31 March 2021: Rs. 33.63) carrying interest rate in the range of 6.90% 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. Nil (31 March 2021: Rs. 11.30) carrying interest rate equal to LTLR less 7% (presently 10.25%) (previous year 10.25%) was 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. The loan was also personally guaranteed by Chairman & Managing Director of the Company. The loan was 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 was paid on 25 April 2021.
- Term loan from Tata Capital Financial Services Limited amounting to Rs. Nil (31 March 2021: Rs. 0.82) carrying interest rate equal to LTLR less 7% (presently 10.25%) (previous year 10.25%) was 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. The loan was also personally guaranteed by Chairman & Managing Director of the Company. The loan was 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 was paid on 25 April 2021.
- Term loan from Tata Capital Financial Services Limited amounting to Rs. Nil (31 March 2021: Rs. 67.50) carrying interest rate equal to LTLR less 7.25% (presently 10.25%) (previous year 10.25%) was 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). The loan was also personally guaranteed by Chairman & Managing Director of the Company. The loan was 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 was paid on 8 December 2021.

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

- Term loan from Tata Capital Financial Services Limited amounting to Rs. Nil (31 March 2021: Rs. 27.72) carrying interest rate equal to 10% (previous year Nil) was 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). The loan was also personally guaranteed by Chairman & Managing Director of the Company. The loan was to be repaid in 2 monthly installments of Rs. 13.86 as per the repayment schedule in equal installments commencing from 08 January 2022. The last instalment was paid on 08 February 2022.
- Term loan from Tata Capital Financial Services Limited amounting to Rs. 292.72 (31 March 2021: Rs. 467.72) carrying interest rate equal to LTLR less 8.75% (presently 9.00%) (previous year 10.00%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 52 monthly installments of Rs. 14.65 as per the repayment schedule in equal annual installments commencing from 30 July 2018. The last instalment would be repaid on 20 November 2023.
- Term loan from Tata Capital Financial Services Limited amounting to Rs. 18.77 (31 March 2021: Rs. 18.77) carrying interest rate equal to 9% (previous year 10%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 4 monthly installments of Rs. 4.69 as per the repayment schedule in equal installments commencing from 20 August 2023. The last instalment would be repaid on 20 November 2023.
- Term loan from Bajaj Finance Limited amounting to Rs. 330.17 (31 March 2021: Rs. 885.02) carrying interest rate of 7.80% (previous year 8.75%) 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 March 2023.
- Term loan from Bajaj Finance Limited amounting to Rs. 407.43 (31 March 2021: Rs. 678.76) carrying interest rate of 7.80% (previous year 8.75%) is secured by way of first pari passu charge over movable fixed assets of the Company. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 48 instalments of Rs.20.83 as per the repayment schedule in equal monthly installments commencing from 05 September 2019. The Last instalment would be paid on 5 December 2023.
- Term loan from Bajaj Finance Limited amounting to Rs. 665.52 (31 March 2021: Rs. 886.91) carrying interest rate of 7.80% (previous year 8.75%) is secured by way of first pari passu charge over movable fixed assets of the Company. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 18 instalments of Rs. 55.55 as per the repayment schedule in equal quarterly installments commencing from 05 September 2021. The Last instalment would be paid on 05 March 2025.

**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

- Term loan from Bajaj Finance Limited amounting to Rs. 513.00 (31 March 2021: Rs. 513.00) carrying interest rate of 8% (previous year 8%) is secured by way of second pari passu charge over leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru over movable fixed assets, current assets and movable fixed assets of the Company. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 48 instalments as per the repayment schedule commencing from 05 April 2022 with one year of moratorium from the drawdown. The last instalment would be paid on 05 March 2025.

- Term loan from Bajaj Finance Limited amounting to Rs. 1,300.00 (31 March 2021: Rs. Nil) carrying interest rate of 7.5% is secured by way of second pari passu charge over leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru over movable fixed assets, current assets and movable fixed assets of the Company. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 48 instalments as per the repayment schedule commencing from 05 January 2023 with one year of moratorium from the drawdown. The last instalment would be paid on 05 December 2026.

- Vehicle loans from Daimler Financial Services, Kotak Mahindra Prime Limited and Toyota Financial Services India Limited amounting to Rs. 45.15 (31 March 2021: Rs. 69.27) carrying interest rate in range of 7.43% to 9.50% (previous year 7.75% to 9.50%) per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equal monthly installments.

- (c) Deposits from shareholders and directors amounting to Rs. 2,567.85 (31 March 2021: Rs. 2,486.71) carrying interest rates in the range of 9.50% to 11.25% (previous year 9.50% to 11.50%) per annum are repayable in 1 years to 3 years from the respective dates of deposit.

<b>Current Borrowings</b>	<b>Note</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Loans repayable on demand			
From banks (secured)	(a)	296.15	1264.31
From others (secured)	(b)	-	300.00
Liability against utilisation of bill discounting facility			
From bank (secured)	(c)	154.91	-
From other (unsecured)	(d)	146.10	-
Deposit from shareholders and directors (unsecured)			
Related parties (unsecured) (refer to note 38)			
- From Others		-	1.50
From others (unsecured)	(c)	20.05	57.23
Current maturities of non-current borrowings [refer to note 17(i)]		2,319.77	2,056.81
		<b>2,936.98</b>	<b>3,679.85</b>



**Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2022**

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

**Notes:**

- (a) Working capital borrowings from banks amounting to Rs. 296.15 (31 March 2021: Rs. 1,264.31) carrying interest rate varying from 6.25% to 8.90% (previous year 8.45% to 10.20%) per annum are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Company (both present and future), on pari passu basis except packaging unit (KPAC) and are further secured by a second charge on the entire fixed assets of the Company. These loans are also guaranteed by the Chairman & Managing Director of the Company and is repayable on demand.
- (b) Working capital borrowing from others amounting to Rs. Nil (31 March 2021: Rs. 300) carrying interest rate of 8.00% (previous year 8%) per annum was secured by first pari passu charge on current assets. The loan was also personally guaranteed by the Chairman & Managing Director of the Company and is repayable on demand
- (c) Liability against utilisation of bill discounting facility from bank amounting to Rs. 154.91 (31 March 2021: Rs. Nil) carrying interest rate of 7.15% (previous year: Nil) per annum is hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Company (both present and future), on pari passu basis and are further secured by a second charge on the entire movable fixed assets of the Company and immovable property situated at Haibtapur Road, Saddomajra, Derabassi, Mohali, Punjab. This facility is also guaranteed by the Chairman & Managing Director of the Company.
- (d) Liability against utilisation of bill discounting facility from other amounting to Rs. 146.10 (31 March 2021: Rs. Nil) carrying interest rate of 5.50% (previous year: Nil) per annum.
- (e) Deposits from shareholders and directors amounting to Rs. 20.05 (31 March 2021: Rs. 58.73) carrying interest rates in the range of 8% to 9% (previous year 9% to 10%) per annum are repayable within 1 year from the respective dates of deposit.
- (f) The Company has filed quarterly statements of current assets with the banks in agreement with the books of accounts.

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

	As at 31 March 2022	As at 31 March 2021
<b>Balance as at the beginning of the year (including current and non-current borrowings)</b>	<b>7,770.17</b>	<b>8,176.58</b>
Proceeds from non-current borrowings	2,431.48	1,460.38
Repayment of non-current borrowings*	(2,356.05)	(1,567.57)
Proceeds from current borrowings having maturity period more than 3 months	70.54	56.30
Repayment of current borrowings having maturity period more than 3 months	(109.22)	(189.39)
Repayments of/proceeds from current borrowings (net)	(967.15)	(168.90)
Transaction costs related to borrowings	-	2.77
<b>Balance as at the end of the year (including current and non-current borrowings)</b>	<b>6,839.77</b>	<b>7,770.17</b>

\*Repayment of non-current borrowings includes current maturities of non-current borrowings

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**  
 (All amounts are in Indian Rupees Lakhs, except for share data)

		<b>Non-Current</b>	
		<b>As at</b>	<b>As at</b>
<b>18 Other financial liabilities</b>		<b>31 March 2022</b>	<b>31 March 2021</b>
Interest accrued but not due (refer to note 38)		103.75	153.81
Security Deposits		1.06	5.69
		<b>104.81</b>	<b>159.50</b>
		<b>Current</b>	
		<b>As at</b>	<b>As at</b>
		<b>31 March 2022</b>	<b>31 March 2021</b>
Interest accrued but not due (refer to note 38)		255.80	176.62
Unpaid dividends*		26.60	27.14
Application money received for allotment of securities to the extent refundable		-	-
Capital creditors		96.12	101.24
Employee related payables (refer to note 38)		1,055.49	757.14
Security Deposit			
- From related party (refer to note 38)		6.77	6.77
		<b>1,440.78</b>	<b>1,068.91</b>

\* not due for deposit to investor education and protection fund

		<b>Non-Current</b>		<b>Current</b>	
		<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>19 Provisions</b>		<b>31 March 2022</b>	<b>31 March 2021</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
<i>Provisions for employee benefits (refer to note 37)</i>					
Liability for gratuity	-	43.35	-	70.86	
Liability for compensated absences	-	-	369.56	282.18	
	-	<b>43.35</b>	<b>369.56</b>	<b>353.04</b>	

<b>20 Deferred tax liabilities (net)</b>		<b>As at</b>	<b>As at</b>
		<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Deferred tax liability on</b>			
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books		628.20	706.34
- MTM Gain on foreign exchange contracts		2.37	-
<b>Deferred tax liability (A)</b>		<b>630.57</b>	<b>706.34</b>

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**  
 (All amounts are in Indian Rupees Lakhs, except for share data)

	As at 31 March 2022	As at 31 March 2021
<b>Deferred tax assets on</b>		
- Expected credit loss allowance	27.91	2.32
- Provision for employee benefits	85.43	85.95
- Lease liabilities and Right of use assets (Net)	26.52	29.36
<b>Deferred tax assets (B)</b>	<b>139.86</b>	<b>117.63</b>
<b>Net deferred tax liabilities (A - B)</b>	<b>490.71</b>	<b>588.71</b>

**(b) Movement in temporary differences:**

	As at 31 March 2020	Recognised in Statement of Profit & Loss	Recognised in other comprehensive income	As at 31 March 2021
<b>2020-2021</b>				
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	659.86	46.48	-	706.34
- MTM Gain/(loss) on foreign exchange contracts	(21.65)	21.65	-	-
- Expected credit loss allowance	(3.40)	1.08	-	(2.32)
- Provision for employee benefits	(112.00)	18.39	7.65	(85.95)
- Lease liabilities and Right of use assets (Net)	(16.96)	(12.40)	-	(29.36)
	<b>505.85</b>	<b>75.20</b>	<b>7.65</b>	<b>588.71</b>

	As at 31 March 2021	Recognised in Statement of Profit & Loss	Recognised in other comprehensive income	As at 31 March 2022
<b>2021-2022</b>				
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	706.34	(78.14)	-	628.20
- MTM Gain/(loss) on foreign exchange contracts	-	2.37	-	2.37
- Expected credit loss allowance	(2.32)	(25.59)	-	(27.91)
- Provision for employee benefits	(85.95)	(2.70)	3.22	(85.43)
- Lease liabilities and Right of use assets (Net)	(29.36)	2.84	-	(26.52)
	<b>588.71</b>	<b>(101.22)</b>	<b>3.22</b>	<b>490.71</b>

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

<b>21 Trade payables</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Dues of Micro Enterprises and Small Enterprises (refer to note below)	119.57	50.69
Trade payables to related parties (refer to note 38)	198.97	58.32
Other trade payables	1,747.70	1,364.39
	<b>2,066.24</b>	<b>1,473.40</b>

**Trade payables ageing schedule**

<b>As at 31 March 2022</b>	<b>Outstanding for following periods from the date of transaction</b>					<b>Total</b>
	<b>Unbilled</b>	<b>&lt; 1 years</b>	<b>1 year to 2 years</b>	<b>2 years to 3 years</b>	<b>&gt; 3 years</b>	
Total outstanding dues of micro enterprises and small enterprises	3.79	115.77	-	-	-	<b>119.57</b>
Total outstanding dues of creditors other than micro enterprises and small enterprises	446.63	1,486.80	1.07	6.78	5.40	<b>1,946.67</b>
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>450.42</b>	<b>1,602.57</b>	<b>1.07</b>	<b>6.78</b>	<b>5.40</b>	<b>2,066.24</b>

<b>As at 31 March 2021</b>	<b>Outstanding for following periods from the date of transaction</b>					<b>Total</b>
	<b>Unbilled</b>	<b>&lt; 1 years</b>	<b>1 year to 2 years</b>	<b>2 years to 3 years</b>	<b>&gt; 3 years</b>	
Total outstanding dues of micro enterprises and small enterprises	3.81	46.88	-	-	-	<b>50.69</b>
Total outstanding dues of creditors other than micro enterprises and small enterprises	334.22	1,074.63	-	8.38	5.47	<b>1,422.71</b>
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>338.03</b>	<b>1,121.52</b>	<b>-</b>	<b>8.38</b>	<b>5.47</b>	<b>1,473.40</b>

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 :

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amounts are in Indian Rupees Lakhs, except for share data)

Particulars	As at 31 March 2022	As at 31 March 2021
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year		
- Principal	115.78	46.88
- Interest	3.79	3.81
(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;	15.39	90.75
(c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during each accounting year) but without adding the interest specified under the Micro Small and Medium Enterprises Development Act, 2006;	3.79	3.81
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	3.79	3.81
(e) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprises Development Act, 2006	3.79	3.81
<b>22 Other current liabilities</b>		
Advance from customers	140.97	368.77
Advance received from a subsidiary company for sale of brand (Refer to Note 38 and 51)	1,300.00	-
Statutory dues	232.11	187.75
	<b>1,673.08</b>	<b>556.52</b>
<b>23 Current tax liabilities (net)</b>		
Provision for income tax (net of advance tax)	35.80	31.51
	<b>35.80</b>	<b>31.51</b>

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

	Year ended 31 March 2022	Year ended 31 March 2021
<b>24 Revenue from operations</b>		
Sale of products	20,451.87	13,670.32
Sale of services	406.53	277.72
Other operating revenues		
Export incentives*	214.20	251.31
Scrap sales	723.53	490.06
	<b>21,796.13</b>	<b>14,689.41</b>

Revenue disaggregation as per industry vertical and geography has been included in segment information (refer to note 39)

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

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from sale of products		
- Precision and watch components	19,469.06	13,200.16
- Others	982.81	470.16
Sale of services	406.53	277.72
Other operating revenue	723.53	490.06
	<b>21,581.93</b>	<b>14,438.10</b>

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

Total revenue from contracts with customers	21,581.93	14,438.10
Add: Items not included in disaggregated revenue:		
- Export Incentives	214.20	251.31
<b>Revenue from operations as per the statement of profit and loss</b>	<b>21,796.13</b>	<b>14,689.41</b>

### 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)	4,514.61	3,160.13
Advances from customers (refer to note 22)	140.97	368.77

### 25 Other income

Interest income		
Fixed deposits with banks*	35.23	31.04
Interest income from related parties* (refer to note 38)	12.38	12.74
Interest income from others*	20.16	17.09

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

	Year ended 31 March 2022	Year ended 31 March 2021
Dividend income	0.24	0.26
Rental income (refer to note 38)	36.40	33.19
Liabilities/ provision no longer required written back	14.52	0.35
Provision for bad and doubtful debts no longer required written Back	0.98	3.74
Reversal of diminution in the value of non-current investment	98.43	-
Exchange gain on foreign exchange fluctuations (net)	299.51	122.37
Net gain on sale of property, plant and equipment and intangible assets	0.21	1.04
Net change in fair value of financial assets (at FVTPL)	0.21	0.77
Miscellaneous income (refer to note 38)	32.80	29.23
	<b>551.07</b>	<b>251.82</b>
*on financial assets at amortised cost		
<b>26 Cost of materials consumed</b>		
Inventory of raw materials at the beginning of the year	1,570.52	1,842.58
Purchases of raw materials	<u>5,811.78</u>	<u>3,250.98</u>
	7,382.30	5,093.56
Inventory of raw materials at the end of the year	<u>1,624.77</u>	<u>1,570.52</u>
	<b>5,757.53</b>	<b>3,523.04</b>
<b>27 Changes in inventories of finished goods, work-in-progress and scrap</b>		
Opening stock		
Work-in-progress	777.10	871.61
Finished goods	57.44	194.96
Scrap	<u>4.06</u>	<u>16.55</u>
	<b>838.60</b>	<b>1,083.12</b>
Less:		
Closing stock		
Work-in-progress	842.57	777.10
Finished goods	30.90	57.44
Scrap	<u>7.38</u>	<u>4.06</u>
	<b>880.85</b>	<b>838.60</b>
	<b>(42.25)</b>	<b>244.52</b>
<b>28 Employee benefits expense</b>		
Salaries and wages* [refer to note 3 (c)]	5,717.58	4,351.10
Contributions to provident and other funds (refer to note 37)	484.70	443.85
Staff welfare expenses	<u>288.43</u>	<u>175.25</u>
	<b>6,490.71</b>	<b>4,970.20</b>
*net off reimbursement of salaries of Rs. 53.75 (previous year: Rs. 110.71) received for overseas employees under swiss labour laws on account of Covid-19.		
<b>29 Finance costs</b>		
Interest expense on financial liabilities measured at amortised cost	665.14	823.26
Interest on lease liabilities (refer to note 41)	68.72	88.61
Other borrowing costs	<u>21.98</u>	<u>14.69</u>
	<b>755.83</b>	<b>926.56</b>



**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

	Year ended 31 March 2022	Year ended 31 March 2021
<b>30 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment (refer to note 3)	909.93	912.95
Amortisation of other intangible asset (refer to note 4)	16.70	27.59
Depreciation of Right-of-use assets (refer to note 41)	227.73	238.50
Depreciation of investment property (refer to note 41)	16.21	16.21
	<b><u>1,170.57</u></b>	<b><u>1,195.23</u></b>
<b>31 Other expenses</b>		
Stores and spares consumed	995.28	654.45
Power, fuel and water and electricity charges	468.86	370.96
Contractual labour expenses (refer to note 38)	788.17	327.40
Insurance	34.57	7.19
Rent [refer to note 3(c) and 41]	5.83	3.37
Rates and taxes	24.58	42.97
Repair and maintenance		
- Plant and machinery	238.51	215.92
- Buildings	79.71	49.09
- Others	217.05	133.65
Legal and professional fees [refer to note (a) below and note 38]	498.16	351.18
Travelling and conveyance	413.70	238.65
Job charges (refer to note 38)	702.10	423.35
Bank Charges	52.50	36.71
Printing and stationery	34.09	29.46
Communication expenses	44.88	40.65
Commission	245.16	186.50
Events and exhibitions	136.59	62.37
Property, plant and equipment written off	13.48	0.73
Donation	4.19	1.80
Bad debts/ advances / deposits written off	25.37	5.80
Impairment allowance for bad and doubtful loan	103.94	-
Directors' sitting fees (refer to note 38)	20.80	13.50
Security service charges	108.36	89.33
Impairment in value of non-current investments (refer to note 38)	-	19.54
Corporate social responsibility expenditure [refer to note (b) below and note 38]	27.73	36.42
Miscellaneous expenses	281.49	225.26
	<b><u>5,565.16</u></b>	<b><u>3,566.25</u></b>

Note (a): Auditors' remuneration (excluding taxes as applicable)

As Auditor

- Statutory audit	14.00	14.00
- Limited review of quarterly results	6.00	6.00

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

	Year ended 31 March 2022	Year ended 31 March 2021
In other capacity		
- Certification work	2.82	3.45
- Reimbursement of expenses	0.65	0.91
	<b>23.47</b>	<b>24.36</b>
<b>Note (b): Detail of corporate social responsibility expenditure</b>		
a. Gross amount required to be spent by the Company during the year	27.73	36.42
b. Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above (refer to note c below and note 38)	41.36	36.42
	<b>41.36</b>	<b>36.42</b>
c. Details related to spent / unspent obligations:		
(i) Contribution		
- Healthcare activities related to Covid-19	21.57	-
- Supporting health activities	13.41	2.00
- Ensuring environmental sustainability	6.38	5.40
- Promotion of education-	-	14.25
- Contribution to the Prime Minister's National Relief Fund	-	8.00
- Eradicating extreme hunger and poverty	-	4.77
- Enhancing employment vocational skills	-	2.00
(ii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-
	<b>41.36</b>	<b>36.42</b>
Excess CSR Expenditure eligible to be set-off against the CSR Spending mandate of succeeding three financial years (Refer to Note 14)	13.63	-
	<b>13.63</b>	<b>-</b>

**Notes:**

- (a) There are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act, 2013 ("the Act"), in compliance with second proviso to sub section 5 of Section 135 of the Act.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of Section 135 of Companies Act.

**32 Income tax expense**
**A. Amounts recognised in statement of profit and loss**
**Current tax**

Current year	689.84	119.30
Changes in estimates related to prior years	0.52	(18.18)
	<b>690.36</b>	<b>101.12</b>

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Deferred tax</b>		
Attributable to—		
Origination and reversal of temporary differences	(37.31)	53.85
Changes in estimates related to prior years	15.99	21.35
Changes in deferred tax due to change in rate	(79.90)	-
	<b>(101.22)</b>	<b>75.20</b>
	<b>589.14</b>	<b>176.32</b>
<b>B. Reconciliation of effective tax rate</b>		
<b>Profit before tax</b>	<b>2,649.65</b>	<b>515.41</b>
Tax at the Indian tax rate of 25.168% (previous year 29.12%)*	666.86	150.09
Effect of expenses that are not deductible in determining taxable profit	(14.34)	23.07
Effect of reduction in tax rate**	(79.90)	-
Tax for earlier years	16.51	3.16
Income tax expenses recognised in statement of profit and loss	<b>589.14</b>	<b>176.32</b>
<p>* The tax rate used for the current year reconciliation above is the corporate tax rate of 25.168% (Previous year 29.12%) payable by corporate entities in India on taxable profits under the Indian tax law.</p> <p>** The Company has 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 Company has recognised provision for taxation and re-measured its deferred tax liabilities basis the rate prescribed in the said Section. The impact of such change is recognised in the statement of profit and loss.</p>		
<b>C. Income tax recognised in other comprehensive income</b>		
<b>Arising on income and expenses recognised in other comprehensive income</b>		
Remeasurement of defined benefit (liability)/ asset	12.81	26.28
	<b>12.81</b>	<b>26.28</b>
<b>Bifurcation of the income tax recognised in other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Income tax on remeasurement of defined benefit (liability)/ asset	(3.22)	(7.65)
	<b>(3.22)</b>	<b>(7.65)</b>
<b>33 Earnings per share</b>		
<b>A. Basic earnings per share</b>		
i. Profit for basic earning per share of Rs. 10 each		
Profit for the year	2,060.51	339.09
ii. Weighted average number of equity shares for (basic)		
Balance at the beginning of the year	1,16,50,108	1,16,50,108
Effect of fresh issue of shares	7,36,236	-
Bonus element in rights issue	2,44,554	2,44,554
	<b>1,26,30,898</b>	<b>1,18,94,662</b>

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**  
 (All amounts are in Indian Rupees Lakhs, except for share data)

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

	As at 31 March 2022	As at 31 March 2021
<b>Basic Earnings per share (face value of Rs 10 each)*</b>	<b>16.31</b>	<b>2.85</b>
B. Diluted earnings per share		
i. Profit for diluted earning per share of Rs. 10 each		
Profit for the year	2,060.51	339.09
ii. Weighted average number of equity shares for (diluted)		
Balance at the beginning of the year	1,16,50,108	1,16,50,108
Effect of fresh issue of shares	7,36,236	-
Bonus element in rights issue	2,44,554	2,44,554
	<b>1,26,30,898</b>	<b>1,18,94,662</b>

**Diluted Earnings per share (face value of Rs. 10 each)\*** **16.31** **2.85**

\*Pursuant to allotment of equity shares on rights basis, basic and diluted earnings per share for the previous year presented have been restated for the bonus element in respect of rights issue made during the year ended 31 March 2022 in accordance with Indian Accounting Standard (Ind AS) 33 - Earning per Share.

**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 2022			As at 31 March 2021		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>								
<b>Non-current</b>								
<b>Non-derivative financial assets</b>								
Investments:								
Investment in equity shares - other companies	(i)	3	48.71	-	-	48.50	-	-
Loans	(ii)	3	-	-	79.96	-	-	79.78
Other financial assets	(ii)	3	-	-	93.95	-	-	151.06
<b>Current</b>								
<b>Non-derivative financial assets</b>								
Trade receivables	(iii)	3	-	-	4,514.61	-	-	3,160.13
Cash and cash equivalents	(iii)	3	-	-	1,328.63	-	-	1,064.04
Other bank balances	(iii)	3	-	-	288.00	-	-	293.61
Loans	(iii)	3	-	-	69.37	-	-	153.33
Other financial assets	(iii)	3	-	-	322.89	-	-	258.90
<b>Derivative financial assets</b>								
Forward contracts	(v)	2	9.43	-	-	-	-	-
<b>Total financial assets</b>			<b>58.14</b>	<b>-</b>	<b>6,697.41</b>	<b>48.50</b>	<b>-</b>	<b>5,160.85</b>

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

					Year ended 31 March 2022	Year ended 31 March 2021		
<b>Financial liabilities</b>								
<b>Non-current</b>								
<b>Non-derivative financial liabilities</b>								
Borrowings	(iv)	3	-	-	3,902.79	-	-	4,090.32
Other financial liabilities	(ii)	3	-	-	104.81	-	-	159.50
<b>Current</b>								
<b>Non-derivative financial liabilities</b>								
Borrowings	(iii)	3	-	-	2,936.98	-	-	3,679.85
Trade payables	(iii)	3	-	-	2,066.24	-	-	1,473.40
Other financial liabilities	(iii)	3	-	-	1,440.78	-	-	1,068.91
<b>Total financial liabilities</b>			-	-	<b>10,451.60</b>	-	-	<b>10,471.98</b>

- (i) The fair value in respect of the unquoted equity investments cannot be reliably estimated. The Company has currently measured them at net book value as per the latest audited financial statements available.
- (ii) Fair value of non-current financial assets and non-current financial liabilities has not been disclosed as there is no significant differences between carrying value and fair value.
- (iii) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (iv) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.
- (v) The fair value of derivative financial instrument has been determined using valuation techniques with market observable input. The model incorporate various input include the credit quality of counter-parties and foreign exchange forward rate.
- (vi) There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2022 and 31 March 2021.

**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.

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (ii))
- liquidity risk (see (iii))
- market risk (see (iv))

**(ii) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Company's receivable from customers and loans.

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Non-derivative financial assets</b>		
Investments	48.71	48.50
Trade receivables	4,514.61	3,160.13
Loans	149.33	233.11
Other financial assets	416.84	409.96
<b>Derivative financial asset</b>		
Forward contracts	9.43	-
	<u><b>5,138.92</b></u>	<u><b>3,851.70</b></u>

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties. The Company enters into derivative contracts with bank and financial institutions having high credit ratings.

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

	As at 31 March 2022	As at 31 March 2021
Within India	1,259.61	1,214.56
Outside India	3,255.00	1,945.57
	<u><b>4,514.61</b></u>	<u><b>3,160.13</b></u>

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

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

<b>Particulars</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Revenue from top customer	4,041.64	2,669.29
Revenue from top five customers	9,900.27	6,687.15

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

<b>Particulars</b>	<b>Gross Carrying amount</b>	<b>Loss allowance</b>	<b>Carrying amount</b>
<b>31 March 2022</b>			
Less than 6 Months	4,352.23	-	4,352.23
More than 6 Months	169.35	6.97	162.38
	<b>4,521.58</b>	<b>6.97</b>	<b>4,514.61</b>
<b>31 March 2021</b>			
Less than 6 Months	2,964.17	-	2,964.17
More than 6 Months	203.91	7.95	195.96
	<b>3,168.08</b>	<b>7.95</b>	<b>3,160.13</b>

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

	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Balance as at the beginning of the year	7.95	11.69
Amounts written off	-	(0.94)
Impairment loss reversed	(0.98)	(2.79)
<b>Balance as at the end of the year</b>	<b>6.97</b>	<b>7.95</b>



**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

(All amounts 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. Investments mainly include investments made by the Company in its subsidiary companies and associates. The loans primarily represents security deposits given and loans given to employees and related parties. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no provision for expected credit loss has been provided on these financial assets. Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

**(iii) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash and cash equivalents and other bank balances anticipated future internally generated funds from operations will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Company believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary. As at 31 March 2022, the Company has available Rs. 2,848.94 (31 March 2021: Rs. 2,035.69) in form of undrawn committed borrowing limits.

The following table provides details regarding the contractual maturities of significant financial liabilities on an undiscounted basis:

	Less than 1 Year	1 to 2 Years	2 to 5 Years	Total	Carrying Amount
<b>31 March 2022</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings	2,936.98	1,606.16	2,304.88	6,848.02	6,839.77
Trade payables	2,066.24	-	-	2,066.24	2,066.24
Other financial liabilities	1,481.52	64.08	40.73	1,586.32	1,545.59
Lease liabilities	310.61	187.51	81.11	579.23	493.19
	<b>6,795.34</b>	<b>1,857.75</b>	<b>2,426.72</b>	<b>11,079.81</b>	<b>10,944.79</b>
<b>31 March 2021</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings	3,679.85	2,407.69	1,688.97	7,776.51	7,770.17
Trade payables	1,473.40	-	-	1,473.40	1,473.40
Other financial liabilities	1,068.91	135.56	23.94	1,228.41	1,228.41
Lease liabilities	280.73	270.29	201.61	752.63	620.19
	<b>6,502.89</b>	<b>2,813.54</b>	<b>1,914.52</b>	<b>11,230.95</b>	<b>11,092.17</b>

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

(All amounts 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.

**(i) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

**Exposure to interest rate risk**

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

	As at 31 March 2022	As at 31 March 2021
Fixed rate borrowings	6,250.86	6,512.20
Floating rate borrowings	597.16	1,264.31
<b>Total borrowings (gross of transaction cost)</b>	<b>6,848.02</b>	<b>7,776.51</b>

**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
<b>For the year ended 31 March 2022</b>		
Interest rate (0.5% movement)	2.99	(2.99)
<b>For the year ended 31 March 2021</b>		
Interest rate (0.5% movement)	6.32	(6.32)

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

**Unhedged foreign currency exposure**

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

Assets	As at 31 March 2022		As at 31 March 2021	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
<b>Trade receivables</b>				
HKD	0.13	0.01	-	-
USD	354.43	4.70	211.97	2.90
EUR	341.01	4.12	178.96	2.10
CHF	1,873.87	23.14	1552.60	20.18
GBP	58.66	0.60	2.04	0.02
<b>Other financial assets</b>				
CHF	21.00	0.26	15.09	0.20
<b>Bank balances in foreign currency</b>				
CHF	13.15	0.16	37.46	0.49
USD	0.11	0.00	0.01	0.00

Liabilities	As at 31 March 2022		As at 31 March 2021	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
<b>Trade payables</b>				
HKD	46.91	4.81	57.40	6.02
USD	37.51	0.49	13.77	0.19
EUR	7.64	0.09	3.12	0.04
CHF	480.13	5.81	249.30	3.18
JPY	8.51	13.60	-	-
GBP	0.38	0.00	0.38	0.00

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

Liabilities	As at 31 March 2022		As at 31 March 2021	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
<b>Commission payable in foreign currency</b>				
CHF	233.43	2.83	131.25	1.67
EUR	3.56	0.04	2.80	0.03
USD	0.23	0.00	-	-
<b>Net exposure in respect of recognised assets and liabilities</b>	<b>1,844.08</b>		<b>1,540.11</b>	

**Significant forward contracts outstanding as at the end of the year**

	As at 31 March 2022		As at 31 March 2021	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
<b>Imports</b>				
CHF	-	-	-	-
<b>Exports</b>				
CHF	485.88	6.00	-	-

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2022 and 31 March 2021 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
<b>31 March 2022</b>				
HKD (1% movement)	(0.47)	0.47	(0.35)	0.35
USD (1% movement)	3.17	(3.17)	2.37	(2.37)
EUR (1% movement)	3.30	(3.30)	2.47	(2.47)
CHF (1% movement)	11.94	(11.94)	8.94	(8.94)
GBP (1% movement)	0.58	(0.58)	0.44	(0.44)
JPY (1% movement)	(0.09)	0.09	0.02	(0.02)

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2021</b>				
HKD (1% movement)	(0.57)	0.57	(0.41)	0.41
USD (1% movement)	1.98	(1.98)	1.40	(1.40)
EUR (1% movement)	1.73	(1.73)	1.23	(1.23)
CHF (1% movement)	12.25	(12.25)	8.68	(8.68)
GBP (1% movement)	0.02	(0.02)	0.01	(0.01)
JPY (1% movement)	-	-	-	-

**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 2022	As at 31 March 2021
Total liabilities excluding deferred tax liabilities, provisions and other current liabilities	10,980.58	11,123.69
Less: cash and cash equivalents and other bank balances	1,616.93	1,357.65
<b>Adjusted net debt</b>	<b>9,363.95</b>	<b>9,766.04</b>
<b>Total equity</b>	<b>21,592.06</b>	<b>17,306.59</b>
<b>Net debt to total equity ratio</b>	<b>0.43</b>	<b>0.56</b>

**(ii) Dividends**

	As at 31 March 2022	As at 31 March 2021
<b>Equity shares</b>		
Final dividend for the year ended 31 March 2021 of Rs. 1.50 (31 March 2020 of Rs. Nil) per fully paid equity shares*	191.06	-
*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.		

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

	As at 31 March 2022	As at 31 March 2021
<b>36 Contingent liabilities and commitments:</b> <i>(to the extent not provided for)</i>		
<b>(ia) Claims against the Company not acknowledged as debts, under dispute</b>		
- 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 2021: Rs. 2.96)	3.73	3.73
- Demand raised for Income tax (assessment year 2004-05 to assessment year 2012-13 and assessment year 2018-19 and 2019-20)	84.75	45.37
- Claims against the Company filed by employees not acknowledged as debt (to the extent ascertainable)	242.23	260.10
	<u><b>330.71</b></u>	<u><b>309.20</b></u>
(ib) - Custom duty saved against EPCG Licenses, pending redemption	112.10	95.72
(ic) - Guarantees issued to banks on behalf of subsidiary company, namely Ethos Limited (amount outstanding Rs. 1,676.26 (31 March 2021: Rs. 2,462.73)	5,635.00	5,635.00
(id) - Guarantee issued to bank on behalf of subsidiary company, namely Estima AG (amount outstanding Rs. 382.01 (31 March 2021: Rs. Nil)		-
*Also, the Company has given security for certain loan taken by Ethos Limited (subsidiary company) from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (Eigen) of the Company at Bangalore.		
*Also, the Company has given security for certain loan taken by Ethos Limited (subsidiary company) from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of the Company. Also, these are further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of the Company.		
<b>(ii) Commitments</b>		
- Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	124.27	58.32
	<u><b>124.27</b></u>	<u><b>58.32</b></u>
<b>(iii)</b> 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.		
<b>(iv)</b> 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.		

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

**37 Employee benefits**

A. Liabilities relating to employee benefits	Non-Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Liability for gratuity	-	43.35	-	70.86
Liability for compensated absences	-	-	369.56	282.18
	<u>-</u>	<u>43.35</u>	<u>369.56</u>	<u>353.04</u>
			Current	
			As at 31 March 2022	As at 31 March 2021
Advance payment for gratuity			173.93	-
			<u>173.93</u>	<u>-</u>

For details about the related employee benefit expenses, refer to note no. 28.

**B. Defined Benefit Plan**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employees who have completed at least five years of service are entitled to specific benefit. The level of benefit provided depends on the member's length of service and salary retirement age. The employee is entitled to a benefit equivalent to 15 days salary last drawn salary for each completed year of service with part thereof in excess of six months. The same is payable on termination of service or retirement or death whichever is earlier. The present value of the obligation under such defined benefit plan is determined based on an actuarial valuation as at the reporting date using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligations are measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans is based on the market yields on Government bonds as at the date of actuarial valuation. Remeasurement gains and losses (net of tax) are recognised immediately in the Other Comprehensive Income (OCI). The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The Company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Company to following risks:

*Interest rate risk:*

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

*Salary inflation risk:*

Higher than expected increases in salary will increase the defined benefit obligation.

*Demographic risk:*

This is the risk of variability of results due to unsystematic nature of decrements that include mortality,



**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

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 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 2022	As at 31 March 2021
<b>(ii) Reconciliation of present value of defined benefit obligation</b>		
Present value of obligation at the beginning of the year	913.07	897.60
Current Service cost	69.64	65.57
Interest cost	62.00	53.97
Benefits paid	(62.96)	(69.64)
Actuarial (gains) losses recognised in other comprehensive income		
- Change in financial assumptions	(36.76)	(49.49)
- experience adjustments	44.40	15.06
<b>Present value of obligation at the end of the year</b>	<b>989.39</b>	<b>913.07</b>
<b>(iii) Reconciliation of the present value of plan assets</b>		
Plan assets at the beginning of the year, at fair value	798.87	771.66
Return on plan assets recognised in other comprehensive income	20.44	(8.15)
Contributions	350.00	50.05
Benefits paid	(60.23)	(62.92)
Interest income	54.24	48.23
<b>Plan assets at the end of the year, at fair value</b>	<b>1,163.32</b>	<b>798.87</b>
<b>(iv) Amount recognized in the balance sheet</b>		
Present value of the defined benefit obligations at the end of the year	989.39	913.07
Fair value of plan assets at the end of the year	1,163.32	798.87
<b>Net (assets)/ liability recognized in the balance sheet*</b>	<b>(173.93)</b>	<b>114.20</b>

\* Shown under the head "Provision for employee benefits"

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

### (v) Plan assets

Plan assets comprise of the following:

Particulars	As at 31 March 2022	As at 31 March 2021
Policy of insurance	1,163.32	798.87
	<b>1,163.32</b>	<b>798.87</b>

### (vi) Amount recognized in the Statement of Profit and Loss

Particulars	As at 31 March 2022	As at 31 March 2021
Current service cost	69.64	65.57
Interest cost (net)	7.76	5.74
<b>Amount recognized in the Statement of profit and loss</b>	<b>77.40</b>	<b>71.31</b>

### (vii) Remeasurements recognised in other comprehensive income

Actuarial gain/loss on the defined benefit obligation	7.63	(34.43)
Return on plan assets (excluding interest income)	(20.44)	8.15
<b>Amount recognized in other comprehensive income</b>	<b>(12.81)</b>	<b>(26.28)</b>

### (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 2022	As at 31 March 2021
Discount rate (per annum)	7.18%	6.79%
Expected rate of return on plan assets (per annum)	7.18%	6.79%
Salary increase (per annum)	4.00%	4.00%
Expected average remaining working lives of employees (years)	20.91	20.82

	As at 31 March 2022	As at 31 March 2021
<b>b) Demographic assumptions:</b>		
Retirement age	58 years	58 years
Mortality	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2012-14)
Attrition rate	Ultimate	Ultimate
Upto 30 years	3%	3%
31 to 44 years	2%	2%
44 and above	1%	1%

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

**(ix) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:**

Particulars	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(44.31)	47.80	(42.37)	45.81
Future salary growth (0.5% movement)	49.07	(45.83)	46.86	(43.66)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

**(X) Expected future benefit payments**

	As at 31 March 2022	As at 31 March 2021
The expected maturity analysis of undiscounted defined benefit liability is as follows:		
Within 1 year	80.71	83.73
1-2 years	52.18	34.52
2-5 years	123.01	112.12
Over 5 years	733.49	682.69

**(xi) Weighted average duration and expected employers contribution for next year of the defined benefit plan**

	As at 31 March 2022	As at 31 March 2021
Weighted average duration (in years)	16.49	16.49
Expected Employers contribution for the next year	65.39	79.64

**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 2022	Year ended 31 March 2021
Provident fund (including social security for overseas employees)	322.92	269.52
Superannuation fund	3.26	15.86
Employees' state insurance scheme	28.03	28.61
Pension fund	53.10	58.55
	<b>407.31</b>	<b>372.54</b>

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

**38 Related parties:****a) Related parties and nature of relationship where control exists:**

<b>Name of party</b>	<b>Description of relationship</b>
Pylania SA	Subsidiary
Kamla International Holdings SA	Subsidiary
Ethos Limited	Subsidiary
Mahen Distribution Limited	Subsidiary
Satva Jewellery and Design Limited	Subsidiary
Estima AG	Subsidiary of Pylania SA and Kamla International Holdings SA
Kamla Tesio Dials Limited	Subsidiary (w.e.f. 22 November 2021)
Cognition Digital LLP	Subsidiary of Ethos Limited
Pasadena Retail Private Limited	Joint Venture of Ethos Limited

**(b) List of related parties with whom transactions have taken place during the year**

Kamla Tesio Dials Limited	Associate (Till November 2021)
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**(c) Key managerial personnel (KMP) of the Company, their close family members and related entities**

<b>(i) Names of KMP</b>	<b>Names of their close family members (refer note 1)</b>
- 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 Suri (daughter)
- Mr. Sanjeev Kumar Masown (Chief Financial Officer and Director)	Mrs. Neeraj Masown (spouse), Mr. Lal Chand Masown (father)

**(ii) Related entities of KMP**

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

**(iii) Non-executive Directors**

- Mr. Anil Khanna
- Ms. Ranjana Agarwal
- Mr. Praveen Gupta
- Mr. Vishal Satinder Sood
- Mr. Jai Vardhan Saboo
- Mr. Sanjiv Sachar

**Names of their close family members (refer note 1)**

Mrs. Alka Khanna (Spouse) Ms. Salonee Khanna (Daughter)

**Note:**

1. With respect to the key managerial personnel, disclosure has been given for those relatives with whom the company has made transactions during the year.

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

### d) Related party transactions

Year ended 31 March 2022

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
<b>1 Purchase of raw material and components</b>					
Estima AG	49.10	-	-	-	-
Pylania SA	142.88	-	-	-	-
<b>2 Sale of goods and services</b>					
Pylania SA	1,606.61	-	-	-	-
Estima AG	217.82	-	-	-	-
Ethos Limited	1.12	-	-	-	-
<b>3 Guarantee income</b>					
Ethos Limited	29.83	-	-	-	-
Estima AG	2.00	-	-	-	-
<b>4 Job work charges paid</b>					
Pylania SA	16.27	-	-	-	-
Kamla Tesio Dials Limited	17.57	-	-	-	-
<b>5 Job work charges received</b>					
Estima AG	1.01	-	-	-	-
<b>6 Payment of lease liabilities</b>					
Mr. Yashovardhan Saboo	-	-	10.92	-	-
Mrs. Anuradha Saboo	-	-	-	-	18.20
Satva Jewellery & Design Limited	6.00	-	-	-	-
Saboo Housing Projects LLP	-	-	-	3.50	-
<b>7 Compensation to key managerial personnel*</b>					
<i>Short-term employee benefits</i>					
Mr. Yashovardhan Saboo	-	-	188.10	-	-
Mr. Sanjeev Kumar Masown	-	-	139.94	-	-

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

Year ended 31 March 2022 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
<b>8 Interest income</b>					
Satva Jewellery & Design Limited	11.00	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	1.38	-	-
<b>9 Interest paid/ accrued</b>					
Vardhan Properties and Investment Private Limited	-	-	-	0.00	-
Mr. Sanjeev Kumar Masown	-	-	7.38	-	-
Mrs. Usha Devi Saboo	-	-	-	-	0.62
Mrs. Neeraj Masown	-	-	-	-	4.42
Mr. Lal Chand Masown	-	-	-	-	1.45
Mr. Anil Khanna	-	-	8.72	-	-
Mrs. Alka Khanna	-	-	-	-	2.46
Mr. Praveen Gupta	-	-	0.98	-	-
Ms. Ranjana Agarwal	-	-	77.31	-	-
Ms. Salonee Khanna	-	-	-	-	0.53
<b>10 Deposits from shareholders accepted/renew</b>					
Mr. Praveen Gupta	-	-	30.00	-	-
Ms. Ranjana Agarwal	-	-	380.45	-	-
Mrs. Alka Khanna	-	-	-	-	21.80
Ms. Salonee Khanna	-	-	-	-	1.65
Ms. Neeraj Masown	-	-	-	-	21.42
Mr. Lal Chand Masown	-	-	-	-	6.54
<b>11 Deposits from shareholders repaid</b>					
Mr. Yashovardhan Saboo	-	-	110.00	-	-
Mrs. Alka Khanna	-	-	-	-	22.80
Mr. Lal Chand Masown	-	-	-	-	5.44
Ms. Neeraj Masown	-	-	-	-	16.23
Ms. Salonee Khanna	-	-	-	-	1.50
Ms. Ranjana Agarwal	-	-	178.00	-	-
Vardhan Properties and Investment Private Limited	-	-	-	30.00	-

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

Year ended 31 March 2022 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
<b>12 Rent received</b>					
Ethos Limited	21.98	-	-	-	-
Kamla Tesio Dials Limited	5.18	-	-	-	-
Cognition Digital LLP	-	-	-	0.60	-
Mahen Distribution Limited	-	-	-	0.60	-
<b>13 Repayment of loan given by the Company</b>					
Mr. Sanjeev Kumar Masown	-	-	6.00	-	-
<b>14 Reimbursement of expenses paid by the Company</b>					
Pylania SA	57.13	-	-	-	-
Ethos Limited	40.00	-	-	-	-
<b>15 Management consultancy fees paid</b>					
Ms. Satvika Saboo	-	-	-	-	14.54
<b>16 Reimbursement of expenses received by the Company</b>					
Ethos Limited	5.17	-	-	-	-
<b>17 Investments made (Refer to Note 5)</b>					
Ethos Limited	2,676.93	-	-	-	-
Mahen Distribution Limited (MDL)	237.93	-	-	-	-
Kamla Tesio Dials Limited (KTDL)	20.00	-	-	-	-
<b>18 Payment made for acquisition of equity shares of MDL and KTDL</b>					
Mr. Yashovardhan Saboo	-	-	248.22	-	-
Mr. R.K. Saboo	-	-	-	-	2.85
Mrs. Usha Devi Saboo	-	-	-	-	2.40
Mrs. Anuradha Saboo	-	-	-	-	4.18
Mr. Pranav S. Saboo	-	-	-	-	0.10
Ms. Satvika Saboo	-	-	-	-	0.13
Shri Yasho Vardhan Saboo a/c Yasho Vardhan HUF	-	-	-	-	0.05



# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

### Year ended 31 March 2022 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
<b>19 Dividend paid</b>					
Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	-	-	1.17
Shri Yasho Vardhan Saboo a/c Yasho Vardhan HUF	-	-	-	-	0.83
Mr. R.K. Saboo	-	-	-	-	28.60
Mr. Yashovardhan Saboo	-	-	29.28	-	-
Mrs. Usha Devi Saboo	-	-	-	-	2.55
Mrs. Anuradha Saboo	-	-	-	-	6.55
Mr. Pranav S Saboo	-	-	-	-	12.16
Ms. Satvika Saboo	-	-	-	-	2.27
Vardhan Properties and Investment Private Limited	-	-	-	0.54	-
Dream Digital Technology Private Limited	-	-	-	0.26	-
Ms Asha Devi Saboo	-	-	-	-	-
Mr. Sanjiv Sachar	-	-	0.02	-	-
Mr. Sanjeev Kumar Masown	-	-	0.03	-	-
Mr. Anil Khanna	-	-	0.04	-	-
Mrs. Alka Khanna	-	-	-	-	0.00
<b>20 Director sitting fee</b>					
Mr. Anil Khanna	-	-	5.40	-	-
Ms. Ranjana Agarwal	-	-	5.40	-	-
Mr. Praveen Gupta	-	-	5.10	-	-
Mr. Sanjiv Sachar	-	-	3.70	-	-
Mr. Jai Vardhan Saboo	-	-	1.20	-	-
<b>21 Events and exhibition</b>					
Ethos Limited	19.51	-	-	-	-
<b>22 Employee benefit expense</b>					
Mr. R.K. Saboo	-	-	-	-	30.00
<b>23 Contractual labour expenses</b>					
Mahen Distribution Limited	39.04	-	-	-	-
<i>*(Excluding provision for leave encashment and gratuity as they are determined on an actuarial basis for the company as a whole)</i>					

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

Year ended 31 March 2021					
	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
<b>1 Purchase of raw material and components</b>					
Estima AG	13.42	-	-	-	-
Pylania SA	10.41	-	-	-	-
VBL Innovations Private Limited	-	-	-	0.33	-
<b>2 Sale of goods and services</b>					
Pylania SA	697.66	-	-	-	-
Estima AG	171.82				
<b>3 Purchase of property, plant and equipment</b>					
Pylania SA	2.44	-	-	-	-
<b>4 Sale of property, plant and equipment</b>					
Estima AG	4.56				
<b>5 Guarantee Income</b>					
Ethos Limited	28.18	-	-	-	-
<b>6 Job work charges paid</b>					
Pylania SA	13.19	-	-	-	-
<b>7 Payment of lease liabilities</b>					
Mr. Yashovardhan Saboo	-	-	10.40	-	-
Mrs. Anuradha Saboo	-	-	-	-	17.33
Satva Jewellery & Design Limited	6.00	-	-	-	-
<b>8 Compensation to key managerial personnel*</b>					
<i>Short-term employee benefits</i>					
Mr. Yashovardhan Saboo	-	-	129.04	-	-
Mr. Sanjeev Kumar Masown	-	-	91.02	-	-
<b>9 Interest income</b>					
Satva Jewellery & Design Limited	11.00	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	1.74	-	-

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

### Year ended 31 March 2021 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
<b>10 Interest paid/ accrued</b>					
Vardhan Properties and Investment Private Limited	-	-	-	3.09	-
Mr. Sanjeev Kumar Masown	-	-	5.16	-	-
Mr. Yashovardhan Saboo	-	-	4.13	-	-
Mrs. Usha Devi Saboo	-	-	-	-	0.32
Mrs. Neeraj Masown	-	-	-	-	3.99
Mr. Lal Chand Masown	-	-	-	-	1.34
Mr. Anil Khanna	-	-	8.14	-	-
Mrs. Alka Khanna	-	-	-	-	2.49
Ms. Ranjana Agarwal	-	-	54.61	-	-
Ms. Salonee Khanna	-	-	-	-	0.34
<b>11 Deposits from shareholders accepted/renew</b>					
Mr. Yashovardhan Saboo	-	-	110.00	-	-
Mrs. Usha Devi Saboo	-	-	-	-	5.00
Ms. Ranjana Agarwal	-	-	239.87	-	-
Mr. Sanjeev Kumar Masown	-	-	36.82	-	-
Mrs. Alka Khanna	-	-	-	-	2.33
Ms. Salonee Khanna	-	-	-	-	4.50
<b>12 Deposits from shareholders repaid</b>					
Mrs. Alka Khanna	-	-	-	-	2.28
Ms. Ranjana Agarwal	-	-	129.95	-	-
Mr. Sanjeev Kumar Masown	-	-	20.00	-	-
Vardhan Properties and Investment Private Limited	-	-	-	10.00	-

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

### Year ended 31 March 2021 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
<b>13 Rent received</b>					
Ethos Limited	20.73	-	-	-	-
Dream Digital Technology Private Limited	-	-	-	0.60	-
Cognition Digital LLP	0.90	-	-	-	-
Mahen Distribution Limited	0.60	-	-	-	-
<b>14 Repayment of loans given by the Company</b>					
Mr. Sanjeev Kumar Masown	-	-	5.00	-	-
<b>15 Reimbursement of expenses paid by the Company</b>					
Pylania SA	25.30	-	-	-	-
Estima AG	1.32	-	-	-	-
<b>16 Management consultancy fees paid</b>					
Mrs. Anuradha Saboo	-	-	-	-	13.25
<b>17 Reimbursement of expenses received by the Company</b>					
Ethos Limited	5.47	-	-	-	-
<b>18 Investments made (refer to Note 5)</b>					
Ethos Limited	692.50	-	-	-	-
<b>19 CSR contribution made</b>					
KDDL Ethos Foundation	-	-	-	23.00	-
<b>20 Director sitting fee</b>					
			-		
Mr. Anil Khanna	-	-	3.40	-	-
Ms. Ranjana Agarwal	-	-	3.60	-	-
Mr. Praveen Gupta	-	-	3.20	-	-
Mr. Sanjiv Sachar	-	-	1.80	-	-
Mr. Jai Vardhan Saboo	-	-	1.50	-	-

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amounts are in Indian Rupees Lakhs, except for share data)

Year ended 31 March 2021 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
<b>21 Events and exhibition</b>					
Ethos Limited	3.56	-	-	-	-
<b>22 Employee benefit expense</b>					
Mr. R.K. Saboo	-	-	-	-	30.63
<b>23 Impairment in value of non-current investments</b>					
Kamla Tesio Dials Limited	-	19.54	-	-	-

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

### (e) Balances due from/to the related parties

As at 31 March 2022

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
<b>1 Loans</b>					
Satva Jewellery & Design Limited	103.94	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	21.97	-	-
<b>2 Trade receivables</b>					
Pylania SA	891.07	-	-	-	-
Estima AG	149.00	-	-	-	-
Ethos Limited	1.32	-	-	-	-
<b>3 Other financial assets</b>					
Satva Jewellery & Design Limited	78.30	-	-	-	-
Mahen Distribution Limited	0.71	-	-	-	-
Kamla International Holdings SA	4.04	-	-	-	-
Kamla Tesio Dials Limited	6.01	-	-	-	-
Estima AG	16.96	-	-	-	-
<b>4 Other current assets</b>					
Kamla Tesio Dials Limited	16.00	-	-	-	-

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

As at 31 March 2022 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
<b>5 Payables</b>					
Kamla Tesio Dials Limited	4.72	-	-	-	-
Satva Jewellery & Design Limited	4.41	-	-	-	-
Mahen Distribution Limited	10.86	-	-	-	-
Estima AG	17.23	-	-	-	-
Ethos Limited	0.68	-	-	-	-
Pylania SA	159.94	-	-	-	-
Mrs. Satvika Saboo	-	-	-	-	1.13
<b>6 Advance received for sale of brand</b>					
Ethos Limited	1,300.00	-			
<b>7 Guarantees taken*</b>					
Mr. Yashovardhan Saboo	-	-	10,913.00	-	-
<b>8 Guarantees given</b>					
Ethos Limited	5,635.00	-	-	-	-
Estima AG	400.00	-	-	-	-
<b>9 Deposits from shareholders and directors</b>					
Mr. Sanjeev Kumar Masown	-	-	57.95	-	-
Mr. Praveen Gupta	-	-	30.00	-	-
Mr. Lal Chand Masown	-	-	-	-	12.54
Mrs. Neeraj Masown	-	-	-	-	37.78
Mr. Anil Khanna	-	-	68.56	-	-
Mrs. Alka Khanna	-	-	-	-	23.13
Ms. Ranjana Agarwal	-	-	702.44	-	-
Mrs. Usha Devi Saboo	-	-	-	-	5.00
Ms. Salonee Khanna	-	-	-	-	4.65
<b>10 Interest accrued but not due</b>					
Mr. Sanjeev Kumar Masown	-	-	13.06	-	-
Mr. Lal Chand Masown	-	-	-	-	2.31
Mrs. Neeraj Masown	-	-	-	-	6.41

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

As at 31 March 2022 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
Mr. Anil Khanna	-	-	13.91	-	-
Mrs. Alka Khanna	-	-	-	-	0.07
Ms. Ranjana Agarwal	-	-	96.13	-	-
Mrs. Usha Devi Saboo	-	-	-	-	0.94
Ms. Salonee Khanna	-	-	-	-	0.72

### 11 Security deposit received

Ethos Limited	6.77	-	-	-	-
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### 12 Employee related payables

Mr. Yashovardhan Saboo	-	-	2.03	-	-
Mr. Sanjeev Kumar Masown	-	-	7.94	-	-
Mr. R.K. Saboo	-	-	-	-	1.74

### 13 Lease Liabilities

Saboo Housing Projects LLP	-	-	-	12.57	-
Mr. Yashovardhan Saboo	-	-	10.76	-	-
Mrs. Anuradha Saboo	-	-	-	-	17.94
Satva Jewellery & Design Limited	15.10	-	-	-	-

As at 31 March 2021

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
<b>1 Loans</b>					
Satva Jewellery & Design Limited	103.94	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	26.24	-	-
<b>2 Trade receivables</b>					
Pylania SA	169.63	-	-	-	-
Estima AG	251.55	-	-	-	-
<b>3 Other financial assets</b>					
Ethos Limited	6.85	-	-	-	-
Satva Jewellery & Design Limited	68.40	-	-	-	-
Mahen Distribution Limited	1.12	-	-	-	-
Dream Digital Technology Private Limited	-	-	-	0.35	-

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

As at 31 March 2021 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
Kamla International Holdings SA	4.04	-	-	-	-
Estima AG	4.97	-	-	-	-
<b>4 Payables</b>					
Satva Jewellery & Design Limited	2.96	-	-	-	-
Estima AG	2.28	-	-	-	-
Ethos Limited	0.44	-	-	-	-
Pylania SA	47.74	-	-	-	-
Mrs. Anuradha Saboo	-	-	-	-	4.63
Mr. Jai Vardhan Saboo	-	-	-	0.28	-
<b>5 Guarantees taken*</b>					
Mr. Yashovardhan Saboo	-	-	8,034.00	-	-
<b>6 Guarantees given</b>					
Ethos Limited	5,635.00	-	-	-	-
<b>7 Deposits from shareholders and directors</b>					
Mr. Sanjeev Kumar Masown	-	-	57.95	-	-
Mr. Yashovardhan Saboo	-	-	110.00	-	-
Mr. Lal Chand Masown	-	-	-	-	11.44
Mrs. Neeraj Masown	-	-	-	-	32.59
Mr. Anil Khanna	-	-	68.56	-	-
Mrs. Alka Khanna	-	-	-	-	24.13
Ms. Ranjana Agarwal	-	-	499.99	-	-
Vardhan Properties and Investment Private Limited	-	-	-	30.00	-
Mrs. Usha Devi Saboo	-	-	-	-	5.00
Ms. Salonee Khanna	-	-	-	-	4.50
<b>8 Interest accrued but not due</b>					
Mr. Sanjeev Kumar Masown	-	-	5.23	-	-
Mr. Yashovardhan Saboo	-	-	3.82	-	-
Mr. Lal Chand Masown	-	-	-	-	1.90
Mrs. Neeraj Masown	-	-	-	-	7.08
Mr. Anil Khanna	-	-	6.84	-	-



# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amounts are in Indian Rupees Lakhs, except for share data)

As at 31 March 2021 (Continued)

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
Mrs. Alka Khanna	-	-	-	-	0.03
Ms. Ranjana Agarwal	-	-	70.16	-	-
Mrs. Usha Devi Saboo	-	-	-	-	0.29
Ms. Salonee Khanna	-	-	-	-	0.34
<b>9 Security deposit received</b>					
Ethos Limited	6.77	-	-	-	-
<b>10 Employee related payables</b>					
Mr. Yashovardhan Saboo	-	-	2.00	-	-
Mr. Sanjeev Kumar Masown	-	-	3.11	-	-
Mr. R.K. Saboo	-	-	-	-	2.18
<b>11 Balance due from the related parties</b>					
Mr. Yashovardhan Saboo	-	-	0.02	-	-
Mr. R.K. Saboo	-	-	-	-	0.11
<b>12 Balance due to the related party</b>					
Mr. Sanjeev Kumar Masown	-	-	0.13	-	-

\* Guarantees taken by the Company includes personal guarantees of Mr. Yashovardhan Saboo for working capital borrowings and term loans. The original sanctioned limits of working capital borrowings and term loans by the continuing banks has been disclosed above. However, at the reporting date, the balance amount of term loans in respect of which personal guarantees have been given stands at Rs. 3,978.67 (31 March 2021: Rs 5,121.83) of Mr. Yashovardhan Saboo.

### f) Other transactions

1. The Company has given security for certain loans taken by Ethos Limited (subsidiary company) from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (Eigen) of the Company at Bangalore.
2. The Company has given security for certain loans taken by Ethos Limited (subsidiary company) from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of the Company. Also, these are further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of the Company.
3. During the current year, the Company has reversed impairment provision of Rs. 98.43 related to its investment in Pylania SA, Switzerland
4. During the current year, the Company has made provision against the outstanding loan balance receivable from Satva Jewellery & Design Limited of Rs 103.94.

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

**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.

**39 Operating segments****(a) Basis for segmentation**

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

The Company has two reportable segments, as described below, which are the Company's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Company's Chairman and Managing Director reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Company's reportable segments:

Reportable segments	Operations
Precision and watch components	Manufacturing and distribution of dials, watch hands and precision components
Others	Manufacturing and distribution of packaging boxes

**(b) Information about reportable segments**

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

Year ended 31 March 2022	Precision and watch components	Others	Total
Segment revenue:			
- External revenues	20,812.49	983.64	21,796.13
<b>Total segment revenue</b>	<b>20,812.49</b>	<b>983.64</b>	<b>21,796.13</b>
<b>Segment profit before income tax</b>	<b>4,412.62</b>	<b>77.32</b>	<b>4,489.94</b>
<b>Segment assets</b>	<b>18,240.35</b>	<b>406.54</b>	<b>18,646.89</b>
Segment assets include:			
- Capital expenditure during the year	1,147.65	41.28	1,188.93
<b>Segment liabilities</b>	<b>3,381.49</b>	<b>152.92</b>	<b>3,534.42</b>

Year ended 31 March 2021	Precision and watch components	Others	Total
Segment revenue:			
- External revenues	14,219.03	470.38	14,689.41
<b>Total segment revenue</b>	<b>14,219.03</b>	<b>470.38</b>	<b>14,689.41</b>
<b>Segment profit before income tax</b>	<b>2,184.29</b>	<b>7.73</b>	<b>2,192.02</b>
<b>Segment assets</b>	<b>16,441.11</b>	<b>299.77</b>	<b>16,740.88</b>
Segment assets include:			
- Capital expenditure during the year	363.39	-	363.39
<b>Segment liabilities</b>	<b>2,942.76</b>	<b>68.42</b>	<b>3,011.18</b>

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

	As at 31 March 2022	As at 31 March 2021
<b>i. Revenues</b>		
Total revenue for reportable segments	21,796.13	14,689.41
<b>Total revenue</b>	<b>21,796.13</b>	<b>14,689.41</b>

## KDDL Limited

### Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

#### ii. Profit before income tax

Total profit before tax for reportable segments	4,489.94	2,192.02
Finance Cost	(755.83)	(926.56)
Unallocated amounts:		
Corporate expenses	(1,084.46)	(750.04)
<b>Consolidated profit before tax</b>	<b>2,649.65</b>	<b>515.42</b>

#### iii. Assets

Total assets for reportable segments	18,646.89	16,740.88
Unallocated amounts	16,459.10	13,231.02
<b>Consolidated total assets</b>	<b>35,105.99</b>	<b>29,971.90</b>

#### iv. Liabilities

Total liabilities for reportable segments	3,534.42	3,011.18
Unallocated amounts	9,979.52	9,654.13
<b>Consolidated total liabilities</b>	<b>13,513.94</b>	<b>12,665.31</b>

#### v. Other material items

	Reportable segment total	Adjustments	Consolidated totals
<b>Year ended 31 March 2022</b>			
Finance cost	-	755.83	755.83
Depreciation and amortisation expense	1,005.37	165.20	1,170.57
Capital expenditure during the year	1,203.44	92.25	1,295.69
<b>Year ended 31 March 2021</b>			
Finance cost	-	926.56	926.56
Depreciation and amortisation expense	1,041.31	153.94	1,195.25
Capital expenditure during the year	363.39	81.56	444.95

#### (d) Information about geographical segment

Revenue by geographical markets	Year ended 31 March 2022	Year ended 31 March 2021
<b>India</b>	<b>9,003.90</b>	<b>5,989.19</b>
<b>Outside India</b>		
Switzerland	10,043.69	7,094.72
Germany	585.44	485.60

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

Revenue by geographical markets	Year ended 31 March 2022	Year ended 31 March 2021
Czech Republic	479.88	81.30
France	478.55	205.60
USA	380.83	141.57
United Kingdom	325.00	273.94
Portugal	256.07	100.56
China	107.90	95.67
Other Countries	134.87	221.26
<b>Total outside India</b>	<b>12,792.22</b>	<b>8,700.22</b>
<b>Total</b>	<b>21,796.13</b>	<b>14,689.41</b>

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

*(e) Major customer*

Revenue from two customers of the Company's Precision and watch components segment is Rs. 6,749.12 (Year ended 31 March 2021: Rs. 4,663.12) which individually constitute more than 10 percent of the Company's total revenue.

**40** The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under Sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

**41 Company as a lessee**

The Company has lease contracts for various items of plant and equipment, building and land used in its operations. Leases of plant and equipment generally have lease terms between 3-5 years, while buildings generally have lease terms between 1-10 years, while leasehold land has lease term of 99 years. The Company obligations under its leases are secured by the lessor's title to the leased assets.

The Company has certain leases with lease terms of 12 months or less and certain leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

## KDDL Limited

### Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

#### The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Plant and equipment	Building	Leasehold land*	Total
<b>As at 01 April 2020</b>	<b>355.15</b>	<b>355.64</b>	<b>554.50</b>	<b>1,265.29</b>
Additions	24.32	73.05	-	97.38
Deletions	-	(55.93)	-	(55.93)
Depreciation expense	(138.61)	(93.59)	(6.30)	(238.50)
<b>As at 31 March 2021</b>	<b>240.87</b>	<b>279.17</b>	<b>548.20</b>	<b>1,068.24</b>

Particulars	Plant and equipment	Building	Leasehold land*	Total
<b>As at 01 April 2021</b>	<b>240.87</b>	<b>279.17</b>	<b>548.20</b>	<b>1,068.24</b>
Additions	-	100.54	-	100.54
Prepaid portion of security deposits	-	2.97	-	2.97
Depreciation expense	(125.10)	(96.35)	(6.28)	(227.73)
<b>As at 31 March 2022</b>	<b>115.77</b>	<b>286.34</b>	<b>541.92</b>	<b>944.03</b>

\* Includes leasehold land of Rs. 5.67 (31 March 2021: 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
<b>As at 01 April 2020</b>	<b>793.90</b>
Additions	97.38
Deletions	(55.93)
Accretion of interest	88.61
Payments	(303.76)
<b>As at 31 March 2021</b>	<b>620.19</b>

## KDDL Limited

### Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

Particulars	Total
<b>As at 01 April 2021</b>	620.19
Additions	100.54
Deletions	-
Accretion of interest	68.72
Payments	(296.26)
<b>As at 31 March 2022</b>	<b>493.19</b>

	31 March 2022	31 March 2021
<b>Current</b>	243.12	202.85
<b>Non-current</b>	250.07	417.35
	<b>493.19</b>	<b>620.20</b>

The details regarding the maturity analysis of lease liabilities as at 31 March 2022 and 31 March 2021 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 for the year ended 31 March 2021 and 31 March 2022:

#### For the year ended 31 March 2021

Particulars	Plant and equipment	Building	Land	Investment property	Total
Depreciation expense of right-of-use assets and investment property	138.61	93.59	6.30	16.21	254.71
Interest expense on lease liabilities	39.11	49.50	-	-	88.61
Expense relating to short-term leases (included in other expenses)	-	3.37	-	-	3.37
<b>Total amount recognised in profit and loss</b>	<b>177.72</b>	<b>146.46</b>	<b>6.30</b>	<b>16.21</b>	<b>346.69</b>

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

**For the year ended 31 March 2022**

<b>Particulars</b>	<b>Plant and equipment</b>	<b>Building</b>	<b>Land</b>	<b>Investment property</b>	<b>Total</b>
Depreciation expense of right-of-use assets and investment property	125.10	96.35	6.28	16.21	243.94
Interest expense on lease liabilities	23.87	44.85	-	-	68.72
Expense relating to short-term leases (included in other expenses)	-	5.83	-	-	5.83
<b>Total amount recognised in profit and loss</b>	<b>148.97</b>	<b>147.03</b>	<b>6.28</b>	<b>16.21</b>	<b>318.49</b>

The Company had total cash outflows for leases of INR 302.09 in 31 March 2022 (INR 307.13 in 31 March 2021).

**Company as a lessor**

The Company has entered into operating lease on its investment property portfolio consisting of building. These lease has term of 4 years. The lease include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Company on this property during the year is INR 21.98 (31 March 2021: INR 20.73). The Investment property comprises of the sub lease portion of the right-of-use asset and therefore, the fair value of the investment property cannot be measured reliably.

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

<b>Particulars</b>	<b>Total</b>
As at 01 April 2020	44.57
Depreciation expense	(16.21)
<b>As at 31 March 2021</b>	<b>28.36</b>
<b>Particulars</b>	<b>Total</b>
As at 01 April 2021	28.36
Depreciation expense	(16.21)
<b>As at 31 March 2022</b>	<b>12.16</b>



# KDDL Limited

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022

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

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

	As at 31 March 2022	As at 31 March 2021
<b>a) Loans and advances</b>		
<b>Loan to subsidiary : Satva Jewellery &amp; Design Limited</b>		
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>b) Investment *</b>		
<b>Investment in subsidiary: Pylania SA</b>		
Balance as at the year end	182.81	182.81
Maximum amount outstanding at any time during the year	182.81	182.81
<b>Investment in subsidiary: Ethos Limited</b>		
Balance as at the year end	11,385.41	8,708.48
Maximum amount outstanding at any time during the year	11,385.41	8,708.48
<b>Investment in subsidiary: Mahen Distribution Limited</b>		
Balance as at the year end	936.00	698.07
Maximum amount outstanding at any time during the year	936.00	698.07
<b>Investment in subsidiary: Kamla International Holdings SA</b>		
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
<b>Investment in subsidiary: Kamla Tesio Dials Limited</b>		
Balance as at the year end	30.46	-
Maximum amount outstanding at any time during the year	30.46	-
<b>Investment in associate: Kamla Tesio Dials Limited</b>		
Balance as at the year end	-	10.46
Maximum amount outstanding at any time during the year	108.89	30.00
<b>Investment in Company: Karolview Developers Private Limited</b>		
Balance as at the year end	43.70	44.10
Maximum amount outstanding at any time during the year	44.10	44.15
<b>Investment in Company: Shivalik Waste Management Limited</b>		
Balance as at the year end	5.01	4.40
Maximum amount outstanding at any time during the year	5.01	4.40
<b>c) Guarantees given</b>		
<b>Guarantees given to subsidiary: Ethos Limited**</b>		
Balance as at the year end	5,635.00	5,635.00
(Guarantees has been given for the purpose of borrowings taken by subsidiary company)		

\* Investments are net off provision for diminution in the value of investment, other than temporary.

\*\* Also, the Company has given security for certain loans taken by Ethos Limited (subsidiary company) from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (Eigen) of the Company at Bangalore.

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

\*\* Also, the Company has given security for certain loans taken by Ethos Limited (subsidiary company) from the Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of the Company. Also, these are further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of the Company.

**43 List of Subsidiaries and Associates with ownership % and place of business:**

	<b>Principal place of business</b>	<b>Method used to account for the investment</b>	<b>Proportion of ownership As at 31 March 2022</b>	<b>Proportion of ownership As at 31 March 2021</b>
<b>Subsidiaries</b>				
Ethos Limited	India	At cost	63.53%	62.65%
Mahen Distribution Limited	India	At cost	100.00%	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%
Kamla Tesio Dials Limited	India	At cost	69.99%	0.00%
<b>Associate</b>				
Kamla Tesio Dials Limited	India	At cost	0.00%	30.00%

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**  
 (All amounts are in Indian Rupees Lakhs, except for share data)

**44 Ratio Analysis**

Ratios	Numerator	Denominator	As at 31 March 2022	As at 31 March 2021	% Change	Remarks
<b>Current Ratio</b>	Current Assets	Current Liabilities	1.17	1.13	3.55%	
<b>Debt Equity Ratio</b>	Total Debt	Shareholder's Equity	0.34	0.48	(29.95%)	The debt equity ratio has improved during the year due to decrease in the debt as at balance sheet date and increase in the shareholder's equity due to issue of equity share capital in the form of rights issue.

Ratios	Numerator	Denominator	As at 31 March 2022	As at 31 March 2021	% change	Remarks
<b>Debt Service Coverage Ratio</b>	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	1.19	0.91	31.44%	The earnings for debt service has increased during the year due to increase in operations during the year.
<b>Return on Equity Ratio</b>	Net Profits after taxes	.	10.59%	1.98%	435.12%	The revenue of the Company has improved significantly in the current year as during the previous year the operations of the Company were impacted by nation/ state wide lockdowns due to Covid-19. This has led to an increase in net profit during the current year as compared to the previous year.
<b>Inventory Turnover Ratio</b>	Cost of goods sold	Average Total Inventory	2.10	1.29	63.38%	Turnover ratio improved as Inventory levels being efficiently managed along with the business growth in Sales and COGS.
<b>Trade Receivable turnover Ratio</b>	Net credit sales = Gross credit sales - sales return - export incentives	Average Trade Receivable	5.62	5.13	9.54%	
<b>Trade Payable turnover Ratio</b>	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	3.28	2.30	42.77%	Trade Payables have been diligently managed and payments made on time in spite of increase in purchases.
<b>Net Capital Turnover Ratio</b>	Net credit sales = Gross credit sales - sales return - export	Working capital = Current assets - Current liabilities	14.12	14.61	(3.39%)	
<b>Net Profit Ratio</b>	Net Profit After Tax	Net credit sales = Gross credit sales - sales return - export incentives	9.55%	2.35%	306.51%	The revenue of the Company has improved significantly in the current year as during the previous year the operations of the Company were impacted by nation/ state wide lockdowns due to Covid-19. This has led to an increase in net profit during the current year as compared to the previous year.
<b>Return on Capital Employed</b>	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	11.58%	9.36%	23.66%	
<b>Return on Investment</b>	Income on Investment	Investment	-	-	-	Not applicable

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**

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

**45 Other Statutory Information**

1. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
  2. The Company does not have any transactions with companies struck off.
  3. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
  4. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
  5. The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
    - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); or
    - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
  6. The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
    - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;
    - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
  7. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- 46** a) Impairment indicators were identified in relation to investment made in equity shares of a foreign subsidiary of the Company, Kamla International Holdings SA. As on 31 March 2022, the Company is carrying investment of Rs. 1,097.66 in said subsidiary. An impairment assessment has been carried out by comparing the carrying value of the investment in subsidiary to its recoverable amount to determine whether an impairment provision was required to be recognised. The recoverable amount was determined to be the higher of the fair value less cost of disposal, and the value in use, determined by discounting future cash flows, as a result no impairment provision was required to be made in relation to this investment.
- b) During the year, the Company has reversed provision for impairment amounting to Rs. 98.43 in the value of non-current investment made in equity shares of a foreign subsidiary Pylania SA, Switzerland since the networth of the said company has become positive.
- 47** The Company's operations and revenue were impacted during the previous year on account of disruption in economic activity due to COVID-19. The management believes that the overall impact of the pandemic is short term and temporary in nature and is not likely to have any significant impact on the recoverability of the carrying value of its assets and the future operations.
- 48** With respect to Amalgamation of wholly owned subsidiary company namely Satva Jewellery and Design Limited with the Company and pursuant to the order of Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench, dated 15 October 2019 directing both the Companies that the Scheme should be considered as per the procedure laid down in Section 232 of the Companies Act, 2013 ("the Act"), the Company filed new Scheme under Section 232 of the Act on 20 August 2020 with NCLT and the same is under consideration. The proposed appointed date has been fixed as 01 April 2019 under the new Scheme. During the year ended 31 March 2021, the shareholders, secured and unsecured creditors of the Company at their respective meetings held on 19 December 2020 approved the Scheme pursuant to the order of the NCLT dated 10 November 2020.

**Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amounts are in Indian Rupees Lakhs, except for share data)

The Scheme is now pending for approval with the NCLT and the next hearing is scheduled on 05 June 2022. Hence, the accounting will be done once the Scheme is approved by the NCLT and becomes effective.

- 49** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.
- 50** During the year ended 31 March 2022, the Company has issued and allotted 10,86,956 Equity Shares of the Company of face value of Rs. 10 each, at an issue price of Rs. 230 per Equity Share (including a premium of Rs. 220 per Equity Share) on rights basis to the eligible applicants pursuant to the Rights Issue by the Company.

**Utilisation of proceeds from rights issue of shares as per object clause:**

Particulars	Amount
Total proceeds	2,500.00
Less: Rights share issue expenses	93.56
<b>Net proceeds available for utilisation</b>	<b>2,406.44</b>

Particulars	To be utilised	Utilised
(a) Investment in Ethos Limited (a subsidiary company) for funding its working capital requirements	1,875.00	1,875.00
(b) General corporate purposes	531.44	531.44
	<b>2,406.44</b>	<b>2,406.44</b>

Consequent to said allotment, the paid-up equity share capital of the Company has increased from Rs. 1,165.01 (excluding forfeited 1,74,280 equity shares) consisting of 1,16,50,108 equity shares of Rs. 10 each to Rs. 1,273.71 consisting of 1,27,37,064 Equity Shares of Rs. 10 each. Further, the Company incurred share issue expenses of Rs. 93.56 in connection with the aforesaid Rights Issue. The aforementioned amount had been adjusted against securities premium as permitted under Section 52 of the Companies Act, 2013.

- 51** The Company is in the process of selling the brand-name "Ethos" and "Summit" to its subsidiary company i.e. Ethos Limited pursuant to an agreement dated 01 January 2022 with Ethos Limited or transfer of brand names, trademarks, trade names, logos and all related rights for an amount of Rs. 3,900. Out of Rs. 3,900, 1/3rd of total amount needs to be paid by Ethos Limited by 31 March 2022 as advance, 1/3rd of the payment will be made by Ethos Limited when trademark "Ethos" is transferred and registered in the name of Ethos Limited and remaining amount is to be paid when trade mark "Summit" is transferred and registered in the name of Ethos Limited. As per the terms of agreement the Company has received Rs. 1,300 as advance towards first tranche before March 31, 2022.

## Notes to the Standalone Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amounts are in Indian Rupees Lakhs, except for share data)

- 52** During the year, the Company has made provision of Rs. 103.94 towards loan given to a subsidiary company which is doubtful of recovery.
- 53** Subsequent to 31 March 2022, Ethos Limited, (a subsidiary company) completed its Initial Public Offering (IPO) of its equity shares which have been listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) with effect from 30 May 2022. The subsidiary company has made an offer for sale of the equity shares of the Ethos Limited held by certain existing shareholders of the Company (including KDDL Limited, the Holding Company of Ethos Limited) and the accounting impact on account of the said offer for sale of the equity shares by the Company, if any will be considered in the next financial year.

As per our report of even date

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

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

**Yashovardhan Saboo**  
Chairman  
and Managing Director  
DIN: 00012158

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

**Anil Gupta**  
Partner  
Membership no. 87921

Place : New Delhi  
Date : 30 May 2022

Place : Chandigarh  
Date : 30 May 2022

**Brahm Prakash Kumar**  
Company Secretary  
Membership no. FCS7519

## INDEPENDENT AUDITOR'S REPORT

To the Members of **KDDL Limited**

### **Report on the Audit of Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated Ind AS financial statements of KDDL Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and joint venture comprising of the consolidated Balance sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint venture as at March 31, 2022, their consolidated profit 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, 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**

We draw attention to Note 49 to the consolidated Ind AS financial statements, which describes that as per management's assessment the recoverable amount of tangible assets of Estima AG is in excess of carrying amount thereof as at March 31, 2022. 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 year ended March 31, 2022.

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, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<b>Inventory</b> (as described in Note 52 of the consolidated Ind AS financial statements)	
<p>Ethos Limited, a subsidiary of the Holding Company is in business of trading of watches, accessories &amp; luxury items and rendering of related after sale services. The total value of inventory as at March 31, 2022 is Rs. 24,993.29 lakhs. These inventories mainly consist of watches at various stores of the company. The company has a plan wherein inventory is physically verified on a periodic basis to ascertain the existence of inventory. Also, the company's management reviews the inventory age listing to identify slow-moving and obsolete inventories and then estimates the amount of allowance.</p> <p>We have identified inventory existence and allowance of inventories as a key audit matter due to additional risk on</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• We have reviewed the physical verification reports for the verification conducted by the management during the year.</li> <li>• 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, 2022. We read and assessed Group's accounting policy with regard to inventories and its compliance with applicable accounting standards.</li> </ul>



Key audit matters	How our audit addressed the key audit matter
<p>account of number of stores at which inventory is kept and due to judgement exercised by the company's management in identifying the slow-moving and obsolete inventories and assessing the amount of allowance for inventories considering the nature of the retail industry.</p>	<ul style="list-style-type: none"> <li>• We analyzed the ageing and quantitative movement to analyze any significant variances.</li> <li>• We understood how the company's management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories.</li> <li>• 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.</li> <li>• We assessed and tested, on sample basis, the value at which the inventory is valued i.e. lower of cost or net realizable value after considering post period sales data, retrospective review of provision for inventory obsolescence, actual write offs, compared whether the watches have a continuing active market and obtain management representation for future salability.</li> <li>• We read and assessed the relevant disclosures related to inventories in the consolidated Ind AS financial statements.</li> </ul>
<b>Accounting of Leases as per Ind AS 116</b> <i>(as described in Note 45 of the consolidated Ind AS financial statements)</i>	
<p>As described in Note 45 to the consolidated Ind AS financial statements, the Group, its associate and joint venture is following Ind AS 116 Leases (Ind AS 116 or the 'standard') for accounting various leases entered by the Group. In case of one of the subsidiary company, namely, Ethos Limited, the application and accounting of leases under Ind AS 116 is complex and is an area of focus in our audit as the company has a large number of leases with different contractual terms which involves evaluation as per the provisions of Ind AS</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We assessed and tested processes and controls designed and implemented by the Group in respect of the lease accounting standard (Ind AS 116);</li> <li>• We assessed the Group's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business;</li> <li>• We have evaluated the basis of determination of lease modification/re-assessment and related adjustments in case of lease terminations/modifications;</li> </ul>

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<p>116 in case of any changes in terms of existing leases.</p> <p>Ind AS 116 requires the Group to recognize a right-of-use (ROU) asset and a lease liability arising from a lease arrangement on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Application of the Standard involves significant judgements and estimates including, determination of the discount rates and the lease term.</p> <p>Additionally, the Standard mandates remeasuring the carrying amount of lease liabilities and right of use assets to reflect any re-assessment or lease modification as per Ind AS 116 for any changes in lease /terms.</p> <p>We have identified accounting of leases as a key audit matter as the application of this Standard is complex considering the number of leases with different contractual terms and adjustment to the carrying amount of lease liabilities and right of use assets on the balance sheet date to reflect changes in terms of existing leases.</p>	<ul style="list-style-type: none"><li>• 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;</li><li>• We read and assessed the key terms and conditions of each lease with the underlying lease contracts;</li><li>• We have evaluated the computation of lease liabilities and assessed the underlying assumptions, estimates including the applicable discount rates and the lease term.</li><li>• We assessed the Group's presentation and disclosures related to Ind AS 116.</li></ul>

### **Other Information**

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

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial

statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### **Responsibilities of Management for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associate and joint venture.

### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial 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)(l) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate and joint venture of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent

auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

- (a) We did not audit the financial statements and other financial information, in respect of five subsidiaries, whose financial statements include total assets of Rs 25,999.19 lakhs as at March 31, 2022, and total revenues of Rs 4,672.32 lakhs and net cash outflows of Rs 222.32 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 2.40 lakhs and loss of Rs. 6 lakhs for the year ended March 31, 2022 and for the period from April 01, 2021 to November 21, 2021 respectively, as considered in the consolidated Ind AS financial statements, in respect of one joint venture and one associate, whose financial statements, 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-sections (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.

Two 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 its country and which have been audited by other auditors under generally accepted auditing standards applicable in its country. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments

made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such 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 accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of one subsidiary, whose financial statements and other financial information reflect total assets of Rs 1,229.03 lakhs as at March 31, 2022, and total revenues of Rs 19.07 lakhs and net cash (inflows) of Rs 31.35 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 its respective country. Our opinion, in so far as it relates amounts and disclosures included in respect of such subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, 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.

Such subsidiary is located outside India whose financial statement and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has not been audited by any of its auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statement of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India.

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**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 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 the subsidiary companies, associate company and joint venture company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. 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, 2022 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, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report. Based on the consideration of reports of other auditors, the provisions of clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") are not applicable to three subsidiary companies incorporated in India, three subsidiary companies incorporated outside India, an associate and a joint venture companies incorporated in India;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company and its subsidiary company incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Based on the consideration of reports of other auditors, the provisions of Section 197 read with Schedule V to the Act are not applicable to three subsidiary companies incorporated in India, three subsidiary companies incorporated outside India, an associate and a joint venture companies incorporated in India;

- (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 matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associate and joint venture in its consolidated Ind AS financial statements – Refer Note 41(i) to the consolidated Ind AS financial statements;
  - ii. The Group, its associate and joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;
  - 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, 2022.
  - iv. a) The respective managements of the Holding Company and its subsidiaries, associate and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint venture respectively that, to the best of its knowledge and belief, as disclosed in the Note 57 to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associate and joint venture to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries, associate and joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - b) The respective managements of the Holding Company and its subsidiaries, associate and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint venture respectively that, to the best of its knowledge and belief, as disclosed in the Note 57 to the consolidated Ind AS financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries, associate and joint venture from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether



recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, associate and joint venture shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, associate and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

***per Anil Gupta***

*Partner*

Membership Number: 87921

UDIN: 22087921AJXFKY3948

Place of Signature: New Delhi

Date : 30 May 2022

**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 Holding Company”)

**In terms of the information and explanations sought by us and given by the Group and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:**

(xxi) Qualifications or adverse remarks by the respective auditors in the companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

<b>Sr. No.</b>	<b>Name</b>	<b>CIN</b>	<b>Holding company/ subsidiary/ joint venture</b>	<b>Clause number of the CARO report which is qualified or is adverse</b>
1.	KDDL Limited	L33302HP1981PLC008123	Holding Company	Clause 3(i)(c)
2.	KDDL Limited	L33302HP1981PLC008123	Holding Company	Clause 3(iii)(c)
3.	KDDL Limited	L33302HP1981PLC008123	Holding Company	Clause 3(iii)(e)
4.	KDDL Limited	L33302HP1981PLC008123	Holding Company	Clause 3(vii)(a)
5.	Ethos Limited	U52300HP2007PLC030800	Subsidiary	Clause 3(vii)(a)

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of KDDL Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated Ind AS financial statements.

### **Meaning of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements**

A company's internal financial control with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls With Reference to Consolidated Ind AS Financial Statements**

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

### **Opinion**

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### **For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

### **per Anil Gupta**

Partner

Membership Number: 87921

UDIN: 22087921AJXFKY3948

Place of Signature: New Delhi

Date: May 30, 2022

## KDDL Limited (Consolidated)

### Consolidated Balance sheet as at 31 March 2022

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

	Note	As at 31 March 2022	As at 31 March 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	15,991.86	15,371.33
Capital work-in-progress	3	227.33	488.22
Intangible assets	4	56.92	56.80
Intangible assets under development	4	1.91	5.61
Right-of-use assets	45	10,490.16	9,171.56
Investment properties	3(a)	137.67	-
Equity accounted investees	5	157.47	90.53
Financial assets			
- Investments	6	48.71	48.50
- Loans	7	83.62	89.57
- Other financial assets	8	1,201.96	1,041.11
Income tax asset (net)	9	472.45	426.28
Deferred tax assets (net)	10	906.86	824.37
Other non-current assets	11	301.99	170.97
<b>Total non-current assets</b>		<b>30,078.91</b>	<b>27,784.85</b>
<b>Current assets</b>			
Inventories	12	27,952.46	22,544.42
Financial assets			
- Trade receivables	13	4,540.68	4,082.31
- Cash and cash equivalents	14	5,203.41	3,090.65
- Other bank balances	15	512.39	522.45
- Loans	7	96.31	67.52
- Other financial assets	8	930.59	1,178.50
Other current assets	16	4,535.23	2,482.92
<b>Total current assets</b>		<b>43,771.07</b>	<b>33,968.77</b>
<b>Total assets</b>		<b>73,849.98</b>	<b>61,753.62</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	17	1,282.42	1,173.72
Other equity	18	23,877.64	17,482.21
<b>Equity attributable to owners of the Company</b>		<b>25,160.06</b>	<b>18,655.93</b>
<b>Non-controlling interests</b>	39	<b>5,802.25</b>	<b>4,069.49</b>
<b>Total equity</b>		<b>30,962.31</b>	<b>22,725.42</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	19	7,724.34	7,742.30
- Lease liabilities	45	8,483.47	7,293.91
- Other financial liabilities	20	171.71	249.50

## KDDL Limited (Consolidated)

### Consolidated Balance sheet as at 31 March 2022

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

	Note	As at 31 March 2022	As at 31 March 2021
Provisions	21	142.35	200.44
Deferred tax liabilities (net)	10	516.87	588.71
<b>Total non-current liabilities</b>		<b>17,038.74</b>	<b>16,074.86</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	19	7,773.95	7,840.17
- Lease liabilities	45	2,525.37	2,090.87
- Trade payables	22		
- total outstanding dues of micro enterprises and small enterprises		206.49	51.41
- total outstanding dues of creditors other than micro enterprises and small enterprises		10,356.38	8,651.24
- Other financial liabilities	20	2,404.54	2,064.75
Other current liabilities	23	1,744.33	1,512.97
Provisions	21	781.82	652.32
Current tax liabilities (net)	24	56.05	89.61
<b>Total current liabilities</b>		<b>25,848.93</b>	<b>22,953.34</b>
<b>Total liabilities</b>		<b>42,887.67</b>	<b>39,028.20</b>
<b>Total equity and liabilities</b>		<b>73,849.98</b>	<b>61,753.62</b>

Significant accounting policies

2

Notes to the consolidated Ind AS financial statements

3-61

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 Directors of KDDL Limited

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm registration no.:301003E/E300005

Yashovardhan Saboo

Chairman

and Managing Director

DIN: 00012158

Sanjeev Masown

Chief Financial Officer

and Whole time Director

DIN: 03542390

Anil Gupta

Partner

Membership no. 87921

Brahm Prakash Kumar

Company Secretary

Membership no. FCS7519

Place : New Delhi  
Date : 30 May 2022

Place : Chandigarh  
Date : 30 May 2022

# KDDL Limited (Consolidated)

## Consolidated Statement of Profit and Loss for the year ended 31 March 2022

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

Particulars	Note	Year Ended 31 March 2022	Year Ended 31 March 2021
Revenue from operations	25	81,624.09	54,882.33
Other income	26	1,534.04	1,841.62
<b>Total income</b>		<b>83,158.13</b>	<b>56,723.95</b>
<b>Expenses</b>			
Cost of raw materials consumed	27	6,148.12	3,932.69
Purchases of stock-in-trade	28	46,327.49	26,084.91
Changes in inventories of finished goods, work-in-progress, stock-in-trade and scrap	29	(5,294.19)	2,333.70
Employee benefits expenses	30	12,038.08	8,633.38
Finance costs	31	2,477.21	2,683.20
Depreciation and amortisation expense	32	4,538.15	4,603.92
Other expenses	33	11,690.81	7,401.77
<b>Total expenses</b>		<b>77,925.67</b>	<b>55,673.57</b>
<b>Profit before share of equity accounted investees and income tax</b>		<b>5,232.46</b>	<b>1,050.38</b>
Share of (loss)/ profit of equity accounted investees (net of income tax, if any)	5	(3.60)	11.08
<b>Profit before income tax</b>		<b>5,228.86</b>	<b>1,061.46</b>
Income tax expense:	34		
- Current tax		1,694.90	407.79
- Current tax for earlier years		(23.55)	(17.25)
- Deferred tax credit		(101.16)	(53.63)
- Deferred tax charge for earlier years		23.11	28.01
- Deferred tax (credit) due to change in rate		(79.90)	-
<b>Total income tax expense</b>		<b>1,513.40</b>	<b>364.92</b>
<b>Profit for the year</b>		<b>3,715.46</b>	<b>696.54</b>
<b>Other comprehensive income / (expense)</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of defined benefit (liability) / asset		14.44	21.29
Income tax on remeasurement of defined benefit (liability) / asset		(3.62)	(6.61)
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		60.31	(33.03)
Income tax on exchange differences on translation of foreign operations		-	-
<b>Other comprehensive income / (expense) for the year (net of income tax)</b>		<b>71.13</b>	<b>(18.35)</b>
<b>Total comprehensive income / (expense) for the year (net of income tax)</b>		<b>3,786.59</b>	<b>678.19</b>
<b>Profit attributable to:</b>			
Owners of the Company		3,190.94	566.55
Non-controlling interest		524.52	129.99
<b>Profit for the year</b>		<b>3,715.46</b>	<b>696.54</b>
<b>Other comprehensive income / (expense) attributable to:</b>			
Owners of the Company		62.73	(12.69)
Non-controlling interest		8.40	(5.66)
<b>Other comprehensive income / (expense) for the year</b>		<b>71.13</b>	<b>(18.35)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		3,253.68	553.86
Non-controlling interest		532.91	124.33
<b>Total comprehensive income for the year</b>		<b>3,786.59</b>	<b>678.19</b>
Earnings per share			
[nominal value of share Rs. 10 (previous year Rs. 10)]			
Basic (Rs.)	35	25.26	4.76
Diluted (Rs.)		25.26	4.76
Significant accounting policies	2		
Notes to the consolidated Ind AS financial statements	3-61		
The accompanying notes form an integral part of the consolidated Ind AS financial statements			
As per our report of even date			

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

**Anil Gupta**  
Partner  
Membership No. 87921

**Yashovardhan Saboo**  
Chairman  
and Managing Director  
DIN: 00012158

**Sanjeev Masown**  
Chief Financial Officer  
and Whole Time Director  
DIN: 03542390

Place: New Delhi  
Date: 30 May 2022

Place: Chandigarh  
Date: 30 May 2022

**Brahm Prakash Kumar**  
Company Secretary  
Membership no. FCS7519

# KDDL Limited (Consolidated)

## Consolidated Statement of Change in equity for the year ended 31 March 2022 (All amounts are in Indian Rupees Lakhs, except for share data)

	Note	Other Comprehensive Income							Total other equity attributable to owners of the Company	Attributable to Non-controlling interest	Total
		Capital reserve	Securities premium	Reserves and surplus	Employee stock options outstanding reserve	Retained earnings	Exchange differences on translation of foreign operations	Adjustment in other equity proportion of non controlling interest*			
<b>a. Equity share capital</b>											
Balance as at 1 April 2020	17										1,165.01
Changes in equity share capital during the year											-
<b>Balance as at 31 March 2021</b>	17										1,165.01
Changes in equity share capital during the year											108.70
<b>Balance as at 31 March 2022</b>											1,273.71
<b>b. Other Equity</b>											
<b>Balance as at 31 March 2020</b>		367.47	12,741.03	2,776.20	47.37	2,389.90	(61.84)	(858.35)	17,401.78	4,165.19	21,566.97
<i>Total comprehensive income for the year ended 31 March 2021</i>											
Profit for the year		-	-	-	-	566.55	-	-	566.55	129.99	696.54
Other comprehensive income for the year (net of income tax)		-	-	-	-	15.72	(28.41)	-	(12.69)	(5.66)	(18.35)
<b>Balance as at 31 March 2021</b>		-	-	-	-	582.27	(28.41)	-	553.86	124.33	678.19
<i>Changes in ownership interests in subsidiaries that do not result in loss of control</i>											
Acquisition of non-controlling interests*		-	-	-	-	-	-	(473.41)	(473.41)	(220.04)	(693.45)
<b>Total changes in ownership interests in subsidiaries</b>		-	-	-	-	-	-	(473.41)	(473.41)	(220.04)	(693.45)
<b>Balance as at 31 March 2021</b>		367.47	12,741.03	2,776.20	47.37	2,972.16	(90.25)	(1,331.76)	17,482.22	4,069.49	21,551.71
<i>Total comprehensive income for the year ended 31 March 2022</i>											
Profit for the year		-	-	-	-	3,190.94	-	-	3,190.94	524.52	3,715.46
Other comprehensive income for the year (net of income tax)		-	-	-	-	10.52	52.21	-	62.73	8.40	71.13
<b>Balance as at 31 March 2021</b>		-	-	-	-	3,201.46	52.21	-	3,253.68	532.91	3,786.59
Issue of equity share for cash		-	2,391.30	-	-	-	-	-	2,391.30	-	2,391.30
Issue of equity share for cash in a subsidiary company		-	1,653.79	-	-	-	-	-	1,653.79	1,387.13	3,040.92
Share issue expense		-	(93.56)	-	-	-	-	-	(93.56)	-	(93.56)
Dividend		-	-	-	-	(191.06)	-	-	(191.06)	-	(191.06)
Share options lapsed		-	-	-	(9.41)	-	-	-	(9.41)	-	(9.41)
Share options exercised		-	-	-	(37.96)	-	-	-	(37.96)	-	(37.96)
Issue of ESOP for cash in a subsidiary company		-	153.18	-	-	-	-	-	153.18	105.81	258.99
Business combination during the year (refer to note 48)		0.73	-	-	-	-	-	(105.81)	47.37	19.46	20.19
<b>Balance as at 31 March 2022</b>		0.73	4,104.71	-	(47.37)	(191.06)	-	(105.81)	3,761.20	1,512.40	5,273.60
<i>Changes in ownership interests in subsidiaries that do not result in loss of control</i>											
Acquisition of non-controlling interests*		-	-	-	-	-	-	(619.46)	(619.46)	(312.55)	(932.01)
<b>Total changes in ownership interests in subsidiaries</b>		-	-	-	-	-	-	(619.46)	(619.46)	(312.55)	(932.01)
<b>Balance as at 31 March 2022</b>		368.20	16,845.74	2,776.20	-	5,982.57	(38.04)	(2,057.03)	23,877.64	5,802.25	29,679.88

\* Adjustment to carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiaries on account of changes in proportion of the equity held by non-controlling interests.

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

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

Anil Gupta  
Partner  
Membership No. 87921

Yashvardhan Saboo  
Chairman  
and Managing Director  
DIN: 00012158

Brahm Prakash Kumar  
Company Secretary  
Membership no. FC57519

Place: New Delhi  
Date: 30 May 2022

Place: Chandigarh  
Date: 30 May 2022



## KDDL Limited (Consolidated)

### Consolidated Cash flow statement for the year ended 31 March 2022

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

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>Cash flow from operating activities</b>		
Profit before income tax	5,228.86	1,061.46
Adjustments for :		
Depreciation and amortisation expenses	4,538.15	4,603.92
Net (gain) on sale of property, plant and equipment	-	(6.35)
Property, plant and equipment written off	25.43	35.33
Loss on sale of property, plant and equipment	11.56	-
Impairment of investment property	152.24	-
Advances / deposits / bad debts written off	294.51	57.56
Interest expense	2,429.03	2,660.21
Interest income	(260.82)	(160.72)
Dividend income*	(0.24)	(0.26)
Share of loss/ (profit) of equity accounted investees (net of income tax, if any)	3.60	(11.08)
Liabilities / provision no longer required written back	(122.37)	(88.38)
Impairment in value of investments	-	15.65
Gain on account of conversion of an associate into subsidiary company (refer to note 47)	(11.11)	-
Expense on employee stock option scheme	(9.41)	-
Expected credit loss on trade receivables/Provision for doubtful debts written back	(86.70)	(6.64)
Provision for bad and doubtful advances	15.00	22.85
Rent Concessions	(804.46)	(1,402.22)
Profit on deletion of lease liability & Right to use assets	(34.42)	(46.25)
Unrealised foreign exchange (gain)/ loss	(64.71)	59.51
Change in fair value of derivative contracts	(9.43)	(74.35)
Net change in fair value of financial assets (at FVTPL)	(0.21)	(0.77)
Effect of exchange rates on translation of operating cash flows	60.31	(33.03)
<b>Operating cash flow before working capital changes</b>	<b>11,354.81</b>	<b>6,686.44</b>
Changes in working capital:		
Decrease in loans	6.30	2.16
Decrease in other financial assets	8.01	188.50
(Increase)/ Decrease in other current and non current assets	(2,123.06)	884.00
(Increase)/ Decrease in inventories	(5,408.04)	2,727.16
(Increase) in trade receivables	(403.23)	(1,406.09)
Increase in provisions	85.85	126.68
Increase in trade payables	1,914.12	81.23
Increase/ (Decrease) in other financial liabilities	310.93	(37.32)
Increase in other current liabilities	245.59	187.60
<b>Cash generated from operating activities</b>	<b>5,991.28</b>	<b>9,440.36</b>
Income tax (paid), net	(1,751.08)	(425.18)
<b>Net cash generated from operating activities (A)</b>	<b>4,240.20</b>	<b>9,015.18</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment (including capital advances, capital creditors)	(2,666.25)	(1,776.13)
Proceeds from sale of property, plant and equipment	21.98	19.15
Payment for purchase of investments in subsidiaries	(957.93)	(693.45)
Investment in equity accounted investees	(75.01)	-
Fixed deposit placed/matured (net)	(6.31)	169.11
Interest received	107.30	66.58
Dividend received*	0.24	0.26
<b>Net cash (used) in investing activities (B)</b>	<b>(3,575.99)</b>	<b>(2,214.48)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity share capital (including premium)	2,500.00	-
Share issue expenses	(93.56)	-
Amount received on allotment of stock options in the subsidiary company	125.70	-
Amount received on allotment of equity shares on rights issue in the subsidiary company	541.73	-
Amount received on allotment of equity shares on private placement basis in		

## KDDL Limited (Consolidated)

### Consolidated Cash flow statement for the year ended 31 March 2022

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

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
the subsidiary company	2,500.00	-
Proceeds from non-current borrowings	4,657.11	2,776.51
Repayment of non-current borrowings	(3,731.73)	(2,695.07)
Proceeds from/repayments of current borrowings (net)	(1,359.42)	(2,718.37)
Proceeds from current borrowings having maturity period more than 3 months	810.32	274.60
Repayment of current borrowings having maturity period more than 3 months	(460.46)	(401.99)
Principal portion of lease payments	(1,455.07)	(732.25)
Interest portion of lease payments	(1,086.02)	(1,143.28)
Interest paid	(1,341.96)	(1,349.98)
Dividend paid on equity shares	(191.06)	-
<b>Net cash from/ (used) in financing activities (C)</b>	<b>1,415.57</b>	<b>(5,989.82)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>2,079.78</b>	<b>811.87</b>
<b>Additions pursuant to acquisition of subsidiary company, earlier was associate company (Refer to note 48)</b>	<b>32.97</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,090.65</b>	<b>2,278.78</b>
<b>Cash and cash equivalents at the end of the year (see below)</b>	<b>5,203.40</b>	<b>3,090.65</b>

#### Notes:

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

Balances with banks		
- in current accounts	4,398.59	661.22
- in cash credit accounts	110.84	935.03
Deposits with original maturity of less than three months	500.00	1,399.00
Cheques, drafts on hand	4.81	12.71
Cash on hand	71.26	39.82
Credit cards receivable	117.91	42.87
	<b>5,203.41</b>	<b>3,090.65</b>

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.

Significant accounting policies	2
Notes to the consolidated Ind AS financial statements	3-61

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

As per our report of even date

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

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

**Anil Gupta**  
Partner  
Membership No. 87921

**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: New Delhi  
Date: 30 May 2022

Place: Chandigarh  
Date: 30 May 2022

# KDDL Limited (Consolidated)

## Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

### 1. Corporate information

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

These consolidated Ind AS financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associate and joint venture. The Group is primarily engaged in the business of manufacturing dials, watch hands and precision components and trading of watches, accessories and luxury items. Currently, the Group has its manufacturing facilities, at Parwanoo (Himachal Pradesh) and Derabassi (Punjab) – dial manufacturing, Bengaluru (Karnataka) - hands and precision components manufacturing and retail stores of watches across the country.

The consolidated Ind AS financial statements were approved for issue in accordance with a resolution of the directors on 30 May 2022.

### 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 year.

#### Basis of measurement

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

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

#### 2.2 Summary of significant accounting policies

##### a. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current

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.

Liability is current when:

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

All other liabilities are classified as non-current.

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

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

#### **b. Basis of consolidation**

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The details of consolidated entities are as follow:

				31 March 2022	31 March 2021
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	75.55%	75.08%
4	Mahen Distribution Limited**		India	100.00%	98.72%
5	Satva Jewellery and Design Limited		India	100.00%	100.00%
6	Cognition Digital LLP***	(c)	India	99.99%	99.99%
7	KamlaTesio Dials Limited****		India	69.99%	30.00%
8	Estima AG	(d)	Switzerland	95.50%	95.50%
9	Pasadena Retail Private Limited	(e)	India	50.00%	50.00%

Notes:

(a) Includes 47.25% (31 March 2021: 47.25%) held through Kamla International Holdings SA

(b) Includes 12.43% (31 March 2021: 12.43%) held through Mahen Distribution Limited

(c) Includes 99.99% (31 March 2021: 99.99%) held through Ethos Limited.

(d) Includes 95.50% (31 March 2021: 95.50%) held through Kamla International Holdings SA and Pylania SA

(e) Includes 50% (31 March 2021: 50%) held through Ethos Limited.

\* During the year ended 31 March 2021, the Holding Company has purchased 2,77,000 equity shares amounting to INR 693 lakhs in one of the subsidiary company 'Ethos Limited' a material subsidiary, pursuant to exercise of put option by existing shareholders of Ethos Limited. Post the above transaction, consolidated shareholding of the Parent Company (directly and indirectly through its subsidiary, Mahen Distribution Limited) in Ethos Limited as at March 31, 2021 was 75.08%.

During the year ended 31 March 2022, the Holding Company purchased 3,50,000 equity shares of Rs. 10 each amounting to INR 700 lakhs of Ethos Limited (a subsidiary company) from an existing shareholder of Ethos Limited.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

During the year ended 31 March 2022, the Holding Company purchased 3,59,442 equity shares (including 57,329 equity shares renounced by Mahen Distribution Limited, a wholly owned subsidiary company) of INR 10 each amounting to INR 1,976.93 lakhs of Ethos Limited (a subsidiary company) at a price of INR 550 per equity share pursuant to Rights Issue of Ethos Limited.

Post rights issue and above acquisitions, the consolidated shareholding of the Holding Company (directly and indirectly through its other subsidiary, Mahen Distribution Limited) in Ethos Limited as at 31 March 2022 is 75.55%.

\*\* During the year ended 31 March 2022, the Holding Company has purchased 77,000 equity shares of Rs. 10 each amounting to INR 237.93 lakhs of "Mahen Distribution Limited" (MDL) (a subsidiary company) at a price of INR 309 per equity share from an existing shareholder of Mahen Distribution Limited and and by virtue of this acquisition, MDL has become wholly owned subsidiary of the Company w.e.f. 29 March 2022.

\*\*\* The percentage of holding denotes the share of profits in LLP.

\*\*\*\* During the year ended 31 March 2022, the Holding Company acquired 3,99,930 (39.99%) equity shares of INR 10 each of "Kamla Tesio Dials Limited" (KTDL, an Associate of the Holding Company till 21 November 2021) at INR 5 per share. Post the above acquisition, the shareholding of the Holding Company has increased from 30.00 % to 69.99 % and by virtue of this acquisition, KTDL became subsidiary of the Holding Company w.e.f. 22 November 2021.

#### Consolidation procedure

##### (i) Business Combinations

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss. Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.



## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

#### (ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated Ind AS financial statements from the date on which control commences until the date on which control ceases.

#### (iii) Non-controlling interests (NCI)

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

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

#### (iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in Statement of Profit and Loss.

#### (v) Equity accounted investees

The Group's interests in equity accounted investees comprise interests in an associate and its joint venture.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associate and joint venture are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated Ind AS financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

#### (vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(vii) Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in Statement of Profit and Loss.

**(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



## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

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.

Depreciation on items of PPE of the Group's Indian entities 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
Roads	10 Years	10 Years
Plant and equipment*	15 Years	3 - 15 Years
Furniture and fittings	10 Years	10 Years
Office equipment	5 Years	5 Years
Computers	3 Years	3 Years
Vehicles	8 Years	8 Years

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

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

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

In case of one of the subsidiary company, on an item of property, plant and equipment discarded during the year, accelerated depreciation is provided upto the date on which such item of property, plant and equipment is discarded.

Depreciation on the property, plant and equipment of the Group's foreign subsidiary Pylania SA has been provided on straight-line method based on the estimated useful life of assets using the rates stated as follows:

Particulars	Rate
Buildings – Factory	1.5% to 8.5%
Plant and machinery	10% to 15%
Office equipment	8.5% to 15%
Motor vehicles	48%

Depreciation on the property, plant and equipment of the Group's foreign subsidiary Estima AG has been provided on straight-line method based on the estimated useful life of assets using the rates stated as follows:

Particulars	Rate
Buildings – Factory	3.33%
Plant and machinery	6.67%
Furniture	10.00%
Office equipment	10.00%

Particulars	Rate
Motor vehicles	33.33%
Tools	33.33%

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

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

#### *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use and disposal. Any gain or loss arising on derocognition of the asset is

measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

### d. Intangible assets

#### *Acquired Intangible*

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

#### *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. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates investment property over 20 years from the date of original purchase.

Though the Group measures investment properties using cost-based measurement, the fair value of investment properties are disclosed in the notes.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. Transfers are made to (or from) investment properties only when there is a change in use.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

#### **f 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.

#### **g. 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.

#### **h. 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.

### i. 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.

### j. 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.

### k. 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.

### l. Revenue from contract with customer

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

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

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

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

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

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

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Also, in

determining the transaction price for the sale of products, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

The Group disaggregates revenue from contracts with customers by geography.

#### *Sale of services*

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

The Group earns revenue primarily from manufacturing of watches dials, watch hands and precision components, trading of watches, accessories and luxury items and rendering related after sale services.

#### *Customer loyalty programmes*

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

#### *Export benefits*

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

### **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).

### **m. 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.

#### **n. 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.

#### **o. Taxes**

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

##### *Current income tax*

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

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

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

##### *Deferred tax*

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

Deferred tax liabilities are recognized for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or



loss and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

#### p. Leases

##### *Group as a lessee*

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

##### *Right-of-use assets*

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

Plant and equipment	3 - 5 Years
Building	1 - 10 Years
Leasehold land	99 Years
Stores	2 -10 Years
Furniture	4-5 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.

**q. 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.

#### **r. 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.

#### **s. 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.

#### **t. 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.

#### u. 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.

#### v. 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.

#### w. 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.

#### x. 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.

#### y. 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.

**z. 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 entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

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

**2.3 Changes in accounting policies and disclosures****New and amended standards****Amendments to Ind AS 116: Covid-19-Related Rent Concessions**

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. The Company has not been affected by these amendments as there are no rent concessions provided for from the lessor.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

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

- (i) Ind AS 103 Business Combinations.
- (ii) Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116.
- (iii) Conceptual framework for financial reporting under Ind AS issued by ICAI.
- (iv) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

On March 24, 2021, the Ministry of Corporate Affairs (“MCA”) through a notification, amended schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rule 2015 are:

#### **Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work in- progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### **Statement of profit and loss:**

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

The Ministry of Corporate Affairs (MCA) has amended Section 135 of the Companies Act 2013 vide The Companies (Amendment) Act 2020, wherein a proviso has been added to Sub-Section (5) of Section 135 which states that if a company spends an amount in excess of the requirements provided under the said Sub-Section, a company may set off such excess amount against the requirement to spend under the said sub-section up to immediate succeeding three financial years.

Accordingly, the Holding Company has availed the option to carry forward the excess amount spent of INR 13.63 lakhs for the succeeding financial years and presented the same as asset in the consolidated Ind AS financial statements.

#### 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.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

#### **g) Contingencies**

Refer note 2.2(j) and 41 for contingencies.

#### **h) Impairment of financial assets**

Refer note 2.2(q) for the policy to estimate the impairment of financial assets.

#### **i) Impairment of non-financial assets**

Refer note 2.2(r) for the policy to estimate the impairment of non-financial assets.

#### **j) Share-based payments**

Refer note 2.2(h) 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 subsidiary 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 2022

(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 2020	710.07	0.00	5,575.27	2,360.20	8,982.56	2,290.52	421.08	463.34	20,803.04	289.81
Additions	-	-	98.61	315.75	655.56	192.14	111.66	97.41	1,471.13	920.83
Disposals/Capitalisation during the year	-	-	-	(335.62)	(5.68)	(152.25)	(9.64)	(0.57)	(503.20)	(722.42)
Exchange differences on translation	(15.94)	-	(41.51)	-	(35.74)	(6.79)	(1.19)	-	(101.75)	-
<b>Balance as at 31 March 2021</b>	<b>694.12</b>	<b>0.00</b>	<b>5,632.37</b>	<b>2,340.33</b>	<b>9,596.70</b>	<b>2,323.62</b>	<b>521.90</b>	<b>560.18</b>	<b>21,669.22</b>	<b>488.22</b>
Balance as at 1 April 2021	694.12	0.00	5,632.37	2,340.33	9,596.70	2,323.62	521.90	560.18	21,669.22	488.22
Addition due to business combination (Refer to note 48)	-	-	-	-	81.46	-	0.73	8.92	91.11	-
Additions (Refer to note c below)	-	-	79.27	533.33	795.29	517.90	348.23	355.38	2,629.39	782.75
Disposals/Capitalisation during the year	-	-	-	(122.77)	(50.99)	(32.85)	(3.42)	(61.41)	(271.45)	(1,043.64)
Transferred to investment properties	-	-	(469.68)	-	-	-	-	-	(469.68)	-
Exchange differences on translation	30.06	-	76.93	-	66.92	12.67	1.82	1.07	189.48	-
<b>Balance as at 31 March 2022</b>	<b>724.18</b>	<b>0.00</b>	<b>5,318.89</b>	<b>2,750.88</b>	<b>10,489.38</b>	<b>2,821.34</b>	<b>869.26</b>	<b>864.14</b>	<b>23,838.07</b>	<b>227.33</b>

#### Accumulated Depreciation

Balance as at 1 April 2020	-	-	425.20	949.46	2,641.14	561.68	245.11	120.85	4,943.44	-
Depreciation for the year	-	-	193.93	445.28	772.58	278.11	103.73	61.37	1,855.00	-
Disposals	-	-	-	(335.62)	(1.95)	(131.41)	(9.05)	(0.01)	(478.04)	-
Exchange differences on translation	-	-	(6.92)	-	(13.12)	(1.52)	(0.44)	(0.51)	(22.51)	-
<b>Balance as at 31 March 2021</b>	<b>612.21</b>	<b>1,059.12</b>	<b>612.21</b>	<b>1,059.12</b>	<b>3,398.65</b>	<b>706.86</b>	<b>339.35</b>	<b>181.70</b>	<b>6,297.89</b>	<b>-</b>
Balance as at 1 April 2021	-	-	612.21	1,059.12	3,398.65	706.86	339.35	181.70	6,297.89	-
Addition due to business combination (Refer to note 48)	-	-	-	-	77.21	-	0.69	8.47	86.38	-
Depreciation for the year	-	-	181.39	362.35	802.24	236.86	141.02	82.64	1,806.50	-
Disposals	-	-	-	(122.77)	(36.76)	(26.08)	(2.82)	(29.34)	(217.77)	-
Transferred to investment properties	-	-	(163.58)	-	-	-	-	-	(163.58)	-
Exchange differences on translation	-	-	11.38	-	21.93	2.07	0.59	0.82	36.79	-
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>641.40</b>	<b>1,298.70</b>	<b>4,263.27</b>	<b>919.71</b>	<b>478.83</b>	<b>244.29</b>	<b>7,846.21</b>	<b>-</b>

#### Carrying amount (net)

<b>At 31 March 2021</b>	<b>694.12</b>	<b>0.00</b>	<b>5,020.16</b>	<b>1,281.21</b>	<b>6,198.05</b>	<b>1,616.76</b>	<b>182.55</b>	<b>378.48</b>	<b>15,371.33</b>	<b>488.22</b>
<b>At 31 March 2022</b>	<b>724.18</b>	<b>0.00</b>	<b>4,677.48</b>	<b>1,452.18</b>	<b>6,226.11</b>	<b>1,901.63</b>	<b>390.43</b>	<b>619.85</b>	<b>15,991.86</b>	<b>227.33</b>

#### Notes:

- Refer to note 19 for information on property, plant and equipment are pledged as security by the group.
- Refer to note 41(ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- The Group has 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 group.

	Year ended 31 March 2022	Year ended 31 March 2021
Rent	48.25	43.82
Power and Fuel	0.35	0.33
Rates and Taxes	4.11	14.94
Repairs and maintenance - others	15.68	3.37
Miscellaneous Expenses	-	4.49
<b>Expenses capitalized by the Group</b>	<b>68.39</b>	<b>66.95</b>

d. Deletion amount includes re-imbursement received for property, plant and equipment by a subsidiary company of Rs. Nil (previous year Rs 9.36) from brands.

# Represents capital work in progress capitalized during the current year and previous year.

\* Including block of computers.



## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### Capital work in progress (CWIP) Ageing Schedule

As at 31 March 2022	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	118.57	1.18	8.17	5.10	133.02
Material purchased for inhouse development of tools	46.94	16.24	7.27	23.86	94.31
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>165.51</b>	<b>17.42</b>	<b>15.44</b>	<b>28.96</b>	<b>227.33</b>

As at 31 March 2021	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	326.29	66.17	-	7.63	400.09
Material purchased for inhouse development of tools	38.88	18.24	14.36	16.65	88.13
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>365.17</b>	<b>84.41</b>	<b>14.36</b>	<b>24.28</b>	<b>488.22</b>

#### 3 (a) Investment properties

##### Cost

	Building	Total
<b>Opening balance at 1 April 2020</b>	-	-
Additions	-	-
Disposal	-	-
<b>Closing balance at 31 March 2021</b>	-	-
Opening balance at 1 April 2021	-	-
Additions	-	-
Balance transfer from Property, plant and equipment	469.68	469.68
Disposal	-	-
<b>Closing balance at 31 March 2022</b>	<b>469.68</b>	<b>469.68</b>

##### Depreciation and impairment

	Building	Total
<b>Opening balance at 1 April 2020</b>	-	-
Charge for the year	-	-
Disposal	-	-
<b>Closing balance at 31 March 2021</b>	-	-
Opening balance at 1 April 2021	-	-
Balance transfer from Property, plant and equipment	163.58	163.58
Depreciation for the year	16.20	16.20
Impairment during the year (Refer to note 33)	152.24	152.24
<b>Closing balance at 31 March 2022</b>	<b>332.02</b>	<b>332.02</b>

##### Carrying amount (net)

<b>March 31, 2021</b>	-	-
<b>March 31, 2022</b>	<b>137.67</b>	<b>137.67</b>

#### Note:

- (a) During the current year, the group had transferred one of its building situated at Grandval, Switzerland from property, plant and equipment to investment property as it is not being used for business purpose and being held as investment property.
- (b) As at 31 March 2022, the fair values of the properties are Rs. 137.67. The concerned building is transferred to Investment property from existing property after a change in use, the management determined the fair value

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

based on the best available quotation from the market.

- (c) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

#### 4 Intangible assets and Intangible assets under development

##### Gross carrying amount

	Technical know-how	Softwares	Total	Intangible Assets Under Development*
Balance as at 1 April 2020	67.85	180.16	<b>248.01</b>	5.61
Additions	0.37	7.27	<b>7.64</b>	-
Disposals	-	(0.02)	<b>(0.02)</b>	-
<b>Balance as at 31 March 2021</b>	<b>68.22</b>	<b>187.41</b>	<b>255.63</b>	<b>5.61</b>
Balance as at 1 April 2021	68.22	187.41	<b>255.63</b>	5.61
Additions	5.61	21.70	<b>27.31</b>	1.91
Disposals	-	(16.24)	<b>(16.24)</b>	(5.61)
<b>Balance as at 31 March 2022</b>	<b>73.83</b>	<b>192.87</b>	<b>266.70</b>	<b>1.91</b>

##### Accumulated Amortisation

Balance as at 1 April 2020	16.45	150.46	<b>166.91</b>	-
Amortisation for the year	12.14	19.80	<b>31.94</b>	-
Disposals	-	(0.02)	<b>(0.02)</b>	-
<b>Balance as at 31 March 2021</b>	<b>28.59</b>	<b>170.24</b>	<b>198.83</b>	-
Balance as at 1 April 2021	28.59	170.24	<b>198.83</b>	-
Amortisation for the year	12.94	14.09	<b>27.03</b>	-
Disposals	-	(16.08)	<b>(16.08)</b>	-
<b>Balance as at 31 March 2022</b>	<b>41.53</b>	<b>168.25</b>	<b>209.78</b>	-

##### Carrying amount (net)

<b>At 31 March 2021</b>	<b>39.63</b>	<b>17.17</b>	<b>56.80</b>	<b>5.61</b>
<b>At 31 March 2022</b>	<b>32.30</b>	<b>24.62</b>	<b>56.92</b>	<b>1.91</b>

\*Rs 1.91 related to development of employee payroll software (31 March 2021: Rs. 5.61 related to development of business intelligence software)

##### Intangible assets under development (IAUD) Ageing Schedule

As at 31 March 2022	Amount in IAUD for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	1.91	-	-	-	<b>1.91</b>
<b>Total</b>	<b>1.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.91</b>



## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

As at 31 March 2021	Amount in IAUD for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	-	5.61	-	-	5.61
<b>Total</b>	-	<b>5.61</b>	-	-	<b>5.61</b>

	As at 31 March 2022	As at 31 March 2021
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#### 5 Equity accounted investees

Non-current investments

*Unquoted investments (fully paid up)*

##### Investment in equity shares (at cost) of Associate: (Refer Note below)

- Kamla Tesio Dials Limited, Nil (31 March 2021: 300,000)

equity shares of Rs. 10 each fully paid up -

Less: provision for diminution in the value of investment

in Kamla Tesio Dials Limited - - 10.46

of Joint venture:

- Pasadena Retail Private Limited, 17,50,000

(31 March 2021: 10,00,000) equity shares of

Rs. 10 each fully paid up 157.47 80.07

**157.47**

**90.53**

#### Note:

During the year ended 31 March 2022, the Holding Company has acquired 3,99,930 (39.99%) equity shares of Rs. 10 each of "Kamla Tesio Dials Limited" (KTDL) amounting to Rs. 20. Post the above acquisition, the shareholding of the Holding Company has increased from 30.00 % to 69.99 % and by virtue of this acquisition, KTDL has become subsidiary of the Holding Company w.e.f. 22 November 2021.

See accounting policies in Notes 2.2(b)(v).

	Note	As at 31 March 2022	As at 31 March 2021
Interest in associate	(a)	-	10.46
Interest in joint venture	(b)	157.47	80.07
		<b>157.47</b>	<b>90.53</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

(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 2022	As at 31 March 2021
Kamla Tesio Dials Limited	Manufacture of dials and accessories	India	0%	30%
Current assets [including cash and cash equivalents of Rs. Nil (31 March 2021: Rs. 27.22)]			-	30.79
Non-current assets			-	56.77
Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. Nil (31 March 2021: Rs. 0.47)]			-	0.47
<b>Net assets</b>			<b>-</b>	<b>87.09</b>
Group's share of net assets (31 March 2022: Nil, 31 March 2021: 30%)			-	26.12
Less: amount of provision for diminution in the value of investments			-	15.66
<b>Carrying amount of the interest in associate</b>			<b>-</b>	<b>10.46</b>

	Year ended 31 March 2022	Year Ended 31 March 2021
Other income	0.64	0.68
Employee benefit expense	(0.84)	(2.85)
Other expenses	(19.79)	(5.84)
<b>(Loss) for the period from 01 April 2021 to 21 November 2021</b>	<b>(19.99)</b>	<b>(8.01)</b>
Other comprehensive income	-	-
<b>Total comprehensive income/(loss)</b>	<b>(19.99)</b>	<b>(8.01)</b>
Group's share of profit (30%)	(19.99)	(2.41)
Group's share of other comprehensive income/(loss) (30%)	(6.00)	(2.41)
<b>Group's share of total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>
	<b>(6.00)</b>	<b>(2.41)</b>

(b) The following table summarizes the financial information and the carrying amount of the Group's interest in joint venture:

Name of joint venture	Principal activity	Principal place of business	Percentage ownership interest	
			As at 31 March 2022	As at 31 March 2021
Pasadena Retail Private Limited	Trading of luxury watches	India	50%	50%
Current assets [including cash and cash equivalents of Rs. 38.98 (31 March 2021: Rs. 64.10)]			580.39	573.81
Non-current assets [including deferred tax assets of Rs.9.83 (31 March 2021: Rs. 6.94)]			242.71	321.20
Current liabilities [including current tax liabilities of Rs.4.50 (31 March 2021: Rs. Nil)]			406.79	563.42
Non-current liabilities			101.38	171.45
<b>Net assets</b>			<b>314.94</b>	<b>160.14</b>
Group's share of net assets (50%)			157.47	80.07
<b>Carrying amount of the Company's interest in joint venture</b>			<b>157.47</b>	<b>80.07</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	As at 31 March 2022	As at 31 March 2021
Revenue from operations	858.27	644.68
Other income	25.43	42.88
Purchases of stock-in-trade	(692.63)	(455.52)
Changes in inventories of stock-in-trade	37.25	(30.03)
Depreciation and amortisation expense	(88.67)	(87.21)
Finance costs	(42.20)	(53.44)
Other expenses	(91.04)	(41.29)
<b>Profit for the year</b>	<b>6.41</b>	<b>20.06</b>
Tax expense		
- Current income tax charge	(4.50)	-
- Deferred tax credit	2.89	6.94
Other comprehensive income	-	-
<b>Total comprehensive income/(expense)</b>	<b>4.80</b>	<b>27.00</b>
Group's share of profit (50%)	2.40	13.50
Group's share of other comprehensive income/(expense) (50%)	-	-
<b>Group's share of total comprehensive income/(expense)</b>	<b>2.40</b>	<b>13.50</b>

#### 6 Investments

	Year ended 31 March 2022	Year ended 31 March 2021
Non-current investments		
<i>Unquoted investments (fully paid up)</i>		
Other Companies (Fair value through Statement of Profit and Loss):		
- Karolview Developers Private Limited		
5,00,000 (31 March 2021: 5,00,000) equity shares of Rs.10 each fully paid up	43.70	44.10
- Shivalik Waste Management Limited		
17,500 (31 March 2021: 17,500) equity shares of Rs. 10 each fully paid up	5.01	4.40
	<b>48.71</b>	<b>48.50</b>
Aggregate amount of unquoted investments	48.71	48.50

#### 7 Loans

(Unsecured and considered good)	Non-Current		Current	
	As at	As at	As at	As at
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Loan to employees				
- to related parties (refer to note 43)	10.44	22.72	11.53	16.49
- to others	73.18	66.85	84.78	51.03
	<b>83.62</b>	<b>89.57</b>	<b>96.31</b>	<b>67.52</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

8 Other financial assets (Unsecured and considered good)	Non-Current		Current	
	As at	As at	As at	As at
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Deposit accounts with original maturity more than 3 months and maturing after 12 months from the reporting date*	15.82	-	-	-
Derivatives financial instruments (Fair value through Statement of Profit and Loss)	-	-	9.43	-
Interest accrued but not due on deposits	0.22	-	20.07	23.86
Recoverable from related parties (refer to note 43)	-	-	-	0.35
Recoverable from / balance with government authorities	-	-	114.73	115.26
Right to return assets	-	-	34.74	69.02
Security deposits	1,185.92	1,041.11	511.23	656.55
Recoverable from others	-	-	250.90	313.46
Interest receivable from related parties	-	-	-	-
Less: Provision for bad and doubtful advances recoverable	-	-	-	-
- Recoverable from others	-	-	(10.51)	-
	<b>1,201.96</b>	<b>1,041.11</b>	<b>930.59</b>	<b>1,178.50</b>

\*These deposits include restricted bank deposits amounting to Rs. 9.61 (31 March 2021 : Nil) earmarked against deposits from shareholders.

9 Income tax asset (net)	As at 31 March 2022	As at 31 March 2021
Advance income-tax (net of provision)	472.45	426.28
	<b>472.45</b>	<b>426.28</b>

10 Deferred tax assets / (liabilities) (net)	As at 31 March 2022	As at 31 March 2021
<b>Deferred tax assets on</b>		
- Expected credit loss allowance	15.26	28.11
- Provision for employee benefits	230.74	210.12
- Other provisions	37.95	36.41
- Intercompany stock elimination	0.71	0.70
- Lease liabilities and Right of use assets (Net)	354.87	287.43
- Minimum alternate tax credit entitlement	-	1.89
- Others	4.52	20.55
<b>Deferred tax assets (A)</b>	<b>644.05</b>	<b>585.21</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	As at 31 March 2022	As at 31 March 2021
<b>Deferred tax liabilities on</b>		
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books (net)	244.42	342.28
- Income taxable on receipt basis under Income tax Act	7.27	7.27
- MTM gain on foreign exchange contracts	2.37	-
<b>Deferred tax liability (B)</b>	<b>254.06</b>	<b>349.55</b>
<b>Net deferred tax assets / (liabilities) (A - B)</b>	<b>389.99</b>	<b>235.66</b>
Aggregate of net deferred tax assets jurisdictions	906.86	824.37
Aggregate of net deferred tax liabilities jurisdictions	(516.87)	(588.71)
<b>Net deferred tax assets / (liabilities)</b>	<b>389.99</b>	<b>235.66</b>

2020-2021	As at 01 April 2020	Recognized in profit or loss during the year	Recognized other compreh- ensive income	As at 31 March 2021
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books	(356.69)	14.41	-	(342.28)
- Income taxable on receipt basis under Income tax Act	-	(7.27)	-	(7.27)
- MTM Gain on foreign exchange contracts	21.65	(21.65)	-	-
- Expected credit allowance	29.92	(1.81)	-	28.11
- Intercompany stock elimination	(7.29)	7.99	-	0.70
- Provision for employee benefits	313.45	(96.72)	(6.61)	210.12
- Other provisions	31.31	5.10	-	36.41
- Lease liabilities and Right of use assets (Net)	169.64	117.79	-	287.43
- Minimum alternate tax credit entitlement	1.89	-	-	1.89
- Others	12.77	7.78	-	20.55
	<b>216.65</b>	<b>25.62</b>	<b>(6.61)</b>	<b>235.66</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

2021-2022	As at 01 April 2021	Recognized in profit or loss during the year	Recognized other compreh - ensive income	As at 31 March 2022
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books	(342.28)	97.86	-	(244.42)
-Income taxable on receipt basis under Income tax Act	(7.27)	-	-	(7.27)
- MTM Gain on foreign exchange contracts	-	(2.37)	-	(2.37)
- Expected credit allowance	28.11	(12.85)	-	15.26
- Intercompany stock elimination	0.70	0.01	-	0.71
- Provision for employee benefits	210.12	24.24	(3.62)	230.74
- Other provisions	36.41	1.54	-	37.95
- Lease liabilities and Right of use assets (Net)	287.43	67.44	-	354.87
- Minimum alternate tax credit entitlement	1.89	(1.89)	-	-
- Others	20.55	(16.03)	-	4.52
	<b>235.66</b>	<b>157.95</b>	<b>(3.62)</b>	<b>389.99</b>

#### 11 Other non-current assets

(Unsecured and considered good)"

As at  
31 March 2022 As at  
31 March 2021

Capital advances	143.26	41.57
Prepaid expenses	54.60	25.26
Recoverable from / balance with government authorities	104.13	104.13
	<b>301.99</b>	<b>170.96</b>

#### 12 Inventories

(at lower of cost and net realizable value)

As at  
31 March 2022 As at  
31 March 2021

Raw materials*#	1,624.77	1,570.52
Work-in-progress	1,002.96	857.39
Finished goods**	44.40	63.35
Stock in trade**	24,988.19	19,809.39
Stores and spares	284.76	239.71
Scrap	7.38	4.06
	<b>27,952.46</b>	<b>22,544.42</b>

\*Includes goods-in-transit:

- Raw materials	25.63	68.18
- Stock in trade	203.11	464.89

#Provision for inventory

- Raw materials	94.88	-
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\*\*The write down of inventories during the year amounted to:

- Finished goods	-	1.20
- Stock in trade	40.40	14.82

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

<b>13 Trade receivables #</b> <i>(Unsecured, considered good, unless otherwise stated)</i>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Trade receivables	4,592.67	4,220.61
Less : Allowance for expected credit loss	(51.99)	(138.30)
	<b><u>4,540.68</u></b>	<b><u>4,082.31</u></b>
<b>Break-up of security details</b>		
Trade receivable considered good - Unsecured	4,540.68	4,082.31
Trade receivable - credit impaired	36.20	35.82
Trade Receivables which have significant increase in Credit Risk	15.79	102.48
	<b><u>4,592.67</u></b>	<b><u>4,220.61</u></b>
Less : Allowance for expected credit loss	(51.99)	(138.30)
	<b><u>4,540.68</u></b>	<b><u>4,082.31</u></b>

#### Trade receivables ageing schedule

As at 31 March 2022	Outstanding for following periods from the date of transaction					
	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	4,364.60	159.28	4.81	11.99	-	4,540.68
Undisputed Trade Receivable - which have significant increase in credit risk	4.67	-	-	3.16	1.81	9.64
Undisputed Trade Receivable - credit impaired	-	-	-	1.78	34.42	36.20
Disputed Trade Receivable - which have significant increase in credit risk*	-	-	-	-	6.15	6.15
<b>Total</b>	<b>4,369.27</b>	<b>159.28</b>	<b>4.81</b>	<b>16.93</b>	<b>42.38</b>	<b>4,592.67</b>

As at 31 March 2021	Outstanding for following periods from the date of transaction					
	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	3,859.80	171.31	50.48	0.73	-	4,082.31
Undisputed Trade Receivable - which have significant increase in credit risk	56.89	0.56	3.03	1.09	0.84	62.41
Undisputed Trade Receivable - credit impaired	-	-	-	1.78	34.04	35.82
Disputed Trade Receivable - which have significant increase in credit risk*	-	-	7.57	-	32.50	40.07
<b>Total</b>	<b>3,916.69</b>	<b>171.87</b>	<b>61.08</b>	<b>3.60</b>	<b>67.38</b>	<b>4,220.61</b>

\* Disputed amount mainly includes amount recoverable on account of open reconciliation item with customers.

# The group's exposure to credit and currency risk and loss allowances related to trade receivable are disclosed in Note 36 (B).

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

<b>14 Cash and cash equivalents</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Balances with banks		
- in current accounts*	4,398.59	661.22
- in cash credit accounts	110.84	935.03
Cheques, drafts on hand	4.81	12.71
Cash on hand	71.26	39.82
Others		
-Fixed Deposits with original maturity of less than 3 months	500.00	1,399.00
- Credit cards receivable	117.91	42.87
	<b><u>5,203.41</u></b>	<b><u>3,090.65</u></b>

\*includes Rs. 2,500 received on account of allotment of equity shares towards Pre-IPO placement by a subsidiary Company. The amount received is parked in a separate bank account and remain unutilised as on the balance sheet date.

<b>15 Other bank balances</b>	<b>Note</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Deposit accounts with original maturity more than 3 months and maturing within 12 months from the reporting date	(a)	485.81	495.32
Balance in unclaimed dividend accounts		26.58	27.13
		<b><u>512.39</u></b>	<b><u>522.45</u></b>

**Note:**

(a) Deposits include restricted bank deposits amounting to Rs. 470.51 (31 March 2021: Rs. 482.06) on account of deposits pledged as security for deposits from shareholders, bank guarantee and margin money.

	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<b>16 Other current assets</b>		
<i>(Unsecured, considered good, unless otherwise stated)</i>		
Recoverable from / balance with government authorities	1,973.51	1,643.71
Duty Credit Scrips	1,010.94	-
Advances for supply of goods and services (refer to note 43 for related party disclosure)	576.77	549.63
Advances for supply of goods and services - Credit impaired	4.49	-
	<b><u>581.26</u></b>	<b><u>549.63</u></b>
Less: Impairment Allowance for advance of supply of goods and services - credit impaired	(4.49)	-
	<b><u>576.77</u></b>	<b><u>549.63</u></b>
Unamortised share issue expenses*	384.58	-
Advances to employees (refer to note 43 for related		



## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

16 Other current assets (Unsecured, considered good, unless otherwise stated)	Note	As at 31 March 2022	As at 31 March 2021
party disclosure)		114.87	62.39
Other advances	78.01	36.43	
Other advances - Credit impaired	22.85	22.85	
	<b>100.86</b>	<b>59.28</b>	
Less: Impairment Allowance for other advances - credit impaired	(22.85)	78.01	36.43
Deposit under protest		49.76	49.69
Prepaid expenses		159.23	141.07
Advance payment for gratuity (Refer to note 42)		173.93	-
Prespent CSR expenditure (Refer to note 33)		13.63	-
		<b>4,535.23</b>	<b>2,482.92</b>

\*During the year ended 31 March 2022, the subsidiary Ethos Limited has incurred expenses in connection with the Initial Public Offer (IPO) of equity shares of the subsidiary Company by way of fresh issue and an offer for sale by the existing shareholders. In relation to the IPO expenses incurred till date, except for listing fees which shall be solely borne by the subsidiary Company, all other expenses will be shared between the subsidiary Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by the subsidiary Company in the fresh issue and the offered shares sold by the selling shareholders in the offer for sale.

17 Equity share capital	As at 31 March 2022		As at 31 March 2021	
(i) <i>Detail of share capital</i>	Number of shares	Amount	Number of shares	Amount
<b>Authorized</b>				
Equity shares of Rs. 10 each.	2,50,00,000	2,500.00	2,50,00,000	2,500.00
	<b>2,50,00,000</b>	<b>2,500.00</b>	<b>2,50,00,000</b>	<b>2,500.00</b>
<b>Issued</b>				
Equity shares of Rs. 10 each	1,29,11,344	1,291.13	1,18,24,388	1,182.43
	<b>1,29,11,344</b>	<b>1,291.13</b>	<b>1,18,24,388</b>	<b>1,182.43</b>
<b>Subscribed and paid up capital</b>				
Equity shares of Rs. 10 each fully paid up	1,27,37,064	1,273.71	1,16,50,108	1,165.01
Forfeited equity shares of Rs.10 each	1,74,280	8.71	1,74,280	8.71
	<b>1,29,11,344</b>	<b>1,282.42</b>	<b>1,18,24,388</b>	<b>1,173.72</b>

#### (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 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	1,16,50,108	1,165.01	1,16,50,108	1,165.01
Add: shares issued during the year	10,86,956	108.70	-	-
<b>Balance at the end of the year</b>	<b>1,27,37,064</b>	<b>1,273.71</b>	<b>1,16,50,108</b>	<b>1,165.01</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (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 2022		As at 31 March 2021	
	Number of shares	% of equity shares held	Number of shares	% of equity shares held
Yashovardhan Saboo	20,07,293	15.76%	18,12,993	15.56%
Rajendra Kumar Saboo (RKS JS Family Trust)	14,00,058	10.99%	-	-
Elevation Capital V FII Holdings Limited (formerly known as Saif India V FII Holdings Limited)	10,08,400	7.92%	10,08,400	8.66%
Elevation Capital V Limited (formerly known as Saif Partners India V Limited)	7,54,716	5.93%	7,54,716	6.48%
Pranav Shankar Saboo	7,99,051	6.27%	6,80,851	5.84%
Jupiter India Fund	6,72,521	5.28%	6,15,111	5.28%
R. K. Saboo	5,84,412	4.59%	16,41,470	14.09%

(v) *Equity shares of Rs. 10 each fully paid up held by*

Promoters Shareholdings		As at 31 March 2022			As at 31 March 2021		
S. No.	Promoter's Name	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
1	Rajendra Kumar Saboo (HUF)	77,820	0.61%	(0.25%)	1,00,620	0.86%	0.00%
2	Yashovardhan Saboo (HUF)	55,052	0.43%	0.01%	48,752	0.42%	0.00%
3	Rajendra Kumar Saboo	5,06,592	3.98%	(9.25%)	15,40,850	13.23%	(11.12%)
4	Yashovardhan Saboo	19,52,241	15.33%	0.18%	17,64,241	15.14%	36.76%
5	Anuradha Saboo	4,36,857	3.43%	(0.32%)	4,36,857	3.75%	0.00%
6	Asha Devi Saboo	20,925	0.16%	(0.10%)	30,925	0.27%	0.00%
7	Satvika Saboo	1,51,328	1.19%	0.02%	1,35,728	1.17%	0.00%
8	Pranav Shankar Saboo	7,99,051	6.27%	0.43%	6,80,851	5.84%	0.00%
9	Vardhan Properties and Investment Private Limited	36,003	0.28%	0.01%	31,903	0.27%	220.60%
10	Dream Digital Technology Private Limited	29,415	0.23%	0.10%	15,615	0.13%	(18.90%)
11	Saboo Ventures LLP	10,038	0.08%	0.08%	-	0.00%	-
12	Usha Devi Saboo (UDS JS Family Trust)	1,69,800	1.33%	(0.12%)	1,69,800	1.46%	(62.37%)
13	Rajendra Kumar Saboo (RKS JS Family Trust)	14,00,058	10.99%	10.99%	-	0.00%	-
14	Swades Capital LLC	3,24,150	2.54%	(0.24%)	3,24,150	2.78%	0.00%
	<b>Total</b>	<b>59,69,330</b>	<b>46.87%</b>		<b>52,80,292</b>	<b>45.32%</b>	

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

(vi) Bonus shares, shares buyback and issue of shares for consideration other than cash (during five years immediately preceding 31 March 2022)

During the five years immediately preceding 31 March 2022, neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash except during the year ended 31 March 2020, 16,500 equity shares of Rs. 10 each was issued under employee stock option plans for which only exercise price had been received in cash.

#### 18 Other equity

(also refer to Statement of Changes in Equity)

##### Nature and purpose of reserves

##### (i) Capital reserve

Reserve created under the scheme of arrangement (Business combination). This will be utilised in accordance with the provisions of Companies Act, 2013.

##### (ii) Securities premium

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to shareholders. This will be utilized in accordance with the applicable provisions of the Companies Act, 2013.

##### (iii) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, however, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

##### (iv) Employee stock options outstanding reserve

The fair value of the equity settled share based payment transactions with employees is recognized in Statement of Profit and Loss with corresponding credit to share based payment reserve.

##### (v) Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Remeasurements of defined benefit obligation comprises actuarial gains and losses and return on plan assets (excluding interest income).

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

19 Borrowings	Note	As at 31 March 2022	As at 31 March 2021
<b>(i) Non-current borrowings</b>			
Term-loans			
From banks (secured)	(a)	1,744.16	1,462.21
From others (secured)	(b)	3,982.67	4,017.67
		<b>5,726.83</b>	<b>5,479.88</b>
<b>Deposits from shareholders / directors</b>			
Related parties (unsecured) (refer to note 43)			
From Directors	(c)	1,092.37	796.50
From Inter Corporate	(c)	-	30.00
From others	(c)	594.31	463.77
From others (unsecured)	(c)	3,458.59	2,869.22
		<b>5,145.27</b>	<b>4,159.49</b>
<b>Other loans</b>			
From related parties (unsecured) (refer to note 43)	(d)	440.11	387.74
From banks (unsecured)	(d)	118.77	293.40
From others (unsecured)	(d)	492.45	677.55
		<b>1,051.33</b>	<b>1,358.68</b>
<b>Total non-current borrowings (including current maturities)</b>		<b>11,923.43</b>	<b>10,998.05</b>
Less : Current maturities of non-current borrowings (refer to note 20)		4,199.09	3,255.75
		<b>7,724.34</b>	<b>7,742.30</b>

(a) - Vehicle loans from banks amounting to Rs. 81.95 (31 March 2021: Rs. 33.63) carrying interest rate in the range of 6.90% 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 from banks amounting to Rs. 194.75 (31 March 2021 : Rs.123.90 ) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 7.10% to 9.25% per annum (31 March 2021 : 8.23% to 11.76%). The above loans are repayable in monthly instalments within a period of next two to five years as per repayment schedule.

- Term loan from Bank of Maharashtra amounting to Rs. 389.00 (31 March 2021: Rs. 389.00) taken by subsidiary Ethos Limited carrying interest rate equal to 7.50 % (31 March 2021: 7.50%). The loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The same is secured by second charge by way of hypothecation on entire current assets on pari passu basis of the subsidiary Company. This is also secured by 360,000 shares of holding company held by Sh. Y.Saboo, Managing Director of the holding Company and second charge on entire property, plant and equipment of the subsidiary Company. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 48 equal monthly instalments of Rs. 8.10 as per the repayment schedule commencing from 30 April 2022 with one year of moratorium from the drawdown. The last instalment would be repaid on 30 April 2026.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

- Term loan from IDBI Bank Limited amounting to Rs. 320.83 (31 March 2021: Rs. 330.00) taken by subsidiary Ethos Limited carrying interest rate equal to 8.80 % (31 March 2021: 8.80%). The loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The Loan is secured by second charge on all the current assets on pari passu basis of the subsidiary Company both present and future and second charge on the fixed assets of the subsidiary Company both present and future. This is also secured by mortgage and second charge on all the immovable fixed assets of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 35 equal monthly instalments of Rs. 9.17 and 36th Instalment of Rs. 9.05 as per the repayment schedule commencing from 31 March 2022 with one year of moratorium from the drawdown. The last instalment would be repaid on 31 March 2025.
- Term loan from the Jammu & Kashmir Bank Limited amounting to Rs. 176.00 (31 March 2021: Rs 1.00) taken by subsidiary Ethos Limited carrying interest rate equal to RLLR plus 1% (presently 8.20%) (31 March 2021: RLLR plus 1%) is secured by Second charge on the stock and receivables on pari passu basis of the subsidiary Company. These limits are also secured by second charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the second charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 36 equal monthly instalments commencing from 31 March 2022 with one year of moratorium from the first drawdown. The last instalment would be repaid on 31 March 2025.
- Term loan from Credit Suisse taken by subsidiary, Estima AG amounting to Rs. 487.50 (31 March 2021: Rs. 483.34) carrying 5% interest rate is secured against mortgage of property. The loan is to be repaid in 108 quarterly installments of Rs. 4.76 each.
- Term loan from Credit Suisse taken by subsidiary, Pylania SA amounting to Rs. 94.13 (31 March 2021: Rs. 101.34) is carrying interest rate of 1.65% secured against mortgage of property. The term loan is repayable in 40 quarterly installements.
- (b) - Term loan from Tata Capital Financial Services Limited amounting to Rs. Nil (31 March 2021: Rs. 11.30) carrying interest rate equal to LTLR less 7% (Effectively 10.25%) (previous year 10.25%) was 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. The loan was also personally guaranteed by Chairman & Managing Director of the Company. The loan was 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 was paid on 25 April 2021.
- Term loan from Tata Capital Financial Services Limited amounting to Rs. Nil (31 March 2021: Rs. 0.82) carrying interest rate equal to LTLR less 7% (Effectively 10.25%) (previous year 10.25%) was 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. The loan was also personally guaranteed by Chairman & Managing Director of the Company. The loan was 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 was paid on 25 April 2021.
- Term loan from Tata Capital Financial Services Limited amounting to Rs. Nil (31 March 2021: Rs. 67.50) carrying interest rate equal to LTLR less 7.25% (Effectively 10.25%) (previous year 10.25%) was 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). The loan was also personally guaranteed by Chairman & Managing Director of the Company. The loan was 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

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

instalment was paid on 8 December 2021.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. Nil (31 March 2021: Rs. 27.72) carrying interest rate equal to 10% (previous year 10%) was 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). The loan was also personally guaranteed by Chairman & Managing Director of the Company. The loan was to be repaid in 2 monthly installments of Rs. 13.86 as per the repayment schedule in equal installments commencing from 08 January 2022. The last instalment was paid on 08 February 2022.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 292.72 (31 March 2021: Rs. 467.72) carrying interest rate equal to LTLR less 8.75% (presently 9.00%) (previous year 10.00%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 52 monthly installments of Rs. 14.65 as per the repayment schedule in equal annual installments commencing from 30 July 2018. The last instalment would be repaid on 20 November 2023.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 18.77 (31 March 2021: Rs. 18.77) carrying interest rate equal to 9% (previous year 10%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 4 monthly installments of Rs. 4.69 as per the repayment schedule in equal installments commencing from 20 August 2023. The last instalment would be repaid on 20 November 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 330.17 (31 March 2021: Rs. 885.02) carrying interest rate of 7.80% (previous year 8.75%) is secured by pari passu charge by way of hypothecation of equipment procured out of the term loan, Mortgage of leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru. The loan is also personally guaranteed by Chairman & Managing Director of the Holding Company. The loan of Rs. 1,200 is to be repaid in 43 instalments of Rs.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 March 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 407.43 (31 March 2021: Rs. 678.76) carrying interest rate of 7.80% (previous year 8.75%) is secured by way of first pari passu charge over movable fixed assets of the Holding Company (except for specific vehicles pledged against respective loan and movable assets of KHAN II). The loan is also personally guaranteed by Chairman & Managing Director of the Holding Company. The loan is to be repaid in 48 instalments of Rs.20.83 as per the repayment schedule in equal monthly installments commencing from 05 September 2019. The Last instalment would be paid on 5 December 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 665.52 (31 March 2021: Rs. 886.91) carrying interest rate of 7.80% (previous year 8.75%) is secured by way of first pari passu charge over movable fixed assets of the Holding Company (except for specific vehicles pledged against respective loan and movable assets of KHAN II). The loan is also personally guaranteed by Chairman & Managing Director of the Holding Company. The loan is to be repaid in 18 instalments of Rs. 55.55 as per the repayment schedule in equal quarterly installments commencing from 05 September 2021. The Last instalment would be paid on 05 March 2025.

- Term loan from Bajaj Finance Limited amounting to Rs. 513.00 (31 March 2021: Rs. 513.00) carrying interest rate of 8% (previous year 8%) is secured by way of second pari passu charge over leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru over movable fixed assets, current assets and movable fixed assets of the Holding Company. The loan is also personally



## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

guaranteed by Chairman & Managing Director of the Holding Company. The loan is to be repaid in 48 instalments as per the repayment schedule commencing from 05 April 2022 with one year of moratorium from the drawdown. The last instalment would be paid on 05 March 2025.

- Term loan from Bajaj Finance Limited amounting to Rs. 1,300.00 (31 March 2021: Rs. Nil) carrying interest rate of 7.5% is secured by way of second pari passu charge over leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru over movable fixed assets, current assets and movable fixed assets of the Holding Company. The loan is also personally guaranteed by Chairman & Managing Director of the Holding Company. The loan is to be repaid in 48 instalments as per the repayment schedule commencing from 05 January 2023 with one year of moratorium from the drawdown. The last instalment would be paid on 05 December 2026.

- Vehicle loans from Daimler Financial Services, Kotak Mahindra Prime Limited and Toyota Financial Services India Limited amounting to Rs. 45.15 (31 March 2021: Rs. 69.27) carrying interest rate in range of 7.43% to 9.50% (previous year 7.43% to 9.50%) per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equal monthly installments.

-Term loan from RC Tritec taken by subsidiary Estima AG, amounting to Rs. 327.92 (31 March 2021 : Rs. 310.77) carrying 5% interest rate is secured by hypothecation of machinery and equipment of the plant. The loan is also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Group. The loan shall be repaid at the expiry of term of 4 years on 01 April 2023.

- Secured Loan from independent sources taken by subsidiary Pylania SA, amounting to Rs. 81.99 (31 March 2021: Rs. 80.11) carrying interest rate of 5.00% is secured by hypothecation of machinery and equipment of the plant. The loan is also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Parent Company and to be paid after the expiry of term of 4 years i.e. 1 April 2023.

- (c) -Deposits from shareholders and directors amounting to Rs. 2,567.85 (31 March 2021: Rs. 2,486.71) carrying interest rates in the range of 9.50% to 11.25% (previous year 9.75% to 11.25%) 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. 2,577.42 (31 March 2021: Rs. 1,672.78) carrying interest rates in the range of 8% to 11.25% (previous year 8% to 11.25%) per annum are repayable in 6 months to 3 years from the respective dates of deposit.

- (d) - Unsecured loan from related party taken by subsidiary Estima AG, amounting to Rs. 440.11 (31 March 2021: Rs. 387.74) carries an interest rate of 5% and is repayable before or on the expiry of the loan i.e. 30 September 2022.

-Unsecured bridged loan from Credit Suisse taken by subsidiary Estima AG, amounting to Rs. 118.77 (31 March 2021 : Rs. 123.53). The loan is to be repaid after expiry of 5 years i.e. 31 March 2025. The loan is interest free.

-Unsecured bridged loan from UBS Bank taken by subsidiary Pylania SA, amounting to Rs. Nil (31 March 2021 : Rs. 169.86). The loan is to be repaid after expiry of 5 years i.e. i.e. 31 March 2025. The loan is interest free. However the said loan is fully repaid during the year by the subsidiary Company.

- Unsecured loan from Radexpo AG by subsidiary Pylania SA amounting to Rs. 167.62 (31 March 2021: Rs. 156.73) carries interest rate of 5.00% p.a. is repayable before or on the expiry of the loan i.e. 03 September 2022.

-Unsecured loan from Amola taken by subsidiary Estima AG, amounting to Rs. 0.91 (31 March 2021 : Rs. 97.23) carries interest rate of 3.00%. The loan is to be repaid in 4 half yearly installments starting from 01 September 2019.

-Unsecured loan from Phillip Losser taken by subsidiary Estima AG, amounting to Rs. 323.92 (31 March 2021 : Rs. 423.59) carries nil interest rate. The loan is to be repaid in 4 annual installments starting from 31 Dec 2019.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	Note	As at 31 March 2022	As at 31 March 2021
<b>(ii) Current borrowings</b>			
Loans repayable on demand			
From banks (secured)	(a)	2,495.84	3,856.27
From others (secured)	(b)	-	300.00
Liability against bill discounted facility			
From bank (secured)	(c)	154.91	-
From other (unsecured)	(c)	146.10	-
Inter corporate deposits			
Inter Corporate deposit from related parties (unsecured) (refer to note 43)	(d)	150.00	150.00
Inter Corporate deposit from others (unsecured)	(d)	500.00	-
Deposits from shareholders / directors			
Related parties (unsecured) (refer to note 43)			
From Directors	(e)	-	152.54
From others	(e)	20.05	23.29
From others (unsecured)	(e)	107.96	102.32
Current maturities of non-current borrowings [refer note to 19(i)]		4,199.09	3,255.75
		<u>7,773.95</u>	<u>7,840.17</u>

#### Notes:

- (a) Working capital borrowings from banks amounting to Rs. 296.15 (31 March 2021: Rs. 1,264.31) carrying interest rate varying from 6.25% to 8.90% (previous year 8.45% to 10.20%) per annum are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Holding Company (both present and future), on pari passu basis except packaging unit (KPAC) and are further secured by a second charge on the entire fixed assets of the Holding Company. These loans are also guaranteed by the Chairman & Managing Director of the Holding Company and is repayable on demand.

-The cash credit overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 633.09 (31 March 2021 : Rs. 698.14) 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 Holding Company. These limits are guaranteed by personal guarantees of director of the subsidiary and his relative. The rate of interest as on 31 March 2022 varies from 9.50% to 10.50% (31 March 2021 : 10.50% to 10.90%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 454.34 (31 March 2021 : Rs. 536.69) 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 Holding Company. This is further secured by the



## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

first and exclusive charge over land and building, plant and machinery and office equipment of the Parwanoo unit of the Holding 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 2022 is 8.35%. (31 March 2021 : 8.35% to 10.70%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 588.84 (31 March 2021 : Rs. 1227.90) 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 company. These limits are also secured by 360,000 shares of Holding Company held in the name of Mr. Yashovardhan Saboo and second parri passu charge on entire fixed assets of the subsidiary company. Further, these limits are also guaranteed by director of the subsidiary company and his relative. The rate of interest as on 31 March 2022 is 11.00% (31 March 2021 : 11.00%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Estima AG amounting to Rs. 375.50 (31 March 2021: Rs. Nil) from Bank of India are repayable on demand and secured by Standby letter of credit provided by the Holding Company. The rate of interest as on 31 March 2022 is 1.25% (31 March 2021: Nil) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Estima AG amounting to Rs. 147.92 (31 March 2021: Rs. 129.23) from Credit suisse bank are repayable on demand and are secured by first parri passu charge by way of hypothecation on entire current assets of the subsidiary company. The rate of interest as on 31 March 2022 is 5.00% (31 March 2021: 5.00%) per annum.

- (b) Working capital borrowing from others amounting to Rs. Nil (31 March 2021: Rs. 300) carrying interest rate of 8.00% (previous year 8.00%) per annum was secured by first pari passu charge on current assets. The loan was also personally guaranteed by the Chairman & Managing Director of the Holding Company and is repayable on demand.

- (c) Liability against utilisation of bill discounting facility from bank amounting to Rs. 154.91 (31 March 2021: Rs. Nil) carrying interest rate of 7.15% (previous year: Nil) per annum is hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Holding Company (both present and future), on pari passu basis and are further secured by a second charge on the entire movable fixed assets of the Holding Company and immovable property situated at Haibtapur Road, Saddomajra, Derabassi, Mohali, Punjab. This facility is also guaranteed by the Chairman & Managing Director of the Holding Company.

-Liability against utilisation of bill discounting facility from other amounting to Rs. 146.10 (31 March 2021: Rs. Nil) carrying interest rate of 5.50% (previous year: Nil) per annum.

- (d) Inter corporate deposit taken by Ethos Limited from related party and others amounting to Rs. 500 (31 March 2021: Nil) carries an interest rate ranging between 10.0% to 12.0% per annum and the same is repayable as per the repayment schedule within twelve months.

- Inter corporate deposits taken by subsidiary, Mahen Distribution Limited from related party amounting to Rs 150.00 (31 March 2021: Rs. 150.00) carries interest rate of 13.25% p.a. and is repayable within 6 months.

- (e) Deposits from shareholders / directors taken by the Holding Company amounting to Rs. 20.05 (31 March 2021: Rs. 58.73) carry interest rates in the range of 8.00% to 9.00% (previous year 9.00% to 10.00%) per annum and are repayable within 1 year from the respective dates of deposit.

-Deposits from shareholders / directors taken by subsidiary company, Ethos Limited amounting to Rs. 107.96 (31 March 2021: Rs. 219.42) carry interest rates in the range of 8% to 9.50% (previous year 9.50% to 10%) per annum and are repayable within 1 year from the respective dates of deposit.

-The Group's Indian entities have filed quarterly statements of current assets with the banks in agreement with the books of accounts.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	As at 31 March 2022	As at 31 March 2021
<b>(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities</b>		
<b>Balance as at the beginning of the year (including current and non-current borrowings)*</b>	<b>15,582.47</b>	<b>18,344.02</b>
Proceeds from non-current borrowings*	4,657.11	2,776.51
Repayment of non-current borrowings*	(3,731.73)	(2,695.07)
Proceeds from current borrowings having maturity period more than 3 months	810.32	274.60
Repayment of current borrowings having maturity period more than 3 months	(460.46)	(401.99)
Repayments of / proceeds from current borrowings (net)	(1,359.42)	(2,718.37)
Transaction costs related to borrowings	-	2.77
<b>Balance as at the end of the year (including current and non-current borrowings)</b>	<b>15,498.29</b>	<b>15,582.47</b>

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

<b>20 Other financial liabilities</b>	<b>Non-Current</b>		<b>Current</b>	
	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<i>Interest accrued but not due (refer to note 43)</i>	170.65	243.81	421.47	336.66
Unpaid dividends #	-	-	26.60	27.14
Capital creditors	-	-	183.61	243.65
Employee related payables (refer to note 43)	-	-	1,712.20	1,351.14
Security deposits	1.06	5.69	-	-
Refund liabilities	-	-	60.66	106.16
	<b>171.71</b>	<b>249.50</b>	<b>2,404.54</b>	<b>2,064.75</b>

# not due for deposit to investor education and protection fund

<b>21 Provisions</b>	<b>Non-Current</b>		<b>Current</b>	
	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<i>Provisions for employee benefits (refer to note 42)</i>				
Liability for gratuity	142.35	200.44	29.91	75.15
Liability for compensated absences	-	-	751.91	577.17
	<b>142.35</b>	<b>200.44</b>	<b>781.82</b>	<b>652.32</b>

<b>22 Trade payables</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Dues of Micro Enterprises and Small Enterprises (refer to note below)	206.49	51.41
Trade payables to related parties (refer to note 43)	3.72	59.64
Other trade payables	10,352.66	8,591.60
	<b>10,562.87</b>	<b>8,702.65</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### Trade Payable Ageing Schedule

As at 31 March 2022	Outstanding for following periods from the date of transaction					
	Unbilled	< 1 years	1 year to 2 years	2 years to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	3.79	202.70	-	-	-	206.49
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,443.25	8,454.64	1.99	6.78	5.40	9,912.05
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	22.85	284.20	22.12	115.16	444.33
<b>Total</b>	<b>1,447.04</b>	<b>8,680.19</b>	<b>286.19</b>	<b>28.90</b>	<b>120.56</b>	<b>10,562.87</b>

As at 31 March 2021	Outstanding for following periods from the date of transaction					
	Unbilled	< 1 years	1 year to 2 years	2 years to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	3.81	47.60	-	-	-	51.41
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,391.78	6,573.14	-	8.38	5.47	7,978.77
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	22.84	257.33	123.47	268.83	672.47
<b>Total</b>	<b>1,395.59</b>	<b>6,643.59</b>	<b>257.33</b>	<b>131.85</b>	<b>274.30</b>	<b>8,702.65</b>

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondences with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at the year end has been made in the financial statements based on information available with the Group as under :

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

Particulars	As at 31 March 2022	As at 31 March 2021
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year		
- Principal	202.70	47.60
- Interest	3.79	3.81
(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;	15.39	90.75
(c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during each accounting year) but without adding the interest specified under the Micro Small and Medium Enterprises Development Act, 2006;	3.79	3.81
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	3.79	3.81
(e) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprises Development Act, 2006.	3.79	3.81

	As at 31 March 2022	As at 31 March 2021
<b>23 Other current liabilities</b>		
Advance from customers	893.85	843.43
Statutory dues	553.29	416.60
Deferred revenue	262.65	213.28
Corporate Social Responsibility payable	5.54	-
Interest payable on income tax	1.42	12.02
Other payables	27.58	27.64
	<b>1,744.33</b>	<b>1,512.97</b>

Below is the movement of Deferred revenue:-	As at 31 March 2022	As at 31 March 2021
<b>Balance as at the beginning of the year</b>	<b>213.28</b>	<b>246.09</b>
Add: Loyalty points created during the year	260.61	191.23
Less: Loyalty points redeemed/expired during the year	(211.24)	(224.04)
<b>Balance as at the end of the year</b>	<b>262.65</b>	<b>213.28</b>

	As at 31 March 2022	As at 31 March 2021
<b>24 Current tax liabilities (net)</b>		
Provision for income tax (net of advance tax)	56.05	89.61
	<b>56.05</b>	<b>89.61</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>25 Revenue from operations</b>		
Sale of products	79,641.26	53,222.15
Sale of services	1,045.10	918.81
Other operating revenue		
Export incentives	214.20	251.31
Scrap sales	723.53	490.06
	<b>81,624.09</b>	<b>54,882.33</b>

Notes:

- Revenue disaggregation as per industry vertical and geography has been included in segment information (refer to note 44).
- Reconciliation of revenue recognised in the statement of profit and loss with the contracted price is as follows:

<b>Revenue as per contracted price</b>	81,673.46	54,849.52
Less: (Creation)/Redemption of loyalty points	(49.37)	32.81
<b>Revenue recognised</b>	<b>81,624.09</b>	<b>54,882.33</b>

Revenue from contract with the customers differ from the revenue as per contracted price due to factors such as loyalty points. The timing of revenue recognition for sale of products is when goods are transferred at a point of time. Customers are entitled to loyalty points on purchase of products which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed. The Loyalty points can be redeemed within one year from the date of creation. The performance obligation in relation to sale of services is satisfied upon completion of service.

**c) Revenue from contracts with customers disaggregated based on nature of products and services**

Revenue from sale of products		
- Precision and watch components	21,365.15	14,515.10
- Watch and watch accessories	57,184.04	38,236.67
- Luxury cars	109.26	-
- Others	982.81	470.38
Sale of services	1,045.10	918.81
Other operating revenue	723.53	490.06
	<b>81,409.89</b>	<b>54,631.02</b>

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

Total revenue from contracts with customers	81,409.89	54,631.02
Add: Items not included in desegregated revenue:		
- Export Incentives	214.20	251.31
<b>Revenue from operations as per the statement of profit and loss</b>	<b>81,624.09</b>	<b>54,882.33</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>d) Contract balances</b>		
<b>The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:</b>		
Trade receivables (refer to note 13)	4,540.68	4,082.31
Advances from customers (refer to note 23)	893.85	843.43
Deferred revenue (refer to note No. 23)	262.65	213.28
<b>26 Other income</b>		
Interest income		
Fixed deposits with banks*	93.97	43.62
Interest income from related parties* (refer to note 43)	1.38	1.74
Interest income from others*	165.47	115.36
Dividend income	0.24	0.26
Other non-operating income (net of expenses)		
Rental income	8.04	12.46
Liabilities / provision no longer required written back	122.37	88.38
Provision for doubtful debts written back	86.70	6.64
Gain on account of conversion of an associate into subsidiary company (refer to note 47)	11.11	-
Exchange gain on foreign exchange fluctuations (net)	190.10	93.13
Net gain on sale of property, plant and equipment	-	6.35
Net change in fair value of financial assets (at FVTPL)	0.21	0.77
Rent Concessions (refer to note 2.3)	804.46	1,402.22
Miscellaneous income	49.99	70.69
	<b>1,534.04</b>	<b>1,841.62</b>
*on financial assets at amortised cost		
<b>27 Cost of raw materials consumed</b>		
Inventory of raw materials at the beginning of the year	1,570.52	1,890.11
Purchases of raw materials	6,202.37	3,613.10
	<b>7,772.89</b>	<b>5,503.21</b>
Less: Inventory of raw materials at the end of the year	1,624.77	1,570.52
	<b>6,148.12</b>	<b>3,932.69</b>
<b>28 Purchase of stock-in-trade</b>		
Purchase of stock-in-trade	46,327.49	26,084.91
	<b>46,327.49</b>	<b>26,084.91</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

<b>29 Changes in inventories of finished goods, work-in-progress, stock-in-trade and scrap</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
<b>Opening stock</b>		
Work-in-progress	857.39	928.64
Finished goods	63.35	194.96
Stock-in-trade	19,809.39	21,941.01
Scrap	4.06	16.55
	<b>20,734.19</b>	<b>23,081.16</b>
<b>Less:</b>		
<b>Closing stock</b>		
Work-in-progress	1,002.96	857.39
Finished goods	44.40	63.35
Stock-in-trade	24,988.19	19,809.39
Scrap	7.38	4.06
	<b>26,042.93</b>	<b>20,734.19</b>
Adjustment for fluctuation in exchange rate	14.55	(13.27)
	<b>(5,294.19)</b>	<b>2,333.70</b>
<b>30 Employee benefits expenses</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
Salaries, wages and bonus*	10,955.46	7,737.00
Contributions to provident and other funds (refer to note 42)	666.06	627.73
Share based payment expense	(9.41)	-
Staff welfare expenses	425.97	268.65
	<b>12,038.08</b>	<b>8,633.38</b>
<b>31 Finance costs</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
Interest expense on financial liabilities measured at amortised cost	1,320.79	1,497.04
Interest on delay in deposit of income tax	22.22	19.89
Interest on lease liabilities (refer to note 45)	1,086.02	1,143.28
Other borrowing costs	48.18	22.99
	<b>2,477.21</b>	<b>2,683.20</b>

\*net off reimbursement of salaries of Rs. Nil (previous year: Rs. 749.39) received for overseas employees under swiss labour laws on account of Covid-19.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

<b>32 Depreciation and amortisation expense</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
Depreciation on property, plant and equipment (refer to note 3)	1,806.50	1,855.00
Depreciation on investment property (refer to note 3(a))	16.20	-
Amortisation of intangible asset (refer to note 4)	27.03	31.94
Depreciation of Right-of-use assets (refer to note 45)	2,688.42	2,716.98
	<b>4,538.15</b>	<b>4,603.92</b>
<b>33 Other expenses</b>		
Stores and spares consumed	996.79	654.44
Power, fuel and water charges [refer to note 3 (c)]	659.87	515.30
Contractual labour expenses	792.99	322.23
Insurance	148.15	114.37
Rent [(net of reimbursements of Rs. 45.55 (31 March 2021: Rs.53.22)) [refer to note 3 (c) and 45]	509.34	201.29
Rates and taxes [refer to note 3 (c)]	152.76	71.28
Repair and maintenance		
- Plant and machinery	280.05	257.34
- Buildings	81.11	50.48
- Others [refer to note 3 (c)]	784.77	629.37
Legal and professional fees	928.14	623.89
Travelling and conveyance	635.61	345.48
Job charges [refer to note 3 (c)]	668.25	410.16
Printing and stationery	58.19	47.48
Communication expenses	329.69	304.79
Commission	245.16	186.50
Events and exhibitions	91.93	58.25
Publicity and advertisement	2,282.08	1,483.28
Impairment in value of investments	-	15.65
Provision for impairment of investment property	152.24	-
Property, plant and equipment written off	25.43	35.33
Provision for bad and doubtful advances/recoverable	15.00	22.85
Donation	6.69	4.30
Advances / deposits / bad debts written off	294.51	57.56
Loss on sale of property plant and equipment	11.56	-
Bank charges	533.09	328.25
Directors' sitting fees (refer to note 43)	76.86	36.72
Security service charges	110.04	89.33
Cost of service rendered	183.76	53.65



## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	Year Ended 31 March 2022	Year Ended 31 March 2021
Corporate social responsibility expenditure (Refer to Note (a) below)	45.05	53.03
Miscellaneous expenses [refer to note 3 (c)]	591.70	429.17
	<b>11,690.81</b>	<b>7,401.77</b>

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Note (a): Detail of corporate social responsibility expenditure</b>		
a. Amount required to be spent by the Company during the year	45.05	53.03
b. Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above (refer to note 43 and note (c) below)	58.68	53.03
	<b>58.68</b>	<b>53.03</b>
c. Details related to spent / unspent obligations:		
(i) Contribution		
- Healthcare activities related to Covid-19	21.57	-
- Supporting health activities	13.41	2.00
- Ensuring environmental sustainability	18.16	5.40
- Promotion of education	-	14.25
- Contribution to the Prime Minister's National Relief Fund	-	8.00
- Eradicating extreme hunger and poverty	-	4.77
- Enhancing employment vocational skills	-	2.00
- Environmental sustainability, ecological balance, protection of flora and fauna	-	14.11
- Eradicating hunger. poverty and malnutrition	-	2.50
(ii) Unspent amount in relation to:		
- Ongoing project	5.54	-
- Other than ongoing project	-	-
	<b>58.68</b>	<b>53.03</b>
Excess CSR Expenditure incurred by the Holding Company and eligible to be set-off against the CSR Spending mandate of succeeding three financial years (Refer to Note 16)	13.63	-
	<b>13.63</b>	-

The unspent amount in relation to a subsidiary company of Rs. 5.54 as per sub section (5) of Section 135 of Companies Act, pursuant to ongoing project (Million Tree Project), has been transferred to special bank account. In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>34 Income tax expense</b>		
<b>A. Amounts recognised in statement of profit and loss</b>		
<b>Current tax</b>		
Current year	1,694.90	407.79
Changes in estimates related to prior years	(23.55)	(17.25)
	<b>1,671.35</b>	<b>390.54</b>
<b>Deferred tax</b>		
Attributable to–		
Origination and reversal of temporary differences	(101.16)	(53.63)
Changes in estimates related to prior years	23.11	28.01
Effect of reduction in tax rate**	(79.90)	-
	<b>(157.95)</b>	<b>(25.62)</b>
<b>Tax expense for the year</b>	<b>1,513.40</b>	<b>364.92</b>
<b>B. Reconciliation of effective tax rate</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
<b>Profit before share of equity accounted investees and income tax</b>	<b>5,232.46</b>	<b>1,050.38</b>
Tax at the Indian tax rate *	1,283.95	288.39
Tax expense of foreign subsidiaries as per the laws in their country	82.43	-
Effect of expenses that are not deductible in determining taxable profit	39.98	37.96
Loss/income in subsidiaries (including consolidation adjustments) on which deferred tax not recognised	187.38	28.01
Change in tax rate**	(79.90)	-
Effect of tax (benefit) / expense pertaining to prior years	(0.44)	10.56
<b>Income tax expenses recognised in statement of profit and loss</b>	<b>1,513.40</b>	<b>364.92</b>

\*The tax rate used for the current year reconciliation above is the corporate tax rate of 25.168% (except for one of the subsidiary where applicable rate is 34.944 %) payable by corporate entities in India on taxable profits under the Indian tax law.

\*\*The Holding Company has 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 Company has recognised provision for taxation and re-measured its deferred tax liabilities basis the rate prescribed in the said Section. The impact of such change is recognised in the statement of profit and loss.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>C.</b>		
<i>Income tax recognised in other comprehensive income</i>		
Arising on income and expenses recognised in other comprehensive income	(3.62)	(6.61)
Remeasurement of defined benefit liability (asset)		
Exchange differences on translation of foreign operations	-	-
	<u>(3.62)</u>	<u>(6.61)</u>
<i>Bifurcation of the income tax recognised in other comprehensive income into</i>		
Items that will not be reclassified to profit or loss	(3.62)	(6.61)
Items that will be reclassified to profit or loss	-	-
	<u>(3.62)</u>	<u>(6.61)</u>
<b>35 Earning per share</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
<b>A. Basic earnings per share</b>		
i. <i>Profit for basic earning per share of Rs. 10 each</i>		
Profit attributable to Owners of the Company	3,190.94	566.55
ii. <i>Weighted average number of equity shares (for basic)</i>		
Balance at the beginning of the year	1,16,50,108	1,16,50,108
Effect of fresh issue of shares	7,36,236	-
Bonus element in Rights Issue	2,44,554	2,44,554
	<u>1,26,30,898</u>	<u>1,18,94,662</u>
<b>Basic earnings per share (face value of Rs. 10 each)*</b>	<b>25.26</b>	<b>4.76</b>
<b>B. Diluted earnings per share</b>		
i. <i>Profit for diluted earning per share of Rs. 10 each</i>		
Profit for the year	3,190.94	566.55
ii. <i>Weighted average number of equity shares (for diluted)</i>		
Balance at the beginning of the year	1,16,50,108	1,16,50,108
Effect of fresh issue of shares	7,36,236	-
Bonus element in Rights Issue	2,44,554	2,44,554
	<u>1,26,30,898</u>	<u>1,18,94,662</u>
<b>Diluted earnings per share (face value of Rs. 10 each)*</b>	<b>25.26</b>	<b>4.76</b>

\* Pursuant to allotment of equity shares on rights basis, basic and diluted earnings per share for the previous year presented have been restated for the bonus element in respect of rights issue made during the year ended 31 March 2022 in accordance with Indian Accounting Standard (Ind AS) 33 - Earning per Share.

## Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

### 36 Financial instruments - fair values and risk management

#### A. Accounting classification and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities including their level in the fair value hierarchy:

	Note	Level of hierarchy	As at 31 March 2022			As at 31 March 2021		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>								
<b>Non-current</b>								
<i>Non-derivative financial assets</i>								
Investment in equity shares - other companies	(i)	3	48.71	-	-	48.50	-	-
Loans	(ii)	3	-	-	83.62	-	-	89.57
Other financial assets	(ii)	3	-	-	1,201.96	-	-	1,041.11
<b>Current</b>								
<i>Non-derivative financial assets</i>								
Trade receivables	(iii)	3	-	-	4,540.68	-	-	4,082.31
Cash and cash equivalents	(iii)	3	-	-	5,203.41	-	-	3,090.65
Other bank balances	(iii)	3	-	-	512.39	-	-	522.45
Loans	(iii)	3	-	-	96.31	-	-	67.52
Other financial assets	(iii)	2	-	-	921.16	-	-	1,178.50
<i>Derivative financial assets</i>								
Forward contracts	(iv)	2	9.43	-	-	-	-	-
<b>Total financial assets</b>			<b>58.14</b>	-	<b>12,559.53</b>	<b>48.50</b>	-	<b>10,072.11</b>
<b>Financial liabilities</b>								
<b>Non-current</b>								
<i>Non-derivative financial liabilities</i>								
Borrowings	(v)	3	-	-	7,724.34	-	-	7,742.30
Other financial liabilities	(iii)	3	-	-	171.71	-	-	249.50
<b>Current</b>								
<i>Non-derivative financial liabilities</i>								
Borrowings	(v)	3	-	-	7,773.95	-	-	7,840.17
Trade payables	(iii)	3	-	-	10,562.87	-	-	8,702.65
Other financial liabilities	(iii)	3	-	-	2,404.54	-	-	2,064.75
<b>Total financial liabilities</b>			-	-	<b>28,637.41</b>	-	-	<b>26,599.37</b>

#### Notes:

- 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.
- 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.
- 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.
- 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.
- 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.
- There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2022 and 31 March 2021.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

#### 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 2022	As at 31 March 2021
<b>Non-derivative financial assets</b>		
Investments	48.71	48.50
Trade receivables	4,540.68	4,082.31
Loans	179.93	157.09
Other financial assets	2,123.12	2,219.61
<b>Derivative financial assets</b>		
Forward contracts	9.43	-
	<b>6,901.87</b>	<b>6,507.51</b>

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

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

those limits require approval from the appropriate authority as per policy. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties. The Group enters into derivative contracts with bank and financial institutions having high credit ratings.

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

Particulars	As at 31 March 2022	As at 31 March 2021
Within India	1,533.21	2,165.53
Outside India	3,007.47	1,916.78
	<b>4,540.68</b>	<b>4,082.31</b>

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.

	Gross carrying Amount	Loss Allowance	Carrying Amount
<b>31 March 2022</b>			
Less than 6 Months	4,369.27	4.67	4,364.60
More than 6 Months	223.40	47.32	176.08
	<b>4,592.67</b>	<b>51.99</b>	<b>4,540.68</b>
<b>31 March 2021</b>			
Less than 6 Months	3,916.69	56.89	3,859.80
More than 6 Months	303.92	81.41	222.51
	<b>4,220.61</b>	<b>138.30</b>	<b>4,082.31</b>

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

	As at 31 March 2022	As at 31 March 2021
<b>Balance as at the beginning of the year</b>	<b>138.30</b>	<b>145.66</b>
Provision created during the year	3.87	-
Provision utilised/reversed during the year	(90.18)	(7.35)
<b>Balance as at the end of the year</b>	<b>51.99</b>	<b>138.30</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

The movement in the allowance for bad and doubtful advances/recoverable is as follows: (Refer Note 8 & 16)

	As at 31 March 2022	As at 31 March 2021
<b>Balance as at the beginning of the year</b>	<b>22.85</b>	-
Provision created during the year	15.00	22.85
Provision utilised/reversed during the year	-	-
<b>Balance as at the end of the year</b>	<b>37.85</b>	<b>22.85</b>

Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The loans primarily represents security deposits given and loans given to employees. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no provision for expected credit loss has been provided on these financial assets. Credit risk on cash and cash equivalents and bank deposits is limited as the Group generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

#### (iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group believes that its liquidity position, including total cash and cash equivalents and other bank balances anticipated future internally generated funds from operations will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Group believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Group will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary. As at 31 March, 2022, the Group has available Rs. 6,272.67 (31 March 2021: Rs. 4,672.96) in form of undrawn committed borrowing limits.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

The following table provides details regarding the contractual maturities of significant financial liabilities on an undiscounted basis:

	Less than 1 Year	1 to 5 Years	More than 5 Years	Total	Carrying Amount
<b>31 March 2022</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings (including current maturities)	7,848.41	7,780.18	33.40	15,661.99	15,498.29
Trade payables	10,562.87	-	-	10,562.87	10,562.87
Other financial liabilities	2,404.54	171.71	-	2,576.25	2,576.25
Lease liabilities	3,442.66	8,440.70	2,044.16	13,927.53	11,008.84
	<b>24,258.48</b>	<b>16,392.59</b>	<b>2,077.56</b>	<b>42,728.64</b>	<b>39,646.25</b>
<b>31 March 2021</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings (including current maturities)	7,840.17	7,308.19	434.11	15,582.47	15,582.47
Trade payables	8,702.65	-	-	8,702.65	8,702.65
Other financial liabilities	2,308.56	5.69	-	2,314.25	2,314.25
Lease liabilities	3,013.30	7,081.07	3,020.54	13,114.91	9,384.78
	<b>21,864.68</b>	<b>14,394.95</b>	<b>3,454.65</b>	<b>39,714.28</b>	<b>35,984.15</b>

#### (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:



## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	As at 31 March 2022	As at 31 March 2021
Fixed rate borrowings	13,002.45	11,726.20
Floating rate borrowings	2,495.84	3,856.27
<b>Total borrowings</b>	<b>15,498.29</b>	<b>15,582.47</b>

#### 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
<b>For the year ended 31 March 2022</b>		
Interest rate (0.50% movement)	12.48	(12.48)
<b>For the year ended 31 March 2021</b>		
Interest rate (0.50% movement)	19.28	(19.28)

#### 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.

#### Unhedged foreign currency exposure

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

Assets	As at 31 March 2022		As at 31 March 2021	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
<b>Trade receivables</b>				
HKD	0.13	0.01	-	-
USD	354.43	4.70	211.97	2.90
EUR	341.01	4.12	178.96	2.10
CHF	833.68	10.29	1,131.42	14.71
GBP	58.66	0.60	2.04	0.02
<b>Other financial assets</b>				
CHF	10.00	0.12	11.06	0.15
<b>Bank balances in foreign currency</b>				
CHF	13.15	0.16	37.46	0.49
USD	4.25	0.06	0.01	0.00
AED	0.39	0.02	-	-
AUD	0.13	0.00	-	-
CAD	1.82	0.03	-	-
EUR	0.98	0.01	-	-

## KDDL Limited (Consolidated)

**Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amount are in Indian Rupees Lakhs, except for share data)

Liabilities	As at 31 March 2022		As at 31 March 2021	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
<b>Trade payables</b>				
HKD	46.91	4.81	57.40	6.02
USD	182.36	2.40	235.83	3.22
EUR	203.51	2.42	182.89	2.13
CHF	1,665.64	20.21	1,570.16	20.17
JPY	8.51	13.60	-	-
SGD	466.37	8.32	172.52	3.17
GBP	20.14	0.20	41.72	0.41
<b>Commission payable in foreign currency</b>				
CHF	233.43	2.83	131.25	1.67
EUR	3.56	0.04	2.80	0.03
USD	0.23	0.00	-	-
<b>Net exposure in respect of recognised assets and liabilities (in Rs.)</b>	<b>(1,212.03)</b>		<b>(821.66)</b>	

### Significant forward contracts outstanding as at the end of the year

	As at 31 March 2022		As at 31 March 2021	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
<b>Exports</b>				
CHF	485.88	6.00	-	-

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2022 and 31 March 2021 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.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2022</b>				
HKD (1% movement)	0.47	(0.47)	0.35	(0.35)
USD (1% movement)	(1.76)	1.76	(1.32)	1.32
EUR (1% movement)	(1.35)	1.35	(1.01)	1.01
CHF (1% movement)	10.42	(10.42)	7.80	(7.80)
GBP (1% movement)	(0.39)	0.39	(0.29)	0.29
SGD (1% movement)	4.66	(4.66)	3.49	(3.49)
AED (1% movement)	-	-	(0.00)	0.00
JPY (1% movement)	0.09	(0.09)	0.06	(0.06)
AUD (1% movement)	-	-	(0.00)	0.00
CAD (1% movement)	(0.02)	0.02	(0.01)	0.01
<b>31 March 2021</b>				
HKD (1% movement)	0.57	(0.57)	0.41	(0.41)
USD (1% movement)	0.24	(0.24)	0.17	(0.17)
EUR (1% movement)	0.07	(0.07)	0.05	(0.05)
CHF (1% movement)	5.21	(5.21)	3.70	(3.70)
GBP (1% movement)	0.40	(0.40)	0.28	(0.28)
SGD (1% movement)	1.73	(1.73)	1.22	(1.22)

#### (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.

### 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.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

The Group's adjusted net debt to total equity ratio was as follows:

	As at 31 March 2022	As at 31 March 2021
Total liabilities excluding deferred tax liabilities, provisions, other current liabilities and current tax liabilities	39,646.25	35,984.15
Less: cash and cash equivalents and other bank balances	5,715.80	3,613.10
<b>Adjusted net debt</b>	<b>33,930.45</b>	<b>32,371.05</b>
<b>Total equity</b>	<b>30,962.31</b>	<b>22,725.42</b>
<b>Net debt to total equity ratio</b>	<b>1.10</b>	<b>1.42</b>

#### (ii) Dividends (including corporate dividend tax)

	31 March 2022	31 March 2021
<b>Equity shares</b>		
Final dividend for the year ended 31 March 2021 of Rs. 1.50 (31 March 2020 of Rs. Nil) per fully paid equity shares*	191.06	-

\*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.

**38** During the year ended March 31, 2022, the Holding Company acquired an additional 0.47% interest in Ethos Limited and 1.28% interest in Mahen Distribution Limited, increasing its ownership interest to 75.55% in Ethos Limited and 100% in Mahen distribution Limited respectively. Total Cash consideration of Rs 937.93 was paid to the non-controlling shareholders. The carrying value of the net assets of Ethos Limited was Rs 16,183.29 and Mahen Distribution Limited is Rs. 513.68. The carrying value of the additional interest acquired at the date of acquisition was Rs 315.54 lacs. Following is a schedule of additional interest acquired in Ethos Limited:

Cash consideration paid to non-controlling shareholders	932.01
Carrying value of the additional interest in Ethos Limited and Mahen distribution limited	(312.55)
<b>Adjusted in other equity</b>	<b>619.46</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### 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 2022

Particulars	Ethos Limited	Cognition Digital LLP	Estima AG	Pylania SA	Kamla TesioDials Limited	Mahen Distribution Limited
<b>NCI Percentage</b>	<b>24.45%</b>	<b>24.45%</b>	<b>4.50%</b>	<b>15.00%</b>	<b>30.01%</b>	<b>0.00%</b>
Non-current assets	16,724.48	68.94	3,133.36	1,872.62	60.79	-
Current assets	33,243.75	398.51	534.35	892.57	38.60	-
Non-current liabilities	10,913.89	8.35	3,074.00	163.98	41.82	-
Current liabilities	16,291.93	53.01	1,953.13	1,147.77	36.84	-
<b>Net Assets</b>	<b>22,762.41</b>	<b>406.09</b>	<b>(1,359.42)</b>	<b>1,453.44</b>	<b>20.73</b>	<b>-</b>
Exchange differences on translation of foreign operations	-	-	-	-	-	-
Elimination adjustments	-	-	-	26.50	-	-
	<b>22,762.41</b>	<b>406.09</b>	<b>(1,359.42)</b>	<b>1,479.94</b>	<b>20.73</b>	<b>-</b>
<b>Net assets attributable to NCI</b>	<b>5,566.38</b>	<b>99.31</b>	<b>(61.17)</b>	<b>191.52</b>	<b>6.22</b>	<b>-</b>
Revenue	57,362.74	365.63	2,009.25	1,911.34	-	-
Profit / (loss) for the year	2,268.34	70.47	(615.86)	(5.09)	(44.13)	-
OCI	1.34	(0.10)	(33.50)	64.01	-	-
<b>Total comprehensive income</b>	<b>2,269.68</b>	<b>70.36</b>	<b>(649.35)</b>	<b>58.92</b>	<b>(44.13)</b>	<b>-</b>
Profit / (loss) allocated to NCI	555.01	17.23	(27.71)	(0.76)	(19.24)	-
OCI allocated to NCI	0.33	(0.03)	(1.51)	9.60	-	-
<b>Total comprehensive income / (expense) allocated to NCI</b>	<b>555.33</b>	<b>17.21</b>	<b>(29.21)</b>	<b>8.83</b>	<b>(19.24)</b>	<b>-</b>
Cash flows from operating activities	1,684.60	(20.00)	(745.78)	(116.02)	(10.01)	-
Cash flows from investing activities	(2,324.96)	(52.53)	(681.52)	160.59	1.32	-
Cash flows from financing activities	2,653.11	(2.72)	1,408.82	(165.01)	2.58	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,012.75</b>	<b>(75.25)</b>	<b>(18.49)</b>	<b>(120.43)</b>	<b>(6.10)</b>	<b>-</b>

## KDDL Limited (Consolidated)

**Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amount are in Indian Rupees Lakhs, except for share data)

### As at 31 March 2021

Particulars	Ethos Limited	Cognition Digital LLP	Estima AG	Pylania SA	Kamla TesioDials Limited	Mahen Distribution Limited
<b>NCI Percentage</b>	<b>24.92%</b>	<b>24.92%</b>	<b>4.50%</b>	<b>15.00%</b>	<b>0.00%</b>	<b>1.28%</b>
Non-current assets	13,679.95	20.89	2,614.48	1,531.77	-	841.92
Current assets	25,262.16	390.63	412.49	562.30	-	125.31
Non-current liabilities	8,853.30	10.48	2,801.28	496.46	-	-
Current liabilities	14,731.05	65.29	935.75	203.08	-	431.40
<b>Net Assets</b>	<b>15,357.76</b>	<b>335.75</b>	<b>(710.05)</b>	<b>1,394.52</b>	<b>-</b>	<b>535.83</b>
Exchange differences on translation of foreign operations	-	-	(44.79)	20.47	-	-
Elimination adjustments	-	-	-	26.65	-	-
	<b>15,357.76</b>	<b>335.75</b>	<b>(754.84)</b>	<b>1,441.64</b>	<b>-</b>	<b>535.83</b>
<b>Net assets attributable to NCI</b>	<b>3,827.35</b>	<b>83.67</b>	<b>(33.97)</b>	<b>185.60</b>	<b>-</b>	<b>6.83</b>
<b>(including preference share capital and its arrears attributable to NCI)</b>						
Revenue	39,822.32	473.48	1,397.18	956.39	-	55.32
Profit / (loss) for the year	418.86	56.87	(86.32)	180.16	-	(27.52)
OCI	(5.38)	1.43	19.72	(36.72)	-	-
<b>Total comprehensive income</b>	<b>413.48</b>	<b>58.30</b>	<b>(66.60)</b>	<b>143.44</b>	<b>-</b>	<b>(27.52)</b>
Profit / (loss) allocated to NCI	94.07	13.13	(3.88)	27.02	-	(0.35)
OCI allocated to NCI	(1.39)	0.36	0.89	(5.51)	-	-
<b>Total comprehensive income / (expense) allocated to NCI</b>	<b>92.68</b>	<b>13.49</b>	<b>(2.99)</b>	<b>21.51</b>	<b>-</b>	<b>(0.35)</b>
Cash flows from operating activities	6,238.27	105.55	40.36	(146.71)	-	6.68
Cash flows from investing activities	(1,015.69)	(0.35)	(66.36)	(1.28)	-	-
Cash flows from financing activities	(4,487.54)	(3.86)	(22.15)	67.37	-	(20.49)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>735.04</b>	<b>101.34</b>	<b>(48.15)</b>	<b>(80.61)</b>	<b>-</b>	<b>(13.81)</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

40 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 2022

Name of the entity in the 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
<b>Parent</b> KDDL Limited	69.74%	21,592.01	55.46%	2,060.51	13.48%	9.59	54.67%	2,070.10
<b>Subsidiaries</b>								
<b>Indian</b>								
Ethos Limited	73.01%	22,604.94	60.99%	2,265.94	1.88%	1.34	59.88%	2,267.28
Mahen Distribution Limited	1.59%	493.72	-1.13%	(42.12)	0.00%	-	-1.11%	(42.12)
Satva Jewellery and Design Limited	(0.34%)	(104.11)	-0.37%	(13.85)	0.00%	-	-0.37%	(13.85)
Kamla Tesio Dials Limited	0.07%	20.74	-1.19%	(44.13)	0.00%	-	-1.17%	(44.13)
Cognition Digital LLP	1.31%	406.09	1.90%	70.47	(0.15%)	(0.10)	1.86%	70.36
<b>Foreign</b>								
Kamla International Holdings SA	3.95%	1,222.83	0.28%	10.41	41.90%	29.80	1.06%	40.21
Pylania SA	4.69%	1,453.44	-0.14%	(5.09)	89.99%	64.01	1.56%	58.92
Estima AG	(4.39%)	(1,359.42)	-16.58%	(615.86)	(47.10%)	(33.50)	-17.15%	(649.36)
<b>Associate</b>								
Kamla Tesio Dials Limited	0.00%	-	-0.16%	(6.00)	-	-	-0.16%	(6.00)
<b>Joint Venture</b>								
Pasadana Retail Private Limited	0.51%	157.47	0.06%	2.40	-	-	0.06%	2.40
Elimination	(50.14%)	(15,525.40)	0.88%	32.77	-	-	0.87%	32.77
<b>Total</b>	<b>100.00%</b>	<b>30,962.31</b>	<b>100.00%</b>	<b>3,715.46</b>	<b>100.00%</b>	<b>71.13</b>	<b>100.00%</b>	<b>3,786.59</b>

# KDDL Limited (Consolidated)

## Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022

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

As at 31 March 2021

Name of the entity in the 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
<b>Parent</b>								
KDDL Limited	76.11%	17,306.58	48.69%	339.09	(101.53%)	18.63	52.75%	357.76
<b>Subsidiaries</b>								
<b>Indian</b>								
Ethos Limited	67.23%	15,277.69	58.20%	405.36	29.32%	(5.38)	58.98%	399.98
Mahen Distribution Limited	2.36%	535.83	-3.95%	(27.52)	0.00%	-	-4.06%	(27.52)
Satva Jewellery and Design Limited	(0.40%)	(90.26)	-1.99%	(13.84)	0.00%	-	-2.04%	(13.84)
Cognition Digital LLP	1.48%	335.75	8.16%	56.87	(7.80%)	1.43	8.60%	58.30
<b>Foreign</b>								
Kamla International Holdings SA	5.21%	1,184.23	1.96%	13.65	87.38%	(16.03)	-0.35%	(2.38)
Pylania SA	6.14%	1,394.52	25.87%	180.16	200.09%	(36.72)	21.15%	143.44
Estima AG	(3.12%)	(710.05)	-12.39%	(86.32)	(107.46%)	19.72	-9.82%	(66.61)
<b>Associates</b>								
Kamla Tesio Dials Limited	0.05%	10.46	-0.35%	(2.41)	-	-	-0.36%	(2.41)
<b>Joint Venture</b>								
Pasadena Retail Private Limited*	0.35%	80.07	1.94%	13.50	-	-	1.99%	13.50
Eliminations	(55.40%)	(12,599.42)	-26.13%	(182.01)	-	-	-26.84%	(182.03)
<b>Total</b>	<b>100.00%</b>	<b>22,725.40</b>	<b>100.00%</b>	<b>696.53</b>	<b>100.00%</b>	<b>(18.35)</b>	<b>100.00%</b>	<b>678.19</b>



## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	As at 31 March 2022	As at 31 March 2021
<b>41 Contingent liabilities and commitments:</b> <i>(to the extent not provided for)</i>		
<b>(ia) Claims against the Group not acknowledged as debts, under dispute</b>		
- 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 2021: Rs. 2.96)	3.73	3.73
- Demand raised for Income tax	403.52	355.67
- Custom duty matters	12.90	12.90
- Excise Duty matters	47.08	-
- Claims against the Company not acknowledged as debt (to the extent ascertainable)	242.23	260.10
	<b>709.46</b>	<b>632.39</b>
<b>(ib) - Custom duty saved against EPCG Licences, pending redemption</b>	112.10	95.72
<b>(ic) - Value added tax matters</b>	3,330.03	3,331.35
<b>(ii) Commitments</b>		
- Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	124.27	180.77
	<b>124.27</b>	<b>180.77</b>
<b>(iii)</b> In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition.		
<b>(iv)</b> Pursuant to recent judgement by Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowance which are common for all employees, However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authority in this regard, the Holding Company and its Indian subsidiary has not recognised any provision for the periods prior to 28 February 2019. Further, management also believes that the impact of the same on the Group will not be material.		
<b>(v)</b> In accordance with Swiss law, land contaminated in Switzerland, must be restored to its original condition. During an earlier year, the Group had acquired 100% equity interest in Estima AG based in Switzerland which is situated on contaminated land. In accordance with the applicable legal requirements, the Group is planning to restore the site using technology and materials that are available currently at an estimated cost of Rs. 971.76 (CHF 12,00,000). The rehabilitation is expected to occur progressively over the next few years. Because of the long term nature of the liability, the biggest uncertainty in estimating the provision is the costs that will be incurred. During the year ended 31 March 2019, the Group had provided Rs. 858.60 (CHF 12,00,000) for this purpose. This cost has been reduced from the fair value of land acquired as part of the acquisition of Estima AG.		

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### 42 Employee Benefits

A. Assets and liabilities relating to employee benefits	Non-Current		Current	
	As at	As at	As at	As at
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Liability for gratuity	142.35	200.44	29.91	75.15
Liability for compensated absences	-	-	751.91	577.17
	<u>142.35</u>	<u>200.44</u>	<u>781.82</u>	<u>652.32</u>
			Current	
			As at	As at
			31 March 2022	31 March 2021
Advance payment for gratuity			173.93	-
			<u>173.93</u>	<u>-</u>

For details about the related employee benefit expenses, refer to note 30.

#### B. Defined Benefit Plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employees who have completed at least five years of service are entitled to specific benefit. The level of benefit provided depends on the member's length of service and salary retirement age. The employee is entitled to a benefit equivalent to 15 days salary last drawn salary for each completed year of service with part thereof in excess of six months. The same is payable on termination of service or retirement or death whichever is earlier. The present value of the obligation under such defined benefit plan is determined based on an actuarial valuation as at the reporting date using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligations are measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans is based on the market yields on Government bonds as at the date of actuarial valuation. Remeasurement gains and losses (net of tax) are recognised immediately in the Other Comprehensive Income (OCI).

The employees' gratuity fund scheme managed by Life Insurance Corporation of India in case of Holding Company and one of the Indian subsidiary company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Holding Company and its Indian subsidiaries made annual 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.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### *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 Group does not expect any significant liquidity risks.

Particulars	As at 31 March 2022	As at 31 March 2021
<b>(ii) Reconciliation of present value of defined benefit obligation</b>		
Present value of obligation at the beginning of the year	1,110.50	1,071.28
Current service cost	98.18	106.29
Interest cost	76.03	66.36
Benefits paid*	(101.81)	(100.67)
Actuarial (gains)/losses recognised in other comprehensive income		
- Change in financial assumptions	(36.76)	(49.49)
- Experience adjustments	42.86	16.73
<b>Present value of obligation at the end of the year</b>	<b>1,189.00</b>	<b>1,110.50</b>
<b>(iii) Reconciliation of the present value of plan assets</b>		
Plan assets at the beginning of the year, at fair value	834.91	811.98
Return on plan assets recognised in other comprehensive income	20.53	(11.48)
Contributions	377.00	77.35
Benefits paid	(99.08)	(93.95)
Interest income	57.31	51.01
<b>Plan assets at the end of the year, at fair value</b>	<b>1,190.67</b>	<b>834.91</b>
<b>(iv) Amount recognized in the balance sheet</b>		
Present value of the defined benefit obligations at the end of the year	1,189.00	1,110.50
Fair value of plan assets at the end of the year	(1,190.67)	(834.91)
<b>Net liability/(asset) recognized in the balance sheet*</b>	<b>(1.67)</b>	<b>275.59</b>

\*Rs. 173.93 shown under the head "Other current assets" and Rs. 172.26 shown under the head "Provision for employee benefits"

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### (v) Plan assets

Plan assets comprise of the following:

Particulars	As at 31 March 2022	As at 31 March 2021
Policy of insurance	1,190.67	834.91
	<u>1,190.67</u>	<u>834.91</u>

#### (vi) Amount recognized in the Statement of Profit and Loss

Particulars	As at 31 March 2022	As at 31 March 2021
Current service cost	98.19	106.29
Interest cost (net)	18.72	15.35
<b>Amount recognized in the Statement of Profit and Loss</b>	<u><b>116.91</b></u>	<u><b>121.64</b></u>

#### (vii) Remeasurements recognised in other comprehensive income

Actuarial gain/loss on the defined benefit obligation	6.09	(32.77)
Return on plan assets excluding interest income	(20.53)	11.48
<b>Amount recognized in other comprehensive income</b>	<u><b>(14.44)</b></u>	<u><b>(21.29)</b></u>

#### (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 2022	As at 31 March 2021
Discount rate	7.18%	6.79%
Expected rate of return on plan assets	7.18%	6.79%
Salary increase	4.00%	4.00%
Expected average remaining working lives of employees (years)	<b>20.91 %</b>	<b>20.82 %</b>

#### b) Demographic assumptions:

	As at 31 March 2022	As at 31 March 2021
Retirement age	58 years	58 years
Mortality	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2012-14)
Attrition rate	Ultimate	Ultimate
Upto 30 years	3%	3%
31 to 44 years	2%	2%
45 and above	1%	1%

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### (ix) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(49.91)	53.72	(51.98)	56.21
Future salary growth (0.50% movement)	54.79	(51.08)	56.30	(52.45)

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 2022	As at 31 March 2021
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The expected maturity analysis of undiscounted defined benefit liability is as follows:

Within 1 year	110.62	88.02
1-2 year	85.31	50.51
2-5 years	157.89	142.70
5-10 years	835.18	829.26

#### (xi) Weighted average duration and expected employers contribution for next year of the defined benefit plan

	As at 31 March 2022	As at 31 March 2021
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Weighted average duration (in years)	16.44	16.52
Expected Employers contribution for the next year	114.65	126.35

### C. Defined contribution Plan

The Group makes contribution towards employees' provident fund, superannuation fund and employees' state insurance plan scheme. Under the schemes, the Group is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes. The expense recognised towards contribution of these plans is as follows:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Provident fund	403.83	332.63
Superannuation fund	3.26	15.86
Employees' state insurance scheme	30.66	33.46
Pension fund	53.10	58.56
Social Security Charges	58.31	65.58
	<b>549.16</b>	<b>506.09</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### D. Share based payments

##### (a) Ethos Employee Stock Option Plan - 2013

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees of the subsidiary company. Each option comprises one underlying equity share.

As per the Scheme, the Performance Evaluation and Guidance-cum-Nomination and Remuneration Committee (formerly known as Compensation Committee) grants the options to the employees deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

- 1) 50% of the options granted to the selected employee shall vest on 1 October 2017 in case there is continuation of his service till the date of vesting.
- 2) 50% on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 lakhs in any financial year by the Subsidiary Company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) shall declare such date as and when it is triggered.

The subsidiary company has in its Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) meeting on 04.08.2014 granted outstanding 3,500 options to employee of the holding Company. The above options have been issued by the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) in accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013".

##### (i) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	1,27,750	120	1,27,750	120
Lapsed during the period	23,000	120	-	-
Exercised during the period	1,04,750	120	-	-
Outstanding at end of the year	-	-	1,27,750	120
No. of shares arising out of the options outstanding	-	-	1,27,750	120

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	3,500	120	3,500	120
Lapsed during the period/year	3,500	120	-	-
Outstanding at end of the year	-	-	3,500	120
No. of shares arising out of the options outstanding	-	-	3,500	120

#### (ii) Expense recognised in statement of profit and loss

The expenses arising from equity settled share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended 31 March 2022 and 31 March 2021, were Rs. (9.41) and Rs. Nil 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 31 March 2022	Year ended 31 March 2021
Fair value at grant date	35.54/56.08	35.54/56.08
Share price at grant date	120	120
Exercise Price	120	120
Risk Free interest rate (in %)	7.60%/7.60%	7.60%/7.60%
Expected life (in years)	4.56/4.16	4.56/4.16
Expected volatility (in %)*	40%-60%	40%-60%
Expected dividend Yield (in %)	1.58%	1.58%

\*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

## 43 Related parties:

### (i) Associates

Kamla Tesio Dials Limited (Till 21 November 2021)

### (ii) Joint Venture

Pasadena Retail Private Limited

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

#### (a) Names of KMP

- Mr. Yashovardhan Saboo  
(Chairman and managing director)

#### Names of their close family members (refer note 1)

Mr. R.K. Saboo (father)  
Mrs. Usha Devi Saboo (mother)  
Mrs. Anuradha Saboo (spouse)  
Mr. Pranav Shankar Saboo (Son),  
Mrs. Malvika Singh (son's spouse)  
Ms. Satvika Saboo (daughter)

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

- Mr. Sanjeev Kumar Masown  
(Chief financial officer and Director)

Mrs. Neeraj Masown (spouse),  
Mr. Lal Chand Masown (father)

#### Related entities of KMP

- Vardhan Properties & Investments Private Limited
- VBL Innovations Private Limited
- Dream Digital Technology Private Limited
- KDDL Ethos Foundation
- Saboo Ventures LLP
- Saboo Housing Projects LLP
- Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF
- Shri Yasho Vardhan Saboo a/c Yasho Vardhan HUF
- Anacott Trading SA
- Saveeka Family Trust

#### (b) Non-executive Directors

- Mr. Anil Khanna

#### Names of their close family members (refer note 1)

Mrs. Alka Khanna (spouse) Mr. Saahil Khanna (son)  
Ms. Salonee Khanna (daughter)  
Mrs Poonam Prakash (Sister of Mr Anil Khanna)

- Ms. Ranjana Agarwal
- Mr. Praveen Gupta
- Mr. Vishal Satinder Sood
- Mr. Jai Vardhan Saboo
- Mr. Sanjiv Sachar

#### Note:

1. With respect to the key managerial personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year.

#### c) Related party transactions Year ended 31 March 2022

Particulars	Associate	Joint Venture	Related Entities of KMP	Key management personnel (KMP)	Other Related Parties
<b>1 Sale of goods and services</b>					
Mr. Yashovardhan Saboo	-	-	-	9.85	-
Mr. R. K. Saboo	-	-	-	-	102.05
Mr. Jai Vardhan Saboo	-	-	-	7.63	-
Mrs Malvika Saboo	-	-	-	-	3.77



## KDDL Limited (Consolidated)

**Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amount are in Indian Rupees Lakhs, except for share data)

Particulars	Associate	Joint Venture	Related Entities of KMP	Key management personnel (KMP)	Other Related Parties
<b>2 Purchase of goods</b>					
Anacott Trading SA	-	-	2.10	-	-
Mr. R.K Saboo	-	-	-	-	58.00
<b>3 Payment of lease liabilities</b>					
Mr. Yashovardhan Saboo	-	-	-	20.47	-
Mrs. Anuradha Saboo	-	-	-	-	18.20
Saboo Housing Projects LLP	-	-	10.50	-	-
<b>4 Compensation to key managerial personnel*</b>					
<i>Short-term employee benefits</i>					
Mr. Yashovardhan Saboo	-	-	-	188.10	-
Mr. Sanjeev Kumar Masown	-	-	-	139.94	-
<b>5 Interest income</b>					
Mr. Sanjeev Kumar Masown	-	-	-	1.38	-
<b>6 Interest paid/ accrued</b>					
Vardhan Properties and Investment Private Limited	-	-	0.00	-	-
VBL Innovations Private Limited	-	-	19.88	-	-
Saboo Ventures LLP	-	-	15.81	-	-
Mr. R. K. Saboo	-	-	-	-	29.24
Mr. Sanjeev Kumar Masown	-	-	-	7.38	-
Ms. Neeraj Masown	-	-	-	-	4.42
Mr. Lal Chand Masown	-	-	-	-	1.45
Mr. Yashovardhan Saboo	-	-	-	17.10	-
Mr. Anil Khanna	-	-	-	15.92	-
Mrs. Alka Khanna	-	-	-	-	3.24
Ms. Ranjana Agarwal	-	-	-	77.31	-
Mrs. Usha Devi Saboo	-	-	-	-	19.11
Mr. Praveen Gupta	-	-	-	0.98	-
Mr. Saahil Khanna	-	-	-	-	0.29
Ms. Salonee Khanna	-	-	-	-	0.53
<b>7 Deposits accepted/renew</b>					
Mrs. Alka Khanna	-	-	-	-	21.80
Ms. Ranjana Agarwal	-	-	-	380.45	-
Mr. Praveen Gupta	-	-	-	30.00	-

## KDDL Limited (Consolidated)

**Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amount are in Indian Rupees Lakhs, except for share data)

Particulars	Associate	Joint Venture	Related Entities of KMP	Key management personnel (KMP)	Other Related Parties
Ms Neeraj Masown	-	-	-	-	21.42
Mr Lal Chand Masown	-	-	-	-	6.54
Ms. Salonee Khanna	-	-	-	-	1.65
Mr. R K Saboo	-	-	-	-	5.00
Mr. Y Saboo	-	-	-	166.26	-
Mrs. Usha Devi Saboo	-	-	-	-	84.71
Saboo Ventures LLP	-	-	295.00	-	-
Mr. Anil Khanna	-	-	-	27.16	-
Mr. Saahil Khanna	-	-	-	-	8.00
Mrs. Alka Khanna	-	-	-	-	7.50
<b>8 Deposits repaid</b>					
Mrs. Alka Khanna	-	-	-	-	28.41
Mr. Yashovardhan Saboo	-	-	-	262.54	-
Ms. Ranjana Agarwal	-	-	-	178.00	-
Vardhan Properties and Investment Private Limited	-	-	30.00	-	-
Mr Lal Chand Masown	-	-	-	-	5.44
Ms Neeraj Masown	-	-	-	-	16.23
Ms. Salonee Khanna	-	-	-	-	1.50
Mrs. Usha Saboo	-	-	-	-	66.00
Mr. R K Saboo	-	-	-	-	5.00
Mrs. Anuradha Saboo	-	-	-	-	21.79
Saboo Ventures LLP	-	-	200.00	-	-
Mr. Anil Khanna	-	-	-	20.00	-
<b>9 Reimbursement of expenses incurred on behalf of subsidiary Company</b>					
VBL Innovations Private Limited	-	-	1.37	-	-
<b>10 Reimbursement of expenses received by subsidiary Company</b>					
Pasadena Retail Private Limited	-	30.19	-	-	-
Dream Digital Technology Private Limited	-	-	0.09	-	-
<b>11 Rent received</b>					
Dream Digital Technology Private Limited	-	-	0.60	-	-
<b>12 Other Income</b>					
Pasadena Retail Private Limited	-	1.53	-	-	-

## KDDL Limited (Consolidated)

**Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amount are in Indian Rupees Lakhs, except for share data)

Particulars	Associate	Joint Venture	Related Entities of KMP	Key management personnel (KMP)	Other Related Parties
<b>13 Director fees</b>					
Mr. Yashovardhan Saboo	-	-	-	5.78	-
Mr. Anil Khanna	-	-	-	18.07	-
Mr. Praveen Gupta	-	-	-	5.10	-
Mr. Jai Vardhan Saboo	-	-	-	1.20	-
Ms. Ranjana Agarwal	-	-	-	5.40	-
Mr. Sanjiv Sachar	-	-	-	3.70	-
<b>14 Publicity &amp; Advertisement</b>					
Dream Digital Technology Private Limited	-	-	30.00	-	-
<b>15 Repayment of loans given by the Company</b>					
Mr. Sanjeev Kumar Masown	-	-	-	6.00	-
<b>16 Management consultancy fees paid</b>					
Mrs. Anuradha Saboo	-	-	-	-	14.54
<b>17 Employee benefit expense</b>					
Mr. R. K. Saboo	-	-	-	-	30.00
Mr. Pranav Saboo	-	-	-	-	306.66
Mrs. Anuradha Saboo	-	-	-	-	6.44
<b>18 Investments made</b>					
Mr. Yashovardhan Saboo	-	-	-	248.22	-
Mr. R.K. Saboo	-	-	-	-	2.85
Mrs. Usha Devi Saboo	-	-	-	-	2.40
Mrs. Anuradha Saboo	-	-	-	-	4.18
Mr. Pranav S Saboo	-	-	-	-	0.10
Ms. Satvika Saboo	-	-	-	-	0.13
Shri Yasho Vardhan Saboo a/c Yasho Vardhan HUF	-	-	-	-	0.05
<b>19 Dividend paid</b>					
Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	-	-	1.17
Shri Yasho Vardhan Saboo a/c Yasho Vardhan HUF	-	-	-	-	0.83
Mr. R.K. Saboo	-	-	-	-	28.60
Mr. Yashovardhan Saboo	-	-	-	29.28	-
Mrs. Usha Devi Saboo	-	-	-	-	2.55
Mrs. Anuradha Saboo	-	-	-	-	6.55
Mr. Pranav S Saboo	-	-	-	-	12.16
Ms. Satvika Saboo	-	-	-	-	2.27
Vardhan Properties and Investment Private Limited	-	-	0.54	-	-
Dream Digital Technology Private Limited	-	-	0.26	-	-
Mr. Sanjiv Sachar	-	-	-	0.02	-
Mr. Sanjeev Kumar Masown	-	-	-	0.03	-
Mr. Anil Khanna	-	-	-	0.04	-
Mrs. Alka Khanna	-	-	-	-	0.00

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

## KDDL Limited (Consolidated)

**Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amount are in Indian Rupees Lakhs, except for share data)

### Year ended 31 March 2021

Particulars	Associate	Joint Venture	Related Entities of KMP	Key management personnel (KMP)	Other Related Parties
<b>1 Sale of goods and services</b>					
Mr. Yashovardhan Saboo	-	-	-	9.38	-
Mr. R. K. Saboo	-	-	-	-	5.31
Mr. Pranav Shankar Saboo	-	-	-	-	1.95
Ms. Satvika Saboo	-	-	-	-	10.68
Mrs Malvika Saboo	-	-	-	-	6.64
<b>2 Purchase of goods</b>					
Anacott Trading SA	-	-	59.40	-	-
VBL Innovations Private Limited	-	-	0.33	-	-
<b>3 Payment of lease liabilities</b>					
Mr. Yashovardhan Saboo	-	-	-	32.59	-
Mrs. Anuradha Saboo	-	-	-	-	17.33
<b>4 Compensation to key managerial personnel*</b>					
<i>Short-term employee benefits</i>					
Mr. Yashovardhan Saboo	-	-	-	129.04	-
Mr. Sanjeev Kumar Masown	-	-	-	91.02	-
<b>5 Interest income</b>					
Mr. Sanjeev Kumar Masown	-	-	-	1.74	-
<b>6 Interest paid/ accrued</b>					
Vardhan Properties and Investment Private Limited	-	-	23.43	-	-
VBL Innovations Private Limited	-	-	19.89	-	-
Dream Digital Technology Private Limited	-	-	1.54	-	-
Saboo Ventures LLP	-	-	39.89	-	-
Mr. R. K. Saboo	-	-	-	-	23.43
Mr. Sanjeev Kumar Masown	-	-	-	5.16	-
Ms. Neeraj Masown	-	-	-	-	3.99
Mr. Lal Chand Masown	-	-	-	-	1.34
Mr. Yashovardhan Saboo	-	-	-	17.33	-
Mr. Anil Khanna	-	-	-	11.20	-
Mrs. Alka Khanna	-	-	-	-	3.20
Ms. Ranjana Agarwal	-	-	-	54.61	-
Mrs. Usha Devi Saboo	-	-	-	-	15.04

## KDDL Limited (Consolidated)

**Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amount are in Indian Rupees Lakhs, except for share data)

Particulars	Associate	Joint Venture	Related Entities of KMP	Key management personnel (KMP)	Other Related Parties
Mrs. Anuradha Saboo	-	-	-	-	1.79
Ms. Salonee Khanna	-	-	-	-	0.34
<b>7 Deposits accepted/renew</b>					
Mr. Sanjeev Kumar Masown	-	-	-	36.82	-
Mrs. Alka Khanna	-	-	-	-	2.33
Mr Anil Khanna	-	-	-	40.00	-
Ms. Ranjana Agarwal	-	-	-	239.87	-
Mr. Yashovardhan Saboo	-	-	-	262.54	-
Mr. R. K. Saboo	-	-	-	-	56.00
Mrs. Usha Devi Saboo	-	-	-	-	55.00
Mrs. Anuradha Saboo	-	-	-	-	21.79
Ms. Salonee Khanna	-	-	-	-	4.50
<b>8 Deposits repaid</b>					
Mrs. Alka Khanna	-	-	-	-	2.28
Mr. Yashovardhan Saboo	-	-	-	220.95	-
Ms. Ranjana Agarwal	-	-	-	129.95	-
Saveeka Family Trust	-	-	50.00	-	-
Mrs. Anuradha Saboo	-	-	-	-	20.00
Saboo Ventures LLP	-	-	400.00	-	-
Dream Digital Technology Private Limited	-	-	25.00	-	-
Vardhan Properties and Investment Private Limited	-	-	220.00	-	-
<b>9 Reimbursement received for expenses</b>					
Mr. Sanjeev Kumar Masown	-	-	-	20.00	-
<b>10 Reimbursement of expenses incurred on behalf of subsidiary Company</b>					
Dream Digital Technology Private Limited	-	-	22.50	-	-
<b>11 Reimbursement of expenses received by subsidiary Company</b>					
Pasadena Retail Private Limited	-	26.49	-	-	-
Dream Digital Technology Private Limited	-	-	0.09	-	-
<b>12 Rent received</b>					
Dream Digital Technology Private Limited	-	-	1.20	-	-
<b>13 Other Income</b>					
Pasadena Retail Private Limited	-	6.44	-	-	-

## KDDL Limited (Consolidated)

**Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amount are in Indian Rupees Lakhs, except for share data)

Particulars	Associate	Joint Venture	Related Entities of KMP	Key management personnel (KMP)	Other Related Parties
<b>14 Director fees</b>					
Mr. Yashovardhan Saboo	-	-	-	3.90	-
Mr. Anil Khanna	-	-	-	9.03	-
Mr. Praveen Gupta	-	-	-	3.20	-
Mr. Jai Vardhan Saboo	-	-	-	1.50	-
Ms. Ranjana Agarwal	-	-	-	3.60	-
Mr. Sanjiv Sachar	-	-	-	1.80	-
<b>15 Repayment of loans given by the Company</b>					
Mr. Sanjeev Kumar Masown	-	-	-	5.00	-
<b>16 Management consultancy fees paid</b>					
Mrs. Anuradha Saboo	-	-	-	-	13.25
<b>17 CSR contribution made</b>					
KDDL Ethos Foundation	-	-	23.00	-	-
<b>18 Employee benefit expense</b>					
Mr. R. K. Saboo	-	-	-	-	30.63
Mr. Pranav Saboo	-	-	-	-	250.69
Mrs. Anuradha Saboo	-	-	-	-	5.68
<b>19 Impairment in value of non-current investments</b>					
Kamla Tesio Dials Limited	15.65	-	-	-	-

### d) Amount Outstanding

As at 31 March 2022

Particulars	Associate	Joint Venture	Related Entities of KMP	Key management personnel (KMP)	Other Related Parties
<b>1 Loans and advances</b>					
Mr. Sanjeev Kumar Masown	-	-	-	21.97	-
<b>2 Payables</b>					
Dream Digital Technology Private Limited	-	-	2.59	-	-
Mrs. Satvika Saboo	-	-	-	-	1.13
<b>3 Guarantees taken</b>					
Mr. R. K. Saboo	-	-	-	-	4,685.00
Mr. Yashovardhan Saboo	-	-	-	16,548.00	-

## KDDL Limited (Consolidated)

**Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amount are in Indian Rupees Lakhs, except for share data)

Particulars	Associate	Joint Venture	Related Entities of KMP	Key management personnel (KMP)	Other Related Parties
<b>4 Deposits taken</b>					
Mr. Sanjeev Kumar Masown	-	-	-	57.95	-
Mr. Lal Chand Masown	-	-	-	-	12.54
Ms. Neeraj Masown	-	-	-	-	37.78
Mr. Anil Khanna	-	-	-	135.72	-
Mrs. Alka Khanna	-	-	-	-	30.63
Ms. Ranjana Agarwal	-	-	-	702.44	-
Mr. R. K. Saboo	-	-	-	-	236.00
Mr. Yashovardhan Saboo	-	-	-	166.26	-
Mrs. Usha Devi Saboo	-	-	-	-	169.71
Mr. Saahil Khanna	-	-	-	-	8.00
Mr. Praveen Gupta	-	-	-	30.00	-
Ms. Salonee Khanna	-	-	-	-	4.65
Saboo Ventures LLP	-	-	95.00	-	-
<b>5 Interest accrued but not due</b>					
Mr. Sanjeev Kumar Masown	-	-	-	13.06	-
Mr. Lal Chand Masown	-	-	-	-	2.31
Mr. R. K. Saboo	-	-	-	-	53.65
Mr. Yashovardhan Saboo	-	-	-	9.80	-
Mrs. Neeraj Masown	-	-	-	-	6.41
Mr. Anil Khanna	-	-	-	18.52	-
Mrs. Alka Khanna	-	-	-	-	0.07
Ms. Ranjana Agarwal	-	-	-	96.13	-
Mrs. Usha Devi Saboo	-	-	-	-	17.26
Mr. Saahil Khanna	-	-	-	-	0.26
Ms. Salonee Khanna	-	-	-	-	0.72
<b>6 Unsecured Loans</b>					
VBL Innovations Private Limited	-	-	150.00	-	-
Swades Capital LLC	-	-	-	-	440.11
<b>7 Employee related payables</b>					
Mr. Yashovardhan Saboo	-	-	-	2.03	-
Mr. Sanjeev Kumar Masown	-	-	-	7.94	-
Mr. R.K. Saboo	-	-	-	-	1.74
Mr. Pranav Shankar Saboo	-	-	-	-	29.44
Mrs. Anuradha Saboo	-	-	-	-	0.51
<b>8 Balance due from the related parties</b>					
Mr. Pranav Shankar Saboo	-	-	-	-	9.81
Pasadena Retail Private Limited	-	3.96	-	-	-
<b>9 Lease liabilities</b>					
Saboo Housing Projects LLP	-	-	26.94	-	-
Mr. Yashovardhan Saboo	-	-	-	10.76	-
Mrs. Anuradha Saboo	-	-	-	-	17.94

## KDDL Limited (Consolidated)

**Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amount are in Indian Rupees Lakhs, except for share data)

**As at 31 March 2021**

Particulars	Associate	Joint Venture	Related Entities of KMP	Key management personnel (KMP)	Other Related Parties
<b>1 Loans and advances</b>					
Mr. Sanjeev Kumar Masown	-	-	-	26.24	-
<b>2 Other financial assets</b>					
Dream Digital Technology Private Limited	-	-	0.35	-	-
<b>3 Payables</b>					
Dream Digital Technology Private Limited	-	-	9.05	-	-
Anacott Trading SA	-	-	45.68	-	-
Mr. Jai Vardhan Saboo	-	-	-	-	0.28
Mrs. Anuradha Saboo	-	-	-	-	4.63
<b>4 Guarantees taken</b>					
Mr. R. K. Saboo	-	-	-	-	4,685.00
Mr. Yashovardhan Saboo	-	-	-	12,719.00	-
<b>5 Deposits taken</b>					
Mr. Sanjeev Kumar Masown	-	-	-	57.95	-
Mr. Lal Chand Masown	-	-	-	-	11.44
Ms. Neeraj Masown	-	-	-	-	32.59
Mr. Anil Khanna	-	-	-	128.56	-
Mrs. Alka Khanna	-	-	-	-	29.74
Ms. Ranjana Agarwal	-	-	-	499.99	-
Vardhan Properties and Investment Private Limited	-	-	30.00	-	-
Mr. R. K. Saboo	-	-	-	-	236.00
Mr. Yashovardhan Saboo	-	-	-	262.54	-
Mrs. Usha Devi Saboo	-	-	-	-	151.00
Mrs. Anuradha Saboo	-	-	-	-	21.79
Ms. Salonee Khanna	-	-	-	-	4.50
<b>6 Interest accrued but not due</b>					
Mr. Sanjeev Kumar Masown	-	-	-	5.23	-
Mr. Lal Chand Masown	-	-	-	-	1.90
Mr. R. K. Saboo	-	-	-	-	29.34
Mr. Yashovardhan Saboo	-	-	-	11.96	-
Mrs. Neeraj Masown	-	-	-	-	7.08
Mr. Anil Khanna	-	-	-	13.90	-
Mrs. Alka Khanna	-	-	-	-	1.31
Ms. Ranjana Agarwal	-	-	-	70.16	-
Mrs. Usha Devi Saboo	-	-	-	-	19.70
Mrs. Anuradha Saboo	-	-	-	-	1.19
Ms. Salonee Khanna	-	-	-	-	0.34



## KDDL Limited (Consolidated)

**Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022**  
(All amount are in Indian Rupees Lakhs, except for share data)

Particulars	Associate	Joint Venture	Related Entities of KMP	Key management personnel (KMP)	Other Related Parties
<b>7 Unsecured Loans</b>					
VBL Innovations Private Limited	-	-	150.00	-	-
Swades Capital LLC	-	-	-	-	387.74
<b>8 Employee related payables</b>					
Mr. Yashovardhan Saboo	-	-	-	2.00	-
Mr. Sanjeev Kumar Masown	-	-	-	3.11	-
Mr. R.K. Saboo	-	-	-	-	2.18
Mr. Pranav Shankar Saboo	-	-	-	-	48.23
Mrs. Anuradha Saboo	-	-	-	-	0.52
<b>9 Balance due from the related parties</b>					
Mr. R.K. Saboo	-	-	-	-	0.11
Mr. Yashovardhan Saboo	-	-	-	0.02	-
Mr. Pranav Shankar Saboo	-	-	-	-	1.71
Ms. Satvika Saboo	-	-	-	-	12.60
Pasadena Retail Private Limited	-	18.11	-	-	-
<b>10 Balance due to the related party</b>					
Sanjeev Kumar Masowan	-	-	-	0.13	-

### e) Other transactions

- Security being provided by Directors and relatives of directors for long term loan taken from Indiabulls Housing Finance Limited by providing exclusive mortgage and charge on their personal property for this loan. The loan has been repaid during the Previous year.
- 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 five 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.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

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
Luxury cars	Trading of Luxury Cars
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.

Year ended 31 March 2022	Precision and watch components	Watch and watch accessories	Marketing support and other services	Luxury Cars	Others	Total
<b>Segment revenue:</b>						
- External revenues	22,906.52	57,625.22	365.63	109.26	983.08	81,989.72
- Inter-segment revenue	-	-	(365.63)	-	-	(365.63)
<b>Total segment revenue</b>	<b>22,906.52</b>	<b>57,625.22</b>	<b>-</b>	<b>109.26</b>	<b>983.08</b>	<b>81,624.09</b>
<b>Segment profit/(loss) before income tax</b>	<b>4,040.97</b>	<b>4,426.33</b>	<b>102.35</b>	<b>-</b>	<b>29.85</b>	<b>8,599.50</b>
<b>Segment assets</b>	<b>21,791.52</b>	<b>47,475.49</b>	<b>105.36</b>	<b>-</b>	<b>503.81</b>	<b>69,876.18</b>
<b>Segment assets include:</b>						
- Investments accounted for using equity method	157.47	-	-	-	-	157.47
- Capital expenditure during the year	1,533.07	999.92	52.53	-	-	2,585.52
<b>Segment liabilities</b>	<b>3,647.92</b>	<b>10,874.77</b>	<b>41.11</b>	<b>-</b>	<b>159.70</b>	<b>14,723.51</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### 44 Operating segments (Continued)

Year ended 31 March 2021	Precision and watch components	Watch and watch accessories	Marketing support and other services	Others	Total
<b>Segment revenue:</b>					
- External revenues	15,703.50	38,712.39	473.48	470.00	55,359.37
- Inter-segment revenue	-	(3.56)	(473.48)	-	(477.04)
<b>Total segment revenue</b>	<b>15,703.50</b>	<b>38,708.83</b>	<b>-</b>	<b>470.00</b>	<b>54,882.33</b>
<b>Segment profit/(loss) before income tax</b>	<b>2,072.65</b>	<b>2,233.65</b>	<b>89.89</b>	<b>(2.22)</b>	<b>4,393.96</b>
<b>Segment assets</b>	<b>19,852.82</b>	<b>36,404.65</b>	<b>134.44</b>	<b>407.88</b>	<b>56,799.79</b>
Segment assets include:					
- Investments accounted for using equity method	90.53	-	-	-	90.53
- Capital expenditure during the year	440.29	1,039.37	0.35	-	1,480.01
<b>Segment liabilities</b>	<b>3,054.79</b>	<b>9,292.64</b>	<b>46.84</b>	<b>68.47</b>	<b>12,462.74</b>

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

	As at 31 March 2022	As at 31 March 2021
<b>I. Revenues</b>		
Total revenue for reportable segments	81,989.72	55,359.37
Elimination of inter-segment revenue	(365.63)	(477.04)
<b>Total revenue</b>	<b>81,624.09</b>	<b>54,882.33</b>
<b>ii. Profit before tax</b>		
Total profit before tax for reportable segments	8,599.50	4,393.96
Finance cost	(2,477.21)	(2,683.20)
Unallocated amounts:		
Corporate expenses (net of un-allocated revenue)	(893.43)	(649.30)
<b>Consolidated profit before tax</b>	<b>5,228.86</b>	<b>1,061.46</b>
	As at 31 March 2022	As at 31 March 2021
<b>iii. Assets</b>		
Total assets for reportable segments	69,876.18	56,799.79
Unallocated amounts	3,973.80	4,953.83
<b>Consolidated total assets</b>	<b>73,849.98</b>	<b>61,753.62</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	As at 31 March 2022	As at 31 March 2021
<b>iv. Liabilities</b>		
Total liabilities for reportable segments	14,723.51	12,462.74
Unallocated amounts	28,164.17	26,565.46
<b>Consolidated total liabilities</b>	<b>42,887.67</b>	<b>39,028.20</b>

<b>v. Other material items</b>	<b>Reportable Segment Total</b>	<b>Adjustments</b>	<b>Consolidated Total</b>
<b>Year ended 31 March 2022</b>			
Finance cost	-	2,477.21	2,477.21
Capital expenditure during the year	2,585.52	92.25	2,677.77
Depreciation and amortisation expense	4,372.95	165.20	4,538.15
<b>Year ended 31 March 2021</b>			
Finance cost	-	2,683.20	2,683.20
Capital expenditure during the year	1,480.01	81.56	1,561.57
Depreciation and amortisation expense	4,449.97	153.95	4,603.92

#### **(d) Geographical information**

<b>i. Revenues</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
<b>India</b>	<b>66,736.83</b>	<b>44,698.02</b>
<b>Outside India</b>		
Switzerland	10,348.42	7,353.46
Germany	2,375.75	1,710.96
United Kingdom	325.00	273.94
USA	380.83	141.57
France	478.55	205.60
Israel	-	38.25
Taiwan	-	50.57
Portugal	256.07	100.56
Czech Republic	479.88	81.30
South Korea	-	71.25
China	107.90	95.67
Other countries	134.87	61.18
<b>Total outside India</b>	<b>14,887.26</b>	<b>10,184.31</b>
<b>Total</b>	<b>81,624.09</b>	<b>54,882.33</b>

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>ii. Non-current assets</b>		
India	26,595.06	24,659.68
<b>Outside India</b>		
Switzerland	3,483.85	3,125.16
<b>Total outside India</b>	<b>3,483.85</b>	<b>3,125.16</b>
<b>Total</b>	<b>30,078.91</b>	<b>27,784.85</b>

\*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 2022 and 31 March 2021, 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 and furniture to be used for its operations. The Leases generally have lease terms 2-10 years for building and 4-5 years for furniture. The Group obligations under its leases are secured by the lessor's title to the leased assets.

The Group has certain leases with lease terms of 12 months or less and certain leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

#### The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Plant and Equipment	Building	Leasehold land*\$	Stores Building	Furniture	Total
<b>As at 01 April 2020</b>	355.14	400.21	554.50	9,647.07	-	10,956.93
Additions	1.73	73.05	-	1,253.86	-	1,328.65
Depreciation expense	(134.09)	(109.81)	(6.30)	(2,466.79)	-	(2,716.98)
Deletions/Modification	-	(55.93)	-	(341.12)	-	(397.05)
<b>As at 31 March 2021</b>	<b>222.79</b>	<b>307.53</b>	<b>548.20</b>	<b>8,093.03</b>	<b>-</b>	<b>9,171.55</b>

\*Reclassified from property, plant and equipment (PPE)

Particulars	Plant and Equipment	Building	Leasehold land*\$	Stores Building	Furniture	Total
<b>As at 01 April 2021</b>	222.79	307.53	548.20	8,093.03	-	9,171.55
Additions	407.08	103.52	-	3,562.34	152.79	4,225.73
Depreciation expense	(142.01)	(96.35)	(6.28)	(2,429.75)	(14.03)	(2,688.42)
Deletions/Modification	(0.83)	-	-	(217.86)	-	(218.69)
<b>As at 31 March 2022</b>	<b>487.03</b>	<b>314.69</b>	<b>541.92</b>	<b>9,007.76</b>	<b>138.76</b>	<b>10,490.16</b>

\$ Includes leasehold land of Rs. 5.67 (31 March 2021: 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.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### The carrying amounts of lease liabilities and the movements during the year:

Particulars	Total
<b>As at 01 April 2020</b>	<b>10,633.87</b>
Additions	1,259.67
Accretion of interest	1,143.28
Payments	(1,875.53)
Deletions/Modification	(374.29)
Rent Concessions	(1,402.22)
<b>As at 31 March 2021</b>	<b>9,384.78</b>
<b>Current</b>	<b>2,090.87</b>
<b>Non-current</b>	<b>7,293.91</b>

Particulars	Total
<b>As at 01 April 2021</b>	<b>9,384.78</b>
Additions	4,098.21
Accretion of interest	1,086.02
Payments	(2,541.15)
Deletions/Modification	(214.55)
Rent Concessions	(804.46)
<b>As at 31 March 2022</b>	<b>11,008.84</b>
<b>Current</b>	<b>2,525.37</b>
<b>Non-current</b>	<b>8,483.47</b>

The details regarding the maturity analysis of lease liabilities as at March 31, 2022 and March 31, 2021 on an undiscounted basis is disclosed in Note 36.

Considering the lease term of the leases, the effective interest rate for lease liabilities varies from 11.63% to 11.98%.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following are the amounts recognised in profit and loss:

#### For the year ended 31 March 2021

Particulars	Plant and Equipment	Building	Land	Store Building	Furniture	Total
Depreciation expense of right-of-use assets	134.09	93.32	6.30	2,483.27	-	2,716.98
Interest expense on lease liabilities	36.64	44.52	-	1,062.12	-	1,143.28
Expense relating to short-term leases (included in other expenses)*	-	4.58	-	249.93	-	254.51
<b>Total amount recognised in profit and loss</b>	<b>170.73</b>	<b>142.42</b>	<b>6.30</b>	<b>3,795.32</b>	<b>-</b>	<b>4,114.77</b>

\* Gross of reimbursement received of Rs. 53.22

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### For the year ended 31 March 2022

Particulars	Plant and Equipment	Building	Land	Store Building	Furniture	Total
Depreciation expense of right-of-use assets	120.58	101.56	6.28	2,445.97	14.03	2,688.42
Interest expense on lease liabilities	21.83	43.36	-	1,020.83	-	1,086.02
Expense relating to short-term leases (included in other expenses)*	-	7.91	-	546.98	-	554.89
<b>Total amount recognised in profit and loss</b>	<b>142.41</b>	<b>152.83</b>	<b>6.28</b>	<b>4,013.78</b>	<b>14.03</b>	<b>4,329.33</b>

\* Gross of reimbursement received of Rs. 45.55

The Group had total cash outflows for leases of Rs. 2,541.09 in 31 March 2022 (Rs 1,875.53 in 31 March 2021). Group also had non-cash additions to right of use assets and liabilities of Rs. 4,098.21 in 31 March 2022 (31 March 2021: 1,259.67)

- 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 2022	As at 31 March 2021
<b>Investment</b>		
<b>Investment in associate: Kamla Tesio Dials Limited*</b>		
Balance as at the year end	-	10.46
Maximum amount outstanding at any time during the year	10.46	28.53
<b>Investment in joint venture: Pasadena Retail Private Limited</b>		
Balance as at the year end	157.47	80.07
Maximum amount outstanding at any time during the year	157.47	80.07
<b>Investment in company: Karolview Developers Private Limited</b>		
Balance as at the year end	43.70	44.10
Maximum amount outstanding at any time during the year	44.10	44.15
<b>Investment in company: Shivalik Waste Management Limited</b>		
Balance as at the year end	5.01	3.58
Maximum amount outstanding at any time during the year	5.01	3.58

\* Investment is net off provision for diminution in the value of investment, other than temporary.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### 48 Business combination

The Holding Company acquired 3,99,930 (39.99%) equity shares of Rs. 10 each of "Kamla Tesio Dials Limited" (KTDL) at Rs. 5 per share. Post the above acquisition, the shareholding of the Company increased from 30.00 % to 69.99 % and by virtue of this acquisition, KTDL became subsidiary of the Company w.e.f. 22 November 2021.

The financial information of KTDL has been consolidated by the Group from the acquisition date on a line-by-line basis. The purchase consideration for this acquisition amounted to Rs. 20, entire amount comprising of cash consideration.

Particulars	Amount
<b>Fair value of investment on the date of acquisition</b>	15.57
<b>Carrying value of Investments</b>	
- Value of investments as on April 01, 2021	10.46
- Share of loss during the period April 01, 2021 to September 30, 2021	(6.00)
	4.46
<b>Gain on account of conversion of an associate into subsidiary company</b>	<b>11.11</b>

Particulars	Amount
Fair value of investment on the date of acquisition	20.73
Purchase consideration paid for acquisition of additional 39.99% stake in KTDL	20.00
<b>Capital reserve on acquisition</b>	<b>0.73</b>
<b>Non controlling interest on the date of acquisition</b>	<b>19.46</b>

Particulars	Amount
<b>Assets</b>	
Property, plant and equipment	4.73
Financial assets	
- Loans	21.94
- Other financial assets	0.59
Cash and cash equivalents	32.97
Other current assets	4.44
	64.67
<b>Liabilities</b>	
Trade payables	11.91
Other financial liabilities	0.96
	12.86
<b>Fair value of net asset and liabilities acquired</b>	<b>51.81</b>

On acquisition date, the non-controlling interest has been measured at its proportionate share of identifiable assets and liabilities acquired.

Subsequent to year end, Kamla International Holdings SA (wholly owned subsidiary of the Company) has acquired additional 30% equity shares of Rs. 10 each of KTDL. Post the said acquisition, KTDL has become wholly owned subsidiary of the Holding Company.



## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

**49** Considering the accumulated losses, impairment indicators were identified in relation to property, plant and equipment (PPE) in subsidiary Estima AG. As a result, an impairment assessment was required to be performed by comparing the carrying value of the PPE to its recoverable amount to determine whether an impairment was required to be recognised. The recoverable amount was determined to be the higher of the fair value less cost of disposal, and the value in use, determined by discounting future cash flows. Based on the impairment assessment carried out by the management, recoverable amount from these PPE is higher than their carrying amount, hence no impairment provision is required to be made.

**50** During the financial year 2020-21, one of the subsidiary company has reported a cyber fraud wherein the e-mail account of one of the Vendor of the subsidiary company was hacked and based on the communication received from the hacked account, the subsidiary company transferred an amount of CHF 56,833.45 i.e. Rs. 45.67 on October 01, 2020 to the fraudulent account personated to be the Vendor's bank account in Switzerland, held with UBS Switzerland AG Bank.

Cyber criminals using the authentic e-mail addresses and back-up mails informed the subsidiary company to send current money to an alternate bank account of ORIS SA a partner brands on September 28, 2020 to whom remittances are being made for the purchase of imported watches on a regular basis. Not suspecting anything wrong, the subsidiary company had made payment of CHF 56,833.45 to such fraudulent account. Later on the subsidiary company realized that it was a cyber crime and that the remittance was made to a fraudulent account. The subsidiary company contacted ORIS SA to check the remittance made, however brand officials confirmed that there is no such amount credited in their bank accounts.

The subsidiary company has filed a FIR cybercrime complaint (Ack. No. 20810200055209) on October 14, 2020 and also pursued with the banking channels to recover the amount involved. Furthermore, the Vendor also filed a complaint with the Swiss Authorities to recover the amount involved. Though, the subsidiary company is putting in its best efforts to recover the amount but could not recover the same; however, the management is under discussion with the Vendor to bear 50% of the total loss of Rs. 45.67, and for the balance amount of Rs. 22.85, the management has made provision.

**51** The Group's operations and revenue were impacted during the previous year on account of disruption in economic activity due to COVID-19. The management believes that the overall impact of the pandemic is short term and temporary in nature and is not likely to have any significant impact on the recoverability of the carrying value of its assets and the future operations.

**52** Ethos Limited, a subsidiary company is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the subsidiary company. The subsidiary company on a periodic basis physically verifies the inventory and makes an assessment of the inventory age listing to identify the slow-moving and obsolete inventories. The exercise has been carried out throughout the year and also at the year end. Considering the fact that, the company is into the business of trading of high-end luxury watches the holding period for the same is higher and identification of slow-moving and obsolete inventories involved judgements considering the nature of the retail industry.

**53** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

**54** With respect to Amalgamation of wholly owned subsidiary company namely Satva Jewellery and Design Limited with the Company and pursuant to the order of Hon'ble National Company Law Tribunal (NCLT), Chandigarh

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

Bench, dated 15 October 2019 directing both the Companies that the Scheme should be considered as per the procedure laid down in Section 232 of the Companies Act, 2013 ("the Act"), the Company filed new Scheme under Section 232 of the Act on 20 August 2020 with NCLT and the same is under consideration. The proposed appointed date has been fixed as 01 April 2019 under the new Scheme. During the year ended 31 March 2021, the shareholders, secured and unsecured creditors of the Company at their respective meetings held on 19 December 2020 approved the Scheme pursuant to the order of the NCLT dated 10 November 2020.

The Scheme is now pending for approval with the NCLT and the next hearing is scheduled on 05 June 2022. Hence, the accounting will be done once the Scheme is approved by the NCLT and becomes effective.

- 55** Subsequent to 31 March 2022, Ethos Limited, (a subsidiary company) completed its Initial Public Offering (IPO) of its equity shares which have been listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) with effect from 30 May 2022. The subsidiary company has made an offer for sale of the equity shares of the Company held by certain existing shareholders of the Company (including KDDL Limited, the Holding Company of Ethos Limited) and the accounting impact on account of the said offer for sale of the equity shares by the Company, if any will be considered in the next financial year.
- 56** Subsequent to 31 March 2022, Ethos Limited, (a subsidiary company) has offered and issued 45,81,500 Equity Shares of Rs. 10 each in relation to Initial Public Offering ("IPO") comprising a fresh issue of Equity shares by the subsidiary company and an offer for sale of the Equity Shares by certain existing shareholders of the subsidiary company. The net proceeds from the fresh issue of IPO would be utilised towards following:
- Repayment or pre-payment, in full or in part, of all or certain borrowings availed by the subsidiary company.
  - Funding of working capital requirements of the subsidiary company.
  - Financing of capital expenditure for
    - establishing new stores and renovation of certain existing stores and
    - upgradation of enterprise resource planning software
  - General Corporate Purpose
- 57 Other Statutory Information**
- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
  - The Group does not have any transactions with companies struck off.
  - The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
  - The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
  - The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or
    - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
  - The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;
    - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
  - The Group not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
- 58** During the year ended 31 March 2022, the Holding Company has issued and allotted 10,86,956 Equity Shares of the Company of face value of Rs. 10 each, at an issue price of Rs. 230 per Equity Share (including a premium of Rs. 220 per Equity Share) on rights basis to the eligible applicants pursuant to the Rights Issue by the Holding Company.

## KDDL Limited (Consolidated)

### Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2022 (All amount are in Indian Rupees Lakhs, except for share data)

#### Utilisation of proceeds from rights issue of shares as per object clause:

Particulars	Amount
Total proceeds	2,500.00
Less: Rights share issue expenses	93.56
<b>Net proceeds available for utilisation</b>	<b>2,406.44</b>

Particulars	To Be Utilised	Utilised
(a) Investment in Ethos Limited (a subsidiary company) for funding its working capital requirements	1,875.00	1,875.00
(b) General corporate purposes	531.44	531.44
	<b>2,406.44</b>	<b>2,406.44</b>

Consequent to said allotment, the paid-up equity share capital of the Holding Company has increased from Rs. 1,165.01 (excluding forfeited 1,74,280 equity shares) consisting of 1,16,50,108 equity shares of INR 10 each to Rs. 1,273.71 consisting of 1,27,37,064 Equity Shares of Rs. 10 each. Further, the Holding Company incurred share issue expenses of Rs. 93.56 in connection with the aforesaid Rights Issue. The aforementioned amount had been adjusted against securities premium as permitted under Section 52 of the Companies Act, 2013.

- 59 The Board of the Directors of Ethos Limited, (a subsidiary company) at its meeting held on 28 March 2022 has approved the allotment of 3,02,663 equity shares of INR 10 each at a premium of Rs. 816 per share aggregating to Rs. 2,500, towards Pre-IPO placement through Preferential allotment.
- 60 During the year ended 31 March 2022, Pylania SA, (a subsidiary company) has based on their fair valuation of the investment property provided impairment amounting to Rs. 152.24 to the carrying value of investment property held by the subsidiary company.
- 61 The Holding Company is in the process of selling the brand-name "Ethos" and "Summit" to its subsidiary company i.e. Ethos Limited pursuant to an agreement dated 01 January 2022 with Ethos Limited for transfer of brand names, trademarks, trade names, logos and all related rights for an amount of Rs. 3,900. Out of Rs. 3,900, 1/3rd of total amount needs to be paid by Ethos Limited by 31 March 2022 as advance, 1/3rd of the payment will be made by Ethos Limited when trademark "Ethos" is transferred and remaining amount is to be paid when trade mark "Summit" is transferred and registered in the name of Ethos Limited. As per the terms of agreement, the Holding Company has received Rs. 1,300 as advance towards first tranche before 31 March 2022.

As per our report of even date

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

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

**Anil Gupta**  
Partner  
Membership No. 87921

**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: New Delhi  
Date: 30 May 2022

Place: Chandigarh  
Date: 30 May 2022

*If undelivered please return to*

**KDDL Limited**

SCO 88-89, Sector 8-C,

Madhya Marg, Chandigarh - 160 009