

KDDL Limited

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

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

Trading Symbol : KDDL

Scrip Code : 532054

Subject: Disclosure of Material Impact of Covid -19 Pandemic on Ethos Limited, Company's subsidiary

Dear Sir/ Madam,

Pursuant to SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May 2020, we are enclosing herewith disclosure of material impact of COVID-19 pandemic on Ethos Limited, Company's subsidiary.

Please take the same on record.


Thanking you,


Yours truly

For KDDL Limited

Brahm Prakash Kumar
Company Secretary

**DISCLOSURE OF MATERIAL IMPACT OF COVID -19 PANDEMIC ON "ETHOS LIMITED",
COMPANY'S SUBSIDIARY**

S. No.	Particulars	Disclosures
1	Impact of the CoVID-19 pandemic on the business;	For Ethos Limited (material subsidiary of KDDL Limited), the impact of the Covid situation was beginning to be felt towards the end of the last quarter of the financial year 2019-20. After the lockdown and the consequent closure of all malls – where most of the stores of the Company are located - the impact was more severe.
2	Ability to maintain operations including the factories/units/office spaces functioning and closed down including Schedule, if any, for restarting the operations;	<p>During the period of lock down all stores and offices were completely shut down and no operations were permitted. The stores of the Company operate at various locations of the country namely, Ludhiana, Chandigarh, New Delhi, Noida, Gurugram, Jaipur, Lucknow, Guwahati, Bhopal, Indore, Ahmedabad, Pune, Mumbai, Thane, Bengaluru, Chennai, Hyderabad, Nagpur and Kolkata.</p> <p>Some of the stores, except those located in cities where malls were not allowed to operate, started operations in the month of May 2020 in compliance with the MHA guidelines. Based on the latest guidelines issued by the MHA and permissions given by states, the company is in the process of opening the remaining stores.</p>
3	Steps taken to ensure smooth functioning of operations;	We have partially commenced the operations in many of our stores at various locations and offices after complete sanitisation of the facilities. We have also implemented strict guidelines and undertaken necessary precautionary measures for social distancing, limited manpower, staggered working, work from home, regular screening and sanitisation, preventive health check-ups and necessary guidance and advisory for providing a safe environment to all employees, customers and business associates
4	Estimation of the future impact of CoVID-19 on its operations 	<p>At Ethos, there will be a significant impact on the business in the short run due to market slow down, changes in customers' priorities and lockdown conditions. However we expect steady recovery in the market when the pandemic subsides.</p> <p>We also believe that there will be tremendous opportunities for the company once the situation normalises. The Company has proven marketing resources and sales capabilities and has a proven track record of managing many swiss brands exclusively in India. In addition, we also expect a shift in consumer behaviour for luxury goods – from predominantly offline based to online purchasing.</p>

		The Company has probably the most advanced digital communication and e-commerce capabilities in the country for any luxury product. The Company will be well positioned to leverage these capabilities and increase its market share substantially.
5	Details of impact of CoVID-19 :	
5.1	capital and financial resources and profitability;	<p>For FY 20-21, we expect that Quarter 1 shall be severely affected and the revenue de-growth will be significant with gradual recoveries happening in the coming quarters. Company is proactively taking necessary steps for major cost reductions and deferment of overheads and even with these measures Quarter 1 is likely to be a net loss position.</p> <p>The profitability of the company is also likely to get affected due to decline in revenues. But the company is taking all necessary actions and available options for reducing costs, overheads and deferring the long-term commitments of expenditures. We have negotiated with landlords for substantial relief on rents and we are working on ways to rationalize manpower costs given the reduced levels of operations.</p>
5.2	liquidity position;	We will be able to meet all our liabilities and cater to the requirements of the customers as our financial position and balance sheet is strong. Our liquidity position is adequate to meet all our commitments. We remain committed to raising need based additional debt or equity for the business sustenance and development.
5.3	ability to service debt and other financing arrangements;	We do not anticipate any major financial difficulties or credit risks, either from bad-debts or requirement of any impairment or write-offs. Our financial position and liquidity position are strong and as a precautionary measure we are already creating the necessary additional liquidity in the system for meeting any type of eventualities. Further, we keep evaluating the requirements of fresh debt or equity raising and remain committed to creating necessary liquidity for meeting all our obligations.
5.4	internal financial reporting and control;	We do not anticipate any major impact on the internal financial reporting and controls as the processes, systems, guidelines and internal controls are adequate enough for the level of business of the company. All store locations and offices are completely integrated with the latest software and systems. There are adequate reporting and reviewing mechanisms for normal and exceptional transactions.
		

5.5	supply chain;	We do not foresee any major challenge in procurement of our stock. The company continues to have inventory of more than 8 months of normal period sales. This gives the company enough safeguard against any potential issues that may arise in the supply chain.
5.6	Employees and Manpower Assessment	Fortunately for us, all our employees and their families are safe from this pandemic threat. While their movement and ability to operate is somewhat impacted due to various restrictions on movement, we do not see any major effect on the operations of the company.
5.7	demand for its products/services;	<p>Qtr-1 FY 21 will be severely affected as retail operations of the company were curtailed due to lock down. Qtr-2 is showing some recovery, but the impact of the pandemic is still very much felt.</p> <p>Based on the prevailing situation and assessment of the market, we expect the market to approach normalcy by the second half of the financial year.</p> <p>As mentioned earlier, the Company will be well positioned to capitalize on the shift in consumer behaviour from predominantly offline based to online purchasing. With its advanced digital communication and e-commerce capabilities, the Company will endeavour to increase its market share substantially.</p>
6	Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business;	The Company is well positioned to fulfil its obligations and also does not foresee any significant impact on the business due to non-fulfilment of the obligations by any party.

