




KDDL Limited

ANNUAL REPORT
2018 - 2019

BOARD OF DIRECTORS:

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

COMPANY SECRETARY AND COMPLIANCE OFFICER
Mr. Brahm Prakash Kumar

BANKERS
Bank of India
IDBI Bank Limited
Oriental Bank of Commerce

AUDITORS

M/s B S R & Co. LLP
Chartered Accountants Chandigarh

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, 2nd Floor, 4th Main,
11th Cross, Peenya Industrial Area,
Bangalore – 560 058 (Karnataka)

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

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

PRECISION ENGINEERING UNITS (EIGEN)
UNIT - I
408, 4th Main, 11th Cross,
Peenya Industrial Area,
Bangalore – 560 058 (Karnataka)
UNIT - II
Plot No. 55-A,
Aerospace Industrial Area,
Bangalore (Karnataka)

DELHI OFFICE
204-206, 2nd Floor
Square One Mall
C-2, District Centre, Saket
New Delhi - 110017

Company CIN – L33302HP1981PLC008123

CONTACT DETAILS

Telephone	: +91 172 2548223/24/27
Fax No.	: +91 172 2548302
mail	: investor.complaints@kddl.com
Website	: www.kddl.com

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KDDL Limited

(CIN - L33302HP1981PLC008123)
Registered Office: Plot No 3, Sector-III, Parwanoo, Distt. Solan, (H. P) -173220
Email: investor.complaints.com; Website: www.kddl.com
Phone: 0172-2548223/24, Fax: 0172-2548302

NOTICE

NOTICE is hereby given that 39th Annual General Meeting of KDDL Limited will be held at **Hotel Timber Trail Resorts, Parwanoo, Dis. Solan (H.P.) - 173220** on Wednesday, 11th September, 2019 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company (Standalone as well as consolidated) for the financial year ended 31st March, 2019, the reports of the Board of Directors and Auditors thereon.

2. To consider and declare dividend of Rs. 2.50 per equity share of face value of Rs. 10 each, for the financial year 2018-19.

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.

4. To appoint Statutory Auditors 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 pursuant to the provisions of Sections 139, 141 and 142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or reenactments thereof for the me being in force) S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No 301003E/E300005), be and are hereby appointed as Statutory Auditors of the Company, (in place of BSR & Co. LLP, Chartered Accountants, Gurgaon, the retiring Auditor) for a term of five years to hold office from the conclusion of the 39th Annual General Meeting of the Company till the conclusion of the 44th Annual General Meeting at such remuneration plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred in connection with the audit, as recommended by the Audit Committee and as may be mutually agreed between the Board of Director of the Company and the Statutory Auditors from time to time.

   "RESOLVED FURTHER THAT the Board of Directors of the Company including its Committee thereof and/or Mr. Sanjeev Kumar Masown, Whole Time Director-cum- Chief Financial Officer or Mr. Brahm Prakash Kumar, Company Secretary be and are hereby severally authorized to do all such acts, deeds, things and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

SPECIAL BUSINESS:

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

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

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

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

"RESOLVED FURTHER THAT the Board of Directors, be and is hereby, specifically authorised 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."

6. To appoint Mr. Torsten Buchwald (DIN: 08269386) as an Independent Director 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 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 recommendation of Nomination &, Remuneration Committee and approval of the Board of Directors in their respective meetings held on 28th May, 2019, the consent of the Members of the Company be and is hereby accorded for the appointment of Mr. Torsten Buchwald (DIN: 08269386), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors w.e.f 3rd November, 2018, who 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 1 (one) year commencing from 3rd November, 2018."

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

7. To re-appoint Mrs. Ranjana Agarwal (DIN: 03340032) 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 recommendation of Nomination & Remuneration Committee and approval of the Board of Directors in their respective meetings held on 28th May, 2019, the consent of the Members of the Company be and is hereby accorded for the re-appointment of Mrs. Ranjana Agarwal (DIN: 03340032) who was appointed as an Independent Director of the Company at 34th AGM and holds office upto 5th August, 2019 and 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 Listing Regulations, 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 6th August, 2019 upto 5th August, 2024."

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

8. To re-appoint Mr. Anil Khanna (DIN: 00012232) 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 recommendation of Nomination & Remuneration Committee and approval of the Board of Directors in their respective meetings held on 28th May, 2019, the consent of the Members of the Company be and is hereby accorded for the re-appointment of Mr. Anil Khanna (DIN: 00012232) who was appointed as an Independent Director of the Company at 34th AGM and holds office upto 5th August, 2019 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 of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years commencing from 6th August, 2019 upto 5th August, 2024."

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

9. To appoint Mr. Jagesh Kumar Khaitan (DIN: 00026264) as a Non-Executive Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules made there, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) or any other applicable laws, rules and regulations as may be applicable from time to time and pursuant to the recommendation of Nomination & Remuneration Committee and approval of the Board of Directors in their respective meetings held on 28th May, 2019, the consent of the Members of the Company be and is hereby accorded for the appointment of Mr. Jagesh Kumar Khaitan (DIN: 00026264) as a Non-Executive Director of the Company w.e.f 3rd November, 2018, whose term shall be subject to retirement by rotation."

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

10. To approve the continuation of directorship of Mr. Jagesh Kumar Khaitan (DIN: 00026264) as a Non-Executive Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of regulation 17(1A) and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment 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 the Board of Directors in their respective meetings held on 28th May, 2019, consent of the members of the Company be and is hereby accorded to the continuation of Directorship of Mr. Jagesh Kumar Khaitan (DIN: 00026264) as a Non- Executive Non-Independent Director of the Company, who shall attain the age of 75 years on 10th February, 2020."

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

11. Approval of Material Related Party Transactions.

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

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

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

Date : 14th August, 2019 **For and on behalf of the Board of Directors**

Place : Chandigarh

Brahm Prakash Kumar
Company Secretary

NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 4th September, 2019 to 11th September, 2019 (both days inclusive) for the purpose of 39th Annual General Meeting (AGM) and payment of dividend for the financial year 2018-19, if declared at AGM.
2. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, setting out the details pertaining to Special Business at the meeting, is annexed hereto.
3. A member entitled to attend and vote at the Annual General Meeting (the "Meeting/AGM") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy in order to be effective, should be duly stamped, filled, signed and must, be deposited at the registered office of the Company not less than forty eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding on the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.

A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. 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.

5. In accordance with the provisions of Section 124 of the Companies Act, 2013 and rules made their under, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the 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.

6. 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.

7. 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.

8. 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.

9. The Notice of 39th Annual General Meeting inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being set by the permitted mode.

10. The Shareholders who have not registered their e-mail address are requested to update their e-mail addresses with their depository participants to enable the Company to send all the communications including Annual Report, Notices, Circulars, etc. electronically.

11. Members may also note that the Notice of 39th Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company's website www. kddl.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on all working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor.complaints@kddl.com.

12. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

13. 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.

EXPLANATORY STATEMENT IN TERMS OF REGULATION 36(5) OF LISTING REGULATIONS, 2015

ITEM NO. 4

The Shareholders of the Company at 37th Annual General Meeting appointed BSR & Co. LLP, Chartered Accountants, Gurgaon (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company, for a term of two years to hold office from the conclusion of the 37th Annual General Meeting of the Company till the conclusion of the 39th Annual General Meeting.

Since, BSR & Co. LLP, Chartered Accountants, (Registration No. 101248W/W-100022), Statutory Auditors of the company will hold office till the conclusion of 39th Annual General Meeting, hence, in accordance with the Companies Act, 2013 ("the act") and on the recommendation of the Audit Committee and in the best interest of the Company, the Board of Directors have considered and recommended the proposed appointment of S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/E300005) as Statutory Auditors' of the Company, for a term of five years to hold office from the conclusion of the 39th Annual General Meeting of the Company till the conclusion of 44th Annual General Meeting.

S.R. Batliboi & Co. LLP ('the Audit Firm'), is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. The Audit Firm was established in the year 1949 and is a Limited Liability Partnership Firm ('LLP') incorporated in India. It has registered office at 22, Camac Street, Kolkata, apart from 7 other branch offices in various cities in India. The Audit Firm has a valid Peer Review certificate and is part of S.R. Batliboi & Affiliates network of audit firms. It is primarily engaged in providing audit and assurance services to its clients.

The Audit Firm have confirmed their eligibility as Auditors of the Company under Section 139 of the act and the proposed appointment is within the limits laid down by or under the authority of the act and are not disqualified for appointment under Section 141 and other relevant provisions of the act, the Chartered Accountants Act, 1949 or the rules and regulations made thereunder. The proposed fees payable to S.R. Batliboi & Co. LLP is Rs. 20 lakhs p.a.

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

ITEM NO. 5

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

In view of above, it is therefore necessary for the shareholders to pass an ordinary resolution required under section 73(2) and other applicable provisions of the act as set out at Item No 5 of the notice.

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

The Board recommends the Ordinary Resolution as set out at item no. 5 in the Notice for approval by the members.

ITEM NO. 6

The Board of Directors appointed Mr. Torsten Buchwald (DIN: 08269386) as an Additional (Independent) Director of the Company with effect from 3rd November, 2018 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. Also, 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.

Mr. Torsten Buchwald 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.

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

The Board of Directors has recommended the appointment of Mr. Torsten Buchwald as an Independent Director for a term of 1 (one) year w.e.f. 3rd November, 2018 on the Board of the Company.

The brief profile, specific areas of his expertise and other information as required under SEBI (LODR) Regulations, 2015, is provided at the end of the notice

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

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

ITEM NO. 7

Mrs. Ranjana Agarwal (DIN: 03340032) is an Independent Director of the Company and her current term has completed on 5th August, 2019. As per Section 149(10) of Companies Act, 2013 ("the Act") an Independent Director shall hold office for a term of upto five years but shall be eligible for re-appointment for a further term upto five years on passing a special resolution by the Company.

Mrs. Ranjana Agarwal 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 re-appointed as a Director of the Company.

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

The Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Mrs. Ranjana Agarwal as an Independent Director of the Company for a term of 5 (five) consecutive years w.e.f. 6th August, 2019.

The brief profile, specific areas of her expertise and other information as required under SEBI (LODR) Regulations, 2015, is provided at the end of the notice.

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

The Board recommends the Special Resolution as set out at item no. 7 in the Notice for approval by the members.

ITEM NO. 8

Mr. Anil Khanna (DIN: 00012232) is an Independent Director of the Company and his current term has completed on 5th August, 2019. As per Section 149(10) of Companies Act, 2013 ("the Act") an Independent Director shall hold office for a term of upto five years but shall be eligible for re-appointment for a further term upto five years on passing a special resolution by the Company.

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

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

The Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Mr. Anil Khanna as an Independent Director of the Company for a term of 5 (five) consecutive years w.e.f. 6th August, 2019.

The brief profile, specific areas of his expertise and other information as required under SEBI (LODR) Regulations, 2015, is provided at the end of the notice.

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

The Board recommends the Special Resolution as set out at item no. 8 in the Notice for approval by the members.

ITEM NO.9

The shareholders of the Company at their 34th Annual General Meeting held on 6th August, 2014 appointed Mr. Jagesh Kumar Khaitan as an Independent Director for a period of five years i.e from 6th August, 2014 to 5th August, 2019. In accordance with the provisions of regulation 16(1)(b)(viii) of the SEBI (LODR) Regulations, 2015, the Board of Directors of the Company on the request of Mr. Khaitan, at its meeting held on 3rd November, 2018 changed the designation of Mr. Khaitan from Independent to Non-Executive Director w.e.f 3rd November, 2018.

In accordance with the applicable provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the approval of shareholders of the Company is required for the appointment of Mr. Khaitan as a Non-Executive Non-IndependentDirector.

Mr. Khaitan has given 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 brief profile, specific areas of her expertise and other information as required under SEBI (LODR) Regulations, 2015, is provided at the end of the notice.

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

In accordance with the provisions of regulation 17(1A) of SEBI (LODR) Regulations, 2015, effective from 1st April, 2019, no non-executive Director shall be appointed or continue the directorship, who has attained the age of 75 years except with the approval of shareholders accorded by way of special resolution. Mr. Jagesh Kumar Khaitan, whose designation was changed from Independent Director to Non-Executive Director w.e.f 3rd November, 2018, by virtue of an amendment in regulation 16(1)(b)(viii) of the SEBI LODR, 2015 and for whose appointment , the approval of shareholders has been sought in item no. 9 of this notice, will attain the age of 75 years on 10th February, 2020.

Mr. Khaitan is a Director of the Company since 1990. He is a Graduate and has vast experience in edible oil industry. He led Amrit Banaspati Co. Ltd., a well-known company manufacturing edible oils, for almost 43 years. He had been conferred the Honour of "Legend" by Globe Oil India in recognition of his services and contribution for the betterment and upliftment of the edible oil industry. He is Chairman and Managing Director of Kuantum Papers Ltd., a large agro-based Paper Mill in Punjab.

Considering his seniority, expertise, knowledge, effective participation & contribution, the Board recommends the Special Resolution set out at Item No. 10 of the Notice for approval by the members.

The brief profile, specific areas of his expertise and other information as required under SEBI (LODR) Regulations, 2015, is provided at the end of the notice.

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

ITEM NO. 11

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

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

The transactions (in the ordinary course of business and at arm's length price) to be entered into by the Company, together with transactions already entered into by the Company with Ethos Limited, a material subsidiary and a related party are estimated to exceed 10% of the annual consolidated turnover of the Company as per the Audited Financial statements of the Company for the year ended 31st March, 2019

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

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

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

None of the Directors of the Company or key managerial personnel or their relatives except Mr. Yashovardhan Saboo and Mr. Anil Khanna are concerned and interested in the Resolution as set out at Item no. 11 of the Notice.

The Board recommends the Special Resolution set out at Item No. 11 of the Notice for approval by the Shareholders.

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

Name of the Director	**Mr. Jai Vardhan Saboo**	**Mr. Torsten Buchwald**	**Mrs. Ranjana Agarwal**	**Mr. Anil Khanna**	**Mr. Jagesh Kumar Khaitan**
Date of Birth	7th July, 1963	6th March, 1968	25th November, 1956	20th March, 1959	10th February, 1945
Date of first appointment on the Board	12th December, 2016	3rd November, 2018 as an Additional Director	9th September, 2013	22nd December, 2014	26th February, 1990
Date of re-appointment	11th September, 2019	3rd November, 2018	6th August, 2019	6th August, 2019	3rd November, 2018

Name of the Director	Mr. Jai Vardhan Saboo	Mr. Torsten Buchwald	Mrs. Ranjana Agarwal	Mr. Anil Khanna	Mr. Jagesh Kumar Khaitan
Expertise in specific functional areas	Mr. Jai Vardhan Saboois Director of our Company since 2016. He is an M.Tech from Virgina Tech University, MBA from Kellogg School of Manage-ment and is a fellow of Wharton School at Penn State. He has over 20 years of international business experience spanning across the US, China and Far East. He is managing and actively pursuing business interests in USA.	Mr. Torsten Buchwald is a German native and has earned a Bachelor in Mechanical Engineering. He is having 25 years of rich experience in automotive, marine, aerospace and energy markets, thereof more than 10 years in the US and Mexico. He has been Proficie nt CEO and trusted advisor with a solid experience in manufacturing, sales & business development, and finance in various organisation. He is a Managing Partner of I - CI Global Services, LLC, Mcallen, Texas. Has delivered results in a number of global assignments. He is Member of the Board of various companies and non-profit organizations.	Mrs.Ranjana Agarwal is Director of our Company since 2013. She is a Bachelor of Economics (Hons.) and a Fellow Member of the Institute of Chartered Accountants of India. She founded Vaish & Associates, Chartered Accountants in 1985. She is on board of many reputed companies. As a Senior Partner in Deloitte Haskins & Sells, she started their Delhi practice and was managing the firm up to 2000. She is the recipient of the Indira Gandhi Priyadarshini Award for professional excellence and entrepreneurship.	Mr.Anil Khanna is Director of our Company since 2004. He is a Bachelor of Arts (Economics, Mathematics), Chartered Accountant and FCA DISA. He is in practice and has over 34 years of post-qualification experience. He is a Certified Arbitrator by the Institute of Chartered Accountants of India and is also certified as Business Counsellor by Entrepreneur Development Institute (EDI), Ahmedabad.	Mr. Jagesh Khaitan is Director of our Company since 1990. He is a Graduate and has vast experience in edible oil industry. He led Amrit BanaspatiCo. Ltd., a well-known company manufacturing edible oils, for almost 43 years. He had been conferred the Honour of "Legend" by Globe Oil India in recognition of his services and contribution for the betterment and upliftment of the edible oil industry. He is Chairman and Managing Director of Kuantum Papers Ltd., a large agro-based Paper Mill in Punjab.

Name of the Director	Mr. Jai Vardhan Saboo	Mr. Torsten Buchwald	Mrs. Ranjana Agarwal	Mr. Anil Khanna	Mr. Jagesh Kumar Khaitan
Qualification	M.Tech MBA	Bachelor's Degree in mechanical engineering	Bachelor of Economics (Hons.), FCA	Bachelor of Arts (Economics, Mathematic) Chartered Accountant and FCA DISA	Graduate
No. Board Meeting attended in financial year 2018-19	Five	One	Six	Nine	Five
Directorship held in other Public companies (excluding foreign company and section 8 company)	NA	NA	ICRA Limited, Shubham Housing Development Finance Company Limited, Indo Rama Synthetics (India) Limited, ICRA Management Consulting Services Limited, Ugro Capital Limited, ICRA Online Limited	Ethos Limited	Kuantum Papers Limited, Kapedome ses Enterpri Limited
Membership/ Chairmanship of Committees of other Public companies (includes only Audit Committee and Stakeholders' Relationship Committee)	NA	NA	Six	One	Two
Number of shares held in the Company	Nil	Nil	Nil	2100 Equity Shares	466 Equity Shares
Relationships with other directors/KMP	Brother of Mr. Yashovardhan Saboo, Chairman & Managing Director	NA	NA	NA	NA

BOARD'S REPORT

Dear Members,

Your Directors present this 39th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2019.

OPERATIONS AND PROSPECTS

Financial Results (Standalone and Consolidated)

The summary of operating results for the year 2018-19 is given below:

Amount in Rs millions

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Total Income	1790.7	1506.1	6271.8	5069.7
Profit before interest, depreciation and exceptional item	363.4	322.3	684.1	494.3
Less: Finance Cost	62.8	48.3	148.6	120.3
Gross Profit	300.6	274.0	535.5	374.0
Less: Depreciation and amortisation	77.6	74.0	131.3	121.3
Profit before Share of Profit of an associate	223.0	200.0	404.2	252.7
Share of Profit of an associate	-	-	0.0	-0.3
Profit Before tax	223.0	200.0	404.2	252.4
Less: Tax Expense	65.5	59.3	152.4	70.7
Net Profit / (Loss) for the Year	157.5	140.7	251.8	181.7
Other Comprehensive Income / (Loss) (OCI)	-4.1	-3.01	-8.3	1.9
Total Comprehensive income / (Loss) for the period	153.3	137.7	243.5	183.6

PERFORMANCE AND PROJECTIONS

During the year the Company achieved consolidated sales revenue of Rs. 6272 million against Rs. 5070 million in the previous year, registering a healthy growth of 23.7%. Profit before tax improved from Rs. 252.7 million to Rs. 404.2 million.

Sales revenue from manufacturing operations on standalone basis grew by 18.9% to Rs. 1790.7 million from Rs. 1506.1 million in the previous year. The Company earned net profit after tax of Rs. 157.5 million against Rs. 140.7 million in the previous year.

Sales revenue in ETHOS, the retail business of the Company improved from Rs. 3578 million in the previous year to Rs. 4451 million, registering a growth of 24%. The retail business segment reported profit before tax of Rs. 218.3 million against profit before tax of Rs 52 million in previous year.

Manufacturing Business Segments

The main revenue of the manufacturing business segment is from watch components. The Swiss watch market, the main destination for our exports, witnessed a healthy growth of 6.3% over 2017 compared to a growth of 2.7% in the previous year. Growth was particularly strong during the first half of the year (+10.6%) but slowed (to +2.3%) in the second half. The domestic watch market also showed modest growth. The revenue of the Company from watch components improved by 19.8%; major growth of 25.9% was contributed by the exports market whereas domestic revenue improved by 9.6%.

The other major segment of revenue is from the precision engineering business, wherein the Company registered a growth of 14% over the previous year. The revenue growth from domestic market was 28%. The direct exports declined by 12% as some of the direct export customers shifted their base to India and sales to such accounts now qualifies as indirect export, thus included with domestic revenue. The revenue from ornamental packaging business of the Company witnessed a growth of 48%.

We continue to move up the value chain in the watch component manufacture. We are implementing multiple initiatives to enhance capabilities to manufacture more complex products and improve productivity. We continue to focus on manufacturing excellence with the goals of world class delivery compliance, quality and time to market (TAT). The revenue from the watch components business is expected to grow in the range of 12-15%, driven by the initiatives to make higher-value products.

Precision engineering business of the Company is expected to register healthy growth as we continue to expand our capabilities and capacity; we expect a growth of about 30% from this business. 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 on digital platforms, we are confident of continuing growth and improved returns in the ensuing periods.

Retail Business Segments

FY 18-19 has been a year with an impressive performance by the retail business with healthy revenue growth of 24%. Gross Margin also showed an impressive increase to 27.5% of net sales from 23.5% in the previous year. EBIDTA margins also increased by 69% from 4.5% of total income to 7.6 %. Profit for the year increased from Rs. 40 million to Rs. 132 million, an increase of 226%.

This exceptional performance is a result of the various strategic initiatives that the Company has been pursuing over the last few years. The Company has increased its portfolio of brands for which it is the exclusive retail partner in India. In FY19, the sale of exclusive brands accounted for 16% of the sales, up from 13% in FY18. In terms of share of gross margins, the share of exclusive brands has increased from 21% to 26%. This has had a salutary impact on the overall gross margins of the Company.

The omni–channel strategy of providing a seamless online and offline experience to the customer continues to be very successful with almost 28% of the entire sales of the Company coming from the leads generated from the Company's digital platforms. This is despite the absence of certain high-profile brands from the program due to brand restrictions.

The Company also focused on in-store experience and has invested in the renovations at its major stores. The impact on sales of such improvements is evident from the improved sales performance at these stores. The Company plans to invest further at other stores for upgrading the look and feel of its stores. In addition to this, the Company invested in its first flagship store in Hyderabad. This store will be, in many ways, groundbreaking for luxury retail in India in terms of the size, splendor and use of state-of-the-art technology. The store has been recently launched in FY1920. The Company will be closely watching the performance of this store for deciding on launching more such stores.

In terms of new verticals of growth, the Company is continuing to invest in after-sales service by launching a state-of-the-art service center at New Delhi. The service center has recruited highly experienced foreign-trained service technicians and has already acquired accreditations from major watch brands. In addition to this, the Company also forayed into the business of sales of pre-owned watches where the Company sees a large potential. Pending certain clarifications on the legal aspects, the sales in the initial few months of the business is quite encouraging for a scaling up the business.

In January 2019 the Company acquired Estima AG, a renowned Swiss watch hands manufacturing Company in Grenchen, Switzerland. The underlying strategy of this acquisition of a competitor in Switzerland is to protect and enhance our market share among Swiss customers who prefer to purchase Swiss made products either due to their brand image or to meet the new SWISS ORIGIN regulations that came into effect from 1st January 2017.

This acquisition fits into the strategy of KDDL to expand its footprint in Swiss manufacturing; we are confident to turn around to stem the losses that Estima was incurring by using our superior know how and experience in watch hands manufacture in India. The Swiss Origin regulations will be act as a catalyst for the revival and growth of this business unit.

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

In addition, the merger of the 100% subsidiary company, Satva Jewellery and Design Limited (SJDL) with the parent company remained in progress.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company have been prepared in accordance with Section 129(3) of the Companies Act, 2013 and applicable accounting standards. As per the provisions of Section 136 of the Companies Act, 2013, the audited financial statements for the financial year ended 31st March, 2019 in respect of each subsidiary are also available on the website of the Company i.e www.kddl.com. A copy of the said audited accounts shall be provided to shareholders upon request. A separate statement containing salient features of the financial statements in prescribed format AOC- 1 is annexed as Annexure 1 to this report. The statement also provides the details of performance and financial positions of each of the subsidiary Company.

DIVIDEND

The Company has always strived to maintain a balance by providing an appropriate return to the Shareholders while simultaneously retaining a reasonable portion of the profit to maintain healthy financial leverage with a view to support and fund the future expansion plans. Accordingly, your directors have recommended a dividend of 25 % i.e. Rs. 2.50 per share to the equity shareholders of the Company. The dividend shall be paid after the approval of the shareholders at the ensuing Annual General Meeting.

The total financial outgo of the dividend to be paid to shareholders will be Rs. 35.06 million (inclusive of Corporate Dividend Tax).

TRANSFER TO RESERVES

The Board of Directors proposes to transfer Rs. 40 million to its General Reserves.

CHANGE IN CAPITAL STRUCTURE

During the year, there has been no change in the authorized share capital of the Company. The Company allotted 2,64,150 Equity Shares of Rs. 10 each to a promoter group entity upon conversion of Zero Coupon Convertible Warrants, issued on preferential basis, at a price of Rs. 265/- per share (inclusive of face value of Rs. 10/- each and premium of Rs. 255/- each). Also, the Company allotted 4,16,666 Equity Shares of Rs. 10 each by way of preferential allotment, to non-promoter group entities at a price of Rs. 480/- per share (inclusive of face value of Rs. 10/- each and premium of Rs. 470/- each). C consequently, the paid-up equity share capital of the Company has increased during the year, from Rs. 109,527,920/- (Rupees ten crores ninety five lakhs twenty seven thousands nine hundred twenty only) to Rs. 116,336,080/- (Rupees eleven crores sixty three lakhs thirty six thousands eight only). Further, the Company has not issued shares with differential voting rights.

SUBSIDIARY

During the year under review, “Cadrafin GmbH” an associate of Kamla International Holdings SA, a wholly owned subsidiary Company was closed. Also, the Company acquired a Swiss Watch Hands manufacturing Company named “Estima AG”, Allerheiligenstrasse 30, 2540 Grenchen, Switzerland through its subsidiaries “Pylania SA” and special purpose vehicle “Kamla International Holdings SA. This acquisition will help the Company to capture additional market share of customers in European market serviced by Estima.

PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186

The details of Loans, Guarantees and Securities, and Investments covered under Section 186 of the Companies Act, 2013 are given in financial statements of the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2018-19 in the prescribed Form AOC 2 has been enclosed with the report as Annexure 2.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Directors :

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

(i) In accordance with the provisions of the Companies Act, 2013, Act and the Articles of Association of the Company, Mr. Sanjeev Kumar Masown (DIN-03542390) was appointed as Whole time Director (Key Managerial Personnel with functional designation as Chief Financial Officer) of the Company for a period of 3 (three) years w.e.f. 31st May, 2018.

(ii) Mr. Torsten Buchwald (DIN- 08269386)was appointed as an additional Director (Independent) w.e.f 3rd November, 2018 who shall hold office upto the date of ensuing Annual General Meeting of the Company and it is proposed to appoint him as an Independent Director for a period of 1(One) year w.e.f 3rd November, 2018.

(iii) The Board of Directors of the Company on the request of Mr. Jagesh Kumar Khaitan, at its meeting held on 3rd November, 2018 changed the designation of Mr. Khaitan from Independent to Non-Executive Director w.e.f 3rd November, 2018. The resolution seeking approval of the shareholders for the appointment of Mr. Khaitan as a Non-Executive Director has been set out in the notice convening 39th Annual General Meeting (AGM).

(iv) In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Jai Vardhan Saboo, Non-Executive Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re- appointment

(b) Key Managerial Personnel :

(i) Mr. Raman Sood, Company Secretary & Compliance Officer resigned w.e.f. 31st May, 2018.

(ii) Mr. Brahm Prakash Kumar was appointed as Company Secretary and Compliance Officer of the Company w.e.f. 1st June, 2018.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors of the Company have given declaration that they meet the criteria of independence as provided under Section 149 (6) of the Act and the regulation 16(1) (b) of the regulations.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return, in Form MGT-9 for the Financial Year 2018-19 is enclosed with this report as Annexure III.

BOARD AND COMMITTEE MEETINGS

The detail of number of meetings of the Board held during the financial year 2018-19 forms part of the Report on Corporate Governance in terms of Regulation 34(3) of the Securities & Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.

BOARD'S COMMITTEES

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

a) Audit Committee

b) Nomination & Remuneration Committee

c) Corporate Social Responsibility (CSR) Committee

d) Stakeholders Relationship Committee

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

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section 134(3)(c) read with 134(5) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 the Board confirm and report that:—

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CREDIT RATING

During the year, ICRA Limited has upgraded the long-term rating for Line of Credit (LOC) to [ICRA] BBB+ from[ICRA] BBB and short-term rating for LOC to [ICRA]A2 from [ICRA] A3+. The outlook on the long-term rating is 'Stable'.

MATERIAL CHANGES & COMMITMENTS

In pursuance to Section 134(3)(l) of the Companies Act, 2013, no material changes and commitments have occurred after the closure of the financial year to which the financial statements relate till the date of this report, affecting the financial position of the Company.

MATERIAL ORDERS

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

MECHANISM FOR EVALUATION OF BOARD

Pursuant to the provisions of the Companies Act, 2013 and SEBI(LODR) Regulations, 2015, an annual evaluation of the performance of the Board, its Committees and of individual directors has been made and board expressed its satisfaction. For this purpose, a structured procedure was adopted after taking into consideration the various aspects of the Board's functioning, composition of the Board and its various Committees, execution and performance of specific duties, obligations and governance.

The independent directors in the meeting reviewed the performance of non-independent directors and the board of directors as a whole, Chairperson of the Company, taking into account the views of executive directors and non-executive directors.

NOMINATION & REMUNERATION COMMITTEE POLICY

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

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism/ Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The policy has a systematic mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or policy. The policy is available on the Company's website at the link: https://www.kddl.com/wp-content/ uploads/2016/12 /KDDL_Whistle_Blower_Policy.pdf

During the year, no whistle blower event was reported and mechanism is functioning well. No personnel have been denied access to the Audit Committee.

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

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

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197(12) of the Companies Act, 2013 and under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been given in Annexure-V of this report.

STATUTORY AUDITORS

The Shareholders of the Company at 37th Annual General Meeting appointed BSR & Co. LLP, Chartered Accountants, Gurgaon(Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company, for a term of two years to hold office from the conclusion of the 37th Annual General Meeting of the Company till the conclusion of the 39th Annual General Meeting.

Since, BSR & Co. LLP, Chartered Accountants, (Registration No.101248W/W-100022), Statutory Auditors of the company will hold office till the conclusion of 39th Annual General Meeting, hence, it is proposed to appoint S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No301003E/E300005). as Statutory Auditors of the Company for a term of five years to hold office from the conclusion of the 39th Annual General Meeting of the Company till the conclusion of the 44th Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 139 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of section 141 of the Companies Act, 2013.

The Statutory Auditors of the Company have submitted Auditors' Report on the financial statements (standalone and consolidated) of the Company for the financial year ended 31st March, 2019. The reports do not contain any reservation, qualification or adverse remark. Information referred in the Auditors' Report are self-explanatory and do not call for any further comments.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed M/s Ajay K Arora, Practicing Company Secretaries(C.P. No. 993) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in prescribed format MR.-3 given by aforesaid Secretarial Auditors is annexed to this Board Report as Annexure-VI and forms an integral part.

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

TRANSFER OF UNPAID AND UNCLAIMED AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

During the financial year, the Company has transferred Rs. 3,53,620 being the amount of unpaid/unclaimed dividend of financial year 2010-11 to Investor Education and Protection Fund established by the Central Government, in terms of the provisions of Section 125 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, of the Companies Act, 2013.

RISK MANAGEMENT POLICY

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

Some of the risks that the Company is exposed to are:

Risks of Specific Nature

Company as a part of normal business monitoring review and development plans, identifies the specific risks for each business segment and develops necessary action plan to minimise the impact of same on business performance. Based on the present operations and areas of interest for the Company, following specific nature risks are identified:

- Risks due to decline in overall demand for watches and over dependence on watch segment;
- Risks pertaining to over dependence on few customers;
- Foreign Exchange Risks;
- Risk related to availability of Skilled manpower;
- Risks related to compliance and statutory requirements

Risk Strategy

Company recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner. The Company believes that the Risk cannot be eliminated but it can be better managed by

- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract in case of business involving use of Foreign exchange;
- Reduced, by adopting good internal controls;
- Avoided, by not entering into risky businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.

Risk Management Framework

Company adopts systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and compliance with the regulations. The Company believes that this would ensure mitigating steps proactively and help to achieve the risk management effectively.

The Company has constituted a Risk Management Committee of Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Marketing Officer and Business Heads as its regular members and other senior functional heads on invitation basis. The Committee is committed to review periodically the various risks associated with the Company and report the same to the Board.

Focus of the Company is on the three key elements, viz., Risk Assessment / Identification, Risk Management and Risk Monitoring.

- Potential Risks are identified and analyzed, considering likelihood and its impact, as a basis for determining how they should be managed.
- Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks. Based on the assessment and identification of the risks, the committee decided the proactive steps for managing and monitoring these risks.

DEPOSITS

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

1.	Deposits Accepted/ renewed during the year	:	Rs. 7,37,32,000
2.	Deposits outstanding at the end of the year	:	Rs. 15,69,86,000
3.	Deposits remained unpaid or unclaimed as at the end of the year	:	NIL
4.	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved	:	NIL
5.	The details of deposits which are not in compliance with the requirements of Chapter	:	NIL

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

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

The formalized systems of control facilitate effective compliance as per SEBI(LODR) Regulations, 2015. The company also has well documented Standard Operating Procedures (SOPs) for various processes which are periodically reviewed for changes warranted due to business needs.

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

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

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

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

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

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

The ESOP scheme is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014. The details are available on the Company's website: www.kddl.com

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business of the Company

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

Your Company is fully committed to uphold and maintain the dignity of women working in the Company. Pursuant to the provisions of Section 21 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition, Redressal) Act, 2013, the Company formulated an Anti-Sexual Harassment policy. All employees (permanent, contractual, temporary and trainees) are covered under this policy. An Internal Complaints Committee (ICC) was set up which is responsible for redressal of complaints related to sexual harassment at the workplace. The Company has been employing about 329 women employees, both permanent as well as contractual in various fields within the factory premises and offices. During the year under review, the Company has not received any complaint pertaining to sexual harassment and hence no complaint is outstanding as on 31st March, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Report on Management Discussion and Analysis, pursuant to SEBI(LODR) Regulations, 2015 is annexed to this report as Annexure- VII.

CORPORATE GOVERNANCE REPORT

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Company is committed to discharge its social responsibility as a good corporate citizen. As part of its social responsibility, the Company has contributed to KDDL-Ethos foundation and the projects are undertaken by the trust formed for the same purpose. These projects have been undertaken in compliance with the provision of the Section 135 of the Companies Act, 2013 read with Schedule VII and rules made there under and in accordance with Company's CSR Policy. The Report on CSR required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as Annexure-IX forming part of this report.

CASH FLOW STATEMENT

In accordance with the provisions of regulation 34(2) of SEBI (LODR) Regulations, 2015, the Cash Flow Statement for the year ended on 31st March, 2019 forms an integral part of the Financial Statements.

LISTING OF SHARES

Your Company's shares are listed at BSE Limited and National Stock Exchange of India Limited and the listing fees for the year 2018-19 has been duly paid.

PERSONNEL

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

TRADE RELATIONS

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

ACKNOWLEDGEMENTS

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

Date : 14th August, 2019 **For and on behalf of the Board of Directors**

Place : Chandigarh

Yashovardhan Saboo
Chairman & Managing Director

Annexure-I

Form AOC-1

(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.)

Amt. in Lakhs

Particulars Name of the subsidiary	Pylania S.A.	Kamla International Holdings AG	Ethos limited	Mahen Distribution Limited	Estima AG	Cognition Digital LLP	Satva Jewellery & Design Limited
	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	3/31/2019	3/31/2019	3/31/2019	3/31/2019	3/31/2019	3/31/2019	3/31/2019
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rs. Exchange Rate: B/S:CHF=69.83 P/L:CHF=69.48	Rs. Exchange Rate: B/S:CHF=69.83 P/L:CHF=69.48	Rs	Rs	Rs. Exchange Rate: B/S:CHF=69.83 P/L:CHF=69.48	Rs	Rs
Share capital	1,050.64	1,097.66	1,690.17	600.57	57.24	42.94	300.00
Reserves & surplus	(165.81)	13.81	11,481.10	(36.39)	320.49	217.10	(361.33)
Total assets	908.87	314.88	29,733.96	315.97	2,605.04	367.00	145.26
Total Liabilities	587.78	0.70	16,562.69	206.35	1,649.97	106.97	37.78
Investments	nil	138.07	42.94	840.03	nil	-	-
Turnover	2,264.02	1.92	44,335.32	57.63	205.06	871.88	7.92
Profit before taxation	44.81	(1.75)	1,845.65	(105.27)	(238.43)	336.99	(14.57)
Provision for taxation	2.35	0.61	726.15	-	nil	119.64	-
Profit after taxation	42.46	(2.36)	1,119.50	(105.27)	(238.43)	217.35	(14.57)
Proposed Dividend	nil	nil	nil	nil	nil	nil	nil
% of shareholding	85	100	74.89	98.72	95.50	74.89	100

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

Part "B": Associates and Joint Ventures
Statement pursuant to Section 129(3) of the Companies At, 2013 related to Associate Companies And Joint Ventures

Name of Associates	Kamla Tesio Dials Limited
1. Latest audited Balance Sheet Date	3/31/2019
2. Shares of Associate/ Joint Ventures held by the company on the year end	
Number	3 lakhs
Amount of Investment in Associates/ Joint Ventures	Rs. 30 lakhs
Extent of Holdings %	30%
3. Description of how there is significant influence	Associate
4. Reason why the associate/ joint venture is not consolidated	N.A.
5. Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. 27.51 Lakhs
6. Profit/ Loss for the Year	Rs. (0.71) Lakhs
i. Considered in Consolidation	Rs. (0.21) Lakhs
ii. Not Considered in Consolidation	Rs. (0.50) Lakhs

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

Yashovardhan Saboo
Chairman & Managing Director

DIN: 00012158

Sanjeev Masown
Whole time Director cum
Chief Financial Officer

DIN: 03542390

Brahm Prakash Kumar
Company Secretary

F 7519

Annexure-II

Disclosure of Particulars of Contracts/Arrangements entered into by the Company

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 or arrangements or transactions not 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	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
1.	Ethos Limited	Investment		Investment in Equity shares of subsidiary company Ethos Limited for Rs. 500.00 Lakh at a price of Rs. 292/- per share of 1,71,232 shares	Investment in subsidiary company	03.11.2018	Nil	NA
2.	Yashovardhan Saboo Anuradha Saboo	Lease Agreement	3 Years	Lease of portion of House No. 1, Sector 5, Chandigarh	Official/ Residential purpose	30.05.2017	Nil	NA

3	KamlaTesio Dials Ltd.	Hire-Purchase Agreement	2 Years	renew the hire purchase facilities for manufacture of VGP and Electroformed dials w.e.f. 01 -04-2018 for a period of 2 years on lease rent of Rs. 6 lakhs p.a.	Business	14.05.2018	Nil	n.a
4	Kamla International Holding SA	Investment		Investment in equity share of subsidiary company Kamla International Holding SA,CHF 10,000 shares@ CHF 100/-per share	Investment in subsidiary company	03.11.2018	Nil	
5	Satva Jewellery & Design limited	Loan Agreement	1 Year	Renewal of loan agreement of Rs 1.00 Crore	Business	14.05.2018		
6	Satva Jewellery & Design Limited	Equipment lease agreement	2 Years	Renewal of Equipment lease agreement of Rs 6 lacs p.a.	Business	14.05.2018	Nil	

2. Contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arms 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.	Pylania SA (Subsidiary Company)	Business Transactions	Transactions in the normal course of business during 2018-19	i)Purchase of Raw Material etc ii)Sale of Goods & Services iii) Re-imbursement of expenses paid by company v) Guarantees given vi) Sale of fixed assets vii) Job charges paid viii) reimbursement of expense received by the company	9.12 390.13 7.18 Nil nil 45.78 113.56	Not Required	NIL

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:
2.	Ethos Limited	Business Transactions	Transactions in the normal course of business during 2018-19	i)Purchase of Property, plant and equipment ii)Rent received iii)Expenses recovered iv) Investments made v) Rent paid by the company vi)Security Deposit taken vii) Guarantees given viii)Preference share redeemed ix) Re-imbursement of expenses x)Sale of Property, plant and equipment	0.21 7.57- nil 500 nil nil 5929.18 - 136.18 0.82	Not Required	NIL
Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:		Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
1.	Pylania SA (Subsidiary Company)	Business Transactions	Transactions in the normal course of business during 2018-19	i)Purchase of Raw Material etc ii)Sale of Goods & Services iii) Re-imbursement of expenses paid by company v) Guarantees given vi) Sale of fixed assets vii) Job charges paid viii) reimbursement of expense received by the company	9.12 390.13 7.18 Nil nil 45.78 113.56	Not Required	NIL
2.	Ethos Limited	Business Transactions	Transactions in the normal course of business during 2018-19	i)Purchase of Property, plant and equipment ii)Rent received iii)Expenses recovered iv) Investments made v) Rent paid by the company vi)Security Deposit taken vii) Guarantees given viii)Preference share redeemed ix) Re-imbursement of expenses	0.21 7.57- nil 500 nil nil 5929.18 - 136.18	Not Required	NIL

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:
				x)Sale of Property, plant and equipment xi) sale of intangible assets xii) staff welfare expenses xiii) Miscellaneous expenses xiv) Events & exhibition	0.82 41.90 2.36 0.25 3.93		
	Kamla Tesio Dials Ltd	Business Transactions	Transactions in the normal course of business during 2018-19	I) Rent Paid II) Expenses recovered	6.00 0.06	Not Required	NIL
3.	Satva Jewellery & Design Limited	Business Transactions	Transactions in the normal course of business during 2018 19	i) Rent Paid ii) Interest Received iii) expenses recovered	6.00 12.00 0.05	Not Required	NIL
4.	Dream Digital Technology Limited	Business Transactions	Transactions in the normal course of business during 2018-19	i) Management consultancy fee ii) Expenses recovered iii) Interest Paid iv) Inter corporate deposit paid v) Rent received vi) Reimbursement of expenses	23.10 0.10 2.85 100.00 0.60 Nil	Not Required	NIL
5.	Vardhan Properties and Investment Limited	Business Transactions	Transactions in the normal course of business during 2018-19	i) Interest Paid ii) Inter corporate deposit received iii) Inter corporate deposit repaid iv) Interest Income v) Deposit (FDR) accepted vi) Dividend paid vii) Deposit (FDR) re paid	4.37 nil nil - 13.00 0.23 8.00	Not Required	NIL
6.	VBL Innovations Pvt. Limited	Business Transactions	Transactions in the normal course of business during 2018-19	I) Expenses recovered	3.33	Not Required	NIL
7.	Vardhan International Limited	Business Transactions	Transactions in the normal course of business during 2018-19	i) Purchase of raw materials	Nil	Not Required	NIL

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:
8.	Mahen Boutiques Ltd.	Business Transactions	Transactions in the normal course of business during 2018-19	i) Investments	Nil	Not Required	NIL
9.	Asha Devi Saboo	Business Transactions	Transactions in the normal course of business during 2018-19	i) Interest Paid ii)Dividend Paid	1.03 0.77	Not Required	NIL
10.	Mr. R.K. Saboo.	Business Transactions	Transactions in the normal course of business during 2018-19	i) Management consultancy fee ii) Dividend Paid	nil 46.21	Existing Contract	NIL
11.	Mr.Yashovardha n Saboo	Business Transactions	Transactions in the normal course of business during 2018-19	i) Rent paid ii) Remuneration iii) Dividend Paid	25.42 121.51 38.68	Existing Contract	NIL
12.	Ms. Anuradha Saboo.	Rent Paid for Property	Transactions in the normal course of business during 2018-19	i) Rent Paid ii) Dividend Paid	15.75 10.92	Existing Contract	NIL
13.	Ms. Usha Saboo	Rent Paid for Property	Transactions in the normal course of business during 2018-19	i)Rent Paid i)Dividend paid	Nil 11.28	Existing Contract	NIL
14.	Mr. Sanje ev K Masown	Business Transaction	Transactions in the normal course of business during 2018-19	i) Salary paid ii) Interest Paid/ accrued i) Deposits received ii) Interest received iii) Repayment of Loan iv) Dividend paid	82.68 3.28 nil 2.06 3.75 0.03	Existing Contract	NIL
15.	Mrs. Neeraj Masown	Business Transactions	Transactions in the normal course of business during 2018-19	i)Interest Paid ii) Deposits received	2.76 12.00	Existing Contract	NIL

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:
16.	Sh. Lal Chand Masown	Business Transactions	Transactions in the normal course of business during 2018-19	Interest Paid ii) Deposits received	0.65 2.64	Existing Contract	NIL
17.	Mr Anil Khanna	Business Transactions	Transactions in the normal course of business during 2018-19	i)Interest Paid ii)Director sitting Fee iii) Dividend Paid	5.48 3.00 0.05	Existing Contract	NIL
18.	Mrs Alka Khanna	Business Transactions	Transactions in the normal course of business during 2018-19	i)Interest Paid ii)Deposit accepted iii)Dividend paid iv) Deposit paid	2.85 23.08 0.05 20.20	Existing Contract	NIL
19.	Mrs Ranjana Agarwal	Business Transactions	Transactions in the normal course of business during 2018-19	i)Interest Paid ii) Director sitting Fee iii) Deposits received iv) Deposit paid	11.75 2.45 153.00 20.00	Existing Contract	NIL
20.	KDDL Ethos Foundation	Business Transactions	Transactions in the normal course of business during 2018-19	CSR contribution made	26.13	Existing Contract	NIL
21.	Mr Jagesh Khaitan	Business Transactions	Transactions in the normal course of business during 2018-19	i)Director sitting Fee ii) Dividend paid	1.65 0.01	Existing Contract	NIL
22.	Mr Praveen Gupta	Business Transactions	Transactions in the normal course of business during 2018-19	Director sitting Fee	2.10	Existing Contract	NIL
23.	Mr Sanjiv Sachar	Business Transactions	Transactions in the normal course of business during 2018-19	i)Director sitting Fee ii)Dividend Paid	1.90 0.04	Existing Contract	NIL

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:
24.	Mt Jai Vardhan Saboo	Business Transactions	Transactions in the normal course of business during 2018-19	Director sitting Fee	00.45	Existing Contract	NIL
25.	Tara Chand Mahendra Kumar HUF	Business Transactions	Transactions in the normal course of business during 2018-19	Dividend Paid	2.52	Existing Contract	NIL
26.	Mr Pranav S Saboo	Business Transactions	Transactions in the normal course of business during 2018-19	Dividend Paid	8.30	Existing Contract	NIL
27.	Saboo Venture LLP	Business Transactions	Transactions in the normal course of business during 2018-19	Sale of Fixed Assets	Nil	Existing Contract	NIL
28.	Estima AG (Subsidiary Company)	Business Transactions	Transactions in the normal course of business during 2018-19	i)Purchase of Raw material ii) sale of Goods & Services	14.44 55.89	Not Required	NIL
29.	Cognition Digital LLP	Business Transactions	Transactions in the normal course of business during 2018-19	Reimbursement of expenses paid by the company	54.05	Not Required	NIL
30.	Kamla International Holding SA(Subsidiary Company)	Business Transactions	Transactions in the normal course of business during 2018-19	Investments made	714.15	Existing Contract	NI
31.	Mr Torsten Buchwald	Business Transactions	Transactions in the normal course of business during 2018-19	Director sitting Fee	0.40	Existing Contract	NIL

For and on behalf of the Board of Directors

Date : 13th July, 2019
Place : Chandigarh

(Yashovardhan Saboo)
Vice-Chairman–cum-Managing Director

Annexure-III

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN :- L33302HP1981PLC008123

ii) Registration Date :- 8th January, 1981

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

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

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

Plot no. 3, Sector III, Parwanoo 173 220 (Himachal Pradesh)
Telephone no.: 01792-232462/233402
Fax no.: 01792-232619

vi) Whether listed company :- Yes

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:-
Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032
Phone No: 040-67161516/1518, Fax: 040-23420818 Website: www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Watch Dials & watch hands	26521	73.88
2.	Components & Press tools	26101 & 225933	22.05

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1	Mahen Distribution Limited	U93000CH2009PLC031625	Subsidiary Company	98.72	2(87)(ii)
2	Ethos Limited	U52300HP2007PLC030800	Subsidiary Company	72.89	2(87)(ii)
3	Pylania SA	--	Subsidiary Company	85.00	2(87)(ii)
4	Kamla International Holding SA	--	Wholly Owned Subsidiary	100.00	2(87)(ii)
5	Satva Jewellery and Design Limited	U36911CH2004PLC027767	Wholly owned Subsidiary	100.00	(2)(6)
6	Kamla Tesio Dials Limited	U33309CH1996PLC018732	Associate Company	30.00	(2)(6)
7	Estima AG	-	Subsidiary Company	100.00	2(87)(ii)

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

i) Category-wise Share Holding

CATE GORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019			
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)
(A)	**PROMOTER AND PROMOTER GROUP**								
(1)	INDIAN								
(a)	Individual /HUF	4882893	0	4882893	44.58	4892866	0	4892866	42.06
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0
(c)	Bodies Corporate	31404	0	31404	0.29	32406	0	32406	0
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0
(e)	Others	0	0	0	0.00	0	0	0	0
	Sub-Total A(1) :	**4914297**	**0**	**4914297**	**44.87**	**4925272**	**0**	**4925272**	**42.34**
(2)	FOREIGN								
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00				
(b)	Bodies Corporate	60000	0	60000	0.55	324150	0	324150	2.79
(c)	Institutions	0	0	0	0.00	0	0	0	0
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0
(e)	Others	0	0	0	0	0	0	0	0
	Sub-Total A(2) :	**60000**	**0**	**60000**	**0.55**	324150	0	324150	2.79
	Total A=A(1)+A(2)	**4974297**	**0**	**4974297**	**45.42**	**5249422**	**0**	**5249422**	**45.12**
(B)	**PUBLIC SHAREHOLDING**								
(1)	INSTITUTIONS								
(a)	Mutual Funds /UTI	2900		2900	0.03	0	2900	2900	0.02
(b)	Financial Institutions /Banks	0	50	50	0.00		50	50	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00				
(d)	Venture Capital Funds	0	0	0	0.00				
(e)	Insurance Companies	0	0	0	0.00				
(f)	Foreign Institutional Investors and Foreign Portfolio Investors	1787305	0	1787305	16.32	3064798	0	3064798	26.34
(g)	Foreign Venture Capital Investors	0	0	0	0.00				
(h)	Qualified Foreign Investor	0	0	0	0.00				
(i)	Others (Alternative Investment Fund)	74580	0	74580	0.68	303903	0	303903	2.61
	Sub-Total B(1) :	**1866785**	**50**	**1864835**	**17.02**	**3368701**	**2950**	**3371651**	
(2)	NON-INSTITUTIONS								
(a)	Bodies Corporate	1315455	75771	1391226	12.70	299708	36668	336376	1.43
(b)	Individuals								
	(i) Individuals holding nominal share capital upto Rs.2 lakh	1526746	285610	1812356	16.55	1536338	255236	1791574	15.40
	(ii) Individuals holding nominal share capital in excess of Rs.2 lakh	740337	0	740337	6.76	769649	0	769649	6.62

(c)	Others								
	CLEARING MEMBERS	475	0	475	0.00	5537	0	5537	0.05
	FOREIGN BODIES	40000	0	40000	0.37	0	0	0	0
	NBFC	2389	0	2389	0.02	2500	0	2500	0.02
	NON RESIDENT INDIANS	86770	50	86820	0.79	80504	50	80554	0.69
	NRI NON-REPATRIATION	39477	0	39477	0.36	26345	0	26345	0.23
(d)	**Qualified Foreign Investor**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**
	Sub-Total B(2) :	**3751649**	**361431**	**4113660**	**37.56**	**2720581**	**291954**	**3012535**	**25.90**
	Total B=B(1)+B(2) :	5618434	361481	5978495	54.58	6089282	294904	6364186	54.88
	Total (A+B) :	**10592731**	**361481**	**10952792**	**100.00**	**11338704**	**294904**	**11633608**	100
(C)	Shares held by custodians, against which	0	0	0	0	0	0	0	0
	Depository Receipts have been issued	0	0	0	0	0	0	0	0
(1)	Promoter and Promoter Group	0	0	0	0	0	0	0	0
(2)	Public	00	0	0	0	0	0	0	0
	GRAND TOTAL (A+B+C) :	**10592731**	**361481**	**10952792**	**100.00**	**11338704**	**294904**	**11633608**	

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			%age change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	R.K. Saboo (HUF)	69,820	0.64		69,820	0.60		-0.18
2	R.K. Saboo (HUF)	30,800	0.28		30,800	0.26		-0.02
3	Yashovardhan Saboo (HUF)	48752	0.45		48752	0.42		-0.03
4	R.K. Saboo	19,57,840	17.88		18,48,340	15.89		-1.99
5	Yashovardhan Saboo	14,98,513	13.68	24.02	15,08,513	12.97		-0.71
6	Usha Devi Saboo	4,51,180	4.12		4,51,180	3.88		-0.24
7	Anuradha Saboo	4,36,857	3.99		4,36,857	3.76		-0.23
8	Pranav Shankar Saboo	2,22,451	2.03		3,31,951	2.85		-0.82
9	Satvika Saboo	1,35,755	1.24		1,35,728	1.17		-0.07
10	Asha Devi Saboo	30,925	0.28		30,925	0.27		-0.01
11	Vardhan Properties & Investment Limited	9001	0.08		9,001	0.08		0

12	Dream Digital Technology Limited	22403	0.20		23,405	0.20		0
13	Swades Capital LLC	60000	0.55		3,24,150	2.79		2.24
	Total	**49,74,297**	**45.42**		**52,49,422**	**45.12**		

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

Sr. No	Shareholder Name	Shareholding at the beginning		Cumulative Shareholding during the year	
		No. of Shares	% of share capital	No. of Shares	% of share capital
1	R.K. Saboo (HUF)				
	At the beginning of the year	69,820	0.64	69,820	0.64
	Increase/Decrease	No Change			
	At the end of the year			69,820	0.60
2	R.K. Saboo (HUF)				
	At the beginning of the year	30,800	0.28	30,800	0.28
	Increase/Decrease	No Change			
	At the end of the year			30,800	0.26
3	Yashovardhan Saboo (HUF)				
	At the beginning of the year	48752	0.45	48752	0.45
	Increase/Decrease	No Change			
	At the end of the year			48752	0.42
4	R.K. Saboo				
	At the beginning of the year	19,57,840	17.88	19,57,840	17.88
	Increase/Decrease (12/06/12018)	(1,09,500)	1.00	18,48,340	16.88
	At the end of the year			18,48,340	15.89
5	Yashovardhan Saboo				
	At the beginning of the year	14,98,513	13.68	14,98,513	13.68
	Increase/Decrease 08-10-2018 10-10-2018	 2925 7075	 0.025 0.06	15,08,513	12.97
	At the end of the year			15,08,513	12.97
6	Usha Devi Saboo				
	At the beginning of the year	4,51,180	4.12	4,51,180	4.12
	Increase/Decrease	No Change			
	At the end of the year			4,51,180	3.88
7	Anuradha Saboo				
	At the beginning of the year	4,36,857	3.99	4,36,857	3.99
	Increase/Decrease	No Change			
	At the end of the year			4,36,857	3.76
8	Pranav Shankar Saboo				
	At the beginning of the year	2,22,451	2.03	2,22,451	2.03
	Increase/Decrease (12/06/12018)	1,09,500	1.00	3,31,951	3.03
	At the end of the year			3,31,951	2.85
9	Satvika Saboo				
	At the beginning of the year	1,35,755	1.24		
	Increase/Decrease	(27)	0.00	1,35,728	1.17
	At the end of the year			1,35,728	1.17

10	Asha Devi Saboo				
	At the beginning of the year	30,925	0.28	30,925	0.28
	Increase/Decrease	No Change			
	At the end of the year			30,925	0.27
11	Vardhan Properties &				
11	Vardhan Properties & Investment Limited				
	At the beginning of the year	9001	0.08	9001	0.08
	Increase/Decrease	No Change			
	At the end of the year			9001	0.08
12	Dream Digital Technology Limited				
	At the beginning of the year	22,403	0.20	22,403	0.20
	Increase/Decrease (23-10-2018)	1002	0.00	23,405	0.20
	At the end of the year			23,405	0.20
13	Swades Capital LLC				
	At the beginning of the year	60,000	0.55	60,000	0.55
	Increase/Decrease (15-06-2018)	264150	2.41	324150	2.89
	At the end of the year			324150	2.79

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

		Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Sl. no.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	SAIF INDIA V FII HOLDINGS LIMITED	1008400	9.21	31/03/2018			1008400	9.21
				30/03/2019			1008400	8.67
2	SAIF PARTNERS INDIA V LIMITED	754716	6.89	31/03/2018			754716	6.89
				30/03/2019			754716	6.49
3	ASHA MUKUL AGRAWAL	425000	3.88	31/03/2018			425000	3.88
				30/03/2019			425000	3.65
4	KITARA INDIA MICRO CAP GROWTH FUND	374680	3.42	31/03/2018			374680	3.42
				15/02/2019	-5000	Transfer	369680	3.18
				01/03/2019	-5000	Transfer	364680	3.13
				15/03/2019	-12730	Transfer	351950	3.03
				30/03/2019			351950	3.03
5	NATIONAL WESTMINSTER BANK PLC AS TRUSTEE OF THE JU	0	0.00	31/03/2018			0	0.00
				20/07/2018	198719	Transfer	198719	1.77
				16/11/2018	3298	Transfer	202017	1.80
				23/11/2018	6	Transfer	202023	1.80
				07/12/2018	113141	Transfer	315164	2.81
				30/03/2019			315164	2.71
6	ALCHEMY LEADERS OF TOMORROW	0	0.00	31/03/2018			0	0.00
				28/09/2018	6268	Transfer	6268	0.06
				05/10/2018	28806	Transfer	35074	0.31
				12/10/2018	170	Transfer	35244	0.31
				28/12/2018	229166	Transfer	264410	2.27
				01/02/2019	580	Transfer	264990	2.28
				29/03/2019	3060	Transfer	268050	2.30
				30/03/2019			268050	2.30

7	PARAM CAPITAL RESEARCH PRIVATE LIMITED	211536	1.93	31/03/2018			211536	1.93
				20/07/2018	-51227	Transfer	160309	1.43
				30/11/2018	-100000	Transfer	60309	0.54
				30/03/2019			60309	0.52
8	UNIVERSAL GOLDEN FUND	170120	1.55	31/03/2018			170120	1.55
				08/06/2018	5000	Transfer	175120	1.62
				30/03/2019			175120	1.51
9	PARTNER REINSURANCE EUROPE SE-ALCHEMY CAPITAL	119476	1.09	31/03/2018			119476	1.09
				06/04/2018	1583	Transfer	121059	1.12
				28/12/2018	187500	Transfer	308559	2.65
				30/03/2019			308559	2.65
10	NALINI NAROTAM SEKHSARIA	97000	0.89	31/03/2018			97000	0.89
				30/03/2019			97000	0.83
11	ANANTROOP FINANCIAL ADVISORY SERVICES PRIVATE LIMI	84000	0.77	31/03/2018			84000	**0.77**
				27/04/2018	-4000	Transfer	80000	0.74
				30/03/2019			80000	0.69
12	SANKARANARAYANAN SANGAMESWARAN	73684	0.67	31/03/2018			73684	0.67
				20/07/2018	632	Transfer	74316	0.66
				17/08/2018	7280	Transfer	81596	0.73
				30/03/2019			81596	0.70
13	SBI PIPE FUND - 1	74580	0.68	31/03/2018			74580	0.68
				06/04/2018	-2580	Transfer	72000	0.66
				20/04/2018	-2000	Transfer	70000	0.65
				27/04/2018	-2925	Transfer	67075	0.62
				15/06/2018	-8075	Transfer	59000	0.54
				22/06/2018	-4000	Transfer	55000	0.49
				13/07/2018	-5000	Transfer	50000	0.45
				27/07/2018	-1672	Transfer	48328	0.43
				10/08/2018	-1577	Transfer	46751	0.42
				07/09/2018	-80	Transfer	46671	0.42
				12/10/2018	-1000	Transfer	45671	0.41
				23/11/2018	-45671	Transfer	0	0.00
				30/03/2019			0	0.00

iv) *Shareholding of Directors and Key Managerial Personnel:*

Sl.No.	For each of the Directors and Key Managerial Personnel	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
A	Mr. Yashovardhan Saboo (Individually and through HUF)	1547265	14.13	1547265	14.13
B	Mr. Anil Khanna	4283	0.04	4283	0.04
C	Mr.Jagesh Khaitan	466	0.00	466	0.00
D	Mr. Sanjeev Kumar Masown	2000	0.02	2000	0.02
E	Mr. Sanji v Sachar	1400	0.01	1400	0.01
	Date wise Increase/Decrease in Promoter shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) : Mr. Yashovardhan Saboo purchased 10,000 Equity Shares of Rs. 10 each from 8th October, 2018 to 10th October, 2018. Mr. Anil Khanna sold 2183 Shares between 9th April, 2018 to 27th April, 2018.				

	At the end of the year				
A	Mr. Yashovardhan Saboo (Individually and through HUF)	1557265	13.39	1557265	13.39
B	Mr. Anil Khanna	2100	0.01	2100	0.01
C	Mr.Jagesh Khaitan	466	0.00	466	0.00
D	Mr. Sanjeev Kumar Masown	1956	0.02	1956	0.02
E	Mr. Sanjiv Sachar	1400	0.01	1400	0.01

V. INDEBTEDNESS

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

	Particulars	Secured Loans	Deposits	Total Indebtedness
Indebtedness as at the beginning of the Financial Year 1.4.2018				
1	Principal Amount	521,904,400	137,864,000	659,768,400
2	Interest Due but not paid	-	-	-
3	Interest accrued but not due	2,045,071	15,412,787	17,457,858
	Total of (1+2+3)	**523,949,471**	**153,276,787**	**677,226,258**
Change in indebtedness during the financial year				
	Addition	111,262,309	73,104,000	184,366,309
	Reduction	221,562,000	53,982,000	275,544,000
	Net Change	(110,299,691)	19,122,000	(91,177,691)
Indebtedness as at the end of the Financial Year 31.3.2019				
1	Principal Amount	411,604,709	156,986,000	568,590,709
2	Interest Due but not paid	-	-	-
3	Interest accrued but not due	1,731,489	15,365,889	17,097,378
	Total of (1+2+3)	**413,336,198**	**172,351,889**	**585,688,087**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of the Remuneration	Name of MD/WTD/Manager		
		Mr. Yashova rdhan Saboo	**Mr. Sanjeev Kumar Masown**	**Total Amount in**
1.	**Gross Salary**			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,945,181	8,228,094	24,173,275
(b)	Value of perquisites u/s (17(2) of Income Tax Act, 1961	322,500	39,600	362,100
(c)	Profits in lieu of salary under section 17(3) Income-tax of Income Tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
(a)	as % of profit			
(b)	Others, specify			
5	Others, please specify			
	Total (A)	**16,267,681**	**8,267,694**	**24,535,375**
	Overall Ceilings	As per Act	As per Act	As per Act

B. Remuneration to Other Directors:

Sl. No.	Particulars of the Remuneration	Name of Directors							Total Amount
		Mr. J.V.Saboo	Mr. Sanjiv Sachar	Mr. Anil Khanna	Mr. Jagesh Khaitan	Mrs. Ranjana Agarwal	Mr. Praveen Gupta	Mr. Torsten Buchwald	
1	Independent Directors								
	Fees for attending board/committee meetings		1,90,000	3,00,000		2,45,000	2,10,000	40,000	9,85,000
	Commission								
	Others, please specify								
	Total (1)	--	1,90,000	3,00,000	-	2,45,000	2,10,000	40,000	9,85,000
2	Other Non Executive Directors								
	Fees for attending board/committee meetings	45,000			1,65,000				**2,10,000**
	Commission	-							
	Others, please specify	-							
	Total (2)	45,000	-	-	1,65,000	-	-	-	2,10,000
	Total (B) = 1 + 2	45,000	1,90,000	3,00,000	1,65,000	2,45,000	2,10,000	40,000	**11,95,000**
	Total Managerial Remuneration	**45,000**	**1,90,000**	**3,00,000**	**1,65,000**	**2,45,000**	**2,10,000**	**40,000**	**11,95,000**
	Overall Ceilings as per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act		As per Act

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

Sl. No.	Particulars of the Remuneration	Key Managerial Personnel		
		Company Secretary	**WTD-CUM-CFO**	**Total**
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,704,999	8,228,094	9,933,093
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	nil	39,600	39,600
	(c) Profits in lieu of salary under section17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	a) as % of profit	Nil	Nil	Nil
	b) Others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	**1,704,999**	**8,267,694**	**9,972,693**

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

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

Annexure-IV

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)**

	2018-19
Foreign Exchange earnings	904.83
Foreign Exchange outgo	299.87

Annexure-V

(A) Particulars of Employees

Particulars of Employees Pursuant to Section 134(3)(q) of the Companies Act, 2013 read with Rule 5 of the Companies (appointment and Remuneration of Managerial Personnel) Rules, 2014

S.No.	Requirements of Rule 5(1)	Details
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Mr. Yashovardhan Saboo: 53.1:1 Mr. Sanjeev Masown: 27.0:1
(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;	Name / As per Payout / As per Terms Mr. Yashovardhan Saboo / 31.2% / 6.0% Mr. Sanjeev Masown / 28.7% / 40.2% The difference in Terms of appointment and actual payout is due to variable component, which is linked to performance of individual and company against the agreed parameter.
(iii)	The percentage increase in the median remuneration of employees in the financial year;	16.7%
(iv)	The number of permanent employees on the rolls of company;	1130 employee as on 31st March, 2019
(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;	Average Salary increase of non-managerial employees is 13.8% Average salary increase of managerial employees is 14.4% There are no exceptional circumstances in increase in managerial remuneration.
(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.

(B) The Names of the top ten employees in terms of Remuneration Drawn in 2018-19

Sr.No.	Name of the employee	Designation	Remuneration Received (2018-19)	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	whether any such employee is a relative of any director of the company and if so, name of such director
1	Yashovardhan Saboo	Chairman & Managing Director	15945181	Full time employment	B.A (Hons.) and MBA from IIM	25/03/1981	61 YEARS	Groz Beckert	No
2	Sanjeev Kumar Masown	Whole time Director & CFO	8228094	Full time employment	CMA and Commerce Post Graduate	27/05/2014	50 YEARS	Samtel Color Ltd.	No
3	B. SATISH	Executive Vice President	7071736	Full time employment	MBA + Inter CA (34 years)	10/10/1994	53 YEARS	Hero Roloforms Pvt Ltd, Bangalore	No
4	JAGADEESH B. PATIL	Senior General Manager	4340980	Full time employment	MBA (20 years)	5/10/2016	47 YEARS	UNI-VTL Precision Pvt. Ltd. Bangalore	No
5	JAYASIMHA G	Senior General Manager	3604562	Full time employment	TECHNICAL DIPLOMA (32 years)	5/15/2003	57 YEARS	HMT Watches, Bangalore	No
6	M.S. NAGARAJ	Senior General Manager	3095598	Full time employment	P.G. (29 years)	10/1/2017	56 YEARS	Escorts Ltd. Bangalore	No
7	NAVNEET KUMAR SHARMA	Senior General Manager	3069742	Full time employment	B.E. Mechanical (27 years)	2/10/2011	50 YEARS	Havells India Limited, Haridwar	No
8	SANJAY NARULA	General Manager	2818110	Full time employment	B.SC (36 years)	12/12/1983	56 YEARS	Started career with KDDL Limited	No
9	NAGARAJ B.V	General Manager	2365642	Full time employment	TECHNICAL DIPLOMA (29 years)	3/13/2006	47 YEARS	Nathan and Nathan Consultants Pvt Ltd., Bangalore	No
10	PARVEEN KUMAR SABHARWAL	Senior General Manager	2274737	Full time employment	TECHNICAL DIPLOMA (27 years)	12/21/1992	47 YEARS	Started career with KDDL Limited	No

Annexure-VI

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[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,

KDDL 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, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processesand compliance-mechanism in place to the extent, in the 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, 2019accordingto the provisions of:

(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 there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-lawsframed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the amendments thereof: Not Applicable, as none of the securities of the company were delisted during the audit period.

d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014- Not Applicable as the company has not provided any share based benefits to the employees during the year.

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008and 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 (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.

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not applicable as the company has not bought back any of its securities during the financial year under review.

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

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

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

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

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

a) Secretarial Standards issued by The Institute of Company Secretaries of India.

b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 being listed on the National Stock Exchange of India Limited and BSE Limited.

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

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

1. The Board of Directors of the Company is duly constituted withproper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were in compliance with the provisions of the Act.

2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agendaitems 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 38th Annual General Meeting of the company held on 14.07.2018 for:
   a. Borrowing by way of inviting and accepting unsecured fixed deposits from shareholders of the company, by way of ordinary resolution.
   b. Increasing the aggregate limit for investment by the Foreign Portfolio Investors (FPIs) and Foreign Institutional Investors (FIIs) from 24% to 49% of the paid up share capital of the company by way of Special resolution.
   c. To increase the overall limits of investments/ giving loan/ guarantees or providing securities in terms of Section 186 of the Companies Act, 2013 upto an amount of Rs. 500.00 Crores, by way of a special resolution.

d. Further issue of securities of the company for an aggregate amount upto Rs. 30.00 Crores by way of Qualified Institutional Placement or Preferential Issue of shares or any other mode, by way of a special resolution.

e. Approval for the changes in the share capital of M/s Ethos Limited, a material subsidiary of the company, by way of a special resolution.

f. Approval of the material related party transactions with M/s Ethos Limited, a material subsidiary company to be carried out during the financial year 2018-19 upto an amount of Rs. 100.00 Crores, by way of a special resolution.

2. The company has allotted :

a. 2,64,150 equity shares of Rs. 10/- each, at a price of Rs. 265/- per share on 15.06.2018, to a promoter group entity, upon conversion of Zero Coupon Convertible Warrants held by it.

b. 4,16,666 equity shares of Rs. 10/- each, at a price of Rs. 480/- per share on 08.10.2018, to 2 (two) allottees on preferential 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.

Place: Chandigarh
Date : 28th May, 2019

For **A. ARORA & CO**

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

“Annexure-A”

To,

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

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

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

Place: Chandigarh
Date : 28th May, 2019

For **A. ARORA & CO**

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

Annexure-VII

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AN OVERVIEW OF THE ECONOMY

Global Economy

Global growth is expected to remain at 3.0 per cent in 2019 and 2020, however, the steady pace of expansion in the global economy masks an increase in downside risks that could potentially exacerbate development challenges in many parts of the world. The global economy is facing a confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects. These risks include an escalation of trade disputes, an abrupt tightening of global financial conditions, and intensifying climate risks. In many developed countries, growth rates have risen close to their potential, while unemployment rates have dropped to historical lows. Among the developing economies, the East and South Asia regions remain on a relatively strong growth trajectory, amid robust domestic demand conditions.

The International Monetary Fund (IMF) cut its global growth forecast to the lowest level since the financial crisis, warning of significant downside risks to the world economy including trade tensions, pockets of political instability, mounting debt levels and increasing inequality. The IMF lowered its growth forecast for 2019 to 3.3 percent from the previous level of 3.5 percent in its latest World Economic Outlook (WEO).

Despite the lowered forecast for 2019, the IMF expects the global economy to pick up in the second half of this year, thanks to more growth-friendly policies from central banks. Beyond 2020, the IMF predicts that global growth will stabilize at around 3.5 percent, buoyed mainly by growth in China and India.

Indian Economy

International Monetary Fund (IMF) has pared India's growth forecast for the just-concluded fiscal and the next two years, citing softer recent growth and weaker global outlook, but expects the country to retain its place as the fastest growing major economy. According to IMF estimates, India's economy grew 7.1% in FY19 and is expected to accelerate to 7.3% growth in FY20 and to 7.5% in FY21.

India's (GDP) growth is supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. Yet, a more robust and sustained recovery of private investment remains crucial to lift medium-term growth.

The total GST revenue collections during the financial year 2018-19 was Rs. 11.77 lakh crore with a monthly gross average of Rs.98,114 crore. It is expected that the trend of reforms will continue with focus on further simplifying compliances, providing relief measures for the certain industrial sectors which have been adversely impacted after the implementation of GST, ensuring fast-track clearance for pending export refunds, etc. among others.

Stabilization of GST collections over the past one-and-a-half year is evidence of the GST regime overcoming initial teething issues, gaining stability and gradually entering a growth phase.

Swiss Watch Industry

The value of Swiss watch exports over the 12 months was CHF 21.2 billion, an increase of 6.3% over 2017.The steady pace of growth early in the year saw a decline from the summer onwards, due to a less favourable base effect, but remained positive overall. Some signs of a slowdown in China, in particular, played a role in this trend while, over the same period, the United States saw significantly faster growth. Macroeconomic, commercial and political uncertainties influenced developments in the sector, which also had to deal with competition from other luxury goods and connected objects.

2018 was also marked by significant changes in distribution. Growth was particularly strong during the first half of the year (+10.6%) but slowed to +2.3% in the second half.

Wristwatches accounted for 95% of total watch industry exports, by value, reaching CHF 19.9 billion, an increase of 6.1%. Volumes failed to keep pace, with the sector recording a decline of 2.3%, to 23.7 million items. The reduction in volume was due to quartz watches, with the number of items declining by 5.0%, despite an increase in value (+4.2%). Mechanical timepieces, conversely, increased by both value (+6.6%) and volume (+3.9%).

Watches priced below CHF 500 (export price) fell back, particularly in the number of items exported (-5.0%). Above CHF 500, results were similar and very positive: +7.5% by value and +8.1% by volume. The principal materials – precious metals, steel and bimetal – all saw significant increases in value. Steel, used for over half of all watches, also saw an increase in volume (+4.3%). Conversely, the number of items in the Other materials category declined by 15.2%, while the Other metals group fell by 12.7%.

Main markets for Swiss Watches

Geographical distribution (in CHF million)

Markets During the year 2018, the markets showed the following trend (total value in million francs and % variation by comparison with 2017):

Sr. No.	Markets	Millions in CHF		Variation	Share in %	Share in %
		2018	2017		2018	2017
1	Hong Kong	3,001.40	2,520.60	19.10%	14.18%	12.65%
2	USA	2,216.40	2,049.10	8.20%	10.50%	10.29%
3	China	1,717.20	1,536.70	11.70%	8.10%	7.71%
4	Japan	1,341.70	1,229.40	9.10%	6.30%	6.17%
5	United Kingdom	1,233.10	1,290.00	-4.40%	5.80%	6.48%
6	Germany	1,124.10	1,077.80	4.30%	5.30%	5.41%
7	Singapore	1,106.70	1,099.50	0.70%	5.20%	5.52%
8	France	1,070.90	981.50	9.10%	5.10%	4.93%
9	Italy	1,011.80	1,181.20	-14.30%	4.80%	5.93%
10	Other Countries	7,195.00	6,839.60	5.20%	14.60%	34.33%
24	India	154.90	115.60	34.00%	0.70%	0.58%
	Total Value	21,173.20	19,921.00	6.30%	100.00%	100.00%

The growth in Swiss watch industry exports was led by the Asian market, while the increase in America was offset by the downturn observed in Europe. Asia represented 53% of the sector's turnover and grew by 12.2%. America (+7.2%), led by the United States, also contributed significantly to overall growth, accounting for 14% of exports of Swiss watches.

Europe (-2.9%) remained an important market, with a 31% share, but its situation was less positive in 2018. Most Asian markets grew, more or less strongly. Hong Kong (+19.1%) was a star performer, with very strong growth throughout the year. China ended the year on slightly lower growth (+11.7%), with a gradual slowdown from January onwards. Japan (+9.1%) picked up significantly, following the reductions in recent years, and peaked in the summer.

The United States (+8.2%) returned to growth after three years' decline, with the pace of growth accelerating throughout 2018. Last year's declining markets were all in Europe. The downturn in the United Kingdom (-4.4%) has changed very little since the spring. The Southern European markets – Italy (-14.3%) and Spain (-11.4%) – were particularly badly affected. By contrast, Germany (+4.3%) experienced steady growth. France (+9.1%) benefited from a strong first six months, clearly buoyed by a significant increase in re-exports, while the second six months were practically flat.

Main watch exporting countries (Direct Exports)

China saw a reduction in volumes in 2018. It exported 656.3 million watches, 4.6% lower than 2017. The average price of these products was USD 3, compared with USD 4 in the previous year. Precious metal timepieces continued to grow very strongly, while other materials recorded a downturn. Hong Kong remained at second place and exported 204.7 million pieces, down by 10.2%. The average price increased by USD 2 compared to previous year and reached to USD 28.

Switzerland was at third place and exported 23.7 million watches (-2.3%), its lowest level since 2009. The average price rose to USD 859 because of the fall recorded in the entry level segment.

United Kingdom and Germany average prices were USD 54 and USD 102 respectively.

Countries	Units in Million	Change in %
	2018	
China	656.3	-4.6%
Hong Kong	204.7	-10.2%
Switzerland	23.7	-2.3%
United Kingdom	17.3	+232.2%
Germany	15.9	-1.4%

The signs of stagnation, economic indicators and continuing uncertainties at many levels suggest that the right approach to 2019 is cautious optimism. Watch industry exports are expected to continue to grow, but at a more modest level.

Swiss watch exports started the 1Q19 at +2.9%, but this includes the special Brexit situation in the UK (+56%); excl. the UK it was just +0.3% with Hong Kong (+0.1%), the US (+2.6%) and Mainland China (+3.4%) being slightly positive. 2H19 is likely to reach mid-single-digit growth and expect +4% for the full year with the low- /mid-end still negative, but the high-end continuing to outperform.

Overview of Indian Retail Sector

Introduction

The watch landscape in India has evolved immensely over the years with changing demands, significance and roles. Brands have been investing in understanding and deciphering these changes to cater better to a generation that demands a combination of both style and technology.

According to Ken Research in India, the mass segment of watches contributes the highest to the market in terms of volume. As the size of the population with high disposable income has increased significantly over the past years, the demand for luxury goods has substantially increased in the country.

If we go by the olden times, earlier the watches were only needed to track time, but with the growing demand, today consumers want more than just a normal watch. Technology is playing a bigger role in the watch industry. Traditionally, the smartwatches were a fad with fitness enthusiasts and athletes who focused on keeping a track of their health and workouts. Gradually, the acceptance among the Indian audience has stepped up with a category of consumers who demand more than just functionality. Catering to this category means infusing a sense of desirability into the products. The aim is to offer a product that is complete and makes a strong statement when worn. Acceptability of these can be further pushed with advancements in product features. The need of the hour is to offer appealing timepieces that become an ingrained piece of one's lifestyle.

The watch industry has realised the power of combining the technology and fashion together. While traditionally the consumer focus was on men, but now it is expanding and appealing to women as well. They are now focusing on products that are being designed for women who don't want to have to decide between jewelry and gadget.

Overview of Indian Watch Industry

The current situation of watch market in India is looking good especially for luxury, which is a niche segment. Innovations in luxury watch market play a crucial role as it drives the market growth. Also, the factors like rising economy with double and disposable income, increasing population in young age group, increasing purchasing power and brand options, help in growth of this sector. Today, owning a good timepiece is a style statement. The growing demand for luxury products also drives the market growth for luxury watches. The Swiss watches or the luxury watches has its own aura around the world and India is untouched by them. While the market was initially aimed at men, it has grown to become an essential piece of accessory for women as well.

BUSINESS OVERVIEW

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

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

Turnover

The turnover of the company continued to register healthy growth and witnessed a decent growth of 19% compared to a growth of 15% during the previous year. All business units and segments of company maintained a healthy revenue growth.

The watches component segment of company which has a major revenue share in the overall business recorded a growth of 20% compared to a growth of 12% in the previous year. The turnover growth was mainly because of healthy growth in the Swiss watch market. Turnover from exports was higher by 25.9% whereas domestic market turnover improved by 9.6%. The higher turnover in Swiss exports was also partially due to depreciation of Rupee compared to Swiss Franc.

All segments of the manufacturing business witnessed growth in the operational revenue. The overall turnover of company from domestic market and exports market improved by 18.4% and 20.2% respectively.

The watch components business of domestic market saw a healthy growth of 9.6% in value terms compared to previous year. This is on top of the growth of 28.9% reported in previous year from same market segment. This year Swiss exports market conditions improved and revenue from all major customers and brands was on a growing trend. The exports revenue increased by 25.9% compared to a growth of 4.6% in the previous year. This year the Swiss watch market and exports witnessed a healthy growth of 6.3% over 2017. The major market segments are on recovery path and outlook is positive.

EIGEN the precision engineering business of the company saw a moderate growth of 14% in revenue compared to previous year growth of 38%. The growth in revenue was contributed majorly by domestic market. Overall market conditions were also better in the engineering segment industry. During the year the operations of the company were partially affected for some period due to consolidation and shifting of the existing facility to the new premises near Bangalore Airport. The order book position, market leads and flow of RFQ's continues to be strong. Company is working with few major industrial players and the necessary re-certifications and approvals from the new facility are being obtained which will help in achieving higher level of revenue growth.

Ornamental packaging manufacturing businesses of the company catering to the domestic market witnessed a very healthy revenue growth of 48% mainly due to addition of new customers in the domestic segment.

The Company's overall strategy is to continue focus on increasing exports of watch components to Swiss market and to accelerate the growth of Precision Engineering business by improving internal efficiencies, reducing turn around time, adding new capabilities and increasing marketing efforts.

Watch Components

During the year, dials units of the company located at Parwanoo and Baddi (H.P) and Derabassi (Punjab) improved the capacity utilizations due to better order position both from domestic and export markets. The overall revenue of Dial units improved by 21% compared to a growth of 27% in previous year. The Dial units' revenue from domestic market grew by 10% against a growth of 43% in the previous year and in export market revenue grew by 38% against a growth of 14% in previous year. All major customers and brands, both in domestic and exports Swiss market showed healthy recovery and the order position was much healthier compared to previous year and this was reflected in the overall recovery of revenue in the watch dials business.

The overall revenue of Watch Hands Units of the Company located at Bangalore registered a growth of 14%compared to growth of 7% in the previous year. The revenue of Hands unit from domestic market and exports market increased by 6% and 17% respectively. In the previous year domestic market revenue had improved by 36%, whereas exports had declined marginally by 1%.

Precision Engineering Components

The overall revenue of our precision components manufacturing unit at Bangalore witnessed a growth of 14% compared to a growth of 38% in the previous year. The growth in turnover of the unit was from all segments and markets catered by the unit. The year on year growth in revenue from domestic market was 28%, whereas the direct exports declined by 12% as some of the export's customers have shifted their base to India and now qualifies as indirect exports. During the year, company continued its efforts and initiatives for increasing its presence and reach with the potential customer segments, by regular participations in the relevant trade fairs and exhibitions and the response from these exhibitions is positive.

Other Businesses

Another business of the company relates to manufacture of Packaging for the Ornamental Jewellery, Watches, Writing Instruments and other accessories. The revenue of the company from this business witnessed very healthy growth of 48% compared to a growth of 6% in the previous year.

Strategic Initiatives

The financial year 2017-18 had witnessed improved market conditions both in the domestic and exports to Swiss watch industry. There was a cautious optimism and general perception of recovery in market condition. Orders position was also better than the previous year. This trend of improved market conditions was prevalent in the domestic watch market also and all major brands reported growth in the revenue.

Despite the varying trends in major global economies, the outlook is positive in the Swiss watch industry and there is a perception that the growth in the current year will be marginally lower than the previous year. The major growth is expected in upper and higher end of market segments whereas the lower end of the pyramid will continue to face volumes pressures. All major brands are re-aligning their sourcing strategy to comply with the new SWISS ORIGIN regulations and some of the brands are being re-positioned.

The efforts of the company in the previous few year for consolidation, restructuring of the watch dial manufacturing facilities, enhancing the capabilities to manufacture more complex and additional features dials coupled with improvement in operational parameters especially productivity and delivery compliance helped the company in meeting the challenge of improved market conditions and the company was better positioned to capture and encash the emerging opportunities.

Company continued to focus on operational parameters and initiated additional efforts for enhancing the productivity of the key operational areas and debottlenecking the constraint areas. Many new initiatives and specific area projects were identified for enhancing the value of business by addressing the operational bottleneck areas. Company is continuously putting efforts and resources for enhancing skills to optimize operational efficiencies, improving productivity and add capabilities to manufacture additional features, more complex components.

In line with the improved market conditions, the watch hands business of the company continued to capture market share from competition by offering new features and designs to customers and entered many new customers in the high end of segment by demonstrating the enhanced level of capability and execution skills.

The major focus of the company is to increase market presence in engineering business by enhancing the core capabilities, adding value additive capabilities and aggressive marketing efforts.

As a part of this exercise, during the year, company continued its efforts for enhancing the growth of the Precision Stamped Components and Progressive tooling by structured marketing efforts for extending the customer reach and improving the flow of initial queries and conversion to orders. Company is show casing its technical capabilities by participating in relevant International Trade Fairs and Exhibitions and the response from these fairs is encouraging. The market response to Company efforts in the digital marketing of capabilities and capacities in the targeted countries and the response / leads is healthy. The flow of RFQ's both from existing and new customers are on the improving trend. Many new customers were added by the company, both from domestic and exports markets. All leading indicators from the market and customers side for the business growth are in the positive direction.

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

The revenue of the company during the year increased from all type of capabilities such as tool and mould making, stamped components, manufacture of plastic injection moulded components and sub-assembly of the components.

As a part of the growth strategy, company is recalibrating and realigning the segments and customers to be focused and many low value and low capability segments are planned to be replaced with high capability, high value and better margin segments. This realignment of customers will be done over a period of two years as the necessary certifications and approvals for qualification.

During the year, company completed its expansion project near Bangalore Airport in KIADB Aerospace Park and shifted the operations from existing facilities in Peenya Industrial Area, Bangalore to the new facility and now these are operational from new location. Similarly, the new capability of electroplating is fully functional and operational. During the year company has expanded the tool room capacity also and added infrastructure and equipment to reduce the lead time for delivery of tools.

During the year, the order position of the Packaging business was much healthier compared to earlier years especially from the watch segment. The efforts of the company to add customers with large series is giving satisfactory results and the order position is better.

During the year, the website of company www.ethoswatches.com, was utilised to the maximum potential for enhancing the online leads and conversion. This platform is provided to subsidiary Ethos Limited on rental basis and Ethos continues to further upgrade and enhance the website to attract more customers and expand reach of customers by our subsidiary Ethos Limited. During the year this website has been sold to subsidiary at a fair value as determined by the independent valuers.

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

BUSINESS PERFORMANCE REVIEW

Revenue

The gross operating income of the company improved from Rs. 1472 million to Rs. 1752 million representing an increase of 19% over the previous year. The turnover of the company was broadly stable in both halves of the year. The watch market conditions and overall environment was better compared to previous year and structured focus and efforts of the company helped in recording healthy growth.

The watch segment gross operating income improved from Rs. 1104 million to Rs. 1309 million recording a growth of 18.5%, almost similar to the growth level witnessed in previous year. The precision engineering business stream revenue increased from Rs. 341 million to Rs. 388 million, registering a healthy growth of 14% compared to growth of 38% in the previous year. The revenue from residual business stream mainly comprising of ornamental packaging improved from Rs. 48 million to Rs. 71 million registering a growth of 48% during the year.

The gross domestic sale of the company improved from Rs. 757 million to Rs. 893 million representing a healthy growth of 18% compared to previous year growth of 40.2%, whereas the direct and indirect export revenue improved from Rs. 758 million to Rs. 912 million registering a growth of 20.2% against a growth of 5.5% in the previous year.

Margins

During the year the margins of the company were healthy and remained in the range of 20%, due to improved market conditions leading to better order position and efforts of the company on improving productivity and focus on reducing costs and overheads. In addition, strategic initiatives of the company for developing and enhancing the revenue from high margin business helped in overall healthy growth.

The earnings before interest, depreciation, taxes and appropriations improved from Rs. 305 million to Rs. 359 million, increase of almost 18% over the previous year. The operating EBIDTA earning after eliminating the exceptional, abnormal cost and CSR expenditure reduced marginally from 20.3% to 20.1%. The marginal reduction in EBIDTA percentage was due to front ending of the expenditure for sustaining strategic growth in key business segments of the company.

Key Financial Ratios

All key financial ratios of the company are very healthy and on the improving trend.

- Debtors Turnover and Average Collection Period

  During the year average debtor's turnover ratio improved from 6.1 times to 6.7 times and average collection period reduced from 59 days to 54 days due to better credit control policy and renegotiation of the payment terms with the customers.

- Inventory Turnover and average inventory holding period

  During the year the inventory turnover also improved from 1.4 times to 1.5 times and the average inventory holding period reduced from 8.6 months to 7.8 months. The inventory holding period is typically high in our business and industry due to smaller lot quantities and MOQ requirements of the most suppliers. In addition, due to variety of feature and complexities, different material and inputs are required to be stored for meeting the requirements of the customers.

- Interest Coverage

  During the year interest coverage ratio on the normalised profit of the company reduced marginally from 7.5 to 6.8 due to increase in interest costs because of additional borrowings for the Capital expansion and the general hardening of the interest rates. The interest coverage ratio remains very healthy as compared to general industry trend.

- Current Ratio

  During the year current ratio of the company improved from 1.13 to 1.42 times due to better working capital management and optimum utilisation of the working capital borrowings. The current ratio excl. the current maturities of non-current borrowings improved from 1.33 to 1.95 times. The current maturities of the non-current borrowings generally remain around the same levels as debt / deposits are replaced with the alternate borrowings. The current ratio of the company remains healthy as per banking norms as well as industrial trends.

- Debt Equity Ratio

  During the year secured debt to Equity ratio of the company improved from 0.41 to 0.25 and total debt to equity improved from 0.51 to 0.34 due to healthy internal accruals, fresh induction of equity at a premium and restricted level of borrowings. Debt-equity ratio of the company is very healthy compared to the general industry trends.

- Operating Profit Margin (%)

  During the year normalised operating profit margin of company improved from 16.9% to 17.6% due to various initiatives and focussed actions of the management on marketing, operations and people front. The gross margin of company had reduced marginally from 75% to 72% due to changed product mix.

- Net Profit Margin (%)

  During the year the normalized net profit before tax after excluding the abnormal and onetime gains from non-operations improved from 12.2% to 12.3%.

- Shareholders' Funds

  The company's reserves improved from Rs. 1193 million as on 31st March 2018 to Rs. 1554 millionas on 31st March 2019, on account of retained earnings from the profitability of the company and due to receipt of share premium of Rs. 263.1 million on conversion of 264150 share warrants into equity shares of face value Rs. 10 each (Warrants allotted during 2017-18 on a preferential basis for cash at a price of Rs. 265 including premium of Rs. 255) and 416666 equity shares of face value Rs. 10 each on a preferential basis for cash at a price of Rs. 480 (including premium of Rs. 470). The share issue expenses of Rs. 3.6 million was adjusted against the share premium.

  The Share capital of the company also increased from Rs. 110.4 million to Rs. 117.2 million on account of allotment of equity shares on preferential basis.

- Loan Funds and Cost of Debt

  The interest cost as a percentage to total revenue increased marginally from 1.9% to 2.3% in 2018-19.The interest cost as a percentage to total revenue increased due to hardening of interest rates and additional borrowings for the expansion of the precision engineering facility. During the year, all banks increased the interest rates and despite improvement in the credit rating of the company, average interest rates were higher than the previous year. Reserve Bank of India off-late has reduced the interest rates, but banks continue to lag in passing on the benefit to customers. 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 increased from 6% to 7.1% during the previous year.

  The Company continues to focus and optimize the working capital cycle and reduce cost of borrowing by effective use and availment of different financing options. The company continues its efforts on restricting the overall borrowing of the company for better leverage.

- Fixed Assets

  Gross Fixed Assets of the company including Capital work in progress during the year increased from Rs. 1681 million to Rs. 1855 million mainly on account of expansion project of precision engineering business in KIADB Aerospace Park, near Bangaluru Airport. In addition, some investment was done on expanding the capacity in our watch components business and other normal capital expenditure in the different units for increasing productivity, new product developments and addition of other assets for quality, safety, Information technology and administrative functions.

Subsidiary Companies and Joint Ventures

Ethos Limited

FY1819 has been a year with impressive performance for the company. Revenues increased by 24% to Rs. 443.4 crores from 357.8 crores. Margins also showed an impressive increase to 27.5% of net sales from 23.5% of net sales. EBIDTA margins also increased by 53% and from 4.5% of total income to 6.9% of total income. Profit for the year increased from Rs. 4.04 crores to Rs. 11 crores, an increase of 172%.

This exceptional performance is a result of the various strategic initiatives that company has been pursuing over the last few years. The company has increased its portfolio of brands for which it is the exclusive retail partner in India. In FY19, the sale of exclusive brands accounted for 16% of the sales, up from 13% in FY18. In terms of share of gross margins, the share of exclusive brands has increased from 21% to 26%. This has had a salutary impact on the overall gross margins of the company.

The Omni–channel strategy of providing a seamless experience to the customer online and offline continues to be very successful with almost 28% of the entire sales of the company coming from the leads generated from the Company's website. This is despite the exclusion of certain high-profile brands from the website due to brand guidelines.

The Company also focused on its offline store experience and has invested in the renovations at its major stores. The impact on sales on these renovated stores is evident from the improved sales performance at these storesand the Company plans to invest further at other stores for upgrading the look and feel of its stores. In addition to this, the Company invested in its first flagship store in Hyderabad. This store will be, in many ways, groundbreaking for luxury retail in India in terms of the size, splendor and use of state-of-the-art technology. The store has now been launched in FY19-20. The Company will be closely watching the performance of this store for deciding on launching more such stores.

In terms of new verticals of growth, the Company is continuing to invest in After-sales service by launching a state-of-the-art service center at New Delhi. The service center has recruited highly experienced foreign trained service technicians and has already acquired accreditations from major watch brands. In addition to this, the Company also forayed into the business of sales of pre-owned watches where the Company sees a large potential. Pending certain clarifications on the legal aspects, the sales in the initial few months of the business is quite encouraging for a scaling up the business.

The Company raised equity capital of Rs. 29 crores during the FY19 at a pre-money valuation of Rs. 480 crores. Of this, Rs. 24 crores was from outside investors and the balance was from its parent, KDDL Limited.

During the year, the company opened 4 new stores taking the total count of store to 47 by the end of FY1819.

Pylania SA

During the financial year 2018-19, company continued with its existing streams of business revenue related to watch components partial manufacturing, trading of watches and accessories, consultancy and advisory services. During the year the partial manufacturing and finishing operations related to watch dials manufacturing was stopped and the major focus in manufacturing was related to watch hands. During the year, company also witnessed growth in the watches trading to India for the some of the major Swiss Brands like Titoni, Corum, Raymond Weil and ORIS.

As a result of these initiatives the revenue of the company during the year witnessed healthy growth to CHF 3258 K from CHF 2831 K in 2017-18, registering a healthy growth of 15%. During the year, company continued to provide consultancy and managerial services to customers also.

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

The Company has reported operational profit of CHF 61 K during the financial year compared to profit of CHF 188 K in previous year. The fall in the profitability is due to change product mix as the higher revenue is from watches trading compared to manufacturing operations where the margins are lower. In addition, during the year company has incurred expenditure for evaluation and completion of the new acquisition of watch hands manufacturing facility of Estima AG in Switzerland.

The management is confident of improving the profitability and performance of the company with the need based strategic initiatives and actions.

Estima AG

During the year, company has acquired 100% stake of Estima AG, a renowned Swiss watch hands manufacturing facility in Grenchan, Switzerland w.e.f. 1st January 2019. The strategic initiative to acquire the competitor in Switzerland was to enhance the market share and value of the company to Swiss customers considering the emerging opportunities after the implementation of the SWISS ORIGIN regulations w.e.f. 1st January 2017.

This acquisition will complement and support the expansion and enhancing market share strategies of the companies. After the acquisition, company will be better placed to meet and service those Swiss customers who are dependent on swiss based sourcing.

Estima AG was founded in 1924 in Grenchan and was a well-established supplier of watch hands to swiss watch industry and mainly focused on the mid-price segment. However, presently it was struggling to remain profitable due to failure to upgrade technology and offer new designs and faster deliveries and was on the verge of bankruptcy. The present financial position of the company was largely due to declining revenues and losing market share to KDDL.

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

Satva Jewellery and Design Limited

During the financial year, there was change in business operations or the status of the legal entity merger with the KDDL Limited. 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. Presently merger activities and procedures are in process and during the current financial year we expect to get the necessary statutory approvals for the merger with the parent company.

Human Resource Management

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

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

During the year the Company held various employee engagement programs in order to bolster employee morale inculcate a feeling of team work and camaraderie and create a mechanism to recognize individual and team contributions to the organizations. Programs such as Chairman's Annual Awards and Star Performer Awards recognize and reward individual and team achievements across the Group. The total number of manpower of the company, both regular and contractual was over 1500 during the year under review.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

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

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

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

RISKS, THREATS AND CONCERNS

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

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

Risks of General Nature

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

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

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

Specific Risks

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

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

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

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

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

Foreign Exchange Risks: More than 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. In the current year, the fall in the value of these currencies will have a significant impact on the export earnings in Rupee terms and thereby on the profitability of the Company. This risk is mitigated with several measures which include:

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

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

CAUTIONARY STATEMENT

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

Annexure-VIII

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 10 (Ten) 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 [SEBI(LODR) Regulations]

During the financial year ended on 31st March 2019, 9 (Nine) Board Meetings were held and the gap between two meetings did not exceed one hundred twenty days. The dates on which the Board Meetings were held are as follows:

14th May, 2018	2nd June, 2018	11th June, 2018	14th July, 2018
9th August, 2018	3rd November, 2018	8th October, 2018	10th December, 2018
13th February, 2019			

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 14.08.2018	Number of Shares / Convertible instruments held by non-executive directors
Mr. Yashovardhan Saboo	Chairman & Managing Director	Promoter-Executive	9	Yes	-
*Mr. Jagesh Khaitan	Director	Non- Executive Director	5	Yes	466
Mr. Anil Khanna	Director	Independent-Non Executive	9	Yes	2100
Mrs. Ranjana Agarwal	Director	Independent-Non Executive	6	Yes	-
Mr. Praveen Gupta	Director	Independent-Non Executive	7	No	-
Mr. Vishal Satinder Sood	Nominee Director	Non- Executive Nominee	5	Yes	-
Mr. Jai Vardhan Saboo	Director	Promoter- Non Executive	3	No	-
Mr. Sanjiv Sachar	Director	Independent-Non Executive	7	No	1400
Mr. Sanjeev Kumar Masown	Whole Time Director cum- CFO	Executive	9	Yes	
** Mr. Torsten Buchwald	Director	Independent-Non Executive	1	** NA	

Directorship and Committee's Membership

Name of the Director	No. of Directorship in other Public Limited Companies	*** No. of Committee positions held in other companies		Directorship in other listed Companies and category of directorship
		Chairman	Member	
Mr. Yashovardhan Saboo	5	1	2	Kuantum Papers Limited – Non Executive Independent Director #
*Mr. Jagesh Khaitan	2	-	2	Kuantum Papers Limited -Executive Director-Chairperson
Mr. Anil Khanna	1	1	1	Nil
Mrs. Ranjana Agarwal	6	1	5	a) ICRA Limited - Non Executive Independent Director b) Indo Rama Synthetics (India) Limited - Non Executive Independent Director c) Ugro Captial Limited - - Non Executive Independent Director
Mr. Praveen Gupta	1	-	1	Nil
Mr. Vishal Satinder Sood	3	-	-	a) Manpasand Beverages Limited – Nominee Director ##

Name of the Director	No. of Directorship in other Public Limited Companies	*** No. of Committee positions held in other companies		Directorship in other listed Companies and category of directorship
		Chairman	Member	
				b) Pennar Industries Limited - Non-Executive - Non Independent Director
Mr. Jai Vardhan Saboo	-	-	-	Nil
Mr. Sanjiv Sachar	1	-	1	HDFC Bank - Non Executive Independent Director
Mr. Sanjeev Kumar Masown	1	-	-	Nil
** Mr. Torsten Buchwald	-			Nil

*Designation was changed to Non-Executive Director w.e.f 3rd November 2018.

** Mr. Torsten Buchwald was appointed as an Additional (Independent) Director w.e.f 3rd November 2018.

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

Ceased to be a Director of the Company w.e.f. 7th August, 2019.

Ceased to be a Director of the Company w.e.f. 24th May, 2019.

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

Familiarisation programme for Independent Directors

Letter of Appointment(s) are issued to Independent Directors setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. The web link for the Familiarization Programmes for Independent Directors is http://www.kddl.com/html/familirisation-programme-for-the-independent-directors.

III. COMMITTEES OF BOARD

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

1. AUDIT COMMITTEE

The scope of activities of the Audit Committee are as set out in Regulation 18 of SEBI(LODR) Regulations, 2015 read with Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are broadly as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before

submission to the board for approval, with particular reference to:

a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.

b) Changes, if any, in accounting policies and practices and reasons for the same

c) Major accounting entries involving estimates based on the exercise of judgment by management

d) Significant adjustments made in the financial statements arising out of audit findings

e) Compliance with listing and other legal requirements relating to financial statements

f) Disclosure of any related party transactions

g) Modified opinion(s) in the draft audit report

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through and issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the financial year ended on 31st March 2019, 6 (Six) meetings of the Audit Committee were held. The dates on which the meetings of the Audit Committee were held, are as under:

14th May, 2018	25th May, 2018	9th August, 2018
3rd November, 2018	13th February, 2019	

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

Attendance of Members at Meetings of the Audit Committee			
Name of the Director	**Category**	**Designation**	**Meetings attended**
* Mr. Anil Khanna	Independent Non Executive	Chairman	5
**Mr. Jagesh Khaitan	Non-Executive	Member	2
Mrs. Ranjana Agarwal	Independent Non Executive	Member	4
***Mr. Praveen Gupta	Independent Non Executive	Member	1
**** Mr. Yashovardhan Saboo	Promoter & Executive	Member	3

*Mr. Anil Khanna was appointed as Chairman w.e.f 3rd November, 2018.
** Mr. Jagesh Khaitan ceased to be Chairman of the Committee w.e f 3rd November, 2018.
*** Mr. Praveen Gupta was appointed as Member of the Committee w.e.f 3rd November, 2018.
**** Mr. Yashovardhan Saboo ceased to be Member of the Committee w.e.f 3rd November, 2018.

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.

2. NOMINATION AND REMUNERATION COMMITTEE

The role of the Nomination and Remuneration committee as set out in SEBI (LODR) Regulations, 2015. Brief description of terms of reference include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

2. Formulation of criteria for evaluation of Independent Directors and the Board;

3. Devising a policy on Board diversity;

4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

During the financial year ended 31st March, 2019, 2 (two) meetings of the Nomination and Remuneration Committee were held on 14th May, 2018 and 9th August, 2018.

The composition of the Nomination and Remuneration Committee as on 31st March 2019 is as given below:

Attendance of Members at Meetings of the Nomination and Remuneration Committee			
Name of the Director	**Category**	**Designation**	**Meeting attended**
*Mr. Sanjiv Sachar	Independent Non Executive	Chairman	2
Mrs. Ranjana Agarwal	Independent Non Executive	Member	1
Mr. Praveen Gupta	Independent Non Executive	Member	2
**Mr. Jagesh Khaitan	Non-Executive Director	Member	1

* Mr. Sanjiv Sachar was appointed as Chairman w.e.f 3rd November, 2018.

** Mr. Jagesh Khaitan ceased to be Chairman of the Committee w.e f 3rd November, 2018.

The Company Secretary acts as Secretary to the Committee.

Performance evaluation criteria for Independent Directors-

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

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

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

Remuneration of Director

There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the financial year 2018-19 except receipt of sitting fees from the Company for attending the meetings of the Board and Committees thereof.

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.

Name of the Director	Sitting Fees paid (Gross) (Rs.)
Mr. Anil Khanna	3,00,000
Mrs. Ranjana Agarwal	2,45,000
Mr. Praveen Gupta	2,10,000
Mr. Sanjiv Sachar	1,90,000
Mr. Jagesh Khaitan	165,000
Mr. Jai Vardhan Saboo	45,000
Mr. Torsten Buchwald	40,000
Total	**11,95, 000**

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

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;
- Balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- Responsibility required to be shouldered by the above said Directors and the industry benchmarks and the current trends;
- The Company's performance vis-à-vis the annual budget achievement and individual performance vis- à-vis the Key Responsibility Areas (KRAs) / Key Performance Indicators (KPIs).

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

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

(Amount in ₹)

Name	Salary	Perquisites & Allowances	Bonus paid/provided in 2018-19	Total
Mr. Yashovardhan Saboo	15,945,181	322,500	--	16,267,681
Mr. Sanjeev Kumar Masown	8,228,094	39,600	--	8,267,694

a. The Salary includes Performance incentive also.
b. The Company has not granted any Stock Options to its Directors or Employees during Financial Year 2018-19.

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has been constituted to specifically look into transfer/transmission/demat/remat of shares, issue of duplicate/split/consolidation of share certificates, notices and to attend shareholder's complaints on SCORES system of SEBI or otherwise etc.

Mr. Anil Khanna, Independent Non Executive Director is Chairman of the committee. The present composition of Stakeholders' Relationship Committee is as under:

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

This Committee meets as and when required. 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 Karvy Computershare Private Limited, Registrars and Share Transfer Agents of the Company.

Shareholders'/Investors' complaints

Complaints pending as on 1st April, 2018	nil
During the period from 1st April, 2018 to 31st March, 2019	38
Complaints disposed off during the year ended 31st March, 2019	38
Complaints unresolved to the satisfaction of shareholders as on 31st March, 2019	nil

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

In order to comply with the provisions of Section 135 of the Companies Act, 2013 read with rules made thereunder, the Board of Directors have constituted a 'Corporate Social Responsibility Committee. The Composition of the Committee is given hereunder:

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

During the year under review, three meetings were held on 14th May, 2018, 9th August, 2018 and 3rd November, 2018.

The CSR policy is available at the link http://www.kddl.com/html/company_policy.html of the website of the Company.

SUBSIDIARY COMPANIES

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

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

IV. SHAREHOLDERS INFORMATION

General Body Meetings

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

Financial year	Details of Location	Date	Time	Special resolutions passed
2017-18	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	14th July, 2018	12:30 p.m.	A) Increase the aggregate limit for investment by the Foreign Portfolio Investors (FPIs) and Foreign Institutional Investors (FIIs) from 24 % to 49% of the paid up capital of the Company. B) To increase the overall limit of investments / giving loans/guarantees / providing securities in terms of Sec 186 of the Companies Act, 2013. C) Further Issue of Equity Shares. D) Approval for change in Share Capital of Material Subsidiary, Ethos Limited. E) Approval of Material Related Party Transactions. F) Re-appointment of Mr. Sanjeev Kumar Masown (DIN-03542390) as Whole time Director-cum-Chief Financial Officer of the Company. G) Further Issue of Equity Shares through Preferential Allotment.
2016-17	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	11th August 2017	12.30 p.m.	A) To approve amendment in existing Article No. 114 of Articles of Association of the Company. B) To approve amendment of the Articles of Association of the Company by inserting a new Article No. 114A. C) To approve re-appointment and remuneration of Mr. Yashovardhan Saboo as Chairman & Managing Director D) To authorize investment in subsidiary company
2015-16	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	12th August 2016	12.30 p.m.	Appointment of Mr. Sanjeev Kumar Masown as Whole Time Director-cum-Chief Financial Officer

(ii) During the financial year under review, the following resolution was passed through Postal Ballot on 23rd November, 2018 :

Sr. No.	Type of Resolution	Particulars	Voting Pattern %)	
			Favor	Against
1	Special Resolution	Further Issue of Equity Shares through Preferential Allotment	100.00	0.00

Mr. Ajay K Arora, Practicing Company Secretary was appointed as scrutinizer for the postal ballot notice dated 8th October, 2018 to conduct the Postal Ballot process in a fair and transparent manner. The Company had sent the postal ballot notice along with postal ballot form by post and e-mail to all members who were entitled to receive it. The Company had also provided e-voting facility as an alternative.

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

V. MEANS OF COMMUNICATION

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

VI. GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting

Date : 11th September, 2019
Venue : Timber Trail Resorts, Parwanoo, Dis. Solan (H.P.) - 173220
Time : 12:30 p.m.

(b) Financial Year

Financial year : 1st April, 2018 to 31st March, 2019

For the financial year ended 31st March, 2019, results were announced on:

- 30th June, 2018 : 9th August, 2018
- 30th September, 2018 : 3rd November, 2018
- 31st December, 2018 : 13th February, 2019
- 31st March, 2019 : 28th May, 2019

For the year ending 31st March, 2019, the tentative dates for announcement of the results:

- 30th June, 2019 : 2nd Week of August 2019
- 30th September, 2019 : Second week of November, 2019
- 31st December, 2019 : Second week of February, 2019
- 31st March, 2020 : Fourth week of May, 2019

(c) Date of Book Closure : 4th September, 2019 to 11th September, 2019 (both days inclusive)

(d) Dividend Payment Date : On or after 17th September, 2019

(e) Name of Stock Exchanges at which the securities are listed

(i) BSE Limited (BSE) Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001
Scrip Code: 532054

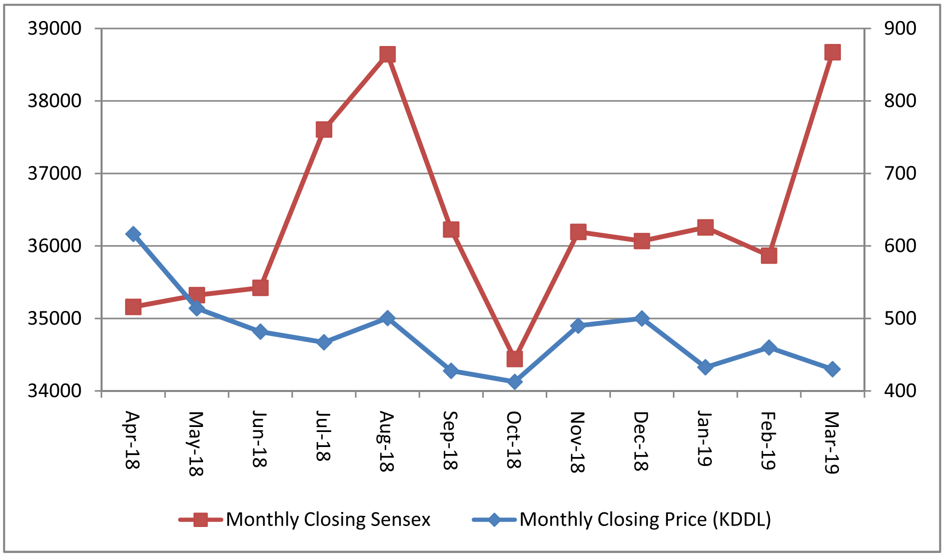
(ii) National Stock Exchange of India Limited (NSE)
Exchange Plaza, Plot No. C-1, G Block,
Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
Scrip Code: KDDL

(f) **Listing Fees to the Stock Exchanges:** The Company has paid listing fees in respect of financial year 2019- 20 to BSE Limited and National Stock Exchange of India Limited.

(g) **Market Price Data**

Month	KDDL Price at BSE (Rs.)		KDDL Price at NSE (Rs.)	
	High	Low	High	Low
April, 2018	621.00	387.00	616.80	385.25
May, 2018	617.00	472.65	622.05	465.15
June, 2018	558.95	420.00	562.25	421.00
July, 2018	523.85	439.60	508.50	441.55
August, 2018	540.00	450.00	539.85	447.20
September, 2018	496.40	404.00	505.00	397.10
October, 2018	445.60	386.15	436.00	382.05
November, 2018	498.00	395.05	495.00	391.00
December, 2018	534.85	445.00	538.60	457.00
January, 2019	527.00	409.00	524.90	410.25
February, 2019	479.95	385.00	485.00	410.05
March, 2019	530.00	406.00	478.90	423.70

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



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

Karvy Fintech Private Limited

(Unit: KDDL Limited)

Karvy Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032,India

P: +91- 40-67161517; Website : www.karvyfintech.com

(j) Share Transfer System :

The Company has authorised RTA for transfer/transmission/ dematerialization/rematerialization etc., who process the documents 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.

(k) Distribution of shareholding as on 31st March, 2019 :

Sno	Category (Amount)	No. of Holders	% to Holders	Amount (Rs.)	% Equity
1	1-5000	4231	85.32	5146650	4.42
2	5001-10000	356	7.18	2740430	2.36
3	10001-20000	163	3.29	2485230	2.14
4	20001-30000	55	1.11	1426900	1.23
5	30001-40000	31	0.63	1097670	0.94
6	40001-50000	21	0.42	976860	0.84
7	50001-100000	42	0.85	3055250	2.63
8	100001 and above	60	1.21	99407090	85.45
	Total	**4959**	**100.00**	**116336080**	**100.00**

Shareholding Pattern as on 31st March, 2019 :

Category	Number of Shares	% of shareholding
Promoters		
Indian Promoters	49,25,272	42.34
Foreign Promoters	3,24,150	2.79
Sub-total (1)	**52,49,422**	**45.12**
Public		
Alternate Investment Funds	3,03,903	2.61
Foreign Portfolio Investors including FIIs	30,64,798	26.34
Individuals	25,61,223	22.02
Financial Institutions/ Banks	50	0.00
Non-Resident Indians	80,554	0.69
Clearing Members	5,537	0.05
Non Resident Indian Non Repatriable	26,345	0.23
Bodies Corporate	3,36,376	2.89
NBFC	2,500	0.02
Mutual Funds	2,900	0.02
Sub-total (2)	**63,84,186**	**54.88**
Grand-total (1+2)	**11,633,608**	**100.00**

(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 31st March, 2019 is as under:

Mode	No. of Shares	% (Percentage)
Physical Form	2,94,904	2.53
Dematerialization Form (CDSL)	7,99,984	6.88
Dematerialization Form (NSDL)	1,05,38,720	90.59
Total	11,633,608	100.00

(m) Credit Rating :

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

(n) Unclaimed dividend

Pursuant to the provisions of section 124 of the Companies Act, 2013 and rules made thereunder, the amount of dividend which remains unclaimed for a period of seven years from the date of transfer to unclaimed/unpaid dividend account would be transferred to the "Investor Education and Protection Fund" and the shareholders would not be able to make any claims to the amount of dividend so transferred to the Fund. The unclaimed dividend for the years till 2010-11 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 given below:

Year	Dividend No.	Dividend unclaimed (₹) as on 31st March, 2019	Date of declaration	Due date for transfer
2011-12	19	377046.00	17.09.2012	23.10.2019
2012-13	20	145044.00	09.09.2013	15.10.2020
2013-14	21	220110.00	06.08.2014	12.09.2021
2014-15	22	412258.00	24.08.2015	30.09.2022
2015-16	23	348094.00	11.03.2016	17.04.2023
2016-17	24	404224.00	11.08.2017	17.09.2024
2017-18	25	487497.50	14.07.2018	20.08.2025

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 is exposed to foreign exchange risks. The Company continuously evaluates exchange risks exposures and takes necessary steps for hedging from time to time to minimize the impact of fluctuations in exchange rate movement.

(q) Plant/Business Locations :

Dial Units	1.	Plot No. 3, Sector III, Parwanoo - 173220 (H.P)
	2.	Haibatpur Road, Saddomajra, Derabassi-140507 (Punjab)
Assembly Unit	1.	Village Dhana, Bagbania, P.O Manpura, Tehsil Baddi, Distt. Solan-173205 (H.P)
Hands Units	1.	296-97, 5th Main, Phase-IV, Cross, Peenya Industrial Area, Bangalore-560058 (Karnataka)
	2.	408, 2nd Floor, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore-560058 (Karnataka)
Packaging Units	1.	Plot No. 9, Sector V, Parwanoo - 173220 (H.P.)
Precision Stamping Unit – EIGEN	1.	408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore-560058 (Karnataka)
	2.	Plot No 55-A, Aerospace Industrial Area, Bangalore-560058 (Karnataka)

(r) Skills / Expertise / Competencies of the Board of Directors

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

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, genderand 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.

(s) **Address for correspondence:**

For any grievances/ complaints, shareholders may write to the company at the following address :
Mr. Brahm Prakash Kumar
Company Secretary and Compliance Officer
KDDL Limited
Corporate Office: 'Kamla Centre', SCO 88-89
Sector 8-C, Chandigarh-160 009
Tel: 0172-2544378,Fax: 0172- 2548302
Website: www.kddl.com
Email: investor.complaints@kddl.com

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

Name of the Director	No. of equity shares held as on 31-03-2019
Mr. Yashovardhan Saboo	1557265
Mr. Jagesh Khaitan	466
Mr. Anil Khanna	2100
Mr. Jai Vardhan Saboo	Nil
Mrs. Ranjana Agarwal	Nil
Mr. Sanjeev Kumar Masown	2000
Mr. Vishal Satinder Sood	Nil
Mr. Sanjiv Sachar	1400

VII. Other Disclosures

(i) During the financial year 2018-19, 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, as per requirements of Accounting Standard 18, 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/2016/12/KDDL_Whistle_Blower_Policy.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:

- Shareholder Rights: The quarterly financial results are forwarded to the Stock Exchanges and also uploaded on the website of the Company.

- Modified opinion(s) in Audit Report: The Statutory Auditor has issued Auditors' report with unmodified opinion.
- Reporting of Internal Auditor: The Internal Auditor of the Company reports directly to 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/2016/12/KDDL-Policy-for-determiningMaterial-Subsidiaries.pdf

(vi) The company has framed Related Party Transaction Policy and the same is available on the Company's website under the web link: https://www.kddl.com/wp-content/uploads/2016/12/KDDL_Related_Party_Transactions_Policy.pdf

(vii) 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.

(viii) The Company has fully utilized the funds raised through preferential allotment during the financial year 2018-19 for the business operations of the Company.

(ix) During the financial year 2018-19, 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 : Not applicable.

(xiii) The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

(xiv) There has been no instance of non-compliance of any requirement of Corporate Governance Report sub-paras (2) to (10) of Part C of Schedule V of the Listing Regulations.

(xv) The Company has obtained a certificate from M/s. A. Arora & Co., Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this report.

(xvi) The Compliance Certificate on the financial statements for the financial year ended 31st March, 2019 is enclosed at the end of this report.

(xvii) Corporate Governance Certificate

As required by Part-E of Schedule V read with Regulation 34(3) of the SEBI (LODR) Regulations, 2015, the certificate on Corporate Governance is enclosed at the end of this report.

(xviii) Code for the Board of Directors and Senior Management Personnel

The Company has laid down a code of conduct for the members of the Board and Senior Management Personnel of the Company. The code of conduct has been posted on the Company's website, i.e. https://www.kddl.com/wp-content/uploads/2016/12/Code_of_Conduct.pdf. All the members of the Board and Senior Management Personnel have affirmed their compliance with the said code of conduct for the financial year ended 31st March, 2019. A declaration to this effect, signed by Mr. Yashovardhan Saboo, Chairman & Managing Director of the Company is appended at the end of this report.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment in the company
1.	Mr. Yashovardhan Saboo	00012158	25.03.1981
2.	Mr. Jai Vardhan Saboo	00025499	12.12.2016
3.	Mr. Anil Khanna	00012232	22.12.2004
4.	Mr. Jagesh Kumar Khaitan	00026264	26.02.1990
5.	Mr. Vishal Satinder Sood	01780814	02.09.2015
6.	Mr. Praveen Gupta	01885287	08.11.2014
7.	Mr. Sanjiv Sachar	02013812	07.03.2017
8.	Mrs. Ranjana Agarwal	03340032	09.09.2013
9.	Mr. Sanjeev Kumar Masown	03542390	30.05.2016
10.	Mr. Torsten Buchwal d	08269386	03.11.2018

Ensuring the eligibility of 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: 28th May, 2019 — **For A. Arora & Co.,**
Place: Chandigarh — **Company Secretaries**

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

Compliance Certificate

To,

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

A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2019 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 our knowledge and belief, no transactions entered into by the Company during the financial year 2018 -19 which are fraudulent, illegal or violative of the Company’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 : 28th May, 2019

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

To the Members of
KDDL Limited

I have examined the compliance of conditions of corporate governance by KDDL Limited ("the Company"), for the year ended on 31 March 2019, as stipulated in Regulation 34(3) of Chapter IV of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015.(Schedule-V Part-E)

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015.

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

Date: 28/05/2019
Place: Chandigarh

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

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

In accordance with regulation 34(3) read with clause D of Schedule V of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, I hereby confirm that, all Directors and the Senior Management personnel of the Company have affirmed compliance with Code of Conduct, for the financial year ended 31st March, 2019.

Date : 28th May, 2019
Place : Chandigarh

For KDDL Limited

Yashovardhan Saboo
Chairman & Managing Director

Annexure-IX

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-19

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/html/csr_policy.html

KDDL contribute towards CSR through charitable foundation namely KDDL-ETHOS FOUNDATION, which is eligible to conduct permissible CSR activity. KDDL has contributed an amount of Rs. 26.13 lakhs for the financial year 2018-19 to KDDL-ETHOS FOUNDATION for carrying out various CSR activities as permissible under section 135 of The Companies Act, 2013 and allied rules.

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

Name	Category	Position
Mr. R.K. Saboo	Chairman Emeritus	Chairman
Mr. Yashovardhan Saboo	Chairman & Managing Director	Member
Mrs. Ranjana Agarwal	Independent Director	Member
Mr. Jagesh Khaitan	Non-Executive Director	Member

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

Sr. No	Particulars		Net Profit (Rs. in Lakhs)
1	For the financial year 2017-18	:	1826.09
2	For the financial year 2016 -17	:	1103.98
3	For the financial year 2015 -16	:	988.25
4	Total (1+2+3)		3918.32
5	**Average Net Profits (Rs. 3918.32 Lakhs/3)**	**:**	**1306.10**

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

Rs. 26.12 lakhs (being 2% of the average net profits as stated at item 3 above)

5. **Details of CSR spent during the financial year**

(a) Total amount spent for the financial year Rs. 26.13 lakhs

(b) Amount unspent, if any : nil

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

(1) S. No.	(2) CSR Project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	(7) Cumulative expenditure upto to the reporting period	(6) Amount spent: Direct or through implementing agency
1.	Contribution to KDDL-ETHOS foundation, a Trust established under The Indian Trusts Act, 1882, with the objective to render CSR activities as stated under section 135 of the Companies Act, 2013 for KDDL Limited and its subsidiaries/ Group Companies	As per Section 135 of The Companies Act, 2013	Others	Rs. 26,13,000/-	N.A.	Rs. 26,13,000/-	Through implementing agency viz. KDDL-Ethos Foundation

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

During the financial year 2018-19, the Company contributed to KDDL – Ethos Foundation (KEF) an amount of Rs. 26.13 lakhs towards CSR activities against the stipulated amount of Rs. 26.12 lakhs.

KEF is a charitable trust, created exclusively for the purpose of carrying out the CSR activities and has a continuous track record of undertaking various CSR projects.

The expenditure is incurred from KEF based on the progress of the specific projects and as per the agreed timelines, milestones and the impact on the cause undertaken. KEF spent Rs. 24.68 lakhs from the contribution received from KDDL Limited. The manner of expenditure from KEF depends upon the CSR activities or projects.

The details of projects undertaken by the KEF during the financial year 2018-19 are given below:

Sr. No	Particulars	Amount (Rs. in Lakhs)
1.	Contribution to Heart to Heart Society for helping the poor and needy patients	1.00
2.	Contribution to Youth Technical Training Society (YTTS) towards Promoting education.	1.50
3.	Girls Education through JyotiSarupKanya	0.50
4.	Development of Slum in Saketri Village	0.09
5.	Contribution for the construction of Toilets/ Bathrooms at Cremation - Ground	2.00
6.	Contribution to SESOMU School for infrastructure	8.00
7.	Nanhi Kali for Girls Education	2.00
8.	Contribution to SESOMU School for infrastructure	2.00
9.	Shree Shiva ShaikshanikaSeevaAsharma for construction of school rooms.	6.50
10.	School Program in Saketri	0.09
11.	Contribution to SKS Trade India Pvt. Ltd for E -cart in Civil Hospital Panchkula	1.00
	Total	**24.68**

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

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

R.K Saboo
Chairperson of CSR Committee

Yashovardhan Saboo
Chairman & Manging Director
DIN : 00012158

Place : Chandigarh
Date : 28th May, 2019

Independent Auditor's Report

To the Members of KDDL Limited

Report on the Audit of the Standalone Financial Statements

1. Opinion

We have audited the standalone financial statements of KDDL Limited("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the 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 financial statements give the information required by the Companies Act, 2013 ("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 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone 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 standalone 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 opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

The key audit matter	How the matter was addressed in our audit
Revenue recognition as per Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard) **See note 24 to the standalone financial statements** The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: - We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. - We evaluated the design of internal controls relating to implementation of the new revenue

performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This could create an incentive for revenue to be overstated or recognised before control has been transferred. Additionally, the application and transition to the accounting standard is complex and is an area of focus in the audit.	accounting standard. In addition, tested material contracts on samples basis in respect of revenue recorded and evaluated the operating effectiveness of the internal control relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving inquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. - We selected a sample of continuing and new contracts and read the distinct performance obligations in these contracts assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards. - We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included goods dispatch notes and shipping documents. - We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes and shipping documents, to assess whether the revenue was recognized in the correct period. - We assessed manual journals posted to revenue to identify unusual items.

4. Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

5. Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows 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. 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 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 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 financial statements, management and Board of Directors are 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.

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

6. Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 standalonefinancial 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 standalonefinancial 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 standalonefinancial statements, including the disclosures, and whether the standalonefinancial 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 standalonefinancial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors '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.

7. Report on Other Legal and Regulatory Requirements

(i) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(ii) 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 standalone balance sheet, the standalonestatement of profit and loss (including other comprehensive income), the standalonestatement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2019taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 36to thestandalone 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. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(iii) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Adhir Kapoor
Partner
Membership No. 098297

Place: Chandigarh
Date: 28 May 2019

Annexure 'A' referred to in paragraph 7(I) of the Independent Auditors' Report to the Members of the Company for the year ended 31 March 2019, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were not material and have been properly adjusted in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following which are not held in the name of the Company:

Particulars	Total Number of Cases	Whether leasehold /freehold	Gross block as at 31 March 2019 (Rs. in lakhs)	Net block as at 31 March 2019 (Rs. in lakhs)	Remarks
Land	1	Leasehold	5.67	5.67	The management is completing formalities for transferring the title deeds.

(ii) According to the information and explanation given to us, the inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies and other parties covered in the Register maintained under Section 189 of the Act, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no amount overdue for more than 90 days at the balance sheet date.

The Company has not granted loans, secured or unsecured, to firms, limited liability partnership and other parties covered in the Register maintained under Section 189 of the Act.

(iv) According to the information and explanations given to us, in respect of loans, guarantees and investments made by the Company, the provisions of section 185 and 186 of the Act have been complied with.

(v) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under where applicable, the directives issued by the Reserve Bank of India as applicable with regard to deposits accepted from the public. As informed to us, there have been no proceedings before the Company Law Board or National Company Law Tribunal and Reserve Bank of India or any court or any other tribunal in this matter and no order has been passed by any of the aforesaid authorities in this regard.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-Tax, Goods and Services Tax ('GST'), Duty of Customs, Cess and other statutory dues have generally been regularly deposited during the year with the appropriate authorities, though there have been slight delays in a few cases of Income tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-Tax, Goods and Services Tax ('GST'), Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax since effective 1 July 2017, these statutory dues has been subsumed into Goods and Services Tax.

Also refer note 36 wherein it is explained that on account of the uncertainty with respect to the applicability of the Hon'ble Supreme Court judgement dated 28 February 2019 on provident fund matter, pending clarification from the department of provident fund, management has not recognized and deposited any additional provident fund amount with respect to period prior to 28 February 2019.

(b) According to the information and explanations given to us, there are no dues of Sales tax, Value added tax, Income tax, Service tax, Cess, Duty of excise and Duty of Customs which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

(Rs. in lakhs)

Name of statute	Nature of dues	Amount disputed*	Amount deposited*	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	42.64	-	October 2008- May 2013	Commissioner (Appeals)
Finance Act, 1994	Service tax	24.72	-	June 2013- September 2016	Customs Excise and Service tax Appellate Tribunal, Karnataka
Finance Act, 1994	Service tax	6.98	-	October 2016- June 2017	Commissioner (Appeals)

Name of statute	Nature of dues	Amount disputed* (Rs. in lakhs)	Amount deposited* (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	40.46	40.46	FY 2003-04	Income Tax Appellate Tribunal, New-Delhi
Income tax Act, 1961	Income tax	1.87	-	FY 2007-08	Income Tax Appellate Tribunal, New-Delhi
Income tax Act, 1961	Income tax	4.01	-	FY 2008-09	Income Tax Appellate Tribunal, New-Delhi
Income tax Act, 1961	Income tax	21.01	-	FY 2009-10	Income Tax Appellate Tribunal, New-Delhi
Income tax Act, 1961	Income tax	29.72	-	FY 2010-11	Income Tax Appellate Tribunal, New-Delhi
Income tax Act, 1961	Income tax	71.02	-	FY 2011-12	Commissioner of Income Tax (Appeals), New-Delhi

*amounts as per demand order including interest and penalty, whichever indicated in the order

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers or to any financial institutions. The Company did not have any loans or borrowings from government and has not issued any debentures during the year.

(ix) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the term loans taken during the year have been applied for the purposes for which they were obtained. As informed to us, the Company has not raised any other moneys by way of initial public offer or further public offer (including debt instruments).

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year.

(xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provision of section 197 read with Schedule V of the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, in respect of preferential allotment of shares made during the year, the Company has duly complied with the requirements of section 42 of the Act, except that the preferential allotment has been made beyond a period of 60 days from the date of receipt of share application money as stipulated under sub-section 6 of Section 42 of the Act, for which the Company has taken a legal opinion as its ability to allot shares within 60 days was impaired considering the pending approvals from stock exchanges. The Company has neither made any private placement of shares nor issued any fully or partly convertible debentures during the year. The proceeds from issue of equity shares have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them during the year. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Adhir Kapoor
Partner
Membership No. 098297

Place: Chandigarh
Date: 28 May 2019

Annexure 'B' to the Independent Auditors' report on the standalone financial statements of KDDL Limited for the period ended 31 March 2019.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (Referred to in paragraph 7(ii)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of KDDL Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 financial statements were established and maintained and whether 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Adhir Kapoor
Partner
Membership No. 098297

Place: Chandigarh
Date: 28 May 2019

Balance sheet as at 31 March 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	3	9,412.42	6,044.44
Capital work-in-progress	3	244.02	2,354.71
Other intangible assets	4	67.37	56.07
Financial assets			
- Investments	5	7,973.55	6,759.03
- Loans	6	219.10	168.92
Current tax assets (net)	7	504.18	499.73
Other non-current assets	8	100.00	176.68
Total non-current assets		**18,520.75**	**16,059.58**
Current assets			
Inventories	9	3,069.20	2,713.29
Financial assets			
- Trade receivables	10	2371.33	2,856.17
- Cash and cash equivalents	11	250.20	180.15
- Other bank balances	12	609.09	672.96
- Loans	6	175.10	177.38
- Other financial assets	13	500.79	85.89
Other current assets	14	779.80	1,031.92
Total current assets		**7,755.51**	**7,717.76**
Total assets		**26,276.26**	**23,777.34**
Equity and Liabilities			
Equity			
Equity share capital	15	1,172.07	1,103.99
Other equity	16	15,541.86	11,928.79
Total equity		**16,713.93**	**13,032.78**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	17	3,453.69	3,338.19
- Other financial liabilities	18	12.46	12.46
Provisions	19	218.28	193.18
Deferred tax liabilities (net)	20	415.64	378.31
Total non-current liabilities		**4,100.07**	**3,922.14**
Current liabilities			
Financial liabilities			
- Borrowings	17	740.27	2,255.42
- Trade payables	21		
- total outstanding dues of micro enterprises and small enterprises		61.57	46.50
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,509.62	1,453.28
- Other financial liabilities	18	2,684.85	2,358.14
Other current liabilities	22	280.11	275.41
Provisions	19	59.80	78.62
Current tax liabilities (net)	23	126.04	355.05
Total current liabilities		**5,462.26**	**6,822.42**
Total liabilities		**9,562.33**	**10,744.56**
Total equity and liabilities		**26,276.26**	**23,777.34**

Significant accounting policies	2
Notes to the standalone financial statements	3-42

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

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm registration no.:101248W/W-100022

Adhir Kapoor
Partner
Membership no. 098297

Place : Chandigarh
Date : 28 May 2019

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

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place : Chandigarh
Date : 28 May 2019

Statement of Profit and Loss for the year ended 31 March 2019

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

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations	24	17,519.88	14,724.28
Other income	25	386.95	479.98
Total income		**17,906.83**	**15,204.26**
Expenses			
Cost of materials consumed	26	4,449.76	3,690.63
Excise duty on sales		-	143.00
Changes in inventories of finished goods and work-in-progress	27	6.78	(326.14)
Employee benefits expense	28	4908.11	4,264.65
Finance costs	29	628.22	483.22
Depreciation and amortisation expense	30	776.00	740.17
Other expenses	31	4,908.46	4,208.79
Total expenses		**15,677.33**	**13,204.32**
Profit before income tax		**2,229.50**	**1,999.94**
Income tax expense:	32		
- Current tax		600.29	659.06
- Deferred tax		54.63	(66.04)
Total income tax expense		**654.92**	**593.02**
Profit for the year		**1,574.58**	**1,406.92**
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability / (asset)		(58.68)	(42.21)
Income tax relating to items that will not be reclassified to profit or loss:			
Income tax on remeasurement of defined benefit liability / (asset)		17.31	12.07
Other comprehensive (expense) for the year (net of income tax)		**(41.37)**	**(30.14)**
Total comprehensive income for the year		**1,533.21**	**1,376.78**
Earnings per share [nominal value of share Rs. 10 (previous year Rs. 10)]			
Basic (Rs.)	33	13.86	12.97
Diluted (Rs.)		13.84	12.95
Significant accounting policies	2		
Notes to the standalone financial statements	3-42		

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

As per our report of even date attached

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

For **B S R & Co. LLP**
Chartered Accountants
Firm registration no.:101248W/W-100022

Adhir Kapoor
Partner
Membership no. 098297

Place : Chandigarh
Date : 28 May 2019

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place : Chandigarh
Date : 28 May 2019

Statement of changes in equity for the year ended 31 March 2019

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

a. Equity share capital

	Note	
Balance as at 1 April 2017	15	1,083.96
Changes in equity share capital during the year		11.32
Balance as at 31 March 2018	15	**1,095.28**
Changes in equity share capital during the year		68.08
Balance as at 31 March 2019		**1,163.36**

b. Other equity

	Reserves and surplus				Money received against shares warrants	Total
	Securities premium	General reserve	Employee stock options outstanding reserve	Retained earnings		
Balance as at 1 April 2017	6578.49	1976.20	18.30	1,710.26	250.79	10534.04
Total comprehensive income for the year ended 31 March 2018						
Profit for the year	-	-	-	1406.92	-	1406.92
Other comprehensive income/ (expense) (net of tax)	-	-	-	(30.14)	-	(30.14)
Total comprehensive income for the year	-	-	-	**1376.78**	-	**1376.78**
Transfer to general reserve	-	400.00	-	(400.00)	-	-
Options forfeited during the year	-	-	-	-	-	-
Issue of equity shares for cash	288.68	-	-	-	(75.00)	213.68
Dividend	-	-	-	(162.60)	-	(162.60)
Corporate dividend tax	-	-	-	(33.11)	-	(33.11)
Balance as at 31 March 2018	**6,867.17**	**2,376.20**	**18.30**	**2,491.33**	**175.79**	**11,928.79**
Total comprehensive income for the year ended 31 March 2019						
Profit for the year	-	-	-	1,574.58	-	1,74.58
Other comprehensive income/ (expense) (net of tax)	-	-	-	(41.37)	-	(41.37)
Total comprehensive income for the year	-	-	-	**1,533.21**	-	**(1,533.21)**
Transfer to general reserve	-	400.00	-	(400.00)	-	-
Options forfeited during the year	-	-	(1.96)	-	-	(1.96)
Issue of equity shares for cash	2,631.89	-	-	-	(175.79)	2,456.10
Share issue expense	(36.22)	-	-	-	-	(36.22)
Dividend	-	-	-	(280.42)		(280.42)
Corporate dividend tax	-	-	-	(57.64)	-	(57.64)
Balance as at 31 March 2019	**9,462.84**	**2,776.20**	**16.34**	**3,286.48**	-	**15,541.86**
Significant accounting policies			2			
Notes to the standalone financial statements		3-42				

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

As per our report of even date attached

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

For **B S R & Co. LLP**
Chartered Accountants
Firm registration no.:101248W/W-100022

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Adhir Kapoor
Partner
Membership no. 098297

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place : Chandigarh
Date : 28 May 2019

Place : Chandigarh
Date : 28 May 2019

Cash flow statement for the year ended 31 March 2019

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

	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities		
Profit before income tax	2,229.50	1,999.94
Adjustments for :		
Depreciation and amortisation expenses	776.00	740.17
Provisions no longer required written back	-	(26.26)
Net gain on sale of property, plant and equipment	(37.37)	(160.61)
Interest income	(74.71)	(83.50)
Dividend income	(0.36)	(14.63)
Finance cost	628.22	483.22
Unrealised foreign exchange (gain)	(20.19)	(9.80)
Property, plant and equipment written off	8.86	2.90
Advances/deposits written off	-	0.41
Net change in fair value of financial assets (at FVTPL)	(0.36)	-
Change in fair value of derivative contracts	(29.76)	-
Operating cash flow before working capital changes	**3,479.83**	**2,931.84**
Changes in working capital:		
(Increase) in loans	(47.15)	(13.29)
(Increase)/ decrease in other financial assets	(406.92)	11.98
Decrease in other non-current assets	28.03	4.68
(Increase) in inventories	(355.91)	(611.72)
Decrease/ (increase) in trade receivables	494.30	(722.41)
Decrease/ (increase) in other current assets	252.12	(491.86)
(Decrease) in provisions	(52.40)	(11.32)
Increase in trade payables	82.14	508.23
Increase in other financial liabilities	135.65	85.69
Increase in other current liabilities	5.45	149.20
Cash generated by operation activities	**3,615.14**	**1,841.02**
Income tax (paid), net	(833.75)	(355.47)
Net cash generated from operating activities (A)	**2,781.39**	**1,485.55**
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital advances)	(2,300.59)	(2,179.30)
Proceeds from sale of property, plant and equipment	47.92	178.19
Payment for purchase of investments in subsidiary	(1,214.88)	(1,914.42)
Movement in other bank balances	64.64	189.35
Interest received	84.89	74.13
Dividend received	0.39	0.30
Net cash (used) in investing activities (B)	**(3,317.63)**	**(3,651.75)**
Cash flow from financing activities		
Proceeds from issue of share capital (including premium)	2,524.18	225.00
Share issue expenses	(36.22)	-

Cash flow statement for the year ended 31 March 2019

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

	Year ended 31 March 2019	Year ended 31 March 2018
Proceeds from non-current borrowings	1,830.21	2,340.27
Repayment of non-current borrowings	(1,226.84)	(1,127.31)
Repayments of/proceeds from current borrowings (net)	(466.37)	201.27
Finance cost paid	(631.83)	(436.33)
Dividend paid	(280.42)	(162.60)
Tax on dividend	(57.64)	(33.11)
Net cash flow provided by financing activities ©	**1,655.07**	**1,007.19**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**1,118.82**	**(1,159.01)**
Cash and cash equivalents at the beginning of period (see below)	**(1571.47)**	**(412.46)**
Cash and cash equivalents at the end of period (see below)	**(452.64)**	**(1,571.47)**

Notes:

1. Components of cash and cash equivalents:

Balances with banks in current accounts	244.22	66.86
Remittances in-transit	-	108.15
Cash on hand	5.98	5.14
Bank overdrafts	(702.84)	(1,751.62)
	(452.64)	**(1,571.47)**

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(r).

3. Refer note 17 for reconciliation of movements of liabilities to cash flows arising from financing activities.

4. During the year, the Company paid in cash Rs. 26.13 (previous year: Rs. 21.60) towards corporate social responsibility (CSR) expenditure (included in Corporate social responsibility expenditure - Refer note 31(b)).

Significant accounting policies	2
Notes to the standalone financial statements	3-42

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

As per our report of even date attached

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

For **B S R & Co. LLP**
Chartered Accountants
Firm registration no.:101248W/W-100022

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Adhir Kapoor
Partner
Membership no. 098297

Place : Chandigarh
Date : 28 May 2019

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place : Chandigarh
Date : 28 May 2019

Notes to the Standalone Financial Statements for the year ended 31 March 2019

1. Reporting entity

KDDL Limited ('the Company'), is a public limited company domiciled in India and was incorporated in January 1981. The Company is listed on BSE Limited and National Stock Exchange (NSE) of India Limited in India.

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.

2. Significant accounting policies

a) Basis of preparation

i) Statement of compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Effective 1 April 2016, the Company had transitioned to Ind AS while the standalone financial statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2014 (previous GAAP) till 31 March 2017 and the transition was carried out in accordance of Ind AS 101 "First time adoption of Indian Accounting Standards". While carrying out transition, in addition to the mandatory exemptions, the Company had elected to certain exemptions which are listed as below:

- The Company had opted to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognized in the standalone financial statements prepared under previous GAAP and use the same as deemed cost in the financial statement as at the transition date.
- The Company had opted to continue with the carrying value for its investments in subsidiaries, associates and joint ventures as recognized in the standalone financial statements prepared under previous GAAP and use the same as its deemed cost in the financial statement as at the transition date.
- The Company had opted not to apply Ind AS 102 Share-Based Payment to equity instruments that vested prior to the date of transition to Ind AS.

The standalone financial statements of the Company for the year ended 31 March 2019 were approved by the Company's Board of Directors on 28 May 2019.

i) Changes in Significant Accounting Policies

The Company has initially applied Ind AS 115 from I April 2018. A number of other new standards and amendments are also effective from I April 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the company in applying the above standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

There is no significant impact of transition from Ind AS 18 to Ind AS 115 in recognizing revenue by the Company.

ii) Functional and presentation currency

The functional currency of the Company is the Indian rupee. These standalone financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless other wise indicated.

iii) Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefits (assets)/liability	Fair value of the plan assets less present value of defined benefits obligations

iv) Use of estimates and judgments

The preparation of standalone financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and there ported amounts of assets, liabilities, income and expenses and the disclosure of contingently abilities on the date of the standalone financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on a non going basis. Any revision to accounting estimates is recognized prospectively incurrent and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 2(a)(v) - Fair value measurement
- Note 2(b)and3– Assessment of useful life of Property, plant and equipment
- Note 2(c)and4 – Assessment of useful life of Intangible assets
- Note 2(f), 2(g) 19and 36 –Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- Note 2(l), 7and 20 –Recognition of tax expense including deferred tax
- Note 2(n) –Impairment of financial assets
- Note 2(o)– Impairment test of non-financial assets: key assumptions underlying recoverable amounts and
- Note 37 –Measurement of defined benefit obligations: key actuarial assumptions; Share based payments

i) Measurement of fair values

A number of the Company's accounting policies and disclosures require measure men to affair values, for both financial and non-financial assets and liabilities. The Company has anesta blished control frame work with respect to measure men to affair values. This includes the top management division which is responsible for over seeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant un observable 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 there quire men to find AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of there porting 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.

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

Recognition and measurement

Items of PPE are measured 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 in tended 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 significant parts of an item of property, plant and equipment have different use ful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date. Advances paid to wards 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 capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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 the notification dated 29 August 2014 of the Ministry of Corporate Affairs. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

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

Depreciation on leasehold land and improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower.

Depreciation method, use ful lives and residual values are reviewed a teach 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

A property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

c) Other intangible assets

Acquired Intangible

Intangible assets that are acquired by the Company are measured initially at cost. Cost of an item of Intangible asset comprise sits 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 costless any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

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

Amortisation

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

The estimated useful lives are as follows:

- Technical know-how 4 Years
- Software 6 Years
- Web Portal 6 Years

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

Derecognition

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

d) Inventories

Inventories are measured 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.

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

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

e) Employee benefits

Short-termemployee 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.

Share-based payment transactions

The grant date fair value of equity settled share-based payment a wards granted to employees is recognised as an employee expense, with a corresponding in crease 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.

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.

Defined benefit plans

A defined benefit plan is a post-employmentbenefitplanotherthan 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').TheCompany'snetobligationinrespect 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 per formed 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 in to 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 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 in dependent 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.

f) Provisions (other than for employee benefits)

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. 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-taxrate 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 out flow 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 out flow 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 realization 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

The Company has initially applied Ind AS 115 from 1 April 2018.

Revenue recognition under Ind AS 18 (applicable before 1 April 2018)

Sale of products and rendering of services

Revenue from contract with customers for sale of products and rendering of services is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. 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.

Export benefits

Export benefits under various schemes notified by the government are recognized on accrual basis when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

Revenue recognition under Ind AS 115 (applicable from 1 April 2018)

Under Ind AS 115, the company recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, 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

The Company disaggregates revenue from contracts with customers by geography.

Use of significant judgements in revenue recognition

a) 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.

b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and performance bonuses. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

c) 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.

d) 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.

e) 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.

f) 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.

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.

j) Recognition of interest income or expense

Interest income or expense is 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,thenthecalculation 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 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.

l) Income 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 inequity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the tax able income or loss for they ear and any adjustment to the tax pay able or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws)enactedor substantively enacted by the reporting date.

Current tax assets and current tax liabilities are off set only if there is 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.

Deferred tax

Deferred tax is recognised in respect of 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 is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future profits will be avail able against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, incase of history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient tax able profit will be available against which such deferred tax asset can be realized. Deferred tax assets–unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/nolonger probable respectively that the related tax benefits will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforce able right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities.

m) Leases

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

Operating leases

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

Finance leases

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

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

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 FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

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

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

Equity investments

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at the 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.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. 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 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

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, 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.

r) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period 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) 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 period 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 period 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.

t) Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Measurement at the reporting date

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 on restatement/settlement of all monetary items are recognised in statement of profit and loss.

u) Recent Accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from 1 April 2019:

Ind AS 116 – Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of offices, factory facilities, Plant and equipment and Computers (see Note 40). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will include the payments due under the lease in its lease liability and apply Ind AS 36, Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment.

No significant impact is expected for the Company's finance leases.

Leases in which the Company is a lessor

The Company will reassess the classification of sub-leases in which the Company is a lessor. Based on the information currently available, the Company expects that it will reclassify two sub-leases as a finance lease.

No significant impact is expected for other leases in which the Company is a lessor.

Transition

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach [1]. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

(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 2017	86.15	577.80	828.84	69.05	4797.90	191.85	83.72	92.88	6728.19	458.55
Additions	-	-	143.79	14.24	345.23	45.16	21.31	116.61	686.34	2284.93
Disposals	(7.55)	-	-	(1.15)	(5.01)	-	(0.08)	(17.21)	(31.00)	(388.77) #
Balance as at 31 March 2018	**78.60**	**577.80**	**972.63**	**82.14**	**5138.12**	**237.01**	**104.95**	**192.28**	**7383.53**	**2354.71**
Balance as at 1 April 2018	78.60	577.80	972.63	82.14	5138.12	237.01	104.95	192.28	7383.53	2354.71
Additions	-	-	2712.76	-	1303.33	43.28	53.83	39.76	4152.96	1343.63
Disposals	-	-	-	-	(9.89)	(4.37)	(12.00)	(7.69)	(33.95)	(3454.32) #
Balance as at 31 March 2019	**78.60**	**577.80**	**3685.39**	**82.14**	**6431.56**	**275.92**	**146.78**	**224.35**	**11502.54**	**244.02**
Accumulated depreciation										
Balance as at 1 April 2017	-	5.53	42.06	10.65	523.98	36.37	16.10	-	634.69	-
Depreciation for the year	-	5.76	42.94	7.56	558.36	46.85	15.79	37.66	714.92	-
Disposals	-	-	-	(0.08)	(1.60)	-	-	(8.84)	(10.52)	-
Balance as at 31 March 2018	-	**11.29**	**85.00**	**18.13**	**1080.74**	**83.22**	**31.89**	**28.82**	**1339.09**	-
Balance as at 1 April 2018	-	11.29	85.00	18.13	1080.74	83.22	31.89	28.82	1339.09	-
Depreciation for the year (refer note c)	-	5.71	68.51	8.84	589.38	23.1	35.82	38.24	769.6	-
Disposals	-	-	-	-	(4.58)	(2.49)	(8.83)	(2.67)	(18.57)	-
Balance as at 31 March 2019	-	**17.00**	**153.51**	**26.97**	**1665.54**	**103.83**	**58.88**	**64.39**	**2090.12**	-
Carrying amounts (net)										
At 31 March 2018	**78.60**	**566.51**	**887.63**	**64.01**	**4057.38**	**153.79**	**73.06**	**163.46**	**6044.44**	**2354.71**
At 31 March 2019	**78.60**	**560.80**	**3531.88**	**55.17**	**4766.02**	**172.09**	**87.90**	**159.96**	**9412.42**	**244.02**

Notes:

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

b. Refer 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

	Year ended 31 March 2019	Year ended 31 March 2018
Raw material consumption	427.83	151.51
Salaries, wages and bonus	99.36	-
Job charges	29.00	-
Store consumption	21.26	-
Depreciation	19.17	-
Power and fuel	11.83	-
Others	11.10	-
	619.55	**151.51**

$ Includes leasehold land of Rs. 5.67 (31 March 2018: 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.

*Includes capitalised borrowing costs related to the construction of the new factory amounted to Rs. 131.59 (previous year: Rs. 110.75).

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

4. Other intangible assets

Gross carrying amount

	Technical know-how	Softwares	Web portal	Total
Balance as at 1 April 2017	21.61	71.93	13.03	106.57
Additions - acquired	-	15.04	-	15.04
Disposals	-	-	-	-
Balance as at 31 March 2018	**21.61**	**86.97**	**13.03**	**121.61**
Balance as at 1 April 2018	21.61	86.97	13.03	121.61
Additions - acquired	18.40	22.5	-	40.90
Disposals	-	(1.33)	(13.03)	(14.36)
Balance as at 31 March 2019	**40.01**	**108.14**	**-**	**148.15**

Accumulated amortisation

Balance as at 1 April 2017	3.72	27.25	9.32	40.29
Amortisation for the year	0.90	24.34	-	25.25
Disposals	-	-	-	-
Balance as at 31 March 2018	**4.63**	**51.59**	**9.32**	**65.54**
Balance as at 1 April 2018	4.63	51.59	9.32	65.54
Amortisation for the year	2.30	23.27	-	25.57
Disposals	-	(1.01)	(9.32)	(10.33)
Balance as at 31 March 2019	**6.93**	**73.85**	**-**	**80.78**

Carrying amounts (net)

At 31 March 2018	**16.98**	**35.38**	**3.71**	**56.07**
At 31 March 2019	**33.08**	**34.29**	**-**	**67.37**

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
5. Investments			
Non-current investments			
Unquoted investments (fully paid up)			
Investment in equity shares (at cost)			
Subsidiary Companies (at cost):			
- Pylania SA, Switzerland 7,550 (31 March 2018: 7,550) equity shares of Swiss Franc (CHF) 100 each fully paid up		281.24	281.24
- Ethos Limited 10,394,740 (31 March 2018: 10,223,508) equity shares of Rs. 10 each fully paid up	(a), (b)	5,890.98	5,390.98
- Mahen Distribution Limited 5,928,700 (31 March 2018: 5,928,700) equity shares of Rs 10 each fully paid up		698.07	698.07
- Kamla International Holdings SA, Switzerland 16,000 (31 March 2018: 6,000) equity shares of Swiss Franc (CHF) 100 each fully paid up		1,097.66	383.51
- Satva Jewellery and Design Limited 3,000,000 (31 March 2018: 3,000,000) equity shares of Rs. 10 each fully paid up		150.00	150.00
		8,117.95	**6,903.80**
Associate (at cost):			
- Kamla Tesio Dials Limited. 300,000 (31 March 2018: 300,000) equity shares of Rs. 10 each fully paid up		30.00	30.00
		30.00	**30.00**
Other Companies (Fair value through Statement of profit and loss):			
- Karolview Developers Private Limited 500,000 (31 March 2018: 500,000) equity shares of Rs. 10 each fully paid up		45.80	38.13
- Shivalik Waste Management Limited 17,500 (31 March 2018: 17,500) equity shares of Rs. 10 each fully paid up		3.23	10.53
		49.03	**48.66**
		8,196.98	**6,982.46**

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
Investment in preference shares			
Subsidiary Companies:			
- Ethos Limited			
19,230 (31 March 2018: 19,230) 14% cumulative compulsory convertible preference shares of Rs. 130 each fully paid up		25.00	25.00
		25.00	**25.00**
Impairment in value of investments			
Subsidiary Companies:			
- Pylania SA, Switzerland		98.43	98.43
- Satva Jewellery and Design Limited		150.00	150.00
		248.43	**248.43**
Total non-current investments		**7,973.55**	**6,759.03**
Aggregate amount of unquoted investments		7973.55	6759.03
Aggregate amount of impairment in value of investments		248.43	248.43

Notes:

(a) This includes Rs. 14.51 (31 March 2018: Rs. 14.51) which represents fair value of financial guarantees given to Ethos Limited.

(b) This includes Rs. 36.07 (31 March 2018: 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.

6	**Loans**	Non-Current		Current	
	(Loans receivables considered good -Unsecured, unless otherwise stated)	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2019**	**As at 31 March 2018**
	Security deposit				
	- to related parties (refer to note 38)	2.00	2.00	-	-
	- to others	127.55	105.73	18.56	22.58
	Loan to related parties (refer to note 38)	-	-	103.94	103.94
	Loan to employees				
	- to related parties (refer to note 38)	28.44	30.07	6.08	6.17
	- to others	61.11	31.12	46.52	44.69
		219.10	**168.92**	**175.10**	**177.38**

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

	Note	As at 31 March 2019	As at 31 March 2018
7 Income tax asset (net)			
Advance income-tax (net of provision of Rs. 1,438.02 (31 March 2018: Rs. 739.27)		504.18	499.73
		504.18	**499.73**
8 Other non-current assets			
(Unsecured, considered good, unless otherwise stated)			
Capital advances			
- to others		63.81	121.19
Advances other than capital advances			
- Advances to employees		-	51.13
- Prepaid expenses		36.30	4.36
		100.11	**176.68**
9 Inventories			
(at lower of cost and net realisable value)			
Raw materials*		1,724.65	1,410.04
Work-in-progress		954.42	977.64
Finished goods**		115.91	99.47
Stores and spares		274.22	226.14
		3,069.20	**2,713.29**
* Includes goods-in-transit-raw materials		1.54	5.38

**The write down of inventories during the year amounted to Rs. 16.00 (previous year: Rs. Nil)

10 Trade receivables			
(Unsecured, considered good, unless otherwise stated)			
Trade receivables		2,330.74	2,843.43
- Related parties (refer to note 38)		41.45	19.54
Less: expected credit loss allowance		(0.86)	(6.80)
		2,371.33	**2,856.17**
Break-up of security details			
Trade receivable considered good -Secured		-	-
Trade receivable considered good -Unsecured		2,371.33	2,856.17
Trade Receivables which have significant increase in Credit risk		-	-
Trade receivable -credit impaired		0.86	6.80
Total		**2,372.19**	**2,862.97**
Expected credit loss allowance		(0.86)	(6.80)
Total trade receivables		**2,371.33**	**2,856.17**

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
11 Cash and cash equivalents			
Balances with banks			
- in current accounts		244.22	66.86
Remittances in-transit		-	108.15
Cash on hand		5.98	5.14
		250.20	**180.15**

Information pursuant to G.S.R. 308 (E) dated 30 March 2017 issued by Ministry of corporate affairs:

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

	Note	As at 31 March 2019	As at 31 March 2018
12 Other bank balances			
Deposit accounts with original maturity more than 3 months and upto 12 months from the reporting date	(a)	584.38	649.02
Balance in unclaimed dividend accounts		24.71	23.94
		609.09	**672.96**

Notes:

(a) These deposits include restricted bank deposits amounting to Rs. 580.79 (31 March 2018: Rs. 622.23) on account of deposits pledged as security for deposits from shareholders, bank guarantee and margin money.

	Note	As at 31 March 2019	As at 31 March 2018
13 Other financial assets			
Interest accrued but not due on deposits		10.85	21.78
Derivatives Financial instruments		29.76	-
(Fair Value through statement of Profit and Loss)			
Recoverable from related parties (refer to note 38)		294.16	64.11
Recoverable from Others		166.02	-
		500.79	**85.89**
14 Other current assets			
(Unsecured, considered good, unless otherwise stated)			
Recoverable from / balance with government authorities		425.82	645.15
Advances for supply of goods and services		209.15	234.82
Advances to employees		91.69	84.26
Prepaid expenses		53.14	67.69
		779.80	**1,031.92**

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

15. Equity Share capital

(i) Details of share capital	As at 31 March 2019		As at 31 March 2018	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
Equity shares of Rs. 10 each.	12,480,000	1,248.00	12,480,000	1,248.00
	12,480,000	**1,248.00**	**12,480,000**	**1,248.00**
Issued				
Equity shares of Rs. 10 each	11,807,888	1,180.78	11,127,072	11,12.70
	11,807,888	**1,180.78**	**11,127,072**	**11,12.70**
Subscribed and paid up capital				
Equity shares of Rs. 10 each fully paid up	11,633,608	1,163.36	10,952,792	10,95.28
Forfeited equity shares of Rs.10 each	174,280	8.71	174,280	8.71
	11,807,888	**1,172.07**	**11,127,072**	**11,03.99**

(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 2019		As at 31 March 2018	
	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the year	10,952,792	1,095.28	10,839,586	1,083.96
Add: Shares issued during the year	680,816	68.08	113,206	11.32
Balance at the end of the year	**11,633,608**	**1,163.36**	**10,952,792**	**1,095.28**

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

	Number of shares	% of equity shares held	Number of shares	% of equity shares held
R. K. Saboo	1,948,960	16.75%	2,058,460	18.79%
Yashovardhan Saboo	1,557,265	13.39%	1,547,265	14.13%
Saif India V FII Holdings Limited	1,008,400	8.67%	1,008,400	9.21%
Saif Partners India V Limited	754,716	6.49%	754.716	6.89%

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

(v) *Bonus shares, shares buyback and issue of shares for consideration other than in cash (during five years immediately preceding 31 March 2019)*

During the five years immediately preceding 31 March 2019, 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 2015, 39,750 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(vi) Employee stock option plan

Terms attached to stock options granted to employees of the Company are described in note 37D regarding share based payments.

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

	As at 31 March 2019		As at 31 March 2018	
	Number of Shares	Amount	Number of Shares	Amount
Under KDDL Employee Stock Option Plan - 2011 equity shares of Rs.10 each, at an exercise price of Rs. 120 per share (Refer note 37D)	18,750	1.88	21,000	2.10

16 Other equity
(also refer to Statement of Changes in Equity)

(i) **Securities premium**

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to shareholders. This will be utilised in accordance with the applicable provisions of the Companies Act, 2013.

(ii) **General reserve**

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the Statement of Profit and Loss.

(iii) **Employee stock options outstanding reserve**

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share based payment reserve.

(iv) **Retained earnings**

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Remeasurements of defined benefit obligation comprises actuarial gains and losses and return on plan assets (excluding interest income).

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

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

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

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 2018, 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 31 March 2019, the Company has allotted remaining 264,150 equity shares on conversion of equivalent number of share warrants to certain warrant holders on realisation of balance 75% towards these warrants.

17 Borrowings

(i) Non-current borrowings	Note	As at 31 March 2019	As at 31 March 2018
Term-loans			
From banks (secured)	(a)	76.52	149.61
From others (secured)	(b)	3,336.68	2,937.99
		3,413.20	**3,087.60**
Deposits from shareholders			
From related parties (unsecured) (refer to note 38)	(c)	343.65	200.52
From others (unsecured)	(c)	1,188.78	1,054.14
		1,532.43	**1,254.66**
Total non-current borrowings (including current maturities)		**4,945.63**	**4,342.26**
Less : Current maturities of non-current borrowings (refer to note 18)		1,491.94	1,004.07
		3,453.69	**3,338.19**

Notes:

(a) - Corporate loan from IDBI Bank Limited amounting to Rs. Nil (31 March 2018: Rs. 81.99) carrying interest rate of 3% (previous year 2.5%) over the bank base rate are secured by way of first pari passu charge on all the plant and machinery and furniture and fixtures of Derabassi unit (KDER), tool room division at Bengaluru (EIGEN) and hands division at Bengaluru (KHAN-1) and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits.

- Vehicle loans from banks amounting to Rs. 67.08 (31 March 2018: Rs. 67.62) carrying interest rate in the range of 7.50% to 10.50% (previous year 9.51% to 11%) 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 Intec Capital limited amounting to Rs. Nil (31 March 2018: 42.46) carrying fixed interest rate of 11.75% (previous year 11.75%) is secured by way of hypothecation of the specific asset purchased out of proceeds of the loan. The loan is also personally guaranteed by Chairman Emeritus and Chairman & Managing Director of the Company. The loan is to be repaid in 32 monthly installments as per the repayment schedule in equal annual installments commencing from 1 April 2016. The last instalment would be repaid on 1 November 2019.

- Term loan from Tata Capital Financial Services Limited amounting to Rs.236.88 (31 March 2018: Rs. 369.63) carrying interest rate equal to LTLR less 7% (presently 10.50%) (previous year 10.50%) is secured by way of first pari passu charge over the project leasehold immovable property and over movable fixed assets of Eigen III, situated at plot no. 55-A (Aerospace sector) Hitech, Devanahalli, Bengaluru. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 21 monthly installments of Rs. 11.30 as per the repayment schedule in equal annual installments commencing from 25 April 2018. The last instalment would be repaid on 25 December 2020.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 247.48 (31 March 2018: Rs. 337.50) carrying interest rate equal to LTLR less 7.25% (presently 10.50%) (previous year 10.50%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru and exclusive charge by way of hypothecation over the plant & machineries & other movable assets of KHAN II, situated at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 11 quarterly installments of Rs. 22.50 as per the repayment schedule in equal annual installments commencing from 8 April 2018. The last instalment would be repaid on 8 October 2021.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 757.62 (31 March 2018: Rs. Nil) carrying interest rate equal to LTLR less 8.75% (presently 10.50%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 52 monthly installments of Rs. 14.65 as per the repayment schedule in equal annual installments commencing from 30 July 2018. The last instalment would be repaid on 20 July 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 1,868.56 (31 March 2018: Rs. 2,161.77) carrying interest rate of 10% (previous year 9.60%) is secured by pari passu charge by way of hypothecation of equipment procured out of the term loan, Mortgage of leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan of Rs. 1,200 is to be repaid in 43 instalments of Rs. 21.13 and last instalment would be paid on 5th October, 2022. The loan of Rs. 1,000 is to be repaid in 46 monthly installments of Rs. 20.83 as per the repayment schedule in equal monthly installments commencing from 05 January 2018. The last instalment would be repaid on 5 January 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 200 (31 March 2018: Rs. Nil) carrying interest rate of 10% is secured by way of first pari passu charge over movable fixed assets of of 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.4.16 as per the repayment schedule in equal monthly installments commencing from 05 September 2019. last instalment would be paid on 5 September 2023.

- Vehicle loans from Daimler Financial Services amounting to Rs. 35.58 (31 March 2018: Rs. 26.63) carrying interest rate in the range of 7.50% to 10.50% (previous year 9.51% to 11%) 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

(c) Deposits from shareholders amounting to Rs. 1,532.43 (31 March 2018: Rs. 1,254.66) carrying interest rates in the range of 9% to 12.5% (previous year 8.5% to 12.5%) per annum are repayable in 1 years to 3 years from the respective dates of deposit.

(ii) Current Borrowings	Note	As at 31 March 2019	As at 31 March 2018
Loans repayable on demand			
From banks (secured)	(a)	702.84	1,451.62
From others (secured)	(b)	-	300.00
Deposit from shareholders			
From related parties (unsecured) (refer to note 38)		0.50	-
From others (unsecured)	(c)	36.93	23.98
Inter-corporate deposits from related parties (unsecured) (refer to note 38)	(d)	-	100.00
Buyers credit from banks (secured)	(e)	-	379.82
		740.27	**2,255.42**

Notes:

(a) Working capital borrowings from banks amounting to Rs. 702.84 (31 March 2018: Rs. 1,451.62) carrying interest rate varying from 9.25% to 11.90% (previous year 9.10% to 10.90%) per annum are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Company (both present and future), on pari passu basis except packaging unit (KPAC) and are further secured by a second charge on the 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 borrowings from others amounting to Rs. Nil (31 March 2018: Rs. 300.00) carrying interest rate of 9.15% per annum are secured by first pari passu charge on current assets. The loan is also personally guaranteed by the Chairman & Managing Director of the Company and is repayable on demand.

(c) Deposits from shareholders amounting to Rs. 37.43 (31 March 2018: Rs. 23.98) carrying interest rates in the range of 9% to 12.5% (previous year 8.5% to 12.5%) per annum are repayable in 1 year to 3 years from the respective dates of deposit.

(d) Inter corporate deposits taken from Dream Digital Technology Private Limited amounting to Rs Nil (31 March 2018: Rs. 100) carrying interest rate of 9% p.a. was repayable within one year.

(e) Buyers credit from Bank of India amounting to Rs. Nil (31 March 2018: Rs. 84.69) carrying interest rate 6 month libor plus 0.75% is secured against hypothecation of inventory and receivables is repayable on demand. Buyers credit from IDBI amounting to Rs. 295.13 (31 March 2018: Rs. 295.13) carrying interest rate varying from 3 month libor plus 0.90% to 6 month libor plus 1.00% is secured against hypothecation of inventory and receivables is repayable on demand.

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

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

	Year ended 31 March 2019	Year ended 31 March 2018
Balance as at the beginning of the year (include current and non-current borrowings)	**6,597.67**	**3,975.22**
Proceeds from non-current borrowings	1,830.21	2,340.27
Repayment of non-current borrowings	(1,237.25)	(1,127.31)
repayments of/ Proceeds from current borrowings (net)	(1,515.15)	1,405.17
Transaction costs related to borrowings	10.41	4.33
Balance as at the end of the year (include current and non-current borrowings)	**5,685.90**	**6,597.68**

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

18 Other financial liabilities

	Non-Current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Current maturities of non-current borrowings [refer to note 17(I)]	-	-	1,491.94	1,004.07
Interest accrued [refer to note 38(d)]	-	-	170.97	174.58
Unpaid dividends*	-	-	24.71	23.94
Capital creditors	-	-	171.34	465.31
Employee related payables	-	-	825.89	690.24
Security Deposit				
- from related parties [refer to note 38]	6.77	6.77	-	-
- from others	5.69	5.69	-	-
	12.46	12.46	2,684.85	2,358.14

* not due for deposit to investor education and protection fund

19 Provisions

	Non-Current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provisions for employee benefits (refer note 37)				
Liability for gratuity	-	-	46.54	28.51
Liability for compensated absences	204.90	172.29	5.97	44.85
	204.90	**172.29**	**52.51**	**73.36**
Other provisions				
Provision for warranties	13.38	20.89	7.29	5.26
	13.38	**20.89**	**7.29**	**5.26**
	218.28	**193.18**	**59.80**	**78.62**

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

Movement in other provisions	Warranties
Balance as on 1 April 2017	16.14
Provisions made during the period	13.57
Provisions utilised during the period	(3.56)
Balance as on 31 March 2018	**26.15**
Provisions made during the period	4.32
Provisions utilised during the period	(9.80)
Balance as on 31 March 2019	**20.67**

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

20 Deferred tax liabilities (net)

Deferred tax liability on	**As at 31 March 2019**	**As at 31 March 2018**
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	558.46	503.05
-MTM Gain on foreign exchange contracts	8.67	-
Deferred tax liability (A)	**567.13**	**503.05**
Deferred tax assets on		
- Expected credit loss allowance	0.24	1.98
- Provision for warranties	6.02	7.61
- Provision for employee benefits	74.96	71.53
- Provision for bonus	70.27	43.62
Deferred tax assets (B)	**151.49**	**124.74**
Net deferred tax liabilities (A - B)	**415.64**	**378.31**

(b) Movement in temporary differences:

2017-2018	**As at 31 March 2017**	**Recognised in Statement of Profit & Loss**	**Recognised in other comprehensive Income**	**As at 31 March 2018**
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	592.72	(89.67)	-	503.05
- Expected credit loss allowance	(3.04)	1.06	-	(1.98)
- Provision for warranties	(5.58)	(2.03)	-	(7.61)
- Provision for employee benefits	(77.79)	18.34	(12.07)	(71.53)
- Provision for bonus	(49.87)	6.25	-	(43.62)
	456.44	**(66.05)**	**(12.07)**	**378.31**

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

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

21 Trade payables	As at 31 March 2019	As at 31 March 2018
Dues of Micro Enterprises and Small Enterprises (refer to note below)	61.57	46.50
Other trade payables	1,469.53	1,287.54
Trade payables to related parties (refer to note 38)	40.09	165.74
	1,571.19	**1,499.78**

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 :

Particulars	As at 31 March 2019	As at 31 March 2018
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year		
- Principal	55.01	42.56
- Interest	6.56	3.94
(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;	201.05	261.31
(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;	2.62	3.94

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

		As at 31 March 2019	As at 31 March 2018
	(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	6.56	3.94
	(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	6.56	3.94
22	**Other current liabilities**		
	Advance from customers	46.60	100.54
	Advance from related parties	45.33	-
	Statutory dues	186.68	172.62
	Deferred revenue	1.50	2.25
		280.11	**275.41**
23	**Current tax liabilities (net)**		
	Provision for income tax (net of advance tax of	126.04	355.05
	Rs. 1,324.50 (31 March 2018 Rs. 1,155.99)	**126.04**	**355.05**

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

		Year ended 31 March 2019	Year ended 31 March 2018
24	**Revenue from operations**		
	Sale of products	16,061.78	13,721.91
	(including excise duty to the extent applicable)		
	Sale of services	660.30	365.66
	Other operating revenues		
	Export incentives	371.88	288.65
	Scrap sales	425.92	348.06
		17,519.88	**14,724.28**
25	**Other income**		
	Interest income		
	Fixed deposits with banks	39.40	36.70
	Interest income from related parties (refer to note 38)	14.06	28.16
	Interest income from others	21.25	18.64
	Dividend income	0.36	14.63
	Rental income	17.57	24.53
	Liabilities/ provision no longer required written back	-	26.26
	Exchange gain on foreign exchange fluctuations (net)	250.93	162.54
	Net gain on sale of property, plant and equipment	37.37	160.61
	Miscellaneous income	6.01	7.91
		386.95	**479.98**
26	**Cost of materials consumed***		
	Inventory of material at the beginning of the year	1,410.04	1,135.36
	Purchases of raw materials	4,764.37	3,965.31
		6,174.41	5,100.67
	Inventory of material at the end of the year	1,724.65	1,410.04
	*Refer to note 3(c)	**4,449.76**	**3,690.63**
27	**Changes in inventories of finished goods and work-in-progress**		
	Opening stock		
	Work-in-progress	977.64	667.64
	Finished goods	99.47	83.33
		1,077.11	**750.97**
	Less:		
	Closing stock		
	Work-in-progress	954.42	977.64
	Finished goods	115.91	99.47
		1,070.33	1077.11
		6.78	**(326.14)**

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

		Year ended 31 March 2019	Year ended 31 March 2018
28	**Employee benefits expense**		
	Salaries and wages (refer to note 3(c))	4,287.52	3,718.35
	Contributions to provident and other funds (refer to note 37)	385.67	331.88
	Staff welfare expenses	234.92	214.42
		4,908.11	**4,264.65**
29	**Finance costs**		
	Interest expense on financial liabilities measured at amortised cost	513.06	398.41
	Other borrowing costs	115.16	84.81
		628.22	**483.22**
30	**Depreciation and amortisation expense**		
	Depreciation on property, plant and equipment*	750.43	714.92
	Amortisation of other intangible asset (refer to note 4)	25.57	25.25
		776.00	**740.17**

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

		Year ended 31 March 2019	Year ended 31 March 2018
31	**Other expenses**		
	Stores and spares consumed (refer to note 3(c))	880.62	704.45
	Power, fuel and water charges (refer to note 3(c))	443.51	387.88
	Contractual labour expenses	772.57	540.68
	Insurance	7.97	8.48
	Rent (refer note 41)	203.34	208.91
	Rates and taxes	21.78	13.10
	Repair and maintenance	427.69	334.49
	Legal and professional fees [refer note (a) below]	390.49	463.90
	Travelling and conveyance	521.87	369.11
	Job charges (refer to note 3(c))	464.21	509.20
	Printing and stationery	40.95	47.54
	Communication expenses	52.49	53.47
	Commission	176.70	149.48
	Events and exhibitions	146.30	92.76
	Property, plant and equipment written off	8.86	2.90
	Donation	1.10	6.82
	Directors' sitting fees	11.95	5.40
	Security service charges	87.20	78.93
	Corporate social responsibility expenditure [refer note (b) below]	26.13	21.60
	Miscellaneous expenses	222.73	209.69
		4,908.46	**4,208.79**

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

	Year ended 31 March 2019	Year ended 31 March 2018
Note (a): Auditors' remuneration (excluding taxes as applicable)		
As Auditor		
- Statutory audit	10.00	10.00
- Tax audit	1.50	1.50
- Limited review of quarterly results	7.50	7.50
In other capacity		
- Certification work	8.50	-
- Reimbursement of expenses	2.38	0.97
	29.88	**19.97**
Note (b): Detail of corporate social responsibility expenditure		
a. Amount required to be spent by the Company during the year	26.12	20.99
b. Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above (refer note 38)	26.13	21.60
	26.13	**21.60**

32 Income tax expense

A. Amounts recognised in statement of profit and loss

Current tax		
Current year	600.29	659.06
	600.29	**659.06**
Deferred tax		
Attributable to–		
Origination and reversal of temporary differences	54.63	(66.04)
	54.63	**(66.04)**
	654.92	**593.02**

B. Reconciliation of effective tax rate

Profit before tax	2229.50	1,999.94
Tax at the Indian tax rate of 29.12% (previous year 34.61%)*	649.23	692.14
Effect of expenses that are not deductible in determining taxable profit	9.96	17.46
Tax exempt income	-	(55.58)
Effect of reduction in tax rate	-	(72.38)
Others	(4.27)	11.38
Income tax expenses recognised in statement of profit and loss	**654.92**	**593.02**

* The tax rate used for the current year reconciliation above is the corporate tax rate of 29.12% (previous year 34.61%) payable by corporate entities in India on taxable profits under the Indian tax law.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

		Year ended 31 March 2019	Year ended 31 March 2018
C.	Income tax recognised in other comprehensive income		
	Arising on income and expenses recognised in other comprehensive Income		
	Remeasurement of defined benefit liability (asset)	(58.68)	(42.21)
		(58.68)	**(42.21)**
	Bifurcation of the income tax recognised in other comprehensive income		
	Items that will not be reclassified to profit or loss		
	Income tax on Remeasurement of defined benefit liability (Asset)	17.31	12.07
		17.31	**12.07**
33	**Earnings per share**		
	A. Basic earnings per share		
	i. Profit / (loss) for basic earning per share of Rs. 10 each		
	Profit for the year	1,574.58	1,406.92
	ii. Weighted average number of equity shares for (basic)		
	Balance at the beginning of the year	10,952,792	10,839,586
	Effect of fresh issue of shares	4,07,779	5,118
		11,360,571	**10,844,704**
	Basic Earnings per share (face value of Rs 10 each)	**13.86**	**12.97**
	B. Diluted earnings per share		
	i. Profit / (loss) for diluted earning per share of Rs. 10 each		
	Profit for the year	1,574.58	1,406.92
	ii. Weighted average number of equity shares for (diluted)		
	Balance at the beginning of the year	10,952,792	10,839,586
	Effect of fresh issue of shares	4,07,779	5,118
	Effect of employee stock options*	14,013	11,238
		11,374,584	**10,855,942**
	Diluted Earnings per share (face value of Rs. 10 each)	**13.84**	**12.96**

* 4,737 options (31 March 2018: 9,762 options) were excluded from calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

34 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities including their level in the fair value hierarchy:

	Note	Level of hierarchy	As at 31 March 2019 FVTPL	As at 31 March 2019 FVOCI	As at 31 March 2019 Amortised cost	As at 31 March 2018 FVTPL	As at 31 March 2018 FVOCI	As at 31 March 2018 Amortised cost
Financial assets								
Non-current								
Non-derivative financial assets								
Investments:								
Investment in equity shares - subsidiary companies and associates	(i)	3	-	-	7771.45	-	-	6557.3
Investment in equity shares - other companies	(ii)	3	49.03	-	-	48.66	-	-
Investment in preference shares	(iii)	3	-	-	153.07	-	-	153.07
Loans	(iii)	3	-	-	219.1	-	-	168.92
Current								
Non-derivative financial assets								
Trade receivable	(iv)	3	-	-	2371.33	-	-	2856.17
Cash and cash equivalents	(iv)	3	-	-	250.2	-	-	180.15
Other bank balances	(iv)	3	-	-	609.09	-	-	672.96
Loans	(iv)	3	-	-	175.1	-	-	177.38
Other financial assets	(iv)	3	-	-	471.03	-	-	85.89
Derivative financial assets								
Forward contracts	(vi)	2	-	-	29.76	-	-	-
Total financial assets			**49.03**	-	**12050.13**	**48.66**	-	**10851.84**
Financial liabilities								
Non-current								
Non-derivative financial liabilities								
Borrowings (including current maturities)	(v)	3	-	-	4945.63	-	-	4342.26
Other financial liabilities	(iii)	3	-	-	12.46	-	-	12.46
Current								
Non-derivative financial liabilities								
Borrowings	(iv)	3	-	-	740.27	-	-	2255.42
Trade payables	(iv)	3	-	-	1571.19	-	-	1499.78
Other financial liabilities	(iv)	3	-	-	1192.91	-	-	1354.07
Total financial liabilities			-	-	**8462.46**	-	-	**9463.99**

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

(ii) 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.

(iii) Fair value of non-current financial assets and non- current financial liablilites has not been disclosed as there is no significant differences between carrying value and fair value.

(iv) 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.

(v) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

(vi) 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.

Particulars	Level	Fair value As at 31 March 2019	Fair value As at 31 March 2018	Amortised cost As at 31 March 2019	Amortised cost As at 31 March 2018
Non-current borrowings (including current maturities)	3	4,867.01	4,200.58	4,983.06	4,342.26

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2019 and 31 March 2018.

Reconciliation of Level 3 fair value measurement:	Year ended 31 March 2019	Year ended 31 March 2018
Opening balance	48.66	48.66
Gain/ (loss) recognized in Statement of profit and loss	0.37	-
Closing balance	49.03	48.66

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

B. Financial risk management

(i) Risk Management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

The Company has exposure to the following risks arising from financial instruments:

-credit risk (see (ii))

- liquidity risk (see (iii))

- market risk (see (iv))

(ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or 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 Company's receivable from customers and loans.

Particulars	As at 31 March 2019	As at 31 March 2018
Non-derivative financial asset		
Investments	7,973.55	6,759.03
Trade receivables	2,371.33	2,856.17
Loans	394.20	346.30
Cash and cash equivalents	250.20	180.15
Other bank balances	609.09	672.96
Other financial assets	471.03	85.89
Derivative financial asset	29.76	-
Forward contracts	**12,099.16**	**10,900.00**

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.

(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 2019	As at 31 March 2018
Within India	1,116.95	1,380.13
Outside India	1,254.38	1,476.04
	2,371.33	**2,856.17**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from top customer	2,561.13	2,157.10
Revenue from top five customers	7,340.48	6,611.00

The Company based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross Carrying amount	Expected credit Loss allowance	Carrying amount
31 March 2019			
Less than 6 Months	2,305.54	-	2,305.54
More than 6 Months	66.65	0.86	65.79
	2,372.19	**0.86**	**2,371.33**
31 March 2018			
Less than 6 Months	2,752.69	-	2,752.69
More than 6 Months	110.28	6.80	103.48
	2,862.97	**6.80**	**2,856.17**

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

	As at 31 March 2019	As at 31 March 2018
Balance as at the beginning of the year	6.80	8.79
Amounts written off	(5.94)	(2.09)
Impairment loss recognised	-	0.10
Balance as at the end of the year	**0.86**	**6.80**

(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.

The following table provides details regarding the contractual maturities of significant financial liabilities:

	Less than 1 Year	1 to 2 Years	2 to 5 Years	Total
31 March 2019				
Non-derivative financial liabilities				
Borrowings (including current maturities)	2,232.21	1,369.66	2,092.08	5,693.95
Trade payables	1,571.19	-	-	1,571.19
Other financial liabilities	1,192.91	-	-	1,192.91
	4,996.31	**1,369.66**	**2,092.08**	**8,458.05**
31 March 2018				
Non-derivative financial liabilities				
Borrowings (including current maturities)	2,255.42	1004.07	3,342.70	6602.19
Trade payables	1,499.78	-	-	1,499.78
Other financial liabilities	1,354.07	-	-	1,354.07
	5,109.27	**1004.07**	**3,342.70**	**9,456.04**

(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.

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

(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 and US dollars 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 2019	As at 31 March 2018
Fixed rate borrowings	4,991.11	5,150.57
Floating rate borrowings	702.84	1,451.62
Total borrowings (gross of transaction cost)	**5,693.95**	**6,602.19**

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant

	Profit or Loss	
	Strengthening	**Weakening**
For the year ended 31 March 2019		
Interest rate (0.5% movement)	(3.51)	3.51
For the year ended 31 March 2018		
Interest rate (0.5% movement)	(7.26)	7.26

(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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

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

Assets	As at 31 March 2019		As at 31 March 2018	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
Trade receivables				
HKD	12.18	1.40	7.77	0.95
USD	92.54	1.35	132.43	2.08
EUR	29.65	0.39	119.85	1.69
CHF	1,120.73	16.38	1,215.78	17.94
GBP	0.86	0.01	0.82	0.01

Liabilities	As at 31 March 2019		As at 31 March 2018	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
Borrowings				
USD	-	-	379.82	5.73
Trade payables				
HKD	41.75	4.73	13.67	1.64
USD	29.65	0.43	26.08	0.40
EUR	3.74	0.05	38.24	0.48
CHF	179.81	2.53	282.15	4.08
JPY	49.45	78.70	-	-
GBP	-	-	0.95	0.01
SGD	-	-	4.07	0.08
Net exposure in respect of recognised assets and liabilities	**951.56**		**731.67**	

Significant forward contracts outstanding as at the end of the year

	As at 31 March 2019		As at 31 March 2018	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
Imports				
CHF	-	-	-	-
Exports				
CHF	310.94	4.00	-	-

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2019 and 31 March 2018 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
HKD (1% movement)	(2.96)	2.96	2.10	(2.10)
USD (1% movement)	6.29	(6.29)	(4.46)	4.46
EUR (1% movement)	2.59	(2.59)	(1.84)	1.84
CHF (1% movement)	94.09	(94.09)	(66.69)	66.69
GBP (1% movement)	0.09	(0.09)	(0.06)	0.06
JPY (1% movement)	(4.95)	4.95	3.51	(3.51)
31 March 2018				
HKD (1% movement)	0.59	(0.59)	(0.38)	0.38
USD (1% movement)	27.35	(27.35)	(17.88)	17.88
EUR (1% movement)	(8.16)	8.16	5.34	(5.34)
CHF (1% movement)	(93.36)	93.36	61.05	(61.05)
GBP (1% movement)	0.13	(0.13)	(0.08)	0.08
SGD (1% movement)	4.07	(4.07)	(2.66)	2.66

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, comprising interest-bearing loans and borrowings, less cash and cash equivalents and other bank balances. Total equity comprises all components of equity as shown in balance sheet.

The Company's adjusted net debt to total equity ratio was as follows:

	As at 31 March 2019	As at 31 March 2018
Total liabilities	9,562.71	10,744.56
Less: cash and cash equivalents and other bank balances	859.29	853.11
Adjusted net debt	**8,703.04**	**9,891.45**
Total equity	**16,713.93**	**13,032.78**
Net debt to total equity ratio	**0.52**	**0.76**

(ii) Dividends

	Year ended 31 March 2019	Year ended 31 March 2018
Equity shares		
Final dividend for the year ended 31 March 2018 of Rs. 2.50 (31 March 2017 of Rs. 1.50) per fully paid equity shares*	338.06	195.71
Dividend not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs. 2.50 (31 March 2018: Rs. 2.50) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	350.62	330.10

*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 Financial Statements for the year ended 31 March 2019

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

		As at 31 March 2019	As at 31 March 2018
36	**Contingent liabilities and commitments:** *(to the extent not provided for)*		
(i)	**Claims against the Company not acknowledged as debts, under dispute**		
	- Bank guarantees issued in favour of subsidiary	5,929.18	6,269.65
	- Demand raised for service tax against which appeals have been filed	71.14	84.48
	- Demand raised by Punjab State Electricity Board for payment of penalty for usage of additional power against sanctioned load. Amount paid under protest Rs. 3.73 (31 March 2018: Rs. 3.73)	3.73	3.73
	- Demand raised for Income tax (assessment year 2004-05 to assessment year 2012-13)	56.61	267.75
	- Claims against the company filed by employees not acknowledged as debt (to the extent ascertainable)	181.35	170.16
	- Custom duty saved against EPCG Licenses, pending redemption	143.57	192.02
		6,385.58	**6,987.79**
(ii)	**Commitments**		
	- Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	592.54	326.14
	- Amount payable under non-cancellable leases	711.91	952.78
		1,304.45	**1,278.92**

(iii) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

(iv) Pursuant to recent judgement by Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowance which are common for all employees, However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authority in this regard, the Company has not recognised any provision for the periods prior to 28 February 2019. Further, management also believes that the impact of the same on the Company will not be material.

37 Employee benefits

A. Assets and liabilities relating to employee benefits	**Non-Current**		**Current**	
	As at 31 March 2019	**As at 31 March 2018**	**As at 31 March 2019**	**As at 31 March 2018**
Liability for gratuity	-	-	46.54	28.51
Liability for compensated absences	204.90	172.29	5.97	44.85
	204.90	**172.29**	**52.51**	**73.36**

For details about the related employee benefit expenses, refer to note no. 28.

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

B. Defined Benefit Plan

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Company to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

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 2019	As at 31 March 2018
(ii)	**Reconciliation of present value of defined benefit obligation**		
	Present value of obligation at the beginning of the year	631.86	488.41
	Current Service cost	63.46	46.81
	Interest cost	47.39	39.07
	Benefits paid	(38.76)	(31.13)
	Actuarial (gains) losses recognised in other comprehensive income		
	- experience adjustments	42.57	88.70
	Present value of obligation at the end of the year	**746.54**	**631.86**

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

Particulars	As at 31 March 2019	As at 31 March 2018
(iii) Reconciliation of the present value of plan assets		
Plan assets at the beginning of the year, at fair value	603.35	439.90
Return on plan assets recognised in other comprehensive income	45.25	35.20
Contributions	106.24	112.89
Benefits paid	(38.74)	(31.13)
Interest income	(16.10)	46.49
Plan assets at the end of the year, at fair value	**700.00**	**603.35**
(iv) Amount recognized in the balance sheet		
Present value of the defined benefit obligations at the end of the year	746.54	631.86
Fair value of plan assets at the end of the year	700.00	603.35
Net liability recognized in the balance sheet*	**46.54**	**28.51**
* Shown under the head "Provision for employee benefits"		
(v) Plan assets		
Plan assets comprise of the following:		
Policy of insurance	700.00	603.35
	700.00	**603.35**
(vi) Amount recognized in the Statement of Profit and Loss		
Current service cost	63.46	46.81
Interest cost (net)	2.14	3.88
Amount recognized in the Statement of profit and loss	**65.60**	**50.69**
(vii) Remeasurements recognised in other comprehensive income		
Actuarial gain/loss on the defined benefit obligation	42.57	88.70
Return on plan assets excluding interest income	16.10	(46.49)
Amount recognized in other comprehensive income	**58.67**	**42.21**

(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.

Discount rate (per annum)	7.50%	8.00%
Expected rate of return on plan assets (per annum)	7.50%	8.00%
Salary increase (per annum)	5.00%	5.00%
Expected average remaining working lives of employees (years)	16.34	7.50

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

(b) Demographic assumptions:	As at 31 March 2019	As at 31 March 2018
Retirement age	58 years	58 years
Mortality	Indian assured lives mortality (2006-08)	Indian assured lives mortality (2006-08)
Attrition rate	Ultimate	Ultimate
Upto 30 years	3%	3%
31 to 44 years	2%	2%
44 and above	1%	1%

(ix) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:

Particulars	As at 31 march 2019		As at 31 march 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	69.77	(81.98)	35.09	(39.08)
Future salary growth (1% movement)	(83.09)	71.89	(39.77)	36.32

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 2019	As at 31 March 2018
The expected maturity analysis of undiscounted defined benefit liability is as follows:		
Within 1 year	101.09	102.83
1-2 years	133.88	124.09
2-5 years	252.13	350.52
Over 5 years	492.35	1,737.04

(xi) Weighted average duration and expected employers contribution for next year of the defined benefit plan	As at 31 March 2019	As at 31 March 2018
Weighted average duration (in years)	10.16	5.87
Expected Employers contribution for the next year	68.22	133.33

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:

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Provident fund	183.64	160.05
Superannuation fund	13.14	8.51
Employees' state insurance scheme	63.41	62.33
Pension fund	59.87	50.49
	320.06	**281.38**

D. Share based payments

The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') which has been approved by the Board of Directors and the shareholders. A compensation committee comprising promoter executive and independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP are exercisable for equity shares. The Company planned to grant upto 110,000 options to eligible employees and directors of the Company and subsidiaries of the Company. The outstanding options as at 31 March 2019 are 18,750 (31 March 2018: 21,000).

Fifty percent of the options which have been granted under ESOP 2011 were vested on 1 April 2014 ('first tranche'). These options were exercised by the employees and accordingly 39,750 shares were issued during the previous years to the eligible employees. The balance options shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs. 15,000.00 ('second tranche'). The exercise period for the options is within six months from the date of vesting of the options. Each option is exercisable for one equity share of Rs 10 each fully paid up on payment of exercise price of share determined with respect to the date of grant.

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

(i) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

	As at 31 March 2019		As at 31 March 2018	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Outstanding at beginning of the year	21,000	120	21,000	120
Forfeited during the period	(2,250)	-	-	-
Exercised during the period	-	-	-	-
Outstanding at end of the year	18,750	120	21,000	120

The options outstanding at 31 March 2019 have an exercise price of Rs. 120 (31 March 2018: Rs. 120) per option.

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

(ii) Expense recognised in statement of profit and loss

The expenses arising from share-based payment transaction recognised in statement of profit and loss as part of employee benefit expense / (income) for the year ended 31 March 2019 and 31 March 2018, were Rs.(1.96) 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 2019	Year ended 31 March 2018
Fair value at grant date	61.05	61.05
Share price at grant date	133.90	133.90
Exercise Price	120.00	120.00
Risk Free interest rate (in %)	8.50%	8.50%
Expected life (in months)	88	88
Expected volatility (in %)*	66.49%	66.49%
Expected dividend Yield (in %)	1.58%	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected.

38 Related parties:

a) Related parties and nature of relationship where control exists:

Name of party	Description of relationship
Pylania SA	Subsidiary
Kamla International Holdings SA	Subsidiary
Ethos Limited	Subsidiary
Mahen Distribution Limited	Subsidiary
Satva Jewellery and Design Limited*	Subsidiary
Cognition Digital LLP	Subsidiary of Ethos Limited
Estima AG (refer note 1)	Subsidiary of Pylania SA and Kamla International Holdings SA

(b) List of related parties with whom transactions have taken place during the year

Kamla Tesio Dials Limited	Associate
Cadrafin GmbH (refer note 2)	Associate of Kamla International Holdings SA

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

(i) Names of KMP	Names of their close family members (refer note 3)
- Mr. Yashovardhan Saboo (Chairman and Managing Director)	Mr. R.K. Saboo (father), Mrs. Usha Devi Saboo (mother) Mrs. Anuradha Saboo (spouse) Mr. Pranav Shankar Saboo (Son), Mrs. Malvika Singh (son's spouse) Ms. Satvika Saboo (daughter)
- Mr. Sanjeev Kumar Masown (Chief Financial Officer and Director)	Mrs. Neeraj Masown (spouse), Mr. Lal Chand Masown (father)

(ii) Related entities of KMP

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

(iii) Non-executive Directors

- Mr. Anil Khanna
- Mr. Torsten Buchwald (w.e.f 03 November 2018)
- Mr. Jagesh Khaitan
- Ms. Ranjana Agarwal
- Mr. Praveen Gupta
- Mr. Vishal Satinder Sood
- Mr. Jai Vardhan Saboo
- Mr. Sanjiv Sachar

Notes:

1. On 7 January 2019, the Company, through its foreign subsidiaries Kamla International Holdings SA and Pylania SA, acquired 100% equity interest in Estima AG.
2. On 9 July 2018, the Company has sold its 22% share (held through Kamla International Holdings SA) in its associate 'Cadrafin Sari'.
3. With respect to the key managerial personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year.

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

d) Related party transactions

Year ended 31 March 2019

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
1 Purchase of raw material and components					
Estima AG	14.44				
Pylania SA	9.12	-	-	-	-
Ethos Limited	-	-	-	-	-
2 Sale of goods and services					
Pylania SA	390.13	-	-	-	-
Estima AG	55.89				
Ethos Limited	-	-	-	-	-
3 Purchase of property, plant and equipment					
Ethos Limited	0.21	-	-	-	-
Pylania SA	1.02	-	-	-	-
4 Sale of property, plant and equipment					
Ethos Limited	0.82				
Pylania SA	-				
5 Sale of intangible assets					
Ethos Limited	41.90	-	-	-	-
6 Job work charges paid					
Pylania SA	45.78	-	-	-	-
7 Rent paid by the Company					
Mr. Yashovardhan Saboo	-	-	25.42	-	-
Mrs. Anuradha Saboo	-	-	-	-	15.75
Kamla Tesio Dials Limited	-	6.00	-	-	-
Satva Jewellery & Design Limited	6.00	-	-	-	-
Ethos Limited	-	-	-	-	-
8 Compensation to key managerial personnel					
Short-term employee benefits					
Mr. Yashovardhan Saboo	-	-	121.51	-	-
Mr. Sanjeev Kumar Masown	-	-	82.68	-	-
Post-employment benefits					
Mr. Yashovardhan Saboo	-	-	20.00	-	-
Mr. Sanjeev Kumar Masown	-	-	7.18	-	-
Long term employee benefits					
Mr. Yashovardhan Saboo	-	-	13.20	-	-
Mr. Sanjeev Kumar Masown	-	-	4.79	-	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

Year ended 31 March 2019 (Continued)

		Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
9	**Interest income**					
	Vardhan Properties and Investment Limited	-	-	-	-	-
	Satva Jewellery & Design Limited	12.00	-	-	-	-
	Mr. Sanjeev Kumar Masown	-	-	2.06	-	-
10	**Rent received**					
	Ethos Limited	7.57	-	-	-	-
	Dream Digital Technology Private Limited	-	-	-	0.60	-
11	**Inter corporate deposit repaid to the Company**					
	Dream Digital Technology Private Limited	-	-	-	100	-
12	**Repayment of loans given by the Company**					
	Mr. Sanjeev Kumar Masown	-	-	3.75	-	-
13	**Interest paid/ accrued**					
	Vardhan Properties and Investment Limited	-	-	-	4.37	-
	Mr. Sanjeev Kumar Masown	-	-	3.28	-	-
	Mrs. Neeraj Masown	-	-	-	-	2.76
	Mr. Lal Chand Masown	-	-	-	-	0.65
	Dream Digital Technology Private Limited	-	-	-	2.85	-
	Mr. Anil Khanna	-	-	5.48	-	-
	Mrs. Alka Khanna	-	-	-	-	2.85
	Ms. Ranjana Agarwal			11.75	-	-
14	**Deposits from shareholders accepted/renew**					
	Vardhan Properties and Investment Limited	-	-	-	13.00	-
	Mrs. Neeraj Masown	-	-	-	-	12.00
	Mr. Lal Chand Masown	-	-	-	-	2.64
	Mrs. Alka Khanna	-	-	-	-	23.08
	Ms. Ranjana Agarwal	-	-	153.00	-	-
15	**Deposits from shareholders repaid**					
	Mrs. Alka Khanna	-	-	-	-	20.20
	Ms. Ranjana Agarwal	-	-	20.00	-	-
	Mr. Lal Chand Masown	-	-	-	-	1.89
	Vardhan Properties and Investment Limited	-	-	-	8.00	-
16	**Reimbursement of expenses paid by the Company**					
	Pylania SA	7.18	-	-	-	-
	Ethos Limited	136.18	-	-	-	-
	Kamla Tesio Dials Limited	-	0.06	-	-	-
	Satva Jewellery & Design Limited	0.05	-	-	-	-
	Cognition Digital LLP	54.05	-	-	-	-
	Dream Digital Technology Private Limited	-	-	-	0.10	-
	VBL Innovations Private Limited	-	-	-	3.33	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

Year ended 31 March 2019 (Continued)

		Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
17	**Management consultancy fees paid**					
	Dream Digital Technology Private Limited	-	-	-	23.10	-
18	**Reimbursement of expenses received by the Company**					
	Pylania SA	113.56	-	-	-	-
19	**Investments made**					
	Ethos Limited	500.00	-	-	-	-
	Kamla International Holdings SA	714.15				
20	**CSR contribution made**					
	KDDL Ethos Foundation	-	-	-	26.13	-
21	**Dividend paid**					
	Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	-	2.52	-
	Mr. R.K. Saboo	-	-	-	-	46.21
	Mr. Yashovardhan Saboo	-	-	38.68	-	-
	Mrs. Usha Devi Saboo	-	-	-	-	11.28
	Mrs. Anuradha Saboo	-	-	-	-	10.92
	Mr. Pranav S Saboo	-	-	-	-	8.30
	Others	-	-	-	0.97	-
	Ms. Satvika Saboo	-	-	-	-	3.39
	Vardhan Properties and Investment Limited	-	-	-	0.23	-
	Dream Digital Technology Private Limited				0.56	
	Mr. Jagesh Khaitan	-	-	0.01	-	-
	Mr. Sanjiv Sachar	-	-	0.04	-	-
	Mr. Sanjeev Kumar Masown	-	-	0.03	-	-
	Mr. Anil Khanna	-	-	0.05	-	-
	Mrs. Alka Khanna	-	-	-	-	0.01
22	**Director sitting fee**					
	Mr. Jagesh Khaitan	-	-	1.65	-	-
	Mr. Anil Khanna	-	-	3.00	-	-
	Ms. Ranjana Agarwal	-	-	2.45	-	-
	Mr. Praveen Gupta	-	-	2.10	-	-
	Mr. Sanjiv Sachar	-	-	1.90	-	-
	Mr. Jai Vardhan Saboo	-	-	0.45	-	-
	Mr. Torsten Buchwald	-	-	0.40	-	-
23	**Staff welfare expense**					
	Ethos Limited	2.36	-	-	-	-
24	**Events and exhibition**					
	Ethos Limited	3.93	-	-	-	-
25	**Miscellaneous expenses**					
	Ethos Limited	0.25	-	-	-	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

Year ended 31 March 2018	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
1 Purchase of raw material and components					
Pylania SA	14.29	-	-	-	-
Ethos Limited	10.04	-	-	-	-
Saboo Coatings Private Limited	-	-	-	5.40	-
2 Sale of goods and services					
Pylania SA	252.86	-	-	-	-
Ethos Limited	6.24	-	-	-	-
3 Purchase of fixed assets					
Pylania SA	42.84	-	-	-	-
4 Sale of fixed assets					
Pylania SA	11.99	-	-	-	-
Saboo Ventures LLP	-	-	-	173.04	-
5 Job work charges paid					
Pylania SA	21.76	-	-	-	-
6 Rent paid by the Company					
Mr. Yashovardhan Saboo	-	-	28.64	-	-
Mrs. Anuradha Saboo	-	-	-	-	15.00
Kamla Tesio Dials Limited	-	6.00	-	-	-
Satva Jewellery & Design Limited	6.00	-	-	-	-
Ethos Limited	17.70	-	-	-	-
7 Salary of employees recovered					
Ethos Limited	1.62	-	-	-	-
8 Compensation to key managerial personnel					
Short-term employee benefits					
Mr. Yashovardhan Saboo	-	-	124.01	-	-
Mr. Sanjeev Kumar Masown	-	-	64.25	-	-
Post-employment benefits					
Mr. Yashovardhan Saboo	-	-	20.00	-	-
Mr. Sanjeev Kumar Masown	-	-	5.09	-	-
Long term employee benefits					
Mr. Yashovardhan Saboo	-	-	18.00	-	-
Mr. Sanjeev Kumar Masown	-	-	3.80	-	-
9 Interest income					
Vardhan Properties and Investment Limited	-	-	-	11.34	-
Satva Jewellery & Design Limited	14.50	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	2.32	-	-
10 Interest paid/ accrued					
Vardhan Properties and Investment Limited	-	-	-	4.25	-
Mrs. Asha Devi Saboo	-	-	-	-	1.14

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

Year ended 31 March 2018 (Continued)

		Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
	Mr. Sanjeev Kumar Masown	-	-	2.61	-	-
	Mrs. Neeraj Masown	-	-	-	-	2.01
	Mr. Lal Chand Masown	-	-	-	-	0.58
	Dream Digital Technology Limited	-	-	-	4.02	-
	Mr. Anil Khanna	-	-	5.12	-	-
	Mrs. Alka Khanna	-	-	-	-	2.87
	Ms. Ranjana Agarwal	-	-	7.40	-	-
11	**Guarantee charges received**					
	Pylania SA	12.77	-	-	-	-
12	**Deposits from shareholders accepted**					
	Dream Digital Technology Private Limited	-	-	-	-	4.23
	Mr. Sanjeev Kumar Masown	-	-	20.00	-	-
	Vardhan Properties and Investment Limited	-	-	-	17.00	-
	Mrs. Asha Devi Saboo	-	-	-	-	10.00
	Mrs. Alka Khanna	-	-	-	-	1.00
13	**Rent received**					
	Ethos Limited	13.26	-	-	-	-
	Saboo Coatings Private Limited	-	-	-	6.75	-
	Dream Digital Technology Private Limited	-	-	-	0.20	-
14	**Inter corporate deposit repaid to the Company**					
	Vardhan Properties and Investment Limited	-	-	-	500.00	-
15	**Repayment of loans given by the Company**					
	Mr. Sanjeev Kumar Masown	-	-	6.25	-	-
16	**Reimbursement of expenses paid by the Company**					
	Pylania SA	123.88	-	-	-	-
	Ethos Limited	5.73	-	-	-	-
	Dream Digital Technology Private Limited	-	-	-	1.05	-
17	**Management consultancy fees paid**					
	Dream Digital Technology Private Limited	-	-	-	21.00	-
	Mr. R.K. Saboo	-	-	-	-	18.00
18	**Reimbursement of expenses received by the Company**					
	Kamla Tesio Dials Limited	-	0.02	-	-	-
	Ethos Limited	6.77	-	-	-	-
	Satva Jewellery & Design Limited	2.74	-	-	-	-
	Dream Digital Technology Private Limited	-	-	-	0.47	-
19	**Investments made**					
	Ethos Limited	2250.58	-	-	-	-

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

Year ended 31 March 2018 (Continued)

		Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
20	**Preference shares redeemed**					
	Ethos Limited	300.00	-	-	-	-
21	**Inter corporate deposit received**					
	Dream Digital Technology Private Limited	-	-	-	100.00	-
22	**Inter corporate deposit given**					
	Vardhan Properties and Investment Limited	-	-	-	500.00	-
23	**Dividend paid**					
	Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	-	1.05	-
	Mr. R.K. Saboo	-	-	-	-	29.72
	Mr. Yashovardhan Saboo	-	-	22.64	-	-
	Mrs. Usha Devi Saboo	-	-	-	-	6.77
	Mrs. Anuradha Saboo	-	-	-	-	5.76
	Mr. Pranav S Saboo	-	-	-	-	3.22
	Others	-	-	-	0.97	-
	Ms. Satvika Saboo	-	-	-	-	2.04
	Vardhan Properties and Investment Limited	-	-	-	0.24	-
	Mrs. Asha Devi Saboo	-	-	-	-	0.46
	Mr. Jagesh Khaitan	-	-	0.01	-	-
	Mr. Sanjiv Sachar	-	-	0.02	-	-
	Mr. Sanjeev Kumar Masown	-	-	0.03	-	-
	Mr. Anil Khanna	-	-	0.06	-	-
	Mrs. Alka Khanna	-	-	-	-	0.00
24	**CSR contribution made**					
	KDDL Ethos Foundation	-	-	-	15.50	-
25	**Director sitting fee**					
	Mr. Jagesh Khaitan	-	-	1.40	-	-
	Mr. Anil Khanna	-	-	1.25	-	-
	Ms. Ranjana Agarwal	-	-	0.95	-	-
	Mr. Praveen Gupta	-	-	0.80	-	-
	Mr. Sanjiv Sachar	-	-	0.85	-	-
	Mr. Jai Vardhan Saboo	-	-	0.15	-	-
26	**Security deposit refunded**					
	Saboo Coatings Private Limited	-	-	-	9.54	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

		Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
e)	**Balances due from/to the related parties As at 31 March 2019**					
1	**Loans**					
	Satva Jewellery & Design Limited	103.94	-	-	-	-
	Mr. Sanjeev Kumar Masown	-	-	34.52	-	-
2	**Trade receivables**					
	Estima AG	41.45	-	-	-	-
3	**Other financial assets**					
	Ethos Limited	167.25	-	-	-	-
	Satva Jewellery & Design Limited	28.71	-	-	-	-
	Cognition Digital LLP	62.70	-	-	-	-
	Estima AG	35.50	-	-	-	-
4	**Payables**					
	Kamla Tesio Dials Limited	-	4.41	-	-	-
	Pylania SA	27.30	-	-	-	-
	Dream Digital Technology Private Limited	-	-	-	8.38	-
5	**Other current liabilities**					
	Kamla International Holdings SA	44.79	-	-	-	-
	VBL Innovations Private Limited	-	-	-	0.54	-
6	**Guarantees taken***					
	Mr. Yashovardhan Saboo	-	-	6040.83	-	-
7	**Security deposit given**					
	Mr. Yashovardhan Saboo	-	-	2.00	-	-
8	**Guarantees given**					
	Ethos Limited	5929.18	-	-	-	-
9	**Deposits from shareholders**					
	Mr. Sanjeev Kumar Masown	-	-	24.20	-	-
	Mr. Lal Chand Masown	-	-	-	-	4.64
	Mrs. Neeraj Masown	-	-	-	-	28.23
	Mr. Anil Khanna	-	-	40.00	-	-
	Mrs. Alka Khanna	-	-	-	-	24.08
	Ms. Ranjana Agarwal	-	-	183.00	-	-
	Vardhan Properties and Investment Limited	-	-	-	40.00	-
10	**Security deposit received**					
	Ethos Limited	6.77	-	-	-	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

	Subsidiaries	Associates	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
As at 31 March 2018					
1 Loans					
Satva Jewellery & Design Limited	103.94	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	36.24	-	-
2 Trade receivables					
Pylania SA	19.54	-	-	-	-
3 Other financial assets					
Ethos Limited	41.63	-	-	-	-
Satva Jewellery & Design Limited	22.48	-	-	-	-
4 Payables					
Kamla Tesio Dials Limited	-	5.96	-	-	-
Pylania SA	139.44	-	-	-	-
Dream Digital Technology Private Limited	-	-	-	20.34	-
5 Guarantees taken*					
Mr. R.K. Saboo	-	-	-	-	1485.80
Mr. Yashovardhan Saboo	-	-	5536.23	-	-
6 Security deposit given					
Mr. Yashovardhan Saboo	-	-	2.00	-	-
7 Guarantees given					
Ethos Limited	5969.31	-	-	-	-
Pylania SA	300.34	-	-	-	-
8 Deposits from shareholders					
Mrs. Asha Devi Saboo	-	-	-	-	10.00
Mr. Sanjeev Kumar Masown	-	-	24.20	-	-
Mr. Lal Chand Masown	-	-	-	-	3.89
Mrs. Neeraj Masown	-	-	-	-	16.23
Mr. Anil Khanna	-	-	40.00	-	-
Mrs. Alka Khanna	-	-	-	-	21.20
Ms. Ranjana Agarwal	-	-	50.00	-	-
Vardhan Properties and Investment Limited	-	-	-	35.00	-
9 Inter Corporate deposit taken					
Dream Digital Technology Private Limited	-	-	-	100.00	-
10 Security deposit received					
Ethos Limited	6.77	-	-	-	-

* Guarantees taken by the Company includes personal guarantees of Mr. Yashovardhan Saboo for working capital borrowings and term loans. The original sanctioned limits of working capital borrowings and term loans by the continuing banks has been disclosed above. However, at the reporting date, the balance amount of term loans in respect of which personal guarantees have been given stands at Rs. 5,536.23 (31 March 2018: Rs 3,397.66) of Mr. Yashovardhan Saboo.

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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

39 Operating segments

(a) Basis for segmentation

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

The Company has three reportable segments, as described below, which are the Company's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Company's Chairman and Managing Director reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Company's reportable segments:

Reportable segments	Operations
Precision and watch components	Manufacturing and distribution of dials, watch hands and precision components
Others	Manufacturing and distribution of packaging boxes

Marketing and other Support Services

(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 relatives to other entities that operate within these industries. Inter-segemnt pricing is determined on an arm's length basis.

Year ended 31 March 2019	Precision and watch components	Others	Total
Segment revenue:			
- External revenues	16,806.18	713.70	17,519.88
- Inter-segment revenue	-	-	-
Total segment revenue	**16,806.18**	**713.70**	**17,519.88**
Segment profit (loss) before income tax	**3,015.22**	**127.35**	**3,142.57**
Segment profit (loss) before income tax includes:			
- Interest expense	522.94	30.58	553.52
- Depreciation and amortisation	708.86	4.82	713.68
Segment assets	**15,650.21**	**329.79**	**15,980.00**
Segment assets include:			
- Capital expenditure during the year	2,081.09	2.08	2,083.17
Segment liabilities	**2,614.63**	**88.64**	**2,703.27**

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

Year ended 31 March 2018	Precision and watch components	Others	Total
Segment revenue:			
- External revenues	14,244.55	479.73	14,724.28
- Inter-segment revenue	-	-	-
Total segment revenue	**14,244.55**	**479.73**	**14,724.28**
Segment profit (loss) before income tax	**2,631.41**	**(24.31)**	**2,607.10**
Segment profit (loss) before income tax includes:			
- Interest expense	399.33	0.39	399.72
- Depreciation and amortisation	676.17	7.41	683.57
Segment assets	**14,768.68**	**309.90**	**15,078.58**
Segment assets include:			
- Capital expenditure during the year	2,495.42	102.17	2,597.59
Segment liabilities	**2,777.05**	**81.28**	**2,858.33**

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

	As at 31 March 2019	As at 31 March 2018
i. Revenues		
Total revenue for reportable segments	17,519.88	14,724.28
Elimination of inter-segment revenue	-	-
Unallocated revenue	-	-
Total revenue	**17,519.88**	**14,724.28**
ii. Profit before income tax		
Total profit before tax for reportable segments	3,142.57	2,607.10
Unallocated amounts:		
Corporate expenses	(913.07)	(608.00)
Consolidated profit before tax	**2,229.50**	**1,999.10**
iii. Assets		
Total assets for reportable segments	15,980.00	15,078.58
Unallocated amounts	10,296.26	8,698.76
Consolidated total assets	**26,276.26**	**23,777.34**
iv. Liabilities		
Total liabilities for reportable segments	2,703.27	2,858.33
Unallocated amounts	757.52	910.21
Consolidated total liabilities	**3,460.79**	**3,768.54**

Notes to the Standalone Financial Statements for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except for share data)

v. Other material items

	Reportable segment total	Adjustments	Consolidated totals
Year ended 31 March 2019			
Interest expense	553.52	-	553.52
Depreciation and amortisation expense	713.68	62.31	776.00
Capital expenditure during the year	2,083.17	53.68	2,136.85
Year ended 31 March 2018			
Interest expense	399.72	-	399.72
Depreciation and amortisation expense	683.57	56.60	740.17
Capital expenditure during the year	2,597.59	99.47	2,697.06

(d) Information abount geographical segment

Revenue by geographical markets	Year ended 31 March 2019	Year ended 31 March 2018
India	**8,754.73**	**7,439.40**
Outside India		
Switzerland	7,365.63	5,635.82
Germany	632.40	699.43
USA	230.69	360.15
France	238.21	268.58
Nigeria	86.68	156.80
Taiwan	100.31	92.27
Other Countries	111.23	71.83
Total outside India	**8,765.15**	**7,284.88**
Total	**17,519.88**	**14,724.28**

*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. 4,421.58 (Year ended 31 March 2018: Rs. 3,910.36) which individually constitute more than 10 percent of the Company's total revenue.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

40 Disclosures pursuant to Section 186 of the Companies Act, 2013

		As at 31 March 2019	As at 31 March 2018
a)	**Loans and advances**		
	Loan to subsidiary (erstwhile joint venture): Satva Jewellery & Design Limited		
	Balance as at the year end	103.94	103.94
	Maximum amount outstanding at any time during the year	103.94	103.94
	(Satva Jewellery & Design Limited has utilised the loan for meeting working capital requirements)		
b)	**Investment ***		
	Investment in subsidiary: Pylania SA		
	Balance as at the year end	182.81	182.81
	Maximum amount outstanding at any time during the year	182.81	182.81
	Investment in subsidiary: Ethos Limited		
	Balance as at the year end	5,915.97	5,415.98
	Maximum amount outstanding at any time during the year	5,915.97	5,415.98
	Investment in subsidiary: Mahen Distribution Limited		
	Balance as at the year end	698.07	698.07
	Maximum amount outstanding at any time during the year	698.07	698.07
	Investment in subsidiary: Kamla International Holdings SA		
	Balance as at the year end	1097.66	383.51
	Maximum amount outstanding at any time during the year	1097.66	383.51
	Investment in associate: Kamla Tesio Dials Limited		
	Balance as at the year end	30.00	30.00
	Maximum amount outstanding at any time during the year	30.00	30.00
	Investment in Company: Karolview Developers Private Limited		
	Balance as at the year end	45.80	38.13
	Maximum amount outstanding at any time during the year	45.80	38.13
	Investment in Company: Shivalik Waste Management Limited		
	Balance as at the year end	3.23	10.53
	Maximum amount outstanding at any time during the year	10.53	10.53
c)	**Guarantees given**		
	Guarantees given to subsidiary: Ethos Limited		
	Balance as at the year end	5,929.18	5,969.31
	(Guarantees has been given for the purpose of borrowings taken by subsidiary company)		
	Guarantees given to subsidiary: Pylania SA		
	Balance as at the year end	-	300.34
	(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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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

41 Operating leases:

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

	Year ended 31 March 2019	**Year ended 31 March 2018**
Payable in less than one year	159.73	170.48
Payable between one and five years	506.14	736.26
Payable after more than five years	46.04	46.04

42 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.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm registration no.:101248W/W-100022

Adhir Kapoor
Partner
Membership no. 098297

Place : Chandigarh
Date : 28 May 2018

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

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place : Chandigarh
Date : 28 May 2019

Independent Auditor's Report

To the Members of **KDDL Limited**

Report on the Audit of Consolidated Financial Statements

1. Opinion

We have audited the consolidated financial statements of KDDL Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associates which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income),consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated 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 of such subsidiaries and associates as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 and its associates, as at 31 March 2019, of its consolidated profitand other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

The key audit matter	How the matter was addressed in our audit
Revenue recognition as per Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard) **See note 25 to the consolidated financial statements** The application of the new revenue accounting standard involves certain key judgements relating to	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: - We assessed the appropriateness of the revenue recognition accounting policies, including those relating to rebates and discounts by comparing with applicable accounting standards.

identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This could create an incentive for revenue to be overstated or recognised before control has been transferred. Additionally, the application and transition to the accounting standard is complex and is an area of focus in the audit.	- We evaluated the design of internal controls relating to implementation of the new revenue accounting standard, calculation of discounts and rebates. In addition, tested material contracts on samples basis in respect of revenue recorded and evaluated the operating effectiveness of the internal control relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving inquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. - We selected a sample of continuing and new contracts and read the distinct performance obligations in these contracts assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards. - We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included goods dispatch notes and shipping documents. - We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes and shipping documents, to assess whether the revenue was recognized in the correct period. - We assessed manual journals posted to revenue to identify unusual items.

The key audit matter	**How the matter was addressed in our audit**
The Inventory management and valuation **See note 12 to the consolidated financial statements** Ethos limited (material subsidiary of the Group) is a trading company dealing with luxury watches across its number of outlets across India. The Company has a plan wherein inventory is verified on a periodic basis to ascertain the existence of inventory. Inventory valuation involves significant	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: - We assessed the appropriateness of the inventories accounting policies and its compliances with applicable accounting standards. - We evaluated the design and operating effectiveness of internal controls of the relevant

assumptions and estimations made by the Management. Management also makes an estimate for slow moving inventory based on the age of the inventory. We have identified inventory as a key audit matter because of the number of locations that inventory is held at and the judgement applied in the valuation of inventory and provision for inventory considering the nature of the retail industry.	key controls with respect to physical verification of inventory, valuation of inventory and provision for inventory. - We attended year-end inventory counts at various outlets on sample basis. - We performed data analytics on stock holding, ageing and quantitative movement to analysis any significant variance. - We performed substantive testing on the quantitative movement of inventory by selecting samples of sales and purchases made at the retail outlets using statistical sampling and also tested the underlying sales to collection reports and bank statements. - We assessed the value at which inventory is carried i.e lower of cost or net realizable value after considering post period sales data, retrospective review of the provision for inventory obsolescence, actual write offs, compared whether the watches have a continuing active market and obtained management representations for future saleability. - We assessed the adequacy and appropriateness of the disclosures related to inventories in the financial statements.

4. Information Other than the Consolidated Financial Statements and Auditors' Report thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associatesare responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of each company 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.

The respective Board of Directors of the companies included in the Group and of its associates is responsible for overseeing the financial reporting process of each company.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 ouropinion. 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 in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 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 subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 such entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated 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. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

7. Other Matters

(a) We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs. 4,253.31 lakhs as at 31 March 2019, total revenues of Rs.3,203.37 lakhs and net cash outflows amounting to Rs.19.22 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of Rs. 0.21 lakhs for the year ended 31 March 2019, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3)of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the audit reports of the 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 their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the 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 Company and audited by us.

(b) The financial statements/financial information of a subsidiary, whose financial statements/financial information reflect total assets of Rs. 2,605.03 lakhs as at 31 March 2019, total revenues of Rs. 205.06 lakhs and net cash inflows amounting to Rs.164.03 lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of Rs. Nil for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of an associate, whose financial statements/financial information have not been audited by us or by other auditors. These unaudited financial statements/financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and an 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 subsidiary and an associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

Our opinion on the consolidated 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/financial information certified by the Management.

8. Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and its associates as were audited by other auditor, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate, which are companies incorporated in India, none of the directors of the Group companies and its associate, which are companies incorporated in India, is disqualified as on 31 March 2019 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 financial statements of the Holding Company, its subsidiary companies and associates which are companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". As per the Board of Directors of two subsidiary companies and an associate, in view of the MCA Notification No. G.S.R. 583(E) dated 13 June 2017, the respective subsidiary companies and an associate are exempt from the requirements of clause (i) of section 143(3) and therefore the report on adequacy and operating effectiveness of internal financial controls is not being made as per the report of the other auditors on which we have relied upon.

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associates which are companies incorporated in India , as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group and its associates. Refer Note41(I) to the consolidated financial statements.

ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and its associates, which are companies incorporated in India during the year ended 31 March 2019.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and associate companies, which are companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and associate companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies, associate companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Place : Chandigarh
Date: 28 May 2019

Adhir Kapoor
Partner
Membership No. 098297

Annexure A to the Independent Auditors' report on the consolidated financial statements of KDDL Limited for the period ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 8(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of KDDL Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, its associate companies, as of that date. As per the Board of Directors of two subsidiary companies and an associate, in view of the MCA Notification No. G.S.R. 583(E) dated 13 June 2017, the respective subsidiary companies and an associate, is exempt from the requirements of clause (i) of section 143(3) and therefore the report on adequacy and operating effectiveness of internal financial controls is not being made as per the report of the other auditor on which we have relied upon.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, its associate companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 consolidated financial statements were 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated 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 consolidated 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 Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Place : Chandigarh
Date: 28 May 2019

Adhir Kapoor
Partner
Membership No. 098297

Consolidated Balance Sheet as at 31 March 2019

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

Assets	Note	As at 31 March 2019	As at 31 March 2018
Non-current assets			
Property, plant and equipment	3	14,321.44	8,361.36
Capital work-in-progress	3	684.04	2,419.14
Other intangible assets	4	84.79	83.54
Intangible assets under development	4	38.21	-
Equity accounted investees	5	28.14	28.35
Financial assets			
- Investments	6	49.03	48.66
- Loans	7	1,237.55	1,060.62
- Other financial assets	8	141.25	224.32
Income tax asset (net)	9	627.42	622.97
Deferred tax assets (net)	10	633.82	495.52
Other non-current assets	11	560.24	696.43
Total non-current assets		**18,405.93**	**14,040.91**
Current assets			
Inventories	12	23,994.28	20,115.42
Financial assets			
- Trade receivables	13	3,036.41	3,264.21
- Cash and cash equivalents	14	1,695.42	1,127.60
- Other bank balances	15	609.09	672.96
- Loans	7	476.70	444.30
- Other financial assets	8	249.38	41.30
Other current assets	16	3,161.38	3,290.87
Total current assets		**33,222.66**	**28,956.66**
Total assets		**51,628.59**	**42,997.57**
Equity and Liabilities			
Equity			
Equity share capital	17	1,172.07	1,103.99
Other equity	18	17,912.50	12,094.83
Equity attributable to owners of the Company		**19,084.57**	**13,198.82**
Non-controlling interests	**39**	**4,414.75**	**2,966.27**
Total equity		**23,499.32**	**16,165.09**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	19	6,513.96	4,597.47
- Other financial liabilities	20	5.69	5.69
Provisions	21	456.90	335.42

Consolidated Balance Sheet as at 31 March 2019

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

Assets	Note	As at 31 March 2019	As at 31 March 2018
Deferred tax liabilities (net)	10	415.64	378.32
Total non-current liabilities		**7,392.19**	**5,316.90**
Current liabilities			
Financial liabilities			
- Borrowings	19	6,194.57	6,354.26
- Trade Payables	22	8,255.27	8,627.21
- Other financial liabilities	20	4,873.49	4,783.87
Other current liabilities	23	913.34	1,250.21
Provisions	21	66.94	81.32
Current tax liabilities (net)	24	433.47	418.70
Total current liabilities		**20,737.08**	**21,515.57**
Total liabilities		**28,129.27**	**26,832.47**
Total equity and liabilities		**51,628.59**	**42,997.57**
Significant accounting policies	2		
Notes to the consolidated financial statements	3-48		

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

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

For **B S R & Co. LLP**
Chartered Accountants
Firm registration no.:101248W/W-100022

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Adhir Kapoor
Partner
Membership no. : 098297

Brahm Prakash Kumar
Company Secretary
Membership No.FCS7519

Place : Chandigarh
Date : 28 May 2019

Place : Chandigarh
Date : 28 May 2019

Consolidated Statement of Profit and Loss for the year ended 31 March 2019

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

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations	25	62,421.42	50,318.03
Other income	26	295.86	522.29
Total income		**62,717.28**	**50,840.32**
Expenses			
Cost of materials consumed	27	4,456.46	3,764.43
Excise duty on sales		-	143.22
Purchases of stock-in-trade	28	34,941.72	27,240.22
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(3,305.03)	(815.43)
Employee benefits expense	30	8,638.75	6,663.04
Finance costs	31	1,486.16	1,202.92
Depreciation and amortisation expense	32	1,312.82	1,213.25
Other expenses	33	11,144.67	8,901.65
Total expenses		**58,675.55**	**48,313.30**
Profit before share of equity accounted investees and income tax		**4,041.73**	**2,527.02**
Share of loss of equity accounted investees (net of income tax, if any)	**5**	**(0.21)**	**(2.61)**
Profit before income tax		**4,041.52**	**2,524.41**
Income tax expense:	34		
- Current tax			
- Current year		1,616.85	743.44
- Changes in estimates related to previous year		(29.93)	-
- Deferred tax		(62.87)	(36.08)
Total income tax expense		**1,524.05**	**707.36**
Profit for the year		**2,517.47**	**1,817.05**
Other comprehensive income / (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit liability / (asset)		(88.43)	(35.45)
Income tax on remeasurement of defined benefit liability / (asset)		27.71	9.71
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(23.16)	44.60
Income tax on exchange differences on translation of foreign operations	-	-	
Other comprehensive income / (expense) for the year (net of income tax)		**(83.87)**	**18.86**
Total comprehensive income for the year (net of income tax)		**2,433.59**	**1,835.91**
Profit attributable to:			
Owners of the Company		2,213.86	1,712.14
Non-controlling interest		303.61	104.91
Profit for the year		**2,517.48**	**1,817.05**
Other comprehensive income / (expense) attributable to:			
Owners of the Company		(80.31)	12.00
Non-controlling interest		(3.56)	6.86
Other comprehensive income / (expense) for the year		**(83.87)**	**18.86**
Total comprehensive income / (expense) attributable to:			
Owners of the Company		2,133.55	1,724.14
Non-controlling interest		300.05	111.77
Total comprehensive income for the year		**2,433.59**	**1,835.91**
Earnings per share [nominal value of share Rs. 10 (previous year Rs. 10)]			
Basic (Rs.)	35	22.16	16.75
Diluted (Rs.)		22.13	16.73
Significant accounting policies	2		
Notes to the consolidated financial statements	3-48		

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

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

For **B S R & Co. LLP**
Chartered Accountants
Firm registration no.:101248W/W-100022

Adhir Kapoor
Partner
Membership no. : 098297

Place : Chandigarh
Date : 28 May 2019

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership No.FCS7519

Place : Chandigarh
Date : 28 May 2019

Consolidated Statement of changes in equity for the year ended 31 March 2019

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

(a) Equity share capital	Note	
Balance as at 1 April 2017	17	1,092.67
Changes in equity share capital during the year		11.32
Balance as at 31 March 2018	17	**1,103.99**
Changes in equity share capital during the year		68.08
Balance as at 31 March 2019		**1,172.07**

(b) Other equity

	Reserves and surplus							Other comprehensive income		Money	Total equity	Attributable to	Total
	Capital reserve	Securities premium	General reserve	Employ Stock options outstanding	Legal reserve	Amalgamation reserve	Retained earnings	Revaluation surplus	Exchange difference on translation of foreign opertions	Received against share	attributable to owners of the	Non Controlling Interest	
Balance as at 01 April 2017	26.58	7,593.09	1,976.20	88.40	-	-	(95.98)	-	(195.68)	250.79	9,643.40	3,511.51	13,154.92
Total comprehensive income for the year ended 31 March 2018													
Profit for the year	-	-	-	-	-	-	1,712.14	-	-	-	1,712.14	104.91	1,817.05
Other comprehensive income / (expense) (net of tax effect)	-	-	-	-	-	-	(26.21)	-	38.21	-	12.00	6.88	18.88
Total comprehensive income for the year	-	-	-	-	-	-	1,685.92	-	38.21	-	1,724.14	111.77	1,835.91
Transfer to general reserve	-	-	400.00	-	-	-	(400.00)	-	-	-	-		
Changes in equity share capital during the year	-	1,325.60	-	-	-	-	-	-	-	(75)	1,250.60	-	1,250.60
Share issue expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	11.76	-	-	-	-	-	-	11.76	-	11.76
Share options exercised during the year	-	-	-	7.55	-	-	-	-	-	-	7.55	-	7.55
Share options lapsed during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	(162.60)	-	-	-	(162.60)	-	(162.60)
Corporate dividend tax	-	-	-	-	-	-	(33.11)	-	-	-	(33.11)	-	(33.11)
	-	1,325.60	400.00	19.31	-	-	(595.71)	-	-	(75.00)	1,074.20	-	1,074.20
Changes in ownership interests in subsidiaries that do not result in loss of control													
Acquisition of non-controlling interests	-	(808.03)	-	(3.20)	-	-	464.32	-	-	-	(346.91)	(657.01)	(1,003.92)
Total changes in ownership interests in subsidiaries	-	(808.03)	-	(3.20)	-	-	464.32	-	-	-	(346.91)	(657.01)	(1,003.92)
Balance as at 31 March 2018	26.58	8,110.66	2,376.20	104.51	-	-	1,458.56	-	(157.47)	175.79	12,094.83	2,966.27	15,061.11
Total comprehensive income for the year ended 31 March 2019													
Profit for the year	-	-	-	-	-	-	2,213.86	-	-	-	2,213.86	303.61	2,517.47
Other comprehensive income / (expense) (net of tax effect)	-	-	-	-	-	-	(55.45)	-	(23.72)	-	(79.17)	(4.71)	(83.88)
Total comprehensive income for the year	-	-	-	-	-	-	2,158.40	-	(23.72)	-	2,134.69	298.90	2,433.59
Transfer to general reserve	-	-	400.00	-	-		(400.00)	-	-	-	-	-	
Business Combination during the year	4,837.12	-	-	-	121.64	911.32	(6,167.99)	638.80	-	-	340.89	19.57	360.46
Changes in equity share capital during the year	-	4,949.70	-	-	-	-	-	-	-	(175.79)	4,773.91	-	4,773.91
Share issue expense	-	(36.22)	-	-	-	-	-	-	-	-	(36.22)	-	(36.22)
Share based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Share options exercised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Share options lapsed during the year	-	-	-	(9.77)	-	-	-	-	-	-	(9.77)	-	(9.77)
Dividend	-	-	-	-	-	-	(280.42)	-	-	-	(280.42)	-	(280.42)
Corporate dividend tax	-	-	-	-	-	-	(57.64)	-	-	-	(57.64)	-	(57.64)
	4,837.12	4,913.48	400.00	(9.77)	121.64	911.32	(6,906.05)	638.80	-	(175.79)	4,730.75	19.57	4,750.32
Changes in ownership interests in subsidiaries that do not result in loss of control													
Acquisition of non-controlling interests	-	(982.40)	-	(1.02)	-	-	(64.36)	-	-	-	(1,047.78)	1,130.00	82.22
Total changes in ownership interests in subsidiaries	-	(982.40)	-	(1.02)	-	-	(64.36)	-	-	-	(1,047.78)	1,130.00	82.22
Balance as at 31 March 2019	4,863.70	12,041.74	2,776.20	93.73	121.64	911.32	(3,353.45)	638.80	(181.19)	-	17,912.50	4,414.75	22,327.25

Significant accounting policies 2

Notes to the consolidated financial statements 3-48

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

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

For **B S R & Co. LLP**
Chartered Accountants
Firm registration no.:101248W/W-100022

Adhir Kapoor
Partner
Membership no. : 098297

Place : Chandigarh
Date : 28 May 2019

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership No.FCS7519

Place : Chandigarh
Date : 28 May 2019

Consolidated Cash Flow Statement for the year ended 31 March 2019

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

	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities		
Profit before income tax	4,041.52	2,524.41
Adjustments for :		
Depreciation and amortisation expenses	1,312.82	1,213.25
Net gain on sale of property, plant and equipment	-	(160.61)
Property, plant and equipment written off	8.86	40.30
Advances / deposits written off	38.40	56.25
Expense on employee stock option scheme	-	11.76
Finance cost	1,486.16	1,202.92
Interest income	(160.51)	(180.36)
Dividend income	0.36	0.23
Provisions no longer required written back	-	(98.28)
Change in fair value of derivative contracts	(29.76	-
Effect of exchange rates on translation of operating cash flows	(23.72)	38.21
Operating cash flow before working capital changes	**6,674.13**	**4,648.08**
Changes in working capital:		
(Increase) in loans	(209.64)	(153.25)
(Increase) in other financial assets	(198.72)	(2.80)
(Increase) / decrease in other non-current assets	(25.86)	35.67
(Increase) in inventories	(3,724.40)	(1,095.16)
Decrease / (increase) in trade receivables	325.97	(650.58)
Decrease / (increase) in other current assets	139.72	(2,618.05)
Increase in provisions	18.66	17.25
(Decrease) / increase in trade payables	(569.25)	1,564.60
Increase in other financial liabilities	523.06	42.28
(Decrease) / increase in other current liabilities	(376.98)	16.17
Cash generated by operating activities	**2,576.69**	**1,804.21**
Income tax (paid), net	(1,576.60)	(289.58)
Net cash generated from operating activities (A)	**1,000.09**	**1,514.63**
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital advances)	(3,699.01)	(3,407.35)
Proceeds from sale of property, plant and equipment	8.83	248.69
Subscription (net) received on divestiture/paid on acquisition of interest in subsidiaries	649.90	81.19
Movement in other bank balances	147.71	60.15
Interest received	180.91	81.74
Dividend received	0.36	0.23
Net cash (used) in investing activities (B)	**(2,711.30)**	**(2,935.35)**
Cash flow from financing activities		
Proceeds from issue of share capital (inlcuding premium)	3,859.59	225.00
Share issue expenses	(36.22)	-
Proceeds from non-current borrowings	2,574.82	4,348.08

Consolidated Cash Flow Statement for the year ended 31 March 2019

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

	Year ended 31 March 2019	Year ended 31 March 2018
Repayment of non-current borrowings	(2,130.38)	(2,319.88)
Proceeds from/repayments of current borrowings (net)	(984.10)	475.67
Finance Cost paid	(1,491.02)	(1,076.75)
Dividend paid	(280.42)	(162.60)
Tax on dividend	(57.64)	(33.11)
Net cash flow provided by financing activities (C)	**1,454.63**	**1,456.41**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(256.59)**	**35.69**
Cash and cash equivalents at the beginning of period (see below)	**(3,981.14)**	**(4,016.83)**
Cash and cash equivalents at the end of period (see below)	**(4,237.73)**	**(3,981.14)**

Notes:

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

Balances with banks in current accounts	1,116.33	516.01
Remittances-in-transit	-	108.14
Cheques, drafts on hand	382.44	166.39
Cash on hand	107.68	103.39
Credit cards receivable	88.97	233.67
Bank overdraft	(5,933.15)	(5,108.74)
	(4,237.73)	**(3,981.14)**

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(r).

3. Refer note 19(iii) for reconciliation of movements of liabilities to cash flows arising from financing activities.

Significant accounting policies	2
Notes to the consolidated financial statements	3-48

The accompanying notes form an integral part of the consolidated financial statements
As per our report of even date attached

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

For **B S R & Co. LLP**
Chartered Accountants
Firm registration no.:101248W/W-100022

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Adhir Kapoor
Partner
Membership no. : 098297
Place : Chandigarh
Date : 28 May 2019

Brahm Prakash Kumar
Company Secretary
Membership No.FCS7519
Place : Chandigarh
Date : 28 May 2019

1 Reporting entity

KDDL Limited ('the Company' or 'the Parent Company'), is a public limited Company domiciled in India. The Company is listed on BSE Limited and National Stock Exchange (NSE) of India Limited. These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associates. The Group is primarily engaged in the business of manufacturing dials, watch hands and precision components and trading of watches, accessories and luxury items.

2 Significant accounting policies

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.

a) Basis of preparation

i) Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Effective 1 April 2016, the Group had transitioned to Ind AS while the consolidated financial statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2014 (previous GAAP) till 31 March 2017 and the transition was carried out in accordance of Ind AS 101 "First time adoption of Indian Accounting Standards". While carrying out transition, in addition to the mandatory exemptions, the Group had elected to certain exemptions which are listed as below:

- The Group had opted to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognized in the consolidated financial statements prepared under previous GAAP and use the same as deemed cost in the consolidated financial statement as at the transition date.
- The Group had elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such previous GAAP balances relating to business combinations consummated before that date, including goodwill, have been carried forward.
- The Group had opted not to apply Ind AS 102 Share-Based Payment to equity instruments that vested prior to the date of transition to Ind AS.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on 28 May 2019.

ii) Functional and presentation currency

The functional currency of the Group is the Indian rupee. These consolidated financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.

iii) Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value (including derivative instruments)
Net defined benefits (assets)/liability	Fair value of the plan assets less present value of defined benefits obligations

iv) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the consolidated financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 2(a)(v) - Fair value measurement
- Note 2© and 3 – Assessment of useful life of Property, plant and equipment;
- Note 2(d) and 4 – Assessment of useful life of Intangible assets;
- Note 2(g), 2(h), 20 and 40 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 2(m), 9 and 34 – Recognition of tax expense including deferred tax, availability of future taxable profit against which tax losses carried forward can be used
- Note 2(n) – Impairment of financial assets;
- Note 2(o) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts and
- Note 41 – Measurement of defined benefit obligations: key actuarial assumptions; Shared based payments.

v) Measurement of fair values

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

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

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

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

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

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

vi) Changes in Significant Accounting Policies

The Company has initially applied Ind AS 115 from l April 2018. A number of other new standards and amendments are also effective from l April 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the company in applying the above standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

There is no significant impact of transition from Ind AS 18 to Ind AS 115 in recognizing revenue by the Company.

b) Basis of consolidation

The consolidated financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiaries as at 31 March 2019. 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
- 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.

Consolidated 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 financial statements to ensure conformity with the Group's accounting policies.

The details of the consolidated entities are as follows:

S.No.	Name	Notes	Country of Incorporation	Percentage of ownership
1	Pylania SA	(a)	Switzerland	85.00%
2	Kamla International Holdings SA		Switzerland	100.00%
3	Ethos Limited	(b)	India	74.89%
4	Mahen Distribution Limited		India	100.00%
5	Satva Jewellery and Design Limited		India	100.00%
6	Cognition Digital LLP	(c)	India	100.00%
7	Kamla Tesio Dials Limited		India	30.00%
8	Cadrafin GmbH		Switzerland	22.00%
9	Estima AG	(d)	Switzerland	100.00%

Notes:

(a) Includes 47.25% (31 March 2018: 47.25%) held through Kamla International Holdings SA

(b) Includes 18.68% (31 March 2018: 18.68%) held through Mahen Distribution Limited

(c) Includes 100% (31 March 2018: 100%) held through Ethos Limited

(d) Includes 100% (31 March 2018: Nil) held through Kamla International Holdings SA and Pylania SA

Consolidation procedure

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

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss. Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

(ii) 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 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 associates and joint ventures.

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 associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated 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

Items of PPE are measured 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 and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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 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.

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.

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 the notification dated 29 August 2014 of the Ministry of Corporate Affairs

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

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

Depreciation on leasehold land and improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower.

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%

In view of the Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

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

A property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

d) Other 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
- Web Portal 6 Years

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

Derecognition

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

e) Inventories

Inventories are measured at the lower of cost and net realisable value. The methods of determining cost of various categories of inventories are as follows:

Raw materials (including goods in transit)	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.

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

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

f) 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, 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.

Share-based payment transactions

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.

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 Group are also participants in the superannuation plan ("the Plan"), a defined contribution plan. The Group makes specified monthly 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.

-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.

Other long term employee benefits

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.

Termination benefits

Termination benefits are recognised as an expense when, as a result of past event, the Group has a present obligation that can be estimated reliably, and it is probable that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

g) Provisions (other than for employee benefits)

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. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

h) Contingent liabilities and contingent assets

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

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

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

i) Commitments

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

j) Revenue

The Group has initially applied Ind AS 115 from 1 April 2018.

Revenue recognition under Ind AS 18 (applicable before 1 April 2018)

Sale of products and rendering of services

Revenue from contract with customers for sale of products and rendering of services is recognised when the Group satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. 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.

Export benefits

Export benefits under various schemes notified by the government are recognized on accrual basis when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

Revenue recognition under Ind AS 115 (applicable from 1 April 2018)

Under Ind AS 115, the Group recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, 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

The Group disaggregates revenue from contracts with customers by geography.

Use of significant judgements in revenue recognition

a) 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.

b) 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.

c) 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.

d) 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.

e) 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.

f) 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.

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 effect of initially applying Ind AS 115 is described in Note 2(a)(vi). 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.

Sale of services

Revenue from services rendered is recognised in profit or loss when the services are rendered and the related costs are incurred.

Export benefits

Export benefits under various schemes notified by the government are recognized on accrual basis when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

k) Recognition of interest income or expense

Interest income or expense is 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.

l) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the 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.

m) Income 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 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. The amount of current tax reflects the best estimate of the tax 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.

Deferred tax

Deferred tax is recognised in respect of 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 is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefits will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax 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.

n) Leases

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

Finance leases

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

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

o) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the 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

Financial liabilities are classified as measured at amortised cost or FVPL. 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.

p) 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 various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

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

q) Operating segments

An operating segment is a component of the 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 Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

r) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, 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.

s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period 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.

t) 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 period 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 period 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. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date

u) Recent Accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from 1 April 2019:

Ind AS 116 – Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of offices, factory facilities, Plant and equipment and Computers (see Note 40). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will include the payments due under the lease in its lease liability and apply Ind AS 36, Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment.

No significant impact is expected for the Company's finance leases.

Leases in which the Company is a lessor

The Company will reassess the classification of sub-leases in which the Company is a lessor. Based on the information currently available, the Company expects that it will reclassify two sub-leases as a finance lease.

No significant impact is expected for other leases in which the Company is a lessor.

Transition

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach [1]. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not currently have any long-term interests in an associate or joint venture to which the equity method is not applied.

Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

3. Property, plant and equipment and capital work-in-progress

Gross carrying amount

	Freehold land	Leasehold land $	Buildings	Leasehold improvements	Plant and equipment	Furniture and fittings	Other equipment	Vehicle	Total	Capital work in progress*
Balance as at 1 April 2017	100.61	633.01	1,205.16	442.75	5,261.42	887.86	141.90	98.52	8,771.23	481.25
Additions	-	-	143.79	591.45	358.64	353.06	72.85	313.82	1,833.61	2,621.28
Disposals	(7.55)	-	-	(28.53)	(64.17)	(65.23)	(5.64)	(58.99)	(230.11)	(710.98)#
Exchange differences on translation	17.52	-	13.97	-	93.37	(50.32)	-	(0.26)	74.28	-
Balance as at 31 March 2018	**110.58**	**633.01**	**1,362.92**	**1,005.67**	**5,649.26**	**1,125.37**	**209.11**	**353.09**	**10,449.01**	**2,391.55**
Balance as at 1 April 2018	110.58	633.01	1,362.92	1,005.67	5,649.26	1,125.37	209.11	353.09	10,449.01	2,391.55
Additions	-	-	2,712.77	471.87	1,460.38	361.80	112.02	89.03	5,207.87	1,751.92
Adjustment pursuant to acquisition (refer note 38)	-	-	1,514.07	-	556.23	10.02	17.89	9.30	2,107.51	-
Disposals	-	-	-	-	(85.88)	(25.69)	(52.76)	(11.75)	(176.08)	(3,459.43)#
Exchange differences on translation	0.57	-	(32.34)	-	(8.83)	(0.09)	(0.43)	(0.15)	(41.27)	-
Balance as at 31 March 2019	**111.15**	**633.01**	**5,557.42**	**1,477.54**	**7,571.16**	**1,471.41**	**285.83**	**439.52**	**17,547.04**	**684.04**
Accumulated Depreciation										
Balance as at 1 April 2017	17.43	5.53	72.27	135.15	545.18	160.01	57.20	(18.22)	974.55	-
Depreciation for the year	5.76	-	58.54	231.66	613.19	169.30	45.69	50.68	1,174.82	-
Disposals	-	-	-	(26.84)	(1.60)	(34.88)	(4.46)	(34.36)	(102.14)	-
Exchange differences on translation	14.46	-	(3.36)	-	81.42	(51.75)	-	(0.35)	40.42	-
Balance as at 31 March 2018	**37.65**	**5.53**	**127.45**	**339.97**	**1,238.19**	**242.68**	**98.43**	**(2.25)**	**2,087.65**	**-**
Balance as at 1 April 2018	37.65	5.53	127.45	339.97	1,238.19	242.68	98.43	(2.25)	2,087.65	-
Depreciation for the year	5.71	-	83.83	276.34	630.74	159.73	72.80	65.11	1,294.26	-
Disposals	-	-	-	-	(79.95)	(25.50)	(47.41)	(6.98)	(159.84)	-
Exchange differences on translation	-	-	1.05	-	2.31	0.12	-	0.05	3.53	-
Balance as at 31 March 2019	**43.36**	**5.53**	**212.33**	**616.31**	**1,791.29**	**377.03**	**123.82**	**55.93**	**3,225.60**	**-**

Carrying amounts (net)

	Freehold land	Leasehold land $	Buildings	Leasehold improvements	Plant and equipment	Furniture and fittings	Other equipment	Vehicle	Total	Capital work in progress*
At 31 March 2018	**72.93**	**627.48**	**1,235.47**	**665.70**	**4,411.07**	**882.69**	**110.68**	**355.34**	**8,361.36**	**2,391.55**
At 31 March 2019	**67.79**	**627.48**	**5,345.09**	**861.23**	**5,779.87**	**1,094.38**	**162.01**	**383.59**	**14,321.44**	**684.04**

Notes:

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

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

c. The 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.

	Year ended 31 March 2019	Year ended 31 March 2018
Raw material consumption	427.83	151.51
Salaries, wages and bonus	99.36	
Job charges	29.00	-
Store consumption	21.26	-
Depreciation	19.17	-
Power and fuel	11.83	-
Others	11.10	-
	619.55	151.51

*Includes capitalised borrowing costs related to the construction of the new factory amounted to Rs. 131.59 (previous year: Rs. 110.75).

$ Includes leasehold land of Rs. 5.67 (31 March 2018: 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.

Represents capital-work-in-progress capitalized during the year.

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

4. Other intangible assets

Gross carrying amount

	Technical know how	Softwares	Web portal	Total	Intangible Assets under development
Balance as at 1 April 2017	4.16	145.66	13.03	162.85	-
Additions - acquired	-	15.05	-	15.05	-
Disposals	-	0.83	-	0.83	-
Balance as at 31 March 2018	**4.16**	**159.88**	**13.03**	**177.07**	**-**
Balance as at 1 April 2018	4.16	159.88	13.03	177.07	-
Additions - acquired	18.40	22.80	-	41.20	-
Additions - internally generated	-	-	-	-	38.21
Disposals	-	7.17	72.99	80.16	-
Balance as at 31 March 2019	**22.56**	**175.51**	**(59.96)**	**138.11**	**38.21**

Accumulated amortisation

Balance as at 1 April 2017	3.72	42.48	9.33	55.53	-
Amortisation for the year	0.44	37.98	-	38.42	-
Disposals	-	0.42	-	0.42	-
Balance as at 31 March 2018	**4.16**	**80.04**	**9.33**	**93.53**	**-**
Balance as at 1 April 2018	4.16	80.04	9.33	93.53	-
Amortisation for the year	2.30	35.42	-	37.72	-
Disposals	-	8.72	69.21	77.93	-
Balance as at 31 March 2019	**6.46**	**106.74**	**(59.88)**	**53.32**	**-**

Carrying amounts (net)

At 31 March 2018	**-**	**79.84**	**3.70**	**83.54**	**-**
At 31 March 2019	**16.10**	**68.77**	**(0.08)**	**84.79**	**38.21**

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

5 Equity accounted investees

See accounting policies in Notes 2(b)(v).

	Note	As at 31 March 2019	As at 31 March 2018
Interest in associates	(a)	28.14	28.35
		28.14	**28.35**

(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 2019	As at 31 March 2018
(i) Kamla Tesio Dials Limited	Manufacture of dials and accessories	India	30%	30%
Current assets [including cash and cash equivalents of Rs. 12.45 (31 March 2018: Rs. 11.03)			25.72	27.94
Non-current assets			68.80	66.94
Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. 0.72 (31 March 2018: Rs. 0.38)]			0.72	0.38
Non-current liabilities			-	-
Net assets			**93.80**	**94.50**
Group's share of net assets (31 March 2019: 30%, 31 March 2018: 30%)			28.14	28.35
Carrying amount of the interest in associate			**28.14**	**28.35**

	Year ended 31 March 2019	Year ended 31 March 2018
Other income	6.00	6.00
Employee benefit expense	(3.41)	(2.71)
Finance costs	-	-
Depreciation and amortization	(0.24)	(0.35)
Other expenses	(3.06)	(1.98)
Profit/(Loss) for the year	**(0.71)**	**0.96**
Other comprehensive income	-	-
Total comprehensive income	**(0.71)**	**0.96**
Group's share of profit (30%)	**(0.21)**	**0.29**
Group's share of other comprehensive income (30%)	-	-
Group's share of total comprehensive income	(0.21)	0.29
	(0.21)	**0.29**

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

Name of associate	Principal activity	Principal place of business	Percentage ownership interest	
	*Manufacture of watch components		As at 31 March 2019	As at 31 March 2018
(ii) Cadrafin GmbH			22%	22%
Current assets [including cash and cash equivalents of Rs. Nil (31 March 2018: Rs. 21.20)]			-	21.20
Non-current assets			-	27.18
Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. Nil (31 March 2018: Rs.19.65)]			-	19.65
Non-current liabilities			-	38.02
Net assets			**-**	**(9.29)**
Group's share of net assets (31 March 2019: Nil, 31 March 2018: 22%)			-	(1.86)
Carrying amount of the Company's interest in associate**			**-**	**-**

	Year ended 31 March 2019	Year ended 31 March 2018
Revenue	2.21	9.08
Other income	-	-
Depreciation and amortization	-	-
Finance costs	(0.16)	(0.39)
Other expenses	(11.05)	(30.28)
Loss for the period	(9.01)	(21.59)
Other comprehensive income	-	-
Total comprehensive income	**(9.01)**	**(21.59)**
Group's share of profit/(loss) (22%)**	-	(2.90)
Group's share of other comprehensive income (22%)	-	-
Group's share of total comprehensive income	**-**	**(2.90)**

* Based on unaudited financial information

** On 9 July 2018, the Group has sold its entire 22% share (held through Kamla International Holdings SA) in its associate 'Cadrafin GmbH'. Accordingly, the Group has not recognised its share in the net assets of Cadrafin GmbH as at 31 March 2019. Till 31 March 2019, the Group had recognised losses in Cadrafin Sari only to the extent of the Group's cost of investment which resulted in gain on sale of Group's interest in Cadrafin GmbH (refer note 38).

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

	As at 31 March 2019	As at 31 March 2018
6 Investments		
Non-current investments		
Unquoted investments (fully paid up)		
Other Companies (Fair value through Statement of Profit and Loss):		
- Karol view Developers Private Limited		
500,000 (31 March 2018: 500,000) equity shares of Rs.10 each fully paid up	45.80	38.13
- Shivalik Solid Waste Management Limited	3.23	10.53
17,500 (31 March 2018: 17,500) equity shares of Rs. 10 each fully paid up		
	49.03	**48.66**
Aggregate amount of unquoted investments	49.03	48.66

7 Loans

(Loans receivables considered good- Unsecured,unless otherwise stated)	Non-Current As at 31 March 2019	Non-Current As at 31 March 2018	Current As at 31 March 2019	Current As at 31 March 2018
Security deposit				
- to related parties (refer to note 43)	2.00	2.00	-	-
- to others	1,138.77	1,007.94	412.49	390.21
Loan to employees				
- to related parties (refer to note 43)	28.44	30.07	6.08	6.17
- to others	68.34	20.61	58.13	47.92
	1,237.55	**1,060.62**	**476.70**	**444.30**

8 Other financial assets

	Non-Current As at 31 March 2019	Non-Current As at 31 March 2018	Current As at 31 March 2019	Current As at 31 March 2018
Deposit accounts with original maturity more than 12 months #	141.25	224.32	-	-
Derivatives financial instruments (Fair value through Statement of Profit and Loss)	-	-	29.76	2.80
Interest accrued but not due on deposits	-	-	18.10	38.50
Recoverable from related parties	-	-	-	-
Recoverable from others	-	-	201.52	-
	141.25	**224.32**	**249.38**	**41.30**

These deposits include restricted bank deposits amounting to Rs. 113.96 (31 March 2018: Rs. 215.01) on account of deposits pledged as security for bank guarantees.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

		As at 31 March 2019	As at 31 March 2018
9	**Income tax asset (net)**		
	Advance income-tax [net of provision of Rs. 2,604.91	627.42	622.97
	(31 March 2018: Rs. 943.54)]	**627.42**	**622.97**
10	**Deferred tax asset / (liabilities) (net)**		
	Deferred tax assets on		
	- Expected credit allowance	0.24	1.98
	- Provision for warranties	6.02	7.61
	- Provision for employee benefits	159.74	122.23
	- Provision for bonus	70.27	43.62
	- Other provisions	202.92	81.52
	- Minimum alternate tax credit entitlement	1.89	1.89
	- Others	-	53.77
	Deferred tax assets (A)	**441.08**	**312.62**
	Deferred tax liability on		
	- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books (net)	214.23	195.42
	- MTM Gain on foreign exchange contracts	8.67	-
	Deferred tax liability (B)	**222.90**	**195.42**
	Net deferred tax asset / (liabilities) (A - B)	**218.18**	**117.20**
	Aggregate of net deferred tax assets jurisdictions	**633.82**	**495.52**
	Aggregate of net deferred tax liabilities jurisdictions	**(415.64)**	**(378.32)**
	Net deferred tax asset / (liabilities)	**218.18**	**117.20**

2017-18	**As at 1st April 2017**	**Recognised in profit or loss during the year**	**Recognised in other comprehensive income**	**As at 31 March 2018**
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books	(375.46)	180.04	-	(195.42)
- Tax losses carried forward	201.15	(201.15)	-	-
- Expected credit allowance	3.04	(1.06)	-	1.98
- Provision for warranties	5.58	2.03	-	7.61
- Provision for employee benefits	116.72	(4.20)	9.71	122.23
- Provision for bonus	49.87	(6.25)	-	43.62
- Other provisions	24.83	56.69	-	81.52
- Minimum alternate tax credit entitlement	1.89	-	-	1.89
- Others	43.79	9.98	-	53.77
	71.41	**36.08**	**9.71**	**117.20**

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

2018-19	As at 1st April 2018	Recognised in profit or loss during the year	Recognised in other comprehensive income	As at 31 March 2019
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books	(195.42)	(18.81)	-	(214.23)
- MTM Gain on foreign exchange contracts	-	(8.67)	-	(8.67)
- Expected credit allowance	1.98	(1.74)	-	0.24
- Provision for warranties	7.61	(1.59)	-	6.02
- Provision for employee benefits	122.23	9.80	27.71	159.74
- Provision for bonus	43.62	26.65	-	70.27
- Other provisions	81.52	121.40	-	202.92
- Minimum alternate tax credit entitlement	1.89	-	-	1.89
- Others	53.77	(53.77)	-	-
	117.20	**73.27**	**27.71**	**218.18**

Deferred tax assets have not been recognised in respect of certain subsidiries, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	As at 31 March 2019	As at 31 March 2018
Tax losses (will expire by 2020-26 (31 March 2018: 2020-26)	2,134.21	608.57
Unrecognised tax effect	496.72	157.31
Deductible temporary differences	23.64	36.42
Unrecognised tax effect	6.57	10.13

11 Other non-current assets (Unsecured, considered good, unless otherwise stated)	As at 31 March 2019	As at 31 March 2018
Capital advances		
- to others	143.38	305.43
Advances other than capital advances		
- Advances to employees	-	51.13
- Prepaid expenses	198.30	121.31
- Recoverable from / balance with government authorities	48.56	48.56
- Claim receivable (refer note 41)	170.00	170.00
	560.24	**696.43**

12 Inventories

(at lower of cost and net realizable value)

Raw material*	1,879.11	1,410.04
Work-in-progress	954.42	977.64
Finished goods**	115.91	99.47

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

Stock in trade**	20,699.68	17,387.87
Stores and spares	345.16	240.40
	23,994.28	**20,115.42**
*Includes goods-in-transit:		
- Raw material	1.54	5.38
- Stock in trade	-	386.66
**The write down of inventories during the year amounted to:		
- Finished goods	16.00	-
- Stock in trade	67.62	-

13 Trade receivables

(Unsecured, considered good, unless otherwise stated)		
Trade receivables	3,037.27	3,271.01
Less: expected credit less allowance	(0.86)	(6.80)
	3,036.41	**3,264.21**
Break-up of security details		
Trade receivable considered good -Secured	-	-
Trade receivable considered good -Unsecured	3,036.41	3,264.21
Trade Receivables which have significant increase in Credit Risk	0.86	6.80
Trade receivable -credit impaired	-	-
	3,037.27	**3,271.01**
Less : expected credit loss allowance	(0.86)	(6.80)
Total trade receivables	**3,036.41**	**3,264.21**

14 Cash and cash equivalents	**As at 31 March 2019**	**As at 31 March 2018**
Balances with banks		
- in current accounts	1,116.33	516.01
Remittances-in-transit	-	108.14
Cheques, drafts on hand	382.44	166.39
Cash on hand	107.68	103.39
Others		
- credit cards receivable	88.97	233.67
	1,695.42	**1,127.60**

Information pursuant to G.S.R. 308 (E) dated 30 March 2017 issued by Ministry of corporate affairs:

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
15 Other bank balances			
Deposit accounts with original maturity more than 3 months and up to 12 months from the reporting date	(a)	584.38	649.02
Balance in unclaimed dividend accounts		24.71	23.94
		609.09	**672.96**

Notes:

(a) These deposits include restricted bank deposits amounting to Rs. 580.79 (31 March 2018: Rs. 622.23) on account of deposits pledged as security for deposits from shareholders, bank guarantee and margin money.

	As at 31 March 2019	As at 31 March 2018
16 Other current assets		
(Unsecured, considered good, unless otherwise stated)		
Recoverable from / balance with government authorities	2,293.05	2,569.94
Advances for supply of goods and services	569.89	435.77
Advances to employees	156.25	126.95
Other advances	6.07	8.37
Prepaid expenses	136.12	149.84
	3,161.38	**3,290.87**

17 Equity share capital

	As at 31 March 2019		As at 31March 2018	
	Number of	Amount	Number of	Amount
(i) Detail of share capital				
Authorized				
Equity shares of Rs. 10 each.	12,480,000	1,248.00	12,480,000	1,248.00
	12,480,000	**1,248.00**	**12,480,000**	**1,248.00**
Issued				
Equity shares of Rs. 10 each	11,807,888	1,180.78	11,127,072	1,112.71
	11,807,888	**1,180.78**	**11,127,072**	**1,112.71**
Subscribed and paid up capital				
Equity shares of Rs. 10 each fully paid up	11,633,608	1,163.36	10,952,792	1,095.28
Forfeited equity shares of Rs.10 each	174,280	8.71	174,280	8.71
	11,807,888	**1,172.07**	**11,127,072**	**1,103.99**

(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.

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

(iii) Reconciliation of the shares outstanding at beginning and at the end of the year

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	10,952,792	1,095.28	10,839,586	1,083.96
Add: shares issued during the year	680,816	68.08	113,206	11.32
Balance at the end of the year	**11,633,608**	**1,163.36**	**10,952,792**	**1,095.28**

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% of equity shares	Number of shares	% of equity shares
R. K. Saboo	1,948,960	16.75%	2,058,460	18.79%
Yashovardhan Saboo	1,557,265	13.39%	1,547,265	14.13%
Saif India V FII Holdings Limited	1,008,400	8.67%	1,008,400	9.21%
Saif Partners India V Limited	754,716	6.49%	754,716	6.89%

(v) Bonus shares, shares buyback and issue of shares for consideration other than cash (during five years immediately preceding 31 March 2019)

During the five years immediately preceding 31 March 2019, 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 2015, 39,750 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(vi) Employee stock option plan

Terms attached to stock options granted to employees of the Company are described in note 42D regarding share based payments.

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

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Under KDDL Employee Stock Option Plan - 2011: equity shares of Rs.10 each, at an exercise price of Rs. 120 per share (Refer note 42D)	18,750	1.88	21,000	2.10

18 Other equity

(also refer to Statement of Changes in Equity)

(i) **Capital reserve**

Accumulated capital surplus not available for distribution of dividend and expected to remain invested permanently (refer note 38).

(ii) **Securities premium**

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to shareholders. This will be utilized in accordance with the applicable provisions of the Companies Act, 2013.

(iii) **General reserve**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.

(iv) **Employee stock options outstanding reserve**

The fair value of the equity settled share based payment transactions with employees is recognized in Statement of Profit and Loss with corresponding credit to share based payment reserve.

(v) **Legal reserve**

This represents the statutory reserves created based on the requirements of local regulations of "Estima AG", a newly acquired subsidiary company (refer note 38). This reserve is not available for distribution.

(vi) **Amalgamation reserve**

Amalgamation reserve represents the unutilized accumulated surplus created at the time of amalgamation in "Estima AG", a newly acquired subsidiary company (refer note 38). This reserve is not available for distribution of dividend and is expected to remain invested permanently.

(vii) **Retained earnings**

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(viii) **Other comprehensive income (net of tax)**

Revaluation surplus comprises increase in carrying amount of assets in the books of "Estima AG" which has been acquired by the Group during the year (refer note 38).

Exchange differences arising on translation of the foreign operations are recognized in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the Group and its associates dispose or partially dispose off its interest in a foreign operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity.

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

(ix) **Money received against share warrants**

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

During the year ended 31 March 2017, the Company had issued 377,356 share warrants at Rs. 265 per share warrant (including securities premium of Rs 255 per share warrant) on a preferential allotment basis to certain promoters and promoter entities ('warrant holders') and had also received 25% application money amounting to Rs 66.25 per share warrant. The warrants were to be converted into equivalent number of equity shares on payment of balance 75% amount at any time on or before the end of eighteen months from the date of allotment failing which these would stand forfeited. During the year ended 31 March 2018, the Company has allotted 113,206 equity shares on conversion of equivalent number of share warrants to certain warrant holders on realisation of balance 75% towards these warrants. During the year ended 31 March 2019, the Company had allotted remaining 264,150 equity shares on conversion of equivalent number of share warrants to certain warrant holders on realisation of balance 75% towards these warrants.

19 Borrowings

	Note	As at 31 March 2019	As at 31 March 2018
(i) **Non-current borrowings**			
Term-loans			
From banks (secured)	(a)	704.78	643.71
From others (secured)	(b)	4,333.40	3,272.30
		5,038.18	**3,916.01**
Deposits			
Deposits from shareholders)			
From related parties (unsecured) (refer note 43)	(c)	1,587.09	200.52
From others (unsecured)	(c)	1,178.78	1,913.21
		2,765.87	**2,113.73**
Inter corporate deposits			
From related parties (unsecured) (refer note 43)	(d)	517.00	667.00
From others (unsecured)	(d)	200.00	300.00
		717.00	**967.00**
Other loans			
From related parties (unsecured) (refer note 43)	(e)	175.61	376.76
From others (unsecured)	(e)	528.05	71.27
		703.66	**448.03**
Total non-current borrowings (including current maturities)		**9,224.71**	**7,444.77**
Less : Current maturities of non-current borrowings (refer to note 20)		**2,710.75**	**2,847.30**
		6,513.96	**4,597.47**

Notes:

(a) Corporate loan from IDBI Bank Limited amounting to Rs. Nil (31 March 2018: Rs. 81.99) carrying interest rate of 3% (previous year 2.5%) over the bank base rate are secured by way of first pari passu charge on all the plant and machinery and furniture and fixtures of Derabassi unit (KDER), tool room division at Bengaluru (EIGEN) and hands division at Bengaluru (KHAN-1) and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits.

- Vehicle loans from banks amounting to Rs. 67.08 (31 March 2018: Rs. 67.62) carrying interest rate in the range of 7.50% to 10.50% (previous year 9.51% to 11%) 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 Bank of India taken by subsidiary, Pylania SA amounting to Rs. Nil (31 March 2018: Rs. 343.04) is carrying interest rate of 12 months Euribor plus 3.45%. The loan is secured against bank guarantee given by the Company. The term loan is to be repaid in a bullet repayment after the bank guarantee is withdrawn by the Parent Company.

-Bank mortgage taken by subsidiary, Pylania SA amounting to Rs Nil (31 March 2017: Rs 52.24, 1April 2016: Rs 89.55) carrying interest rate of 5.00% is secured against freehold land and building situated in Pylania.

- Term loan from Credit Suissee taken by subsidiary, Estima AG amounting to Rs. 470.65 (31 March 2018: Rs. Nil) carrying nil interest is secured against mortgage of property. The loan is to be repaid in 112 quarterly installments of Rs. 4.18 lacs each.

-Vehicle loans taken by the subsidiary, Ethos Limited amounting to Rs. 157.60 (31 March 2018 : Rs. 151.06) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 8.23% to 11.76% per annum (31 March 2018 : 8.23 to 11.76%). The above loans are repayable in monthly installments within a period of next two to five years as per repayment schedule.

- Term loan from RC Tritec taken by subsidiary Estima AG, amounting to Rs. 279.32 (31 March 2018 : Rs. Nil) carrying 5% interest rate is secured by hypothetication of machinery and equipment of the plant. The loan is also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company. The loan shall be repaid af the expiry of teem of 4 years on 01 April 2023.

(b) - Term loan from Intec Capital limited amounting to Rs. Nil (31 March 2018: 42.46) carrying fixed interest rate of 11.75% (previous year 11.75%) is secured by way of hypothecation of the specific asset purchased out of proceeds of the loan. The loan is also personally guaranteed by Chairman Emeritus and Chairman & Managing Director of the Company. The loan is to be repaid in 32 monthly installments as per the repayment schedule in equal annual installments commencing from 1 April 2016. The last instalment would be repaid on 1 November 2019.

- Term loan from Tata Capital Financial Services Limited amounting to Rs.236.48 (31 March 2018: Rs. 369.63) carrying interest rate equal to LTLR less 7% (presently 10.50%) (previous year 10.50%) is secured by way of first pari passu charge over the project leasehold immovable property and over movable fixed assets of Eigen III, situated at plot no. 55-A (Aerospace sector) Hitech, Devanahalli, Bengaluru. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 21 monthly installments of Rs. 11.30 as per the repayment schedule in equal annual installments commencing from 25 April 2018. The last instalment would be repaid on 25 December 2020.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 247.48 (31 March 2018: Rs. 337.50) carrying interest rate equal to LTLR less 7.25% (presently 10.50%) (previous year 10.50%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru and exclusive charge by way of hypothecation over the plant & machineries & other movable assets of KHAN II, situated at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 11 quarterly installments of Rs. 22.50 as per the repayment schedule in equal annual installments commencing from 8 April 2018. The last instalment would be repaid on 8 October 2021.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 757.62 (31 March 2018: Rs. Nil) carrying interest rate equal to LTLR less 8.75% (presently 10.50%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 52 monthly installments of Rs. 14.65 as per the repayment schedule in equal annual installments commencing from 30 July 2018. The last instalment would be repaid on 20 July 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 1868.56 (31 March 2018: Rs. 2161.77) carrying interest rate of 10% (previous year 9.60%) is secured by pari passu charge by way of hypothecation of equipment procured out of the term loan, Mortgage of leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan of Rs. 1,200 is to be repaid in 43 instalments of Rs.21.13 and last instalment would be paid on 5th October, 2022. The loan of Rs. 1,000 is to be repaid in 46 monthly installments of Rs. 20.83 as per the repayment schedule in equal monthly installments commencing from 05 January 2018. The last instalment would be repaid on 5 January 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 200 (31 March 2018: Rs. Nil) carrying interest rate of 10% is secured by way of first pari passu charge over movable fixed assets of of 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.4.16 as per the repayment schedule in equal monthly installments commencing from 05 September 2019. last instalment would be paid on 5 September 2023.

- Term Loan from others taken by subsidiary Ethos from Indiabulls Housing Finance Limited is secured by exclusive mortgage and charge on personal property of the director and relatives of the director of the Group. These limits are also guaranteed by KDDL Limited, the director of the Group and relatives of the director. The rate of interest varies from 11% to 14.50% per annum. The original Loan of Rs 450 lakhs taken in March 2014 will be repaid in 120 monthly instalments along with interest. The loan outstanding as on 31 March 2019 is Rs. 294.18 (31 March 2018 : Rs 334.31) which will be repaid as per repayment schedule.

- Vehicle loans from Daimler Financial Services amounting to Rs. 35.58 (31 March 2018: Rs. 26.63) carrying interest rate in the range of 7.50% to 10.50% (previous year 9.51% to 11%) 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 amounting to Rs. 1,532.43 (31 March 2018: Rs. 1,254.66) carrying interest rates in the range of 9% to 12.5% (previous year 8.5% to 12.5%) per annum are repayable in 1 years to 3 years from the respective dates of deposit.

Deposits from shareholders taken by subsidiary company, Ethos Limited amounting to Rs. 1233.44 (31 March 2018: Rs. 859.07) carrying interest rates in the range of 8% to 12.50% (previous year 8% to 12.5%) per annum are repayable in 6 months to 3 years from the respective dates of deposit.

(d) -Inter corporate deposits taken by subsidiary, Ethos Limited from related parties amounting to Rs. 517.00 (31 March 2018: Rs. 517.00) carry an interest rate ranging between 8.50% to 16.00% (previous year 10% to 12.5%) per annum and are repayable within in 6 months to 3 years.

-Inter corporate deposits taken by subsidiary, Ethos Limited from others amounting to Rs. 200.00 (31 March 2018: Rs. 300.00) carry an interest rate ranging between 13.50% to 14.00% (previous year 13.50% to 14.00%) per annum and the same are repayable as per the repayment schedule within next two years.

(e) -Unsecured loans taken by subsidiary, Ethos Limited from related parties amounting to Rs. Nil (31 March 2018: Rs. 70.00) carry an interest rate of 12.50% (previous year 12.50%) per annum and is repayable within 30 months.

- Unsecured loan from related party taken by subsidiary Pylania SA, amounting to Rs. 70.52 (31 March 2018: Rs. 72.43) carry an interest rate of 4% is repayable before or on the expiry of the loan, i.e. 15 January 2019 subject to additional one year renewal after written consent of the parties.

- Unsecured loan from related party taken by subsidiary Pylania SA, amounting to Rs. 35.25 (31 March 2018: Rs. 35.30) carrying interest rate of 4.00% is repayable before or on the expiry of the loan, i.e. 15 September 2019. This agreement will be automatically renewed for an additional year.

- Unsecured loan from Radexpo AG by subsidiary Pylania SA amounting to Rs. 143.83 (31 March 2018: Rs. 71.27) carrying interest rate of 5.00% p.a. to be paid at the end of one year i.e. 14 August 2019.

- Unsecured term loan from Credit Suisse taken by subsidiary, Pylania SA amounting to Rs. 104.75 (31 March 2018: Rs. Nil) is carrying interest rate of 4% . The term loan is repayable before or on after the expiry of loan i.e. 25 Nov 2019.

- Secured Loan from independent sources taken by subsidiary Pylania SA, amounting to Rs. 69.83 (31 March 2018: Rs. 199.02) carrying interest rate of 5.00% to be paid after the expiry of term of 4 years i.e. 1 April 2023

- Unsecured loan from Amola taken by subsidiary Estimat AG, amounting to Rs. 143.89 (31 March 2018 : Rs. Nil) carrying nil interest rate. The loan is to be repaid in 4 half yearly installments starting from 01 June 2019.

-Unsecured loan from Phillip Losser taken by subsidiary Estimat AG, amounting to Rs. 558.64 (31 March 2018: Rs. Nil) carrying nil interest rate. The loan is to be repaid in 4 annual installments starting from 31 Dec 2019.

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

	Note	As at 31 March 2019	As at 31 March 2018
(ii) Current borrowings			
Loans repayable on demand			
From banks (secured)	(a)	5,933.15	4,808.74
From others (secured)	(b)	-	300.00
Deposits			
Deposits from shareholders			
From others (unsecured)	(c)	110.92	88.24
From related parties (refere note 43)	(c)	0.50	-
Inter-corporate deposit (unsecured)	(d)	150.00	100.00
Buyers credit from banks (secured)	(e)	-	1,057.28
		6,194.57	**6,354.26**

Notes:

(a) Working capital borrowings from banks amounting to Rs. 702.84 (31 March 2018: Rs. 1,451.62) carrying interest rate varying from 9.25% to 11.90% (previous year 9.10% to 10.90%) per annum are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Company (both present and future), on pari passu basis except packaging unit (KPAC) and are further secured by a second charge on the entire fixed assets of the Company. These loans are also guaranteed by the Chairman & Managing Director of the Company and is repayable on demand.

-The cash credit overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 2,386.70 (31 March 2018: Rs. 1,024.60) 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 Company. These limits are guaranteed by the Company and personal guarantees of director of the subsidiary and his relative. The rate of interest as on 31 March 2019 varies from 11.25% to 12% (31 March 2018: 11.25% to 11.50%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 874.90 (31 March 2018: Rs. 798.90) from The Jammu and Kashmir Bank Limited are repayable on demand and are secured by first pari passu charge on the stock and receivables of the subsidiary company. These limits are also secured by exclusive first charge on assets of KPAC unit at Chandigarh of the Parent Company. This is further secured by the first and exclusive charge over land and building, plant and machinery and office equipment of the Parwanoo unit of the Company. These loans are also guaranteed by the Company and personal guarantees of the director of the subsidiary company and his relative. The rate of interest as on 31 March 2019 varies from 11.40% to 12.40% (31 March 2018: 11.40% to 12.40%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 1,968.7 (31 March 2018: Rs. 1,533.60) from Bank of Maharashtra are repayable on demand and are secured by first parri passu charge by way of hypothecation on entire current assets of the subsidiary. These limits are also secured by 360,000 shares of KDDL Limited held in the name of Sh. Yashovardhan Saboo and second parri passu charge on entire fixed assets of the subsidiary. Further, these limits are also guaranteed by the Parent Company and director of the subsidiary and his relative. The rate of interest as on 31 March 2019 is 11.50% (31 March 2018: 11.50%) per annum.

(b) Working capital borrowings from others amounting to Rs. Nil (31 March 2018: Rs. 300.00) carrying interest rate of 9.15% per annum are secured by first pari passu charge on current assets. The loan is also personally guaranteed by the Chairman & Managing Director of the Company and is repayable on demand.

(c) Deposits from shareholders amounting to Rs. 37.43 (31 March 2018: Rs. 23.98) carrying interest rates in the range of 9% to 12.5% (previous year 8.5% to 12.5%) per annum are repayable in 6 months to 3 years from the respective dates of deposit. These deposits are due for maturity within 1 year from year end.

Deposits from shareholders taken by subsidiary company, Ethos Limited amounting to Rs.74.00 (31 March 2018: Rs.64.26) carrying interest rates in the range of 9.50% to 10% (previous year 10.00% to 10.50%) per annum are repayable in 6 months to 3 years from the respective dates of deposit. These deposits are due for maturity within 1 year from year end.

(d) Inter corporate deposits taken from Dream Digital Technology Limited amounting to Rs Nil (31 March 2018: Rs. 100) carrying interest rate of 9% p.a.

Inter corporate deposits taken by subsidiary, Mahen Distribution Limited from related parties amounting to Rs 150.00 (31 March 2018: Rs. 150.00) carrying interest rate of 14.00% p.a. is repayable within 6 months.

(e) - Buyers credit from Bank of India amounting to Rs. Nil (31 March 2018: Rs. 84.69) carrying interest rate 6 month libor plus 0.75% is secured against hypothecation of inventory and receivables is repayable on demand. Buyers credit from IDBI amounting to Rs. 295.13 (31 March 2018: Rs. 295.13) carrying interest rate varying from 3 month libor plus 0.90% to 6 month libor plus 1.00% is secured against hypothecation of inventory and receivables is repayable on demand.

- Buyers credit from IDBI Bank Limited taken by subsidiary company, Ethos Limited amounting to Rs. Nil (31 March 2018 : Rs. 677.46) 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 Company 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) of the Company at Bangalore. These limits are guaranteed by the Company, personal guarantees of director of the Company and relative of the director. The rate of interest as on 31 March 2019 is Nil (31 March 2018 : 11.85 %) per annum.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

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

	Year ended 31 March 2019	Year ended 31 March 2018
Balance as at the beginning of the year (including current and non-current borrowings)	13,799.03	11,359.60
Proceeds from non-current borrowings*	2,574.82	4,343.75
Repayment of non-current borrowings*	(2,130.38)	(2,319.88)
Repayments of / proceeds from current borrowings (net)	(159.69)	411.23
Adjustment pursuant to acquisition (refer note 38)	1,325.10	-
Transaction costs related to borrowings	10.41	4.33
Balance as at the end of the year (including current and non-current borrowings)	**15,419.28**	**13,799.03**

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

20 Other financial liabilities

	Non Current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Current maturities of non-current borrowings [refer note 19(I)]	-	-	2,710.75	2,847.30
Interest accrued but not due	-	-	296.56	301.42
Unpaid dividends #	-	-	24.71	23.94
Capital creditors	-	-	277.03	569.83
Employee related payables	-	-	1,564.44	1,041.38
Security deposit	5.69	5.69	-	-
	5.69	**5.69**	**4,873.49**	**4,783.87**

not due for deposit to investor education and protection fund

21 Provisions

	Non Current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provisions for employee benefits (refer note 42)				
Liability for gratuity	110.23	61.55	49.66	28.52
Liability for compensated absences	333.29	252.98	9.99	47.54
	443.52	**314.53**	**59.65**	**76.06**
Other provisions				
Provisions for warranties	13.38	20.89	7.29	5.26
	13.38	**20.89**	**7.29**	**5.26**
	456.90	**335.42**	**66.94**	**81.32**

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

Movement in other provisions	Warranties
Balance as on 1 April 2017	16.14
Provisions made during the period	13.57
Provisions utilized during the period	(3.56)
Balance as on 31 March 2018	26.15
Provisions made during the period	4.32
Provisions utilized during the period	(9.80)
Balance as on 31 March 2019	20.67

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

22 Trade payables	As at 31 March 2019	As at 31 March 2018
Trade payables to related parties (refer to note 43)	47.48	48.56
Other trade payables	8,207.79	8,578.65
	8,255.27	**8,627.21**
23 Other current liabilities		
Advance from customers	384.50	828.02
Statutory dues	304.77	238.24
Deferred revenue	224.07	183.96
	913.34	**1,250.22**

24 Current tax liabilities (net)	As at 31 March 2019	As at 31 March 2018
Provision for income tax (net of advance tax of Rs. 2057.83 (31 March 2018: Rs. 1173.91)	433.47	418.70
	433.47	**418.70**

25 Revenue from operations	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products (including excise duty to the extent applicable)	60,295.65	49,007.97
Sale of services	1,263.07	673.35
Other operating revenue		
Export incentives	371.88	288.65
Scrap sales	425.92	348.06
Miscellaneous income	64.90	-
	62,421.42	**50,318.03**

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

Notes:

(i) Revenue disaggregation as per industry vertical and geography has been included in segment information (refer note 44).

(ii) Reconcilation of revenue recognized with the contracted price is as follows:

	Year ended 31 March 2019
Contracted Price	62,380.57
Reduction towards variable consideration components	40.85
Revenue recognised	**62,421.42**

The reduction towards variable consideration comprise of loyality points adjustment.

	Year ended 31 March 2019	Year ended 31 March 2018
26. Other income		
Interest income		
Fixed deposits with banks	40.19	49.82
Interest income from related parties (refer note 43)	2.06	13.66
Interest income from others	118.26	116.88
Dividend income	0.36	0.23
Other non-operating income (net of expenses)		
Rental income	10.00	11.27
Liabilities / provision no longer required written back	-	98.28
Exchange gain on foreign exchange fluctuations (net)	116.32	-
Net gain on sale of property, plant and equipment	-	160.61
Gain on sale of equity accounted investee	2.90	-
Miscellaneous income	5.77	71.54
	295.86	**522.29**

	Year ended 31 March 2019	Year ended 31 March 2018
27 Cost of materials consumed*		
Inventory of material at the beginning of the year	3,764.43	3,000.49
Purchases of raw materials and components	2,571.14	2,173.98
	6,335.57	5,174.47
Less: Inventory of material at the end of the year	1,879.11	1,410.04
	4,456.46	**3,764.43**

* Refer note 3(c)

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

28 Purchase of stock-in-trade

	Year ended 31 March 2019	Year ended 31 March 2018
Purchase of stock-in-trade	34,941.72	27,240.22
	34,941.72	**27,240.22**

29 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock		
Work-in-progress	977.64	667.64
Finished goods	99.47	83.33
Stock-in-trade	17,387.87	16,898.58
	18,464.98	**17,649.55**
Less:		
Closing stock		
Work-in-progress	954.42	977.64
Finished goods	115.91	99.47
Stock-in-trade	20,699.68	17,387.87
	21,770.01	**18,464.98**
	(3,305.03)	**(815.43)**

30 Employee benefits expense	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus [refer note 3©]	7,731.45	5,891.29
Contributions to provident and other funds	528.14	445.97
Share based payment expense	-	11.76
Staff welfare expenses	379.16	314.02
	8,638.75	**6,663.04**

31 Finance costs	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on financial liabilities measured at amortised cost	1,318.13	1,078.31
Other borrowing costs	168.03	124.61
	1,486.16	**1,202.92**

32 Depreciation and amortisation expense	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment [refer note 3 (c)] *	1,275.10	1,174.82
Amortisation of other intangible asset (refer note 4)	37.72	38.43
	1,312.82	**1,213.25**

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

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

33 Other expenses	**Year ended 31 March 2019**	**Year ended 31 March 2018**
Stores and spares consumed [refer to note 3 (c)]	880.62	704.45
Power, fuel and water charges [refer to note 3 (c)]	581.60	492.38
Contractual labour expenses	772.57	540.68
Insurance	47.76	52.60
Rent (refer note 45)	3,274.55	2,619.11
Rates and taxes	88.29	25.63
Repair and maintenance	561.97	439.63
Legal and professional fees	643.73	657.19
Travelling and conveyance	819.33	584.23
Job charges [refer to note 3 (c)]	418.43	487.44
Printing and stationery	58.64	61.67
Communication expenses	310.97	274.80
Commission	176.70	149.48
Events and exhibitions	142.37	86.76
Publicity and advertisement	1,274.08	717.62
Property, plant and equipment written off	8.86	40.30
Donation	1.10	6.82
Advances / deposits written off	38.40	56.25
Bank charges	341.33	292.76
Directors' sitting fees	45.22	22.37
Security service charges	87.20	78.93
Service cost expense	-	71.40
Cost of service rendered	51.43	-
Corporate social responsibility expenditure	26.13	21.60
Exchange loss on foreign exchange fluctuations (net)	-	33.75
Miscellaneous expenses	493.39	383.80
	11,144.67	**8,901.65**

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

	Year ended 31 March 2019	Year ended 31 March 2018
34 Income tax expense		
A. Amounts recognised in statement of profit and loss		
Current tax		
Current year	1,616.85	743.44
Changes in estimates related to prior years	(29.93)	-
	1,586.92	**743.44**
Deferred tax		
Attributable to–		
Origination and reversal of temporary differences	(62.87)	(36.08)
	(62.87)	**(36.08)**
Tax expense for the year	**1,524.05**	**707.36**

	Year ended 31 March 2019	Year ended 31 March 2018
B. Reconciliation of effective tax rate		
Profit before tax	**4,041.73**	**2,527.02**
Tax at the Indian tax rate of 34.94% (previous year 34.61%)*	1,412.18	874.55
Effect of expenses that are not deductible in determining taxable profit	61.04	26.30
Tax exempt income	-	(55.58)
Change in tax rate	24.67	(135.48)
Effect of tax (benefit) / expense pertaining to prior years	29.93	-
Others	(3.77)	(2.44)
Income tax expenses recognised in statement of profit and loss	**1,524.05**	**707.36**

*The tax rate used for the current year reconciliation above is the corporate tax rate of 34.94% (previous year 34.61%) payable by corporate entities in India on taxable profits under the Indian tax

	Year ended 31 March 2019	Year ended 31 March 2018
C. Income tax recognised in other comprehensive income		
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit liability (asset)	27.71	9.71
Exchange differences on translation of foreign operations	-	-
	27.71	9.71
Bifurcation of the income tax recognised in other comprehensive income into		
Items that will not be reclassified to profit or loss	27.71	9.71
Items that will be reclassified to profit or loss	-	-
	27.71	**9.71**

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

	Year ended 31 March 2019	Year ended 31 March 2018
35 Earning per share		
A. Basic earnings per share		
I. Profit/(loss) for basic earning per share of Rs. 10 each		
Profit for the year	2,517.47	1,817.05
ii. Weighted average number of equity shares (for basic)		
Balance at the beginning of the year	10,952,792	10,844,704
Effect of fresh issue of shares	407,779	5,118
	11,360,571	10,849,822
Basic earnings per share (face value of Rs. 10 each)	**22.16**	**16.75**
B. Diluted earnings per share		
i.Profit/(loss) for diluted earning per share of Rs. 10 each		
Profit for the year	2,517.47	1,817.05
ii.Weighted average number of equity shares (for diluted)		
Balance at the beginning of the year	10,952,792	10,844,704
Effect of fresh issue of shares	407,779	5,118
Effect of employee stock options*	14,013	11,228
	11,374,584	10,861,050
Diluted earnings per share (face value of Rs. 10 each)	**22.13**	**16.73**

* 4,737 options (31 March 2018: 9,762 options) were excluded from calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

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 2019			As at 31 March 2018		
Financial assets			FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Non-current								
Non-derivative financial assets								
Investment in equity shares - other companies	(i)	3	49.03	-	-	48.66	-	-
Loans	(ii)	3	-	-	1,237.55	-	-	1060.62
Others financial assets	(ii)	3	-	-	141.25	-	-	224.32
Current								
Non-derivative financial assets								
Trade receivable	(iii)	3	-	-	3,036.41	-	-	3,264.21
Cash and cash equivalents	(iii)	3	-	-	1,695.42	-	-	1,127.60

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

Other bank balances	(iii)	3	-	-	609.09	-	-	672.96
Loans	(iii)	3	-	-	476.70	-	-	444.30
Other financial assets	(iii)	2	-	-	219.62	-	-	41.30
Derivative financial assets								
Forward contracts	(iv)	2	-	-	29.76	-	-	
Total financial assets			**49.03**	**-**	**7,445.80**	**48.66**	**-**	**6,835.31**
Financial liabilities								
Non-current								
Non-derivative financial liabilities								
Borrowings (including current maturities)	(v)	3	-	-	9,224.71	-	-	7,444.77
Other financial liabilities	(iv)	3	-	-	5.69	-	-	5.69
Current								
Non-derivative financial liabilities								
Borrowings	(v)	3	-	-	6,194.57	-	-	6,354.26
Trade payables	(iii)	3	-	-	8,255.27	-	-	8,627.21
Other financial liabilities	(iii)	3	-	-	2,162.74	-	-	1,936.57
Total financial liabilities	-	-	-	-	**25,842.98**	-	-	**24,368.50**

Notes:

(i) The fair value in respect of unquoted equity investments cannot be reliably estimated. The Group has currently measured them at net book value as per the latest audited financial statements available.

(ii) Fair value of non-current financial assets and 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 values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs include the credit quality of counter-parties and foreign exchange forward rates.

(v) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

Particulars	Level	Fair Value As at 31 March 2019	Fair Value As at 31 March 2019	Amortised cost As at 31 March 2019	Amortised cost As at 31 March 2019
Non-current borrowings (including current maturities)	3	7,012.22	7,285.34	7,085.44	7,444.77

There are no transfers between Level 1, Level 2 and Level 3 during the years ended 31 March 2019 and 31 March 2018.

Reconciliation of Level 3 fair value measurement:	**Year ended 31 March 2019**	**Year ended 31 March 2018**
Opening balance	48.66	48.66
Gain/ (loss) recognized in Statement of Profit and Loss	0.37	-
Closing balance	**49.03**	**48.66**

(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 2019	As at 31 March 2018
Non-derivative financial assets		
Investments	49.03	48.66
Trade receivables	3,036.41	3,264.21
Loans	1,714.25	1,504.92
Cash and cash equivalents	1,695.42	1,127.60
Other bank balances	609.09	672.96
Other financial assets	360.87	265.62
Derivative financial assets		
Forward contracts	29.76	-
	7,494.83	**6,883.97**

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.

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

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

Particulars	As at 31 March 2019	As at 31 March 2018
Within India	1,521.85	1,520.32
Outside India	1,514.56	1,743.89
	3,036.41	**3,264.21**

The Group based on internal assessment which is driven by the historical experience / current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Group estimates its allowance for trade receivable using lifetime expected credit loss. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross carrying amount	Loss allowance	Carrying amount
31 March 2019			
Less than 6 Months	2,962.38	-	2,962.38
More than 6 Months	74.89	0.86	74.03
	3,037.27	**0.86**	**3,036.41**
31 March 2018			
Less than 6 Months	3,150.40	-	3,150.40
More than 6 Months	120.61	6.80	113.81
	3,271.01	**6.80**	**3,264.21**

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

	As at 31 March 2019	As at 31 March 2018
Balance as at the beginning of the year	6.80	8.79
Amounts written off	(5.94)	(2.09)
Impairment loss recognised	-	0.10
Balance as at the end of the year	**0.86**	**6.80**

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.

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

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilties when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group believes that its liquidity position, including total cash and cash equivalents and other bank balances anticipated future internally generated funds from operations will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Group believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Group will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

The following table provides details regarding the contractual maturities of significant financial liabilities:

Particulars	Less than 1 Year	1-2 Years	2-5 Years	Total
31 March 2019				
Non-derivative financial liabilities				
Borrowings (including current maturities)	6,194.57	2,718.80	6,513.96	15,427.33
Trade payables	8,255.27	-	-	8,255.27
Other financial liabilities	2,162.74	-	5.69	2,168.43
	16,612.58	**2,718.80**	**6,519.65**	**25,851.03**
31 March 2018				
Non-derivative financial liabilities				
Borrowings (including current maturities)	6,354.26	2,847.30	4,601.98	13,803.54
Trade payables	8,627.21	-	-	8,627.21
Other financial liabilities	1,936.57	-	5.69	1,942.26
	16,918.04	**2,847.30**	**4,607.67**	**24,373.01**

(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.

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

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 US dollars with a mix of fixed and floating rates of interest. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

	As at 31 March 2019	As at 31 March 2018
Fixed rate borrowings	9,494.18	8,994.80
Floating rate borrowings	5,933.15	4,808.74
Total borrowings (gross of transaction cost)	**15,427.33**	**13,803.54**

Interest rate senstivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or Loss	
	Strengthening	**Weakening**
For the year ended 31 March 2019		
Interest rate (0.50% movement)	(29.67)	29.67
For the year ended 31 March 2018		
Interest rate (0.50% movement)	(24.05)	24.05

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:

	As at 31 March 2019		As at 31 March 2018	
Assets	**Amount (Rs)**	**Amount in foreign currency**	**Amount (Rs.)**	**Amount in foreign currency**
Trade receivables				
HKD	12.18	1.40	7.77	0.95
USD	92.54	1.35	132.43	2.08

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

EUR	29.65	0.39	119.85	1.69
CHF	1,120.73	16.38	1,215.78	17.94
GBP	0.86	0.01	0.82	0.0095

Liabilities	As at 31 March 2019 Amount (Rs)	As at 31 March 2019 Amount in foreign currency	As at 31 March 2018 Amount (Rs.)	As at 31 March 2018 Amount in foreign currency
Borrowings				
USD	-	-	379.82	5.73
Trade payables				
HKD	41.75	4.73	13.67	1.64
USD	48.03	0.43	69.79	0.40
EUR	32.54	0.05	70.36	0.48
CHF	1,775.06	2.53	2,442.84	4.08
JPY	49.45	78.70	-	-
GBP	-	-	0.95	0.01
SGD	5.86	-	75.55	0.08
Net exposure in respect of recognised assets and liabilities (in Rs.)	**(696.72)**		**(1,576.33)**	

Significant forward contracts outstanding as at the end of the year

	As at 31 March 2019 Amount (Rs)	As at 31 March 2019 Amount in foreign currency	As at 31 March 2018 Amount (Rs.)	As at 31 March 2018 Amount in foreign currency
Imports				
USD	-	-	687.89	10.57
Exports				
CHF	310.94	4.00	-	-

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2019 and 31 March 2018 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.

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

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
HKD (1% movement)	(0.30)	0.30	0.19	(0.19)
USD (1% movement)	0.45	(0.45)	(0.29)	0.29
EUR (1% movement)	(0.03)	0.03	0.02	(0.02)
CHF (1% movement)	(6.54)	6.54	4.27	(4.28)
JPY (1% movement)	(0.49)	0.49	0.32	(0.32)
GBP (1% movement)	0.01	(0.01)	(0.01)	0.01
SGD (1% movement)	(0.06)	0.06	0.04	(0.04)
31 March 2018				
HKD (1% movement)	(0.06)	0.06	0.04	(0.04)
USD (1% movement)	(3.17)	3.17	2.07	(2.07)
EUR (1% movement)	0.49	(0.49)	(0.32)	0.32
CHF (1% movement)	(12.27)	12.27	8.02	(8.02)
JPY (1% movement)	-	-	-	-
GBP (1% movement)	-	-	-	-
SGD (1% movement)	(0.76)	0.76	0.49	(0.49)

(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.

(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 2019	As at 31 March 2018
Total liabilities	28,129.27	26,832.47
Less: cash and cash equivalents and other bank balances	2,304.51	1,800.56
Adjusted net debt	**25,824.76**	**25,031.91**
Total equity	**23,499.32**	**16,165.09**
Net debt to total equity ratio	**1.10**	**1.55**

(ii) Dividends

	As at 31 March 2019	As at 31 March 2018
Equity shares		
Final dividend for the year ended 31 March 2019 of Rs. 2.50 (31 March 2017 of Rs. 1.50) per fully paid equity shares*	338.06	195.70
Dividend not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs. 2.50 (31 March 2018: Rs. 2.50) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	350.62	330.10

*Final Dividend has been paid on the number of shares issued by the company till the date of Annual General Meeting after approval of shareholders.

38. Business combination

On 6 December 2018, the Group, through its foreign subsidiaries Kamla International Holdings SA (70% share) and Pylania SA (30% share), entered into an agreement with a third party, pursuant to which the Group agreed to acquire of and the seller agreed to sell, the seller's 100% equity interest in Estima AG through a share purchase and debt assignment agreement for a purchase consideration of CHF 400,000.

Estima AG, a well-established name with valuable production infrastructure having revenue near CHF 2 million is a leading supplier to Swiss and other European watch brands in the mid priced segment with excellent reputation. This acquisition is a strong fit for the Group since Estima AG was a strong competitor in the business of manufacturing watch hands but had been incurring losses since last 10 years due to market changes.

The results of Estima AG have been consolidated by the Group from the acquisition date of 7 January 2019 on a line-by-line basis. The purchase consideration for this acquisition amounted to Rs. 272.86, entire amount comprising of initial cash consideration.

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

Particulars	Amount
Purchase consideration paid	(272.86)
Non-controlling interest	(19.57)
Retained earnings	6167.99
Other Reserves	(1,032.96)
Other comprehensive income	(638.80)
Fair value of net asset and liabilities acquired	633.32
Capital reserve on acquisition	**4,837.12**

On acquisition date, the non-controlling interest has been measured at its proportionate share of identifiable assets and liabilities acquired.

This being a business purchase has been accounted for in accordance with the Ind AS 103"Business combinations" and the price allocation as at 31 March 2019 and certain information about fair valuation of acquired assets and liabilities is as follows:

Particulars	Fair Value
Property Plant and Equipment	2,107.51
Inventories	194.58
Trade receivables	72.93
Cash and cash equivalents	16.03
Other financial assets	24.09
Other current assets	4.95
Borrowings	(1,325.10)
Trade payables	(460.64)
Other current liabilities	(1.03)
Net Assets Acquired	**633.32**

From the date of acquisition to 31 March 2019, the acquired business contributed revenue of Rs. 206.49 and loss before tax of Rs. 198.60 to the Group's results. If acquisition had occurred on 1 April 2018, management estimates that the contribution to the Group in terms of revenue and loss before tax would have been Rs. 1130.88 and Rs. 210.76, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2018.

(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 2019

Particulars	Ethos	Cognition Dgital LLP	Estima AG	Pslania SA	Mahen Distribution Limited
NCI Percentage	**25.11%**	**25.11%**	**4.50%**	**15.00%**	**1.28%**
Non-current assets	4,996.12	21.88	2,140.60	976.24	841.92
Current assets	24,694.90	169.58	464.44	500.48	346.39
Non-current liabilities	1,648.27	-	1,696.89	424.19	-
Current liabilities	14,738.86	106.97	755.08	167.69	624.12
Net Assets	**13,303.89**	**84.49**	**153.07**	**884.84**	**564.19**
Preference share capital	750.00	-	-	-	-
Arrears of preference dividend	101.50	-	-	-	-
Exchange differences on translation of foreign operations	-	-	16.47	115.19	-
	12452.39	**84.49**	**136.60**	**1000.09**	**564.19**
Net assets attributable to NCI	**4,191.44**	**21.21**	**7.63**	**187.21**	**7.23**
(including preference share capital and its arrears attributable to NCI)					
Revenue	44,335.32	871.88	184.59	700.11	57.63
Profit / (loss) for the year	1,119.50	217.33	(238.43)	42.46	(105.27)
OCI	(19.36)	-	(16.47)	8.66	-
Total comprehensive income	**1,100.14**	**217.33**	**(254.91)**	**51.11**	**(105.27)**
Profit / (loss) allocated to NCI	281.05	54.56	(10.73)	6.37	(1.35)
OCI allocated to NCI	(4.86)	-	(0.74)	1.30	-
Total comprehensive income / (expense) allocated to NCI	**276.19**	**54.56**	**(11.47)**	**7.67**	**(1.35)**
Cash flows from operating activities	(2,137.34)	23.93	(2.39)	6.97	(19.09)
Cash flows from investing activities	(1,283.28)	-	(1.20)	(2.53)	-
Cash flows from financing activities	3,523.46	-	5.93	(5.19)	-
Net increase / (decrease) in cash and cash equivalents	**102.84**	**23.93**	**2.34**	**(0.76)**	**(19.09)**

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

As at 31 March 2018

Particulars	Ethos Limited	Cognition Digital LLP	Estima AG	Pylania SA	Mahen Distribution Limited
NCI Percentage	**21.32%**	**21.32%**	**-**	**15.00%**	**1.28%**
Non-current assets	4,006.46	-	-	574.55	840.03
Current assets	20,975.72	-	-	448.35	499.32
Non-current liabilities	1,251.53	-	-	-	150.00
Current liabilities	14,569.69	-	-	926.30	521.69
Net Assets	**9,160.96**	**-**	**-**	**96.60**	**667.66**
Preference share capital	750.00	-	-	-	-
Arrears of preference dividend	354.51	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	123.84	
	8,056.45	**-**	**-**	**220.44**	**667.66**
Net assets attributable to NCI (including preference share capital and its arrears attributable to NCI)	**2,785.53**	**-**	**-**	**172.18**	**8.56**
Revenue	35,609.19	-	-	740.60	589.36
Profit / (loss) for the year	399.63	-	-	126.27	(37.96)
OCI	4.40	-	-	42.59	-
Total comprehensive income	**404.03**	**-**	**-**	**168.86**	**(37.96)**
Profit / (loss) allocated to NCI	86.46	-	-	18.94	(0.49)
OCI allocated to NCI	0.47	-	-	6.39	-
Total comprehensive income / (expense) allocated to NCI	**86.93**	**-**	**-**	**25.33**	**(0.49)**
Cash flows from operating activities	(114.94	-	-	110.91	22.96
Cash flows from investing activities	(1,178.79)	-	-	52.90	-
Cash flows from financing activities	1,106.66	-	-	(81.33)	-
Net (decrease) / increase in cash and cash equivalents	**(187.07)**	**-**	**-**	**82.49**	**22.96**

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

40 Non-controlling interest (NCI) (Continued)

Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements' of Division II of Schedule III

As at 31 March 2019

Name of the entity in Group	Net Assets (Total assets - Total liabilities)		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated Profit/(loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
KDDL Limited	71.00%	16,685.66	62.53%	1,574.24	49.31%	(41.36)	62.99%	1,532.87
Subsidiaries								
Indian								
Ethos Limited	56.61%	13,303.89	44.47%	1,119.50	23.08%	(19.36)	5.21%	1,100.14
Mahen Distribution Limited	2.40%	564.19	(4.18%)	(105.27)	0.00%	-	(4.33%)	(105.27)
Satva Jewellery and Design Limited	(0.26%)	(61.34)	(0.58%)	(14.57)	0.00%	-	(0.60%)	(14.57)
Cognition Digital LLP	0.36%	84.49	8.63%	217.33	0.00%	-	8.93%	217.33
Foreign								
Kamla International Holdings SA	4.73%	1,111.48	-0.09%	(2.36)	18.29%	(15.34)	(0.73%)	(17.70)
Pylania SA	3.77%	884.84	1.69%	42.46	(10.32%)	8.66	2.10%	51.11
Estima AG*	1.61%	377.72	-9.47%	(238.43)	19.64%	(16.47)	(10.47%)	(254.91)
Associates								
Kamla Tesio Dials Limited	0.12%	28.14	-0.01%	(0.21)	-	-	(0.01%)	(0.21)
Elimination	(40.34%)	(9,479.76)	-2.99%	(75.22)	-	-	(3.09%)	(75.22)
Total	**100.00%**	**23,499.31**	**100.00%**	**2,517.47**	**100.00%**	**(83.89)**	**100.00%**	**2,433.59**

As at 31 March 2018

Name of the entity in Group	As % of consolidated net assets	Amount	As % of consolidated Profit/(loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
KDDL Limited	80.62%	13,032.78	77.43%	1,406.92	(159.86%)	(30.14)	77.42%	1,376.78
Subsidiaries								
Indian								
Ethos Limited	56.67%	9,160.95	21.99%	399.63	23.34%	4.40	22.01%	404.03
Mahen Distribution Limited	4.14%	669.45	2.09%	(37.96)	-	-	2.07%	(37.96)
Satva Jewellery and Design Limited	-0.29%	(46.76)	-1.18%	(21.48)	-	-	(1.17%)	(21.48)
Cognition Digital LLP	0.26%	42.71	0.01%	(0.23)	-	-	0.01%	(0.23)
Foreign								
Kamla International Holdings SA	2.57%	415.03	0.15%	(2.66)	10.66%	2.01	0.14%	(0.65)
Pylania SA	5.16%	833.73	(6.95%)	126.27	225.86%	42.59	(6.88%)	168.86
Associates								
Kamla Tesio Dials Limited	0.18%	28.35	0.02%	0.29	-	-	0.02%	0.29
Cadrafin GmbH**	0.00%	-	(0.16%)	(2.90)	-	-	(0.16%)	(2.90)
Eliminations	(49.31%)	(7,971.14)	6.60%	(50.83)	-	-	6.54%	(50.83)
Total	**100.00%**	**16,165.09**	**100.00%**	**1,817.05**	**100.00%**	**18.86**	**100.00%**	**1,835.90**

* On 7 January 2019, the Company, through its foreign subsidiaries Kamla International Holdings SA and Pylania SA, acquired 100% equity interest in Estima AG. Accordingly, the Group has recognised its share in the loss of Estima AG from 7 January 2019 to 31 March 2019 in the Statement of Profit and Loss.

** On 9 July 2018, the Group has sold its entire 22% share (held through Kamla International Holdings SA) in its associate 'Cadrafin GmbH'. Accordingly, the Group has not recognised its share in the net assets of Cadrafin GmbH as at 31 March 2019.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

		As at 31 March 2019	As at 31 March 2018
41	**Contingent liabilities and commitments:**		
	(to the extent not provided for)		
(i)	**Claims against the Group not acknowledged as debts, under dispute**		
	- Bank guarantees outstanding	5,929.18	6,269.65
	- Demand raised for service tax against which appeals have been filed	71.14	84.48
	- Demand raised by Punjab State Electricity Board for payment of penalty for usage of additional power against sanctioned load. Amount paid under protest Rs. 3.73 (31 March 2018: Rs. 3.73)	3.73	3.73
	- Demand raised for Income tax (assessment year 2004-05 to assessment year 2012-13)	72.14	267.76
	- Claims against the Company not acknowledged as debt (to the extent ascertainable)	181.35	170.16
	- Custom duty saved against EPCG Licences, pending redemption	143.57	192.02
	- Surety bonds in favour of sales tax department	1,000.71	-
	- Other items	-	0.54
		7,401.82	**6,988.36**
(ii)	**Commitments**		
	- Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	781.50	392.45
	- Amount payable under non-cancellable leases	7,953.70	8,065.35
		8,735.20	**8,457.81**

(iii) During the year 2011-2012, pursuant to the visit of the officers of Directorate general of Central excise intelligence (DGCEI) in the premises of the subsidiary, Ethos Limited on 18 August 2011, the Group had reversed the input service tax credit of Rs. 170 in its service tax return which was availed by the Group in previous years. The above amount was reversed as per the opinion of the officials of DGCEI. The Group, on the basis of legal opinion obtained, is of the view that the Group is entitled to this input service tax credit. Since, the amount was reversed under protest and without prejudice to the legal rights of the Group, the Group has shown the above amount of Rs. 170 reversed as claim receivable under the head "Long term loans and advances". During the financial year 2012-13, the Group had received a notice from DGCEI whereby, the Group had been called upon to show cause as to why service tax amounting to Rs. 6.63 which had been short paid and CENVAT credit amounting to Rs. 242.77 wrongly availed should not be demanded and recovered. The Group had filed the reply to the show cause notice with the Commissioner-Central Excise and Service Tax, Chandigarh. The authority has confirmed the demand except Rs. 6.63 Further , the authority has imposed a penalty of Rs. 242.77. Being aggrieved against the order of Commissioner- Central Excise and Service Tax, the Group has preferred appeal with CESTAT and the matter is sub-judice with CESTAT, Chandigarh. Due to the pending adjudication of the appeal, liability on this account has not been provided in the accounts.

(iv) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

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

(v) Pursuant to recent judgement by Hon'ble Supreme Court dated 28 Februrary 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.

(vi) In accordance with Swiss law, land contaminated in Switzerland, must be restored to its original condition. Durimg the curremt year, the Group has 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 has is planning to restore the site using technology and materials that are available currently at an estimated cost of Rs. 858.60. The rehabilitation is expected to occur progressively over the next few years. Because of the long term nature of the liability, the biggest uncertainty in estimating the provision is the costs that will be incurred. During the year ended 31 March 2019, the Group has provided Rs. 858.60 thousand for this purpose. This cost has been reduced from the fair value of land acquired as part of the acquisition of Estima AG (refer note 38).

42 Employee Benefits

A. Assets and liabilities relating to employee benefits

	Non-Current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Liability for gratuity	110.23	61.55	49.66	28.52
Liability for compensated absences	333.29	252.98	9.99	47.54
	443.52	**314.53**	**59.65**	**76.06**

For details about the related employee benefit expenses, refer to note no. 30.

B. Defined Benefit Plan

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the 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.

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

Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The 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 (LIC).

(i) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Company does not expect any significant liquidity risks.

	Particulars	**As at 31 March 2019**	**As at 31 March 2018**
(ii)	**Reconciliation of present value of defined benefit obligation**		
	Present value of obligation at the beginning of the year	731.72	586.81
	Current service cost	86.26	68.03
	Interest cost	54.88	46.94
	Benefits paid	(50.21)	(48.11)
	Actuarial (gains) losses recognised in other comprehensive income		
	- experience adjustments	71.10	78.06
	Present value of obligation at the end of the year	**893.74**	**731.73**
(iii)	**Reconciliation of the present value of plan assets**		
	Plan assets at the beginning of the year, at fair value	641.66	489.84
	Return on plan assets recognised in other comprehensive income	44.02	31.32
	Contributions	111.62	118.12
	Benefits paid	(50.21)	(48.11)
	Expenses deducted from the fund	-	-
	Interest income	(13.22)	50.49
	Plan assets at the end of the year, at fair value	**733.86**	**641.66**
(iv)	**Amount recognized in the balance sheet**		
	Present value of the defined benefit obligations at the end of the year	893.76	731.73
	Fair value of plan assets at the end of the year	(733.86)	(641.66)
	Net liability recognized in the balance sheet*	**159.89**	**90.07**

* Shown under the head "Provision for employee benefits"

(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 2019	As at 31 March 2018
Policy of insurance	733.86	641.66
	733.86	**641.66**

(vi) Amount recognized in the Statement of Profit and Loss

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	86.26	68.03
Interest cost (net)	9.63	11.74
Interest income	(2.87)	(4.00)
Amount recognized in the Statement of Profit and Loss	**93.02**	**75.78**
(vii) Remeasurements recognised in other comprehensive income		
Acturial gain/loss on the defined benefit obligation	71.10	78.06
Return on plan assets excluding interest income	17.33	(42.61)
Amount recognized in other comprehensive income	**88.43**	**35.45**

(viii) Acturial 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 2019	As at 31 March 2018
Discount rate	7.50%	8.00%
Expected rate of return on plan assets	7.50%	8.00%
Salary increase	5.00%	5.00%
Expected average remaining working lives of employees (years)	16.34	7.50

b) **Demographic assumptions:**

	As at 31 March 2019	As at 31 March 2018
Retirement age	58 years	58 years

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

Mortality	Indian assured lives mortality (2006-08)	Indian assured lives mortality (2006-08)
Attrition rate	Ultimate	Ultimate
Upto 30 years	3%	3%
31 to 44 years	2%	2%
45 and above	1%	1%

(ix) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	49.94	(65.29)	(19.82)	(27.14)
Future salary growth (0.50% movement)	(63.17)	54.84	(53.08)	48.55

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 2019	As at 31 March 2018
The expected maturity analysis of undiscounted defined benefit liability is as follows:		
Within 1 year	105.60	106.02
1-2 year	138.03	127.80
2-3 year	256.46	355.61
3-4 year	4.19	4.81
4-5 year	4.11	6.08
5-10 years	562.57	1,785.21

(xi) Weighted average duration and expected employers contribution for next year of the defined benefit plan

	As at 31 March 2019	As at 31 March 2018
Weighted average duration (in years)	10.16	5.87
Expected Employers contribution for the next year	68.22	133.33

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

C. Defined contribution Plan

The Group makes contribution towards employees' provident fund, superannuation fund and employees' state insurance plan scheme. Under the schemes, the Group is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes.The expense recognised towards contrbution of these plans is as follows:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Provident fund	183.64	160.05
Superannuation fund	13.14	8.51
Employees' state insurance scheme	63.41	62.33
Pension fund	59.87	50.49
	320.06	**281.38**

D. Share based payments

(a) KDDL Employee Stock Option Plan - 2011 ("ESOP 2011")

The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') which has been approved by the Board of Directors and the shareholders. A compensation committee comprising promoter executive and independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP are exercisable for equity shares. The Company planned to grant upto 110,000 options to eligible employees and directors of the Company and subsidiaries of the Company. The outstanding options as at 31 March 2019 are 18,750 (31 March 2018: 21,000).

Fifty percent of the options which have been granted under ESOP 2011 were vested on 1 April 2014 ('first tranche'). These options were exercised by the employees and accordingly 39,750 shares were issued during the previous years to the eligible employees. The balance options shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs. 15,000.00 ('second tranche'). The exercise period for the options is within six months from the date of vesting of the options. Each option is exercisable for one equity share of Rs 10 each fully paid up on payment of exercise price of share determined with respect to the date of grant.

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

(i) **Reconciliation of outstanding share options**

The number and weighted-average exercise prices of share options under the share option plans are as follows.

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of options	Weight Average Exercise Price	Number of options	Weight Average Exercise Price
Outstanding at beginning of the year	21,000	120	21,000	120
Forfeited during the period	(2,250)	-	-	-
Exercised during the period	-	-	-	-
Outstanding at end of the year	18,750	120	21,000	120

The options outstanding at 31 March 2019 have an exercise price of Rs. 120 (31 March 2018: Rs. 120) per option.

(ii) Expense recognised in statement of profit and loss

The expenses arising from share-based payment transaction recognised in statement of profit and loss as part of employee benefit expense / (income) for the year ended 31 March 2019 and 31 March 2018, were Rs.(1.96) 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 2019	Year ended 31 March 2018
Fair value at grant date	61.05	61.05
Share price at grant date	133.90	133.90
Exercise Price	120.00	120.00
Risk Free interest rate (in %)	8.50%	8.50%
Expected life (in years)	88	88
Expected volatility (in %)*	66.49%	66.49%
Expected dividend Yield (in %)	1.58%	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

(b) Ethos Employee Stock Option Plan - 2013

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees of the Group. Each option comprises one underlying equity share.

As per the Scheme, the Compensation Committee grants the options to the employees deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

1) 50% of the options granted to the selected employee shall vest on 1 October 2017 in case there is continuation of his service till the date of vesting.

2) 50% on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 in any financial year by the Company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The compensation committee shall declare such date as and when it is triggered.

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

The Company has in its Compensation Committee meeting on 04.08.2014 granted outstanding 3,500 options to employee of the holding Company.The above options have been issued by the Compensation Committee in accordance with the terms and conditions of the "Ethos Employee Stock Option Plan – 2013"

(i) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

	As at 31 March 2019		As at 31 March 2018	
	Number of options	Weight Average Exercise Price	Number of options	Weight Average Exercise Price
Outstanding at beginning of the year	171,750	120	228,000	120
Lapsed during the period	17,500	-	35,000	-
Exercised during the period	-	-	21,250	-
Outstanding at end of the year	154,250	120	171,750	120

	As at 31 March 2019		As at 31 March 2018	
	Number of options	Weight Average Exercise Price	Number of options	Weight Average Exercise Price
Outstanding at beginning of the year	3,500	120	3,500	120
Lapsed during the period	-	-	-	-
Exercised during the period	-	-	-	-
Outstanding at end of the year	3,500	120	3,500	120

The options outstanding as at 31 March 2019 have an exercise price of Rs.120 (31 March 2018 : Rs.120) and a weighted average remaining contractual life in the range of 1.16 to 1.56 years (31 March 2018 : 2.16 to 2.56 years)

(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 2019 and 31 March 2018, were Rs. (7.81) and Rs. 11.76 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 fairYear ended

	Year ended 31 March 2019	Year ended 31 March2018
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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

43 Related parties:

(I) Associates

Kamla Tesio Dials Limited

Cadrafin GmbH (refer note 1)

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

(a) Names of KMP	Names of their close family members (refer note 2)
- Mr. Yashovardhan Saboo (Chairman and managing director)	Mr. R.K. Saboo (father), Mrs Usha Devi Saboo (mother), Mrs. Anuradha Saboo (spouse) Mr. Pranav Shankar Saboo (Son) Mrs. Malvika Singh (son's spouse) Ms. Satvika Saboo (daughter)
- Mr. Sanjeev Kumar Masown (Chief financial officer and Director)	Mrs. Neeraj Masown (wife), Mr Lal Chand Masown (father)

(b) Related entities of KMP

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

(c) Non-executive Directors

- Mr. Anil Khanna
- Mr. Torsten Buchwald (w.e.f 03 November 2018)
- Mr. Jagesh Khaitan
- Ms. Ranjana Agarwal
- Mr. Praveen Gupta
- Mr. Vishal Satinder Sood
- Mr. Jai Vardhan Saboo
- Mr. Sanjiv Sachar

Notes:

1. On 9 July 2018, the Company has sold its entire 22% share (held through Kamla International Holdings SA) in its associate 'Cadrafin GmbH'.

2. With respect to the key managerial personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

c) **Related party transactions**

Year ended 31 March 2019

		Associates	Joint Venture	Entities over which signi- ficient influence is exercised	Key manage- ment personnel	other Parties
1	**Sale of goods and services**					
	Saboo Ventures LLP	-	-	58.07	-	-
	Mr. R. K. Saboo	-	-	-	12.66	-
2	**Rent paid by the Company**					
	Kamla Tesio Dials Limited	6.00	-	-	-	-
	Mr. Yashovardhan Saboo	-	-	-	32.35	-
	Mrs. Anuradha Saboo	-	-	-	-	15.75
3	**Directors remuneration**					
	Short-term employee benefits					
	Mr. Yashovardhan Saboo	-	-	-	175.17	-
	Mr. Sanjeev Kumar Masown	-	-	-	82.68	-
	Post-employment benefits					
	Mr. Yashovardhan Saboo	-	-	-	20.00	-
	Mr. Sanjeev Kumar Masown	-	-	-	7.18	-
	Long term employee benefits					
	Mr. Yashovardhan Saboo	-	-	-	13.20	-
	Mr. Sanjeev Kumar Masown	-	-	-	4.79	-
4	**Interest income**					
	Mr. Sanjeev Kumar Masown	-	-	-	2.06	-
5	**Interest paid/ accrued**					
	Vardhan Properties and Investment Limited	-	-	5.36	-	-
	VBL Innovations Private Limited	-	-	22.37	-	-
	Dream Digital Technology Private Limited	-	-	15.10	-	-
	Saboo Ventures LLP	-	-	40.00	-	-
	Saboo Housing Projects LLP	-	-	0.70	-	-
	Mr. R. K. Saboo	-	-	-	8.37	-
	Mr. Sanjeev Kumar Masown	-	-	-	2.93	-
	Ms. Neeraj Masown	-	-	-	-	3.17
	Mr. Lal Chand Masown	-	-	-	-	0.54
	Mr. Yashovardhan Saboo	-	-	-	3.76	-
	Mr. Anil Khanna	-	-	-	7.10	-
	Mrs. Alka Khanna	-	-	-	0.67	0.53
	Ms. Ranjana Agarwal	-	-	-	21.05	-
	Mrs. Usha Devi Saboo	-	-	-	-	1.34

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

6.	**Deposits from shareholders accepted**					
	Ms. Neeraj Masown	-	-	-	-	12.00
	Mr. Lal Chand Masown	-	-	-	-	2.64
	Vardhan Properties and Investment Limited	-	-	13.00	-	-
	Mrs. Alka Khanna	-	-	-	-	23.08
	Ms. Ranjana Agarwal	-	-	-	-	153.00
7	**Deposits from shareholders repaid**					
	Mrs. Alka Khanna	-	-	-	-	20.20
	Ms. Ranjana Agarwal	-	-	-	-	20.00
	Mr. Lal Chand Masown	-	-	-	-	1.89
	Vardhan Properties and Investment Limited	-	-	8.00	-	-
8	**Loans taken**					
	Vardhan Properties & Investment Limited	-	-	-	-	-
9	**Expenses reimbursed**					
	Dream Digital Technology Private Limited	-	-	0.10	-	-
	Kamla Tesio Dials Limited	0.06	-	-	-	-
	VBL Innovations Private Limited	-	-	3.33	-	-
10	**Rent received**					
	Dream Digital Technology Private Limited	-	-	0.60	-	-
11	**Loan paid**					
	Mr. R. K. Saboo	-	-	-	70.00	-
12	**Inter Corporate deposit repayment received**					
	Dream Digital Technology Private Limited	-	-	100.00	-	-
13	**Director fees**					
	Mr. Yashovardhan Saboo	-	-	-	4.50	-
	Mr. Anil Khanna	-	-	-	11.78	-
	Mr. Jai Vardhan Saboo	-	-	-	0.45	-
	Mr. Jagesh Khaitan	-	-	-	1.65	-
	Ms. Ranjana Agarwal	-	-	-	2.45	-
	Mr. Praveen Gupta	-	-	-	2.10	-
	Mr. Sanjiv Sachar	-	-	-	1.90	-
	Mr. Torsten Buchwald	-	-	-	0.40	-
14	**Repayment of loans given by the Company**					
	Mr. Sanjeev Kumar Masown	-	-	-	5.81	-
15	**Management consultancy fees paid**					
	Dream Digital Technology Private Limited	-	-	23.10	-	-
16	**CSR contribution made**					
	KDDL Ethos Foundation	-	-	26.13	-	-
17	**Dividend paid**					
	Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	2.52	-	-
	Mr. R. K. Saboo	-	-	-	-	46.21
	Mr. Yashovardhan Saboo	-	-	-	38.68	-
	Mrs. Usha Devi Saboo	-	-	-	-	11.28

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

	Mrs. Anuradha Saboo	-	-	-	-	10.92
	Mr. Pranav S Saboo	-	-	-	-	8.30
	Ms. Satvika Saboo	-	-	-	-	3.39
	Vardhan Properties & Investment Ltd.	-	-	0.23	-	
	Dream Digital Technology Private Limited	-	-	0.56	-	-
	Mr. Jagesh Khaitan	-	-	-	0.01	-
	Mr. Sanjiv Sachar	-	-	-	0.04	-
	Mr. Sanjeev Kumar Masown	-	-	-	0.03	
	Mr. Anil Khanna	-	-	-	0.05	-
	Mrs. Alka Khanna	-	-	-	-	0.01
	Others	-	-	0.97	-	-
Year ended 31 March 2018						
1	**Purchase of raw material and components**					
	Saboo Coatings Private Limited	-	-	5.40	-	-
2	**Sale of goods and services**					
	Saboo Coatings Private Limited	-	-	0.08	-	-
	Saboo Ventures LLP	-	-	2.07	-	-
	Mr. R. K. Saboo	-	-	-	-	8.00
	Mr. Yashovardhan Saboo	-	-	-	0.09	-
	Mr. Pranav S Saboo	-	-	-	-	0.33
3	**Rent paid by the Company**					
	Kamla Tesio Dials Limited	6.00	-	-	-	-
	Mr. Yashovardhan Saboo	-	-	-	28.64	-
	Mrs. Anuradha Saboo	-	-	-	-	15.00
4	**Directors remuneration**					
	Short-term employee benefits					
	Mr. Yashovardhan Saboo	-	-	-	124.01	-
	Mr. Sanjeev Kumar Masown	-	-	-	64.25	-
	Post-employment benefits					
	Mr. Yashovardhan Saboo	-	-	-	20.00	-
	Mr. Sanjeev Kumar Masown	-	-	-	5.09	-
	Long term employee benefits					
	Mr. Yashovardhan Saboo	-	-	-	18.00	-
	Mr. Sanjeev Kumar Masown	-	-	-	3.80	-
5	**Interest income**					
	Vardhan Properties and Investment Limited	-	-	11.34	-	-
	Mr. Sanjeev Kumar Masown	-	-	-	2.32	-
6	**Interest paid/ accrued**					
	Vardhan Properties and Investment Limited	-	-	21.35	-	-
	VBL Innovations Private Limited	-	-	22.37	-	-
	Dream Digital Technology Private Limited	-	-	13.78	-	-
	Saboo Ventures LLP	-	-	14.14	-	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

	Saboo Housing Projects LLP	-	-	0.15	-	-
	Mr. R. K. Saboo	-	-	-	-	8.75
	Mr. Sanjeev Kumar Masown	-	-	-	2.62	-
	Ms. Neeraj Masown	-	-	-	-	2.01
	Mr. Lal Chand Masown	-	-	-	-	0.58
	Mrs. Asha Devi Saboo	-	-	-	-	1.14
	Mr. Yashovardhan Saboo	-	-	-	2.49	-
	Mr. Anil Khanna	-	-	-	5.12	-
	Mrs. Alka Khanna	-	-	-	-	2.87
	Ms. Ranjana Agarwal	-	-	-	7.40	-
7	**Deposits from shareholders accepted**					
	Mr. Sanjeev Kumar Masown	-	-	-	20.00	-
	Vardhan Properties and Investment Limited	-	-	17.00	-	-
	Dream Digital Technology Private Limited	-	-	-	-	4.23
	Mrs. Asha Devi Saboo	-	-	-	-	10.00
	Mrs. Alka Khanna	-	-	-	-	1.00
8	**Reimbursement received for expenses**					
	Dream Digital Technology Private Limited	-	-	2.41	-	-
	Kamla Tesio Dials Limited	0.02	-	-	-	-
9	**Loans taken**					
	Vardhan Properties & Investment Limited	-	-	510.00	-	-
	Dream Digital Technology Private Limited	-	-	50.00	-	-
	Mr. Yashovardhan Saboo	-	-	-	100.00	-
	Saboo Ventures LLP	-	-	400.00	-	-
	Saboo Housing Projects LLP	-	-	7.00	-	-
10	**Expenses reimbursed**					
	Dream Digital Technology Private Limited	-	-	3.93	-	-
11	**Rent received**					
	Dream Digital Technology Private Limited	-	-	0.34	-	-
	Saboo Coatings Private Limited	-	-	6.75	-	-
12	**Publicity & Advertisement**					
	Dream Digital Technology Private Limited	-	-	65.48	-	-
13	**Director fees**					
	Mr. Yashovardhan Saboo	-	-	-	3.75	-
	Mr. Anil Khanna	-	-	-	6.15	-
	Mr. N. Subramanian	-	-	-	4.30	-
	Mr. Rajat Kakar	-	-	-	1.65	-
	Mr. Sundeep Kumar	-	-	-	1.10	-
	Mrs. Neelima Tripathi	-	-	-	1.10	-
	Mr. Jai Vardhan Saboo	-	-	-	0.15	-
	Mr. Jagesh Khaitan	-	-	-	1.40	-
	Ms. Ranjana Agarwal	-	-	-	0.95	-

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

	Mr. Praveen Gupta	-	-	-	0.80	-
	Mr. Sanjiv Sachar	-	-	-	0.85	-
14	**Loan paid**					
	Vardhan Properties & Investment Limited	-	-	600.00	-	-
	Mr. Yashovardhan Saboo	-	-	-	50.00	-
15	**Sale of fixed assets**					
	Saboo Ventures LLP	-	-	173.04	-	-
16	**Inter Corporate deposit repayment received**					
	Vardhan Properties and Investment Limited	-	-	500.00	-	-
17	**Repayment of loans given by the Company**					
	Mr. Sanjeev Kumar Masown	-	-	-	6.25	-
18	**Management consultancy fees paid**					
	Dream Digital Technology Private Limited	-	-	21.00	-	-
	Mr. R. K. Saboo	-	-	-	-	18.00
19	**Inter Corporate deposit received**					
	Dream Digital Technology Private Limited	-	-	100.00	-	-
20	**Inter Corporate deposit given**					
	Vardhan Properties and Investment Limited	-	-	500.00	-	-
21	**CSR contribution made**					
	KDDL Ethos Foundation	-	-	15.50	-	-
22	**Dividend paid**					
	Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	1.05	-	-
	Mr. R. K. Saboo	-	-	-	-	29.72
	Mr. Yashovardhan Saboo	-	-	-	22.64	-
	Mrs. Usha Devi Saboo	-	-	-	-	6.77
	Mrs. Anuradha Saboo	-	-	-	-	5.76
	Mr. Pranav S Saboo	-	-	-	-	3.22
	Ms. Satvika Saboo	-	-	-	-	2.04
	Vardhan Properties & Investment Ltd.	-	-	0.24	-	-
	Mrs. Asha Devi Saboo	-	-	-	-	0.46
	Mr. Jagesh Khaitan	-	-	-	0.01	-
	Mr. Sanjiv Sachar	-	-	-	0.02	-
	Mr. Sanjeev Kumar Masown	-	-	-	0.03	-
	Mr. Anil Khanna	-	-	-	0.06	-
	Others	-	-	0.97	-	-
23	**Management consultancy fees paid**					
	Dream Digital Technology Private Limited	-	-	21.00	-	-
	Mr. R. K. Saboo	-	-	-	-	18.00

* This figure includes an amount of Rs. 279.70 which has been reimbursed by brands.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

d)	**Amount outstanding**					
	As at 31 March 2019					
1	**Loans and advances**					
	Mr. Sanjeev Kumar Masown	-	-	-	34.52	-
2	**Payables**					
	Dream Digital Technology Private Limited	-	-	8.38	-	-
	Kamla Tesio Dials Limited	4.41	-	-	-	-
	Saboo Ventures LLP	-	-	8.88	-	-
3	**Guarantees taken**					
	Mr. R. K. Saboo	-	-	-	-	4,979.18
	Mr. Yashovardhan Saboo	-	-	-	6,040.83	-
	Mrs. Usha Devi Saboo	-	-	-	-	294.18
4	**Security deposit taken**					
	Mr. Yashovardhan Saboo	-	-	-	2.00	-
5	**Deposits from shareholders**					
	Mrs. Asha Devi Saboo	-	-	-	-	-
	Mr. Sanjeev Kumar Masown	-	-	-	24.20	-
	Mr. Lal Chand Masown	-	-	-	-	4.64
	Ms. Neeraj Masown	-	-	-	-	28.23
	Mr. Anil Khanna	-	-	-	40.00	-
	Mrs. Alka Khanna	-	-	-	-	24.08
	Ms. Ranjana Agarwal	-	-	-	183.00	-
	Vardhan Properties and Investment Limited	-	-	40.00	-	-
6	**Unsecured loans**					
	Dream Digital Technology Private Limited	-	-	100.00	-	-
	Vardhan Properties and Investment Limited	-	-	10.00	-	-
	Saboo Ventures LLP	-	-	400.00	-	-
	Saboo Housing Projects LLP	-	-	7.00	-	-
	Mr. Anil Khanna	-	-	-	20.00	-
	Mrs. Alka Khanna	-	-	-	5.61	-
	Mrs. Usha Devi Saboo	-	-	-	85.00	-
7	**Inter Corporate deposit**					
	Dream Digital Technology Private Limited	-	-	-	-	-
	As at 31 March 2018					
1	**Loans and advances**					
	Mr. Sanjeev Kumar Masown	-	-	-	36.24	-
2	**Payables**					
	Dream Digital Technology Private Limited	-	-	32.72	-	-
	Kamla Tesio Dials Limited	5.96	-	-	-	-
3	**Guarantees taken**					
	Mr. R. K. Saboo	-	-	-	-	6,505.11
	Mr. Yashovardhan Saboo	-	-	-	11,505.54	-
	Mrs. Usha Devi Saboo	-	-	-	-	334.31
4	**Security deposit taken**					
	Saboo Coatings Private Limited	-	-	5.00	-	-

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

	Mr. Yashovardhan Saboo	-	-	2.00	-	-
5	**Deposits from shareholders**					
	Mrs. Asha Devi Saboo	-	-	-	-	10.00
	Mr. Sanjeev Kumar Masown	-	-	-	24.20	-
	Mr. Lal Chand Masown	-	-	-	-	3.89
	Ms. Neeraj Masown	-	-	-	-	16.23
	Mr. Anil Khanna	-	-	-	40.00	-
	Mrs. Alka Khanna	-	-	-	-	21.00
	Ms. Ranjana Agarwal	-	-	-	50.00	-
	Vardhan Properties and Investment Limited	-	-	35.00	-	-
6	**Unsecured loans**					
	Dream Digital Technology Private Limited	-	-	100.00	-	-
	Vardhan Properties & Investment Limited	-	-	10.00	-	-
	Mr. R. K. Saboo	-	-	-	-	70.00
	Mr. Yashovardhan Saboo	-	-	-	50.00	-
	Saboo Ventures LLP	-	-	400.00	-	-
	Saboo Housing Projects LLP	-	-	7.00	-	-
7	**Inter Corporate deposit**					
	Dream Digital Technology Private Limited	-	-	100.00	-	-

e) Terms and conditions of transactions with related parties

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

44 Operating segments

(a) Basis for segmentation

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

The Group has four reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman and Managing Director reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Operations
Precision and watch components	Manufacturing and distribution of dials, watch hands and precision components
Watch and accessories	Trading of watches and accessories
Marketing and other support services	IT based business solutions
Others	Manufacturing and distribution of packaging boxes

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

(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 2019

	Precision and watch components	Watch and watch acce-ssroes	Marketing support an other services	Others	Total
Segment revenue:					
- External revenues	18,284.98	47,319.65	1,569.45	713.70	67,887.78
- Inter-segment revenue	(520.07)	(1,515.55)	(697.57)	-	(2,733.19)
Total segment revenue	**17,764.91**	**45,804.10**	**871.88**	**713.70**	**65,154.60**
Segment profit (loss) before income tax	**1,944.49**	**2,505.85**	**342.71**	**143.09**	**4,936.14**
Segment profit (loss) before income tax includes:					
- Interest revenue	61.95	96.84	-	1.72	160.51
- Interest expense	692.51	786.30	-	7.35	1,486.16
- Depreciation and amortisation	751.15	484.51	-	10.03	1,245.69
- Share of profit (loss) of equity accounted investees	(0.21)	-	-	-	(0.21)
Segment assets	**18,930.00**	**28,857.00**	**190.00**	**790.00**	**48,767.00**
Segment assets include:					
- Investments accounted for using equity method	28.14	-	-	-	28.14
- Capital expenditure during the year	2,135.08	1,323.82	-	-	3,458.90
Segment liabilities	**3,071.00**	**8,406.00**	**107.00**	**127.00**	**11,711.00**
Segment revenue:					
- External revenues	13,567.07	36,271.23	-	479.73	50,318.03
- Inter-segment revenue	1,418.30	1,019.32	-	-	2,437.62
Total segment revenue	**14,985.37**	**37,290.55**	**-**	**479.73**	**52,755.65**
Segment profit (loss) before income tax	**2,559.19**	**1,112.25**	**-**	**(17.89)**	**3,653.55**
Segment profit (loss) before income tax includes:					
- Interest revenue	69.23	109.60	-	1.76	180.59
- Interest expense	532.34	669.05	-	0.50	1,201.89
- Depreciation and amortisation	727.76	407.36	-	21.53	1,156.65
- Share of profit (loss) of equity accounted investees	0.29	-	-	(2.90)	(2.61)
Segment assets	**15,673.00**	**24,386.00**	**-**	**543.00**	**40,602.00**

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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

Segment assets include:					
- Investments accounted for using equity method	28.35	-	-	-	28.35
- Capital expenditure during the year	611.16	1,138.02	-	-	1,749.18
Segment liabilities	**2,798.00**	**8,823.00**	**-**	**127.00**	**11,748.00**

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

		As at 31 March 2019	As at 31 March 2018
i.	**Revenues**		
	Total revenue for reportable segments	65,154.60	52,755.65
	Elimination of inter-segment revenue	2,733.19	(2,437.62)
	Total revenue	**67,887.78**	**50,318.03**
ii.	**Profit before tax**		
	Total profit before tax for reportable segments	4,936.14	3,653.55
	Unallocated amounts:		
	Corporate expenses (net of un-allocated revenue)	(1,307.38)	(1,126.52)
	Consolidated profit before tax	**3,628.76**	**2,527.03**

		As at 31 March 2019	As at 31 March 2018
iii.	**Assets**		
	Total assets for reportable segments	48,767.00	40,602.00
	Unallocated amounts	2,401.56	2,016.80
	Consolidated total assets	**51,168.56**	**42,618.80**
iv.	**Liabilities**		
	Total liabilities for reportable segments	11,711.00	11,748.00
	Unallocated amounts	756.00	910.39
	Consolidated total liabilities	**12,467.00**	**12,658.39**

v. Other material items

	Reportable Segment Total	Adjustments	Consolidated Total
Year ended 31 March 2019			
Interest revenue	158.79	-	158.79
Interest expense	1,478.81	-	1,478.81
Capital expenditure during the year	3,458.90	55.76	3,514.66
Depreciation and amortisation expense	1,245.69	67.13	1,312.82
Year ended 31 March 2018			
Interest revenue	178.83	-	178.83
Interest expense	1,201.39	-	1,201.39
Depreciation and amortisation expense	1,156.65	56.60	1,213.25
Capital expenditure during the year	1,749.19	99.47	1,848.66

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

(d) Geographical information

i. Revenues	Year ended 31 March 2019	Year ended 31 March 2018
India	**53,217.58**	**42,545.44**
Outside India		
Switzerland	7,675.61	6,123.56
Germany	761.10	699.43
USA	230.69	360.15
France	238.21	268.58
Nigeria	86.68	156.80
Taiwan	100.31	92.27
Other countries	111.23	71.83
Total outside India	**9,203.83**	**7,772.62**
Total	**62,421.41**	**50,318.06**
ii. Non-current assets		
India	**15,728.78**	**13,176.89**
Outside India		
Switzerland	536.55	574.55
Germany	2,140.60	-
Total outside India	**2,677.15**	**574.55**
Total	**18,405.93**	**13,751.44**

*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 2019 and 31 March 2018, there is no major customer with respect to consolidated revenue of the group.

45 Operating leases:

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

The Company has taken a number of showrooms, warehouses under operating lease arrangements, with an option of renewal at the end of the lease term and escalation clauses in some of the cases. Lease term ranges from 6 months to 9 years. Lease payments (gross of reimbursements) charged during the year to the Statement of Profit and Loss aggregate (excluding taxes as applicable) Rs. 3,237.11 (previous year ended 31 March 2018 : Rs.2,553.75) [including Rs. 175.54 towards cancellable lease (previous year Rs. 264.44)].

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

Expected future minimum lease payments in respect of non-cancellable operating leases are as follows:

	As at 31 March 2019	As at 31 March 2018
Payable in less than one year	2,193.99	2,009.74
Payable between one and five years	4,956.10	4,965.86
Payable after more than five years	803.61	1,089.76

46 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.

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

		As at 31 March 2019	As at 31 March 2018
a)	**Investment**		
	Investment in associate: Kamla Tesio Dials Limited		
	Balance as at the year end	28.14	28.35
	Maximum amount outstanding at any time during the year	28.14	28.35
	Investment in company: Karolview Developers Private Limited		
	Balance as at the year end	45.80	38.13
	Maximum amount outstanding at any time during the year	45.80	38.13
	Investment in company: Shivalik Solid Waste Management Limited		
	Balance as at the year end	3.23	10.53
	Maximum amount outstanding at any time during the year	3.23	10.53
b)	**Guarantees given**		
	Guarantees given for subsidiary: Ethos Limited		
	Balance as at the year end	5,929.18	5,969.31
	Maximum amount outstanding at any time during the year	5,929.18	5,969.31
	(Guarantees has been given for the purpose of borrowings taken by subsidiary company)		
	Guarantees given to subsidiary: Pylania SA		
Balance as at the year end		-	300.34
(Guarantees has been given for the purpose of borrowings taken by subsidiary company)			

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

48 In terms with the provisions of Ind AS - 110 "Consolidated Financial Statement" the parent Company has completed its share losses after adjusting for the cumulative divided on preference share capital issued by the subsidiary, through, dividends have not been declared by such subsidiaries. The details of eh divided adjusted during the year is as follow:

	Year ended 31 March 2019		Year ended 31 March 2018	
	Amount of divided	Dividend per share	Amount of divided	Dividend per share
12% cumulative compulsory convertible preference shares	-	-	600.66	-
12% cumulative optionally convertible preference shares	-	-	(45.15)	-
14% cumulative compulsory convertible preference shares	101.50	18.20	105.00	18.83
	101.50		**660.51**	

Arrears of fixed cumulative preference shareholders amounts to Rs. 444.29 (previous year: Rs. 342.79) has been included in minority interest.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm registration no.:101248W/W-100022

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

Adhir Kapoor
Partner
Membership no. 098297

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place : Chandigarh
Date : 28 May 2019

Place : Chandigarh
Date : 28 May 2019

Form No. MGT-11
Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L33302HP1981PLC008123
Name of the Company : KDDL Limited
Registered office : Plot No 3, Sector-III, Parwanoo, Distt. Solan, (H. P) -173220

Name of the member (s)	:
Registered address	:
E-mail ID	:
Folia No. / Client ID	:
DP ID	:

I/We, being the member (s) of...................shares of the above named company, hereby appoint
1. Name :
Address :
E-mail id :
Signature.......................or failing him
2. Name :
Address :
E-mail id :
Signature..........................or failing him
3. Name :
Address :
E-mail id :
Signature........................
as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 39th Annual General Meeting of the Company, to be held on Wednesday, 11th day of September, 2019 at 12:30 p.m. at Hotel Timber Trail Resorts, Parwanoo, Distt. Solan, (H. P) -173220 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

Sr. No.	Item
Ordinary Business	
1	To receive, consider and adopt the Audited Financial Statements of the Company (Standalone as well as consolidated) for the financial year ended 31st March, 2019, the reports of the Board of Directors and Auditors thereon.
2	To consider and declare dividend of Rs. 2.50 per equity share of face value of Rs. 10 each, for the financial year 2018-19.
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.
4	To appoint Auditors and fix their remuneration.
Special Business	
5	Authorization for borrowings by way of unsecured fixed deposits from the shareholders of the Company.
6	To Appoint Mr. Torsten Buchwald (DIN: 08269386) as an Independent Director of the Company
7	To re-appoint Mrs. Ranjana Agarwal (DIN: 03340032) as an Independent Director of the Company.
8	To re-appoint Mr. Anil Khanna (DIN: 00012232) as an Independent Director of the Company.
9	To appoint Mr. Jagesh Kumar Khaitan (DIN: 00026264) as a Non-Executive Director of the Company.
10	To approve the continuation of directorship of Mr. Jagesh Kumar Khaitan (DIN: 00026264) as a Non-Executive Director of the Company.
11	Approval of Material Related Party Transactions.

Signed this........................day of.......................2019

Signature of Shareholder

Affix Revenue Stamp

Signature of Proxy holder (s)

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

KDDL Limited

(CIN: L33302HP1981PLC008123)
Registered office: Plot No 3, Sector-III, Parwanoo, Distt. Solan, (H. P) -173220
Email: investors.complaints@kddl.com, Website: www.kddl.com
Phone: 0172-2548223/24, Fax: 0172-2548302

ATTENDANCE SLIP

Regd. Folio No. / DP ID - Client ID : ____________________

Name & Address of First/Sole Shareholder : ____________________

No. of Share held : ____________________

I/ we hereby record my / our presence of the 39th Annual General Meeting of the Company to be held on Wednesday, 11th September, 2019 at 12:30 pm the at Hotal Timber Trail Resorts, Parwanoo, Distt. Solan, (H.P.)-173220.

Signature of Member/Proxy

Note:
Member / Proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed.

ROUTE MAP


Manakpur Sharif
ਮਾਣਕਪੁਰ ਸ਼ਰੀਫ
Hoshiarpur
ਹੋਸ਼ਿਆਰਪੁਰ
HARYANA
PUNJAB
Kalka
कालका
Parwanoo
परवाणू
Timber Trail Resort
Khera
ਖੇੜਾ
Karoran
Pinjore
पिंजौर
PUNJAB
CHANDIGARH
Nayagaon
ਨਯਾਗਾਓ
Sukhna Wildlife Sanctuary
ROCK GARDEN
ਰੌਕ ਗਾਰਡਨ
Daun
ਦਾਊ
Chandigarh
ਚੰਡੀਗੜ੍ਹ
CHANDIGARH
HARYANA
Chandi Mandir
चंडी मंदिर
Mandhna
मंधना
Bus Stand Sector 43
Panchkula
पंचकुला
Mauli Baidwan
ਮੌਲੀ ਬੈਦਵਾਨ
Airport
Bhabat
ਭਬਾਤ
PEER MUCHALLA
Zirakpur
ਜ਼ੀਰਕਪੁਰ
Google